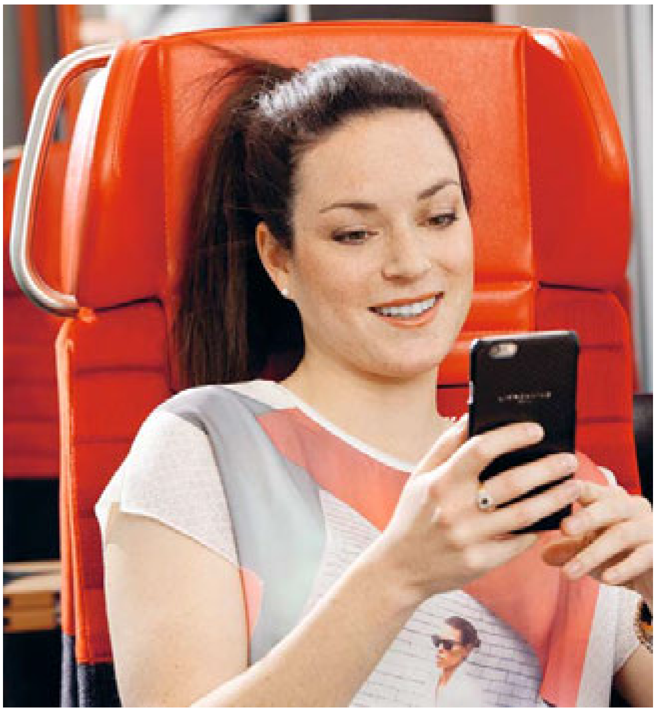
ANNUAL REPORT 2018
ÖBB-HOLDING AG

Moving Values.



05/01

Free WiFi and onboard Portal Railnet also on ÖBB Cityjets

Since early January commuters using the ÖBB Cityjet trains in the eastern region, Upper Austria, Styria, Carinthia, and Salzburg have had free access to online news service Austria-Kiosk, as well as to ÖBB's new onboard portal Railnet Regio, with additional service functions related to the railways, and access to ORF-TVthek media services.

10/01

New caterer on Railjets

ÖBB passengers have been able to enjoy a made-to-measure service from well-known Austrian caterer DoN since April 2018. The new menus are based on fresh local food, quality, and sustainability, all at affordable prices and with the best service onboard ÖBB long-distance trains.

12/02

Defibrillators saving lives

Sudden cardiac death claims the lives of more than 12,000 people in Austria each year. Every second counts: ÖBB is now taking an important step to combat this by fitting lifesaving defibrillators in all ÖBB Railjets, selected pilot railway stations, and more than 30 emergency vehicles.

05/03

First Vectron introduced

The 1293 locomotive series from Siemens known as the Vectron is ÖBB's new locomotive for cross-border goods transport. The framework agreement from 2017 provides for delivery of up to 200 Vectron electric locomotives. A total of 30 multi-system locomotives were ordered for AC and DC as part of an initial call-off.

06/03

High-performance infrastructure

Investment projects involving a total of EUR 670 million were implemented in the eastern Austrian railway infrastructure in 2018. These projects were presented as part of a press conference held by Federal Minister Norbert Hofer and ÖBB CEO Andreas Matthä.

19/03

Naming ceremony for Cityjet train at Vienna Central Station

ÖBB and Siemens handed the 101st Cityjet from the first order call-off over for regular service. The new Cityjet was also named "Austrian Spirit" as part of the handover ceremony. The catchy name was chosen by the social media community as part of a broad-based vote.

That was 2018

HIGHLIGHTS OF THE YEAR. A new apprentice workshop, cooperation with Greenpeace and significant capital expenditure…

27/04

First freight train from China

The first container train traveling from Chengdu via the northern Silk Road covered the 9,800 kilometer route in just 15 days, and was greeted at Rail Freight Center Vienna South by Austrian President Alexander van der Bellen at the end of April.

07/05

Cooperation with Greenpeace to protect our climate

ÖBB wants to make the railways even "greener" through working together with environmental protection organization Greenpeace. It plans to implement measures gradually aimed at achieving the long-term goal of CO2-neutral rail travel, says ÖBB CEO Andreas Matthä and Director of Greenpeace Austria Alexander Egit.

18/05

ÖBB-Postbus is 'Superbrand' 2018

The Postbus brand is honored as one of Austria's best-known brands. The title awarded by prestigious international organization Superbrands shows that the branding for Postbus is on the right track, and that the company is seen as a reliable service provider and partner by customers and business partners alike.

08/06

Girls!Tech Camp

More than 50 girls took the opportunity to gain experience of various technical areas at ÖBB and IBM over five days, because technology is of course no longer just for the men.

"Working with Greenpeace we will be doing everything we can to make our railways even greener and even more attractive in the process." **ÖBB CEO ANDREAS MATTHÄ**

15/06

Online communication receives international award

ÖBB wins the German award for online communication in the multi-channel communication category with the Christmas-themed "ÖBB Teddy Weihnachtswunder" prize. The jury paid particular tribute to the campaign's successful 360-degree approach towards the Christmas period.

» Continued on rear cover section

Key performance indicators

Earnings ratios in accordance with IFRS (in mil. EUR, rounded)

	2018	2017	2016	2015	2014
Revenue	5,644	5,522	5,247	5,221	5,270
Total income	6,969	6,755	6,416	6,345	6,355
Expenses for materials and services received	-1,988	-1,926	-1,730	-1,751	-1,764
Personnel expenses	-2,692	-2,543	-2,478	-2,337	-2,407
Other operating expenses	-429	-462	-428	-451	-460
EBITDA	1,860	1,823	1,779	1,806	1,723
Amortization (incl. impairment)	-1,073	-1,033	-968	-949	-859
EBIT	788	790	811	857	864
Financial result	-637	-614	-645	-664	-692
EBT	151	176	166	193	172
ROCE (in %)	3.0	3.2	3.4	3.7	3.9

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

Total assets	29,710	28,351	27,344	26,475	25,746
Non-current assets	28,386	27,083	25,877	25,140	24,334
of which property, plant and equipment	*26,809*	*25,576*	*24,386*	*23,416*	*22,724*
Current assets	1,324	1,268	1,467	1,335	1,411
Shareholders' equity	2,529	2,306	2,093	1,922	1,692
Equity ratio (in %)	8.5	8.1	7.7	7.3	6.6
Financial liabilities	24,146	23,549	22,799	22,317	21,811
Net Debt	23,674	23,101	22,113	21,306	20,839
Gross capital expenditure	2,591	2,503	2,400	2,032	2,057
Net Debt/EBITDA (ratio)	12.7	12.7	12.4	11.8	12.1
Net Gearing (ratio)	9.4	10.0	10.6	11.1	12.3

Contents

DIGITAL. The 2018 Annual Report is available in PDF form, together with associated videos, at: **konzern.oebb.at/gb2018**

Annual Report 2018: Statement from the Board of Management

BOARD OF MANAGEMENT, ÖBB-HOLDING AG. Mag. Josef Halbmayr MBA (CFO), Ing. Mag. (FH) Andreas Matthä (CEO)

Success story. The 2018 financial year was another successful chapter in ÖBB's story. With an EBT of 150.9 million euros in 2018 the ÖBB Group results were strongly positive for the seventh year running. At least as pleasing as the company's business development was the support from our customers: at well over a quarter of a billion, the total number of rail passengers reached a new record level. Freight volumes also remained consistently high through the last year.

Total Group sales rose again last year, by 2.2 percent, to over 5.644 billion euros. The overall result once again included positive profit contributions from all operative subsidiaries of the Group. As in the previous year, our passenger transport sector achieved particularly pleasing results, with a further increase in EBT to 90.9 million euros. This will enable us to provide an even more attractive service for our customers, by purchasing new trains. Despite a fall in EBT, to 23.5 million euros, we are also pleased with the results achieved by our goods transport subsidiary. In the competitive European rail freight sector, ÖBB's Rail Cargo Austria remains one of the most successful companies. The Infrastructure sub-group again made a solid contribution to the Group's comprehensive income for 2018 with an EBT of 45.3 million euros.

More and more people are using our trains
ÖBB-Personenverkehr achieved a new record for passenger numbers last year, with over 260 million customers. This means the number of people boarding our trains within one calendar year has increased by 53 million over the last ten years. Once again the largest contribution to this positive performance came from local passenger transport, which grew by seven percent. However, this strong result for local transport should by no means detract from the achievements of the long-distance sector. Here too over the last year there was another slight increase, despite increasing competitive pressure.

The number of passengers using our trains within a single calendar year has increased by almost 70 million in less than a decade.

ÖBB's bus transport operations maintained an excellent performance in 2018, regardless of competitive tendering which is increasingly focused purely on price rather than on quality of service.
In view of the competitive disadvantages currently affecting Postbus compared to other providers – with the age structure of the workforce and the proportion of tenured employees being amongst the key factors for ÖBB Postbus – there is no chance of winning this "pure" price battle. However, since these decisions also increasingly have an impact on customers, it is imperative that this situation is reviewed, from our perspective. Regardless of this, it is clear that Postbus remained one of the most important providers of public transport in Austria again last year, with 212.8 million passengers.

Rail Cargo Group consolidates its high-ranking position
The Rail Cargo Group (RCG) recorded a total of 113.0 million net tons of freight transported, maintaining its position as one of the leaders in the European rail freight sector. In terms of freight volumes RCG continues to uphold its strong position, ranking second in Europe – with both Rail Cargo Austria and Rail Cargo Hungaria defending their market leadership in their respective domestic markets. While this steady growth of freight volumes in 2018 was certainly pleasing, it is much less pleasing to see margins falling in goods transport, despite the current period of economic growth. This pressure on margins can be attributed to an imbalance in competitive conditions between rail and road, which gives truck transport a disproportionate advantage for deliveries under 500 kilometers. This is the reason for the "Rail Freight Forward" initiative launched in 2018 by European rail freight companies, arguing for a "level playing field" within the European Union.
Despite this challenging overall environment, and in contrast to most European rail freight companies, ÖBB's goods transport division recorded increased turnover again in 2018, achieving a positive EBT of 23.5 million euros. We are very grateful to the employees of Rail Cargo for this pleasing performance.

ING. MAG. (FH) ANDREAS MATTHÄ. Board of Management, ÖBB-Holding (CEO)

Huge progress in infrastructure expansion
A significant success factor for the positive development of ÖBB in recent years has been the rapid modernization of the Austrian railway infrastructure. Faster rail routes, modern stations and the associated free parking options at ÖBB Park & ride and Bike & ride locations have persuaded many more people to become rail travelers.
The investment program begun a decade ago has also been extended during the last year. Yet again almost two billion euros were invested in the rail transport system. This has proved very popular with our customers: in every customer survey our stations are rated as being clean, safe and comfortable!.
It is also of particular importance to us that every construction project undertaken in the last year was completed on time and within budget. This means that in 2018 we were again able to fulfill

our commitment to taxpayers, by making careful and effective use of public funds.

Fit for the future!
Our targets are ambitious: through our combined domestic and foreign operations we aim to deliver a total of 500 million passengers and 150 million tons of freight safely and punctually to their respective destinations every year. In 2018 we came a little closer to both these goals, but there are still major challenges ahead. In the current year and over the next few years, we will apply all our energies to tackling these challenges, in order to achieve our overall goal: becoming the best rail company in Europe!

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

Of course, this will only be possible if all employees throughout the entire Group continue to work with the same high level of commitment as they have shown over the last few years. We would like to express our profound gratitude to all our colleagues for all their hard work. Without their commitment and service every single day we would not be reporting such pleasing results now. We are certain that by working together we are also capable of even more.

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

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

Statement from the Chairman of the Supervisory Board

Austria is on the move with ÖBB. Not only as the country's leading mobility provider. ÖBB also plays an important role as an employer and trainer, a driver of the economy and not least, as Austria's largest climate protection company.

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

ÖBB employs more than 40,000 people, making it one of largest employers in the country. The Group is also a major training provider – certainly the most important training body for technical professions. There are currently over 1,000 apprentices employed in training positions within ÖBB, across more than 20 different professions. ÖBB is also a substantial taxpayer and a significant driver of growth for the Austrian economy. More than two billion euros every year are invested in the development and modernization of the Austrian railway infrastructure, which in turn supports the development of Austria as a business location. Overall, the railways directly and indirectly support tens of thousands of jobs. New connections are also improving the competitiveness of Austrian companies and increasing the appeal of rural areas in particular.

On track for the climate targets

Rail transport also offers indisputable benefits for our environment. ÖBB is Austria's largest climate protection company. ÖBB's transport services for passengers and freight save the environment 3.5 tons of CO_2 every year. Compared directly, a journey by rail is 15 times better for the environment than if the same journey was made by car. In terms of goods transport, ÖBB is 21 times more environmentally friendly than road haulage, and 31 times more so than air freight. This means that the railways are also the crucial factor in meeting Austria's climate targets. Only by continuing to shift traffic from road to rail can the necessary reduction in CO_2 emissions be made.

Anyone who works for ÖBB can feel justifiably proud. Last year, for the first time in the company's history, ÖBB's passenger transport services carried more than a quarter of a billion passengers. Rail travel is more popular in Austria than in any other EU country. And in the whole of Europe, we are second only to Switzerland. In view of the difficult market conditions and some unfairness in the competitive situation, the results achieved by the Rail Cargo Group were also very sound. In the last year, 113 million tons of freight were transported. With a modal share of 30 percent, Austrian rail freight, through market leader Rail Cargo, is one of the foremost services in the EU.

This means ÖBB is not only Austria's leading mobility provider, but also an international benchmark. In the passenger transport sector, our Nightjet service is now also operating successfully in Germany, Italy and Switzerland, and the Rail Cargo Group is the second largest freight transport company in Europe. Together with our subsidiaries throughout Europe, we transport goods not only from north to south

Rail travel is more popular in Austria than in any other EU country. Last year, for the first time in the company's history, ÖBB carried more than a quarter of a billion passengers.

and west to east, but also to and from China. Freight forwarding by rail is faster than by sea or truck, and more economical than by air; it is also the most environmentally friendly mode of transport.
On the same theme, ÖBB is also a pioneer of e-mobility in Austria, and has for many years prioritized clean energy sources. Since last summer ÖBB is now using 100 percent renewable energy for traction power, which is supplied exclusively from Austrian sources. An important milestone on the way to becoming a climate neutral company by 2030.

Crucial strategic decisions

Much progress has also been made in the field of safety. Lessons have been learned from the tragic incidents of the past, and new measures have been promptly and consistently implemented.
The pleasing overall results reported here are to the credit of all our employees, who give their best every single day. With this in mind I would like to thank the Board of Management and all employees in the Group for their work over the last year. It is a great honor for me to serve a company of ÖBB's stature as Chair of the Supervisory Board. However, it is also a great responsibility. This is particularly true now, as ÖBB faces some crucial strategic decisions.
Every one of us is aware of the ways in which digitalization is causing huge changes in our everyday lives, and in the way we work. This technological transformation is creating new possibilities and opportunities for ÖBB, but also brings risks and dangers. To remain successful in the future, ÖBB must meet these challenges pro-actively. Indeed, this is already happening – with apps and special online services for travelers, as well as new services for logistics customers, such as the "SmartCargo" project, which amongst other things aims to provide complete traceability for 13,700 freight cars through a digital platform.

Greatest generational shift in the company's history

The ÖBB Group is also facing the largest generational shift in its history. Over the next few years, 13,000 colleagues will leave the company for age-related reasons. Approximately 10,000 new employees will come on board. This transition presents an ideal opportunity for adapting to the latest developments in technology. However it is also vital that the knowledge and experience of those colleagues leaving ÖBB are not lost. It will be of prime importance to ensure we retain expertise within the Group, and to acquire new expertise.
I have had the good fortune to experience many different aspects of ÖBB, through various past roles, and am therefore confident that the company will overcome these challenges and others that lie ahead in good form. ÖBB keeps Austria on the move. As it has done for 180 years now.

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

“We need to attract 10,000 new employees to ÖBB. For that we need a clear positioning and shared values.”

ANDREAS MATTHÄ, ÖBB CEO, at the Executive Update in March 2018

(more on the topic of corporate group values from page 48)

We before me

Compelling services for our customers

Taking the initiative

Moving Values.

The railway approach to life

RECORD NUMBERS OF PASSENGERS. More than a quarter of a billion passengers: ÖBB is particularly proud of this result for 2018.

A fantastic acknowledgement of the dedication shown by the employees of the corporate group. And at the same time, an incentive and motivation to make traveling by rail easier, faster, and more comfortable. This is because the more that people switch from their cars to the railways, the better it is for our environment and for the country's quality of life.

The most diligent rail passengers

It is evident that Austrians are satisfied with ÖBB's services, given the fact that they have been the most diligent rail passengers in Europe for the last five years, covering a distance of 1,400 kilometers on average per train each year. This shows that rail travel is consistent with the modern approach to life, is fun, and reduces traffic jams and stress on congested roads. Passengers particularly appreciate ÖBB's services when it comes to punctuality, traveling comfort, frequency of connections, cleanliness, safety, and accessibility. This was clear from ÖBB's customer satisfaction survey in fall 2018. Overall customer satisfaction improved once again by one point to 86 points (out of 100 points in total) compared with the previous year. The ÖBB team scored points in particular with respect to friendliness, helpfulness, and expertise. <

Climate protection means

GREEN ÖBB. ÖBB is Austria's biggest corporate group

GREEN ÖBB. ÖBB is not only Austria's biggest corporate group dedicated to protecting our climate. It is also a pioneer in electromobility and a trailblazer in the use of renewable energy sources.

As a pioneer in environmentally-friendly mobility, ÖBB has set itself the ambitious target of becoming entirely climate-neutral by 2030 or 2050 through the ÖBB climate protection strategy, and of decisively supporting the efforts to reach Austria's climate targets through this.

Each passenger kilometer covered on the rails in Austria means 204.1 grams less of CO_2 on average compared with traveling by car. For example, if someone travels from Vienna to Salzburg by rail instead of by car, they save 63.5 kilograms of CO_2 with the outward journey alone. Binding the CO_2 emissions of just this one journey would require a forest to be planted around 63 square meters in size. This is the surface area of the average small apartment.

ÖBB's railway services save 3.5 million tons of CO_2 equivalents for the environment. More than one million tons of CO_2 equivalents are saved each year in Austria for ÖBB goods transport alone through choosing rail over road transportation.

The bottom line is that the railways are 15 times better for the environment than cars, 21 times better than trucks, and 31 times better than airplanes when comparing average levels of CO_2.

So far so good. Or maybe not – at least not yet. By 2030, 36.4 million tonnes of CO_2 must be saved each year in Austria, with 7.2 million tons of CO_2 saved in the area of transportation and mobility.

Electrification and alternative drives

Anyone who travels using power from renewable sources is already more or less enjoying climate-neutral travel. ÖBB is therefore continuing the massive push towards electrification of its lines throughout Austria over the next few years.

More than 90 per cent of ÖBB's rail services have already been electrified. The development of alternative drive technologies such as battery storage systems or "green" hydrogen is continuing on ancillary lines that are not being electrified for cost reasons. The

CLIMATE PROTECTION. It would take a forest the size of Vorarlberg to absorb the amount of carbon dioxide that ÖBB's rail transport services save for the environment each year

traveling by rail

dedicated to protecting our climate, and believes it is part of the solution in the fight against climate change

same applies to shunting. ÖBB is developing emission-free drive models as an alternative to diesel here also: new hybrid locomotives are being planned for instance to bridge overhead line-free routes using a separate power supply.

E-mobility on the roads also

The roads are also affected by electrification and the use of alternative drive technologies. ÖBB Postbus for instance is just launching a new fleet of electric buses. Agreements are in place with the federal states of Vorarlberg and Carinthia along with their transport associations, and projects are also being implemented there for the use of electric buses on intercity routes. A project for the use of electric city buses is being implemented with the town of Judenburg. Use of these electric buses can save several tons of CO_2 each year.

Numerous other initiatives are currently at the advance project stage. The Rail & Drive fleet is also becoming e-mobile, with more than 32 electric cars already available for customers, and this number will gradually increase to 100 electric cars. There will also be electric charging stations available at 50 railway stations in Austria in future.

The focal points of ÖBB's climate protection strategy 2030

The focal points of ÖBB's climate protection strategy 2030 – as the first phase on the way towards 2050 – consist of **six essential levers:**

Electrification

Alternative drives – railways

Alternative drives – roads

Renewable energy

Energy efficiency

Modal shift

FUTURE. How can rail travel be made greener?

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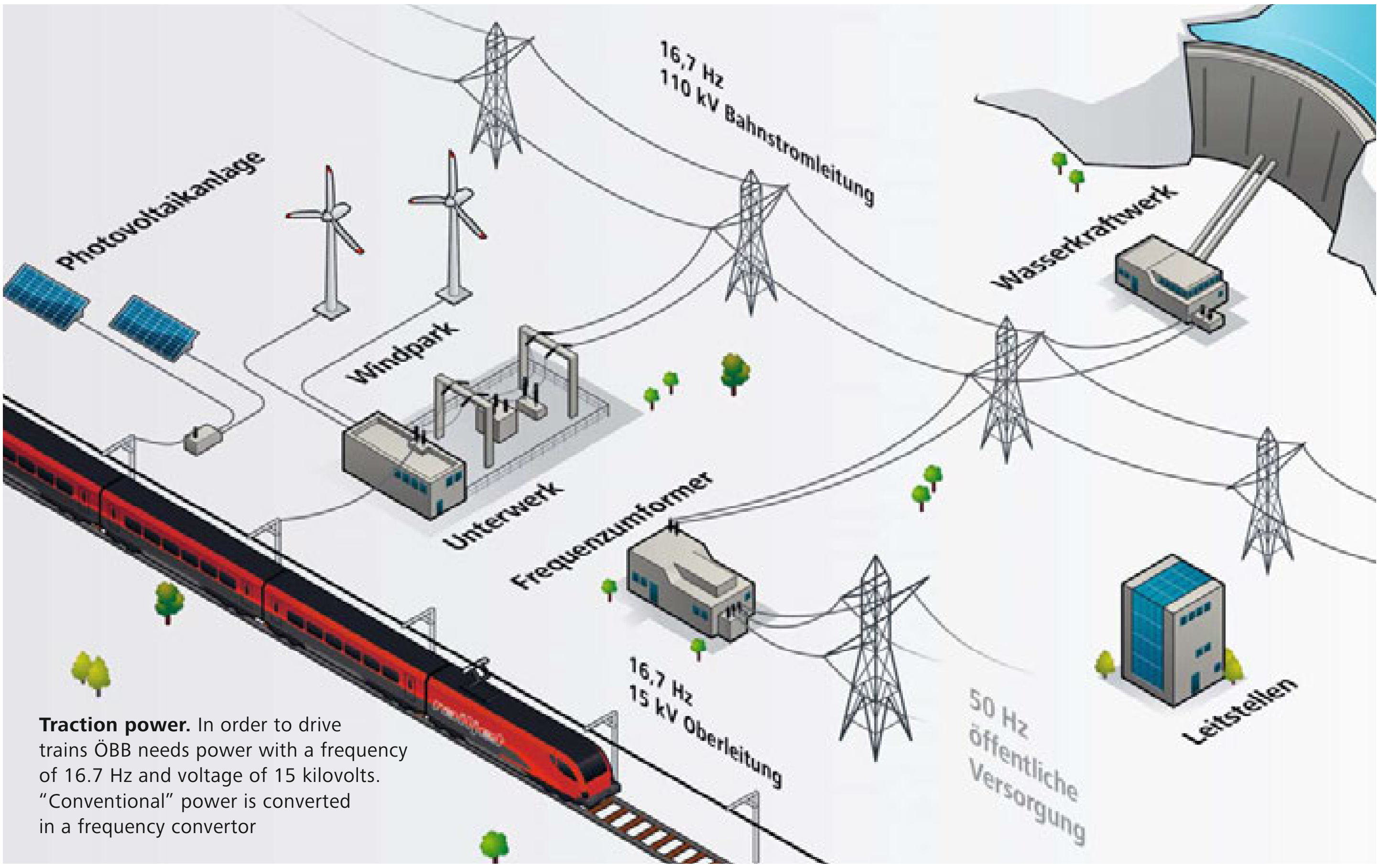


ÖBB'S POWER NETWORK. ÖBB relies on hydropower, solar power, and in future also wind for its own traction power supplies

100 percent green traction power

An initial major milestone on the road towards CO_2 neutrality has already been reached in the ÖBB mobility sector. Since the summer of 2018, all of ÖBB's electric trains have been driven exclusively with traction power from renewable sources. Our own eight hydroelectric power plants play an important role here.

Around 1,800 gigawatt hours (GWh) are required for rail operations currently in Austria, and ÖBB produces around one third of this itself. Approximately 22 percent of the traction power needed by ÖBB comes from four partners' power plants, which also supply clean traction power to ÖBB's network. ÖBB has to purchase the remainder. Since the summer of 2018, 100 percent of this power has also come from renewable as well as from domestic sources of energy. ÖBB plans to develop additional renewable sources of energy in order to be ready for rising demand, as well as to further increase the proportion of its own production. Solar and wind power are possibilities here.

For example, the world's first photovoltaic traction power plant was constructed in Wilfleinsdorf in Lower Austria. The plant 18,000 square meters in size – including 7,000 square meters of solar panels – converts solar energy into 16.7 Hz power and supplies this directly to ÖBB's overhead cable network. There have been no outages so far, and the expected output of 1.10 GWh has even been exceeded, including as a result of favorable weather conditions.

A rollout concept is being developed based on this positive experience which provides for the construction of further photovoltaic plants aimed at producing traction power under the slogan "Sonnenkraft trifft Zugkraft" (solar power meets traction power). The options and locations are currently being examined for producing 16.7 Hz power from wind power.

Less consumption, increased efficiency

The best power for the climate is the one that is not even consumed in the first place. ÖBB has therefore launched a comprehensive energy efficiency program aimed at saving power. ÖBB's stations, workshops, and office buildings also represent a further focal point in addition to the efforts to optimize the operations management for trains. CO_2 savings have already been achieved in the past through thermal refurbishments and site optimization. One of ÖBB's most successful energy-saving projects is the recovery of braking energy for use in

Since the summer of 2018, 100 percent of ÖBB's traction power has also come from renewable as well as from domestic sources of energy.

ENERGY. Thirty percent of ÖBB's traction power comes from eight of its own hydroelectric power plants

overhead cables, resulting in an average saving of 14 percent. Among other things, ÖBB has managed to either reduce or maintain stable energy needs through this since 2001, despite the rise in transportation services.

Bringing traffic onto the rails

Lastly ÖBB plans to implement a package of measures aimed at shifting traffic primarily from the roads onto the rails. This includes attractive and environmentally-friendly mobility solutions – particularly for commuters as well as for goods transport customers. In addition to improving cost efficiency, increased competitiveness can be achieved through further expansion of the railway infrastructure, multimodality and integrated mobility initiatives, expansion of both Rail & Drive as well as Park & Ride facilities, as well as the "30 by 2030" initiative of the European freight transport railways, among other things.

A partnership was also agreed with Greenpeace in the summer of 2018. This collaboration is focused on initiatives aimed at making rail travel more attractive, and encouraging even more people to switch from their cars to public transportation, as well as measures within the Group aimed at consuming less energy.

Yet information in order to raise awareness is also crucial. A traveling exhibition toured Austria's major railway stations for this purpose in the summer of 2018. The CO_2 savings with train journeys compared with cars have also been stated on ÖBB's single tickets, electronic booking confirmations, and check-out screens since June 2018. This text therefore shows in black on white how much CO_2 is saved for the environment with every train journey. <

2,000

ÖBB's **110,000 volt traction power network is 2,000 kilometers long** and stretches all the way through Austria – predominantly above ground, although **85 kilometers of it lie below ground** where it crosses mountains such as the Tauern.

Pioneering work for clean e-mobility

The railway is one of the trailblazers in electromobility in Austria.
The first section of the very first electric railway designed for continuous operation went into service in Austria on October 22, 1883 from Mödling to Hinterbrühl. Electrification of the major lines finally began after the First World War. By around 1930, passengers were already able to travel on 836 kilometers of electrified lines, or almost 14 percent of the entire network.

Energy supplier

The traction power required (with a frequency of 16.7 Hz instead of the normal 50 Hz elsewhere) we produced ourselves, and always preferably at our own hydroelectric power plants. ÖBB's oldest hydroelectric power plant was Schönberg plant in Tyrol, which began producing traction power in 1912. ÖBB currently has ten of its own hydroelectric power plants. Eight of these produce traction power with 16.7 Hz, and two generate a "conventional" three-phase current with 50 Hz, in order to supply the traction power plants, as well as other plants and buildings belonging to ÖBB. Just like an energy supplier, ÖBB therefore also has its own power network that covers the whole of Austria. ÖBB's 110,000 volt traction power network is more than 2,000 kilometers long. It is operated by ÖBB-Infrastruktur AG, the power generator that supplies traction power to the Rail Cargo Group, ÖBB-Personenverkehr AG, as well as other railway operators on Austria's rail tracks.

ÖBB'S POWER PLANTS. Rotor of a traction power generator at Braz power plant

BATTERY OPERATED. The Cityjet eco will also travel using power on ancillary lines that have not been electrified

The battery-powered train is starting to roll

BATTERY-POWERED TRAIN. ÖBB and Siemens are developing a prototype with electro-hybrid battery-operated drive for lines with no plans for electrification.

ÖBB's major objective is known as CO_2 neutrality, and the essential way of achieving this is further electrification of the railway lines, and a reduction in coaches and trains driven by diesel. However, electrification of the ancillary lines that generally experience little traffic is not expedient from an economic point of view. Rethinking the drive is a sensible alternative.

Using a rechargeable battery on ancillary lines

This resulted in the new Cityjet eco, which is also receiving major attention internationally. The new battery-operated train runs on an electro-hybrid battery-powered drive. The train acquires energy on electrified lines via its pantograph and stores this in its batteries. Once the train leaves the electrified line, the train's drive collects the energy it requires from the batteries. This technology is currently undergoing intensive testing and it is being developed for series production in a joint pilot project involving ÖBB and Siemens.

A Siemens Desiro ML is being used for this. The Cityjet eco was first presented in September 2018 in Vienna. Further tests are taking place until summer 2019. <

Shuttle to the future

SHUTTLE SERVICE for rural areas: the service offers small flexible buses that can be requested via app or cell phone, thereby providing more mobility options for young people and the elderly in particular.

Almost half of the ÖBB Group's passengers travel with Postbus. Some particularly innovative pilot projects are underway aimed at ensuring that the corporate group remains just as competitive. A shuttle service for rural areas has been undergoing testing successfully e.g. since 2018: the service offers small flexible buses that can be requested via app or cell phone, thereby providing significantly more mobility options for young people and the elderly in particular.
A common problem in rural areas is that scheduled buses often only run at infrequent intervals, meaning that people are dependent on their cars. Postbus wants to close this supply gap with the Postbus Shuttle, which will be available wherever the need arises. The project from the area of "micro public transport" provides mobility options for the elderly, young people, and vacationers visiting the countryside, precisely where there is a lack of public transportation. The Shuttle has already been tested intensively in Carinthia and Vorarlberg, with some extremely promising feedback and usage rates. <

POSTBUS SHUTTLE. A convenient way of getting to your desired stop, at the desired time

HYDROGEN PROPULSION. The future of public transportation is emission-free

Postbus gets things moving for the climate

CLIMATE PIONEER. The plan is for emission-free buses with hydrogen and battery-powered drives to be added to the fleet in future and these are already undergoing intensive testing.

Postbus is working consistently on making its fleet of vehicles environmentally-friendly.
Austria's largest bus company is constantly testing new CO_2-neutral technologies. One example includes a hydrogen-power bus in scheduled operation for the first time in Austria in October 2018. This innovative technology was put through its paces on the line between Vienna City and Vienna Airport.
The advantages of the hydrogen-powered buses are that they operate over a wide range and are therefore also suited for intercity journeys. They also operate emission-free and with recyclable fuel cells. The hydrogen required is stored in tanks and then used whenever the energy is actually needed. Hydrogen buses therefore represent a promising alternative to diesel-operated vehicles. The environmental burden is dramatically reduced, as are the noise levels for passengers and local residents.

E-buses in test operation

The innovative electric buses that Postbus is continuing to put through intensive testing also feature these same benefits. Specific projects are in operation in Carinthia, Styria, and Vorarlberg with implementation of these still scheduled for 2019. The battery-operated e-motors feature a sufficient range for use in intercity scheduled operations. More than 110 tons of CO_2 can be saved each year for each 12-meter electric bus when compared with conventional diesel buses. <

Safety on the rails

A SINGLE ACCIDENT is one too many. Despite plenty of existing measures aimed at ensuring ongoing improvements to safety, other actions are still needed to minimize the risks even further

SAFETY forms the foundation of all of the ÖBB Group's activities. Specific measures were implemented continuously during 2018 aimed at improving safety in rail operation even further.

Issue of safety. This is the number one priority for the railway. Our job is to carry 1.3 million ÖBB passengers (including 0.7 by train) safely to their destination every day and not allow any occupational accidents to occur to our more than 40,000 employees in the process. Safety is the central value and quality proposition at ÖBB. Safety is the foundation upon which the corporate group builds each and every day. CEO Andreas Matthä says that "Safety is a question of honor for each and every railway worker".

The best conditions

The railways are clearly ahead of other means of transportation when it comes to safety. Only the aviation sector has similar or even better safety levels. This makes rail travel a particularly safe and at the same time environmentally-friendly form of mobility – and ÖBB is one of the most reliable railway companies in Europe. Specifically the long-term study comparing the situation in Europe (UIC) shows that ÖBB's safety performance is in the upper center range. This is with 154 kilometers traveled each year by rail and with optimum scores for punctuality.

Proactive safety management

ÖBB's safety performance is down to numerous measures, most of all to the efforts and dedication of all employees involved in events within the company. The certified safety management systems introduced in the sub-groups also help manage safety. Findings from incidents, accident investigations, internal tests, and trend monitoring result in further development measures. Systematic learning from deviations, errors, and near-misses contributes towards timely risk identification and the introduction of counter-measures.

Long-term investments of more than EUR 2.5 billion each year in building new as well as extending and maintaining existing infrastructure facilities, and of around EUR 50 million each year on modernization, and a total of EUR 400 million on new vehicle acquisitions featuring the latest technology, all make crucial contributions to systematic safety upgrades.

Reliability

The railways are clearly ahead of other means of transportation when it comes to safety. Only the aviation sector has similar or even better safety levels. **This makes rail travel a particularly safe** and at the same time environmentally-friendly form of mobility – and **ÖBB is one of the most reliable railway companies in Europe.**

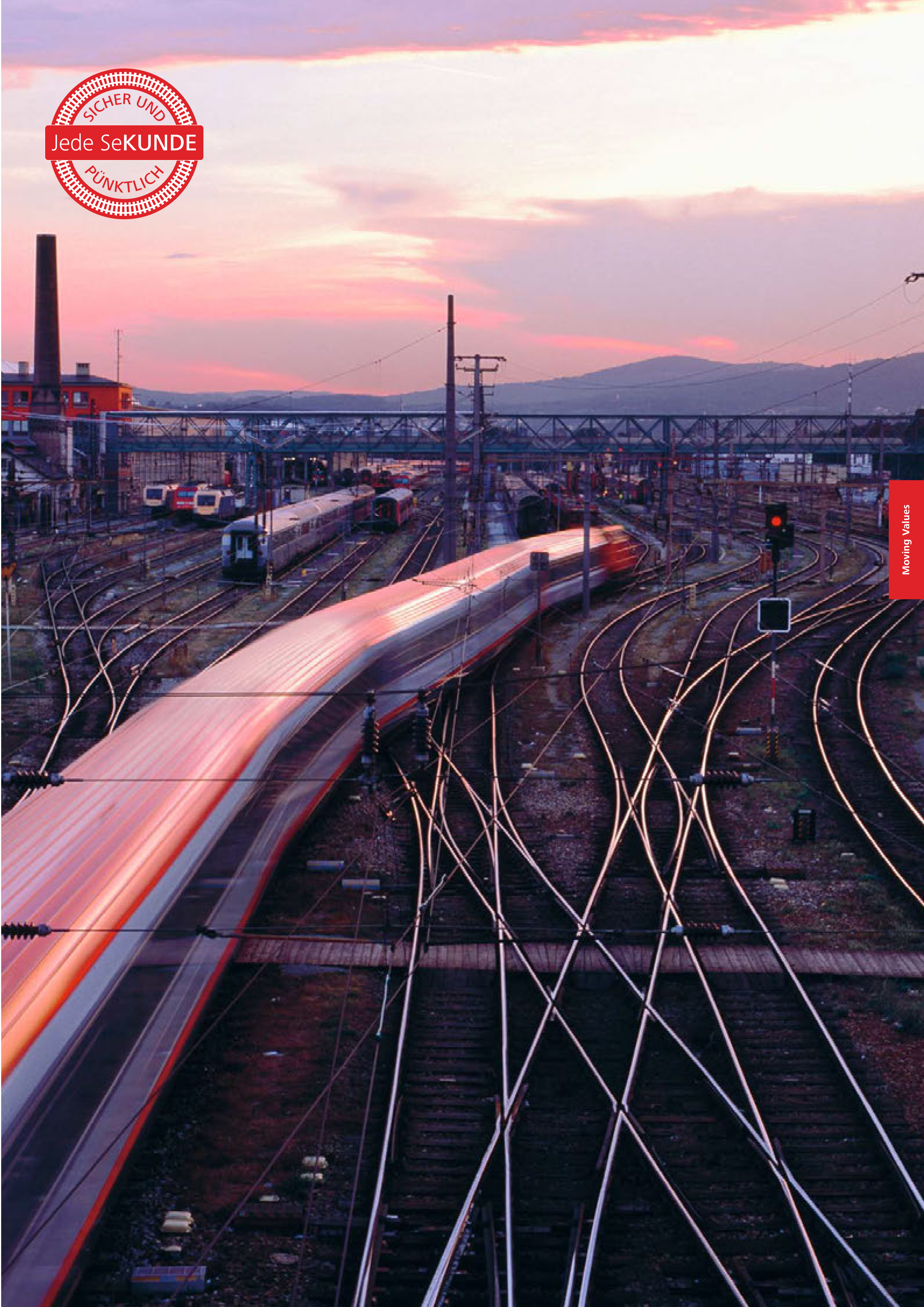
A single accident is one too many

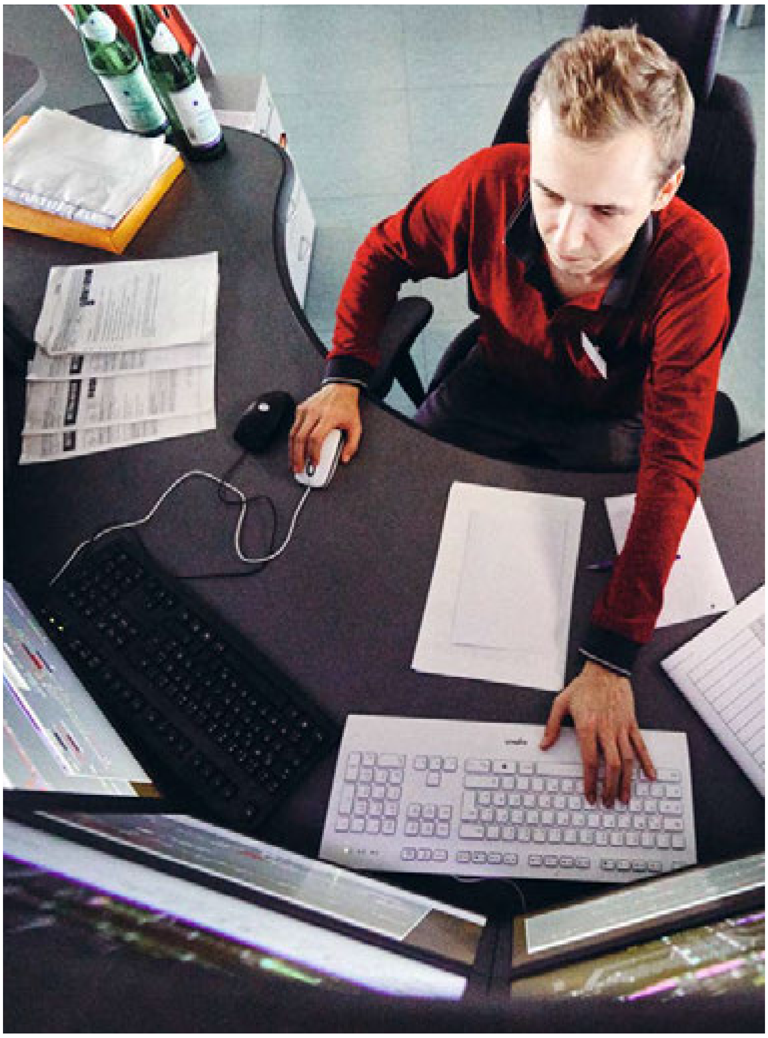
Nevertheless, there was an unexpected quantifiable increase in the number of accidents in the period between December 2017 and April 2018. This shows one thing: despite a functioning safety management system (SMS) in all Group companies, and all the existing measures aimed at ensuring ongoing improvements to safety, other actions are still needed to minimize the risks even further. This is because a single accident is one too many.

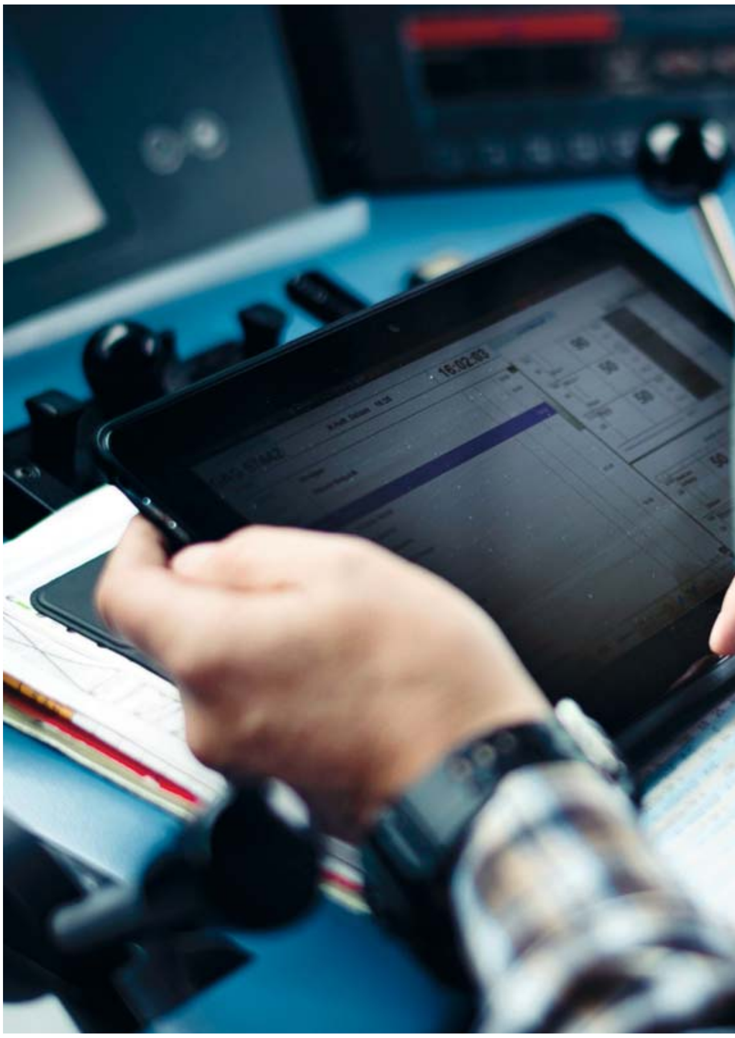
Detailed analyses

The "Sicherheit auf Schiene" (Rail Safety) program was launched immediately following these incidents. An internationally renowned safety expert and former safety chief for Swiss >

The long-term study comparing the situation in Europe (UIC) shows that ÖBB's safety performance is in the upper center range.







IN FOCUS. The concentration of locomotive drivers plays a key role and must therefore be specifically trained and any potential errors must be prevented

Federal Railways SBB along with an expert on the safety culture from the chemical industry were recruited to lead the program. Both experts are working together to scrutinize routines and processes that are supposedly taken for granted and are contributing new insights from an outsider's point of view. Both have engaged in multiple discussions with executives and employees in order to gain an insight into ÖBB's safety performance, and have also analyzed the processes, and closely monitored events on the ground.

Lever for optimization

Aside from continuous **improvements to the technical equipment** in vehicles and the infrastructure, the focus is also on boosting attentiveness and on the **employee safety culture**.

Findings and key starting points

In summary, the experts' work resulted in the following key findings: ÖBB must focus activities more intensively and further expand collaboration across the entire Group in the area of safety. Structural improvements should result in the focal areas being coordinated specifically based on risk and for the benefit of the entire Group. The measures stipulated should be prioritized by expected impact, and implemented more rapidly in order to boost safety efficiently and effectively.

Acting as a role model, and daily evaluation of processes and actions related to safety are central to the work of managers.

Levers: technology, people, organization

The levers in this regard are in the areas of technology, the human factor, and the organizational structure. On the one hand, the infrastructure and vehicles must undergo continuous improvements through technical upgrades, yet the employees also require more systematic support in their conduct and in exercising their tasks, with worksteps and processes also optimized further. The operational area is the priority, with the focus above all on the activities and work processes of train drivers and shunting employees.
Awareness must be raised among executives and employees at all levels. It is about further developing our own safety culture, strengthening trust, and contributing towards the desire for improvement.
There are also numerous technical safety measures in addition to this,

such as further developing train safety and train control measures. A further EUR 1.1 billion is also being specifically invested over the next few years. <

The measures

A summary of the key measures and current priority areas

Concentration and complete alertness

The concentration and alertness of locomotive drivers plays a key role. At the same time, the distractions found in today's world represent a major challenge. Concentration must therefore be specifically trained and any potential errors must be prevented by consciously making appropriate provisions. The drivers also have the option of using a reminder function on their tablets for signals requiring caution.

IN FOCUS. The concentration of locomotive drivers undergoes specific training

Expansion of the safety culture

All executives also play a crucial role when it comes to safety. Acting as role models, and daily evaluation of processes and actions related to safety are central to the work of managers. A Group-wide safety culture initiative aims to convey these values even more forcefully and ensure that they become part of everyday life. Dealing with errors and deviations requires transparency and openness in order to enable systematic learning. Yet clear boundaries must also be set at the same time when it comes to safety-critical conduct.

Warning app as support

A warning app will continue to support locomotive drivers throughout 2019. This app alarm will sound when they are approaching a stop signal. There are plans to fit these in all drivers' cabins by the end of 2020.

Additional 500 Hz magnets

The ÖBB network currently features 1,500 x 500 Hz magnets. These trigger mandatory braking for the train if it exceeds a certain speed when approaching a main stop signal. A total of EUR 30 million is being invested in more than 1,000 additional magnets by 2022. There had already been 26 new magnets installed as immediate actions by the end of 2018, with a further 35 to follow by mid-2019.

Technical equipment in vehicles

All of ÖBB's older e-drive and control cars will also be upgraded with warning facilities and protection systems by the end of 2020, such as PZB 90 – a system featuring automated mandatory braking if the driver passes a signal. The long-distance transport fleet is also fitted with the higher-end ETCS technology.

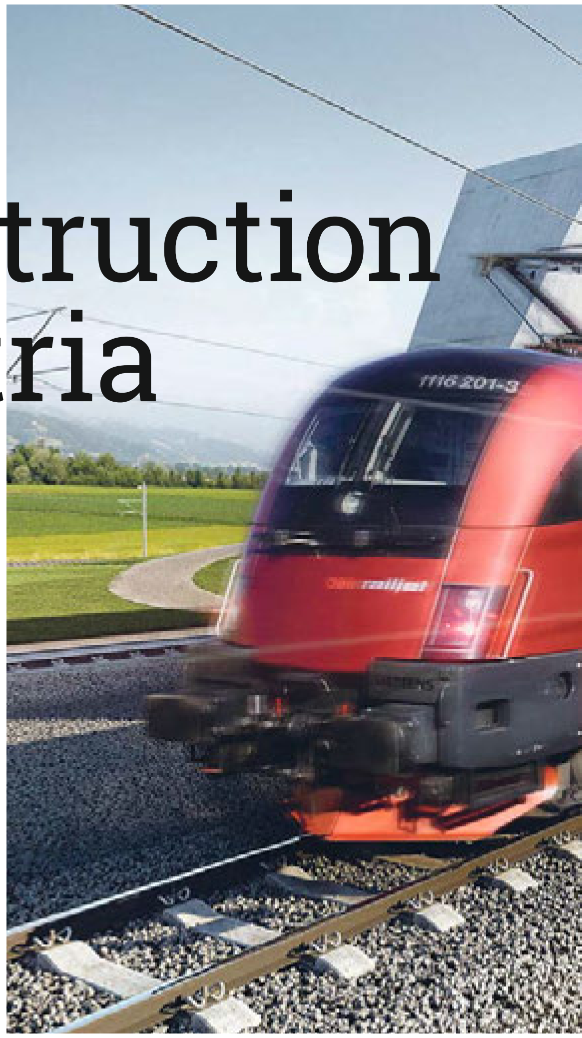
Stop blocks that cannot be ignored

The new high-visibility stop blocks have also been implemented in order to improve visibility. Stop blocks are used to prevent parked vehicles from rolling away. However, if they are forgotten and the driver passes them, derailments can occur. The current stop blocks are therefore being replaced with high-visibility yellow reflective blocks.

Blue light for increased safety

Some advice from an employee shows just how important input from operational colleagues is. Thanks to this colleague's idea, blue lights are now being used to signal shunting work instead of white lights. Locomotive drivers find it easier to identify the blue lights and distinguish these from other signals. Test runs are starting in mid-2019.

Large-scale construction program for Austria



KORALM RAILWAY. Styria and Carinthia have now

INFRASTRUCTURE EXPANSION. A modern infrastructure provides the basis for attracting even more customers to the railways.

ÖBB's aim is to inspire even more people to use the railways, through modern railway stations and a high-performance railway infrastructure, Park & Ride facilities, and expansion of the mobile network. Around EUR 1.9 billion was invested in 2018 in accordance with the framework plan commissioned by the government with the aim of creating and expanding the basis for modern and environmentally-friendly mobility through a high-performance railway infrastructure. And the state gets a lot back in return: for every two jobs at ÖBB, an additional job is secured outside the Group, and the Finance Ministry also receives around EUR two billion in tax revenues (source: Economica Study 2018).
All major projects, such as the Semmering Base Tunnel, the Koralm Railway, Brenner Base Tunnel, and the Pottendorf Line, continued as scheduled and the Wolfurt Rail Freight Center went into operation. Once the routes are finished, passengers will see significant time savings: those traveling between Vienna and Klagenfurt for example will save more than two hours of journey time.

Eastern region: major commuter service campaign

The railway is one of the key modes of transportation for students and commuters in the Vienna metropolitan area. Around 250,000 people use the suburban railway each day to get to school or to work. Approximately 40 per cent of the Austrian railway network can accordingly be found in the federal states of Vienna, Lower Austria, and Burgenland.
Around EUR 641 million was invested here in 2018 and a similar sum is planned for 2019. Investments were focused on line services and safety as well as noise protection and Park & Ride facilities in the metropolitan area, which sees significant passenger numbers. Further investments were made in expanding the Pottendorf Line and the line between Vienna and Bratislava. The plan covers the two-track expansion and electrification of the line from Stadlau station to the city limits. Expansion of the S 80 to Aspern Nord was completed in 2018.

Upper Austria: record investment

ÖBB invested EUR 218 million for the renewal, modernization, and maintenance of railway facilities in Upper Austria in 2018. An example of this work is the project started last year to modernize the Braunau and Wernstein railway stations. Several sections of the Summerauer line received new tracks, a new building was constructed for Pulgarn stop, and Lungitz and Gaisbach-Wartberg stations received electronic signal boxes, and the renovated Kefermarket station was opened in September.

Salzburg: building and planning for greater quality

EUR 64 million was invested in modernizing the 234-kilometer

"We will inspire even more people to use the railways with modern stations and an efficient railway infrastructure." ANDREAS MATTHÄ

finally moved a little closer together following the first breakthrough in the tunnel

long ÖBB railway network last year, with the focus here on ensuring and expanding line quality. Flachgau received a new transport hub with the expansion of Neumarkt-Köstendorf station. The Mattigtal railway was also extended. In the Lueg Pass area, half of the 100-year old Salzach Bridge was replaced with a new iron bridge, with the second half to follow in 2019.

Tyrol: full-scale upgrades to railway stations

ÖBB-Infrastruktur had another work-intensive year in 2018 in Tyrol. Around EUR 320 million was invested in total (most of which was for the Brenner Base Tunnel project). Modernization of railway stations was one focal point here. Kitzbühel station was completed in the spring. The Matrei am Brenner station was completed in the summer. Contractors worked at full speed on Seefeld station in order to ensure that it would be ready for visitors to the Nordic World Ski Championships in early 2019. The station was actually completed in mid-December. Excavation and expansion works on the Brenner Base Tunnel continued with force in 2018.

Vorarlberg: capital expenditure on local and goods transport

Ongoing quality improvements are also ensuring high levels of quality for railway services on the 111-kilometernetwork, with additional improvements in 2018 amounting to approximately EUR 53 million.
The renovations for Rankweil and Lustenau stations, which were developed into modern transport hubs, were completed in the first few months of 2018.
Wolfurt goods center began operations in mid-October and has been providing additional handling capacities since then. Modernization of the tracks and new crane systems make the handling of goods between road and rail faster and more cost-effective.

Faster & more comfortable

Easier transfers
… with Park & Ride and Bike & Ride
Significant investments were made in Park & Ride facilities once again in 2018, complete with adequate space for bicycles.

East: P&R Tullnerfeld, P&R Kittsee, P&R Platt/Zellerndorf and B&R St. Pölten. 50 Park & Ride locations are fitted with e-charging infrastructures, meaning that batteries for electric vehicles can be charged while the driver continues their journey by train.

Upper Austria: P&R and B&R Braunau plus a new bus terminal, P&R Wels, P&R Kirchdorf a. d. Krems, Neuhofen a. d. Krems, Kematen a. d. Krems, Rohr-Bad Hall, Lengau and Taufkirchen a. d. Pram

Salzburg: expansion to P&R Golling-Abtenau, Schwarzach-St. Veit

Tyrol: P&R Matrei am Brenner, Kitzbühel, Telfs

Vorarlberg: P&R Lustenau, expansion to P&R Rankweil

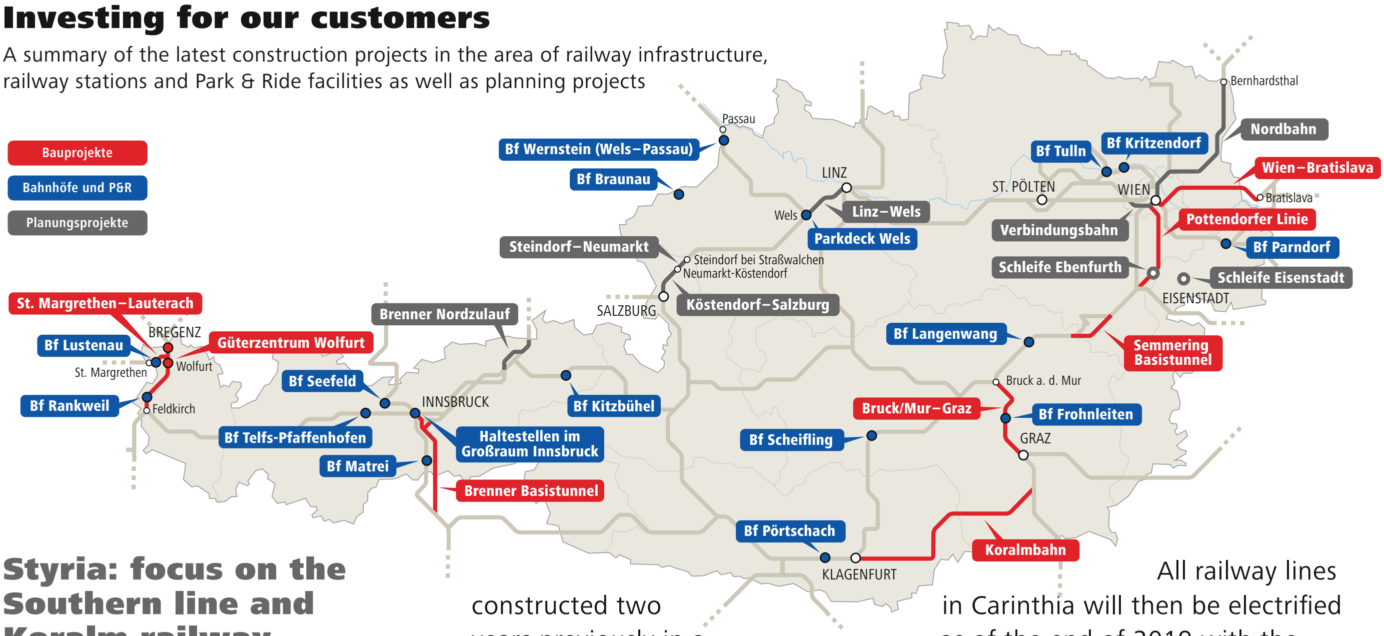
Styria: around 150 more parking spaces

Carinthia: P&R in Pörtschach, Maria Saal, Gailtal, B&R at Klagenfurt main station

PARK & RIDE. Simply park your car for an easy transfer onto the railways

Investing for our customers

A summary of the latest construction projects in the area of railway infrastructure, railway stations and Park & Ride facilities as well as planning projects



Styria: focus on the Southern line and Koralm railway

No less than EUR 408 million was invested last year in new construction and expansion of the approx. 750-kilometer long Styrian railway network.

Work took place on the “new Southern line” on preparing the railway projects between Bruck/Mur and Graz. The station refurbishments in Langenwang and Scheifling were also completed, and work started on modernization of the Kapfenberg station at the end of the year.

Both tunnel boring machines have now started operating at the Semmering Base Tunnel from Fröschnitzgraben at the center of the tunnel towards Gloggnitz.

Koralm Tunnel: planned work

Styria and Carinthia finally came closer in the second half of the year with the first breakthrough in the south tube. A second and no less significant breakthrough in the tunnel took place in the Untersammelsdorf Tunnel, which had been constructed two years previously in a geologically difficult area.

The construction work for the new station in West Styria near Deutschlandsberg and at the open route between Wettmannstätten and the eastern portal of Koralm Tunnel is also well underway.

Carinthia: improvements to local transport

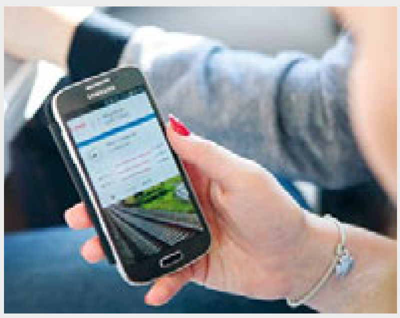
Modernization projects for the existing network in Carinthia were implemented in 2018 at a cost of approx. EUR 241 million. Work was completed to ensure barrier-free access at the Wörthersee stations of Velden and Pörtschach, while planning work was started in Krumpendorf.

The last two railway lines operated using diesel locomotives in Carinthia were electrified in an important step towards a greener railway. Initial work began last year to electrify the Gailtal line between Arnoldstein and Hermagor, to be followed by the line from Klagenfurt to Weizelsdorf. All railway lines in Carinthia will then be electrified as of the end of 2019 with the exception of the section between Bleiburg and Holmec (border with Slovenia). <

Easier communication

… with an improved cell phone network

The Western line between Vienna and Salzburg, Vienna’s rapid transit train, and the line to Vienna Airport are already completed. For 2019 ÖBB is working on the Southern line towards Carinthia and on the Western line towards Tyrol. ÖBB plans to have these completed by the end of 2019, and together with the cell phone operators has already invested EUR 100 million and fitted mobile networks to 1,500 kilometers of railway line. This way 95 per cent of ÖBB’s customers are able to use the mobile network on the train. The upgrade for high-performance WiFi at Austria’s 75 largest railway stations is also almost complete.



MOBILE NETWORK EXPANSION. 1,500 kilometers of railway line fitted with mobile communications

A modern and environmentally-friendly infrastructure provides the basis for attracting even more passengers onto the railways.

OUTLOOK. Preliminary design studies for the day and night trains already ordered

The contemporary train

ROLLING STOCK. ÖBB is constantly investing in renewing its fleet of vehicles. Ultra-modern trains are starting to roll for both local and long-distance transport.

ÖBB is relying on ultra-modern and flexible TALENT3 Cityjets produced by Bombardier for local transport. The first trains in this series have been running on Austria's railways in test mode since the late fall of 2018. From mid-2019 the plan is to have 21 Cityjets carrying passengers on regular services in Vorarlberg, with up to a further 25 operating a year later in Tyrol. The trains offer considerably more seats and comfort – such as through barrier-free access, power outlets, and automated air conditioning. This vehicle also features a modern passenger information system, spaces for bicycles, baby strollers or winter sports equipment, as well as comfortable seats, WiFi, and a mobile network.

Day and night transport services

The focus is also on premium rolling stock for long-distance transport. ÖBB ordered 21 new trains in 2018 for day and night transport services which should be operating by the end of 2022. The eight Railjets (low-floor units) and 13 Nightjets from the new generation of Siemens vehicles are being produced from the spring of 2019 and set new benchmarks in several respects, i.e. with ultra comfortable and adjustable seats, free WiFi, power outlets with USB charging, improved mobile network connections, and much more. <

A boost for the entire country

ECONOMIC FACTOR.

ÖBB is a dynamic driver for the country's economy that sets momentum, ensures sustainable growth, secures jobs, and is a strong partner to numerous Austrian businesses.

Just under EUR five billion of added value in the public transport sector comes from ÖBB. This represents more than half of the amount generated by all railway and transport operators in Austria (approximately EUR eight billion). ÖBB invests EUR two billion each year in infrastructure alone, including in tracks, tunnels and stations.
These figures clearly illustrate that ÖBB provides the momentum that changes the entire country for the better. It is a dynamic driver of jobs, Austria's largest builder that employs lots of local businesses, and it also makes a crucial contribution as a taxpayer. ÖBB also contributes 1.54 per cent overall towards Austria's gross value added.
This way ÖBB creates prosperity and in addition makes a crucial contribution towards achievement of the country's climate and energy targets.

Benefitting the entire national economy

Investments in infrastructure benefit more than just the passengers – numerous construction-related service providers and building companies in the federal states also receive contracts from ÖBB (direct effects for the national economy).
Yet there is also increased demand for many upstream suppliers (indirect effects). This is because ÖBB is one of the biggest clients in the Austrian construction and railway industries.
The corporate group for instance makes an essential contribution towards increased value creation and employment in Austria. This in turn ensures higher incomes in the form of wages, salaries, and profits, thus also giving powerful stimulus to private consumption through ÖBB's expansion projects.
The state coffers then also increase of course through VAT, payroll taxes, and social security contributions.
All of this is highlighted in the "Bahnsystem Österreich" (Austrian railway system) study published in October 2018 by independent economic research institute Economica.

SUSTAINABLE. Companies, towns and cities, regions,

International showcase projects

ÖBB employs 5,000 people at construction sites on the Southern line alone, thereby giving them a secure income and purchasing power. ÖBB is currently implementing the largest infrastructure project since the Second World War with the Southern line. The connection, which is more than 400 kilometers

ÖBB is a dynamic driver of jobs, Austria's largest builder, and it also makes an important contribution as a taxpayer.

and people benefit from the railway system

long, covers nine larger projects, including the Semmering Base Tunnel and Koralm railway mega projects. The entire Southern line will be completed in 2026.
ÖBB also creates the basis for the railway industry's international success through the contracts that it places. The latest study also clearly highlights this. Austria is the domestic market for many global market leaders in the railway industry, with voestalpine, Kapsch, and many other companies collaborating with ÖBB and also succeeding on the global market.

Austria increases its appeal

Entire regions become more accessible and therefore more appealing to people whenever they receive investment and obtain modern transport connections through ÖBB.
The St. Pölten region is one example of this: rail passengers can now reach Vienna's Wien Meidling railway station from the Lower Austrian capital in around 20 minutes.
Vienna's new Central Station also brought a new sense of dynamism and vibrancy to an entire district. As a local supply facility for the new district, a commercial and service center was opened in the station building that features 90 businesses and enhances the district significantly. Wolfurt goods center was also completed in 2018, providing an important logistical hub for Vorarlberg. Significantly increased capacity for handling goods and improved connections are a win-win for the economy and the environment. This project received EUR 62 million in investment.

The railway system in figures

Total effect on employment:
100,000 people

Overall gross value added effect:
EUR 8.19 billion

Share of Austria's gross value added:
2.6 percent

Source: "Bahnland Österreich", Integration der Gesamteffekte des Systems Bahn (Austria – a country of railways, Integration of the overall effects of the railway system), Economica 2018

A top employer

Another factor that makes ÖBB a driving force for the whole of Austria is that it is one of the country's leading employers and training establishments. The company employs approximately 41,600 people directly, with a further 20,500 people employed indirectly through ÖBB. The Economica study clearly shows that the share of the workforce in Austria is thereby 1.47 overall.
And the dynamic development goes further: around 10,000 new employees are being taken on over the next few years. This is as a result of numerous employees retiring and the corporate group's successful growth. There are also 1,900 apprentices trained by ÖBB each year. This makes it one of the country's biggest trainers of apprentices, with the multiple positive effects that this has on Austrian industry overall as well as on the labor market.

An important taxpayer

The latest Economica study also puts a widespread preconception to rest, i.e. that ÖBB is expensive to taxpayers. In actual fact the corporate group pays approximately EUR two billion in taxes each year. Most of this is in payroll taxes and social security contributions. It also pays VAT and energy levies, as well as those taxes that arise from ÖBB's contracts with other companies.
This way ÖBB pays the tax authorities in this country almost double the amount made from revenues from land transfer taxes or insurance tax. The share of total tax revenues amounts to 1.41 per cent. <

INTERCONTINENTAL. The Rail Cargo Group plans to operate 600 trains in total between neighboring continents for 2019

Overland to China

TRAINS FROM CHINA. The RCG provides a sustainable alternative to overland transportation from China to Europe using efficient freight transport.

The first direct goods train connection between Chengdu and Vienna was launched in April. The 600-meter-long train with 44 containers took 14 days to travel the 9,800 kilometer route across Asia and half of Europe. With this new connection, the Rail Cargo Group (RCG) offers both a time-saving as well as an environmentally-friendly alternative to transporting goods via truck or ship: this is because rail freight is environmentally-friendly, cheaper than air freight, and faster than sea freight. Aside from the Adriatic ports, the Mediterranean port of Piraeus also plays an important role for the RCG in terms of maritime continental transport. From there goods from China are transported by rail to the RCG's BILK Terminal in Budapest before being forwarded to the relevant destinations in Europe.

Shipments from China

The RCG achieved its ambitious target in 2018 of handling more than 400 trains between Asia and Europe. Approximately 35,000 standard containers were transported by rail as part of this. The RCG handles regular shipments from China primarily on the routes between Chongqing – Duisburg and Xian – Budapest. The RCG plans to operate 600 trains between neighboring continents for 2019. <

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

Intelligent freight cars

INNOVATIVE RCG. Digitalization is also making its way into the goods transport area. Modern telematics and sensors are improving operation and maintenance for the next generation of freight cars.

13,700 – this is the number of RCG freight cars that will be fitted with the latest telematics solutions by the end of 2020. The location of the car can be queried constantly using GPS. This enables uninterrupted monitoring of the supply chain, including outside of the Austrian network, which in the past was not always possible on account of different standards. The first step towards intelligent freight trains is therefore the installation of telematics devices in all freight cars owned by Rail Cargo Wagon. The cars will then feature position recognition, motion sensors, and impact detection. The system can also use geofencing to send an immediate notification if vehicles pass into predefined zones, such as country borders.

Intelligent freight trains

The cars will then feature position **recognition, motion sensors, and impact detection**. The system can also use geofencing to send an immediate notification if vehicles pass into predefined zones, such as country borders.

The next generation of freight cars

Light, robust, and convertible: the Rail Cargo Group developed the TransANT together with the company voestalpine. The new car, or rather the new platform made from maximum strength lightweight steel, is more diverse than any of its predecessors. With its lightweight design, the TransANT platform car can be fitted with a wide range of attachments to suit customer requirements. It can include containers as well as open cars.
This way the very same platform can be used flexibly for a wide range of different types of freight transportation. It can carry up to four tons more than the old platform, as a result of, among other things, the new chassis, which is up to 20 per cent lighter.

Vectron power package

With the 1293 locomotive series from Siemens, the ÖBB is acquiring a new generation of vehicles for cross-border goods transport. Key data for the powerful Vectron: 6,400 kilowatts, 90 tons, 160 kilometers per hour maximum speed, almost 19 meters long, over three meters wide, more than four meters high, and can be used in different countries – this is the new power package for the Rail Cargo Group. The Rail Cargo Group is optimally equipped for further international expansion with the multi-system locomotives for the European AC and DC networks. <

Trains fitted with modern telematics and sensors are making goods transport more efficient, more customer-friendly, and more appealing.

“Nordstern” transformation program

PROSPECTS. ÖBB wants to successfully shape its future as a sustainable leading mobility and logistics service provider. The corporate group is on the right path with the “Nordstern” (Northern Star) program.

ÖBB has been ensuring that people and goods arrive at their destination safely for more than 180 years, and 2018 was another successful year. More than a quarter of a billion people traveled by rail in Austria, which is more passengers then ever before. ÖBB managed to achieve solid results for goods transportation despite adverse market conditions. Internationally ÖBB even ranks in second place for goods transport in Europe. It also features modern rolling stock and a high-performance infrastructure. This strong position provides the optimum basis for coping with the challenges of the future, and for being ready for a fully liberalized rail market with new technological foundations.

The market is changing

Society as a whole and our mobility habits along with it are undergoing rapid change. In the passenger transport sector, long-distance coach services as well as digital intermediary platforms represent strong competition for the railways. Digitalization is ensuring massive change: going forward customers expect information in real time, end-to-end service, and convenience. There are also other technological developments, such as self-driving vehicles as well as platooning (electronic linking of multiple trucks to form a convoy on the road). These all make goods transport by road even more cost-effective. Last but not least, digitalization facilitates the development of new business models and intermediary platforms involving the transportation of people and goods that do not even require hardware for the service providers.

ÖBB is changing

Yet it is not just the outside world that is developing at such a rapid pace. ÖBB is faced with the biggest generational change in its history. Thousands of employees will be retiring from the company over the next few years – meaning that their knowledge and experience will also be leaving the corporate group. They will be replaced by 10,000 new ÖBB employees who will bring with them new knowledge, as well as different views regarding their working and living situations. This involves a huge change that presents two key challenges to ÖBB. Firstly, how can we manage the transfer of knowledge from the old to the new generation? Secondly, on what basis will employees be working together in future? We have been exploring these questions since 2016 in the “Zukunft ÖBB” (ÖBB for the future) program. As part of this program, we have identified three shared values, a clear culture of leadership, and a market presence that allows ÖBB to show its values and principles to the outside world. The new human resources strategy that has been rolled-out and implemented since 2018 also implements actions for generation management, creates development prospects in talent management, and develops new standards in the search for employees.

“Nordstern”: a guiding star for the future

ÖBB is in a good position. In order to ensure that this is still the case in ten years, we are focusing today on the challenges that will be shaping our market and our corporate group over the next few years.

1. Competitiveness and cost-effectiveness

ÖBB wants to play an active part in shaping change through new technologies and business models. It also wants to become an

This strong position provides the best basis for coping with the challenges of the future.

Nordstern. The four topic areas

NORDSTERN. The transformation program is picking up speed this year. The plan is to have a detailed implementation plan in place by the fall

integrated logistics and mobility service provider. Costs and processes must therefore continue to be optimized continuously in order to ensure profitable growth and remain a leader among the competition.

2. Innovation and digitalization
Innovation and digitalization are crucial drivers for the changes facing ÖBB over the next few years. They involve new technologies and modes of working that first need to be identified and mastered. Investments must be made in those areas where potential is identified so that new business models can bedeveloped.

3. Corporate culture and organization
ÖBB is taking on around 10,000 new employees over the next few years. This requires us to find the best candidates: people who have the required skills but also real enthusiasm for railways. Shared values and modern human resources management will form the foundation of successful generational change.

4. Operating excellence and safety
ÖBB does not waver when it comes to our determination to deliver excellent service. Yet we must also always adapt to developments and changes in requirements. Aside from our major focus on safety, ÖBB is also continuing to focus on punctuality and energy efficiency. And customer satisfaction will also remain the number one benchmark for the future.

A program for the future

"Nordstern" aims to answer the question of what ÖBB does particularly well and where it wants to go. The objectives are ambitious: ÖBB wants to be the best in Europe, become the **internationally competitive quality leader** and enjoy sustainable growth.

Setting the course for the future

The "Nordstern" project will make ÖBB fit and ready for the next generation. The next generation must therefore also be involved in this transformation process as it is about their professional future. Young project managers in each ÖBB company work e.g. together with experienced managers to define the scope of tasks in "Nordstern".
This process has stood the test of time at ÖBB. Cross-generational teams were already being formed in the 1990s (under former ÖBB CEO Helmut Draxler) in order to align ÖBB with the next generation. This was a success and involved a team of "young recruits" which also included a certain Andreas Matthä. There are therefore many possibilities. And anyone who sets the right objectives today can achieve anything for the future. As an employee and as a corporate group.
In any case, ÖBB strives to be nothing less than the most successful railway in Europe – as a quality leader in its industry and as an important logistics and mobility partner for its customers. Yet ÖBB also wants to be an attractive employer and a driver of the economy. Last but not least, ÖBB also wants to be a company that assumes responsibility in society and in the fight against climate change.
Major objectives for which "Nordstern" is setting the crucial course today. <

“We are part of the modern lifestyle”

ANDREAS MATTHÄ. “We recently set a new record

INTERVIEW. An interview with ÖBB CEO Andreas Matthä about ÖBB’s values, the “Nordstern” (Northern Star) transformation program, the upcoming generational change, innovation, and his personal love of traveling by train.

Mr. Matthä, how well did ÖBB perform in 2018?
ANDREAS MATTHÄ: More passengers than ever before, new bus services, and consolidation of our position in goods transport. We kept our promises and in some cases even exceeded them. We recently set a new record with more than a quarter of a billion passengers using the railways. The quantities for cargo remain stable. And all of our subgroups performed well if we look at the figures. This is all despite the extremely tough competition, and in some cases unfair market conditions, particularly in goods transport.

What are the consequences of this for the future? And where can this journey take us?
MATTHÄ: We have set ourselves some clear goals: we want to be the best railway in Europe with the most satisfied customers. We also want to ensure that 500 million passengers and 150 million tons of goods arrive safely at their destination each year. To achieve this we need to grow further internationally – both in passenger transport as well as in goods transport. Austria represents our strong roots but we are not limited to its borders.

Austrians are the most active as well as the most satisfied rail passengers in the EU for the fifth time in a row. Yet the Swiss are still ahead of us. What are the Swiss doing better?
MATTHÄ: We are number one in the EU, both in terms of kilometers traveled per head of the population as well as satisfaction, with the Swiss only beating us in some segments. The very solid and reliable timetable offered by SBB is a model for the Austrian scheduled timetable. What makes the difference, though, is that railway travel has been the trend in Switzerland for 20 years. Rail travel in Austria has only experienced an upturn in the last five years and has now become part of our modern lifestyle.

Anyone not using their car and taking the train from Vienna to Salzburg avoids more than 50 kilograms of CO_2. How can we convince more people to travel by rail?
MATTHÄ: Switching to the railways is the best lever for climate protection. That applies to private transportation, but is even more applicable to transporting goods by road. The amount of CO_2 caused by trucks is 21 times higher and by air travel 31 times higher. We owe it to the next generation to do everything we can to work on this switch in modes of transportation. And environmentally-friendly mobility is really quite simple. ÖBB customers save 3.5 million tons of CO_2 annually by traveling and transporting goods by rail. That is the amount that a forest the size of Vorarlberg is able to absorb.

A comprehensive transformation program was launched with the “Nordstern” (Northern Star) project. Why does ÖBB need to change?
MATTHÄ: Our market position in Europe is a strong one and we are number one for customer satisfaction. Yet we cannot afford to rest on our laurels based on these successes, otherwise the market will overtake us. New technologies will radically change the railway industry over the next few years. The market will be divided between low cost providers and quality leaders, with

with more than a quarter of a billion passengers using the railways”

the center ground losing out. We have to prepare ourselves for change and make sure that we are fit for the future if we are to become the best railway in Europe.

What are the biggest challenges that you are highlighting with “Nordstern”?

MATTHÄ: We are facing some major challenges in the market: first of all, competition in passenger transport will become as tough as competition in goods transport. Here we need to score points with customers with the best service and the best employees. At the same time we also need to be more efficient, faster, and more cost-effective with our processes. Secondly, new technologies and digitalization will rapidly change the railway system and our business models. Electrification of the railways 100 years ago provided an unforeseen boost and made it a genuine means of mass transportation. The entire railway system, the technology, and the job profiles changed completely as a result. Digitalization will have a similar impact on the railways over the next few years. We need to play our part in shaping this development so that we don’t miss out.

What impact is “Nordstern” having internally, i.e. on employees?

MATTHÄ: Right now we are experiencing a generational change. Approximately 13,000 of our colleagues will be leaving ÖBB over the next few years, so we are experiencing a huge wave of retirement. At the same time we are also hiring 10,000 new people. That will only work if we change our culture and our way of collaborating. We need to remain open to the new style and concerns of a young new generation of rail employees.

You say that we are making ourselves fit for the future and that our customers and shareholders also benefit from this. In what way?

MATTHÄ: ÖBB-Infrastruktur is investing more than 19 billion euros in modernizing and expanding the railway infrastructure. At the same time we will be acquiring new trains and locomotives at a cost of just under three billion euros. We’re doing that so that we can offer more comfort as well as more and improved connections to our customers. We see ourselves as a quality leader and as a reliable partner to our clients and shareholders. Yet in line with our mission we also have an obligation in terms of cost-effectiveness.

What innovations can we expect in passenger transport in 2019?

MATTHÄ: Of course we are continuing to focus on quality, with even more customer service and lots of attractive offers. Since February with the new “SparSchiene Comfort,” for instance, we have been offering cheap tickets that can be canceled free of charge up to 15 days before starting your journey, and which already include a seat reservation in the price. Our trains also include a few new features that provide even more comfort and more information for our local transport passengers. In addition, there are new train

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“We want to grow internationally. Austria represents our strong roots but we are not limited to its borders.”

ANDREAS MATTHÄ. "Postbus is a very important mobility partner for lots of people"

connections, such as the Nightjet between Vienna and Berlin.

What are the new features that can be expected in goods transport?
MATTHÄ: Goods transport will grow by 30 percent in the EU by 2030. The market share for the railways in the EU is currently 18 percent, in Austria we are currently at 30 percent. We really want and also need to improve here in the interests of climate protection. ÖBB is playing its part here – with new routes such as the direct connection between China and Europe launched by us in 2018, as well as with an extensive network of door-to-door logistics. Our Rail Cargo Group is currently ranked a strong second in Europe and certainly intends to further consolidate its position on the market.

And how do you plan to achieve this?
MATTHÄ: Partly via our "Smart Cargo" project in which we are equipping approximately 13,700 Rail Cargo cars with telematics by 2020, thereby also allowing us to provide end-to-end information and entirely new services to our logistics customers. This will also help us to improve our maintenance coordination.

Aside from the railways, Postbus is another figurehead for the Group. What makes the brand so strong and how can it continue successfully in spite of the tough competition?
MATTHÄ: Postbus is a very important and reliable mobility partner for lots of people. The Postbus drivers very often know their passengers by name and know whether a school pupil is missing or where someone wants to get off the bus. These local roots make the brand as strong as it is and that is part of our mission. We make every effort to win every tender and to remain number one in economic performance.

You lead ÖBB based on three key values. Has this caught on with employees?
MATTHÄ: You can't just prescribe values, you have to make them part of your everyday life and set an example with them. This includes encouraging, rewarding, and publicizing positive behavior. We will be doing more work on this in 2019.

The "Sicherheit auf Schiene" (Rail Safety) program has paid off. What were the main reasons for the improvement here in 2018?
MATTHÄ: We launched some specific measures with the "Sicherheit auf Schiene" (Rail Safety) program aimed at improving our safety. These included e.g. the warning app for locomotive drivers. Yet we also noticed that, aside from all the technical resources available, the bottom line is that the issue also very much involves changes in our safety culture. Safety cannot be determined once and for all and instead has to be worked on each and every day. The world of work is constantly changing, and so we also need to scrutinize our work processes time and again.

What were your own personal ÖBB highlights last year?
MATTHÄ: As CEO and from the point of view of the corporate group the first direct train from the Chinese industrial metropolis Chengdu in April 2018 was a historic highlight. For 2019 the Rail Cargo Group plans to operate around 600 trains between Europe and China. On a personal note my favorite journey is the one with the night train to Venice. You get on the train at 9.30 in the evening and wake up in Venice at 8 after a good night's sleep. And then you have your first genuine Italian espresso. <

"Through our 'Smart Cargo' project we will be equipping approximately 13,700 Rail Cargo cars with telematics by 2020."

THE LAST MILE. With modern car sharing for customized connected mobility

A new journey begins at every station

RAIL&DRIVE. ÖBB sees itself as a mobility service provider. Its tasks go well beyond rail travel.

The railway's self-image has also changed over the course of its 180-year history. For quite some time ÖBB has no longer seen its job as one of simply transporting people from A to B safely and on time: a modern transportation provider's job also includes thinking ahead and coming up with new solutions. ÖBB is working on specific services aimed at transporting its passengers smartly and simply to the railway station or from there to their actual destination. In short, the journey should run smoothly and without complication from the first point to the last.

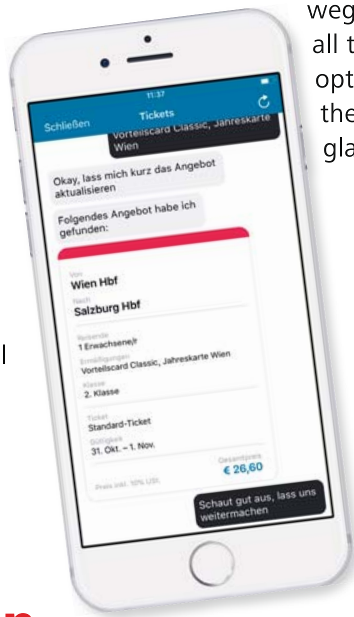
From the platform to your dream car

This is precisely the service that ÖBB is offering passengers with Rail&Drive. Modern car sharing for customized connected mobility at 25 locations throughout Austria by the end of 2018. This is how to get off the platform and into your dream car. Rail&Drive is a flexible way of combining journeys by rail and car. Use of the service itself is also just as flexible, as it is open to more than just rail passengers. There are no annual fees, and the costs are based on the traveler's own individual usage, i.e. the term of the rental and the distance. The service is aimed at making traveling by rail even more appealing, including for the sake of the environment. Rail&Drive therefore offers the latest generation of electric vehicles at more than ten locations with the Renault Zoe and VW e-Golf. Not only does this make the last few miles extremely comfortable, it also ensures that they are green.

ÖBB is working on services aimed at transporting its passengers smartly to their relevant destination.

wegfinder app

Everything revolves around the start and end of your journey too with the wegfinder app by start-up iMobility GmbH – a subsidiary of ÖBB. The app provides a route planner, Öffi schedule information, ticket purchases, and transport comparison options in one app for iOS and Android. The aim is to ensure easy and timely mobility for everyone. Whether by bus, rail, taxi, or scooter, bike or car sharing, wegfinder provides all the alternative options to the user at a glance. <

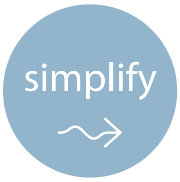


WEGFINDER. The app for easy and timely mobility for everyone is a product developed by start-up iMobility GmbH, which is part of the ÖBB group

Connected Mobility: the digital future of ÖBB

DIGITALIZATION is much more than just an app. Digitalization is an integrated transformation that ÖBB wants to actively help design trough a digital business strategy.

The fact that Uber is a taxi firm but does not own a single car is already well-known. Yet Uber is not the only example of how digitalization is fundamentally changing our way of working and living. Which is the fastest growing TV network that does not have any broadcasting stations? That would be Netflix. And which is the largest accommodation provider worldwide without even owning a single hotel, or even a small guest house? Correct: Airbnb.
And who would know better than we do that the “digital transformation” has been happening for some time? Every second (!) there are now two million Google searches, people around the world download 47,000 apps, and share more than 600,000 items with friends online.
“Users,” also known as customers, are the greatest drivers of digitalization with their growing demands and high expectations. However, for a corporate group such as ÖBB the technological change has a much deeper impact, including in all areas of the Group. ÖBB has developed a digital strategy in order to actively respond to this, as well as to be able to plan and control its own future itself. The vision for this is Connected Mobility.
Whatever is experienced by taxi firms, TV broadcasters or hotel chains increasingly also reaches the railways, roads, and air traffic. Competition is intensifying among the established players, with additional competitors pushing into the market and new business models being created. ÖBB not only wants to find an answer to this: it also wants and indeed must set the pace. Digitalization and innovation go hand in hand here and represent important means to an end. ÖBB will only be able to maintain its role as a leading mobility provider going forward if it can come up with new ideas and innovative solutions. However, the basis for its core business will remain its value proposition and uncompromising fulfilment of this: i.e. punctuality, reliability, and safety are also the basis for sustainable success in a digital world.
Yet the issue also involves improving and enhancing the existing situation. Digitalization can provide a valuable service here: from simplifying work and improving safety to new forms of training and further education, through to the development of innovative products and services which open up growth potential and new business areas for ÖBB.



“Simplify” mantra

Three mantras summarize the purpose of digitalization for all ÖBB employees through analogy with the corporate values. **Simplify** means simplifying products and services as well as processes and the organization.

What do customers want?

The question of what customers want is always the priority. And the answer here clearly points in the direction of connected and comprehensive mobility. ÖBB therefore also wants to become an integrated mobility provider based on innovation and digitalization that does actually carry its customers and their goods from A to B. That includes the first and final miles, and as comfortably and efficiently as possible.
Connected Mobility is the vision that aims to achieve this objective, and it can be broken down into five focal points – known as Connected Areas – that actually cover all areas of ÖBB.

Connected Traveler. Based on the value propositions of punctuality, safety, and reliability, the aim is to generate new products and services

Digitalization and innovation go hand in hand and represent important means to an end.

EASY JOURNEYS using a comprehensive mobility platform. More than 30 percent of tickets are already sold digitally today

along with optimized connections for travelers, right through to a comprehensive digital mobility platform.
Example: More than 30 percent of tickets are already sold digitally today. The VORTEILSCARD 66 introduced in 2017 and exclusively available online is a big success. And the wegfinder app points to the smart journey which allows customers to plan their journeys easily and actually from A to B – using different carriers and also bookable online.

Connected Logistics. The objective in the area of goods transport is digital freight forwarding. This includes a fully integrated logistics chain that guarantees the best possible conditions to ÖBB's business partners, including constant tracking.
Example: KISS is a customer information and shipment tracking system that is being developed in conjunction with voestalpine Schienen GmbH as pilot customer. The system collects and displays data from various sources. A traffic light (red-yellow-green) provides information on a shipment's status, the expected arrival time, as well as any need for action that may arise.

Connected Assets. The incorporation and connection of intelligent switch points and sensors, "Bahnhof as a Service" (Railway Station as a Service), as well as the linking of all lines and assets, including the rolling stock, have one primary objective: condition-based maintenance.
Example: A hot axle box detector is a sensor installed in a railway track that measures the temperatures of the axles traveling over it. Other detectors measure the heat of the brakes or running holes in the wheels. This is all digital data that helps reduce damage to the stock and massively improve safety, e.g. when it is shared with the technical service department.

Connected Operations. Connected assets and big data form the basis for using new technologies, such as autonomous driving and robotic process automation (RPA). The objective here is to increase utilization rates and to respond to faults more rapidly.
Example: Employees working in ÖBB's technical service (TS) today already use 3D printing to print individual plastic clamps when servicing air-conditioning units on the Taurus Railjet. This prevents

"Connect" mantra

Connect focuses on the ability to integrate both technically via smart data and information management, as well as culturally via products & services, employees, and partners.

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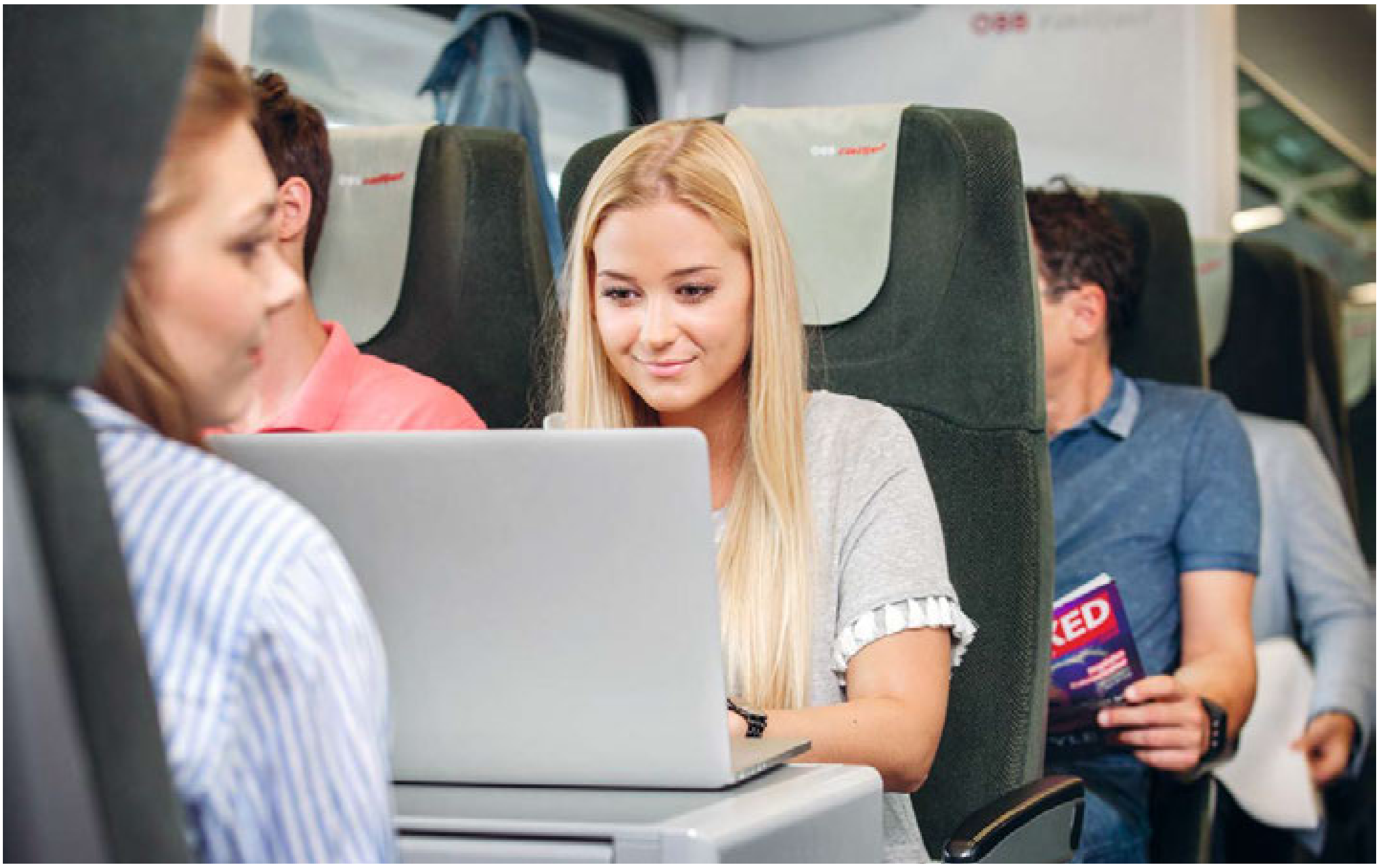


EFFICIENT AND COMFORTABLE journeys with integrated mobility provider ÖBB based on digitalization and innovations

incorrect installations. Spare parts that are no longer available will also be printed using 3D printing in future.

Connected Company. The Connected Company includes effective exchanges between the companies. Yet new job profiles and working models as well as connected employees also ultimately turn ÖBB into a Connected Company.
Example: TIM, the company's locomotive information management system, is just one of many digital tools available to ÖBB's employees. It aims to simplify their work and is also used for training and further education purposes. The plan is for every ÖBB employee to have online access to this in all cases in future.

Simplify, Connect, and Act

Implementation of the digitalization strategy makes ÖBB more efficient, safer, and more competitive as a whole. This is naturally associated with major changes and lots of minor ones, with processes being redeveloped, job profiles changing, and some roles no longer being required going forward. ÖBB also wants to actively manage this trend. Although the fact that more than a third of the workforce will be retiring from ÖBB makes the technological change easier, knowledge and expertise will still be absolutely essential in future. This means it is all the more important for us to take experienced employees along with us into the digital future.
Simplify, Connect, Act are the three mantras used here to summarize the purpose of digitalization for all ÖBB employees by analogy with the corporate values.
Simplify means simplifying things in ALL respects – i.e. in terms of products and services as well as processes and the organization.
Connect is also "all-encompassing" – from technological integration to data and information management through to connecting all ÖBB employees – both with each other as well as with customers. Finally, Act refers to the act of ensuring a more agile Group – through training and qualifications as well as through new management approaches and shorter decision-making channels. This is because the objective of digitalization is primarily to ensure that more time is made available to ÖBB's employees for their actual activities as well as for interaction. <

act

"Act" mantra

Act refers to the act of ensuring a more agile Group – through training and qualifications as well as through new management approaches and shorter decision-making channels.

ÖBB AWARD. Honoring the driving force within the corporate group: the employees

At center stage

EMPLOYEE SURVEY. ÖBB carried out its fourth employee survey in 2018. Participation was at an all time high, and results have also improved.

Employees' opinions are very important to ÖBB as an employer, and they were surveyed in the spring of 2018 on issues including working atmosphere, and compatibility between work and family life. More than 54 percent of the workforce or 22,924 individuals in total completed the questionnaire, representing around 2,600 more employees than for the last survey. Employees scored overall work satisfaction particularly highly, and the working climate received even higher scores. The employees surveyed also said they were very satisfied with the compatibility between their work and private lives. The results in all these areas improved greatly on the last survey in 2016, in some cases quite significantly. However, the biggest improvement was seen in the management area. Employees had been somewhat critical with respect to information in the corporate group in recent years. Employees are now reporting an improvement here also. Yet it is also clear that the corporate group's managers can do better when it comes to passing on information.

Acknowledging employees' achievements

As a sign of its appreciation, ÖBB also for the first time handed out the ÖBB Award in 2018 for extraordinary achievements by employees. The winners were in six categories: Apprentice of the Year, Colleague of the Year, Team of the Year, Diversity – Good Deed of the Year, Innovation of the Year, and Best Service. With the exception of the last two categories, winners were selected by the ÖBB workforce online or using a voting card. The prize for Innovation of the Year was awarded by a jury, while the whole of Austria was able to vote for the winner in the Best Service category. More than 100 individuals and groups were nominated. These represent all those in the corporate group who do their job with a sense of enthusiasm and who put ÖBB's values into practice on a daily basis. <

ÖBB Award

for **extraordinary achievements by employees** in six categories:
- Apprentice of the Year,
- Colleague of the Year,
- Team of the Year,
- Diversity – Good Deed of the Year,
- Innovation of the Year, and
- Best Service

Employees scored overall work satisfaction particularly highly, and the working climate received even higher scores.

RECRUITING EMPLOYEES. Thirteen employees from a wide range of divisions gave the corporate group their faces and their personal stories for this

The many faces of ÖBB

EMPLOYER BRANDING. Any company planning to take on around 10,000 new employees over the next few years needs some good ideas.

The company will be recruiting 10,000 new colleagues over the next few years. The comprehensive "Helle Köpfe" (Bright Minds) campaign was key to the work that took place last year as the first step in the employer branding process. Thirteen employees from a wide range of divisions at ÖBB gave the corporate group their faces and their personal stories for this. In a sense they represented the living proof of the possibilities and opportunities arising from the wide variety of jobs available at ÖBB.
In order to show the difference that employees can make at ÖBB, and given that innovation is a key topic within the corporate group, two male employees and one female were showcased as part of the initial stage of the campaign: they are working on developing "green concrete," are responsible for the new quiet and family zone in the Railjets, and are dedicated to electromobility. With their innovative strength, they stand as representatives for all colleagues in the Group.

The difference made by people at ÖBB

The teams behind the innovations were then interviewed as part of a second stage aimed at enshrining the corporate group emotionally

within the minds of customers and potential employees in order to achieve a lasting effect. Their work was presented in detail as part of editorials in newspapers and online. Lastly the third phase involved providing segues to the job profiles that will increasingly be in demand at ÖBB. These include rail conductors, Postbus drivers, and constructional engineers. Job advertisements were placed for this appealing for applications to ÖBB. The move towards interaction and dialog with people was important here. These are the people who will hopefully be supporting ÖBB on into the future with their knowledge, vigor, and experience. <

BRIGHT MINDS. Modern employer branding with authentic stories

MODERN TRAINING FACILITY. In the new central apprenticeship facility located in Vienna

A laboratory for the future

THE VIENNA APPRENTICESHIP FACILITY. Three apprenticeship facilities in Vienna were consolidated into one center in the fall of 2018. This is where our apprentices learn about the work of the future.

Each year ÖBB takes on more than 500 young people for training, and currently has around 1,900 young people on training courses. Rail structural engineering, metal technology, mechanical and electrical engineering, plant and operating technology are the most popular training courses at ÖBB's nine apprenticeship facilities in Austria. We offer a total of 22 apprenticeship professions with a clear focus on technology. ÖBB takes its sociopolitical role seriously as the biggest apprentice instructor for technical apprenticeship professions and has taken important steps towards modernization.
In October the new Vienna training center for ÖBB apprentices was opened. There are currently 650 young people undergoing training in an ultramodern building at Hebbelplatz 7 in Vienna's 10th district. The three previous apprenticeship facilities that had started to show their age were consolidated into one single building at the Am Hebbelplatz site. It features bright rooms, smart boards, tablets, and apps are all used for teaching, and the workshops all feature the latest machinery.

Laboratory of the future and the latest technologies

The laboratory of the future is an important focal point of the training. It is where the apprentices get to know the latest technologies and test the work of the future with VR glasses and 3D printers. <

A business card for the corporate group

CALL CENTER. Effective customer service is as much a part of the railway services as train drivers are part of a train – and we need to ensure that we provide this 24/7. A look behind the scenes.

During the night between September 26 and 27, 1988, Josef Schneider sits at the telephone, patiently supporting perplexed, concerned or annoyed customers. It is one of the first night-time services in the history of ÖBB's 24/7 customer service. "It was never quiet for long", remembers Josef Schneider, "the main period was until around two in the morning, then it became quieter. Things started up again with the first commuters, at around half four." Today Josef Schneider is, deservedly so, semi-retired and prefers to leave the night-time telephone service to other colleagues. There have been other big changes in customer service too, but one thing has stayed the same: ÖBB is always there for its customers. After all, the ability to reach the company 24/7, and effective complaints management are crucial components in a mobility services provider's success.

Excellent customer service

In June 2018 ÖBB even won the "Top Service Austria" Award as well as the first place in the "B2C" category for its excellent customer service. This is all thanks to the relentless work of its 190 employees. They answer around 1.3 million calls and approximately 700,000 written requests here close to Vienna's Praterstern area. Contrary to expectations customer service is rather calm with a pleasant atmosphere, even though there always complaints to answer on top of the general questions on departure times. The most common complaints by the way include delays, missed connections, and the proper handling of ticket machines. The reason why call center agents and complaints managers are, however, in such good mood is arguably due to the fact that, in addition to solving problems, they also receive plenty of praise and recognition from customers; a sign in itself that the current customer service structure is working very well. It has been in place since 2012 and is generally divided into the "Sound" and "Lyrics" departments, i.e. telephone services and written responses via e-mail and

IN CONTACT WITH THE CUSTOMERS. Call center

social media. The most important characteristics for employees working in ÖBB customer service are empathy, social skills, and of course a gift for communication. This is why the Lyrics team has not used default templates to answer queries for some years now. Customers do certainly notice that, according to Lyrics team leader Christian Stubits: "An individual writing style that shows empathy pays off!"
The target is to achieve response times of 24 hours for e-mail complaints, 30 minutes for social media posts, and an employee aims to answer the telephone within no longer than 20 seconds. A colleague maintains an overview of the current service level in all departments for quality control purposes.

New services

"The motto in the Sound department of ÖBB customer service is: 'One call does it all' as that is all it should take", says Robert Sluka,

Effective complaints management is a crucial component in a mobility services provider's success.

agents and complaints managers respond to complaints and problems with a sense of empathy

Sound team leader. New services have united under this motto since 2017. The “virtual queue” for instance gives customers the option of receiving a return call when call volumes are high, and has therefore put an end to the traditional telephone queue. We also did away with IVR (Interactive Voice Response), thereby eliminating the annoying sub-menus: every caller to 05 1717 is now immediately connected to the next free agent. The “Kundenservice.sofort” service is also new, and means that employees leave their workstation if need be (delayed night trains) and provide immediate assistance to customers locally. The “Kundenservice.direkt” assistance was also launched in September 2018 at Central Station, a customer counter for passenger rights, refunds, complaints, and anything that customers have ever wanted to tell the ÖBB. In the midst of the trend to online services, ÖBB is focusing again on direct face-to-face contact with its customers. Two further “Kundenservice.direkt” customer counters have been added in Graz and Villach, with a further three scheduled to open in 2019 in Linz, Salzburg, and Innsbruck. All these services are intended to increase the first solution rate. This rate is now 99 percent on the telephone. One crucial asset is the diversity of the team, which features employees from all over Europe. Aside from German and English they also speak Serbian, Bosnian, Croatian, Greek, Turkish, French, and Italian. The oldest employee is 60 and the youngest 15 years old, one colleague is in a wheelchair – he handles queries on barrier-free journeys. “Yet everyone is clear about the most important factor that we have in common”, says one colleague, “namely the customers. And the most important thing is to know about their concerns.” <

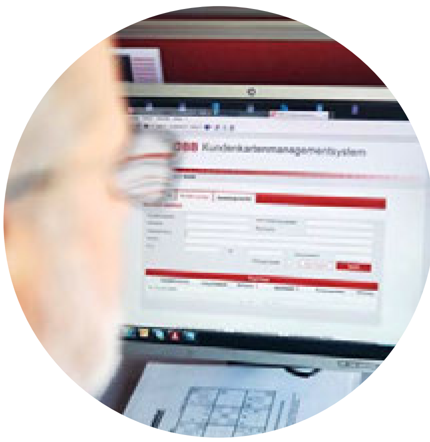
ÖBB Customer Service

190 employees,
60 apprentices

2 million customer contacts each year,

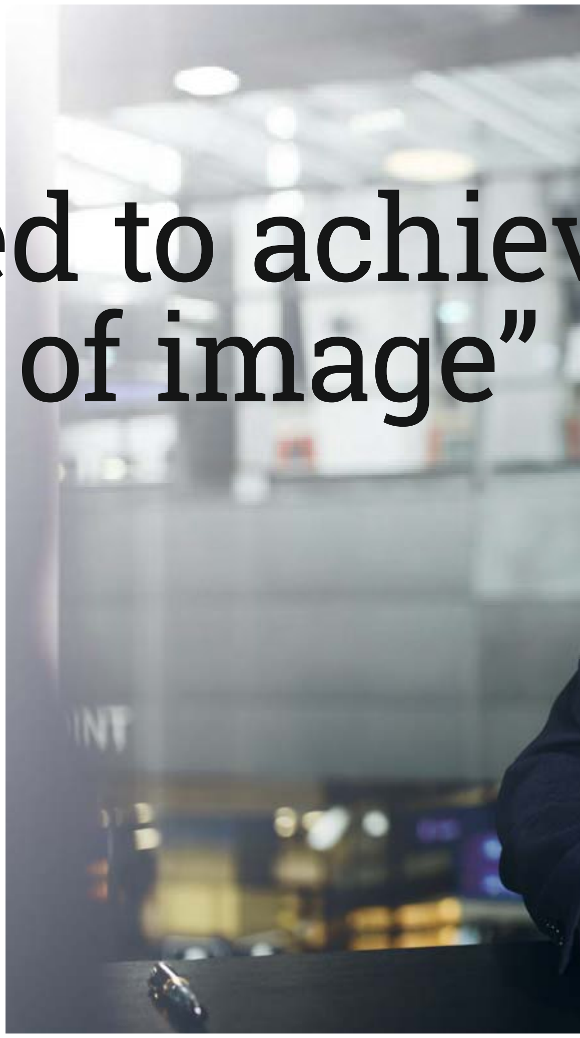
1.3 million calls and 700,000 written queries, including around 125,000 written complaints

Availability: 24/7



QUALITY CONTROL. Monitors with service level barometers for telephone calls and e-mails with respect to passenger rights, customer tickets, written queries, and complaints in real time

“We have managed to achiev a radical change of image”



JOSEF HALBMAYR. “Increasing numbers of customers

INTERVIEW. After more than ten years as CFO, Josef Halbmayr handed over his responsibilities to Arnold Schiefer on April 1. A conversation about numbers, successes, opportunities, and possibilities, and about the past and the future.

Mr. Halbmayr, you have been Chief Financial Officer at ÖBB since 2008, and a lot has happened during this time. What is your take on this period?
HALBMAYR: I am particularly happy that we managed to move the company forward as a whole. Quality, service, and performance have all noticeably improved at ÖBB over the last ten years. Our reputation and standing have increased significantly as a result – also among people who don’t travel by rail. There has been a radical change in image here. People used to be almost ashamed of having ÖBB on their résumé, but now everyone is proud again to be able to say: “I work for the railway.”

What are the reasons for this change in image?
HALBMAYR: We’ve all learned from the competition and developed a new attitude. Today all ÖBB employees know that the customer has a choice. Our understanding of customer requests has changed significantly for the better as a result of this. ÖBB is a modern corporate group today that is open to new areas. ÖBB’s financial success is also the result of our convincing service to our customers. And that in turn is a success shared by all of ÖBB’s employees.

Speaking of financial success, how do you see your record as CFO?
HALBMAYR: The banks are very happy with our reporting, and the auditors, whose activity we put out to tender every five years, are constantly impressed by our high working standards. That’s an external and important benchmark for me. So I think that we stand up well to any comparison. Personally, I’m proud above all that we have been able to successfully close out the financial experiments of the past.

I assume that the most important factor was getting out of the cross border leasing business?
HALBMAYR: ÖBB got involved in financial instruments in the second half of the 1990s that would be inconceivable today. At that time 35 percent of all cross-border lease agreements entered into in Austria were with ÖBB, and the total amount under the contracts was 4.8 billion US dollars. Yet we managed these instruments through the financial crisis based on professional risk management, and as of today we’ve generated a present value benefit of more than 300 million euros. So it was good business but the risk was huge.

The transactions with Deutsche Bank were also risky ...
HALBMAYR: That’s true. When I started out as CFO we had a risk potential of more than 600 million euros as a result of derivatives with Deutsche Bank. Yet we managed to ward off this risk too, which was definitely a challenge just as

> “Our reputation and standing at ÖBB have increased significantly as a result – also among people who don’t travel by rail.” JOSEF HALBMAYR

show that our investments are having an impact, and that the rail system has become even more attractive”

the financial crisis was starting to balloon.

Yet you didn’t just clear up legacy issues as CFO, did you?
HALBMAYR: Once the legacy issues had been cleared up the next thing was to ensure a comprehensive modernization of our finance and accounting systems. A lot has happened there over the last few years. We introduced a new risk management system, a modern planning and reporting system, along with many other things. And we also got ready for the new SAP generation.

Coming to the last year for which you were responsible as CFO. What’s the result there?
HALBMAYR: We achieved very good overall operating results once again in line with previous years. All sub-groups are doing an outstanding job of holding their ground in the market, and we are definitely in a robust position in terms of the competitive environment.

How relevant is achievement of the 250 million customer mark in passenger transport?
HALBMAYR: The railway also receives taxpayers’ money for its services. Increasing numbers of customers show that our investments are having an impact, and that the rail system has become even more attractive as a result of faster connections, higher punctuality rates, and new vehicles that provide additional comfort and more information.

And how well did freight transport perform?
HALBMAYR: In goods transport we experienced both increased competition and a change in the markets. Internationalization was a successful response to this at just the right time. The Rail Cargo Group now carries out more than half of its business abroad. We took the first step with this in 2008 when we acquired Rail Cargo Hungaria, and today we have reached a size whereby customers can reach multiple countries in Europe and even Asia with one partner.

Mr. Schiefer, as a former chairman of the Supervisory Board you already know ÖBB very well. What is your view since becoming head of Finance in early April?
SCHIEFER: Fundamentally ÖBB is in a very good position, also from an international point of view. We stand up well to comparisons there. Yet we must make sure that we don’t lose the edge that we have in certain areas. Because our competitors are also not sleeping either as we know ...

How are things looking within the sub-groups?
SCHIEFER: Goods transport has been subject to intense competition for some time now. All of us in the ÖBB family need to play our part

>

“We stand up to comparison internationally, but we must ensure that we maintain our edge.”

ARNOLD SCHIEFER

ARNOLD SCHIEFER. "The encouraging growth in passenger transport shows that our services are the right ones and that there is growing demand for our product"

in optimizing the cost structure in such a way that the Rail Cargo Group can continue providing competitive offers.
In passenger transport we have until 2026 at the latest to organize ourselves in such a way that we have nothing to fear from the tenders taking place by that point. Here too we need to put into practice the internal cooperation and our common fitness program with consistency – the key word being "Nordstern".

And Postbus?
SCHIEFER: Postbus faces the problem that it is very difficult for it to be competitive in the bus segment with its cost structure. But our colleagues there do outstanding work, and I believe that our clients, the buyers, will appreciate that it is impossible to ensure comprehensive coverage in face of private cherry picking. I hope therefore that the principle of the best bidder wins out over that of the cheapest bidder.

What do you see as the biggest challenges for ÖBB over the next coming years?
SCHIEFER: One of the main challenges is the massive generational change that we face, and related to that, the questioning of traditional structures. This gives ÖBB the opportunity to streamline the company and implement an even more dynamic structure, which will also be a crucial factor for success against the background of digitalization.

And what are the challenges from a financial point of view?
SCHIEFER: A positive conclusion of the transportation service agreements will provide an important basis for the future. But we can't just rely on that. That's because the competition will be even tougher in future, and we have to do everything we can to become even more efficient.
Yet the encouraging growth in passenger transport shows that our services are the right ones and that there is growing demand for our product. Accordingly I also observe understanding of and goodwill towards ÖBB on the part of the federal government. Ultimately we are Austria's biggest corporate group dedicated to protecting our climate, and the targets in this area cannot be achieved without us.

You are responsible for managing the generational change. Where will your priorities lie here?
SCHIEFER: On the one hand this involves recruiting the right employees to come and work at

"The competition will be even tougher in future, and we have to do everything we can to become even more efficient." **ARNOLD SCHIEFER**

ÖBB. That refers to employees who express a positive attitude to the railways when they arrive. On the other hand, we also have to do everything we can to ensure that those colleagues retiring from the company have the opportunity to pass on their knowledge. One measure therefore will be to ensure an overlap for key staff so that this transfer can take place.

People state time and time again that ÖBB is a drain on the taxpayer. How do you see that and how will you respond to this in future?
SCHIEFER: No railway system in Europe can be operated without public support. When you invest in infrastructure then this involves construction projects that are often going to be in use for 50 and up to 100 years. It's very difficult for private investors to do this based on a profitable model. And so consequently our contribution can only be to act as efficiently as possible and to cost as little as possible.

You are also responsible for setting ÖBB's HR agenda. How will employees have to adapt in future?
SCHIEFER: They'll need to adapt to pragmatism and humor …

JOSEF HALBMAYR. "Personally I'm proud above all that we have been able to close out successfully the financial experiments of the past."

That means that I still want our colleagues to enjoy their jobs despite any optimization measures we face. It also means that the HR department has to become faster in serving our employees. That also applies to recruitment. This is because we are competing for the best employees, and the company that is the most effective and fastest in looking after these is the one that will be able to attract them. We still have too much red tape here and are still too slow. But I know that we can do this, and I'm looking forward to tackling this and other tasks together with my team.

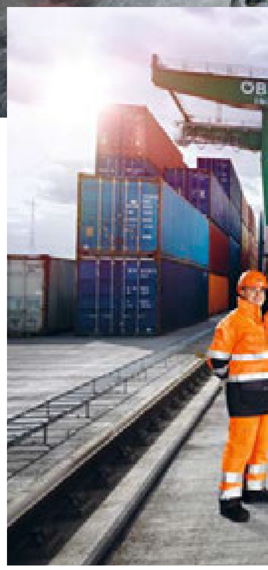
Why would you recommend working at ÖBB to young people?
SCHIEFER: You can spend your whole life at ÖBB if you're prepared to work and open to new things. From freight forwarding, which is an international role, to real estate management or sales with direct contact with the customer, through to the traditional railway jobs. ÖBB can offer a wider variety of careers than almost any other company, and we are also a reliable employer.

And how would you describe your management style?
SCHIEFER: I have quite a few years of experience at ÖBB and there are bound to be some of my colleagues who can do a better job of describing me, but I would say: hands-on, down-to-earth, and with an informal and no-nonsense approach. But continuity is also important to me, and Josef Halbmayr is definitely a role model. It's not easy steering a corporation of this size through the corporate landscape for so long without encountering some tough problems. Working with Andreas Matthä to ensure that ÖBB moves forward is definitely another one of my objectives.

Mr. Halbmayr, on a final note: what will you miss most in future?
HALBMAYR: Definitely the wonderful times with interesting management tasks and with some of the great people I was able to meet. If you only know ÖBB from the outside, then you don't know how exciting and diverse working here is. And I've become a keen railway user. That's something that I plan to keep up … <

"If you only know ÖBB from the outside, then you don't know how exciting working here is." JOSEF HALBMAYR

Three values for the future



FUTURE OF ÖBB. A total of 650 colleagues revealed what is important to them and what ÖBB represents from their personal point of view as part of an online survey. Three key values were derived from this in multiple stages

CORPORATE VALUES. Three key corporate values and the corresponding code of conduct have defined the work at ÖBB for almost a year now. They improve internal collaboration, provide guidance for decision-making, and help employees to identify with the corporate group.

ÖBB is a unique company. It is unique because the services we provide affect the wider public. The challenges and objectives we face gave opportunity to set the course for the future and to ask ourselves: what are ÖBB's key values? The team spirit of the more than 40,000 employees is essential for this. With the railway celebrating its 180-year anniversary in 2017, looking back on our past also makes us question what the future will hold. The new objectives and challenges are obvious. Digitalisation is in full swing, customer requests and market conditions are constantly changing, and ÖBB is also facing a major generational change over the next few years, with around one quarter of the workforce due to retire from the corporate group. ÖBB must therefore attract 10,000 new colleagues to the team. All of this shows the importance of committing to a common corporate culture, of pulling together, and boosting mutual trust in order to improve cooperation even more.

On track towards our values

This is precisely why ÖBB has developed its three values. They form the foundations and serve as a guide for the actions of each and every individual in the corporate group. It was important here that we did not assign the task of defining these values to one particular department or just simply enacted these ourselves. The values should emerge from within the corporate group. And what could be better than asking the employees themselves?

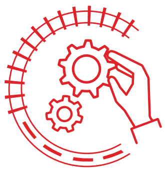
A comprehensive online survey on corporate culture was launched as a first step in September and October 2017 as part of the "Zukunft ÖBB" (Future of ÖBB) program. A total of 650 colleagues revealed what is important to them and what ÖBB represents from their personal point of view. Trust and appreciation were the main priorities in terms of the values. Social cooperation was also at the center of a preferred corporate culture for managers, with topics such as team spirit and appreciation. Equally, employees felt that it was important for customers to be at the center of all activities, and they also expressed a desire for more consistency in everyday actions.

The survey was followed by 100 interviews with employees and managers in order to gather their subjective points of view on ÖBB's culture. These were then consolidated in focus groups and workshops

Trust and appreciation were the main priorities for employees in terms of the values.

We before me

Compelling services for our customers



Taking the initiative

before being prioritized in order of importance and utilized by employees throughout the corporate group. All of the results from interviews, focus groups, workshops, and the online survey were then edited by a project team. The three key values and corresponding codes of conduct finally crystallized in workshops with top management:

TAKING THE INITIATIVE

- I am aware of my responsibility, use my discretion, and work consistently towards achieving our objectives.
- I actively work on solutions as to how things could be improved and try to see the bigger picture when doing so.
- I recognize my mistakes, take responsibility for them, and learn from them.
- I share my findings and insights with others.
- I am open to new things, I identify changes and deviations at an early stage, and respond quickly and with flexibility.
- I treat those values entrusted to me in the same way as I treat my own property.

WE BEFORE ME

- I recognize the successes of others and am pleased for them.
- I am proud of what we do for society as ÖBB and actively communicate this.
- I help all colleagues whenever they need support.
- I always treat others as I would want to be treated myself.
- I never think just of the benefits for my area alone, but always think of the mutual benefits.

COMPELLING SERVICES FOR OUR CUSTOMERS

- I see things from my customers' point of view and ensure that I fulfill our value proposition through my work.
- I am friendly, appreciative, and committed towards our customers.
- I always do a little bit more than what is expected from me when dealing with customers.

Making the values part of our everyday culture

Ongoing measures have been put in place to ensure that these values become part of our everyday corporate culture. The three values are used for instance as popular photographic subjects in the form of larger than life-size red logos, with a billboard campaign, regular reports on the intranet and articles in the employee newsletter, submitted by colleagues in each case, which successfully integrate the values into their everyday life. The ÖBB employee awards took place for the first time in 2018 as part of an evening gala with high-profile guests.
Awards were given in different categories based on the three values, with the awards designed and produced by ÖBB employees in line with the idea of "We before me."
After more than one year the mood in the corporate group is now a positive one: the measures are here, and a majority of the employees can identify with the values. Yet despite this, the work on embedding these is of course never complete. In fact the values need to be put into practice anew each and every day. <

“He didn’t first make sure I knew who and what he was. He just said: I’m a colleague and here to help.”

WOLFANG WUCHERER. While dealing with an unexpected serious situation, the conductor received support from STEFAN URMANN, head of legal affairs in the infrastructure division (See page 48 for more on corporate values)

We before me

Compelling services for our customers

Taking the initiative

Corporate Governance

CORPORATE GOVERNANCE REPORT*

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

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

FEDERAL PUBLIC CORPORATE GOVERNANCE CODE (B-PCGK)

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

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

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

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

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

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

* The following pages contain an excerpt from the Corporate Governance Report. The full report is available on our website at www.oebb.at/cg2018

DECLARATION OF CONFORMITY / DEVIATIONS THEREOF

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

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

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

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

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

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

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

Rule	Description	K/C*	Group company	Deviation / Comments
8.3.3.1	Liability insurance for management and supervisory body	C	All with supervisory body	The two-tier trigger policy is not applied.
11.2.1.2	Supervisory body's joint composition of women and men	C	Österr. Postbus AG, ÖBB-Business Competence Center GmbH, ÖBB-Technische Services-GmbH, ÖBB-Produktion GmbH, Mungos Sicher & Sauber GmbH, Rail Cargo Logistics-Austria GmbH, Q Logistics GmbH ČSAD AUTOBUSY České Budějovice a.s., Q Logistics GmbH and several foreign companies of the Rail Cargo Austria sub-group.	At Österr. Postbus AG, ÖBB-Business Competence Center GmbH, ÖBB-Technische Services-GmbH, ÖBB-Produktion GmbH, Mungos Sicher & Sauber GmbH, Rail Cargo Logistics-Austria GmbH, Q Logistics GmbH and ČSAD AUTOBUSY České Budějovice a.s. as well as some foreign companies of the Rail Cargo Austria sub-group, this is not fulfilled (Reporting date Dec. 31, 2018/Basis shareholder representatives).
11.2.2.3	If a member of the supervisory body misses more than half of the meetings in a financial year, this information should be included in the Corporate Governance Report.	C	Postbus AG und Postbus GmbH	At both Postbus AG and Postbus GmbH, one member missed (excused) more than half of the meetings of the Supervisory Board in 2018.
11.6.6	A member of the supervisory body shall not at the same time be a member of the shareholders' meeting.	C	All, except ÖBB-Holding AG	The same personnel is permitted under stock corporation law and is a recognized and customary management tool for groups of companies. In this sense, the members of the Board of Management of ÖBB-Holding AG are also Supervisory Board members in the subsidiaries and their members of the Board of Management are in turn Supervisory Board members in their subsidiaries. The members of the Supervisory Board are thus also members of the respective shareholders' meeting at the same time. Approvals are granted by the other two members of the Board of Management/ management or authorized signatories, so that no self-approval takes place.

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

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

ÖBB actively promotes equal opportunities for men and women, including an Equal Opportunities Policy introduced in 2011 and a Diversity Officer, who was also appointed in 2011. The Group strives to ensure equal treatment irrespective of gender, age, ethnic origin, sexual orientation or disability, to promote equal opportunities and to better reconcile work and care responsibilities through special programs. Ten regional Equal Opportunities Officers advise and support colleagues who feel they are being discriminated against or treated unfairly due, for example, to their gender, ethnicity, sexual orientation or age. An Equal Opportunities Board supports the work of the regional Equal Opportunities Officers and ensures their continuous ongoing training.

To achieve the strategic goal of increasing the proportion of women in the Group as a whole to 16 percent by 2023, numerous measures are being taken, such as cooperation and training programs, network programs and coaching programs for women. Women now account for more than 25 percent of ÖBB akademie's continuing education programs; 37.5 percent of Supervisory Board mandates (AGs and GmbHs) were held by women as of the balance-sheet date.

ÖBB-HOLDING AG

BOARD OF MANAGEMENT

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

CURRICULUM VITAE

Ing. Mag. (FH) Andreas Matthä	Higher Technical School (HTL) Vienna 1, Schellinggasse, Civil Engineering Department; Vienna University of Applied Sciences, Corporate Management August 2008 to May 2016: Member of the Board of Management of ÖBB-Infrastruktur AG
Arnold Schiefer	Business Administration studies in Vienna and Innsbruck Since October 2015, Member of the Board of Management of HETA ASSET RESOLUTION AG 2012/2013: Member of the Board of Management of Rail Cargo Austria AG 2011/2012: CFO Rail Cargo Hungaria Zrt. 2009/2010: Member of the Board of Management of ÖBB- Infrastruktur AG 2006–2009: Member of the Board of Management of ÖBB-Infrastruktur Betrieb AG
Mag. Josef Halbmayr MBA	Business Administration studies, Johannes Kepler University, Linz; Master of Business Administration from the University of Toronto, Canada Member of the Board of Management of ÖBB-Holding AG (CFO) since 2008, previously member of the Board of Management of ÖBB-Personenverkehr AG, member of the Board of Management of Wiener Privatbank Immobilieninvest AG and Österreichische Post AG.

WORK PRINCIPLES AND ALLOCATION OF RESPONSIBILITIES

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

Ing. Mag. (FH) Andreas Matthä	Mag. Josef Halbmayr MBA
Group strategy and corporate development, strategic Group HR management, Group communications and public affairs, Group law and the Board of Management Secretariat, strategic Group purchasing, system technology and Group production, European and international affairs	Group accounting, financial statements and taxes, Group controlling, Group finance, strategic Group IT management
Compliance, Group auditing	

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

REMUNERATION OF THE MANAGEMENT (in kEUR)

The remuneration system is comprised of fixed and variable salary components. Variable remuneration is paid out in the following year as target achievement can only be ascertained once the annual financial statements have been finalized. Accordingly, the figures represent the variable remuneration for the financial year 2017 that was paid to management in 2018.

	Fixed remuneration	Variable remuneration	Total remuneration
Ing. Mag. (FH) Andreas Matthä	446	202	648
Mag. Josef Halbmayr MBA	436	182	618

SUPERVISORY BOARD

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

MEMBERS OF THE SUPERVISORY BOARD

Name	Year of birth	Initial appointment	End of term
Mag. Gilbert Trattner Chair since Dec 7, 2018	1949	Apr 6, 2018	Annual General Meeting 2020
Arnold Schiefer Chair from Feb 28, 2018 to Dec 7, 2018	1966	Feb 9, 2018	Mar 31, 2019
Dr. Kurt Weinberger First Vice Chair	1961	Jun 29, 2015	Annual General Meeting 2020
Mag. Reichhardt Andreas Second Vice Chair	1968	Feb 9, 2018	Annual General Meeting 2020
Dr. Cattina Maria Leitner	1962	Feb 9, 2018	Annual General Meeting 2020
DI Dr. Monika Forstinger	1963	Feb 9, 2018	Annual General Meeting 2020
Dr. Barbara Kolm	1964	Feb 9, 2018	Annual General Meeting 2020
Karl Ochsner	1974	Feb 9, 2018	Annual General Meeting 2020
Roman Hebenstreit Employee representative Third Vice Chair	1971		Indefinite
Mag. Andreas Martinsich Employee representative	1964		Indefinite
Günter Blumthaler Employee representative	1968		Indefinite
Mag. Olivia Janisch Employee representative	1976		Indefinite

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

SUPERVISORY BOARD REMUNERATION

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

Remuneration	Attendance fee
• EUR 9,000 annual base fee per member of the Supervisory Board • Chair: 100% additional fee • Vice Chairs: 50% additional fee • Membership on other Supervisory Boards within ÖBB Group: additional 50% of the base fee per company, maximum 100%	EUR 200 per Supervisory Board member for each meeting of the Supervisory Board, Executive Committee or another committee

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

Number of meetings 2017 (Supervisory Board, Executive Committee, committees): 13

“I would like to thank Andrej Perhoc and everyone else whose attentiveness and willingness to help made our experience such a pleasure.”

Praise for an ÖBB conductor in a three-page handwritten letter from a satisfied rail customer (See page 48 for more on corporate values)

We before me

Compelling services for our customers

Taking the initiative

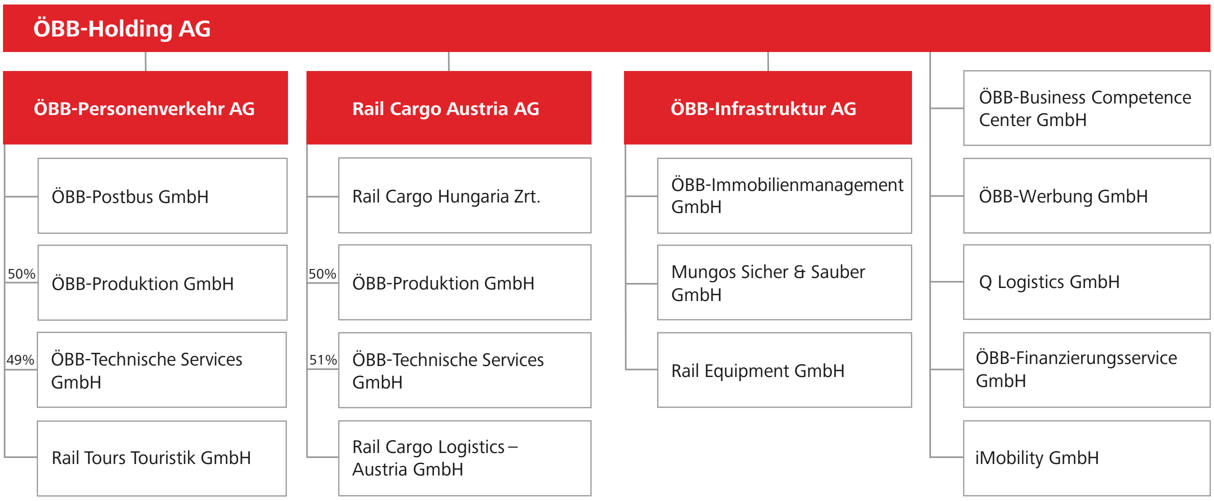
Group Management Report

Group Management Report

This Management Report complements the Consolidated Financial Statements of Österreichische Bundesbahnen-Holding Aktiengesellschaft, Vienna, (hereinafter referred to as "ÖBB Group") whose preparation is mandatory pursuant to Article 244 of the Austrian Commercial Code (UGB) and which are submitted to the Commercial Court Vienna under Company Register number FN 247642 f. The Consolidated Financial Statements as of Dec 31, 2018 were prepared pursuant to Article 245a (2) of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards ("IFRS/IAS") issued by the International Accounting Standards Board ("IASB"), the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and the interpretations of the Standards Interpretation Committee ("SIC"), which entered into force and were endorsed by the European Union as of Dec 31, 2018. In addition, a subsidiary of Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter referred to as ÖBB-Holding AG), the company ÖBB-Infrastruktur Aktiengesellschaft (hereinafter ÖBB-Infrastruktur AG), is obligated to prepare sub-group Consolidated Financial Statements pursuant to Article 245 (3) of the Austrian Commercial Code (UGB) because it has issued bonds listed for trade in a regulated market. The sub-group financial statements of ÖBB-Infrastruktur AG are filed with the Commercial Court Vienna under Company Register number FN 71396 w.

A. Group Structure and Investments

ÖBB Group structure



As of: Dec 31, 2018
This organizational chart includes a selection of major companies of the ÖBB Group.

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

The Republic of Austria holds 100% of the shares in the Company, and the Federal Ministry of Transport, Innovation and Technology (BMVIT) exercises the shareholder rights.

ÖBB-Holding AG owns all shares in ÖBB-Personenverkehr AG, Rail Cargo Austria AG and ÖBB-Infrastruktur AG. These three joint stock corporations and their subsidiaries are referred to hereafter as ÖBB-Personenverkehr sub-group, Rail Cargo Austria sub-group and ÖBB-Infrastruktur sub-group. Q Logistics GmbH is a direct subsidiary of ÖBB-Holding AG and offers general cargo, partial and full load transport as well as warehouse logistics solutions. ÖBB-Business Competence Center GmbH provides intra-group services (Shared Services), particularly in the areas of human resources, information and communication technology, purchasing and procurement, and accounting. ÖBB-Werbung GmbH is the in-house service provider for marketing activities and is externally responsible for the marketing of all ÖBB advertising space. ÖBB-Finanzierungsservice GmbH implements liquidity management between ÖBB-Holding AG and the companies in which ÖBB Holding AG has an indirect or direct investment and provides financing services in the ÖBB Group. The business line of iMobility GmbH is the development and operation of a mobility internet platform.

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

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

Rail Cargo Austria AG is the international freight subsidiary which, together with its subsidiaries and associated companies, operates under the umbrella brand of the Rail Cargo Group (RCG). Based on the domestic markets of Austria and Hungary, it aims to defend its market leadership in Austria while further developing its strong market position as number two in European rail freight transport. As a specialist for rail transport with additional forwarding services, the Rail Cargo Austria sub-group guarantees an environmentally friendly, reliable and cost-effective transport and logistics system, combined with professional and tailor-made services.

The joint subsidiaries of ÖBB-Personenverkehr AG and Rail Cargo Austria AG, ÖBB-Produktion GmbH and ÖBB-Technische Services-GmbH offer services in the areas of traction and maintenance of rail-bound vehicles.

The **ÖBB-Infrastruktur** sub-group operates 1,061 railway stations and stops (goods and passenger transport) and the railway infrastructure in Austria, which are primarily used by companies of the ÖBB-Personenverkehr and Rail Cargo Austria sub-groups and other railway operators not affiliated with ÖBB Group.

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

Number of investments by sub-group

	Sub-group			
	ÖBB-Personenverkehr	Rail Cargo Austria	ÖBB-Infrastruktur	ÖBB Group incl. others*
Investments >50%	6	44	23	84
thereof abroad	*1*	*36*	*0*	*41*
Investments 20-50%	3	11	3	17
thereof abroad	*0*	*8*	*1*	*10*
Investments <20%	2	4	3	8
thereof abroad	*2*	*4*	*2*	*7*
Total	**11**	**59**	**29**	**109**
thereof abroad	***3***	***48***	***3***	***58***

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

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

Outside Austria, ÖBB Group holds investments in 58 companies in 18 countries whose registered offices are located in the following countries:

B. General Conditions and Market Environment

B.1. General economic conditions

Global economic development

At 3.7%, global economic growth in 2018 remained on the stable growth path of recent years. China's exports grew at an above-average rate of 9.9% – the strongest growth since 2011.[1] This contributed to the increase of global trade by 4.0%. In the traffic between Asia and Europe, container handling increased by over 3.0%. Noteworthy is the increase in transatlantic container trade by more than 7%.[2] Part of the increase could be due to transactions that were brought forward because of imminent tariff increases.

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

Key figures and forecasts for global economic performance		2017	2018	2019
Gross domestic product, real	Eurozone	2.4	1.8	1.6
	USA	2.2	2.9	2.5
	China	6.9	6.6	6.2
	World trade	3.8	3.7	3.5
Global trade (goods and services), real		5.3	4.0	4.0
Crude oil price (USD)		23.3	29.9	-14.1
Commodity price (USD)		6.4	1.9	-2.7

Source: IMF

[1] Trading Economics.
[2] UNCTAD.

The steady economic growth of recent years continued in 2018 in all major economic areas of world trade. A slight slowdown in growth is expected starting 2019.

Indications of the development of the economy can be derived, among other things, from the development of prices for certain raw materials. The price development of copper essentially confirms the current forecasts for 2019. The copper price hit its lowest point in autumn 2016 and rose sharply again in mid-2017. A price decline of about 20% followed in the summer of 2018.[3]

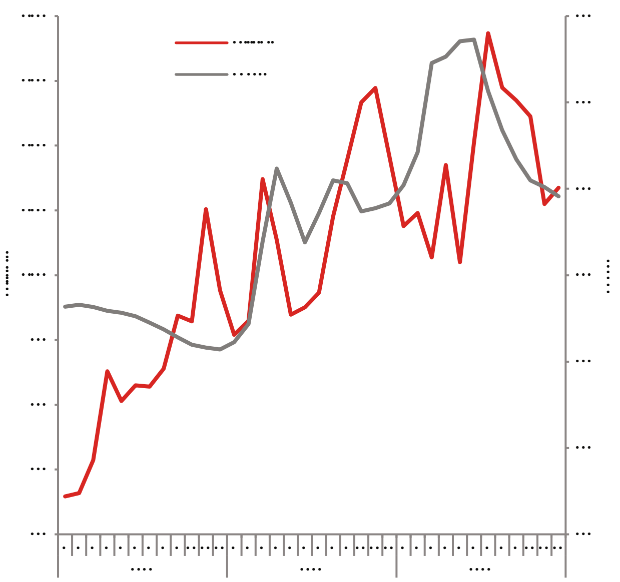
The global economic development in the coming years will also depend on whether the central banks manage to exit the multi-year low-interest phase as smoothly as possible. As expected, the US Federal Reserve has also gradually raised the key interest rate in 2018. The European Central Bank (ECB) has not yet used the economic upswing to raise interest rates. In this case, concerns that higher interest rates could jeopardize the already fragile economy are likely to outweigh any rationale for raising them. At least the ECB reduced its bond purchases by half in October 2018, and the program is to be discontinued altogether in 2019.[4]

A significant factor of uncertainty will remain a protectionist trade policy in the USA in 2019 as well. In trade with China, the USA has already introduced protective tariffs on numerous products, which has been reciprocated by the Chinese in the form of corresponding punitive tariffs. There were similar trade blows between the USA and the European Union (EU) until mid-2018. Subsequently, it became apparent that the conflicting parties could make concessions in order to avoid a larger transatlantic trade war.[5]

The development of the global economy in 2017/18 is also reflected in the development of ocean shipping prices: The Baltic Dry price index for the transport of raw materials showed an upward trend by the end of the year despite strong fluctuations. The significant turnaround in the HARPEX price index for container shipping correlates with slower growth in global container handling in 2018.

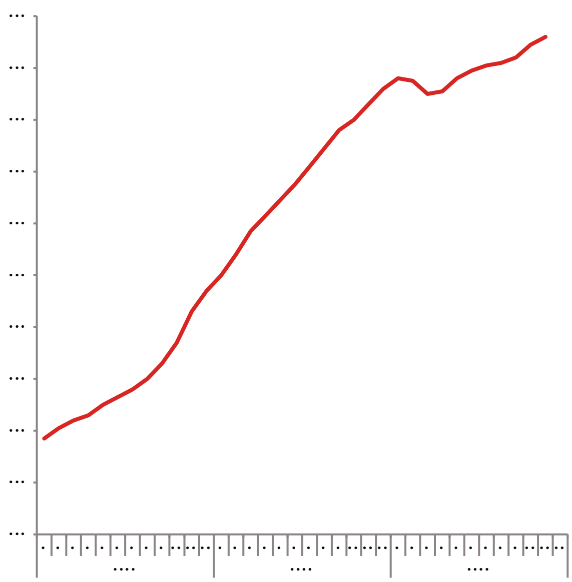
Development of global shipping indices (index points)

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

[3] Macrotrends.
[4] Handelsblatt Sep 26, 2018, manager magazin Sep 13, 2018.
[5] Handelsblatt April 4, 2018.

European economic development

In 2017, the Eurozone recorded its strongest growth in ten years. The favorable economic conditions continued in 2018 with real GDP growth of 1.8%. A slight slowdown to 1.6% is expected in 2019.[6] The relatively optimistic outlook for Europe could be called into question by several internal and external risk factors.

Even in times of recovery, there is no economic convergence in the EU. Robust growth in the northern and eastern EU countries is partially offset by stagnation in the southern countries. From 2009 to 2018, Italy lagged behind the growth of the rest of the Eurozone by 12.7%.[7] In 2018, the Italian government decided to break the stagnation by increasing government spending, in breach of the Stability and Growth Pact. While Italy, as a courtesy to the EU, has narrowed the planned deficit and reached an agreement with the EU, the country's new direction holds uncertainties for the future. Italy's credit rating has already been downgraded by international rating agencies.[8]

Economic growth has also been overshadowed by the imminent withdrawal of the United Kingdom from the EU, which is now scheduled to happen in March, 2019 at the latest. Uncertainties surrounding this "Brexit" process are putting increasing burden on international trade and thus the economy in export-oriented countries.

The competitiveness of the European export industry in the world market is favored by the low exchange rate of the euro. In 2017, however, the external value of the euro rose. In January 2018, the euro exchange rate reached the 1.25 US dollar mark. Over the course of 2018, fiscal measures, trade restrictions, and the US Federal Reserve's interest rate increase supported the US dollar. At the end of 2018, the euro exchange rate stabilized at around 1.14 US dollars.[9] Should the current nine-year period of rising stock market prices in the USA end in 2019, the US dollar could significantly lose value against the euro, which would burden European exporters.

The Rail Cargo Group operates in Group-owned traction stock in eleven European countries: Austria, Hungary, Germany, Italy, Slovenia, Romania, the Czech Republic, Croatia, Bulgaria, Slovakia and Greece are therefore the core markets of ÖBB's rail freight traffic. In almost all countries (except Bulgaria) growth is expected to be lower in 2019 than in 2018.

The value added of the industry is the component of gross domestic product which has the greatest influence on the volume of goods transported by rail. In some countries, industry has contributed strongly to economic growth – in Slovenia and Romania, it even grew by almost 6%. Austrian industry was also able to generate dynamic growth, but rail freight traffic did not benefit from this.

Economic development in core RCG markets from 2017 to 2019 (change in % (real) compared to the previous year)

	Gross domestic product			Industrial production		
	2017	2018	2019	2017	2018	2019
Austria	2.6	2.7	2.0	3.9	4.2	2.3
Hungary	4.4	4.4	2.9	5.3	4.2	6.9
Germany	2.5	1.6	1.6	3.3	2.1	1.9
Italy	1.6	1.0	0.6	3.7	1.2	0.6
Romania	6.8	4.1	2.7	8.6	5.8	5.0
Czech Republic	4.5	2.8	2.6	7.0	3.2	3.1
Slovenia	5.3	4.5	3.7	7.7	5.7	4.9
Bulgaria	3.8	3.3	3.5	3.8	2.0	3.0
Croatia	2.9	2.8	2.5	1.4	1.1	2.4
Slovakia	3.2	4.2	2.9	3.0	1.2	2.8
Greece	1.3	2.0	1.8	4.5	1.3	2.1

Source: Oxford Economics, WIFO

[6] IMF.
[7] IMF.
[8] Handelsblatt Dec 19, 2018 and Trading Economics
[9] finanzen.at.

Austrian economic development

In Austria, gross domestic product (GDP) in 2018 increased by 2.7% in real terms compared to the previous year. This is the strongest growth since 2011. This value may be exceeded in 2019. With a 2019 forecast of 2.0% , Austrian GDP growth is expected to remain higher than in the Eurozone as a whole (1.6%).

In the manufacturing sector, which developed particularly well in 2018, should see much weaker growth in 2019. The growth rate for goods exports is forecast to be 1.0% lower than in 2018. Nevertheless, current forecasts based on the average growth rates of the current decade anticipate a relatively good year in 2019.

A rise in private consumer spending is one reason for the positive development in domestic demand. Tax relief for private households thanks to the Family Bonus is expected to have a positive impact on consumer spending in 2019, which is likely to show continued growth.[10]

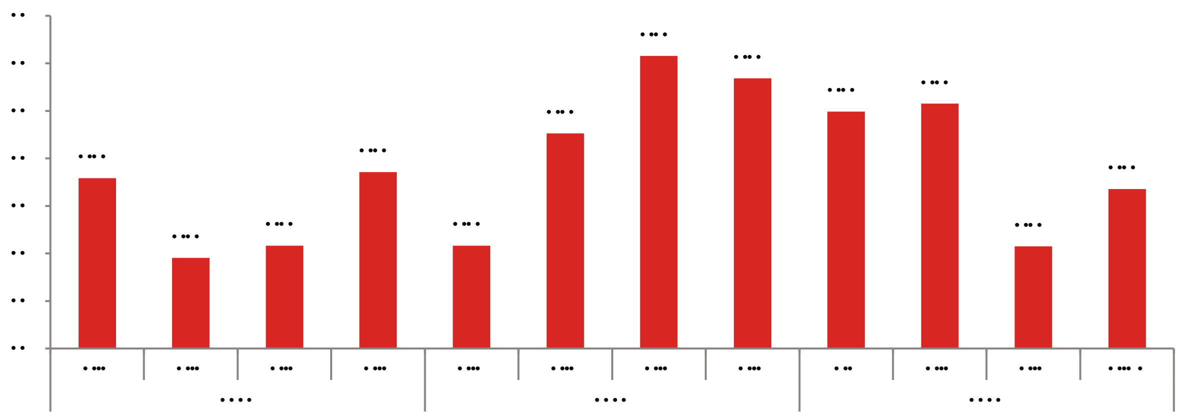
Key data and forecasts for the economic situation in Austria

Parameter	Unit	2017	2018	2019
Gross domestic product, real		2.6	2.7	2.0
Thereof manufacture of goods		4.8	5.0	3.0
Goods exports		4.9	5.2	4.2
Goods imports	Change in %	4.2	2.9	3.6
Gross capital investment, real		3.9	3.5	2.6
Private consumer spending, real		1.4	1.7	1.7
Inflation rate		2.1	2.0	2.1
Maastricht deficit	in % of the GDP	-0.8	0.0	0.4
Unemployment rate	in % of the labor	5.5	4.9	4.6

Source: WIFO.

Industrial production in Austria grew dynamically, especially between the second quarter of 2017 and 2018. In the second half of the year, growth rates were lower – possibly already a sign of somewhat slowing economic development.

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



*only October and November.
Quelle: Statistik Austria

[10] WIFO.

Capital markets and national budget

Since October 2016, the Austrian Treasury (Österreichische Bundesfinanzierungsagentur, OeBFA) has raised the necessary funds for ÖBB-Infrastruktur AG on the capital market. The financing costs are therefore determined by the interest rate of government bonds. Issue yields in 2018 were around 0.7% for terms over 10 years. A 35-year bond was placed with a yield of 0.79%. In addition, liquidity was also gained from two increases in the 100-year government bond, which was placed with a total yield of 1.87% in 2018. The average current yield of Austrian government bonds rose slightly to 0.3% in 2018 from 0.2% in 2017. A further slight increase is expected for 2019.[11]

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 is stable at Moody's and Standard & Poor's. Fitch raised the outlook to positive in July 2018.[12]

B.2. Political and regulatory framework

As Austria's largest transport provider, ÖBB monitors all relevant legislative processes in Brussels closely and is in constant dialogue with the key decision makers. The aim of these corporate affairs activities is to help shape the regulatory framework for the rail sector in the most positive way possible, to promote understanding of the needs of the rail companies, and to maintain pro-active involvement in ongoing economic policy debates in Brussels, presenting the views of the ÖBB in detail.

In order to strengthen the representation of ÖBB's interests at national and European levels, and to ensure it is rigorously consistent, from August 2018 onwards the functions of Public Affairs, European Affairs and International Affairs were merged into a new Corporate Affairs department. This department coordinates representations to policy makers, international issues and involvement in regulatory initiatives for the entire ÖBB Group, and works with Group companies to prepare the relevant expert opinions.

Presidency of the Council of the European Union

The Austrian Presidency of the Council of the European Union, which came into effect in the second half of 2018, offered ÖBB a further opportunity to position itself as a dependable, climate-friendly and effective provider of mobility and transport services for Austria and Europe.

CEO Summit: International meeting in Vienna for heads of rail companies

On July 5 and 6, 2018, fifteen heads of European rail companies met in Vienna at the 18th CEO Summit, hosted by ÖBB, to discuss the major issues for the future of the rail sector. Under the heading of "Smart Transformation," the CEOs met with representatives of the international rail associations CER and UIC to discuss topics including options for resolving the staffing shortage in operational and technical areas of the rail sector. A resolution was agreed to conduct a Europe-wide study of options for cooperation between European rail companies to provide employee training and additional qualifications. The aim is to develop plans for a joint "Virtual European Rail Academy."

Discussion: "Rail as a solution for climate protection"

Together with the European association CER, ÖBB set up a high-level panel discussion in Brussels on October 10, 2018, on the theme: "Rail – Europe's climate solution?" ÖBB lobbied for fair competition for the rail system compared to road, more involvement by the EU in the area of multi-modal transport, and adequate financial support for innovative technologies in the rail sector.

Issue management in Brussels

In 2018 the Corporate Affairs department supported several different legislative proposals in the so-called "ordinary proceedings." In addition to the previously published initiatives of the first and second Mobility Packages, on May 17, 2018 the European Commission submitted a proposal for a third and final series of initiatives for their agenda on "safe, clean and networked mobility." This third Mobility Package includes proposals for a streamlined TEN-T network, a new regulation on electronic information for freight transport, and a review of the guidelines on volumes and weights.

As far as ÖBB is concerned, the European Commission's proposals on "combined transport," "passenger rights," and the cross-sectoral topics of "preventing social dumping" and "discrimination against the rail sector" are of particular interest. Another priority is the EU's next multi-year budgetary framework for the period 2021 to 2027.

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[11] ÖNB.

[12] Trading Economics.

Focus: Combined transport

In November last year, the European Commission published a proposal to revise the existing "Combined Transport" Directive. The Commission proposes to extend the scope of the Directive to national services. This means that the Directive should also apply to purely national transport and not only to cross-border transport (between Member States). Furthermore, the maximum distance of the road section in the transport chain should be limited to 150 km or 20% of the total distance regardless of the type of non-road section (rail, inland waterways). Member States should be able to promote combined transport by granting economic measures such as tax incentives or investment aid for trans-shipment infrastructures.

ÖBB supports the Commission's proposal, in particular with regard to sufficient financing of trans-shipment infrastructures, the route limitations of the road share and the proposed financial and regulatory incentives for combined transport (ton restrictions and levies).

Focus: Prevention of social dumping

The European Commission has put forward a number of proposals for new rules on the deployment of drivers in the road transport sector and on driving times, minimum breaks and rest periods. These proposals are the subject of intense debate in the European Parliament (EP) and among the relevant ministers. The competent committee in the European Parliament adopted a report on the subject, which was, however, rejected in the plenary vote and referred back to committee.

ÖBB fundamentally rejects the Commission's proposals as they would mean massive social dumping.

Focus: Discrimination against railways

In 2017, as part of the first mobility package, the European Commission published a proposal to revise the Directive on the charging of heavy goods vehicles for the use of certain infrastructures (Eurovignette), which is expected to be discussed until the end of 2019. The Commission proposes to improve the application of the polluter pays principle, distance pricing and the inclusion of congestion charges irrespective of existing infrastructure charging rules. Furthermore, the collection of tolls in the secondary roads network should also be possible and the exception for trucks under 12 tons should be abolished.

ÖBB welcomes the Commission's proposal as a step in the right direction, as it ensures greater competitive equality between rail and other modes of transport. However, ÖBB is of the opinion that the inclusion of all external costs incurred is necessary for a genuine level playing field.

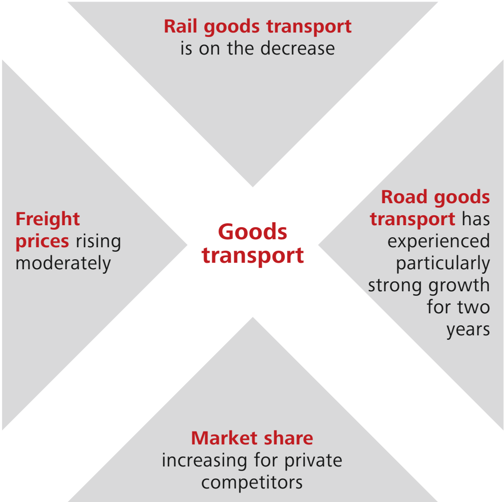
Focus: Passengers' rights

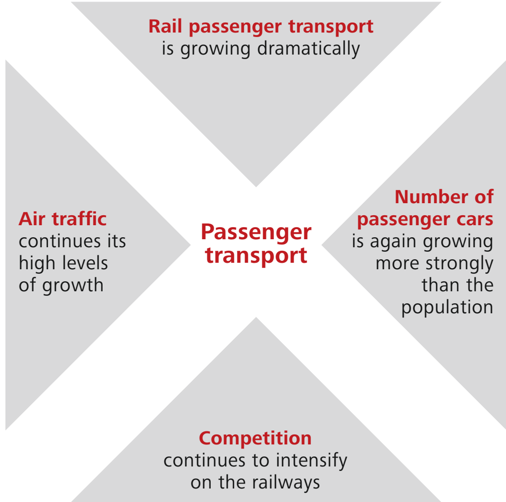
In 2017 the European Commission published its proposal for a revision of the Rail Passengers' Rights Regulation. The Commission declared its intention to seek a more uniform level of protection for passengers, to remove uncertainties and to provide better access for people with reduced mobility.

The proposal was the subject of controversial discussion in the European Parliament. Debate centered on the scope of application, on new regulations for through-ticketing, compensation payments in the event of delayed or canceled trains, on-board assistance and the carriage of bicycles. After consulting with the Transport Committee of the Austrian government, and in the plenary session of the EU parliament, the Austrian Council of Ministers will state their position.

ÖBB-Personenverkehr and ÖBB-Holding AG have prepared position statements and together with other rail partners and the European rail association, CER, have lobbied intensively with the relevant stakeholders for the interests of the railway operators. The current position of the European Parliament however does make extremely high organizational and financial demands on all rail companies. In the first year after the European Parliaments proposed Rail Passengers' Rights Regulation comes into force, the entire ÖBB Railjet fleet would need to be retrofitted to allow eight cycle storage places, at a cost of cost EUR 10.0 million including loss of revenue. A decision is not expected before the end of 2019.

B.3. Market environment



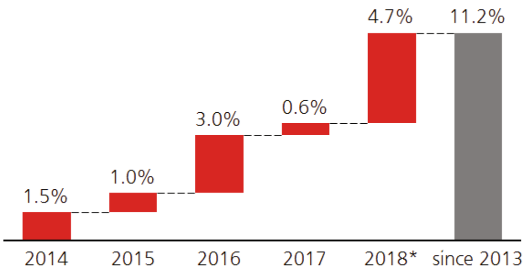


Passenger transport market environment

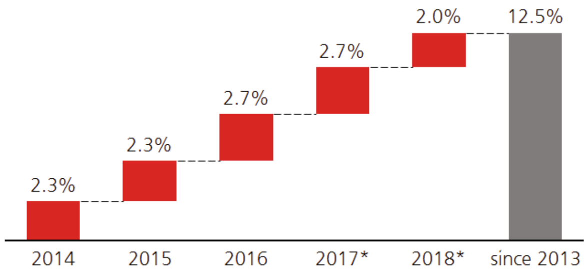
In Europe, personal mobility increased again in 2018. Motorized private transport has been growing at a remarkably constant rate of between 2% and 3% for many years. The development of rail passenger transport is developing in a highly volatile manner – the relatively moderate growth in 2017 was followed by strong growth of about 5% in 2018. Initial estimates suggest that modal share growth for rail passenger transport is expected to increase slightly in 2018.

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

Rail passenger traffic (change in %)



Motorized private traffic (change in %)



*preliminary estimates.
Source: European Commission, Statistics Austria, UIC, ÖBB, ASFINAG, own calculations.

Other modes of transport also show growth, particularly air travel. Indeed, after a 4.4% increase over the year 2017, in the first three quarters of 2018 the total number of air passengers grew by 6.5%. On the one hand, aviation is a strong competitor for long-distance rail transport, on the other hand, there is growth potential for rail services as an airport shuttle. In the long-distance bus market, on the other hand, contrary developments are apparent: after a few years of expansive growth and subsequent market consolidation since 2015, there has been stagnation in passenger development in Germany.[13] Motorization also increased in 2018, as it has done for years. The number of passenger cars has increased by 1.5 and 1.6% annually for the last three years; growing faster than the Austrian population.

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

Passenger transport	2016	2017	2018
Air transport (passengers, excluding transit passengers)	1,5	4,4	6,5 *
Number of passenger cars	1,5	1,6	1,6

* only Q1 to Q3 2018.
Source: Statistics Austria, own calculations.

[13] Statista.

Competition in rail passenger transportation further increased in 2018. Firstly, the competitor WESTbahn has expanded its service on the Vienna – Salzburg route from Dec 2017 and now offers connections every half hour on this route. Since the timetable change in December 2017, connections to Salzburg from Vienna Praterstern have also been offered. Furthermore, a new international competitor entered the Austrian market in December 2017: the Czech company RegioJet operates the Vienna – Prague route four times a day in cooperation with the state-owned Austrian Graz-Köflacher Bahn (GKB). These expanded offerings and the growth of ÖBB-Personenverkehr have contributed significantly to the strong growth in rail passenger transport overall. According to initial estimates, in 2018 a slight shift in the market towards private and regional railways took place.

In international comparison, rail passenger transport is well on the right track with its transport volume growth. Both the DB and the SBB reported significantly lower growth rates than the ÖBB in the first half of the year: while the DB's passenger transport volume increased around 2.2%, the SBB's decreased by 0.8%.[14]

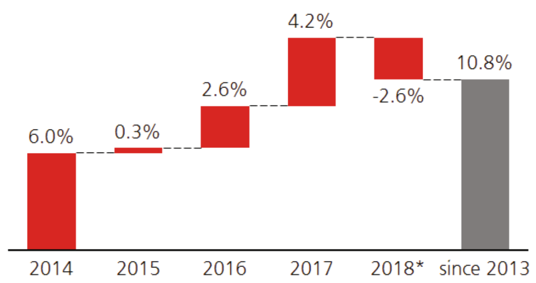
Freight transport market environment

After freight transport showed an extremely strong growth of 5.8% overall in 2017, the trend weakened somewhat in 2018. This goes hand in hand with economic development. The first economic early indicators have already shown a flattening of economic growth in 2018. The forecasts for the following years assume a further slowdown of the growth dynamic.

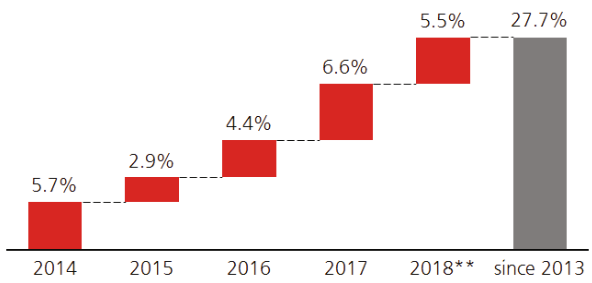
The flattening of the economic situation has had an effect on rail freight transport. Rail transport declined in 2018 for the first time since 2012. Road freight transport, on the other hand, is estimated to have grown at a slower rate than in the previous year, but still above 5%. After a modest decline in the share of rails in the 2017 modal split, 2018 is expected to fall by well over one percent. According to preliminary calculations, the modal share of rail could have fallen below 30%, thus continuing a long-term shift from rail to road.[15] If the framework conditions remain the same, with a continuation of competitive inequality in favor of the road, no trend reversal can be expected.

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

Rail freight transport (change in %)



Road freight transport (change in %)



* only Q1 to Q3, ** preliminary estimate.
Source: BMVIT, Statistics Austria, ASFINAG, own calculations

The growth of road freight transport in reflected in the development of the truck fleet. This grew by 4.3% in 2018.

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

Goods transport	2016	2017	2018
Truck fleet	3,0	3,8	4,3
*of which heavy goods vehicles**	*1,5*	*2,9*	*3,5*

* Class N3 + semitrailer trucks
Source: Statistics Austria, own calculations.

Private rail freight carriers in Austria, which operate almost exclusively block train services, have increased their market share in 2018 as well. According to initial estimates, the market share of Rail Cargo Group in production-based rail freight transport in Austria declined slightly from 73.1% to 72% in 2018.[16]

[14] DB, SBB.
[15] With sole consideration of rail and road freight transport without inland shipping and pipelines.
[16] Schienen (railway) Control Annual Report 2017, own estimate for 2018.

Internationally, rail freight transport developed unevenly: DB recorded a relatively sharp decline of 6.7% in the first half of 2018. The Swiss national railway and PKP in Poland showed contrary trends: SBB grew moderately by 1.0% in the first half of the year, and PKP Cargo also achieved growth of 1.5% in the first three quarters of 2018.[17]

After a record low in the beginning of 2017, transport prices rose again during the year. In 2018, they continued a volatile recovery. This can be attributed primarily to the rise in fuel prices. Rail prices have also risen since the beginning of 2017, but the increase in rail prices has been less than prices relating to roads.[18]

Market Environment Rail Infrastructure

ÖBB-Infrastruktur AG was able to continue its extensive investment program, which has been running for more than ten years, in 2018 on the basis of the framework plan adopted by the government. Pursuant to Section 42(2) of the Austrian Federal Railways Act, the six-year framework plan for the planned investments in rail infrastructure must be supplemented annually by one year each and adapted to the new period. The specifications of Target Network 2025+ must be hereby taken into account. This Target Network 2025+ was developed for the ÖBB-Infrastruktur AG division by ÖBB as a corporate project and coordinated with the Federal Ministry for Transport, Innovation and Technology and the Federal Ministry of Finance.[19]

The ÖBB-Infrastruktur framework plan for the years 2018 to 2023 comprises capital expenditures of EUR 13.9 billion. Among other things, the focus is on the large-scale projects Semmering and Brenner Base Tunnel and the construction of the Koralm Railway. In the existing network, in addition to the ongoing renewal of plants, investments are being made above all in measures to increase safety.[20]

The energy and climate strategy of the Federal Government published in 2018 also involves the rail system in an "e-mobility offensive". In 2018, 73% of the ÖBB-Infrastruktur AG network was electrified. With the implementation of measures already decided, the degree of electrification in the ÖBB network is to rise to 79% by 2023.[21] The framework plan includes the electrification of the Styrian Ostbahn and the Wiener Neustadt – Schattendorf line. The electrification of the railway in the Carinthian Gailtal will be completed in 2019. Electric traction already accounts for 94% of the transport capacity of rail passenger transport.

In October 2018, the expansion of the well-utilized Cargo Terminal Wolfurt was completed, and the storage capacity increased fourfold. The catchment area of the terminal also includes neighboring areas of Germany and Switzerland. The terminal is located directly on the Munich – Zurich railway line. The electrification of the German section of this important international route should be completed with the timetable change in December 2020. In addition, the electrification of the line from Ulm to Lindau began in March 2018. The two projects will significantly improve the accessibility of the Terminal Wolfurt from the north.[22]

[17] DB, SBB, PKP Cargo.
[18] Capgemini Consulting and Transporeon; RCG; own calculations.
[19] BMVIT.
[20] ÖBB Infrastructure, BMVIT.
[21] BMNT, BMVIT.
[22] DB and Vol. at Oct 19, 2018.

Also, in the southeast there are new developments concerning international axes. The project of a double-track connection to the port of Koper, one of the most important supply points for Austrian industry, has cleared the final hurdles. Slovenia will complete the line by 2025 with the support of the EU Commission and the European Investment Bank. Within Hungary, the access route to Koper between the border and Budapest is to be completely electrified.[23] On the other hand, weight restrictions on the access route via Marburg/Maribor to Austria remain in place for the time being.[24] Renovations of the Karawanks Tunnel began in 2018 on this second rail link between Austria and Slovenia. The tunnel is part of the Munich – Salzburg – Ljubljana – Thessaloniki transport axis, which is aimed at to be integrated into the core network of the Trans-European Networks.[25] As part of the reconstruction, the tunnel will be reduced from two to single track.[26] The profile of the Karawanks Tunnel from the time of the K&K-Staatsbahn (Imperial Royal Austrian State Railways) was already extremely narrow back then for a double-track line. Since the tunnel may only be renewed in accordance with currently valid standards, it was inevitable that it could no longer hold a double track.

C. Economic report and outlook

C.1. Revenues

Structure of revenues by sub-group in EUR million	2018	2017	Change	Change in %
ÖBB-Personenverkehr sub-group	2,202.1	2,137.6	64.5	3%
Rail Cargo Austria sub-group	2,304.3	2,199.8	104.5	5%
ÖBB-Infrastruktur sub-group	2,104.8	2,101.4	3.4	0%
ÖBB-Holding AG and other companies	1,471.6	1,462.4	9.2	1%
less consolidation of sub-groups	-2,438.8	-2,379.4	-59.4	-2%
Group revenue acc. to Consolidated Financial Statements	**5,644.0**	**5,521.8**	**122.2**	**2%**
Other income (consolidated)	1,324.9	1,233.1	91.8	7%
Total income	**6,968.9**	**6,754.9**	**214.0**	**3%**
Total revenue per employee in thousands EUR	**162**	**159**	**3**	**2%**

Although the average number of employees increased from 42,378 to 43,088, the figure "Total income per employee" rose year on year to EUR[27] 162 thousand, (previous year: EUR 159 thousand). At EUR 1,340.9 million (previous year: EUR 1,283.1 million), foreign sales accounted for 24% (previous year: 23%) of consolidated sales.

Revenue of the ÖBB-Personenverkehr sub-group

Overview	2018	2017	Change	Change in %
Revenue in EUR million	2,202.1	2,137.6	64.5	3%
of which traffic service orders of the federal government	*714.2*	*685.5*	*28.7*	*4%*
of which traffic service orders of the countries and communities	*396.0*	*360.9*	*35.1*	*10%*
Other income in EUR million	25.1	35.2	-10.1	-29%
Total income in EUR million	2,227.2	2,172.8	54.4	3%

Revenue in financial year 2018 increased by 3% to EUR 2,202.1 million (previous year: EUR 2,137.6 million). The foreign share of consolidated revenue amounted to EUR 208.2 million (previous year: EUR 218.9 million) 9% (previous year: 10%). Foreign revenue generated thus fell by EUR 10.7 million or 5%.

EUR 714.2 million (previous year: EUR 685.5 million) of revenues resulted from transport service orders by the Federal Government, EUR 396.0 million (previous year: EUR 360.9 million) from transport service orders by federal states and municipalities.

[23] Budapest Business JournalJun 15, 2018.
[24] International Railway Journal Aug 12, 2014.
[25] prognos et al.
[26] Kleine Zeitung Aug 10,2018.
[27] Total income per employee: Total income/average number of employees (headcount)

Passengers in million	2018	2017	Change	Change in %
Long-distance railway transport	36.9	36.4	0.5	1%
Short-distance railway transport	224.5	209.2	15.3	7%
Total railway	**261.4**	**245.6**	**15.8**	**6%**
Bus	212.8	213.5	-0.7	0%
Total	**474.2**	**459.1**	**15.1**	**3%**

The ÖBB-Personenverkehr sub-group was able to increase total income by 3% with an increase in the number of rail passengers to 261.4 million (previous year: 245.6 million). Passenger numbers in the bus corporate sector recorded a slight decrease to 212.8 million passengers (previous year: 213.5 million passengers).

Revenue of the Rail Cargo Austria sub-group

Overview	2018	2017	Change	Change in %
Net tonnes transported (millions, consolidated)	113.0	115.2	-2.2	-2%
Revenue in EUR million	2,304.3	2,199.8	104.5	5%
thereof public services contracted by the federal government	*86.2*	*91.1*	*-4.9*	*-5%*
Other income in EUR million	43.1	40.9	2.2	5%
Total income in EUR million	2,347.4	2,240.7	106.7	5%

Total income of the Rail Cargo Austria sub-group rose to EUR 2,347.4 million (previous year: EUR 2,240.7 million). At EUR 1,029.8 million (previous year: EUR 921.5 million), the foreign share of consolidated revenue amounted to 45%. (previous year: 42%). Revenues generated abroad thus rose by EUR 108.3 million or 12%, compared with an increase of EUR 80.3 million or 10% in the previous year.

In total, Rail Cargo Austria sub-group revenue increased by to EUR 2,304.3 million (previous year: EUR 2,199.8 million). EUR 86.2 million or 4% of revenues (previous year: EUR 91.1 million or 4%) were compensation paid by the Federal Government for the execution of public service contracts. EUR 414.5 million (previous year: EUR 416.1 million) is attributable to the Technical Services division.

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

In the year under review, the Rail Cargo Austria sub-group recorded a slight decline in consolidated freight traffic volume from 115.2 million tons in the previous year to 113.0 million tons.

	Conventional full-load transport		Unaccompanied combined transport		Combined road/ railway transport		Total	
Net tonnes transported in mil.	2018	2017	2018	2017	2018	2017	2018*	2017
Rail Cargo Austria AG excl. abroad	58.2	60.4	14.5	15.8	5.9	6.7	78.6	82.9
Rail Cargo Austria AG abroad	19.7	16.9	5.3	5.9	0.5	0.6	25.5	23.4
Rail Cargo Hungaria Zrt.	30.0	30.8	2.0	2.4	0.0	0.0	32.0	33.2
Rail Cargo Carrier – Bulgaria EOOD	0.0	0.0	0.4	0.3	0.0	0.0	0.4	0.3
Rail Cargo Carrier – Croatia d.o.o.	1.3	0.7	0.1	0.3	0.0	0.0	1.4	1.0
Rail Cargo Carrier – Czech Republic s.r.o.	2.0	1.9	0.7	0.7	0.0	0.0	2.7	2.6
Rail Cargo Carrier – Germany GmbH	2.8	0.7	0.7	1.7	0.0	0.0	3.5	2.4
Rail Cargo Carrier – PCT GmbH	1.2	1.2	0.0	0.0	0.0	0.0	1.2	1.2
Rail Cargo Carrier – Italy s.r.l.	2.0	2.0	1.5	1.5	0.5	0.6	4.0	4.1
Rail Cargo Carrier – Romania s.r.l.	0.9	1.2	0.4	0.4	0.0	0.0	1.3	1.6
Rail Cargo Carrier – Slovakia s.r.o.	0.0	0.0	0.5	0.4	0.0	0.0	0.5	0.4
Rail Cargo Carrier – Slovenia d.o.o.	2.1	1.7	0.4	0.5	0.0	0.0	2.5	2.2
Total not consolidated	**120.2**	**117.5**	**26.5**	**29.9**	**6.9**	**7.9**	**153.6**	**155.3**
less intra-group transports	-29.4	-27.2	-10.2	-11.7	-1.0	-1.2	-40.6	-40.1
Total consolidated	**90.8**	**90.3**	**16.3**	**18.2**	**5.9**	**6.7**	**113.0**	**115.2**

* Q Logistics GmbH and its subsidiaries, which cannot be considered part of the Rail Cargo Austria sub-group, transported a further 1.9 million net tons.

ÖBB-Infrastruktur sub-group revenue

Overview	2018	2017	Change	Change in %
Train-kilometers (millions)	154.4	148.7	5.7	4%
Total gross tonnage-kilometers (millions)	78,190.7	77,085.4	1,105.3	1%
Self-generated traction power from ÖBB power plants	678	611	67	11%
Traction power from overhead contact line in GWh	1,847	1,831	16	1%
Floor space incl. exterior spaces rented out in thousands m²	2,683	2,685	-2	0%
Revenue in EUR million	2,104.8	2,101.4	3.4	0%
Other income in EUR million	1,199.1	1,100.2	98.9	9%
Total income in EUR million	3,303.9	3,201.6	102.3	3%

The sub-group's revenue reached EUR 2,104.8 million (previous year: EUR 2,101.4 million), of which EUR 742.9 million (previous year: EUR 732.4 million) are attributable to companies of other sub-groups of the ÖBB Group. Revenue is mainly generated in Austria. Revenue generated by companies abroad totaled EUR 21.6 million (previous year: EUR 52.8 million). This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Compared to the previous year, the train kilometer performance rose to 154.4 million train kilometers (previous year: 148.7 million train kilometers).

Development of train-kilometers by type of transport in mil.	2018	2017	Change	Change in %
Passenger transport	105.9	100.5	5.4	5%
thereof ÖBB Group	*97.4*	*95.3*	*2.1*	*2%*
Goods transport	41.0	40.7	0.3	1%
thereof ÖBB Group	*30.7*	*31.4*	*-0.7*	*-2%*
Service trains and light engines	7.5	7.5	0.0	0%
thereof ÖBB Group	*5.8*	*5.9*	*-0.1*	*-2%*
Total	**154.4**	**148.7**	**5.7**	**4%**
thereof ÖBB Group	***133.9***	***132.6***	***1.3***	***1%***

In the financial year 2018 the total gross tonnage kilometers (TGT km) increased by 1,105.3 million TGT km. While in the 2017 financial year external railway operators accounted for 13.9 billion TGTkm or 18% of the total, in 2018, they accounted for 16.0 billion TGTkm, which corresponds to 20% of the total.

Development of gross tonnage-kilometers by type of transport in mil.	2018	2017	Change	Change in %
Passenger transport	30,690.4	29,720.8	969.6	3%
thereof ÖBB Group	*28,070.9*	*28,052.4*	*18.5*	*0%*
Goods transport	46,347.7	46,224.8	122.9	0%
thereof ÖBB Group	*33,160.1*	*34,237.7*	*-1,077.6*	*-3%*
Service trains and light engines	1,152.6	1,139.8	12.8	1%
thereof ÖBB Group	*925.5*	*919.9*	*5.6*	*1%*
Total	**78,190.7**	**77,085.4**	**1,105.3**	**1%**
thereof ÖBB Group	***62,156.5***	***63,210.0***	***-1,053.5***	***-2%***

Revenue is also generated from power and real estate.

Development of the electricity sector:

Traction power in GWh	2018	2017	Change	Change in %
Self-generated traction power from ÖBB power plants	678	611	67	11%
Consumption of traction power from the overhead contact line	1,847	1,831	16	1%

In the 2018 financial year, power plants owned by ÖBB-Infrastruktur sub-group generated 678 GWh (previous year 611 GWh) of traction power.

Development of the rentable areas:

Floor space incl. rentable exterior spaces in thousand m²	2018	2017	Change	Change in %
Usage by external parties (outside the Group)	642	663	-21	-3%
Usage by ÖBB Group companies other than ÖBB-Infrastruktur AG	319	317	2	1%
Usage by ÖBB-Infrastruktur AG	550	558	-8	-1%
Vacant and public space	1,152	1,128	24	2%
Floor space	**2,663**	**2,666**	**-3**	**0%**
Exterior spaces rented out	20	19	1	5%
Total portfolio	**2,683**	**2,685**	**-2**	**0%**

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

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

Traffic services ordered/contributions by the federal government, federal provinces and communities in EUR million	ÖBB-Personenverkehr	Rail Cargo Austria	ÖBB-Infrastruktur
Traffic/public services contracted by the federal government	714.2	86.2	-
	(PY: 685.5)	(PY: 91.1)	-
Transport service orders with provinces and communities	396.0	-	
	(PY: 360.9)	-	
Infrastructure operations	-	-	494.4
	-	-	(PY: 514.3)
Repair and investment	-	-	1,382.9
	-	-	(PY: 1,303.9)
Total	**1,110.2**	**86.2**	**1,877.3**
	(PY: 1,046.4)	**(PY: 91.1)**	**(PY: 1,818.2)**

Contributions to the ÖBB-Personenverkehr sub-group result from transport service orders for local and long-distance passenger rail transport concluded with the federal government beyond the year under review, which amounted to EUR 714.2 million (previous year: EUR 685.5 million), as well as from transport service orders with provinces and communities, which amounted to EUR 396.0 million (previous year: EUR 360.9 million). The increase in compensation from the federal government was mainly due to the additional compensation for Cityjet deployment and the contractual netbacks of existing services.

Contributions to Rail Cargo Austria sub-group result from the provision of rail freight services in the production forms of single-car traffic, unaccompanied combined transport, and rolling highways and are based on the "Beihilfenprogramm für die Erbringung von Schienengüterverkehrsleistungen in bestimmten Produktionsformen in Österreich" [Aid program for the provision of rail freight services in certain production forms in Austria] notified by the EU. Payments in the year under review amounted to EUR 86.2 million (previous year: EUR 91.1 million).

The increased contributions by the federal government to ÖBB-Infrastruktur AG is mainly related to investment activities. On behalf of the Republic of Austria, ÖBB-Infrastruktur AG is executing a construction program of historic dimensions. Pursuant to the 2016 to 2021 grant agreement, the Federal Government has committed to paying 80% of the annual capital expenditure for expansion and reinvestment for the years 2017 and 2018. These grants are being paid in the form of annuities spread over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate used is the average interest rate for ÖBB-Infrastruktur AG's long-term financing. In year 2018, this government contribution amounts to EUR 821.7 million (previous year: EUR 753.4 million). For infrastructure maintenance (inspection, maintenance, disposal and repair), the federal government provided EUR 561.2 million (previous year: EUR 550.5 million).

In addition, the Federal Government is providing a grant of EUR 494.4 million (previous year: EUR 514.3 million) for the operation of the infrastructure. This grant will continue to be paid insofar and for as long as the revenues that can be achieved by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred despite economical and efficient management. The amount declined year on year due to performance improvements and deferrals.

C.2. Result of operations

Result of operations of ÖBB Group

The ÖBB-Personenverkehr sub-group was able to exceed the previous year's result despite the expansion of services by its domestic competitors. This is due in particular to higher passenger revenues and higher fees paid for additional services. The increase in domestic passenger revenues was driven by consistent yield management in addition to the general rising trend of travel. The growth in passenger revenues from international traffic is primarily attributable to the expansion of nighttime travel. The total income of ÖBB-Postbus GmbH recorded a decline due to tenders. The European rail freight transport market was marked by an economic boom in 2018. This led to increased demand for logistics services by road and rail. Accordingly, the Rail Cargo Austria sub-group was able to significantly increase its revenues compared to the previous year, in particular due to the good business development abroad. On the other hand, domestic volumes declined, partly due to one-off events (blast furnace refurbishment of its largest customer, voestalpine) and partly to intense competition. The continuing high pricing pressure on the services of the Rail Cargo Austria sub-group, the sharp rise in factor costs and production restrictions (resource bottlenecks, construction sites in the railway network) meant that this sub-group was unable to match the previous year's result for 2018. The earnings trend in the ÖBB-Infrastruktur sub-group was stable. Inflationary cost increases were offset by efficiency gains in operating transaction settlement and an improved financial result.

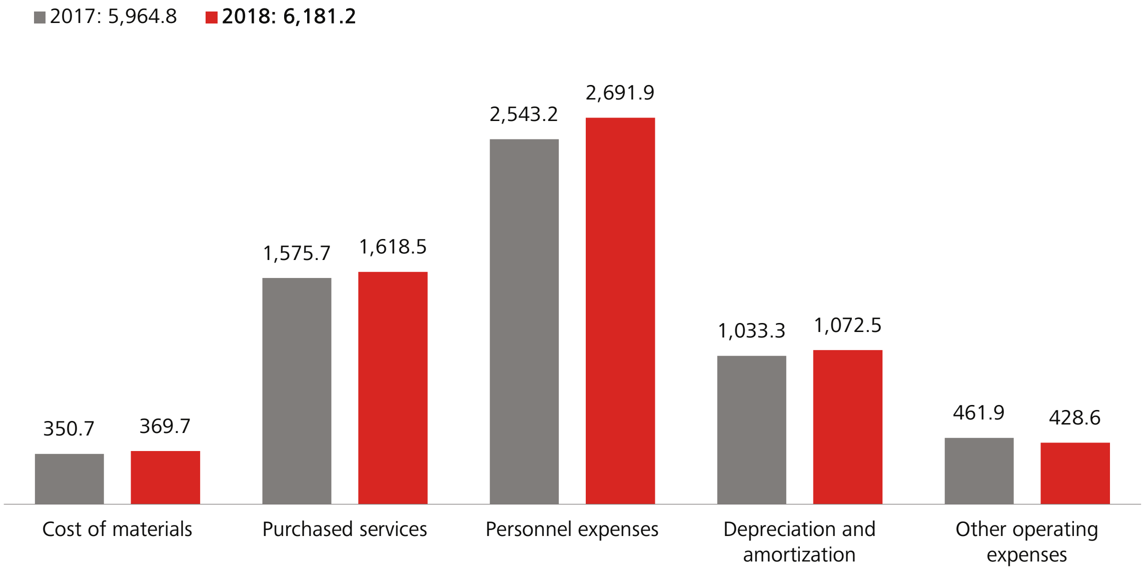
Overview	2018	2017	Change	Change in %
EBIT[28] in EUR million	787.7	790.1	-2.4	0%
EBIT margin[29] in %	11.3%	11.7%	-0.4%	-3%
EBITDA[30] in EUR million	1,860.2	1,823.4	36.8	2%
EBT in EUR million	150.9	176.3	-25.4	-14%
Return on equity[31] in %	6.0%	7.6%	-1.7%	-22%
Return on assets[32] in %	2.7%	2.8%	-0.1%	-4%

Total income increased slightly over the previous year to EUR 6,968.9 million (previous year: EUR 6,754.9 million). The EBIT of the ÖBB Group fell to EUR 787.7 million in the year under review (previous year: EUR 790.1 million). As a result, the EBIT margin deteriorated from 11.7% of the previous year to 11.3%. EBITDA rose by 2% to EUR 1,860.2 million in the year under review (previous year: EUR 1,823.4 million). After a result of EUR 176.3 million in the previous year, an EBT of EUR 150.9 million was recorded. This equates to a decrease of 14% compared to the previous year. The return on equity was 6.0%. (previous year: 7.6%), the return on total assets 2.7% (previous year: 2.8%).

Structure of the Consolidated Income Statement in EUR million	2018	in %of total income	2017	in % of total income	Change	Change in %
Revenue	5,644.0	81%	5,521.8	82%	122.2	2%
Other own work capitalized	373.4	5%	359.5	5%	13.9	4%
Other income and increase/ decrease of inventories	951.5	14%	873.6	13%	77.9	9%
Total income	**6,968.9**	**100%**	**6,754.9**	**100%**	**214.0**	**3%**
Cost of materials	369.7	5%	350.7	5%	19.0	5%
Purchased services	1,618.5	23%	1,575.7	23%	42.8	3%
Personnel expenses	2,691.9	39%	2,543.2	38%	148.7	6%
Amortization (incl. impairment)	1,072.5	15%	1,033.3	15%	39.2	4%
Other operating expenses	428.6	6%	461.9	7%	-33.3	-7%
Total expenses	**6,181.2**	**89%**	**5,964.8**	**88%**	**216.4**	**4%**
EBIT	**787.7**	**11%**	**790.1**	**12%**	**-2.4**	**0%**
Financial result	-636.8	-9%	-613.8	-9%	-23.0	-4%
EBT	**150.9**	**2%**	**176.3**	**3%**	**-25.4**	**-14%**

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

Development of operating expenses in EUR million



Total expenses rose in the financial year 2018 by EUR 216.4 million to EUR 6,181.2 million (previous year: EUR 5,964.8 million).

Personnel expenses rose year-on-year by 6% to EUR 2,691.9 million (previous year: EUR 2,543.2 million) and remain the largest expense category. The average personnel expense per employee amounted to EUR 62 thousand (previous year: EUR 60 thousand). The payroll ratio[33] – which measures the share of personnel expenses in total income – remained almost constant at 39% (previous year: 38%). More information on the personnel structure and the development of the number of employees is provided in Chapter D.2. Personnel Report.

The cost of materials rose to EUR 369.7 million (previous year: EUR 350.7 million). This item includes expenses for externally purchased traction current of EUR 92.1 million (previous year: EUR 78.5 million) and expenses for liquid fuels amounting to EUR 79.6 million (previous year: EUR 73.4 million).

Purchased services totaled EUR 1,618.5 million (previous year: EUR 1,575.7 million), making this the second largest expense category. This item primarily comprises fees for rented vehicles, transport services and infrastructure usage charges for third-party railways. Furthermore, this item comprises other services received consisting primarily of goods and services that cannot be capitalized in connection with repairs, maintenance, cleaning, and other services in the freight forwarding sector. The share of aggregated cost of materials and purchased services of total income was unchanged compared to the previous year at 29%. Depreciation expenses rose by EUR 39.2 million to EUR 1,072.5 million (previous year: EUR 1,033.3 million).

A decrease was achieved in other expenses (-19% to EUR 193.9 million). In contrast, increases were recorded in operating costs (1% to EUR 97.1 million), non-income taxes and fees (3% to EUR 49.0 million), information technology and office supplies (13% to EUR 39.1 million), rental, leases, licensing and leasing expenses (9% to EUR 36.5 million), and in commissions (14% to EUR 13.0 million). Other operating expenses decreased overall by EUR 33.3 million or 7 % in total to EUR 428.6 million (previous year: EUR 461.9 million).

For the financial year 2018, the ÖBB Group reports a negative financial result of EUR 636.8 million (previous year: EUR 613.8 million). Interest expenses amount to EUR 647.9 million (previous year: EUR 654.1 million).

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

Result of operations of ÖBB-Personenverkehr sub-group

Overview	2018	2017	Change	Change in %
Revenue in EUR million	2,202.1	2,137.6	64.5	3%
Total income in EUR million	2,227.2	2,172.8	54.4	3%
Total expenses in EUR million	-2,101.0	-2,063.9	-37.1	-2%
EBIT in EUR million	126.3	108.9	17.4	16%
EBIT margin in %	5.7%	5.0%	0.7%	14%
EBITDA in EUR million	282.5	253.8	28.7	11%
Financial result in EUR million	-35.4	-22.2	-13.2	-59%
EBT in EUR million	90.9	86.7	4.2	5%
Return on equity in %	9.1%	9.5%	-0.4%	-4%
Return on assets in %	3.4%	3.1%	0.3%	10%

In the year under review, the ÖBB-Personenverkehr sub-group was able to increase revenue by 3% to EUR 2,202.1 million (previous year: EUR 2,137.6 million).

Personnel expenses of the sub-group in financial year 2018 increased by EUR 13.8 million to EUR 402.8 million (previous year: EUR 389.0 million). The average personnel expense per employee amounts to EUR 57 thousand (previous year: EUR 55 thousand). As in the previous year, personnel expenses accounted for 18% of total income. The cost of materials of EUR 119.5 million (previous year: EUR 113.8 million) includes expenses for traction current of EUR 38.4 million (previous year: EUR 34.6 million) and EUR 45.7 million (previous year: EUR 42.8 million) for liquid fuels. The purchased services increased by 2% compared to the previous year to EUR 1,230.6 million (previous year: EUR 1,211.6 million). This item includes charges for vehicle rental amounting to EUR 89.4 million (previous year: EUR 82.8 million), transport services amounting to EUR 445.8 million (previous year: EUR 441.2 million) and infrastructure usage charges for third-party railways amounting to EUR 347.8 million (previous year: EUR 347.4 million). The ratio of aggregated cost of materials and purchased services to total income was unchanged compared to the previous year at 61%.

Result of operations of Rail Cargo Austria sub-group

Overview	2018	2017	Change	Change in %
Revenue in EUR million	2,304.3	2,199.8	104.5	5%
Total income in EUR million	2,347.4	2,240.7	106.7	5%
Total expenses in EUR million	-2,294.3	-2,183.4	-110.9	-5%
EBIT in EUR million	53.1	57.3	-4.2	-7%
EBIT margin in %	2.3%	2.6%	-0.3%	-12%
EBITDA in EUR million	123.9	128.2	-4.3	-3%
Financial result in EUR million	-29.6	-15	-14.6	-97%
EBT in EUR million	23.5	42.3	-18.8	-44%
Return on equity in %	15.6%	28.7%	-13.1%	-46%
Return on assets in %	2.8%	3.0%	-0.2%	-7%

The Rail Cargo Austria sub-group recorded a decline in EBIT to EUR 53.1 million in the year under review (previous year: EUR 57.3 million). This corresponds to a deterioration of EUR 4.2 million. With an increase in total income to EUR 2,347.4 million (previous year: EUR 2,240.7 million), an EBIT margin of 2.3% is calculated after 2.6% in the previous year. The financial result recorded a decline from EUR -15.0 million in the previous year to EUR -29.6 million. This is accompanied by EBT for 2018 of EUR 23.5 million (previous year: EUR 42.3 million). The return on total assets was 2.8%. (previous year: 3.0%) and EBITDA of EUR 123.9 million (previous year: EUR 128.2 million).

The total expenses of the Rail Cargo Austria sub-group of EUR 2,294.3 million were 5% higher than in the previous year (previous year: EUR 2,183.4 million). The largest expense category is the cost of purchased services, which rose by 5% to EUR 1,440.1 million in the year under review (previous year: EUR 1,367.6 million). This item includes expenses for transport services, infrastructure usage charges including public services and personnel leasing, rent for railway and road vehicles, and other services. Personnel expenses rose in the year under review to EUR 435.0 million (previous year: EUR 402.1 million), the average personnel expense per employee from EUR 47 thousand of the previous year to EUR 49 thousand of the previous year. Personnel expenses accounted for 19% of total income. (previous year: 18%). In total, the ratio of cost of materials and purchased services to total income was unchanged from the previous year at 69% of total income.

Result of operations of ÖBB-Infrastruktur sub-group

Overview	2018	2017	Change	Change in %
Revenue in EUR million	2,104.8	2,101.4	3.4	0%
Total income in EUR million	3,303.9	3,201.6	102.3	3%
Total expenses in EUR million	-2,700.8	-2,606.0	-94.8	-4%
EBIT in EUR million	603.1	595.6	7.5	1%
EBIT margin in %	18.3%	18.6%	-0.3%	-2%
EBITDA in EUR million	1,379.8	1,347.2	32.6	2%
Financial result in EUR million	-557.8	-548.5	-9.3	-2%
EBT in EUR million	45.3	47.1	-1.8	-4%
Return on equity in %	3.2%	3.5%	-0.3%	-9%

The total income of the ÖBB-Infrastruktur sub-group in the reporting year was EUR 3,303.9 million (previous year: EUR 3,201.6 million); with an average number of employees of 18,137 (previous year: 17,975 employees) the average income per employee amounts to EUR 182 thousand (previous year: EUR 178 thousand). This corresponds to an increase in total income of EUR 102.3 million or 3% over the year 2017.

The ÖBB-Infrastruktur sub-group achieved 2018 EBIT of EUR 603.1 million (previous year: EUR 595.6 million) with an EBIT margin of 18.3% (previous year: 18.6%).

The ÖBB-Infrastruktur sub-group recorded a negative financial result of EUR 557.8 million in the year under review (previous year: EUR 548.5 million). EBT 2018 amounted to EUR 45.3 million (previous year: EUR 47.1 million).

The total expenses of the sub-group recorded 2018 an increase from 4% to EUR 2,700.8 million (previous year: EUR 2,606.0 million).

The largest expense item 2018 is personnel expenses, which increased by 5% to EUR 1,182.8 million (previous year: EUR 1,126.3 million). The average personnel expense per employee amounted to EUR 65 thousand (previous year: EUR 63 thousand). This results in a share of 36%. (previous year: 35%) of the total income of the sub-group.

Because it has operational responsibility, depreciation and amortization represent the second largest expense item of this sub-group. Due to the increased investment activity in previous years, this item recorded an increase from 3% to EUR 776.7 million (previous year: EUR 751.6 million).

Cost of materials and purchased services accounted for 13% of total sales (previous year: 12%) of total income.

C.3. Net assets and financial position

Net assets and financial position of the ÖBB Group

Overview	Dec 31, 2018	Dec 31, 2017	Change	Change in %
Total assets in EUR million	29,709.9	28,351.0	1,358.9	5%
PP&E-to-total-assets ratio[34] in %	90%	90%	0%	0%
PP&E-to-net-worth ratio[35] in %	9%	9%	0%	0%
PP&E-to-net-worth ratio II[36] in %	93%	101%	-8%	-8%
Working capital[37] in EUR million	-260.8	11.8	-272.6	<-100%
Equity ratio[38] in %	8.5%	8.1%	0.4%	5%
Cash-effective change of funds in EUR million	-43.8	-31.4	-12.4	39%

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2016	Dec 31, 2017	Structure 2017	Dec 31, 2018	Structure 2018	Change from 2017 to 2018
Property, plant and equipment	24,385.7	25,575.6	90%	26,808.7	90%	1,233.1
Other non-current assets	1,491.1	1,507.6	5%	1,577.3	5%	69.7
Current assets	1,467.3	1,267.8	5%	1,323.9	5%	56.1
Total assets	**27,344.1**	**28,351.0**	**100%**	**29,709.9**	**100%**	**1,358.9**
Shareholders' equity	2,093.1	2,305.9	8%	2,528.7	9%	222.8
Financial liabilities	22,798.8	23,549.3	83%	24,146.3	81%	597.0
Other liabilities	2,452.2	2,495.8	9%	3,034.9	10%	539.1

Assets

Mainly due to investment in property, plant and equipment, the ÖBB Group's total assets increased by 5% to EUR 29,709.9 million in the year under review (previous year: EUR 28,351.0 million).

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

As of Dec 31, 2018, the PP&E-to-net-worth ratio was 9% as in the previous year. Taking non-current liabilities into account, the PP&E-to-net-worth ratio II is 93% (previous year: 101%).

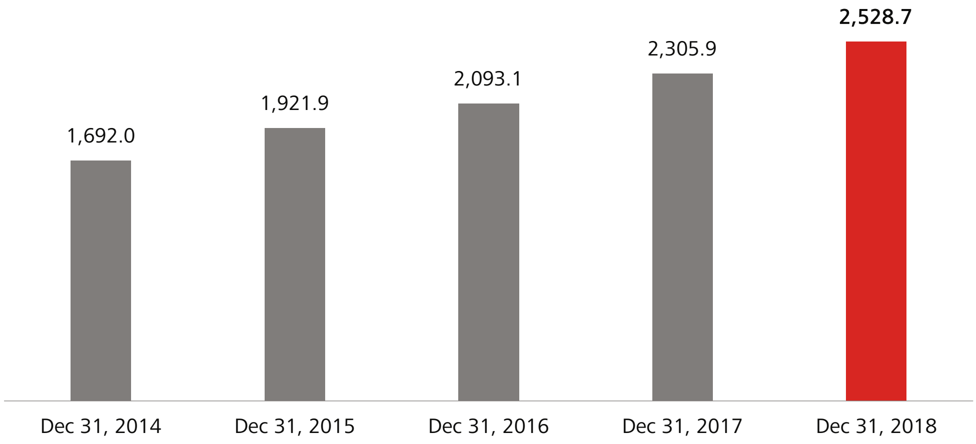
Working capital amounts to EUR -260.8 million (previous year: EUR 11.8 million).

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

Total liabilities and shareholders' equity

As of Dec 31, 2018, the ÖBB Group had an equity ratio of 8.5% (previous year: 8.1%). On the liabilities side, the increase in the total assets is mainly due to the increase in financial liabilities.

Development of shareholders' equity in EUR million

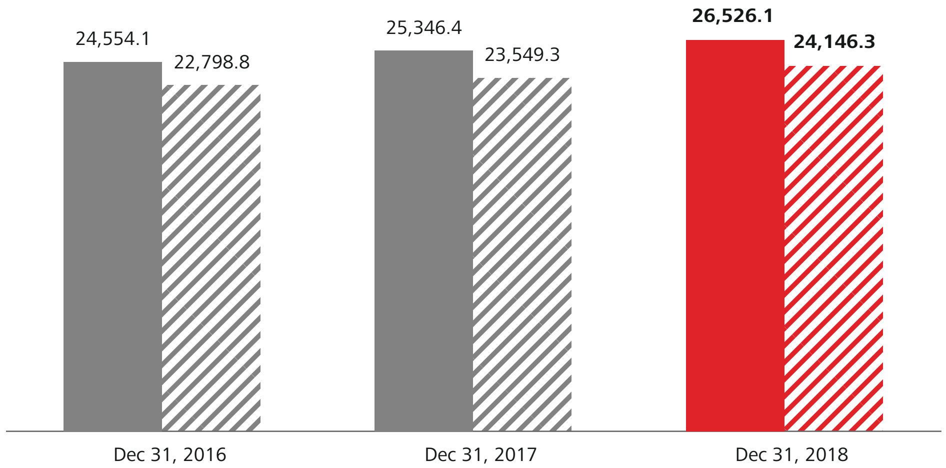


As of Dec 31, 2018, the ÖBB Group's liabilities amounted to EUR 26,526.1 million (previous year: EUR 25,346.4 million). Until 2015, ÖBB Group financed debt mainly by issuing its own bonds on the capital market. These bonds are accounted for by ÖBB-Infrastruktur AG in the amount of EUR 14,260.0 million (previous year: EUR 14,256.2 million).

Since 2017, the ÖBB Group has been raising the necessary financing primarily through loans from the Republic of Austria that are provided by the Austrian Treasury (OeBFA) rather than by issuing its own bonds on the capital markets. According to Eurostat criteria, ÖBB-Konzern AG is part of the government sector. All existing bonds of ÖBB-Infrastruktur AG and their guarantees by the Republic of Austria remain unaffected by this expansion of the financing instruments of ÖBB-Infrastruktur AG.

The financial liabilities of ÖBB Group comprise all liabilities from bonds and liabilities to banks and EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG [European Company for the Financing of Railroad Rolling Stock]. Overall, financial liabilities in the reporting year increased by 3% or EUR 597.0 million to EUR 24,146.3 million (previous year: EUR 23,549.3 million).

Liabilities in EUR million
thereof **Financial liablities** in EUR million



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

Terms of the liabilities in EUR million	Total	thereof current	in %	thereof non-current	in %
Financial liabilities	24,146.3	2,424.4	10%	21,721.9	90%
Trade payables	1,022.2	1,022.2	100%	0.0	0%
Other liabilities	1,357.6	1,311.8	97%	45.8	3%

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

Notes to the Consolidated Statement of Cash Flow

Free cash flow[39] rose in the reporting year to EUR -582.5 million (previous year: EUR -1,005.9 million). The change in cash and cash equivalents in the Fund developed from EUR -31.4 million to EUR -43.8 million.

Abstract from the Group Cash Flow Statement in EUR million	Dec 31, 2018	Dec 31, 2017	Change
Cash flow from operating activities	1,634.0	1,229.0	405.0
Cash flow from investing activities	-2,219.1	-2,234.9	15.8
Free cash flow	-585.1	-1,005.9	420.8
Cash flow from financing activities	541.3	974.5	-433.2
Cash-effective change of funds	-43.8	-31.4	-12.4

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

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

Overview	Dec 31, 2018	Dec 31, 2017	Change	Change in %
Total assets in EUR million	3,774.8	3,470.2	304.6	9%
PP&E-to-total-assets ratio in %	72%	72%	0%	0%
PP&E-to-net-worth ratio in %	38%	37%	1%	3%
PP&E-to-net-worth ratio II in %	117%	115%	2%	2%
Equity ratio in %	27%	26%	1%	4%

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2016	Dec 31, 2017	Structure 2017	Dec 31, 2018	Structure 2018	Change from 2017 to 2018
Non-current assets	2,618.2	3,003.8	87%	3,241.6	86%	237.8
Current assets	334.4	466.4	13%	533.2	14%	66.8
Total assets	**2,952.6**	**3,470.2**	**100%**	**3,774.8**	**100%**	**304.6**
Shareholders' equity	820.9	912.5	26%	1,032.5	27%	120.0
Non-current liabilities	1,647.1	1,954.6	56%	2,153.7	57%	199.1
Current liabilities	484.6	603.1	18%	588.6	16%	-14.5

The total assets of the ÖBB-Personenverkehr sub-group rose in the year under review by EUR 304.6 million to EUR 3,774.8 million (previous year: EUR 3,470.2 million). As of the reporting date, the ratio of property, plant and equipment to total assets (PP&E ratio) was 72%, as in the previous year. As of the same date, the PP&E-to-net-worth ratio was 38% (previous year: 37%), and the PP&E-to-net-worth ratio II was 117% (previous year: 115%). Working capital amounted to EUR -122.2 million (previous year: EUR -86.4 million). After an increase in equity by EUR 120.0 million to EUR 1,032.5 million (previous year: EUR 912.5 million), the equity ratio was 27% (previous year: 26%).

The ÖBB-Personenverkehr sub-group's total liabilities increased from a total of 9% to EUR 2,570.2 million (previous year: EUR 2,352.7 million). Financial liabilities in the reporting period increased by EUR 198.1 million or 10% to EUR 2,195.9 million (previous year: EUR 1,997.8 million).

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

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

Overview	Dec 31, 2018	Dec 31, 2017	Change	Change in %
Total assets in EUR million	1,927.1	1,890.3	36.8	2%
PP&E-to-total-assets ratio in %	36%	37%	-1%	-3%
PP&E-to-net-worth ratio in %	22%	21%	1%	5%
Equity ratio in %	8%	8%	0%	0%

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2016	Dec 31, 2017	Structure 2017	Dec 31, 2018	Structure 2018	Change from 2017 to 2018
Non-current assets	1,152.7	1,146.9	61%	1,139.2	59%	-7.7
Current assets	688.0	743.4	39%	787.9	41%	44.5
Total assets	**1,840.7**	**1,890.3**	**100%**	**1,927.1**	**100%**	**36.8**
Shareholders' equity	122.1	147.8	8%	151.0	8%	3.2
Non-current liabilities	827.7	1,015.3	54%	909.1	47%	-106.2
Current liabilities	890.9	727.2	38%	867.0	45%	139.8

The total assets of the sub-group increased by EUR 36.8 million or 2% to EUR 1,927.1 million (previous year: EUR 1,890.3 million). The share of property, plant and equipment in total assets (PP&E ratio) at the balance sheet date was 36% (previous year: 37%). The PP&E-to-net-worth ratio was 22%. (previous year: 21%). Working capital amounted to EUR 279.0 million (previous year: EUR 300.0 million). The increase in equity, by EUR 3.2 million to EUR 151.0 million (previous year: EUR 147.8 million), produced an equity ratio as of Dec 31 of 8%.

The sub-group's liabilities increased by EUR 40.9 million or 2% to EUR 1,696.0 million (previous year: EUR 1,655.1 million). Financial liabilities decreased to EUR 1,282.5 million (previous year: EUR 1,291.0 million).

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

Overview	Dec 31, 2018	Dec 31, 2017	Change	Change in %
Total assets in EUR million	24,166.2	23,155.0	1,011.2	4%
PP&E-to-total-assets ratio in %	93%	93%	0%	0%
PP&E-to-net-worth ratio in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II in %	90%	99%	-9%	-9%
Equity ratio in %	6%	6%	0%	0%

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2016	Dec 31, 2017	Structure 2017	Dec 31, 2018	Structure 2018	Change from 2017 to 2018
Non-current assets	21,850.2	22,665.9	98%	23,637.9	98%	972.0
Current assets	804.1	489.1	2%	528.3	2%	39.2
Total assets	**22,654.3**	**23,155.0**	**100%**	**24,166.2**	**100%**	**1,011.2**
Shareholders' equity	1,268.6	1,337.8	6%	1,427.0	6%	89.2
Non-current liabilities	18,226.6	20,067.6	87%	18,809.7	78%	-1,257.9
Current liabilities	3,159.1	1,749.6	7%	3,929.5	16%	2,179.9

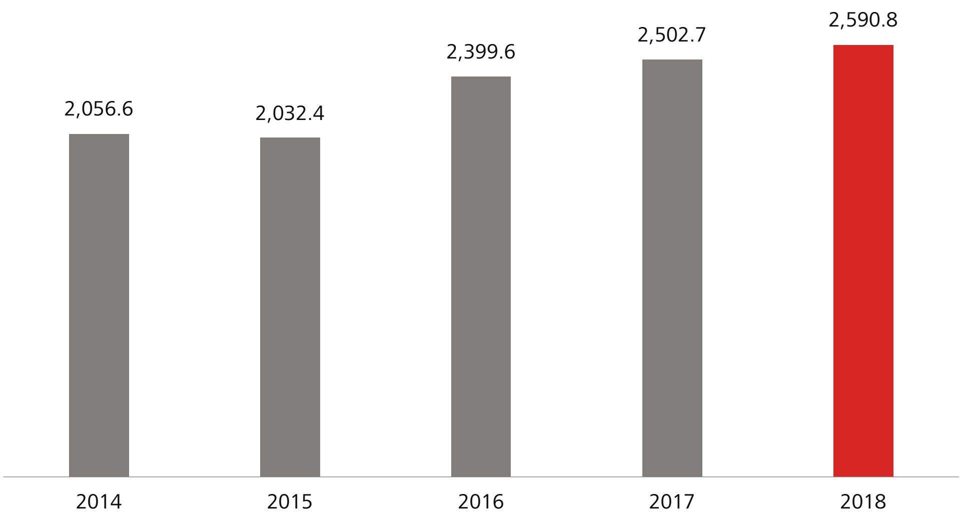
As of Dec 31, 2018, the total assets of the ÖBB-Infrastruktur sub-group shows an increase from 4% to EUR 24,166.2 million (previous year: EUR 23,155.0 million). As in the previous year, the PP&E ratio was 93%. As of the reporting date, the PP&E-to-net-worth ratio was unchanged compared to the previous year, at 6%. Taking non-current liabilities into account, the PP&E-to-net-worth ratio II is 90%. (previous year: 99%). Working capital amounted to EUR -473.3 million (previous year: EUR -309.4 million). After an increase in equity by EUR 89.2 million to EUR 1,427.0 million (previous year: EUR 1,337.8 million), the equity ratio was 6%, as in the previous year.

The liabilities of the ÖBB-Infrastruktur sub-group increased in the year under review by a total of 4% to EUR 22,406.4 million (previous year: EUR 21,483.0 million). With financial liabilities increasing by 2% to EUR 20,673.3 million (previous year: EUR 20,221.4 million), this category now accounts for 92% (previous year: 94%) of all liabilities.

C.4. Capital expenditure and financing measures

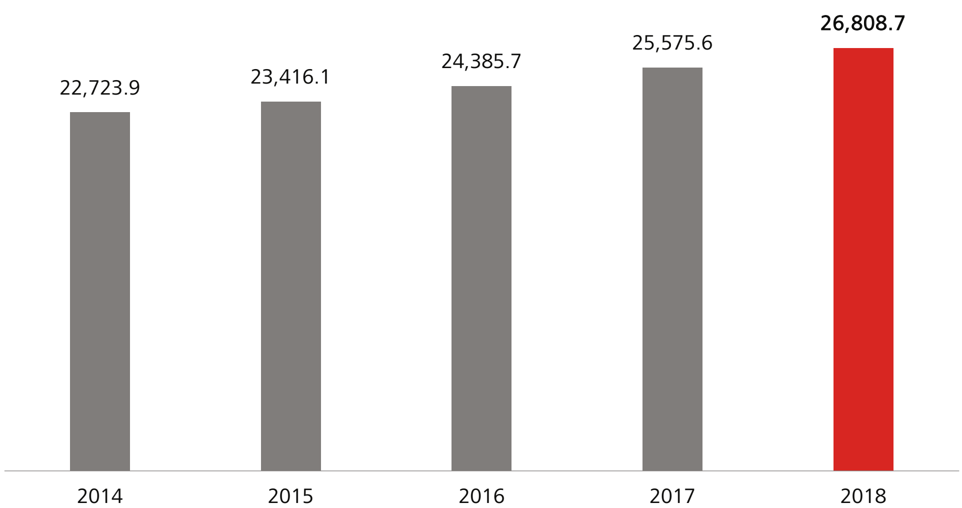
Overview	2018	2017	Change	Change in %
Capital expenditure in EUR million	2,590.8	2,502.7	88.1	4%
Capital expenditure ratio of total income in %	35%	35%	0%	0%
Capital expenditure ratio of carrying amounts in %	10%	10%	0%	0%

Capital expenditure in EUR million



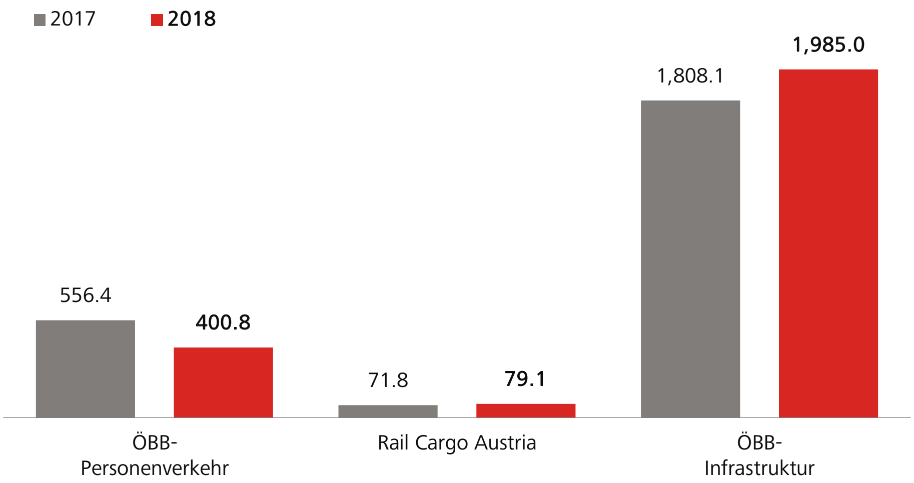
In the year under review, the ÖBB Group made investments – defined as additions to fixed assets at acquisition cost – in property, plant and equipment and in intangible assets with a total volume of EUR 2,590.8 million (previous year: EUR 2,502.7 million). This value was calculated taking into account capital expenditures in the context of business acquisitions and, as in the previous year, corresponds to a PP&E investment ratio of 35% of total income or 10% of carrying amounts on Jan 1. The calculation is made based on gross investment prior to the deduction of investment grants.

Tangible assets in EUR million



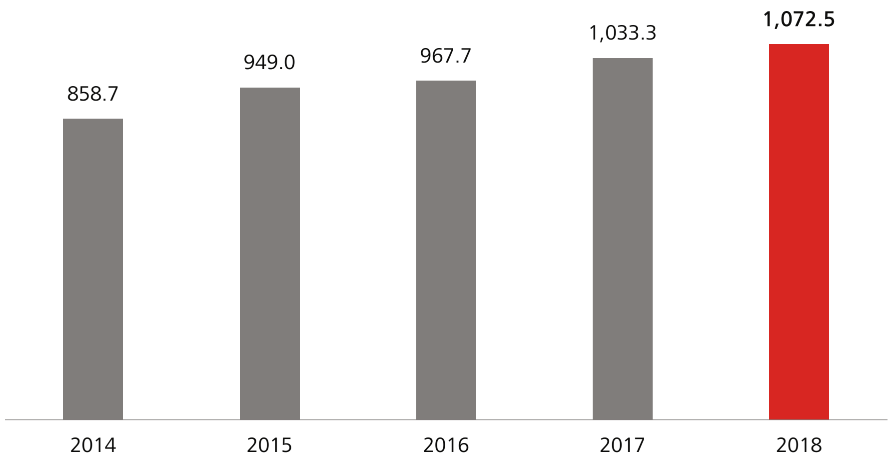
Of the capital expenditures amounting to EUR 2,590.8 million (previous year: EUR 2,502.7 million), ÖBB-Infrastruktur sub-group accounted for the lion's share of all investment and financing measures, with EUR 1,985.0 million (previous year: EUR 1,808.1 million). The property, plant and equipment of this sub-group with its carrying amount of EUR 22,537.4 million (previous year: EUR 21,614.5 million) amounted to 84% (previous year: 85%) of the total property, plant and equipment of the ÖBB Group that amounted to a total of EUR 26,808.7 million (previous year: 25,575.6 million).

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



Depreciation expenses rose by EUR 39.2 million to EUR 1,072.5 million (previous year: EUR 1,033.3 million).

Development of depreciation and amortization of ÖBB Group in million EUR



Capital expenditure of ÖBB-Personenverkehr sub-group

Overview	2018	2017	Change	Change in %
Capital expenditure in EUR million	400.8	556.4	-155.6	-28%
Capital expenditure ratio of total income in %	18%	25%	-7%	-28%
Capital expenditure ratio of carrying amounts in %	16%	26%	-10%	-38%

In the year under review, capital expenditure on intangible assets and property, plant and equipment in the ÖBB-Personenverkehr sub-group amounted to EUR 400.8 million (previous year: EUR 556.4 million). This corresponds to a capital expenditure ratio of 18% (previous year: 25%) of total income or 16% (previous year: 26%) of total income as measured by the carrying amounts as of Jan 1.

Capital expenditure	Amount in EUR million
Short-distance traffic investments	281.6
Long-distance traffic investments	104.8
Technical equipment and machinery	1.0
Other property, plant and equipment investments	13.2
Intangible assets	0.2
Total capital expenditure	**400.8**

Capital expenditure of Rail Cargo Austria sub-group

Overview	2018	2017	Change	Change in %
Capital expenditure in EUR million	79.1	71.8	7.3	10%
Capital expenditure ratio of total income in %	3%	2%	1%	50%
Capital expenditure ratio of carrying amounts in %	11%	8%	3%	38%

In the year under review, the Rail Cargo Austria sub-group had a capital expenditure of EUR 79.1 million for intangible assets and property, plant and equipment (previous year: EUR 71.8 million). This volume corresponds to a capital expenditure ratio of 3%. (previous year: 2%) of total income or 11% (previous year: 8%) measured against the carrying amounts as of Jan 1.

Capital expenditure	Amount in EUR million
Property, plant and equipment	**79**
Rolling stock	18.6
Workshops	28.7
Other property, plant and equipment	31.7
Intangible assets	**0.1**
Total	**79.1**

Capital expenditure of ÖBB-Infrastruktur sub-group

Overview	2018	2017	Change	Change in %
Capital expenditure in EUR million	1,985.0	1,808.1	176.9	10%
Capital expenditure ratio of total income in %	56%	54%	2%	4%
Capital expenditure ratio of carrying amounts in %	9%	8%	0%	3%

In total, the ÖBB-Infrastruktur sub-group invested EUR 1,985.0 million (previous year: EUR 1,808.1 million), equivalent to a PP&E investment ratio of 56% (previous year: 54%) of total income and 9% (previous year: 8%) of the carrying amount as of Jan 01.

The property, plant and equipment held by ÖBB-Infrastruktur sub-group with a carrying amount of EUR 22,537.4 million (previous year: EUR 21,614.5 million) account for about 84% (previous year: 85%) of all property, plant and equipment owned by ÖBB Group.

Areas of investment focus in 2018

Capital expenditures by ÖBB-Infrastruktur Group focused on the following investments in 2018:

- 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
- Comprehensive reinvestments such as e.g. new track and turnout systems
- E-charging infrastructure at railway stations
- Expansion of mobile communications

Milestones on Major Projects

Approx. 120 km of the 130 km long Koralm railway between Graz and Klagenfurt are already under construction or completed. The heart of the project is the 33 km long, twin-tube Koralm tunnel, in which the first breakthrough in the south tunnel took place in August 2018 – a historic milestone in the construction of the sixth-longest railway tunnel in the world. After the breakthroughs at the other tunnels of the Koralm railway in Untersammelsdorf (tunnel chain St. Kanzian), Lind, Stein, Srejach (tunnel chain St. Kanzian) and Langer Berg (Granitztaltunnel), all excavation work on the Carinthian side was successfully completed.

Things are very busy at the Semmering Base Tunnel on four tunnel construction sites. A fifth construction site will be added in 2019, when the work for the West Portal and the railway station in Mürzzuschlag starts. From Lower Austrian side in Gloggnitz the tunnel is already approx. 3,500 m dug. The access in Göstritz (intermediate heading) has also been completed. In the middle of the tunnel, on the Fröschnitzgraben construction site, the first of two tunnel boring machines started work in 2018. At the Grautschenhof construction site in Styria, the tunnel has now been dug more than half a kilometer in both directions from the access shafts.

2018 was marked by intensive construction activity on the Brenner base tunnel. More than 93 km of the entire 230 km tunnel system have been excavated (status Dec 12, 2018). Since August 2017, a separate siding to the Wolf construction site has been available for the Pfons-Brenner construction section. Construction work on the Pfons-Brenner construction section began on Nov 19, 2018. Excavation began in February 2019. The Tulfes-Pfons construction section is also being actively worked on, and by the end of 2018 about 39 km of tunnels and tunnels had been excavated. Excavation in this section of the project will be completed in 2019. On Italian national territory the construction sections Eisack-underpass and Mauls 2-3 are active. In December 2018 the breakthrough of the south portal for the two main tunnels took place here. The extremely complex and extensive work will last until the end of 2022.

A continuous two-track connection – the Pottendorf Line – 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 new Hennersdorf railway station was opened in 2018. New platforms also went into operation in Achau and Münchendorf after the 2018 summer closure.

In 2018, work on the extension of the Vienna - Bratislava line (partially with double-track extension and with electrification of the existing ÖBB line from the Stadlau railway station to the state border near Marchegg) was carried out at full speed, which from 2023 will make it possible to reduce journey times between the two capitals by up to 25 minutes. The Vienna section was completed in 2018, the S80 now travels to the newly built Wien Aspern Nord stop.

Presentation of the entire master plan and other investment projects

Project		Capital expenditure 2018	Projected or effected completion
Modification and new construction of stations	Station Fehring	2.1	2020
	Gailtal railway (improving accessibility Nötsch – Hermagor)	2.1	2019
	Station Gänserndorf	0.6	2018
	Station Gröbming	2.5	2019
	Station Hall in Tirol	3.6	2019
	Station Kapfenberg	4.2	2020
	Station Langenwang	3.0	2018
	Station Matrei	0.9	2018
	Station Moosbierbaum-Heiligeneich *)	1.7	2017
	Station Öblarn	1.1	2019
	Station Parndorf Ort	7.1	2019
	Station Pörtschach am Wörthersee	5.4	2018
	Station Rekawinkel	2.8	2018
	Station Roppen	2.5	2018
	Station Schwaz	0.7	2021
	Station Seefeld in Tirol	14.9	2018
	Station Tulln [1)]	16.2	2019
	Station Wien Hetzendorf	0.1	2018
Parking garages	Wels Central Station; Construction of parking garage	8.1	2018
	Matrei; Construction of parking garage	1.6	2018
Greater Vienna	Freight center Vienna South [2)]	5.2	2016/2019
	Expansion of the Marchegger branch [3)]	57.2	2018/2022
	Vienna Meidling – Branch Altmannsdorf; two-track expansion	0.9	2023
	Vienna Hütteldorf – Vienna Meidling; connecting railway	2.6	2026
Western line	St. Pölten; new freight train bypass	5.7	2017
	Ybbs a.d. Donau – Amstetten; four track expansion (gap closure) *)	3.7	2015/2017
	Linz Kleinmünchen (a) – Linz Central Station; four track expansion	2.1	2017/2030
	Linz – Wels; four-track expansion	31.9	2026
	Attnang-Puchheim – Salzburg Cenral Station; expansion of existing line	2.5	2025
	Neumarkt-Köstendorf -– Salzburg; new line	2.7	Planning
Southern line	Süßenbrunn – Bernhardsthal; expansion of existing line	3.6	2027
	Vienna Blumental – Wampersdorf; two track expansion of the Pottendorfer line [4)]	78.6	2023
	Wampersdorf – Wiener Neustadt; beautification of line	11.0	2023
	Gloggnitz – Mürzzuschlag; new line (Semmering base tunnel)	248.5	2026
	Gloggnitz – Mürzzuschlag; renewal work on existing line	15.4	2020
	Bruck a. d. Mur – Graz; station conversion	15.4	2027
	Graz – Klagenfurt; Koralm railway	293.3	2025
Pyhrn-Schober route	Wels – Passau; expansion of existing line	11.2	2020/2024
	Linz – Selzthal; selective two-track expansion and station conversion	3.8	2026
	Linz Central Station – Summerau; beautification [5)]	11.1	2023
Brenner route	Brenner Base Tunnel	220.2	2027
	National border near Kufstein – Radfeld junction; 4-track extension Unterinntal valley	6.7	Planning
Arlberg route	Bregenz – Bludenz; expansion of local transport (Rhine valley concept) [6)]	0.3	2027
	St. Margrethen – Lauterach; development for local transport and beautification	3.7	2021
	Wolfurt; terminal, expansion	16.9	2018
Programs	Noise protection	4.3	
	Park & ride	13.6	
	Safety and operation management systems	110.2	
	Measures for customer satisfaction (mobile network, data networks, WiFi)	17.7	
Reinvestments in the railway network		**567.6**	
Others (incl. intangible assets)		**136.2**	
Total master plan and other investment projects		**1,985.0**	

*) The investments concern residual work after official completion.
1) Commissioning of island platforms and customer area took place in 2018.
2) Operationalisation of tracks, KLV (combined transport) and WLV (wagonload freight) facilities took place in 2016. 2019 focusses on measures for the realization of a siding for the planned logistics hall.
3) The Vienna section was commissioned in 2018 (Erzherzog-Karl-Straße – Vienna Aspern Nord).
4) Train station Hennersdorf completion 2018.
5) Train station Kefermarkt / Station Pulgarn completion 2018.
6) Train station Rankweil completion 2018.

C.5. Corporate group strategy

The market and customers' needs are constantly changing. Complete liberalization by 2029 will increase competition still further. In addition, digitalization and new technologies are having a noticeable effect on standard processes and business models. New players such as digital platforms will have long-term effects on the mobility sector and its value chain.

These developments are also affecting the behavior and requirements of our customers. Real-time information on timetables or disruptions, mobile booking systems and tickets, availability of freight cars or round-the-clock customer services are some of the minimum requirements. These factors, combined with pressure from innovations in road transport – self-driving vehicles, for example – certainly present major challenges for rail transport. On the other hand, digitalization also offers an opportunity to make positive changes to the entire rail system.

Under these conditions, the mobility market will become more consolidated. The low-price suppliers at one end of the market, and at the other end, the leading providers of high quality services, will emerge as strong international rail companies. ÖBB intends to be the best provider of mobility services in Europe, and to play an active role in shaping these changes. This means it is vital to press ahead with the transformation into a competitive mobility service provider and dependable logistics partner, offering customers the best service and top quality.

To achieve this, and to ensure continued growth, ÖBB needs the brightest and best minds. It is essential for ÖBB to preserve its expertise, despite generational change, and to attract good new employees to the company, with the aim of becoming one of the top ten employers in Austria. At the same time we also need to become more productive, make more efficient use of our resources and to provide the highest possible standards of quality and safety. As Austria's leading company in the field of climate protection, ÖBB will also continue to help reduce CO_2 emissions in the transport sector, through a program of ongoing initiatives.

Specific targets and six strategic dimensions have been defined to help the Group achieve these ambitions:

Customers

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

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 throughout all customer interactions is of particular importance. Our range of products and services is being constantly improved to meet customers' needs, with attractive options for easy access to public mobility services, the management of integrated online mobility platforms and a consistently service-oriented attitude from all employees.

The stated goal is to provide an appropriate and attractive range of services for all Austrian consumers, with a friendly, integrated, efficient sales operation and a shared customer base, and in this way to enhance the appeal of public transport into the future.

In consultation with the Federal Ministry for Transport, Innovation and Technology (BMVIT), and the relevant transport and sales partners (associations, municipalities, railway operators, etc.), a shared sales infrastructure solution for public transportation in Austria is being developed, as part of the future mobility project "ÖV2022."

This will enable ÖBB to offer customers the option of booking a complete multi-modal journey in a single transaction. Here the focus is on publicly accessible transport. To provide customers with a solution for the "last mile" of their journeys, the ÖBB offers, amongst other things, "Rail&Drive," a station-based car sharing service, at all major Austrian rail stations. Another initiative is an on-demand shuttle service at Postbus, which is now being tested and will go live in summer 2019. It is particularly designed to service the "last mile" in rural areas.

The multi-modal online platform "wegfinder" also offers customers a way to find out about individual options such as e-scooters, bicycles, free-floating car sharing, and to book these.

Efficiency

ÖBB will work efficiently, profitably and flexibly. This will ensure financial success.

The profitable use of resources creates sustainable added value. Increased competitiveness and cost effectiveness are vital: ÖBB is already competing with flexible, highly effective railway operators, and mobility service providers that use road infrastructure. This competition will continue to grow. For many business units, such as Rail Cargo Group (RCG) and Postbus, market pressures are already significant. We need to take an active part in these changes with new technologies and business models, and continue to grow profitably, with the ultimate aim of presenting customers with an attractive range of products and services, and motivating more people to choose rail and bus transport. We need to:
- Effect the transformation into an effective, agile company
- Continue to increase efficiency and optimize cost structures
- Streamline structures and processes
- Develop a competitive strategy for marketing, products and services

Innovation and digitalization

Innovation and digitalization are key catalysts for achieving strategic goals.

Only by successful implementation of customer-focused and market-relevant ideas, together with increased operational efficiency, can we secure and improve the company's market position, as well as make ÖBB more attractive to customers.

Innovation and digitalization are also affecting internal processes and cooperative work, making them simpler, more efficient, and more modern. Of course this also means we need to learn about new technologies and new ways of working. Innovation and digitalization are significant drivers of the changes that lie ahead in the coming years, and have a disproportionate effect on various initiatives across the entire Group. Relevant issues include the following:
- Development and implementation of new business models
- Technology as an enabler for increased efficiency and (cost) optimization
- New digital services for customers
- The workplace of the future

Corporate culture and organization

ÖBB will combine performance with passion and will be an inspiring top employer.

Over the next few years, about one quarter of the ÖBB workforce will leave the company as they reach retirement age – in this context the transfer of knowledge to new employees is enormously important. In addition, younger generations are placing new demands on their jobs. There is a greater focus than before on the integration of work and family life; career paths are no longer expected to follow a straight line; continuing education and career breaks are increasingly important themes. There is increasing demand for dispersed work locations, and greater importance is attached to a modern working environment. New technologies, increasing customer requirements and the competitive situation require new competencies and job profiles in the company.

Operational excellence and safety

ÖBB will build trust through safety, punctuality and reliability, and will work continually to increase operational excellence and safety in rail transport.

ÖBB aims to maintain its reputation with customers as the reliable and safe partner for mobility services. Qualitatively, the expectations are developing constantly. The following areas of activity are central here:
- Improve processes and procedures and strengthen cooperative working practices
- Improve quality and reliability
- Further increase the safety of the rail system, and continue to develop it
- Adjust training programs to align with new expectations

Climate protection, resource efficiency and social responsibility

ÖBB is Austria's largest climate protection company.

ÖBB is committed to its social responsibilities and promotes sustainable and environmentally conscious mobility.

Rail and bus, as sustainable and climate-friendly means of transport, will make a significant contribution to achieving climate targets. At the same time, measures are being implemented to 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 recognizes its responsibilities towards people, the environment and society (securing jobs; economic growth; regional value creation; interactions with marginalized social groups, etc.).

The "North Star" transformation program

The goals of the Group are ambitious, but they are attainable and essential if we are to maintain our strong position in the market. With the "North Star" program, the ÖBB is preparing for major changes in the competitive environment, in technology, and in the personnel sector. At the same time, the generational shift acts as an opportunity to successfully prepare the organization for the future. High quality is a key part of the business base.

The Group-wide transformation program "North Star" is setting the course for future success. In the initial phase, important current initiatives in the Group are being merged and prioritized, and new initiatives are being developed that contribute to the attainment of the Group goals.

The program is centered on four key issues:
– Competitiveness and cost-effectiveness: becoming a more efficient and profitable provider of mobility and logistics services, offering customers the best service and top quality
– Innovation and digitalization: innovation and digitalization as core success factors for future competitiveness and market positioning
– Corporate culture and organization: successful management of generational change and establishment of a modern corporate culture
– Operational excellence and safety: become a top five player in Europe in safety and maintaining a high level of punctuality

Over the next few years, "North Star" will ensure coherent targeting of overall goals and realization of the corporate vision, for the ongoing development of ÖBB, and in preparation for the challenges ahead.

C.6. Other important events and outlook

General conditions and challenges

Growing passenger numbers and pressure on margins

Passenger numbers in the rail transport are showing positive development. This is primarily due to expanded products and services in the eastern region and the introduction of the new Cityjet trains. Customer expectations are growing. These can no longer be met by simply improving our existing range of products and services; there is significant demand for innovative solutions and full focus on our customers. The establishment of a unified sales infrastructure (integrated ticketing throughout Austria, simpler access to entitlements, etc.) is essential to make public transportation more attractive and to increase passenger numbers.

For the Rail Cargo Group the situation in the freight transport market is challenging, with a market environment characterized by growing competition from both rail and road sectors, and increasing pressure on margins. Another critical factor for success is digitalization, which should help to reduce complexity in the mobility and logistics business, while also optimizing customer interactions and communications.

Key projects for infrastructure development

The ÖBB-Infrastruktur sub-group has made significant progress in improving the railway infrastructure, and the transition to 100% green traction power is an important milestone for climate protection. ÖBB is investing in the modernization and renovation of rail stations, stops and lines, including major projects such as the Koralm railway, the Semmering Base Tunnel, the expansion of the Pottendorf Line and the expansion of the terminal at Wolfurt. These projects constitute significant expansion of the rail provision for passenger and freight transport. As a result, however, the resources available for operational and maintenance requirements must be used even more efficiently. Here again we need new, innovative approaches.

Results guidance

The budget and medium-term planning from 2019 to 2024 is based on the Group's strategic objectives. ÖBB Group’s activities over the next six years will be aligned to extending its portfolio of products and services and focusing on customer benefits and economically sustainable growth.

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

Capital expenditures on property, plant and equipment and intangible assets will total EUR 21.7 billion in the planning period.

D. Non-financial performance indicators

D.1. Real estate management

ÖBB owns 23,000 buildings, making it one of Austria’s largest property owners. ÖBB-Immobilienmanagement Gesellschaft mbH – a wholly-owned subsidiary of ÖBB-Infrastruktur AG – provides integrated real estate services, primarily within ÖBB Group.

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 1,061 railway 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 area of responsibility also includes the creation of quality standards and test systems relevant to structural engineering. Across Austria, a team of approx. 800 employees ensures professional and efficient management of the extensive services portfolio.

The ÖBB-Infrastruktur sub-group was able to contribute EUR 77.7 million (previous year: EUR 78.3 million) to profits (revenues less carrying amounts and provisions) in financial year 2018 from the sale of properties.

D.2. Personnel report

The ÖBB Group is one of the largest employers in Austria with a wide range of job profiles. As of Dec 31, 2018, there were 41,641 (previous year 41,107) active employees (excluding apprentices) on a Group-wide basis. Compared to the previous year, this means a slight increase in the number of employees, which is intended to counter the impending generation change. The ÖBB group is one of the largest training institutions in Austria, at the end of the year 2018 1,770 (previous year: 1,743) apprentices were employed, and in the year under review 127 apprentices were also employed (previous year: 157) via the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training). The average age in Austria (excluding apprentices) was 46.1 years, as in the previous year. The proportion of women (including apprentices) was 12.8% (previous year: 12.3%).

The employee structure at ÖBB Group

			Change		Average	
Number of employees (headcount)	Dec 31, 2018	Dec 31, 2017	Reporting date	in %	2018	2017
Employees	13,059	12,302	757	6%	12,776	11,968
Workers	7,885	7,087	798	11%	7,466	6,747
Tenured employees	20,697	21,718	-1,021	-5%	21,210	22,101
Total (excl. apprentices)	**41,641**	**41,107**	**534**	**1%**	**41,452**	**40,816**
Apprentices*	1,770	1,743	27	2%	1,636	1,562
Total (incl. apprentices)	**43,411**	**42,850**	**561**	**1%**	**43,088**	**42,378**
thereof abroad	***4,274***	***4,083***	***191***	***5%***	***4,219***	***3,974***

*In addition, 127 apprentices were employed by the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training) in the financial year 2018.

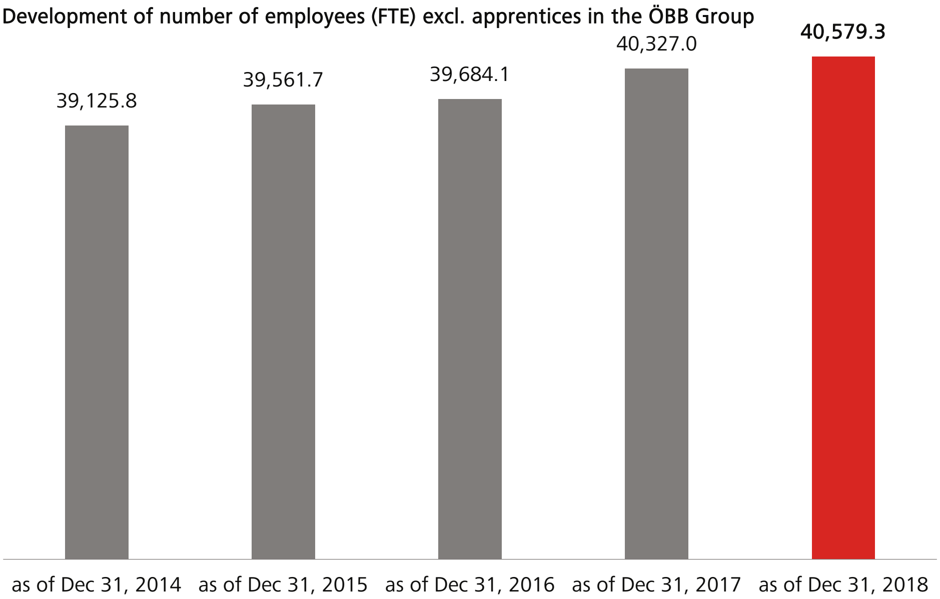
Number of employees (FTE)	Dec 31, 2018	Dec 31, 2017	Change Reporting date	in %	Average 2018	2017
Employees	12,753.5	12,020.9	732.6	6%	12,482.7	11,709.6
Workers	7,787.1	7,013.9	773.2	11%	7,382.6	6,684.5
Tenured employees	20,038.7	21,292.2	-1,253.5	-6%	20,662.8	21,731.1
Total (excl. apprentices)	**40,579.3**	**40,327.0**	**252.3**	**1%**	**40,528.1**	**40,125.2**
Apprentices*	1,770.0	1,743.0	27.0	2%	1,636.4	1,562.1
Total (incl. apprentices)	**42,349**	**42,070**	**279**	**1%**	**42,165**	**41,687**
thereof abroad	*4,249.0*	*4,063.6*	*185.4*	*5%*	*4,194.8*	*3,954.5*

*In addition, 127 apprentices were employed by the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training) in the financial year 2018.

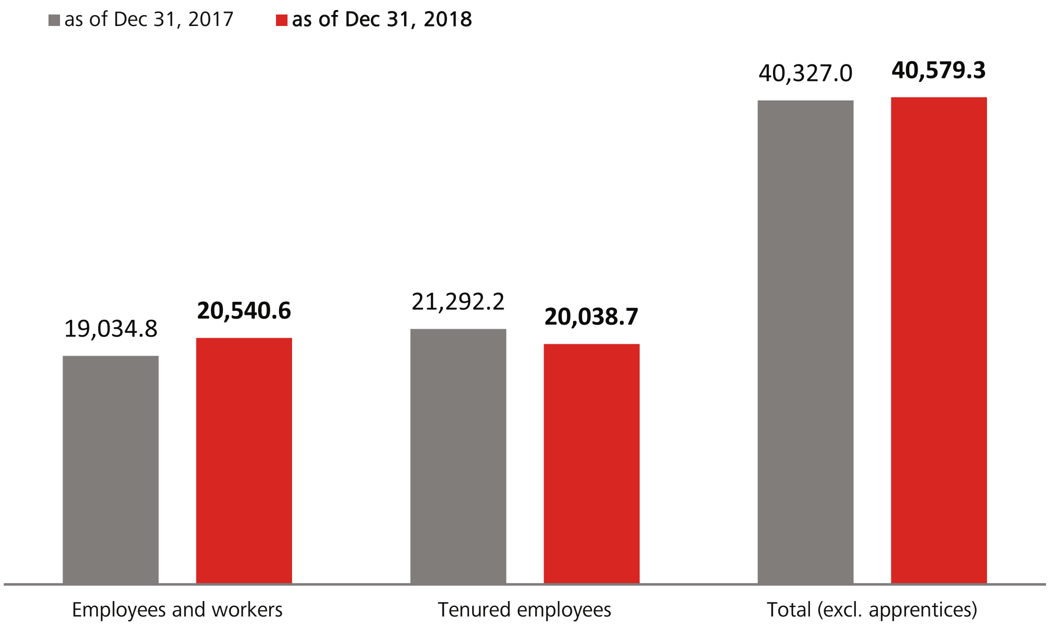
Tenured employees are ÖBB staff members who are subject to the "general terms and conditions for employment with Austrian Federal Railways" (AVB), whose employment began prior to Jan 1, 1995, and cannot be terminated, as a result of the provisions in the AVB. This is generally taken to include the Postbus employees who were formerly employed by the Austrian postal service. This category of employees will shrink over the next few years due to an impending wave of retirements.

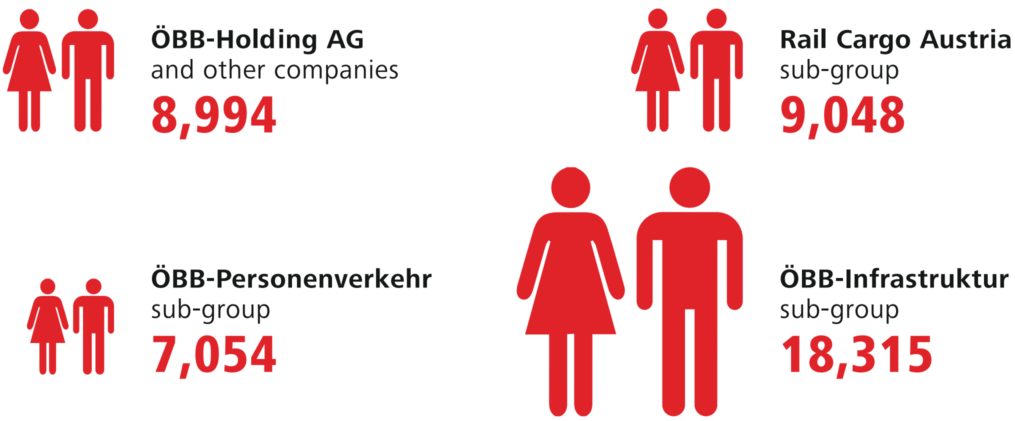
As a result of tenured employees who take semi-retirement, the change in the number of employees by FTE is higher than the change in the number of employees by actual headcount.

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



Develoipment of employee structure (FTE) excl. apprentices i





The ÖBB-Infrastruktur sub-group was the most HR-intensive business unit as of Dec 31, 2018, accounting for 42%of all employees (with apprentices).

New personnel strategy for the Group

Strategic Group Personnel Management has worked with all sub-groups of the ÖBB Group to set the course for the future, with a new personnel strategy. With a reputation as an authentic and goal-oriented employer, a focus on the core values of the corporate culture, a holistic approach to talent management and group-wide management of generational change, the modern ÖBB Group is an attractive employer, preparing to meet the challenges of the future.

As part of a coherent strategic concept for a strong and modern company, the new personnel strategy will make a valuable contribution to the future of ÖBB as a leading Austrian mobility services company. The human resources strategy comprises four main areas:

- Attractive employer
- Corporate culture
- Talent management
- Generational management

Attractive employer

In addition to evolving external conditions, it is primarily an internal company trend that necessitates action: around a quarter of the workforce will leave the company soon, purely because of their age. In the next few years, we need to attract about 10,000 new employees to ÖBB.

Brand image as an employer

One focus of the "Future of the ÖBB" program, which was conceived in 2017 and implemented in 2018, was the reorientation of the ÖBB brand image as an employer. Over 150 ÖBB employees, representing all the Group companies and all types of occupation, took part in a consultative process to develop the new employer branding, together with an external adviser. This new branding is due to be rolled out in 2019. The aim is to attract the best employees to ÖBB, and to inspire them to long-term commitment to ÖBB.

ÖBB employee survey

In June 2018, a Group-wide employee survey was conducted for the fourth time. For the first time, the approximately 9,000 colleagues surveyed did not receive a paper questionnaire but rather an email with a link to an online questionnaire. The participation rate was 54.1% – the highest since ÖBB started conducting employee surveys. Job satisfaction has increased markedly, along with many other areas. Three areas in particular achieved extremely good results overall: the work environment, with an index of 75 points, compatibility with 74 points, and management, with 71 points.

Equality and diversity management in the ÖBB Group

The ÖBB Group has an institutionalized system of regional Equal Opportunities Officers, ensuring compliance with the Austrian Equal Treatment Act, and equal treatment for all employees. Diversity management also adds strategic emphases to increase diversity in the Group.

Diversity Charter 2023

To meet the strategic goal of increasing the proportion of women employed in the entire group to 16% by 2023, numerous measures have been put in place, such as cooperation and training programs, networking programs and coaching opportunities for women.

These programs are succeeding: the overall proportion of women has increased by 0.6% in comparison with last year’s reporting date, and is now 12.8%. Amongst apprentices the proportion has increased by 0.8%, and is currently 17.2%. 32.9% of the Supervisory Board mandates for the joint stock corporations were held by women, as of the balance sheet date. In management positions too there has been an increase of 2.0%, from 9.9% to 11.9% compared to the previous year. Women account for 26.0% of participants at the ÖBB *academy* training programs.

An important component of employer attractiveness is the compatibility of work and private life. This topic is also part of the ÖBB Equal Opportunities Policy 2011, which includes specific measures to promote work-life compatibility. In addition to the existing options for compatibility (such as childcare in kindergartens close to the place of work, and “flying nannies”), a parents’ network has been set up, offering employees on parental leave a way to stay in contact with colleagues, to network together and to exchange information on relevant topics.

Employees with disabilities

Another initiative to further increase diversity and make the best use of company resources is the successful introduction of the program “Employees with disabilities.” The initial phase is focused on the working conditions, processes and working team culture within the company. A competence center for disability has been set up and embedded into the organizational structures.

Intercultural competencies

In the light of the generational shift taking place within the company, and of sociodemographic changes in Austria, developing the potential of employees with multi-cultural backgrounds is both a central challenge and an economic goal – not only in terms of the composition of the workforce, but also in the way we approach the mobility market. Improvements to our intercultural fitness are being addressed at various different levels. This includes collaborative projects (e.g. the “intercultural dialog night,” readings, etc.), discussion events, management training modules and workshops for employees.

Corporate culture

A key component of the personnel strategy is a shared commitment to the corporate values:
- **We before me:** working as a team is more important for the service commitments of a company like ÖBB than for many others.
- **Compelling services for our customers:** total focus on our customers and their wishes is of central importance today, for success in a competitive environment.
- **Taking the initiative:** lastly, all ÖBB employees are asked to be conscious of their responsibilities, to make the most of their scope for action, and to contribute positively to meeting our defined goals.

In the next phase, clear and easily applicable management principles were developed as part of the evolving corporate culture. Leadership principles based on “management of self, employees and the company” provide practical guidelines as well making a commitment to future generations.

Health, occupational safety, and social topics

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

The ÖBB health strategy was developed in consultation with ÖBB directors and executives, and representatives of our cooperation partner, the Versicherungsanstalt für Eisenbahnen und Bergbau (Insurance Institution for Railways and Mining). It is based on the three pillars of “Health promotion and prevention”, “Health as a management task”, and “Occupational rehabilitation”. With regard to "Health as a management responsibility," as well as introducing the concept of “attendance management,” a new manual was developed, titled "Healthy leadership, what to do…,” which is designed to help managers to engage difficult conversations on issues of mental health. “Occupational rehabilitation” supports employees who are sick and/or who have been injured in accidents in regaining their ability to work and in returning to their jobs. The support is provided by an interdisciplinary team with a high degree of professional expertise. The occupational rehabilitation program was available to 50% of employees in 2018.

The protection of employees has been integrated into the Group Safety Strategy by the steering committee on occupational safety.

Working to retirement age

The ÖBB Group offers working time models for employees that go above and beyond the legal requirements, and that are designed to help older employees stay healthy and capable of gainful employment for longer.

In this respect, the model of “Age-appropriate part-time work” is particularly noteworthy. This was developed in consultation with employee representatives, and is intended to help older tenured employees make a smooth transition from gainful employment, while maintaining their productivity, even before they are entitled to join the semi-retirement program as legally defined in Section 27 of the Unemployment Insurance Act (AlVG). As of Jan 1, 2019, men are entitled to “Age-appropriate part-time work” from the age of 54, and women from the age of 52 years 6 months.

These ÖBB working time models are available to the employees of all Group companies, providing the requirements are met and the employer is in agreement. As of the reporting date of Dec 31, 2018, 1,004 employees had claimed the semi-retirement option available by law in accordance with Section 27 of the Unemployment Insurance Act (AlVG).

Talent management

ÖBB attaches great importance to encouraging and promoting the talents of all employees. The motto is: “Attractive employers offer opportunities for professional and personal development.” This also means that talent management is highly valued in the company. Included in this area are apprenticeship programs, talent development through the ÖBB Academy, and the leadership development program.

Apprenticeship program in the ÖBB Group

The ÖBB Group is one of Austria’s largest technical apprentice instructors, offering 22 apprenticeship professions. ÖBB is currently training 1,900 young people to become highly skilled workers. The ÖBB-Personenverkehr and Rail Cargo Austria sub-groups mainly train apprentices in commercial professions, while ÖBB-Infrastruktur AG and ÖBB-Postbus GmbH predominantly offer technical apprenticeships. The training program is recognized by the state, and graduates regularly win numerous prizes and awards at vocational competitions each year. Accolades include the Vienna quality seal for top training companies, which ÖBB has held now since 2015; apprentices in Lower Austria and Tyrol have been national winners in the category for Electrical engineering – installation & operating technology, and in Vienna for the Mechatronics; in Vienna, administration apprentices won first place in their vocational competition. Numerous second and third places have also been won.

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

ÖBB's "nasicher.at" [sure!] campaign aims to motivate young people to join the company. In October 2018, ÖBB-Infrastruktur AG opened a new training workshop in Vienna's 10th district. This provides optimal conditions for 650 apprentices to learn a technical profession at ultra-modern standards.

Investments are also being made in other locations: in the coming years EUR 37.0 million will be spent on rebuilding and renovating the apprenticeship facilities in Feldkirch, Innsbruck and Knittelfeld, and the apprentices' accommodation in St. Pölten.

ÖBB Academy (HR training and development programs)

Group personnel development brings together strategically relevant training activities for different levels of management, experts and employees, helping to build up expertise and encourage networking across the Group. Working in collaboration with strategic Group talent management, the ÖBB Academy, based in the Business Competence Center (BCC) develops and implements needs-based, targeted training and development programs for the Group.

A total of 16 courses for executives, team coordinators, heads of working groups, and experts were completed through the ÖBB Academy in 2018. The eighth "trainees for mobility" program, for college graduates in engineering or business, began in September 2018 with 15 new employees.

The twelve-month "SAP Juniors" program was successfully concluded in September. Through this specialized trainee program, young graduates have been integrated into and trained in the ÖBB Group.

The ÖBB training catalog includes 160 different course titles, providing a wide range of professional and multidisciplinary training modules; in the reporting year the ÖBB Education team welcomed 9,000 course participants.

To provide the best possible support for managers on the key issues of employees' health, ability to work and occupational safety, since June 2018, Group-wide training programs have been offered for all managers and team coordinators on the topic of "Healthy leadership and addiction prevention".

In the year 2018, 27 e-learning programs were developed and rolled out. The range of topics was extensive, from Group-wide e-learning units on the "General Data Protection Regulation," or "Compliance," to specialist topics such as "Health management" or "Customer complaints" for passenger train staff. Across the Group, 12,000 training hours were completed in the form of e-learning programs.

Leadership development

The strategic focus of leadership development is based on
- values,
- management principles,
- defined priorities, and
- evaluations of general areas of development as discussed in the development conference.

Managers in the ÖBB Group base their leadership style on corporate values and the current Group-wide management principles. This provides the framework for a consistent management style. The extent to which actions reflect these values and management principles is evaluated through individual employee meetings, and addressed in the development conference.

The development conference is the platform for professional and constructive discussions on the performance, achievements and areas for development of our managers and executive talent. The development conference functions as a performance management instrument, and serves to provide transparency about the potential of our company. This facilitates targeted promotion of potential talent and effective succession planning.

Organizational development

The structure of the ÖBB Group is complex. Binding standards are set for the reporting, creation and amendment of organizational elements, in order to create a basis for common understanding across the Group. Group Organizational Development furthers "organizational structure" in the ÖBB Group, works to ensure structures are clear and efficient, and provides advice for ongoing organizational changes. To guarantee a transparent and efficient organizational structure and uniformity in the process of organizational change, a Group-wide image has been created in cooperation with the sub-groups and individual companies. In addition, the internal organization manager has been adjusted to fit with the current trends and challenges of organizational development. Apart from this, the focus has been on generational management and empowerment.

Empowerment

Employee loyalty creates vital leverage, particularly in times of labor shortages, so with this in mind, ÖBB has set itself the goal of strengthening employees' commitment to the company. It is clear that personal and meaningful exchange with managers is a particularly positive factor in influencing loyalty – especially for the upcoming generations in the Group. For this reason, the Group Organizational Development team has been addressing the question of how the Group can respond to the preferences of these new generations, in order to increase commitment to the company into the future. One priority here was to review the re-appointment process for reporting level 4 (empowerment). As part of this process, the topics of consistent management responsibilities within ÖBB, levels of hierarchy, and the scope of management reach were examined and reviewed in detail. Another step taken was to devise two pilot projects for locomotive drivers and operations managers, with the aim of increasing direct contact with executives. In addition, the individual functions of team coordinators in the Group were analyzed, so that these could be made more consistent and their role enhanced.

Generational management

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

Five areas for action were defined for a Group-wide approach to generational management: organization; leadership and culture; working practices, development and training; knowledge transfer and health.

Currently the focus is on passing on existing expertise – i.e. knowledge transfer. ÖBB has established five strands for knowledge management and knowledge transfer in the future: the identification of success-critical employee groups, knowledge transfer tandems, knowledge transfer coaches, an ÖBB knowledge transfer toolbox, and raising the awareness of managers and employees.

Knowledge transfer tandems, and the training of knowledge transfer coaches are intended to help with passing on ÖBB-specific knowledge to the next generation.

D.3. Research and development report

Ongoing development of the overall railway system, with the focus on customer value and increasing operational efficiency, is of central importance to the ÖBB Group. ÖBB is also conscious of the important role it plays as an innovation driver in the Austrian rail industry and mobility sector. Our research and development (R&D) activities are oriented towards the Group's strategic goals, current trends and future needs. Technical priorities currently include automation, alternative drive technologies, the generation of new services for customers, and the implementation of new maintenance procedures. One of the highlights from 2018 is the development of the Cityjet eco, which will set new standards on non-electrified lines for local and regional transport. The electro-hybrid vehicle can absorb electrified lines of energy through its pantograph and simultaneously store it in the entrained batteries. This energy can be used for operation on non-electrified lines. ÖBB is also conducting other R&D projects in the area of infrastructure, such as work on predictive maintenance, for example. Another high point of 2018 was the introduction of the first hydrogen-powered bus, by ÖBB Postbus, on the Vienna Airport Line.

Following successful implementation of the innovation road map in 2017, which provides an overview, orientation and prioritization of ÖBB's goals, the ÖBB Group is now involved in intensive preparations for international research programs such as "Horizon Europe" and "Shift2Rail." At the national level, the company is working closely with the Federal Ministry for Transport, Innovation and Technology (BMVIT) and the Austrian Research Promotion Agency (FFG). The planned participation in national and international research projects will support the role of ÖBB as a national and international driver of innovation, and ensure that company maintains its competitive strength.

In addition to conventional research and development, ÖBB Open Innovation Challenges are used to address current topics, through interaction with customers, partners, start-ups, employees, universities and universities of applied sciences. The ÖBB Ideas Workshop is a company suggestion scheme that gives employees the opportunity to make a personal contribution to the further development of the company with their own ideas. Since it was launched in 2015, the Ideas Workshop has received 3,761 suggestions, of which 574 have been successfully implemented. The range of ideas submitted and implemented ranges from simplification of checking procedures for technical equipment, to solutions for office applications and automated recognition of vegetation by roadbed and track measurement vehicles. Another newly launched project is DIGI@ttack, a center of competence for digital innovation, within the ÖBB Business Competence Center GmbH, which is part of ÖBB. This autonomously organized unit supports and advances the overall process of digital transformation, from initial ideas to prototypes and lean products, through to market-ready products and services and new business models. For example, DIGI@ttack evaluated and developed the use of augmented, mixed and virtual reality for training modules and courses, as well as for remote assistance support for certain tasks. These approaches help provide better information for decision-making, improve effectiveness and efficiency of employee training, and offer powerful support for employees in their day-to-day tasks. Another example is the development of expertise in data science and predictive maintenance, which is proving valuable for tasks such as analyzing wheelsets and forecasting their remaining serviceable life. In these areas, it is not only the specific technology that is crucial, but also the overall understanding and integrated approach – two things that are provided by DIGI@ttack, which makes long-term developments possible such as forecast-based business processes.

ÖBB Group worked on 99 R&D projects in 2018. The current project portfolio has an overall value of EUR 28.0 million (for all current projects, over their entire duration, up to and including 2021, without deduction of sponsorships).

D.4. Environmental report

As the largest mobility provider in Austria, the ÖBB Group bears a special responsibility towards future generations. Creating sustainable values, as well as "thinking together" when it comes to the environment and economic efficiency is therefore our central approach. From green traction power for trains, hybrid locomotives, electric buses for urban transport, and combined road/railway transport for freight traffic, to climate-neutral stations, new climate-friendly customer offers, and mobility apps: ÖBB sees climate protection as a 360-degree task.

The Paris Agreement on climate change is an important milestone for the reduction of global greenhouse gases. In order to meet the Paris climate goals and the associated climate targets of the Austrian government, as defined in "Mission 2030" in the transport sector, it is vital to advance the use of low-emission rail transport. Already today, ÖBB's customers are saving 3.5 million metric tons of CO_2 per year by choosing to travel by rail, the cleanest form of transport. This means ÖBB is already the leading climate protection company in Austria.

By 2030, 36.4 million metric tons of CO_2 must be saved per year in Austria, including 7.2 million tons in the transport and mobility sector. As a pioneer in the field of environmentally friendly mobility, ÖBB's strategy for climate protection has set the ambitious goal of becoming completely climate neutral by 2050, making a substantial contribution to achieving Austria's climate targets.

In 2018, numerous additional environmental and climate protection activities were put in place in the ÖBB Group.

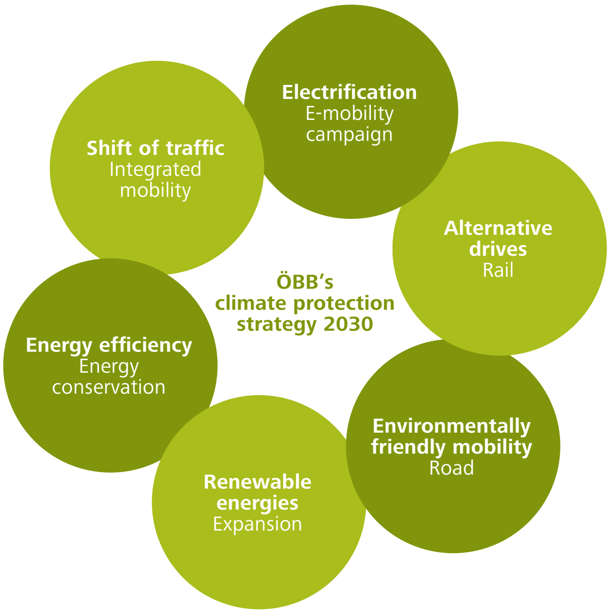
Since July 2018, ÖBB traction power, i.e. the electricity used to power trains, comes from 100% renewable sources – largely hydropower. Since over 90% of ÖBB's rail transport services already now use electric drive systems, this is another significant step towards climate-neutral mobility. As well as expanding the proportion of renewable energy used, the intention is also to push ahead with our own power generation, aiming for over 40% self-generated power in the long term. To increase our own traction power generation, in addition to the first solar power installation for traction power in Wilfleinsdorf, plans are in place for additional photovoltaic plants, a wind power station as well as for the optimization and expansion of the hydroelectric power plants.

Even on non-electrified lines (currently 73% of all lines are electrified, with a target of 85% by 2030), ÖBB is launching specific projects to improve climate protection. For lines where economic factors do not lend themselves to electrification, ÖBB and Siemens have developed Cityjet eco, a prototype which uses an electro-hybrid battery drive system. In 2019 the Cityjet eco is undergoing operational trials.

ÖBB's rail transport business makes it one of the leading electro-mobility providers in Austria. In the bus transport sector too, with ÖBB Postbus GmbH, and relating to the passenger car fleet, the focus is on electro-mobility. Four battery-powered electric buses are planned and in the process of being introduced in the upper Rhine valley region in Vorarlberg, with the intention to extend this to 20 buses over the next two years; in Carinthia e-buses are scheduled and being introduced, and an e-solar citybus is now operating in the Judenburg urban transit system. These initiatives exemplify ÖBB's commitment to climate-friendly road transport mobility.

Another form of alternative drive technology was launched in fall 2018 on the airport bus route (VAL), with the successful test run of a hydrogen-powered bus.

Increasing the proportion of e-vehicles is also part of the program for ÖBB Rail Equipment. The medium-term target is to increase the proportion of electric vehicles in the passenger car fleet to 10%. In 2018 there were already 32 electric vehicles in operation. By linking the mobility services of railways and e-car sharing, the aim is to provide a total package of CO_2-neutral mobility. In addition to expanding the Rail&Drive fleet, ÖBB is also continuing to extend the provision of e-charging stations at Park & Ride sites at 50 railway stations in Austria. Climate-friendly mobility is the goal – multi-modal networking is a prerequisite.



The priorities of the ÖBB Climate Protection Strategy 2030 – as the first phase on the path to 2050 – are defined in six key dimensions:

- *Electrification – e-mobility campaign:* currently 73% of the all railway lines are electrified. Using a multi-stage electrification program, the level of electrification will be increased to 85% by 2030.
- *Alternative drive systems – rail:* Around 90% of ÖBB rail transport services already use electric traction. On secondary lines that cannot be electrified for economic reasons, progress is being made with the development of alternative drive technologies, such as the Siemens Cityjet eco, which is powered by a rechargeable battery.
- *Climate-friendly mobility – road transport:* alternative drive technologies are also being expedited in ÖBB's road transport sector, in connection with ÖBB Postbus (e.g. e-buses), and for in-house transport.
- *Renewable energy – expansion:* electric power for ÖBB trains is entirely supplied from renewable energy sources. In other sectors too, the proportion of renewable energy will be increased, and self-generated power will be expanded with the construction of new power plants.
- *Energy efficiency – energy saving:* the greatest savings of CO_2 come from energy not consumed. For this reason, next to optimizing the operational management of trains, another priority is centered on the ÖBB sites and premises throughout Austria (building renovations, LED lighting).
- *Transport shifting – integrated mobility:* attractive and climate-friendly transport solutions will result in a sustainable shift of transport preferences and also secure market shares the future. Examples include the "30 by 2030" initiative by the European freight railways, initiatives towards multi-modality and the expansion of both Rail&Drive and Park & ride facilities.

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

D.5. Accessibility

Barrier-free and convenient access to trains and buses 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 from disability organizations, ÖBB-Holding AG developed a staged plan pursuant to Section 19 of the Federal Disability Equality Act (Bundes-Behindertengleichstellungsgesetz – BGStG) and presented the aggregate measures of the ÖBB Group. In 2016, the Group companies reviewed their strategic considerations and prepared new implementation plans for additional railway stations and for the vehicle fleet through 2025. This report was presented to the ÖBB stakeholders in February 2016. In October 2018 the current status quo was presented to ÖBB stakeholders.

Ticket purchasing

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

Local and long-distance transport

New rolling stock continues to make trains more accessible. When designing the new local transport ÖBB Cityjet, for example, special importance was placed on convenient low-floor entrances, wide doors, open transitions and stronger color contrasts for people with visual impairment. In 2018, 133 Cityjet coaches, 187 Talent coaches, 60 Desiro coaches and 67 double-decker cars were in use on local transport routes as barrier-free low-floor railcars. 60 railjet coaches were in service on long-distance transport. These are equipped with an installed lift and three spaces for people in wheelchairs, each equipped with sockets for recharging wheelchair batteries. Tactile elements are provided for visually impaired travelers, and a suitable space is reserved for guide dogs. The 27 ÖBB multifunctional coaches enable wheelchair users to travel at night in a sleeper compartment, together with an accompanying person.

Postbus

All new low-floor vehicles are equipped with mechanical and electrical folding ramps. High-floor buses have a lifting device in the vehicle to allow customers in wheelchairs to enter the bus. The special-purpose area is fitted with a restraint system. Making all seats suitable for disabled passengers is already standard practice. By 2018, 85% of the bus fleet was barrier free.

Intercity buses

ÖBB offers long-distance bus connections in southern Austria to supplement the top trains in long-distance transport to Italy. Five ÖBB Intercity buses (ICB) have been in use for several years. The double-decker buses offer generous seating comfort in 1st and 2nd class and are equipped with toilets and air conditioning. In 1st class, passengers can expect elegant leather seats, work surfaces and sockets as well as free newspapers and drinks. The ICBs are barrier-free. In addition to a low-floor entrance and wheelchair space, the buses also have spaces for passengers with limited mobility, which can be booked separately on request.

Infrastructure

Since the end of 2018, 80% of all travelers in about 230 railway stations have benefited from modern, barrier-free stations. By 2027, already 90% of travelers will be able to travel barrier-free in the ÖBB-Infrastruktur AG network.

Ten additional stations are designed to be barrier-free every year. In 2018, the focus was on Upper Austria, Lower Austria, Carinthia and Tyrol. This agenda of modernizing railway stations and stops will be continued consistently in 2019. A particular concern for ÖBB is the construction and expansion of Park & Ride facilities including car parking spaces for disabled persons in the vicinity of the entrances.

Also, the successful "Stakeholder Dialogues," a direct exchange with people with disabilities and advocacy groups, were carried out in the federal states in 2018. These practical experiences are valuable suggestions for ÖBB-Infrastruktur AG to find even better solutions in the future. Because it is often additional, small measures that make it easier for people with disabilities to use the railway.

D.6. Safety

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

This makes security a top priority for all activities of the ÖBB Group. The certified safety management systems introduced in the sub-groups help manage the security services provided.

Findings from incidents, accident investigations, internal assessments (safety checks, audits, etc.), and trend monitoring resulted in measures that are coordinated on a group-wide basis. The safety management systems, trend monitoring and the support of pro-active learning from mistakes and near misses contribute significantly to detecting safety risks in time, creating countermeasures and controlling residual risks.

Annual capital investments of over EUR 2.5 billion in new construction, expansion, and maintenance of infrastructure facilities, and in new vehicles with state-of-the-art safety equipment, all help ensure safe operational management.

Following a number of incidents in early 2018, the existing and planned safety activities were further supplemented by additional measures, and a group-wide program, "Safety on Track," ("Sicherheit auf Schiene") was introduced. A renowned safety expert in the international rail industry was appointed to lead the program. Together with all safety personnel within the group, a concept for structural improvements to improve safety was developed. In addition, the implementation of priority measures, such as the installation of additional 500 Hz magnets, or the implementation of a warning app to avoid crossing signals, has been accelerated. A key priority is "further development of the safety culture" in the Group, which is now under way with the support of an industry expert. In this context, over the coming years ÖBB will focus intensively on increasing awareness of safety-conscious behavior, and on enhancing systematic learning in the Group. True to our corporate values – "We before Me," "Compelling services for our customers," and "Taking the initiative," – ÖBB strives every day across the entire Group to fulfil its commitment to the safety of both customers and employees, and to consistently improve.

D.7. Punctuality

One of the foundations of the ÖBB Group is a punctual and reliable railway service. Punctuality is a significant factor in the quality of our offer. Keeping our punctuality promise to customers is part of our day-to-day duties, as is further developing operational quality with due regard to the changing environment in which we work. In 2018, 86.8% of ÖBB's long-distance transport and 96.4% of ÖBB's local services were on time. Rail Cargo Austria services on the ÖBB network had a punctuality rate of 79.7%. This makes ÖBB one of the most punctual rail services in Europe.

Central to this improvement and the achievement of this level of punctuality in 2018 was a comprehensive action program, which included not only continuous improvements to the stable functioning of facilities and vehicles, but also more reliable predictions about the effects of construction work, and the implementation of associated countermeasures. Close cooperation with neighboring railway companies in 2018 also had a positive effect on punctuality in cross-border transport services.

Challenges for a further improvement in punctuality include increasing the reliability of facilities and vehicles even further. With the help of new technologies and innovations, and a rolling renewal program for facilities and vehicles, significant investments are being made to assure punctuality and passenger comfort.

With a view to the medium-term goals, it is essential to improve punctuality still further throughout the whole Group. For this reason, a joint catalog of measures was developed. The effectiveness of these initiatives and availability of the necessary funding are monitored constantly, to ensure that sustained improvements in punctuality and reliability can be guaranteed and balanced with the demands of quality and cost effectiveness.

Optimization and automation of operational processes and the perfect planning and completion of construction work on the ÖBB rail network are another vital component of guaranteeing operating quality.

A significant proportion of train delays are caused by neighboring railways. Intensive cooperation and coordination in advance of construction works aims to keep the effect on the ÖBB railway network to a minimum.

E. Opportunity and risk report

The opportunity and risk management procedure applies to all relevant business processes and key financial indicators in the main Group companies, and therefore is considered to be an important instrument of corporate governance. The objective is to 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 corporate Directive and the opportunity and risk management manual that are binding for the entire Group define rules, margins and minimum requirements of risk management for all entities involved. The first objective of the risk policy is unrestricted safeguarding of business operations. According to this, risks may only be taken if they are calculable and associated with an increase in income and in the company value.

Opportunity and risk management process

Opportunities / Risk identification
- Identify
- Analyze

Opportunities / Risk assessment
- Assess – Probability of occurrence and impact
- Summarizing opportunities/risks of the same type
- Aggregate

Opportunities / Risk management
- Plan measures
- Implement
- Monitor

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

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-Holding AG is prepared which describes the major risks and respective counter-measures or opportunities. This ensures that the Supervisory Board and Audit Committee of ÖBB-Holding AG and of the Group companies are provided with detailed information regarding the current opportunity and risk situation.

For the year 2019, 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

Regular controls of the strategic measures are carried out.

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

A concept is being developed with the involvement of all Group companies that initiates this comprehensive transformation and prepares the corporate group for significant challenges and risks, resulting, in particular, from intensified competitive pressure and technological change over the next ten years. The foundation of operational excellence will be further strengthened.

Operating business

Equipment is inspected regularly to mitigate the risk of a decline in revenue and increased expenses caused by quality problems in equipment, especially in rolling stock and locomotives. Training programs and information events are regularly organized to mitigate the risk of accidents caused by ÖBB employees. The risk of terrorist attacks is reduced both by targeted measures and instructions (behavioral recommendations) and through close cooperation with the Federal Ministry of the Interior. The existing emergency and contingency plans are continuously evaluated and reviewed by exercises conducted annually.

Sales and distribution

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

The long-term economic impact of the United Kingdom’s withdrawal from the European Union is not yet clear, but most economic experts anticipate it is likely to be rather minimal. However, if economic growth in Europe does slow down significantly as a result, this could have a negative influence on the business development of the ÖBB Group. However, the ÖBB Group's direct business volume with companies from Great Britain, with sales revenues of EUR 2.1 million, can be classified as very low.

Personnel, management and 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 and liability

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

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

Purchasing and procurement

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

Data processing

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

Subsidiaries and investment interests

This risk area involves analysis of subsidiaries and investment interests that are not incorporated entirely into the risk management system because of their minor contributions to income. Here, there is a risk that they may not achieve their budget targets, and that assets may have to be written down as a result of impairment testing, or allowances for the value of investment interests may be required.

Risks related to financial instruments

Original financial instruments

Original financial instruments in ÖBB Group (finance-related receivables and liabilities, trade receivables and payables, financial assets, and securities) are reported in the Statement of Financial Position. Detailed information is provided in the respective statements in the Notes to the Consolidated Financial Statements.

Derivative financial instruments

ÖBB Group employs derivative financial instruments to hedge against risks associated with currencies, interest rate changes and raw material prices. 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 in the Group (as in the previous year 97% by nominal value) are unstructured standard hedging transactions (plain vanilla interest rate swaps). As in the previous year, a share of 3% of the nominal value is attributable to a structured derivative. 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 of 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 euros. Only the companies in Hungary and the Czech Republic account for a very small proportion of the borrowings in local currency.

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

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

Credit risk

Credit risk describes the potential loss from failure by business partners to honor their financial commitments (mainly money market transactions, investments, positive present value swap transactions). Compliance with the limits underlying the counterparty credit-risk management system that are individually assigned to each financial partner is checked daily.

Apart from the original transactions with ÖBB finance partners, counterparty risk also exists in connection with cross-border leases. For cross-border leasing transactions, security deposits, payment undertaking agreements and swaps were concluded with financial partners for lease 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 previous years, the Group has managed to significantly reduce the original volume of existing cross-border leases without losing the deferred tax benefit that was generated at the time of the initial transaction. 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. The ÖBB's strategy remains to actively manage the risk associated with the transactions and take advantage of opportunities to terminate transactions under economically acceptable conditions. This strategy will not change in the future. For more information on cross-border-leases refer to Note 30.3 to the Consolidated Financial Statements.

Commodity Risk

Electricity

ÖBB-Infrastruktur AG operates its own hydropower plants, assumes the technical, commercial and legal responsibility for power installations and equipment (power stations, frequency converters, substations, main supply facilities, control stations) and includes the energy efficiency competence center for energy procurement at ÖBB. Risk management in the area of energy and the evaluation of the energy portfolio according to IFRS are provided by ÖBB-Infrastruktur AG.

Diesel

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

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

ÖBB-Postbus GmbH is the market leader in regional public road transport. In order to secure the required amounts of diesel fuel, ÖBB-Postbus GmbH negotiates framework contracts with several different suppliers. Fuel purchases are made on the basis of the conditions set down in the contracts (Platts Rotterdam) plus a transport logistics premium as defined in the contract. The transport premium may vary according to the point of delivery. The premium was fixed in the contracts until the end of 2018, and then indexed for the remaining duration of the contract.

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

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

Internal control system

The members of the Boards of Management 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, a project for the “development of the internal control system in the ÖBB Group” was started in 2016 and its conceptualization 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 second half of 2017 and in the course of 2018, the identified further development measures had already been implemented.

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. Specific guidelines were derived from the development project described above, 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 corporate group, an Internal Audit function has been established within the ÖBB Group. The Internal Audit function verifies the existence of an efficient ICS in the Group companies and checks certain ICS components based on an approved annual audit schedule. The results are submitted to the Audit Committee of the relevant Supervisory Board in the form of an activity report.

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

Information and communication

Regardless of the group-wide harmonization, in accordance with the Group's decentralized structure, each subsidiary 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. It is assessed regularly and amended as necessary. 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 and the audit committees of the respective Group companies are also based on this non-editable, annotated and verifiable data.

Accounting

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

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 designed and implemented a modern accounting system within the ÖBB Group with the "MORE!" project. The project was triggered by the necessary introduction of the new general ledger and the central business partner in SAP as the basis for a future implementation of S4/HANA. The project was used to reorganize the chart of accounts, as well as to correct unused settings, organizational units, master data and transaction data several modules. Other priorities included the merger of domestic and foreign ÖBB companies into a single unit and the introduction of certain new functionalities. The migration to the production environment took place in Jan 2018, with all new postings since Jan 1, 2018 being made to the new system.

The information provided in the Notes to the Consolidated Financial Statements is compiled using software purchased by ÖBB-Holding AG specifically for this purpose. 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 must be submitted in order for the respective Reporting Package to be processed. This external control system constitutes a supporting element of the ICS.

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

F. Notes on the Management Report

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

Vienna, March 29, 2019

The Board of Management

Mag. (FH) Ing. Andreas Matthä

Mag. Josef Halbmayr MBA

“I personally do what it takes to be there for our customers. So the company gets back on track as quickly as possible.”

ROLAND SCHMID, conductor and firefighter, on his work as a member of Team ÖBB

(See page 48 for more on corporate values)

We before me

Compelling services for our customers

Taking the initiative

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income 2018

Consolidated Income Statement 2018

	Note	2018 in kEUR	2017 in kEUR
Revenue	4	5,643,962.0	5,521,844.0
Change in finished goods, work in progress and services not yet chargeable		446.4	694.8
Other own work capitalized	5	373,360.3	359,528.7
Other operating income	6	951,169.3	872,793.0
Total income		**6,968,938.0**	**6,754,860.5**
Cost of materials and purchased services	7	-1,988,237.7	-1,926,352.4
Personnel expenses	8	-2,691,937.6	-2,543,232.0
Depreciation and amortization	9	-1,072,537.5	-1,033,276.7
Other operating expenses	10	-428,554.2	-461,905.0
Earnings before interest and taxes (EBIT excluding investments accounted for using the equity method)		**787,671.0**	**790,094.4**
Earnings of investments accounted for using the equity method	17	2,970.6	3,030.6
Interest income	11	20,663.1	30,131.1
Interest expenses	11	-647,907.6	-654,126.5
Other financial income	12	13,045.4	49,373.1
Other financial expenses	12	-25,553.0	-42,206.0
Financial result (incl. earnings of investments accounted for using the equity method)		**-636,781.6**	**-613,797.7**
Earnings before income taxes (EBT)		**150,889.4**	**176,296.7**
Income taxes	13	52,210.1	-9,122.1
Net income		**203,099.5**	**167,174.6**
Consolidated net income attributable on a pro rata basis:			
to the shareholder of the parent company		212,391.2	175,812.4
to non-controlling interests		-9,291.7	-8,637.8

Consolidated Statement of Comprehensive Income 2018

Other comprehensive income 2018

	Note	2018 in kEUR	2017 in kEUR
Net income		**203,099.5**	**167,174.6**
Remeasurement gains (losses) on defined benefit plans	24	1,842.7	2,994.2
Items that will never be reclassified ("recycled") subsequently to the income statement		1,842.7	2,994.2
Cash flow hedges	24	32,835.4	25,906.7
Available for sale reserve	24	0.0	-2,014.0
Unrealized income from currency translation	24	-7,607.8	-234.3
Items that are or may be reclassified ("recycled") subsequently to the income statement		25,227.6	23,658.4
Other comprehensive income		27,070.3	26,652.6
Comprehensive income		**230,169.8**	**193,827.2**
Comprehensive income attributable on a pro rata basis:			
to the shareholder of the parent company		239,461.5	202,465.0
to non-controlling interests		-9,291.7	-8,637.8

Consolidated Statement of Financial Position as of Dec 31, 2018

Assets	Note	Dec 31, 2018 in kEUR	Dec 31, 2017 in kEUR
Non-current assets			
Property, plant and equipment	14	26,808,685.7	25,575,630.7
Intangible assets	15	769,253.1	744,663.0
Investment property	16	154,920.3	158,772.4
Investments recorded at equity	17	64,457.0	61,331.0
Other financial assets	18	324,402.4	310,510.5
Other receivables and assets	20	146,814.1	156,629.7
Deferred tax assets	13	117,466.9	75,689.4
		28,385,999.5	**27,083,226.7**
Current assets			
Inventories	21	257,388.5	244,206.6
Trade receivables	20	549,800.4	564,456.5
Other receivables and assets	20	358,827.3	309,525.5
Income tax receivables	13	758.5	489.6
Other financial assets	18	62,515.2	35,471.7
Non-current assets held for sale	19	125.1	979.5
Cash and cash equivalents	22	94,475.1	112,617.1
		1,323,890.1	**1,267,746.5**
		29,709,889.6	**28,350,973.2**

Shareholders' equity and liabilities	Note	Dec 31, 2018 in kEUR	Dec 31, 2017 in kEUR
Shareholders' equity			
Share capital	23	1,900,000.0	1,900,000.0
Additional paid-in capital	24	260,812.2	260,812.2
Other reserves	24	-86,568.2	-106,933.7
Retained earnings	24	441,887.5	244,094.0
Equity attributable to the shareholder of the parent company		**2,516,131.6**	**2,297,972.5**
Non-controlling interests	23	12,531.3	7,915.4
		2,528,662.9	**2,305,887.9**
Non-current liabilities			
Financial liabilities	25	21,721,976.0	22,839,416.6
Provisions	26	512,980.1	513,235.7
Other liabilities	27	45,717.5	51,222.1
Deferred tax liabilities	13	11,028.5	13,287.7
		22,291,702.1	**23,417,162.1**
Current liabilities			
Financial liabilities	25	2,424,370.1	709,870.9
Provisions	26	131,162.1	172,198.8
Trade payables	27	1,022,191.8	748,510.0
Other liabilities	27	1,311,800.6	997,343.5
		4,889,524.6	**2,627,923.2**
		29,709,889.6	**28,350,973.2**

Consolidated Statement of Cash Flow 2018

	Note	2018 in kEUR	2017 in kEUR
Earnings before income taxes (EBT)		150,889	176,297
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	1,242,517	1,208,778
+ Depreciation / - appreciation on non-current financial assets		5	158
- Amortization of investment grants	9	-172,118	-175,502
+ Losses / - gains on disposal of property, plant and equipment, intangible assets and investment property		-54,888	-50,189
+ Losses / - gains on disposal of financial assets		-20	0
- Gains on exchange rates / + losses on exchange rates		3,254	327
- Other non-cash income / + other non-cash expenses		2,361	410
+ Interest expenses	11	647,908	654,127
- Interest income	11	-20,663	-30,131
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	-13,040	-25,051
- Increase / + decrease in trade receivables and other assets		8,994	-32,408
+ Increase / - decrease in trade payables and other liabilities and deferrals		599,702	204,604
+ Increase / - decrease in provisions	26	-44,374	2,158
- Interest paid		-716,199	-718,629
+ Interest received		9,745	21,692
- Income tax paid	13	-10,119	-7,632
Cash flow from operating activities a)		**1,633,953**	**1,229,009**
+ Proceeds from disposal of property, plant and equipment and intangible assets		40,055	93,523
- Expenditures for property, plant and equipment and intangible assets	14, 15	-2,384,677	-2,449,522
+ Proceeds from disposal of financial assets		643	35
- Expenditures for investments in financial assets		-1,040	-2,518
+ Proceeds / - Repayments of investment grants	14, 15	126,833	133,601
- Expenditures for the acquisition of consolidates companies and other business units		0	-11,515
+ Dividends received		95	1,502
+ Redemption of loans granted / - grant of loans (from investing activities)		-958	3
Cash flow from investing activities b)		**-2,219,049**	**-2,234,891**
- Payments to non-controlling interests		-7,061	-970
+ Proceeds from issue of bonds and loans	25	955,838	3,270,084
- Redemption of bonds and loans		-394,017	-2,168,298
- Payment of finance lease receivables		-14,943	-13,723
dif		1,468	-112,602
Cash flow from financing activities c)		**541,285**	**974,491**
Funds at the beginning of the period		*104,709*	*135,832*
Foreign currency translation		-125	269
Change in the funds resulting from cash flows (a+b+c)		-43,811	-31,392
Funds at the end of the period		**60,773**	**104,709**

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

Consolidated Statement of Changes in Shareholders' Equity 2018

	Equity attributable to the shareholder of the parent company								
			Other reserves						
in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Foreign Currency Translation	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
As of Jan 01, 2017	*1,900,000.0*	*260,812.2*	*-94,715.0*	*6,876.0*	*-42,753.0*	*57,378.0*	*2,087,598.2*	*5,520.5*	*2,093,118.7*
Net income						175,812.4	175,812.4	-8,637.8	167,174.6
Other comprehensive income			25,906.7	-2,014.0	-234.3	2,994.2	26,652.6		26,652.6
Comprehensive income			**25,906.7**	**-2,014.0**	**-234.3**	**178,806.6**	**202,465.0**	**-8,637.8**	**193,827.2**
Dividends distributed to non-controlling shareholders								-1,167.3	-1,167.3
Effects from capital consolidations						7,909.3	7,909.3	12,200.0	20,109.3
As of Dec 31, 2017	**1,900,000.0**	**260,812.2**	**-68,808.4**	**4,862.0**	**-42,987.3**	**244,094.0**	**2,297,972.5**	**7,915.4**	**2,305,887.9**

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

The number of shares remains unchanged at 190,000.

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

Notes to the Consolidated Financial Statements as of Dec 31, 2018

A. BASIS AND METHODS

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

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

ÖBB-Holding AG is the strategic controlling company of the ÖBB Group, holding all of the shares of the three stock corporations (sub-groups) ÖBB-Personenverkehr Aktiengesellschaft, Rail Cargo Austria Aktiengesellschaft, and ÖBB-Infrastruktur Aktiengesellschaft (hereinafter "AG" instead of "Aktiengesellschaft"). The sub-groups are hereinafter referred to as ÖBB-Personenverkehr sub-group, Rail Cargo Austria sub-group, and ÖBB Infrastruktur sub-group. In the following, the sub-groups will be described in the context of segment reporting.

Pursuant to Article 189a clause 1 letter a of the UGB [Austrian Commercial Code], one subsidiary of ÖBB-Holding AG is a company of public interest and is therefore obligated to prepare separate sub-group financial statements in accordance with IFRS because it has issued bonds listed for trade in the regulated market at the Vienna Stock Exchange. The sub-group financial statements of ÖBB-Infrastruktur AG are filed with the Commercial Court Vienna under Company Register number FN 71396 w.

1. Accounting principles

In accordance with Article 244 of the UGB [Austrian Commercial Code], ÖBB-Holding AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as of Dec 31, 2018 were prepared pursuant to Article 245a (2) of the Austrian Commercial Code (UGB) in conjunction with the "IFRS Regulation" in accordance with the International Financial Reporting Standards ("IFRS", "IAS") issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", "SIC"), which became effective on Dec 31, 2018 and were endorsed by the European Union, along with the additional requirements under Article 245a UGB. With these Consolidated Financial Statements according to IFRS, ÖBB-Holding AG issues exempting Consolidated Financial Statements pursuant to Article 245a UGB [Austrian Commercial Code] in accordance with internationally accepted accounting principles.

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

Disclosures on amended and new IFRS regulations

The following standards and interpretations were amended compared to the Consolidated Financial Statements as of Dec 31, 2017 or were to be applied initially on a mandatory basis due to the endorsement by the EU or due to the regulation coming into effect.

Revised and amended standards/interpretations		Effective as of[1)]	Impact on the Consolidated Financial Statements
IFRS 9	Financial Instruments	Jan 01, 2018	yes
IFRS 15	Revenue from Contracts with Customers	Jan 01, 2018	yes
IFRS 15	Revenue form Contracts with Customers - Clarifications	Jan 01, 2018	yes
IFRIC 22	Foreign CurrencyTransactions and Advance Consideration	Jan 01, 2018	no
IFRS 2	Share-based Payment	Jan 01, 2018	no
IFRS 4	Applying IFRS 9 with IFRS 4 "Insurance Contracts"	Jan 01, 2018	no
IAS 40	Disposals of Financial Investments; Investment Property	Jan 01, 2018	no
AIP 2014 - 2016	Improvements to IFRS	Jan 01, 2018	no

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

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. It replaces the existing guidelines on revenue recognition, including IAS 18, IAS 11 and IFRIC 13. In accordance with IFRS 15, revenue is recognized once control over goods or services passes to a customer. Discretionary judgement is required when determining whether the control transfers at a certain point of time or over a time period. 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 ÖBB Group adopted IFRS 15 as from Jan 01, 2018 without adjusting the values from the previous year (modified retrospective approach). Revenues are consistently based on contracts with short terms and for which essentially no variable charges have been agreed. First time application of IFRS 15 does not result in any material changes to the consolidated financial statements, as assets (construction contracts) are still stated unchanged in the Trade receivables (Note 20) and contractual liabilities are stated unchanged in the Other liabilities (Note 27) as a result of their negligible amounts. No cumulative adjustments were required as a result of the first-time application of IFRS 15 as of Jan 01, 2018. The additional disclosures on IFRS 15 can be found in Notes 3 and 4. The mandatory obligations pursuant to IFRS 15 are not applicable to comparative information when the modified retrospective approach is applied.

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 debt instruments, 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, subsequent measurement is performed at either amortized cost or at fair value through profit or loss or through other comprehensive income. The most significant amendment of IFRS 9 is the new regulation on the recognition of impairments on financial assets, which now stipulates the recognition of expected losses (expected loss model).

The changes to the accounting methods following application of IFRS 9 were applied retrospectively except in the following cases:

- The Group made use of the exception not to adjust comparative information for previous periods with regard to the changes in classification and measurement (including impairment). Differences between the carrying amounts of the financial assets and financial liabilities based on application of IFRS 9 are recognized in the results under retained earnings as of Jan 01, 2018. In this regard the information presented for 2017 generally corresponds with the requirements under IAS 39 and not under IFRS 9.

- The business model assessment within the framework of which a financial asset is held was determined based on the facts and circumstances that existed at the time of the first-time application.

- If an investment in a debt security featured a low credit risk at the time that IFRS 9 was first applied, the Group assumed that the risk of loss for the asset has not increased materially since it was first recognized.

- Changes to the accounting methods for hedge transactions have been applied prospectively.

- With the exception of the power derivatives in a cash flow hedge relationship, which were terminated and newly designated as of Jan 01, 2018, all other hedge relationships designated in accordance with IAS 39 as of Dec 31, 2017 fulfilled the criteria for balance sheet accounting of hedge transactions in accordance with IFRS 9 as of Jan 01, 2018, and are therefore considered to be ongoing hedge relationships.

The ÖBB Group currently has financial assets mainly in the form of trade receivables, financial assets in connection with cross-border leasing transactions (CBL), derivatives, and cash and cash equivalents.

The first-time application of the classification provisions of IFRS 9 does not have any material impact on the ÖBB Group. In accordance with IFRS 9 trade and other receivables are held in the "hold to collect" business model and measured at amortized cost as previously under IAS 39. Securities previously reported as Available for Sale Financial Assets (AfS at Fair Value) are debt instruments and will in the future also be allocated to the "hold to collect" business model; and be carried at amortized cost since they only contain cash flows from redemptions and interest. As of Jan 01, 2018, these financial assets are no longer measured at fair value and the relating AfS reserve was transferred to retained earnings. Financial investments in equity instruments that were previously measured as Available for Sale financial assets in accordance with IAS 39.46 (c) will in the future be measured at fair value through profit or loss. Differences in value from equity instruments previously measured at amortized cost have also been recognized in the retained earnings as of Jan 01, 2018. The measurement of cash and cash equivalents remains unchanged. The financial assets associated with CBL transactions were previously measured at amortized cost or at fair value not recognized in profit or loss based on a case-by-case evaluation pursuant to IAS 39, and are now all assigned to the "hold to collect" business model and measured at amortized cost in accordance with IFRS 9. There is also no change to the measurement of derivatives as a result of IFRS 9. Since the ÖBB Group has no financial liabilities 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.

IFRS 9 replaces the “incurred losses” model of IAS 39 with an “expected credit loss” model (“ECL”). The new impairment model must be applied to financial assets that are measured at amortized cost, to contractual assets, and to debt instruments measured at FVOCI, but not to equity investments held as financial assets. Credit losses are recognized at an earlier stage under IFRS 9 than under IAS 39.

The impairments will probably become more volatile for assets within the scope of the impairment model under IFRS 9. The ÖBB Group has determined that the additional impairment expense from the application of the impairment regulations under IFRS 9 are as follows as of Jan 01, 2018:

Allowance **in EUR million**	
Allowance as of Dec 31, 2017 in accordance with IAS 39	*39.2*
Additional impairment expense as of Jan 01, 2018 from:	
Financial assets	0.1
Trade receivables	1.4
Other receivables and assets	0.1
Release of the lump sum individual valuation allowance as of Jan 01, 2018 from trade receivables	-0.2
Allowance as of Jan 01, 2018 in accordance with IFRS 9	**40.7**

The following table and accompanying disclosures outline the original valuation category in accordance with IAS 39 and the new valuation category in accordance with IFRS 9 as of Jan 01, 2018 for each category of financial assets and financial liabilities formed by the ÖBB Group.

The effects of first time application of IFRS 9 on the carrying amounts of the financial assets as of Jan 01, 2018 primarily result from the new regulations on recognizing impairments, and from the new classification regulations for the securities stated so far as Available for Sale Financial Assets, and which are now carried at amortized cost in accordance with IFRS 9.

Valuation categories for financial assets **in EUR million**	Valuation categories in accordance with IAS 39	Valuation categories in accordance with IFRS 9	Carrying amount as of Dec 31, 2017 in accordance with IAS 39	Carrying amount as of Jan 01, 2018 in accordance with IFRS 9
Financial assets	Available for Sale (at Fair Value)	at amortized cost	69.5	64.6
	Available for Sale (at Cost)	FVtPL (equity instruments)	11.0	10.5 *
	Loans and Receivables	at amortized cost	237.0	236.9
	At Fair Value through Profit and Loss (Held for Trading)	mandatorily at FVtPL	22.2	16.1
	Hedge Accounting	Hedge Accounting	6.3	13.1
Other receivables and assets	Loans and Receivables	at amortized cost	86.1	86.0
Trade receivables	Loans and Receivables	at amortized cost	555.9	554.7
Cash and cash equivalents	Cash (Loans and Receivables)	at amortized cost (cash)	112.6	112.6
Total carrying amount per categorie			**1,100.6**	**1,094.5**

*) The amount includes investments that are included in the consolidated financial statements using the equity method of accounting as of Jan 01, 2018 (see Note 17).

Valuation categories for financial liabilities in EUR million	Valuation categories in accordance with IAS 39	Valuation categories in accordance with IFRS 9	Carrying amount as of Dec 31, 2017 in accordance with IAS 39	Carrying amount as of Jan 01, 2018 in accordance with IFRS 9
Financial liabilities	At Amortised Cost	at amortized cost	23,310.5	23,310.5
	At Fair Value through Profit and Loss (Held for Trading)	At Fair Value through Profit and Loss (Held for Trading)	14.2	14.2
	Hedge Accounting	Hedge Accounting	101.9	101.9
	Finance Lease	at amortized cost (finance lease)	122.7	122.7
Trade payables	At Amortised Cost	at amortized cost	726.6	726.6
Other liabilities	At Amortised Cost	at amortized cost	753.0	753.0
	Finance Lease	at amortized cost (finance lease)	9.7	9.7
Total carrying amount per categorie			**25,038.6**	**25,038.6**

The following table reconciles the financial assets pursuant to IAS 39 with the carrying amounts under IFRS 9 as of the transition to IFRS 9 on Jan 01, 2018:

Financial assets as of Jan 01, 2018 in EUR million	Carrying amount as of Dec 31, 2017 in accordance with IAS 39	Reclassifications	Reclassifications - impairments	Reclassifications - other changes	Carrying amount as of Jan 01, 2018 in accordance with IFRS 9
at amortised cost	991.6				1,054.8
Financial assets non-current	225.6	69.5 a)	-0.2	-4.9 a)	290.1
Other receivables and assets non-current	0.3				0.3
Financial assets current	11.4		-0.0		11.4
Trade receivables current	555.9		-1.2		554.7
Other receivables and assets current	85.8		-0.1		85.7
Cash and cash equivalents	112.6				112.6
at available for sale	80.5				0.0
Financial assets non-current	80.5	-80.5 b)			0.0
measured at FVtPL Mandatory approach	22.2				16.1
Financial assets non-current	0.0	0.6 c)			0.6
Financial assets current	22.2	-6.8 d)			15.4
measured at FVtPL Equity instruments	0.0				10.5
Financial assets non-current	0.0	10.4 e)		0.2 f)	10.5 g)
Hedge Accounting	6.3				13.1
Financial assets non-current	4.4	6.8 d)			11.2
Financial assets current	1.9				1.9
Total carrying amount per categorie	**1,100.6**	**0.0**	**-1.5**	**-4.7**	**1,094.5**

a) Securities previously measured as Available for Sale (at fair value) are carried at amortized cost as of Jan 01, 2019, and the existing AfS reserve was reclassified as retained earnings effective Jan 01, 2018.
b) Reclassification of financial assets previously stated as Available for Sale (at fair value and at cost).
c) Reclassification of an equity instrument into a debt instrument measured at fair value through profit or loss.
d) Power forwards were newly designated as of Jan 01, 2018. All derivatives designated as cashflow hedges as of Dec 31, 2017 were terminated.
e) Equity instruments previously measured as Available for Sale (at cost) are measured at fair value through profit or loss pursuant to IFRS 9.
f) Equity instruments revalued at fair value.
g) The amount comprises investments that are included in the consolidated financial statements using the equity method of accounting as of Jan 01, 2018 (see Note 17).

A presentation of the entire Statement of Financial Position was waved as the adjustments resulting from IFRS 9 are not very extensive. The above table outlines the effects for all items affected on the Statement of Financial Position. The below table outlines the effects of the transition to IFRS 9 on the opening balance of retained earnings.

Retained earnings in EUR million	Effects from application of IFRS 9 on the opening balance
Expected credit losses pursuant to IFRS 9	-1.5
Fair value adjustment	0.2
Effect as of Jan 01, 2018	**-1.3**

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 Note 2. The option of applying individual standards early was not exercised. The potential impacts of the new and amended standards are currently being evaluated.

Standards/interpretations		Effective as of [1]	expected impact on the Consolidated Financial Statements
New standards and interpretations			
IFRS 16	Leases	Jan 01, 2019	yes
IFRS 17	Insurance Contracts	Jan 01, 2021 [2]	no
Amended standards and interpretations			
IFRS 9	Prepayment Features with Negative Compensation	Jan 01, 2019	no
IFRIC 23	Uncertainty over Income Tax Treatments	Jan 01, 2019	no
IAS 28	Long-term Interests in Associates and Joint Ventures	Jan 01, 2019	no
IAS 19	Plan amendments, curtailments and settlements	Jan 01, 2019	no
AIP 2015 - 2017	Improvements to IFRS	Jan 01, 2019	no
IFRS 3	Business combinations – definition of a business	Jan 01, 2020 [2]	no
IAS 1 and IAS 8	Materiality disclosure initiative	Jan 01, 2020 [2]	still being analyzed
Conceptual Framework	Revised Conceptual Framework	Jan 01, 2020 [2]	still being analyzed

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

The new IFRS 16 replaces the existing regulations under IAS 17 and associated interpretations, whereby the accounting for leases was revised for the lessee. The lessee now records a right-of-use asset and a liability for future lease payments for each leasing relationship. The liability is discounted at initial recognition and reduced in subsequent years by lease payments and, at the same time, increased by interest compounding (unwinding). At the same time a usage right is capitalized at the amount of the present value of the future lease payments and subsequently amortized on a straight line basis. 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 on the other hand the regulations under the new standards are comparable with the previous regulations under IAS 17. IFRS 16 in addition contains regulations on sale-and-leaseback transactions and the required disclosures in the Notes.

The Group will apply IFRS 16 as of Jan 01, 2019 without adjusting the values for the previous year, and has set up a project team that has reviewed all of the Group's lease agreements in recent years with respect to the new accounting regulations for leases pursuant to IFRS 16. The standard will primarily have an impact on the balance sheet accounting for the Group's operating leases. As of the reporting date the Group has annual obligations from operating leases in the amount of EUR 72.8 million, with an expectation that right of use assets and lease liabilities will have to be recognized for with these leases. The variances from the minimum lease payments stated in Note 30.2 are mainly the result of short-term leases and leases for low value assets.

The lease liability is recognized at the present value of the remaining lease payments. The rights of use assets are recognized at the amount that would have resulted from retroactive accounting. Based on the consolidated financial statements as of Dec 31, 2018, it is hence expected that the non-current assets will increase by EUR 381.8 million and debt will increase by EUR 401.3 million. The difference of EUR 19.5 million expected from today's perspective is offset against the shareholders' equity in the opening balance of the Statement of Financial Position as of Jan 01, 2019. EBIT will improve by EUR 4.0 million, whereas the financial result will deteriorate by EUR 4.0 million. Cashflow from operations increases and cashflow from financing activity declines by EUR 73.0 million, as the repayment of the capital amount of lease liabilities is classified as cashflow from financing activities. The real impact from application of IFRS 16 may differ from this as the Group has not yet completed tests or evaluations of the controls of the new IT systems, and the new accounting methods may be subject to amendments, following the initial application, up to the first consolidated financial statements. In addition, the scope and level of detail of the Notes will increase.

There are no other standards that are not yet in force and could have a material influence on the corporate group in the current or future reporting period or on foreseeable future transactions.

2. Consolidation principles and basis of consolidation

Consolidation principles

Reporting date

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

Foreign currency translation

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

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

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

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

	Reporting date rate		Annual average rate	
rounded in EUR	Dec 31, 2018	Dec 31, 2017	2018	2017
Bosnia and Herzegovina Convertible Mark (BAM)	1.956	1.956	1.956	1.956
Bulgarian Lev (BGN)	1.956	1.956	1.956	1.956
Croatian Kuna (HRK)	7.413	7.440	7.418	7.464
New Turkish Lira (TRY)	6.059	4.546	5.708	4.121
Polish Zloty (PLN)	4.301	4.177	4.262	4.257
Romanian Leu (RON)	4.664	4.659	4.654	4.569
Russian Ruble (RUB)	79.715	69.392	74.042	65.938
Czech Korunas (CZK)	25.724	25.535	25.647	26.326
Hungarian Forint (HUF)	320.980	310.330	318.890	309.190
US Dollar (USD)	1.145	1.199	1.181	1.130

Consolidation

Subsidiaries (capital consolidation)

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

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

Accounting policies are applied consistently by all subsidiaries in the ÖBB Group.

Business combinations

Business combinations are accounted for according to the purchase method. 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 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 a contingent return service, which constitutes an asset or a liability, are recognized either in the income statement or in other comprehensive income according to IFRS 9 “Financial Instruments”. Contingent consideration classified as an equity instrument is not re-measured, and its payment is accounted for in equity.

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

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

Transactions with non-controlling interests without loss of control

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

Associated companies

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

Interest in associated companies are included in the Consolidated Financial Statements using the equity method of accounting, except for investments classified as held for sales (IA 39) or investments classified as equity instruments measured at fair value as of Jan 01, 2018. Initial recognition is at acquisition cost. They are subsequently adjusted to reflect changes in the share of the ÖBB Group in the net assets after the acquisition date, and to reflect losses resulting from impairment. Losses exceeding the interest of the ÖBB Group in an associated company are not recognized, unless a commitment for additional contributions exists.

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

Joint ventures

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

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

Elimination of intercompany accounts

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

Revenue and expense elimination

All intra-group expenses and revenues are eliminated in the course of the revenue and expense elimination. When assets are constructed by the ÖBB Group itself, any revenue arising therefrom is reclassified in own work 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

The consolidation scope includes, in addition to ÖBB-Holding AG, 69 (previous year: 72) fully consolidated as well as eleven (previous year: eight) associated companies, and one (previous year: one) joint venture, which are accounted for using the equity method; hence resulting in a total of 82 (previous year: 82) companies. The companies included in the Consolidated Financial Statements are disclosed in Note 35.

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

Change in basis of consolidation in 2017 and 2018

The basis of consolidation has developed as follows:

Basis of consolidation	Full consolidation	Consolidation using the equity method	Total
As of Jan 01, 2017	*66*	*10*	*76*
thereof foreign companies	*33*	*7*	*40*
Change in consolidation type after acquisition	1	-1	0
Change in basis of consolidation	5	0	5
Acquisitions	1	0	1
As of Dec 31, 2017	**73**	**9**	**82**
thereof foreign companies	*36*	*6*	*42*
First-time consolidation	0	3	3
Change in basis of consolidation	-1	0	-1
Disposal	-2	0	-2
As of Dec 31, 2018	**70**	**12**	**82**
thereof foreign companies	*36*	*7*	*43*

In 2018, ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. was deconsolidated and ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG was wound up after all assets and liabilities as well as rights and obligations had been transferred to ÖBB-Infrastruktur AG. ÖBB-Fernbus GmbH was merged with ÖBB-Personenverkehr AG with retroactive effect as of Jan 01, 2018.

In addition to this, the companies Breitspur Planungsgesellschaft mbH, HAELA Abfallverwertung GmbH and Terminal Brno, a.s. were included in the Consolidated Financial Statements for the first time as of Jan 01, 2018 under the equity method of accounting. See Note 35 for further details as regards to the basis of consolidation.

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

Company acquisitions

Together with Stadler Rail AG, Bussnang (CH), ÖBB-Technische Services-GmbH formed the joint venture ÖBB STADLER Service GmbH, Linz. With effect from July 4, 2017, the Group acquired 60% of the shares in ÖBB STADLER Service GmbH, which up to this date was wholly owned by Stadler Rail AG. Founded in 2011, the company provides maintenance and repair services for rail vehicles.

The acquisition cost of EUR 9.4 million, which was settled by means of payment, was offset as of Aug 1, 2017, i.e. the date of initial consolidation, by prorated equity of EUR 1.6 million, proportional customer relationships less related deferred taxes in the amount of EUR 7.5 million, and a difference resulting from this in the amount of EUR 0.2 million following a fair value adjustment. Fair value was determined on the basis of the final allocation of the acquisition cost to the assets and liabilities using the partial goodwill method. The remaining difference was not capitalized as goodwill, but derecognized to reduce net income. Carrying amounts of EUR 6.1 million were allocated to non-controlling interests.

The total sum of acquired net assets at fair value plus the above customer relationships and the deferred taxes arising from these, which were recognized at the time of acquisition, amount to EUR 15.3 million. This includes customer relationships in the amount of EUR 16.8 million.

Gradual acquisition

Q Logistics GmbH, Vienna, acquired the “cargo” division of Quehenberger Logistics GmbH, Straßwalchen, by way of asset contribution as of Jan 01, 2017. In return, an interest in Q Logistics GmbH was sold, which corresponds to a 40% interest in the share capital of Q Logistics GmbH. As a result, the Group’s stake in Q Logistics GmbH of 100% was reduced to 60% as of Jan 01, 2017. The parties also entered into a joint venture agreement. Identified customer relationshipships in the amount of EUR 6.1 million were capitalized as of Jan 01, 2017.

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

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

In the course of 2018, however, market conditions changed again, so that the goodwill recorded at the time of acquisition had to be written off completely as of Dec 31, 2018 following an impairment test. This results in expenses of EUR 7,381 thousand in the reporting year (previous year: EUR 4,200 thousand) (Notes 3 and 15). In 2017 the previous year's valuation loss was allocated to minority interests on a pro rata basis in the amount of EUR 1,680 thousand.

3. Summary of significant accounting policies

Basis of preparation of financial statements

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

Property, plant and equipment and investment property

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

Significant parts of plant and equipment are capitalized separately if these parts feature a different useful life compared to the rest of the plant and equipment. This is not the case if their acquisition cost is insignificant in relation to the entire acquisition costs for the item.

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful life, and depreciation is recognized in the line item depreciation and amortization in the Consolidated Income Statement. Leased property, plant and equipment (held under finance leases) and additional fixtures in third-party buildings are also depreciated over their estimated useful life or their contractual term if shorter. Expenses incurred in the carrying amount of an item of property, plant and equipment during its creation are shown as "Assets under construction".

Economic useful lives in 2018 are as follows:

	Years
Buildings	
Substructure	20–150
Power plants	*80*
Tunnels	*80 and 150 respectively*
Railway tracks	*100*
Other substructures	20 and 80 respectively
Superstructure	10–50
Roadbed and track	35–40
Automobiles and trucks	5–25
Technical equipment and machinery	
Security and telecommunications equipment	5–30
High-voltage and lightning equipment	5–50
Tools and equipments	4–20
Machinery	9–15
Other plant, furniture and fixtures	2–8

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

Costs for maintenance measures and repairs are expensed as incurred, whereas replacements, expansion and value-improving capital expenditures are capitalized. The distinction between maintenance measures and repairs that are expensed immediately and investments that are capitalized as mandatory is based on the rules of IAS 16 and accounting principles derived from these for Group-specific circumstances. The cost and accumulated depreciation and amortization 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

The ÖBB Group receives public grants that are essentially granted as assets. Government grants are recognized in the Statement of Financial Position when it is certain that the grant will be received and all attached conditions will be complied with. Asset-related grants, in particular investment grants, are deducted directly from the cost of the related assets. The depreciation expenses less income from the amortization of these grants are recognized in the Consolidated Income Statement. In principle, investment grants are amortized over the useful life of the asset for which the grant was received.

Goodwill and other intangible assets

Goodwill

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

Other intangible assets

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

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

The scheduled straight-line depreciation and amortization in the 2018 financial year is based on the following useful lives:

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

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

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

Methodology

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

If changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount, the value in use is calculated in the context of the impairment test. The value in use is determined by estimating the future cash flows of the cash-generating units based on the business plans that were derived from past results and the best estimates of the Board of Management of future developments. The growth rates assumed in the business plans (budget 2019 and medium-term plan 2020 – 2024) reflect the weighted average growth rates based on market estimates. Cash flow forecasts going beyond the period covered by the business plan are based on steady growth rates for subsequent years and do not exceed the long-term weighted average growth rate for the industry and the country in which the cash-generating unit operates. A six-year master plan, which must be a significant component of the business plan, is to be prepared pursuant to Article 42 (7) of the Austrian Federal Railways Act. The six-year business plans are used for the impairment test.

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

If there is an indication that an impairment of assets no longer exists, then the ÖBB Group must reverse the impairment wholly or partially in net income up to a maximum of the amortized cost. Impairment reversals are not permitted for goodwill.

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

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

Each cash-generating unit consists of a part or a number of legally independent companies. The delimitation criteria for the cash-generating units are based on the structure of business operations and correspond to the business areas and business activities. A brief description of these business areas is provided in Note 33 (Segment reporting). ÖBB-Produktion GmbH is allocated to the Segment Rail Cargo Austria and the ÖBB-Personenverkehr segment on a pro rata basis.

Cash-generating units of ÖBB-Personenverkehr AG

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

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

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

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

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

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

There were no indicators of potential impairment or reversals for the cash-generating unit ÖBB-Personenverkehr as of Dec 31, 2018 and therefore no impairment test was conducted in this respect. Please see the section on "Use of estimates and judgments – b) Estimated useful lives of property, plant and equipment and intangible assets" for more information on impairment losses recognized in both reporting years in connection with certain intermediate push-pull control cars and other coaches.

Cash-generating units of Rail Cargo Austria AG

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

The following pillars have been defined for further development and management of the RCG:

- Focus on overall strategic management of the Group
- Reporting system for monitoring and controling at the sub-group level ("RCG" or "RCG without TS")
- Resource allocation takes place at sub-group level, broken down into goods transport and technical services
- Use of freight cars
    - Long-term overlapping use within the cargo business units and investment in universally deployable wagons (Innowagen and TransANT)
    - Railcar usage for Intermodal business unit largely free of overlap
- Locomotives are used for the entire production in goods transport at home and abroad (mixed production)

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

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

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

The following discount rates were applied:**For the cash-generating units**

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

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

For the cash-generating units of Rail Cargo Austria	Cargo	Intermodal	TS
as of Dec 31, 2017			
Austria			
Before tax			
Interest rate 2018 - 2023	5.9%	6.2%	5.2%
Interest rate perpetuity	5.0%	5.3%	4.4%
Growth - perpetual annuity	0.9%	0.9%	0.8%
After tax			
Interest rate 2018 - 2023	4.5%	4.7%	3.8%
Interest rate perpetuity	3.6%	3.8%	3.0%
Hungary			
Before tax			
Interest rate 2018 - 2023	6.8%	7.7%	5.9%
Interest rate perpetuity	5.5%	6.4%	4.8%
Growth - perpetual annuity	1.2%	1.3%	1.1%
After tax			
Interest rate 2018 - 2023	6.2%	6.6%	5.3%
Interest rate perpetuity	5.0%	5.3%	4.3%

*) A separate interest rate was used for Slovakia, although this is not stated as it is immaterial.

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

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

Cash-generating units of ÖBB-Infrastruktur AG

No indicators of impairment were identified for any cash-generating unit either for 2017 or for 2018 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 Austrian Federal Railways Act. The basis for the financing of the Company is given in Article 47 of the Austrian 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 Austrian Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Article 42 (1) and (2) of the Federal Railways Act. It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their respective contract period, is to permanently ensure protection of the assets of the ÖBB-Infrastruktur AG sub-group used for the tasks pursuant to Article 31 of the Austrian Federal Railways Act, which also conforms to the statutory mandate of the Bundesbahngesetz (Austrian Federal Railways Act)."

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

Impairment of investments in associated companies and joint ventures

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

Non-current assets held for sale

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

Financial instruments

General information

Financial assets and liabilities are recognized when the ÖBB Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when:

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

A financial liability may only be derecognized from the Statement of Financial Position when it has been settled, i.e., once the contractual obligation has been redeemed or canceled or has expired. Regular purchases and sales of financial assets are recognized at the settlement date (date of fulfillment). Derivative financial instruments are recognized at the date of conclusion (trading day).

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.

Accounting regulations to be applied as of Jan 01, 2018 (IFRS 9)

Classification and measurement of financial assets

The ÖBB Group categorizes financial assets in the following categories as of Jan 01, 2018:

- measured at amortized cost
- measured at fair value through other comprehensive income (FVOCI)
- measured at fair value through profit or loss (FVTPL)

The classification and measurement of financial assets of debt nature depend on the business model of the corporate group for the management of financial assets and on the contractual payment flows. The ÖBB Group only reclassifies debt instruments if the business model for managing these types of assets changes. No further Notes are provided as there are currently no debt instruments held in the ÖBB Group at fair value through other comprehensive income.

Debt instruments measured at amortized cost

A debt instrument is measured at amortized cost if the following two conditions are met:

– the asset is held as part of a business model, the objective of which is to receive contractual cashflows from the assets held.
– the terms and conditions for the financial asset result, at stipulated points in time, in cashflows that relate exclusively to principle and interest payments on the outstanding capital amount.

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

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

Cash and cash equivalents

The ÖBB Group recognizes cash on hand and cash in banks with remaining maturities of up to three months from the time of acquisition as cash and cash equivalents. Money market deposits with original terms of more than three months are classified as other current financial assets together with securities. Cash and cash equivalents represent the funds for the Statement of Cash Flow. More information can be found in Note 34.

Trade receivables

Trade receivables are recognized from the time at which they occur. Every unconditional claim for receipt of a return service is stated as a receivable. Trade receivables with no material financing components are measured at the transaction price upon first time recognition.

Equity instruments measured at fair value through profit or loss

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

Debt instruments measured at fair value through profit or loss

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

Derivatives

Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are 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 risk 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. See Note 29.2. on the hedge accounting.

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.

Classification and measurement of financial liabilities

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

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

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

Impairment of financial assets (IFRS 9)

As of Jan 01, 2018, the Group has been completing projections of the risk of default associated with debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The risk of default is the risk of financial losses in the event that a customer or the counterparty to a financial instrument does not meet their contractual obligations. The carrying amounts of the financial assets correspond with the maximum risk of default.

IFRS 9 stipulates a general impairment model (three-stage model) and a simplified approach for determining the expected credit loss.

General impairment model

A distinction is made between three impairment stages under the general impairment model. The amount of the impairment is calculated in accordance with the allocation of the financial instruments to one of these three stages. The general impairment model is used for all financial instruments with the exception of trade receivables.

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

Stage 2: expected credit losses over the entire term – no deterioration in credit rating
If there is a significant increase in the default risk but no objective indication of an impairment, the risk provision must be topped up to the amount of the expected losses over the entire remaining term. There is a rebuttable presumption of a transfer from Stage 1 to Stage 2 if contractual payments have been past due for more than 30 days.

Stage 3: expected credit losses over the entire term – deterioration in credit rating
If there is an objective indication of an impairment of a financial asset, then this must be allocated to Stage 3. If the contractual payments have been past due for more than 90 days, then there is a rebuttable presumption of an objective indication of a credit loss. The financial instrument must be allocated to Stage 3 as a result. The determination of whether a financial asset has undergone a significant increase in terms of credit risk is based on an assessment carried out at least once per year of the probabilities of default, which take into account both external rating information as well as internal information on the credit quality of the financial asset.

Irrespective of the above analysis, there is a significant increase in the credit risk if fulfilment of the contractual payments has been past due for more than 30 days. A default with respect to a financial asset exists if the counterparty fails to effect contractual payments within 90 days of the due date. Financial assets are written off if one can no longer expect them to be realized following a reasonable assessment. Once receivables have been written off, enforcement measures are continued aimed at realizing the receivable due. Any amounts recovered are recognized in the income statement.

Financial instruments with a low credit risk

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

Trade receivables

Simplified impairment model

In the case of trade receivables, the ÖBB Group applies the simplified approach, according to which the credit losses expected over the term must be calculated upon initial recognition of the receivables. Under the simplified impairment model, a risk provision must be recognized in the amount of the expected losses over the remaining term for all instruments regardless of their credit quality. This means that the assets are allocated as a lump sum to Stage 2 on initial recognition and transferred to Stage 3 if there is objective evidence of impairment. The simplified procedure shall be applied to trade receivables or assets within the scope of IFRS 15 that do not contain a significant financing component.

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

Accounting policies applied until Dec 31, 2017 (IAS 39)

Classification and measurement of financial assets

Until Dec 31, 2017, the ÖBB Group classified its financial assets into the following measurement categories:
- Loans and receivables
- Available for sale financial assets (at cost or at fair value)
- At fair value through profit and loss (held for trading)

The classification was dependent on the purpose for which the financial instruments were acquired. Management has determined the classification of its financial instruments at initial recognition.

Loans and Receivables (LaR) comprised 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) were financial assets which were not allocated to any other category. Equity instruments, if not carried at fair value through profit and loss, were required to be classified to this category. Available for sale financial assets (at fair value) and financial assets classified as at fair value through profit and loss (held for trading) were subsequently recognized at fair value. Gains or losses arising from changes in the fair value of available-for-sale financial assets were recognized in other comprehensive income, except for interest, dividends, impairment losses and (for monetary items within the meaning of IAS 21) income and expenses from currency translation.

In accordance with IAS 39, the ÖBB Group classified securities and certain non-current financial instruments as available for sale (AFS) and measures them at fair value.

Based on the latest available financial information, the ÖBB Group estimated whether the fair value of investments classified as available for sale (at cost) and for which no market prices were available (essentially investments) corresponded to the carrying amount. These assets were impaired if the investment generated losses over an extended period or in the event of significant changes in the business environment.

Financial assets and liabilities held for trading (FAHfT) were measured at fair value through profit or loss. This category consisted of derivative financial instruments that are not included in an effective hedging relationship in accordance with IAS 39 and therefore had to be classified as held for trading. Gains or losses from the subsequent measurement were recognized in the Consolidated Income Statement.

Derivative financial instruments were used by the ÖBB Group for the purpose of hedging its exposure to interest rate, credit and exchange rate risks resulting from financial transactions as well as fluctuations in the market value of electricity purchases. All derivative financial instruments were recognized either as assets or liabilities in the Statement of Financial Position and measured at fair value in accordance with IAS 39. Changes in the fair value of derivative financial instruments designated as hedging instruments in accordance with IAS 39 were 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 was hedging the fair value of an item recognized in the Statement of Financial Position (fair value hedge) or cash flows (cash flow hedges).

Classification and measurement of financial liabilities

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

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

Financial liabilities (FVTPL) were measured at fair value and any gain or loss from the subsequent measurement was recognized through profit or loss.

Impairment of financial assets (IAS 39)

At the end of each reporting period, the Group assessed whether there was objective evidence that a financial asset was impaired. A financial asset was impaired and impairment losses are recognized only if there was objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset and that loss event had an effect on the expected future cash flows of the financial asset that could be reliably estimated.

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

The impairment test for securities was based on a two-step approach, which examined whether the carrying amount or cost differed significantly from the fair value of the securities, and the period of time for which such a difference existed. Impairment losses were recognized in income in the period in which they occurred in the other financial result.

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

Fair value of financial instruments

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

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

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

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

Inventories

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

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

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

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 inherent risks and uncertainties must be taken into consideration. If a provision is measured based on estimated cash flows for the fulfillment of the obligation, such cash flows are discounted if the interest effect is material.

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

Leases

Lease agreements in which the ÖBB Group as lessee assumes substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Otherwise, they are classified as operating leases. Property, plant and equipment acquired by way of 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 Group as lessor, the leased item is recognized by the ÖBB Group. The leased item is recognized according to the provisions of IAS 16. Information on the accounting policies for cross-border leasing transactions is provided in Note 30.3.

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

Employee benefit commitments

The ÖBB Group has only entered into pension commitments that have been individually agreed upon, including for a former member of the Executive Board. Apart from this obligation, there are only defined contribution plans with respect to pensions. The ÖBB Group pays contributions to publicly or privately administered pension and severance insurance plans on a mandatory or contractual basis for these defined contribution plans. Apart from the contribution payments, there are no further payment obligations. The regular contributions are recognized as personnel expenses in the respective period.

All other obligations (severance payments and anniversary bonuses) result from unfunded defined benefit plans for which adequate provisions are recognized. The ÖBB Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19 ("Employee Benefits"). The remeasurement of net defined benefit obligations contains only actuarial gains or losses. The defined benefit obligations are measured in accordance with actuarial principles and are based on an objective estimate of the discounting factor and compensation increases along with turnover. According to this method, the ÖBB 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.

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

For further information see Note 26.1.

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

In accordance with IAS 16 (Property, Plant and Equipment), the cost of property, plant and equipment also includes the initial estimate of the acquisition cost of dismantling and removing the item and restoring the site on which it is located. Provisions for disposal, restoration and similar liabilities are measured in accordance with the regulations of IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets"). The effects of changes in the measurement of existing provisions for disposal, restoration, and similar liabilities are accounted for in accordance with IFRIC 1. The provisions require that any increase of such a liability that reflects the passage of time shall be 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 acquisition cost of the relevant asset in the current period. The amount deducted from the cost of the asset may not exceed its carrying amount. If the adjustment results in an addition to the cost of an asset, the ÖBB Group will examine whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset shall be tested for impairment and any impairment loss is recognized accordingly.

Contract assets and liabilities (from Jan 01, 2018)

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

Contract liabilities relate to payments received prematurely, i.e. before the contractual performance obligation has been fulfilled. These are recognized as revenue as soon as the ÖBB Group has fulfilled its contractual obligations. Contract liabilities include prepayments and other cash received as revenue from subsequent periods and are reported together with other liabilities.

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

Revenue recognition

From Jan 01, 2018, the ÖBB Group recognizes revenue when it meets a performance obligation by transferring a promised good or service to a customer. An asset or service is considered to be transferred when the customer obtains power of disposition over the asset or service.

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

If costs that can be capitalized arise in connection with the initiation of a contract or in connection with the fulfillment of a contract with a customer, and the contract term is more than one year, they are capitalized. The ÖBB Group has not identified any such contracts for which the contract term exceeds one year and for which capitalizable costs, which have not already been capitalized in accordance with IAS 16, have been incurred to a significant extent when initiating or fulfilling the contract. Accordingly, no contract initiation or fulfillment costs were capitalized.

Description of the most important revenue items from contracts with customers

ÖBB Infrastruktur (infrastructure segment)

Government grant pursuant to Article 42 of the Austrian Federal Railways Act for operation of the infrastructure

Federal subsidies pursuant to Article 42(1) of the Federal Railways Act

Article 42(1) of the Federal Railways Act stipulates that ÖBB-Infrastruktur AG bears the costs of fulfilling its tasks. However, the federal government is obliged to grant a subsidy pursuant to Article 42 (1) of the Federal Railways Act, if requested by ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues that can be achieved by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management.

ÖBB-Infrastruktur AG billed track access charges and other fees for the provision of rail infrastructure, the amount of which must be approved by the Rail Control Commission. However, since the charges levied do not cover costs, ÖBB-Infrastruktur AG has concluded a subsidy agreement with the Republic of Austria (Federal Government) pursuant to Article 55b of the Federal Railways Act and Article 42 (1) of the Federal Railways Act, which regulates the tasks of ÖBB-Infrastruktur AG and the amount of the subsidy to be paid annually by the Federal Government pursuant to Article 42 (1) of the Federal Railways Act. This contract has a term of six years and is extended on a rolling basis by one year each year.

In addition to the amount of the subsidy, the contract also regulates the objectives to be achieved by ÖBB-Infrastruktur AG, for example with regard to punctuality, network availability and security. If the targets set out in Annex 1 to the subsidy agreement are not met, this will lead to a reduction in federal subsidies in accordance with Article 42(1) of the Federal Railways Act. In addition, the subsidy agreement also covers the shunting infrastructure and ÖBB-Infrastruktur AG's expenses for the training of young workers to the extent required by ÖBB-Infrastruktur AG.

The ÖBB-Infrastruktur sub-group reports the subsidy granted in accordance with Article 42 (1) of the Austrian Federal Railways Act and the maintenance subsidy granted in accordance with Article 42 (2) of the Austrian Federal Railways Act under revenue. There is a contractual relationship between the Federal Government and ÖBB-Infrastruktur AG, and the Federal Government is a customer with regard to the provision of infrastructure from an economic point of view on the basis of legal requirements and supplementary contractual agreements, as this takes account of the economic content of the exchange of services and consideration.

Federal subsidies pursuant to Article 42 (2) of the Federal Railways Act

In addition to the federal subsidies pursuant to Article 42 (1) of the Federal Railways Act, the federal government also provides subsidies for the maintenance, planning and construction of railway infrastructure. These subsidies (maintenance and annuity subsidy) are also governed by a six-year subsidy contract and are divided into two parts: the subsidy for inspection/maintenance, fault clearance and maintenance of the infrastructure to be operated (maintenance subsidy) and the annuity subsidy, which covers the planned expansion and reinvestment. Targets have also been defined for the maintenance subsidy, etc. If these targets are not met, the subsidy may be reduced.

The ÖBB-Infrastruktur sub-group reports the investment subsidy granted in the form of annual annuities under other operating income in accordance with Article 42 (2) of the Austrian Federal Railways Act (see note on performance-related grants), while the maintenance subsidy, which is also granted in accordance with Article 42 (2) of the Austrian Federal Railways Act, is reported under revenue.

Infrastructure usage charge

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

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

The track access charges were published in 2016 in the product catalogue "Train paths, train travel and other services 2018 of ÖBB-Infrastruktur AG" in compliance with the law. On the basis of the track access charges published in this product catalogue, the RUs ordered their train paths for the 2018 working timetable period. The services are invoiced monthly and are based on an ACTUAL calculation. The ordered infrastructure usage charges services will be charged to the customer one month in arrears. The customer benefits from the company's performance and uses the service while it is being provided.

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

Energy

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

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

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

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

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

Rental revenues

Revenue from rent accrues for the rental and leasing of real estate and cars. These are fixed-price contracts in which revenue is recognized in the reporting period in which the services are provided. The customer receives and consumes the benefit at the same time. 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.

Revenue from real estate recovery projects

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

Revenues correspond to the contractually agreed transaction price. In the majority of cases, return services are due when the legal title has been transferred. In rare cases, deferred payments may be agreed, but generally not exceeding 12 months. Therefore, no significant financing component is included in the transaction price.

Rail Cargo Group segment

Revenues correspond to the contractually agreed transaction price. In the majority of cases, return services are due when the legal title has been transferred. In rare cases, deferred payments may be agreed, but generally not exceeding 12 months. Therefore, no significant financing component is included in the transaction price.

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

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

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

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

Public services comprise income from fees contractually agreed with the Republic of Austria for services in the product forms of single-car transport, unaccompanied combined road/railway transport. The payments are made as monthly advance payments, the year-end settlement takes place in the following year.

Proceeds from wagon rentals relate to the use of the group's freight cars by other railway administrations under the RIV International Wagon Regulations agreement about the international use of goods wagons (Regolamento Internazionale die Veicoli RIV). The international billing takes place in the following months.

ÖBB Personenverkehr (passenger transport) segment

Tariff revenues

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

Public service compensation Federal Government

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

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

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

Rent and leases

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

Maintenance / repair

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

Other revenue

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

Accounting policy applied until Dec 31, 2017 in connection with revenue recognition

Revenue was recorded when the risks and rewards were transferred or when the service was rendered, when the amount of revenue could reliably be determined and it was sufficiently probable that the economic benefit would flow to the ÖBB Group.

Performance-related and asset-related benefits

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

The federal subsidy granted under Article 42(2) of the Federal Railways Act for expansion and reinvestment (annuity subsidy) is a subsidy from the public sector, since the federal government wishes to use this subsidy to promote the expansion of the railway infrastructure, with the result that the ÖBB-Infrastruktur Group presents this subsidy in other operating income. Such subsidies are not netted against subsidized expenses in the income statement.

IAS 20.24 provides that grants relating to assets, i.e. grants linked to the main condition that an entity purchases, manufactures or otherwise acquires long-term assets in order to qualify for the grant, may be shown either as by gross presentation (by recognizing a deferred income) by net presentation (the grant is deducted from the carrying amount of the asset). Such subsidies are shown netted with the assets (net presentation).

Interest and Dividends

Interest is recognized using the effective interest method in accordance with IFRS 9 (IAS 39 until Jan 01, 2018). Dividends are recognized when the shareholder's right to receive payment is established.

In accordance with IAS 23 (Borrowing Costs), borrowing costs for significant qualifying assets are capitalized.

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 recognized as expenses in the period 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 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 under the Federal Railways Act (partial tax exemption).

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

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

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

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

Deferred taxes

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

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

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

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

Deferred tax assets are recognized to the extent that it is probable that future taxable profit 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 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.

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

a. Employee benefit plans

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

b. Impairments

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

The sensitivity analysis for 2018 and the previous year can be found in the table below. Positive values indicate a need for reversals and negative values indicate a need for impairment.

(-) Impairment recquired/ (+) Reversal recquired (sensitivity analysis)		Increase in the parameter in EUR million				Decrease in the parameter in EUR million			
Assumptions	Change in assumption in %	CGU Cargo	CGU Intermodal	CGU TS	CGU Postbus	CGU Cargo	CGU Intermodal	CGU TS	CGU Postbus
Interest rate	+/-0.25	-63.5 (PY: -38.3)	-11.7 (PY: -6.2)	-14.0 (PY: -30.2)	-9.9	67.0 (PY: 86.0)	15.3 (PY: 13.2)	35.4 (PY: 25.5)	11.4
Perpetuity	EBIT +/-2.5% and growth +/-0.1%	0.0 (PY: 44.8)	7.8 (PY: 8.2)	20.0 (PY: 6.0)	7.2	-28.3 (PY: -3.5)	-5.4 (PY: 0.0)	0.0 (PY: -14.3)	-6.8

Of the total goodwill of EUR 183.5 million (previous year: EUR 196.2 million), EUR 180.2 million (previous year: EUR 185.5 million) is attributable to CGU Cargo, EUR 3.3 million (previous year: EUR 3.4 million) to CGU Intermodal and EUR 0.0 million (previous year: EUR 7.5 million) to other subsidiaries.

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

The estimated useful lives are determined according to the facts and circumstances assuming ordinary maintenance costs. Actual use may differ from these estimates. According to a sensitivity analysis, a change in the useful life of -/+ 1 year would increase the depreciation by EUR 134.2 million (previous year: EUR 130.4 million) or decrease it by EUR 111.5 million (previous year: EUR 108.7 million). The adequacy of the useful lives are subject to an annual or case-by-case review.

In 2018, the useful life of reinforced concrete pipe culverts was extended from 20 years to 80 years, which led to a reduction in depreciation of EUR 0.6 million. This results in an annual impact of a similar magnitude for the following years. This results in an annual impact of a similar magnitude for the following years.

A re-evaluation of the residual values of "automobiles and trucks" in 2018 resulted in a write-up of EUR 1.2 million and depreciation of EUR 9.7 million on "automobiles and trucks" and a write-down of EUR 0.5 million on "automobiles and trucks leased." In 2017, carrying amounts were reduced to calculated values in accordance with various expert opinions, resulting in an additional depreciation amounting to EUR 8.3 million.

d. Provisions

Provisions are measured according to the best estimate, i.e., at the amount that the company would have to pay, under reasonable consideration, to settle or transfer the obligation as of the reporting date. No changed estimates were identified related to provisions. New provisions were recognized, existing provisions reversed and, in the case of proceedings with competition authorities, reassessments of the facts were made in order to reflect the current status of the proceedings. Reliable statements on a sensitivity analysis, especially regarding the likelihood of occurrence of environmental risks and asset retirement commitments, are not possible.

The measurement of the provision for asset retirement commitments was based on the assumption that the ÖBB Group will continue to exist and that the company and therefore the tracks will continue to operate. 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.

As of Dec 31, 2018, several regulatory proceedings existed. These procedures, which are at various stages in the procedural process, relate to the years 2012 to 2018 and deal primarily with issues relating to the calculation and determination of infrastructure usage charge for passenger transport (2012 to 2017), charges under the new 2018 track access charge model (related to the service “train routes” with regard to directly attributable costs and legally compliant market mark-ups) and the permissibility of charging a "platform edge factor" as a separate fee component for the use of service facilities from 2012.

The outcome of the pending proceedings may lead to a change in the fees charged to date, resulting in a reimbursement obligation for ÖBB-Infrastruktur AG (an additional claim for fees is also conceivable, but legally controversial). These risks were assessed individually for each case or proceeding with the involvement of experts and accounted for in the form of provisions. The necessity and amount of the provisions are largely dependent on management's acceptance and assessment of the outcome of the proceedings. Uncertainties exist in particular due to the difficulty in assessing results of the interpretation of legal issues by the supervisory authority, administrative courts or courts of law that have not yet been fully judged, possible restrictions on the temporal effect of decisions, and with regard to the type, scope and amount of recognized costs and market mark-ups as a basis for charging tariffs for the use of rail infrastructure.

Proceedings initiated by the Austrian Bundeswettbewerbsbehörde [Federal Competition Authority] ("BWB")
Corresponding provisions were formed for legal risks. These also include provisions for risks from the current ongoing competition law investigations against group companies. These investigations are expected to take some time. The amount of any financial penalties and claims that may have to be paid is subject to uncertainty. A further breakdown for the purpose of minimizing litigation risk remains to be done.

e. Deferred taxes

Deferred tax assets were recognized for temporary differences between the tax base and the carrying amounts of assets and liabilities and for losses carried forward. If the tax assessment regarding the qualification of the segments of ÖBB-Holding AG changes from "exempt from taxes" and "taxable" or if future taxable profits should be insufficient, this may have a significant impact on the amount of deferred tax assets. When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period (see Note 13).

f. Cross-border leasing

In respect of contractual parties to investments with at least an AA+ rating or for which a subsidiary guarantor liability is assumed by the government for their performance, the default risk is still regarded as extremely low, so that no need for change is seen at present and these transactions can continue to be presented "off balance." Should there be unexpected defaults on these investments or should requirements for the minimum rating no longer be fulfilled, the obligations from the transactions and the investments will be recognized in the Statement of Financial Position, and allowances for these investments will be recognized or the repayment vehicle will be exchanged (see Note 30.3).

g. Financial obligations

Various proceedings, lawsuits and other claims against or by ÖBB-Holding AG and its subsidiaries are pending in the ordinary course of business. These issues are subject to a large number of uncertainties, and the outcome of the negotiations or processes cannot be predicted with certainty. Consequently, as of Dec 31, 2018, the Board of Management is unable to determine the total amount of financial liabilities or claims, or their impact on the ÖBB-Holding Group's financial position with final certainty. These procedures could materially affect the results when they are finalized. However, the Board of Management believes that after final settlement of such cases, the 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). Real estate recovery 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.

Offsetting

The carrying amount of disposals and proceeds from the disposal of property, plant and equipment, and intangible assets as well as swap interest are offset with the original interest expense (Note 29.3). In addition, income from the structuring and profiling of electricity purchases and from balancing energy amounting to EUR 92.9 million (previous year: EUR 62.0 million) was offset against expenses from electricity purchases.

Concentration of risks

As of the reporting dates, no significant dependence on particular non-group suppliers or creditors whose sudden default might significantly affect business operations existed. Furthermore, there is no concentration of labor services, providers of other services, franchising or licensing rights or other rights that the ÖBB Group is dependent on and that could, if suddenly eliminated, severely affect business operations. The ÖBB Group invests its funds with various banks with good credit ratings. For information on the financing, grants and subsidies agreements provided by the Republic of Austria, see Note 32.

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

4. Revenue

	2018 in EUR million	2017 in EUR million
Passenger and baggage transport	2,059.8	1,982.4
thereof traffic service orders by the federal government	*714.2*	*685.5*
thereof traffic service orders by the provinces and communities	*396.0*	*360.9*
Goods transport	1,934.3	1,896.6
thereof public services contracted by the federal government	*86.2*	*91.1*
Government grant pursuant to Article 42 Austrian Federal Railways Act for operation of the infrastructure	1,055.5	1,064.8
Rent and lease	215.6	206.5
Recovery objects	50.7	63.4
Infrastucture usage charge	56.7	54.4
Maintenance and repair	58.7	49.9
Energy	32.9	27.8
Traction services	22.2	22.1
Other revenue	157.6	153.9
Total	**5,644.0**	**5,521.8**

The government grant pursuant to Article 42 Federal Railways Act is granted for the provision, operation and maintenance of the railway infrastructure and for the fulfillment of the statutory tasks insofar as the revenues that can be achieved by the users of the railway infrastructure (infrastructure usage charge) do not cover the expenses incurred with economical and efficient management. Further information on the grant contract is provided in Note 32.

The traffic services ordered by the federal government result from the public service contracts concluded with the federal government or SCHIG (Schieneninfrastruktur-Dienstleistungsgesellschaft mbH) pursuant to Article 48 of the Austrian Federal Railways Act on the basis of Regulation (EC) 1370/2007 for 2016.

For the composition of revenue according to business segment and geographic aspects, see Note 33 (segment reporting). Revenue from contracts with customers can be broken down into the following categories for the three segments Rail Cargo Group, Personenverkehr (Passenger Transport) and Infrastruktur (infrastructure). Only sales that fall under IFRS 15 are listed:

	2018	Term of the contract		Date of transfer of services		Geographic market	
Segment Rail Cargo Group in EUR million	Revenue according to IFRS 15	Current	Non-current	Time-related	Period-related	Austria	other countries
Goods transport	1,773.6	1,773.6	0.0	1,759.3	14.3	874.3	899.3
Maintenance and repair	414.1	135.9	278.2	414.1	0.0	391.6	22.5
Traction services	8.5	8.5	0.0	8.5	0.0	6.1	2.4
Other revenue	57.8	51.3	6.5	57.8	0.0	29.3	28.5
Total	2,254.0	1,969.3	284.7	2,239.7	14.3	1,301.3	952.7

	2018	Term of the contract		Date of transfer of services		Sales channels	
Personenverkehr segment (passenger transport) in EUR million	Revenue according to IFRS 15	Current	Non-current	Time-related	Period-related	Direct sales	Inter-mediary
Passenger and baggage transport	976.6	770.2	206.4	736.5	240.2	864.3	112.3
Traffic service orders – government	714.2	0.0	714.2	0.0	714.2	714.2	0.0
Traffic service orders – federal states and municipalities	396.0	0.0	396.0	0.0	396.0	396.0	0.0
Rent and lease	2.1	0.9	1.2	0.2	1.9	2.1	0.0
Maintenance/repair	3.3	3.3	0.0	0.0	3.3	3.3	0.0
Other revenue	60.4	60.4	0.0	52.3	8.1	51.1	9.3
Total	**2,152.6**	**834.8**	**1,317.8**	**789.0**	**1,363.7**	**2,031.0**	**121.6**

Infrastructure segment in EUR million	2018 Revenue according to IFRS 15	Term of the contract Current	Non-current	Date of transfer of services Time-related	Period-related	Sales channels Direct sales	Inter-mediary
Government grant pursuant to Article 42 Bundesbahngesetz for operation of the infrastructure	1,055.5	1,055.5	0.0	0.0	1,055.5	1,055.5	0.0
Infrastucture usage charge	535.0	535.0	0.0	0.0	535.0	535.0	0.0
Energy	181.3	181.3	0.0	0.0	181.3	181.3	0.0
Revenue from real estate recovery projects	50.7	50.7	0.0	50.7	0.0	50.7	0.0
Other revenue	133.4	133.4	0.0	32.7	100.7	133.4	0.0
Total	**1,955.9**	**1,955.9**	**0.0**	**83.4**	**1,872.5**	**1,955.9**	**0.0**

Transition of the categorization by segment to the values according to the consolidated financial statements in EUR million-	Personen-verkehr segment (passenger transport)	Segment Rail Cargo Group	Infra-structure segment	Segment Other	Total segment revenue	Revenue not covered by IFRS 15	Elemina-tion of income between segments	2018
Passenger and baggage transport	2,086.8				2,086.8	0.0	-27.0	2,059.8
Goods transport		1,773.6		242.4	2,016.0	0.9	-82.6	1,934.3
Government grant pursuant to Article 42 Bundesbahngesetz for operation of the infrastructure			1,055.5		1,055.5	0.0	0.0	1,055.5
Rent and lease	2.1				2.1	255.7	-42.2	215.6
Maintenance and repair	3.3	414.1		4.5	421.9	0.4	-363.6	58.7
Infrastucture usage charge			535.0		535.0	0.0	-478.3	56.7
Recovery objects			50.7		50.7	0.0	0.0	50.7
Energy			181.3	15.0	196.3	0.4	-163.8	32.9
Traction services		8.5		771.6	780.1	1.5	-759.4	22.2
Other revenue	60.4	57.8	133.4	381.6	633.2	3.2	-478.8	157.6
Revenue covered by IFRS 15	**2,152.6**	**2,254.0**	**1,955.9**	**1,415.1**	**7,777.6**	**262.1**	**-2,395.7**	**5,644.0**
Revenue not covered by IFRS 15	49.6	50.4	148.8	13.3	262.1			
Segment revenue according to segment reporting	**2,202.2**	**2,304.4**	**2,104.7**	**1,428.4**	**8,039.7**			

The order volume from customer contracts with contractually fixed outstanding revenues (so-called secured revenues for which no variable payments have been agreed) is distributed as follows:

in EUR million	Total non-current benefit obligations	Benefit obligation during 2019	Benefit obligation during 2020	Benefit obligation during 2021	Benefit obligation after 2021
Passenger and baggage transport	472.1	151.9	73.6	60.9	185.7
Goods transport	8.5	8.5	0.0	0.0	0.0
GWL of the federal government	802.1	802.1	0.0	0.0	0.0
Traffic service orders	841.9	360.8	135.0	102.9	243.1
Rent and lease	3.7	1.2	0.9	0.8	0.8
Total	**2,128.3**	**1,324.5**	**209.5**	**164.6**	**429.6**

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

5. Other own work capitalized

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

6. Other operating income

	2018 in EUR million	2017 in EUR million
Grant from the Federal Government pursuant to Article 42 Federal Railways Act for infrastructure	821.7	753.3
Proceeds from the disposal of property, plant and equipment, intangible asets, investment property and non-current assets held for sale	74.7	65.5
Compensation received	8.1	10.7
Exchange rate differences	5.1	3.7
Miscellaneous other operating income	41.6	39.6
Total	**951.2**	**872.8**

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

Miscellaneous other operating income includes, among other things, income from penalties, apprenticeship subsidies, and derecognition of old liabilities.

7. Cost of materials and purchased services

Cost of materials and purchased services	2018 in EUR million	2017 in EUR million
Raw materials and supplies	166.2	166.5
Power	92.1	78.5
Other expenses for materials	111.4	105.7
Subtotal expenses for materials	**369.7**	**350.7**
Third-party transport services	809.6	783.0
Rent for rail and road vehicles	188.7	173.5
Infrastucture usage charge	100.3	98.7
Other services received	519.9	520.5
Subtotal expenses for services received	**1,618.5**	**1,575.7**
Total	**1,988.2**	**1,926.4**

The other cost of materials mainly comprise expenses for liquid fuels. Expenses for other services received mainly comprise freight forwarding services, incoming and customs duties, and goods and services which cannot be capitalized in connection with repairs, maintenance, cleaning, and other services. The cost of sold real estate recovery projects, which is recognized as an expense, amounted to EUR 4.1 million (previous year: EUR 4.5 million).

8. Personnel expenses and employees

	2018 in EUR million	2017 in EUR million
Wages and salaries	2,092.7	1,966.9
Statutory social security contributions	547.3	527.6
Pension costs	27.8	27.4
Expenses for severance payments	18.0	15.7
Other social expenses	6.2	5.6
Total	**2,691.9**	**2,543.2**

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

The employee structure is composed as follows:

Number of employees (headcount)	Dec 31, 2018	Dec 31, 2017	Change Reporting date	Change in %	Average 2018	Average 2017
Employees	13,059	12,302	757	6%	12,776	11,968
Workers	7,885	7,087	798	11%	7,466	6,747
Tenured employees	20,697	21,718	-1,021	-5%	21,210	22,101
Total (excl. apprentices)	**41,641**	**41,107**	**534**	**1%**	**41,452**	**40,816**
Apprentices	1,770	1,743	27	2%	1,636	1,562
Total (incl. apprentices)	**43,411**	**42,850**	**561**	**1%**	**43,088**	**42,378**

Number of employees (FTE)	Dec 31, 2018	Dec 31, 2017	Change Reporting date	Change in %	Average 2018	Average 2017
Employees	12,753.5	12,020.9	732.6	6%	12,482.7	11,709.6
Workers	7,787.1	7,013.9	773.2	11%	7,382.6	6,684.5
Tenured employees	20,038.7	21,292.2	-1,253.5	-6%	20,662.8	21,731.1
Total (excl. apprentices)	**40,579.3**	**40,327.0**	**252.3**	**1%**	**40,528.1**	**40,125.2**
Apprentices	1,770.0	1,743.0	27.0	2%	1,636.4	1,562.1
Total (incl. apprentices)	**42,349.3**	**42,070.0**	**279.3**	**1%**	**42,164.5**	**41,687.3**

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

9. Depreciation and amortization

	2018 in EUR million	2017 in EUR million
Depreciation on property, plant and equipment	1,171.1	1,139.5
thereof low-value assets	*6.7*	*6.7*
Amortization of intangible assets	69.8	65.4
Depreciation on investment property	3.8	3.9
less amortization of investment grants	-172.1	-175.5
Total depreciation and amortization	**1,072.5**	**1,033.3**

10. Other operating expenses

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

	2018 in EUR million	2017 in EUR million
Cost of operation	97.1	96.5
Compensation for travel and other expenses	51.5	50.1
Non-income taxes	49.0	47.7
Marketing, sales and customer service	35.3	35.7
Rent, lease and license expenses	36.5	33.5
Loss on disposal of property, plant and equipment and intangible assets	17.6	15.3
Legal and consultancy fees	12.7	9.9
Impairment losses on trade receivables	6.9	9.3
Miscellaneous other operating expenses	122.0	163.9
Total	**428.6**	**461.9**

Other operating expenses include, in particular, expenses for office requirements, training, postal, bank and telephone charges, insurance and maintenance by third parties.

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

Total auditors' fees	2018 in kEUR	2017 in kEUR
Annual financial statements and consolidated financial statements audit	1,588	1,617
Other auditing services	37	0
Consulting services	4	4
Other services	174	143
Total	**1,803**	**1,764**

The expenses for the auditors indicated above include the fee for all the auditors working in the Group. The auditor of the ÖBB Group accounts for the following expenses:

Fee of the auditor of the consolidated annual financial statments	2018 in kEUR	2017 in kEUR
Annual financial statements and consolidated financial statements audit	439	470
Other auditing services	37	0
Other services	49	26
Total	**525**	**496**

As in the previous year, the annual and consolidated financial statements for the financial year 2018 were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (auditing company).

11. Interest income and interest expense

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

Interest income/expenses	2018 in EUR million	2017 in EUR million
Interest income	20.7	30.1
Interest expenses	-647.9	-654.1
Total	**-627.2**	**-624.0**

The interest received from swap agreements in the amount of EUR 0.1 million (previous year: EUR 0.1 million) is offset against the interest expenses from the respective original financial instruments, if a hedging relationship exists, in order to provide a better overview of the financial position. The interest income mainly comprises interest income from marketable deposits made in connection with cross-border leasing transactions.

Interest expenses in the amount of EUR 489.6 million (previous year: EUR 490.5 million) relate to bonds. In addition, interest expenses are also incurred for EUROFIMA, OeBFA loans, other borrowings, cross-border leasing transactions and for derivative financial instruments. Of the total interest expenses, EUR 94.6 million (previous year: EUR 79.6 million) were capitalized in accordance with IAS 23 Interest on the cost of qualified assets.

12. Other financial result

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

Other financial result	2018 in EUR million	2017 in EUR million
Other financial income	13.0	49.4
thereof from measurement/foreign currency translation differences	*10.5*	*40.0*
thereof income from disposal and appreciation of financial assets	*0.3*	*0.0*
thereof income from investments	*1.4*	*0.4*
Other financial expenses	-25.6	-42.2
thereof from measurement/foreign currency translation differences	*-16.4*	*-37.5*
Total	**-12.6**	**7.2**

Other financial income includes, in addition to exchange rate differences, measurement gains from derivatives as well as income from the measurement of power derivatives held for trading purposes.

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

13. Income taxes

The Income taxes item comprises the following:

	2018 in EUR million	2017 in EUR million
Current income tax	-1.6	-3.8
Deferred tax expense/tax benefit	53.8	-5.3
Income taxes	**52.2**	**-9.1**

Domestic income taxes are calculated at 25% of the estimated taxable profit in the financial year. Taxes abroad are calculated at the respective rates applicable there.

The changes in deferred taxes are composed as follows:

	2018 in EUR million	2017 in EUR million
Recognized amounts as of Jan 01	*62.4*	*75.2*
Change in deferred taxes		
thereof in profit and loss	*53.8*	*-5.3*
thereof in other comprehensive income	*-9.7*	*-7.5*
Recognized amounts as of Dec 31	**106.5**	**62.4**
thereof deferred tax assets	*117.5*	*75.7*
thereof deferred tax liabilities	*-11.0*	*-13.3*

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

	2018 in EUR million	2017 in EUR million
Income before income tax according to IFRS	150.9	176.3
Adjustment of tax-exempt portion pursuant to Article 50 (2) Bundesbahngesetz	71.3	68.0
Taxable portion of the income	**222.2**	**244.3**
Group tax rate	*25%*	*25%*
Expected income/ expense from taxes in the financial year	-55.6	-61.0
Tax rate differences between foreign companies and the corporate tax rate	0.6	0.7
Other tax-exempt income and other reductions	16.6	9.4
Non-deductible operating expenses and other additions	-2.4	-6.8
Effects of taxes from previous years recognized in the financial year	8.4	-6.7
Effects of tax rate changes	0.2	0.0
Offsetting from consolidation	-40.3	4.2
Effects of changes in recognition	99.5	36.0
Other effects	25.2	15.1
Accounted income taxes	**52.2**	**-9.1**
Effective corporate tax rate	**-23.5%**	**3.7%**

The effects of changes in recognition consist of the offsetting of positive tax results with preliminary group losses of EUR 25.7 million (previous year: EUR 27.2 million) the recognition of deferred taxes from loss carryforwards of EUR 91.4 million (previous year: EUR 36.0 million) and of necessary recognition adjustments based on the assessment of the recoverability of deferred tax assets.

Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as of Dec 31, 2018 and Dec 31, 2017 are the result of the following temporary differences between the carrying amounts in the IFRS financial statements and the relevant tax bases, insofar as they do not relate to the tax-exempt portion according to Article 50 (2) of the Federal Railways Act:

The deferred taxes are allocated to the following items in the statement of financial position, losses carried forward and tax credits: in EUR million	Deferred tax assets Dec 31, 2018	Deferred tax liabilities Dec 31, 2018	Deferred tax assets Dec 31, 2017	Deferred tax liabilities Dec 31, 2017
Non-current assets				
Property, plant and equipment	40.0	-59.0	31.0	-50.8
Intangible assets	7.4	-11.9	7.6	-13.6
Investment property	6.6	-8.4	6.2	-0.1
Financial assets	67.7	-17.7	10.2	-7.9
Other receivables and assets	0.0	-0.1	0.0	0.0
	121.7	**-97.1**	**55.0**	**-72.4**
Current assets				
Inventories	21.7	-0.3	12.4	-0.3
Trade receivables	0.3	0.0	0.3	0.0
Financial assets	0.0	-53.2	0.0	-2.1
	22.0	**-53.5**	**12.7**	**-2.4**
Non-current liabilities				
Financial liabilities	13.9	-7.8	18.6	-10.5
Provisions	18.5	-2.6	12.3	-4.3
Other liabilities	16.6	-10.3	5.0	-2.6
	49.0	**-20.7**	**35.9**	**-17.4**
Current liabilities				
Financial liabilities	6.1	-0.5	14.2	0.0
Provisions	6.2	-19.0	4.2	-4.8
Trade payables	1.7	-1.0	0.0	-0.5
Other liabilities	3.8	-3.6	3.4	-1.5
	17.8	**-24.1**	**21.8**	**-6.8**
Tax losses carried forward	91.4	0.0	36.0	0.0
Deferred tax assets/deferred tax liabilities	**301.9**	**-195.4**	**161.4**	**-99.0**
Offsetting	-184.4	184.4	-85.7	85.7
Accumulated deferred tax assets/deferred tax liabilities	**117.5**	**-11.0**	**75.7**	**-13.3**

With respect to seventh-part depreciations of investments not yet claimed as operational expense for tax purposes, there were depreciations in accordance with Article 12 (3) of the Corporate Tax Act (Körperschaftsteuergesetz) as of Dec 31, 2018 in an amount of EUR 49.6 million (previous year: EUR 49.8 million).

When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period. The use of deferred tax assets requires sufficient taxable income during the periods in which the temporary differences or tax losses can be utilized. The Board considers the scheduled reversal of deferred tax assets and the projected taxable income for this assessment. The temporary differences in the items property, plant and equipment and intangible assets result mainly from the different depreciation/amortization start (pro rata in accordance with IFRS compared to the half-year rule in accordance with the tax code) as well as from different tax acquisition costs. The temporary differences from the financial assets and liabilities mainly arise due to the different measurement of derivatives under IFRS (fair value measurement) and tax law (provision for onerous contracts).

As a result of this planning statement, for the Austrian corporate tax group the utilization of active temporary differences amounting to EUR 24.4 million (previous year: EUR 37.4 million) and deferred tax liabilities in the amount of EUR 0.0 million (previous year: EUR 0.0 million) is probable. In addition, deferred tax assets in the amount of EUR 1.7 million (previous year: EUR 2.3 million) and deferred tax liabilities in the amount of EUR -11.0 million (previous year: EUR -13.3 million) originate from foreign subsidiaries. The deferred taxes are the result of surplus on the assets or liabilities side following netting operations at the corporate level.

In addition, deferred tax assets of EUR 91.4 million (previous year: EUR 36.0 million) were recognized on loss carryforwards. Of this, EUR 47.2 million (previous year: EUR 36.0 million) came from ÖBB-Infrastruktur AG and EUR 44.2 million (previous year: EUR 0.0 million) from ÖBB-Personenverkehr AG.

Tax losses carried forward amounting to EUR 5,460.5 million (previous year: EUR 5,562.3 million) stem from Austrian companies and may be carried forward without restriction under the current law. Annual usage of losses carried forward is limited to 75% of the respective taxable income in Austria, however, EUR 3,578.5 million (previous year: EUR 3,688.1 million) result from pre-tax group losses and can therefore be utilized in their entirety against taxable income generated in future periods.

14. Property, plant and equipment

2018 in EUR million	Land and buildings	Lease of land and buildings	Automobiles and trucks	Automobiles and trucks leased	Technical equipment and machinery	Leasing technical equipment and machinery	Other plant, furniture and fixtures	Assets under construction and prepayments	Total
Cost									
Cost as of Jan 01, 2018	*27,856.2*	*7.4*	*7,194.7*	*375.9*	*9,830.7*	*1.7*	*324.7*	*3,852.1*	*49,443.4*
Translation differences	-0.8	0.0	-9.9	-0.8	-0.5	0.0	-0.2	0.0	-12.2
Additions	24.7	0.0	2.7	17.4	2.1	0.0	13.0	2,392.6	2,452.5
Disposals	-160.7	0.0	-104.7	-0.8	-49.7	-0.1	-20.3	-4.8	-341.1
Transfers	753.7	0.0	483.1	-0.4	359.2	-1.5	21.4	-1,616.8	-1.3
Cost as of Dec 31, 2018	**28,473.1**	**7.4**	**7,565.9**	**391.3**	**10,141.8**	**0.1**	**338.6**	**4,623.1**	**51,541.3**
Accumulated depreciation and amortization as of Jan 01, 2018 (incl. impairment)	*-9,079.2*	*-7.4*	*-3,696.8*	*-201.1*	*-5,456.5*	*-1.7*	*-255.3*	*-0.8*	*-18,698.8*
Translation differences	0.2	0.0	4.5	0.5	0.3	0.0	0.2	0.0	5.7
Depreciation and amortization	-539.1	0.0	-249.6	-16.0	-331.4	0.0	-35.0	0.0	-1,171.1
Disposals	135.2	0.0	94.5	0.5	47.4	0.1	20.1	0.0	297.8
Transfers	-2.9	0.0	-0.4	0.3	-3.8	1.5	2.2	0.0	-3.1
Appreciations	0.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0	2.1
Accumulated depreciation and amortization as of Dec 31, 2018	**-9,485.8**	**-7.4**	**-3,845.7**	**-215.8**	**-5,744.0**	**-0.1**	**-267.8**	**-0.8**	**-19,567.4**
Carrying amounts before investment grants as of Jan 01, 2018	**18,777.0**	**0.0**	**3,497.9**	**174.8**	**4,374.2**	**0.0**	**69.4**	**3,851.3**	**30,744.6**
Carrying amounts before investment grants as of Dec 31, 2018	**18,987.3**	**0.0**	**3,720.2**	**175.5**	**4,397.8**	**0.0**	**70.8**	**4,622.3**	**31,973.9**
Investment grants									
As of Jan 01, 2018	*-9,657.3*	*0.0*	*-430.7*	*0.0*	*-2,956.6*	*0.0*	*-9.9*	*-506.6*	*-13,561.1*
Additions	-31.8	0.0	-1.2	0.0	-11.7	0.0	-0.4	-126.3	-171.4
Disposals	75.8	0.0	2.2	0.0	12.0	0.0	0.0	0.1	90.1
Transfers	-27.3	0.0	0.0	0.0	-11.8	0.0	0.0	39.0	-0.1
Cost as of Dec 31, 2018	**-9,640.6**	**0.0**	**-429.7**	**0.0**	**-2,968.1**	**0.0**	**-10.3**	**-593.8**	**-13,642.5**
Accumulated depreciation and amortization as of Jan 01, 2018	*5,588.4*	*0.0*	*334.3*	*0.0*	*2,461.1*	*0.0*	*8.3*	*0.0*	*8,392.1*
Depreciation and amortization	110.9	0.0	11.2	0.0	42.4	0.0	0.9	0.0	165.4
Disposals	-62.2	0.0	-6.4	0.0	-11.6	0.0	0.0	0.0	-80.2
Transfers	-2.9	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.0
Accumulated depreciation and amortization as of Dec 31, 2018	**5,634.2**	**0.0**	**339.1**	**0.0**	**2,491.9**	**0.0**	**9.2**	**2.9**	**8,477.3**
Investment grants as of Jan 01, 2018	**-4,068.9**	**0.0**	**-96.4**	**0.0**	**-495.5**	**0.0**	**-1.6**	**-506.6**	**-5,169.0**
Investment grant as of Dec 31, 2018	**-4,006.4**	**0.0**	**-90.6**	**0.0**	**-476.2**	**0.0**	**-1.1**	**-590.9**	**-5,165.2**
Carrying amounts after investment grants as of Jan 01, 2018	**14,708.1**	**0.0**	**3,401.5**	**174.8**	**3,878.7**	**0.0**	**67.8**	**3,344.7**	**25,575.6**
Carrying amounts after investment grants as of Dec 31, 2018	**14,980.9**	**0.0**	**3,629.6**	**175.5**	**3,921.6**	**0.0**	**69.7**	**4,031.4**	**26,808.7**

2017 in EUR million	Land and buildings	Lease of land and buildings	Automo-biles and trucks	Automo-biles and trucks leased	Technical equipment and machinery	Leasing technical equipment and machinery	Other plant, furniture and fixtures	Assets under construc-tion and prepay-ments	Total
Cost									
Cost as of Jan 01, 2017	*26,891.9*	*7.4*	*6,806.3*	*391.7*	*9,482.7*	*1.7*	*323.2*	*3,493.5*	*47,398.4*
Translation differences	1.0	0.0	0.9	0.0	0.2	0.0	0.1	0.1	2.3
Additions	24.6	0.0	70.5	14.7	2.1	0.0	14.1	2,249.2	2,375.2
Business acquisition	0.0	0.0	0.0	0.0	0.2	0.0	0.3	0.0	0.5
Disposals	-62.5	0.0	-189.3	-0.1	-42.6	0.0	-27.7	-6.5	-328.7
Transfers	1,001.2	0.0	506.3	-30.4	388.1	0.0	14.7	-1,884.2	-4.3
Cost as of Dec 31, 2017	**27,856.2**	**7.4**	**7,194.7**	**375.9**	**9,830.7**	**1.7**	**324.7**	**3,852.1**	**49,443.4**
Accumulated depreciation and amortization as of Jan 01, 2017 (incl. impairment)	*-8,601.4*	*-7.4*	*-3,596.5*	*-214.7*	*-5,172.5*	*-1.5*	*-245.6*	*-1.1*	*-17,840.7*
Translation differences	-0.5	0.0	-0.7	0.0	-0.1	0.0	-0.1	0.0	-1.4
Depreciation and amortization	-522.9	0.0	-242.9	-15.1	-320.8	-0.2	-37.6	0.0	-1,139.5
Business acquisition	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	-0.2
Disposals	42.6	0.0	171.1	0.1	37.7	0.0	27.4	0.3	279.2
Transfers	3.0	0.0	-31.6	28.6	-0.7	0.0	0.7	0.0	0.0
Appreciations	0.0	0.0	3.8	0.0	0.0	0.0	0.0	0.0	3.8
Accumulated depreciation and amortization as of Dec 31, 2017	**-9,079.2**	**-7.4**	**-3,696.8**	**-201.1**	**-5,456.5**	**-1.7**	**-255.3**	**-0.8**	**-18,698.8**
Carrying amounts before investment grants as of Jan 01, 2017	**18,290.5**	**0.0**	**3,209.8**	**177.0**	**4,310.2**	**0.2**	**77.6**	**3,492.4**	**29,557.7**
Carrying amounts before investment grants as of Dec 31, 2017	**18,777.0**	**0.0**	**3,497.9**	**174.8**	**4,374.2**	**0.0**	**69.4**	**3,851.3**	**30,744.6**
Investment grants									
As of Jan 01, 2017	*-9,601.1*	*0.0*	*-427.7*	*0.0*	*-2,953.7*	*0.0*	*-9.0*	*-472.7*	*-13,464.2*
Additions	-32.8	0.0	-7.8	0.0	-13.1	0.0	0.0	-115.0	-168.7
Disposals	49.9	0.0	3.0	0.0	18.5	0.0	0.0	0.1	71.5
Transfers	-73.3	0.0	1.8	0.0	-8.3	0.0	-0.9	81.0	0.3
Cost as of Dec 31, 2017	**-9,657.3**	**0.0**	**-430.7**	**0.0**	**-2,956.6**	**0.0**	**-9.9**	**-506.6**	**-13,561.1**
Accumulated depreciation and amortization as of Jan 01, 2017	*5,518.5*	*0.0*	*333.5*	*0.0*	*2,433.1*	*0.0*	*7.1*	*0.0*	*8,292.2*
Depreciation and amortization	111.6	0.0	11.1	0.0	45.4	0.0	0.5	0.0	168.6
Disposals	-41.7	0.0	-9.6	0.0	-17.4	0.0	0.0	0.0	-68.7
Transfers	0.0	0.0	-0.7	0.0	0.0	0.0	0.7	0.0	0.0
Accumulated depreciation and amortization as of Dec 31, 2017	**5,588.4**	**0.0**	**334.3**	**0.0**	**2,461.1**	**0.0**	**8.3**	**0.0**	**8,392.1**
Investment grant as of Jan 01, 2017	**-4,082.6**	**0.0**	**-94.2**	**0.0**	**-520.6**	**0.0**	**-1.9**	**-472.7**	**-5,172.0**
Investment grant as of Dec 31, 2017	**-4,068.9**	**0.0**	**-96.4**	**0.0**	**-495.5**	**0.0**	**-1.6**	**-506.6**	**-5,169.0**
Carrying amounts after investment grants as of Jan 01, 2017	**14,207.9**	**0.0**	**3,115.6**	**177.0**	**3,789.6**	**0.2**	**75.7**	**3,019.7**	**24,385.7**
Carrying amounts after investment grants as of Dec 31, 2017	**14,708.1**	**0.0**	**3,401.5**	**174.8**	**3,878.7**	**0.0**	**67.8**	**3,344.7**	**25,575.6**

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

Additions to property, plant and equipment due to first-time consolidated companies or disposal due to deconsolidation are presented in separate lines in the schedule of property, plant and equipment.

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

In 2018, in accordance with IAS 23, the ÖBB Group capitalized interest on the cost of qualifying assets amounting to EUR 94.6 million (previous year: EUR 79.6 million). The capitalization rate for borrowed capital was 2.62 to 3.2%, (previous year: 2.71 to 3.2%). Of the federal subsidies, the amount of EUR 91.1 million (previous year: EUR 77.6 million) was recognized as an investment grant for capitalized interest.

Losses were incurred from disposals of property, plant and equipment of EUR 17.6 million (previous year: EUR 15.3 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, and the disposal of planning project costs. Compensation contributions were received to an insignificant extent in both financial years.

Property, plant and equipment with the following carrying amounts are pledged as collateral for financial liabilities or are subject to restrictions on their disposal rights:

	Restrictions on disposal rights		Pledged as collateral	
in EUR million	2018	2017	2018	2017
Automobiles and trucks	170.0	181.2	1,153.3	1,328.3

In addition, there were financial lease assets of EUR 49.0 million (previous year: EUR 49.0 million) subject to restrictions on disposal rights. Purchase obligations amounting to EUR 2,081.3 million (previous year: EUR 2,211.7 million) exist for certain assets, especially in connection with finance lease agreements, and open order commitments. For further details on changes in accounting estimates, see Note 3.

Investment grants

ÖBB Group received non-repayable investment grants for property, plant and equipment – mainly from public authorities or companies closely related to the state – that were deducted from cost in accordance with IAS 16.28 in conjunction with IAS 20. The amortization of these assets and the corresponding amortization of all grants are recognized in profit or loss under depreciation and amortization. See Note 14 for details of the investment grant providers. If assets to which the investment grants were allocated are disposed of, the investment grants are recognized together with the sold or retired carrying amounts as other operating income or other operating expenses. The development of the investment grants is shown in the asset schedules. The main providers of investment grants for property, plant and equipment and intangible assets are:

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Republic of Austria	3,050.7	2,931.8
former Eisenbahn-Hochleistungsstrecken AG	1,252.4	1,275.7
Schieneninfrastrukturfinanzierungs GmbH	1,105.8	1,165.6
ASFINAG	73.8	78.4
Other third parties	128.3	120.9
Total	**5,611.0**	**5,572.4**
of which on property, plant and equipment	*5,165.2*	*5,169.0*
of which on intangible assets	*445.8*	*403.4*

Leased and rented assets

In the 2017 financial year, property, plant and equipment included rented or leased assets that are reported separately in the schedule of property, plant and equipment. The leased property, plant and equipment is classified as finance lease due to the structure of the underlying lease agreements and therefore ÖBB Group is the beneficial, but not legal, owner of these assets. These assets primarily comprise technical equipment, machinery, and automobiles and trucks. In January 2018, the transfer was made to technical equipment and machinery. For further information, see Note 30.

Impairment

Testing for impairment on property, plant and equipment and intangible assets based on current planning data did not result in any need for impairment in either financial year. See Note 3 for the parameters used to calculate the value in use.

15. Intangible assets

2018 in EUR million	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Down payments on intangible assets	Total
Cost 2018					
Cost as of Jan 01, 2018	*424.4*	*1,282.5*	*295.8*	*28.5*	*2,031.2*
Translation differences	-0.3	0.0	-8.1	0.0	-8.4
Additions	1.6	91.8	0.5	44.4	138.3
Disposals	-5.5	-2.9	0.0	-0.1	-8.5
Transfers	16.5	11.6	0.0	-21.8	6.3
Cost as of Dec 31, 2018	**436.7**	**1,383.0**	**288.2**	**51.0**	**2,158.9**
Accumulated depreciation and amortization as of Jan 01, 2018 (incl. impairment)	*-277.7*	*-505.8*	*-99.6*	*0.0*	*-883.1*
Translation differences	0.2	0.0	2.8	0.0	3.0
Depreciation and amortization	-35.6	-26.3	-7.9	0.0	-69.8
Disposals	3.1	2.9	0.0	0.0	6.0
Transfers	1.3	-1.3	0.0	0.0	0.0
Accumulated depreciation and amortization as of Dec 31, 2018 (incl. impairment)	**-308.7**	**-530.5**	**-104.7**	**0.0**	**-943.9**
Carrying amounts before investment grants as of Jan 01, 2018	**146.7**	**776.7**	**196.2**	**28.5**	**1,148.1**
Carrying amounts before investment grants as of Dec 31, 2018	**128.0**	**852.5**	**183.5**	**51.0**	**1,215.0**
Investment grants					
As of Jan 01, 2018	*-33.1*	*-721.7*	*0.0*	*0.0*	*-754.8*
Additions	-0.2	-48.9	0.0	0.0	-49.1
Disposals	0.0	1.2	0.0	0.0	1.2
Transfers	0.4	-0.3	0.0	0.0	0.1
As of Dec 31, 2018	**-32.9**	**-769.7**	**0.0**	**0.0**	**-802.6**
Accumulated depreciation and amortization as of Jan 01, 2018	*20.7*	*330.7*	*0.0*	*0.0*	*351.4*
Depreciation and amortization	1.7	5.0	0.0	0.0	6.7
Disposals	0.0	-1.3	0.0	0.0	-1.3
Accumulated amortization as of Dec 31, 2018	**22.4**	**334.4**	**0.0**	**0.0**	**356.8**
Investment grants as of Jan 01, 2018	**-12.4**	**-391.0**	**0.0**	**0.0**	**-403.4**
Investment grant as of Dec 31, 2018	**-10.5**	**-435.3**	**0.0**	**0.0**	**-445.8**
Carrying amounts after investment grants as of Jan 01, 2018	**134.3**	**385.7**	**196.2**	**28.5**	**744.7**
Carrying amounts after investment grants as of Dec 31, 2018	**117.5**	**417.2**	**183.5**	**51.0**	**769.2**

2017 in EUR million	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Down payments on intangible assets	Total
Cost 2017					
Cost as of Jan 01, 2017	*371.5*	*1,221.4*	*284.1*	*30.8*	*1,907.8*
Translation differences	0.1	0.0	-0.4	0.0	-0.3
Additions	1.9	49.5	12.1	40.6	104.1
Business acquisition	22.8	0.0	0.0	0.0	22.8
Disposals	-6.3	-1.5	0.0	-0.5	-8.3
Transfers	34.4	13.1	0.0	-42.4	5.1
Cost as of Dec 31, 2017	**424.4**	**1,282.5**	**295.8**	**28.5**	**2,031.2**
Accumulated amortization as of Jan 01, 2017 (incl. impairment)	*-249.5*	*-480.9*	*-95.2*	*0.0*	*-825.6*
Translation differences	0.0	0.0	0.3	0.0	0.3
Depreciation and amortization	-34.3	-26.4	-4.7	0.0	-65.4
Disposals	6.1	1.5	0.0	0.0	7.6
Accumulated amortization as of Dec 31, 2017 (incl. impairment)	**-277.7**	**-505.8**	**-99.6**	**0.0**	**-883.1**
Carrying amounts before investment grants as of Jan 01, 2017	**122.0**	**740.5**	**188.9**	**30.8**	**1,082.2**
Carrying amounts before investment grants as of Dec 31, 2017	**146.7**	**776.7**	**196.2**	**28.5**	**1,148.1**
Investment grants					
As of Jan 01, 2017	*-31.1*	*-675.4*	*0.0*	*0.0*	*-706.5*
Additions	-0.4	-46.3	0.0	0.0	-46.7
Disposals	-1.7	0.4	0.0	0.0	-1.3
Transfers	0.1	-0.4	0.0	0.0	-0.3
As of Dec 31, 2017	**-33.1**	**-721.7**	**0.0**	**0.0**	**-754.8**
Accumulated depreciation as of Jan 01, 2017	*17.3*	*325.8*	*0.0*	*0.0*	*343.0*
Depreciation and amortization	1.7	5.3	0.0	0.0	7.0
Disposals	1.7	-0.4	0.0	0.0	1.3
Accumulated amortization as of Dec 31, 2017	**20.7**	**330.7**	**0.0**	**0.0**	**351.4**
Investment grant as of Jan 01, 2017	**-13.8**	**-349.6**	**0.0**	**0.0**	**-363.5**
Investment grant as of Dec 31, 2017	**-12.4**	**-391.0**	**0.0**	**0.0**	**-403.4**
Carrying amounts after investment grants as of Jan 01, 2017	**108.2**	**390.9**	**188.9**	**30.8**	**718.7**
Carrying amounts after investment grants as of Dec 31, 2017	**134.3**	**385.7**	**196.2**	**28.5**	**744.7**

The development of the intangible assets is shown in the table above. With regard to the additions to intangible assets in 2017, see Note 2 "Business acquisition." In 2017, concessions, industrial property rights, licenses and development costs in the item "Business acquisitions" included capitalized customer relationshipships due to first-time consolidations in the amount of approximately EUR 22.8 million.

The ÖBB Group received non-repayable investment grants for intangible assets that were deducted from the cost according to IAS 16.28 in conjunction with IAS 20. These investment grants are indicated in the schedule of property, plant and equipment. The amortization of these assets and the corresponding amortization of all grants are recognized in profit or loss under depreciation and amortization. See Note 14 for details of the investment grant providers. See Note 14 for details of the investment grant providers. The average useful life of investment grants to third parties is 19.6 (previous year: 18.3 years).

Research and development expenses in the amount of EUR 3.9 million (previous year EUR 4.1 million) were recognized in profit or loss since a clear distinction between the development phases and the research phases of the projects is not possible, and the ability of the developments to generate future benefits was considered uncertain. Expenses for research and development amounting to more than EUR 6.1 million (previous year: EUR 4.9 million)

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.

Goodwill

The development of goodwill is shown in the table above. This goodwill is mainly attributed to the Segment Rail Cargo Austria and to a lesser extent other companies and is subject to impairment testing with respect to future economic benefit. The amortization of goodwill relates to differences arising from the initial consolidation of subsidiaries which were not recoverable and were derecognized in income. Further details on this are provided in Notes 2 and 3.

16. Investment property

This category only includes properties that do not qualify as railway assets (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.

The assets developed as follows:

	2018 in EUR million	2017 in EUR million
Cost		
As of Jan 01	*342.1*	*340.2*
Additions	0.3	0.0
Additions due to tranfer from inventories	0.0	2.0
Additions at cost from subsequent acquisitions	0.0	0.9
Disposals at cost	-3.5	-0.8
Transfers from/to intangible assets	0.0	-0.2
As of Dec 31	**338.9**	**342.1**
Accumulated depreciation		
As of Jan 01	*-183.3*	*-180.2*
Depreciation and amortization	-3.8	-3.9
Disposals	3.1	0.8
As of Dec 31	**-184.0**	**-183.3**
Net carrying amounts as of Jan 01	**158.8**	**160.0**
Net carrying amounts as of Dec 31	**154.9**	**158.8**

All investment property held by ÖBB Group is leased under operating lease agreements. The resulting rental income from these leases (excluding operating costs) amounted to EUR 19.7 million (previous year: EUR 19.6 million). Directly attributable expenses (including repairs and maintenance, but excluding operating costs) amounted EUR 6.6 million (previous year: EUR 6.6 million without operating costs). In addition, operating expenses of EUR 0.4 million (previous year: EUR 0.3 million) were incurred for property that was not offset by rental income. ÖBB Group has not entered into any contracts for the maintenance of its investment properties that lead to a related obligation.

The fair value totals EUR 607.3 million (previous year: EUR 578.0 million). For 77% (previous year: 75%) of the properties, the valuation is performed by external experts and are not based exclusively on market data and are therefore assigned to hierarchy Level 3. The fair values of the remaining investment properties were determined by experts of ÖBB-Immobilienmanagement GmbH using discounted cash flow calculations based on the actual rents generated by the relevant properties. The resulting fair values were also classified as Level 3 in accordance with IFRS 13.

17. Investments recorded using the equity method of accounting

Investments that are measured using the equity method include investments in a joint venture – Galleria di Base del Brennero – Brenner Bas e Tunnel BBT SE, I-39100 Bolzano – and in several associated companies.

	2018 in EUR million	2017 in EUR million
Interest in one joint venture	40.6	40.6
Interest in associated companies	23.9	20.7
As of Dec 31	**64.5**	**61.3**

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

	Galleria di Base del Brennero - Brenner Basistunnel BBT SE	
	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Revenue	0.0	0.0
Depreciation	-1.1	-1.1
Interest income	0,0 *)	0,0 *)
Interest expenses	0,0 *)	0,0 *)
Tax expense or income	0,0 *)	0,0 *)
Annual profit/loss from continuing operations	0.0	0.0
Other comprehensive income	0.0	0.0
Overall result	**0.0**	**0.0**
Cash and cash equivalents	116.2	92.1
Other current assets	40.5	103.5
Non-current assets	82.8	15.0
Current liabilities	156.3	127.4
thereof current financial liabilities	*152.5*	*124.0*
Non-current liabilities	2.1	2.1
thereof non-current financial liabilities	*0.0*	*0.0*
Net asssets 100%	**81.1**	**81.1**
Interest of the Group in the net assets of the investee as of Jan 01	40.6	40.6
Overall result attributable to the Group	0.0	0.0
Dividends received grom associated companies	0.0	0.0
Carrying amount of the interest in the investee as of Dec 31	**40.6**	**40.6**

*) Small amount

Galleria di Base del Brennero – Brenner Basistunnel BBT SE (henceforth BBT SE) is the only joint venture operated by the Group. BBT SE is an independent legal entity. Since the Group holds a residual interest in the net assets, it classifies its investment as a joint venture. The purpose and task of BBT SE is to plan and build the Brenner base tunnel. The overall project comprises the construction of the railway tunnel between Tulfes/Innsbruck and Franzensfeste, consisting of the main, inspection and access tunnels; the multifunction stations, engineering equipment, control center, necessary landfills, and the bridges and stations needed to perform the construction work; and putting the tunnel into service. Under the provisions of the State Treaty dated April 30, 2004, Italy and Austria each hold 50% of the share capital of BBT SE. Austria's 50% is entirely owned by ÖBB-Infrastruktur AG. 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 20.6 million (previous year: EUR 18.9 million) and total expenses of EUR 20.8 million (previous year: EUR 18.9 million). BBT SE received investment grants of EUR 90.0 million (previous year: EUR 47.0 million). In both reporting years, the Austrian government refunded EUR 44.8 million (previous year: EUR 41.3 million) of this amount, while EUR 3.5 million (previous year: EUR 3.5 million) were refunded by the province of Tyrol on the basis of the share purchase agreement dated April 18, 2011. Non-current liabilities are cost contributions received which have not yet been spent in the project. The following table summarizes the financial results of all companies reported using the equity method. The direct and indirect investments held by ÖBB Group are indicated in the schedule of investments (Note 35).

Development of investments in associated companies	2018 in EUR million	2017 in EUR million
As of Jan 01	*20.7*	*20.6*
Effect of first-time consolidations	2.2	-0.2
Net income from associated companies	3.0	3.0
Distributions and other changes	-2.0	-2.7
As of Dec 31	**23.9**	**20.7**

As of Jan 01, 2018, Breitspur Planungsgesellschaft mbH, HAELA Abfallverwertung GmbH and Terminal Brno, a.s. were included in the consolidated financial statements for the first time using the equity method of accounting. The initial consolidation resulted in a difference of EUR 0.5 million, which is shown in the result from associated companies as an increase in earnings. The results recognized in the Income Statement from companies reported using the equity method correspond to the share of annual results attributable to the ÖBB Group.

18. Other financial assets

2018 in EUR million	Current	Non-current	Total
Investments	0.0	9.3	9.3
Financial assets - leasing	3.4	189.5	192.9
Other financial assets	59.1	125.6	184.7
Total	**62.5**	**324.4**	**386.9**
thereof measured at amortized cost	*12.6*	*294.2*	*306.8*

2017 in EUR million	Current	Non-current	Total
Investments	0.0	10.8	10.8
Financial assets - leasing	3.1	191.6	194.7
Other financial assets	32.4	108.1	140.5
Total	**35.5**	**310.5**	**346.0**

Investments

See Note 35 for a full schedule of all investments. These investments are carried at fair value through profit or loss in accordance with IFRS 9.

Financial assets – leasing

Financial lease assets mainly consist of non-current loans and deposits and relate almost entirely to cross-border leasing transactions. Their purpose is to cover future payment obligations (lease installments and acquisition costs). Capital gains on accumulating investments increase the amount, while servicing payment obligations reduces it. These financial assets are matched by financial liabilities in the same amounts. Differences result from allowances in the year under review, and in previous years.

The figure for (non-current) financial lease assets includes EUR 81,8 million (previous year: EUR 81,8 million), which reflects the residual value of leased assets held in the form of bank deposits. Restrictions on disposal rights apply for financial lease assets of EUR 49.0 million (previous year: EUR 49.0 million).

Other financial assets

This item mainly includes short-term securities, investment certificates, derivatives in connection with energy transactions and other derivatives with a positive present value that are not part of a hedging relationship. In addition, financial assets amounting to EUR 22.5 million (previous year: EUR 20.5 million), which are reported under other financial assets, have been pledged as collateral for a lease liability. For further information see Notes 30.1 and 30.3.

Impairment

The following table shows a summary of the default risk for financial assets:

Default risk of financial assets as of Dec 31, 2018 **in EUR million**	at amortized cost
Gross carrying amount	307.4
Allowance	-0.6
of which expected 12-month credit loss	*-0.6*
Carrying amount	**306.8**

The development of the valuation allowance for financial assets measured at amortized acquisition cost was as follows in the course of the year:

Impairment of financial assets **in EUR million**	2018 Expected 12-month credit loss
As of Jan 01, 2018	*0.1*
Adjustment from first-time application of IFRS 9	0.1
As of Jan 01, 2018 in accordance with IFRS 9	**0.2**
Net revaluation of allowance for impairment	0.4
As of Dec 31, 2018	**0.6**

The increase in the allowance for impairment in the 2018 financial year is mainly due to a change in the market data underlying the impairment.

19. Non-current assets held for sale

Non-current assets held for sale	2018 in EUR million	2017 in EUR million
As of Jan 01	*1.0*	*7.8*
Disposals by sale	-1.0	-7.8
Additions to carrying amounts	0.1	0.0
Reclassification from tangible fixed assets	0.0	1.0
As of Dec 31	**0.1**	**1.0**
of which reported at amortized cost	*0.1*	*0.1*
of which reported at fair value less costs to sell	*0.0*	*0.9*

The assets held for sale consist of two (previous year: one) properties (including superstructures and technical equipment) and one (previous year: two) railway line. A railway line included in the previous year with a carrying amount of EUR 12 thousand was reclassified back to fixed assets, as the potential buyer still needs another three years to commence planned operations and ÖBB Infrastruktur AG will continue to operate the line until then. Two properties classified as held for sale on Jan 01, 2018 were sold as planned in 2018.

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 Supervisory Board and sale in the next financial year is highly probable.

The expected proceeds on assets held for sale in 2019 are all in excess to the current carrying amounts of the assets. In the year under review, the ÖBB Group recorded gains of EUR 3.1 million (previous year: EUR 23.7 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.

20. Trade and other receivables

This item is broken down as follows:

Dec 31, 2018 in EUR million	Current	Non-current	Total
Trade receivables	549.8	0.0	549.8
thereof contract assets (construction contracts)	*14.0*	*0.0*	*14.0*
Other receivables and deferrals	358.8	146.8	505.6
Income tax receivables	0.8	0.0	0.8
Total	**909.4**	**146.8**	**1,056.2**

Dec 31, 2017 in EUR million	Current	Non-current	Total
Trade receivables	564.5	0.0	564.5
thereof from construction contracts	*8.6*	*0.0*	*8.6*
Other receivables and deferrals	309.5	156.6	466.1
Income tax receivables	0.5	0.0	0.5
Total	**874.5**	**156.6**	**1,031.1**

In both the year under review and the previous year, no receivables were secured by bills of exchange.

Trade receivables relate mainly to transport services and receivables from transport revenue and from invoicing of public services. Due to their short terms, the carrying amounts of the trade and other receivables approximate their respective fair values.

Construction contracts in connection with services provided to third parties that are not yet completed are recognized as trade receivables. For construction contracts, contract revenue of EUR 86.4 million (previous year: EUR 68.7 million) was realized.

Other receivables and deferrals include receivables from the sales tax with respect to the Austrian tax authorities. Other receivables also include receivables payable by the Republic of Austria with respect to subsidies for apprentices.

Other receivables also include deferrals of EUR 219.3 million (previous year: EUR 250.6 million). These deferrals relate primarily to prepaid guarantee premiums amounting to EUR 139.3 million (previous year: EUR 157.6 million) and salaries including fees for January, which were paid in Dec, amounting to EUR 60.9 million (previous year: EUR 61.8 million).

The allowances mainly refer to trade receivables and developed as follows:

	2018 in EUR million	2017 in EUR million
As of Jan 01	*39.2*	*35.7*
Adjustment from first-time application of IFRS 9	1.5	0.0
As of Jan 01, according to IFRS 9	40.7	0.0
Utilization	-4.0	-4.1
Net revaluation of allowances for impairment	5.7	7.6
As of Dec 31	**42.4**	**39.2**
thereof from other receivables	*1.2*	*0.7*

The following table contains information on the default risk and the expected credit losses from deliveries and services, broken down by sub-group of the ÖBB Group:

Dec 31, 2018 Analysis of default risk by maturity of trade receivables in EUR million	Gross carrying amount (before impairment)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount	Loss rate
Receivables not past due but impaired	445.0	6.5	2.7	3.9	438.4	1.5%
up to 90 days past due	83.5	2.1	0.8	1.2	81.4	2.5%
90 to 180 days past due	11.8	1.3	0.9	0.4	10.5	10.9%
180 to 360 days past due	8.0	3.4	2.6	0.8	4.5	42.9%
more than 360 days past due	42.8	27.8	23.8	4.0	15.0	65.0%
Total exposure	**591.0**	**41.2**	**30.8**	**10.3**	**549.8**	**7.0%**

31.12.2018 Analysis of default risk by risk group/segment in EUR million	Gross carrying amount (before impairment)	thereof towards third parties "Passenger transport"	thereof towards third parties "Rail Cargo Austria"	thereof towards third parties "Infra-structure"	thereof towards third parties "Others"	Allo-wance	thereof towards third parties "Passen-ger transport"	thereof towards third parties "Rail Cargo Austria"	thereof towards third parties "Infra-structure"	thereof towards third parties "Others"
not past due	445.0	124.9	237.1	45.5	37.5	6.5	0.3	4.4	1.7	0.2
up to 90 days past due	83.5	4.0	57.0	10.8	11.8	2.1	0.2	1.7	0.2	0.0
90 to 180 days past due	11.8	6.2	3.0	1.6	1.0	1.3	0.0	0.6	0.5	0.2
180 to 360 days past due	8.0	1.2	2.2	3.3	1.3	3.4	0.1	1.0	2.1	0.3
more than 360 days past due	42.8	7.6	19.7	14.7	0.8	27.8	3.5	12.0	11.8	0.4
	591.0	**143.8**	**318.8**	**75.9**	**52.4**	**41.2**	**4.0**	**19.7**	**16.2**	**1.2**

Past due receivables and impaired receivables that are not overdue of the 2017 financial year are as follows:

31.12.2017 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	11.6	0.0	11.6	5.9	3.9	2.0	5.7
up to 90 days past due	89.8	85.9	3.9	2.6	2.0	0.6	87.2
90 to 180 days past due	8.5	7.4	1.1	0.8	0.8	0.0	7.7
180 to 360 days past due	15.3	10.4	4.9	3.5	3.5	0.0	11.8
more than 360 days past due	58.8	31.6	27.2	26.4	23.8	2.6	32.4
Total exposure	**184.0**	**135.3**	**48.7**	**39.2**	**34.0**	**5.2**	**144.8**

The following table shows a summary of the default risk for trade receivables and other receivables:

Default risk in EUR million	2018
Trade receivables	591.0
Other receivables	506.9
Total gross carrying amount of receivables	**1,097.9**
Impairment	42.4
thereof for trade receivables	*41.2*
thereof for other receivables	*1.3*
Carrying amount	**1,055.4**

More information is provided in Note 29.1.c.

21. Inventories

This line item is composed as follows:

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Inventories	245.5	232.9
Finished goods	8.8	8.5
Down payments	3.1	2.8
Total	**257.4**	**244.2**
thereof measured at cost	*213.0*	*215.3*
thereof measured at net realizable value	*44.4*	*28.9*

Inventories comprise, among other things, material and spare parts for the expansion and maintenance of railway network operations, as well as for vehicles and equipment and real estate recovery projects. See Note 7 for the recognized cost of materials. Cost of materials includes expenses relating to the impairment of inventories of EUR 0.3 million (previous year: EUR 2.0 million) and is recognized in costs of materials and purchased services. In 2018, reversals of impairment losses amounting to EUR 4.0 million (previous year: EUR 0.0 million). Real estate recovery projects were recognized under inventories in the amount of EUR 42.7 million (previous year: EUR 45.6 million).

22. Cash and cash equivalents

This item is broken down as follows:

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Cash on hand and cash	6.1	6.0
Cash in banks	88.4	106.6
Total	**94.5**	**112.6**

This item includes investments, cash in banks and cash on hand that are classified as current (terms of less than 3 months) based on their residual terms at the time of acquisition. The carrying amounts of these assets are equivalent to their fair values. ÖBB Group can freely dispose of all cash and cash equivalents. The composition of the cash and cash equivalents is described in Note 34.

23. Share capital and other equity

The development of the shareholders' equity is shown in the Consolidated Statement of Changes in Shareholders' Equity.

Share capital and capital reserves

The share capital is unchanged, made up of 190,000 ordinary shares with a nominal value of 10,000 euros each and is fully paid in. The share capital is stipulated by Article 2 (1) of the Bundesbahngesetz [Austrian Federal Railways Act] and constitutes the share capital of the parent company. The share capital was raised pursuant to Article 2 (2) of the Federal Railways Act by contribution of all shares of the federal government in Austrian Federal Railways. The shares were to be recognized as equity within the meaning of Article 224 (3) UGB in accordance with the Statement of Financial Position of Austrian Federal Railways as of December 31, 2003. The shares in ÖBB-Holding AG are reserved for the Republic of Austria in their entirety pursuant to Article 2 (1) of the Federal Railways Act, and may not be traded publicly.

Unchanged from the previous year, capital reserves total about EUR 260,8 million.

Shares of non-controlling interests in equity

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

24. Reserves and retained earnings

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Additional paid-in capital	260.8	260.8
Other reserves	-86.6	-106.9
thereof cash flow hedge reserve	*-36.0*	*-68.8*
thereof available for sale reserve	*0.0*	*4.9*
thereof translation differences	*-50.6*	*-43.0*
Retained earnings	441.9	244.1

Further information on the changes in shareholders' equity is provided in the Consolidated Statement of Changes in Shareholders' Equity. In addition, actuarial losses from the remeasurement of Severance provisions amounting to EUR -6.4 million (previous year: EUR -8.2 million) are reported under "retained earnings". The actuarial losses in the Statement of Comprehensive Income include income taxes in the amount of EUR 0.1 thousand (previous year: EUR 0.1 million).

Differences resulting from capital consolidation prior to the transition to IFRS are recognized in retained earnings.

The cash-flow-hedge reserve and the available-for-sale reserve developed as follows:

	Cash flow hedge reserve		Available for sale reserve	
in EUR million	Development of carrying amount	Income taxes included therein	Development of carrying amount	Income taxes included therein
As of Jan 01, 2017	*-94.7*	*24.5*	*6.9*	*0.0*
Realized gains and losses	29.7	-2.2	-0.1	0.0
Changes in the fair values	-3.8	-4.7	-1.9	0.0
As of Dec 31, 2017	**-68.8**	**17.6**	**4.9**	**0.0**
Reclassification due to IFRS 9	0.0	0.0	-4.9	0.0
Realized gains and losses	24.4	-0.9	0.0	0.0
Changes in the fair values	8.4	-17.6	0.0	0.0
As of Dec 31, 2018	**-36.0**	**-0.9**	**0.0**	**0.0**

The transition reserve amounting to EUR -402,3 million, which resulted from the IFRS opening Statement of Financial Position as of January 1, 2006, and includes all the effects of the transition from UGB to IFRS, was recognized in the retained earnings in both years. See the Consolidated Statement of Changes in Shareholders' Equity for further explanation.

Income taxes included in other comprehensive income relate only to taxable items.

25. Financial liabilities

The financial liabilities are composed as follows:

Dec 31, 2018 in EUR million	up to 1 year	1 to 5 years	more than 5 years	Total
Bonds	1,539.5	3,896.3	8,824.2	14,260.0
Bank loans	239.1	850.3	4,145.7	5,235.1
Financial liabilities leasing	18.6	195.7	144.5	358.8
Other financial liabilities	627.2	1,513.5	2,151.8	4,292.5
Total	**2,424.4**	**6,455.8**	**15,266.2**	**24,146.3**

Dec 31, 2017 in EUR million	up to 1 year	1 to 5 years	more than 5 years	Total
Bonds	0.0	5,386.3	8,869.9	14,256.2
Bank loans	224.3	686.7	4,145.7	5,056.7
Financial liabilities leasing	16.5	171.3	163.0	350.8
Other financial liabilities	469.1	1,246.4	2,170.1	3,885.6
Total	**709.9**	**7,490.7**	**15,348.7**	**23,549.3**

The total amount of liabilities with a maturity of more than five years mainly relates to bonds, bank loans with EUROFIMA or banks, liabilities to the federal government (OeBFA), and liabilities from cross-border lease agreements.

Guarantees of the federal government

The federal government has guaranteed bonds and liabilities to banks amounting to EUR 14,209.1 million (previous year: EUR 14,208.9 million). Additionally, liabilities to EUROFIMA of EUR 1,696.6 million (previous year: EUR 1,839.4 million) are also secured by federal government guarantees.

Issued bonds

Fair value	Currency	Term	ISIN / CUSIP	Interest rate
1,000,000,000.00	EUR	2005 - 2020	XS0232778083	3.5000%
300,000,000.00	EUR	2010 - 2020	XS0232778083	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0243862876	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0244522396	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0252697130	3.5000%
50,000,000.00	EUR	2006 - 2036	XS0252721450	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0275973278	3.4900%
80,000,000.00	EUR	2006 - 2036	XS0275974599	3.4900%
1,300,000,000.00	EUR	2007 - 2022	XS0307792159	4.8750%
200,000,000.00	EUR	2008 - 2022	XS0307792159	4.8750%
100,000,000.00	EUR	2007 - 2037	XS0321318163	4.0000%
100,000,000.00	EUR	2007 - 2037	XS0324893626	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0324895670	4.0000%
100,000,000.00	EUR	2007 - 2037	XS0328866982	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0331427905	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0336043517	3.9900%
1,250,000,000.00	EUR	2009 - 2019	XS0436314545	4.5000%
100,000,000.00	EUR	2010 - 2019	XS0436314545	4.5000%
50,000,000.00	EUR	2011 - 2019	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	XS0648186517	3.6250%
1,000,000,000.00	EUR	2011 - 2026	XS0691970601	3.5000%
200,000,000.00	EUR	2011 - 2031	XS0717614951	4.0000%
1,350,000,000.00	EUR	2012 - 2032	XS0782697071	3.3750%
1,000,000,000.00	EUR	2013 - 2023	XS0949964810	2.2500%
75,000,000.00	EUR	2013 - 2033	XS0954197470	2.1250%
1,000,000,000.00	EUR	2013 - 2033	XS0984087204	3.0000%
1,000,000,000.00	EUR	2014 - 2024	XS1138366445	1.0000%
500,000,000.00	EUR	2014 - 2029	XS1071747023	2.2500%

From 2005 to 2014, ÖBB-Infrastruktur AG initiated a Euro medium-term note ("EMTN") program. Payments relating to bonds issued under this 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 (previous year: three) in the amount of USD 56.4 million (previous year: USD 54.7 million) with the CUSIP numbers A5790#AD0 (maturing in 2026), A5790#AE8 (maturing in 2025) and A5790#AF5 (maturing in 2025) are still outstanding.

Liabilities due to banks include EUR 3,953.3 million (previous year: EUR 3,956.0 million) in loans from the European Investment Bank (EIB). Liabilities of EUR 78.9 million (previous year: EUR 94.5 million) are collateralized.

Financial liabilities leasing

Lease liabilities result primarily from non-linked CBL transactions and from finance leases. With one exception, the cross-border lease liabilities are matched by assets in the same amount (financial assets, such as loans to banks and leasing institutes or securities, or compensation claims from payment undertaking agreements). Differences regularly result from allowances required in the year under review and in previous years.

Other financial liabilities

Other financial liabilities essentially comprise EUROFIMA loans amounting to EUR 1,696.6 million (previous year: EUR 1,839.4 million), of which in 2018, EUR 167.2 million (previous year: EUR 71.2 million) had a residual term of less than one year. Liabilities to the federal government (OeBFA) with a carrying amount of EUR 1,559.6 million (previous year: EUR 1,287.2 million) and negative present values of derivative financial instruments are also recognized under this item.

Since 2017, the ÖBB-Infrastruktur Group has been raising the necessary financing primarily through loans from the Republic of Austria that are provided by the Austrian Treasury (OeBFA) rather than by issuing its own bonds on the capital markets. According to Eurostat criteria, the ÖBB-Infrastruktur AG is part of the government sector. All existing bonds of ÖBB-Infrastruktur AG and their guarantees by the Republic of Austria remain unaffected by this expansion of the financing instruments of ÖBB-Infrastruktur AG.

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%	*)
250,000,000.00	EUR	2018 - 2117	2.100%	1.8725%	*)
1,553,650,000.00	**EUR**	**Total**			

*) Average effective interest rate

Financial lease liabilities of EUR 78.9 million (previous year: EUR 103.9 million) are secured by financial assets, and other financial liabilities of EUR 778.4 million (previous year: EUR 1,241.7 million) are collateralized in rem, mainly in the form of vehicles.

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

26. Provisions

ÖBB Group 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 is determined by the probability.

26.1. Provisions for personnel

Provisions for personnel

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Statutory severance payments	68.6	68.9
Pensions	1.2	1.2
Anniversary bonuses	249.0	219.1
Other provisions for personnel	0.8	1.0
Total	**319.5**	**290.2**
thereof long-term	*319.5*	*290.2*

Other provisions for personnel are the main component of short-term provisions. With the exception of the actuarial gains or losses from the provision for statutory severance payments and pensions, all changes to personnel provisions that affect profit or loss are 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, 2018	Dec 31, 2017
Discount rate severance payments	2.10%	1.90%
Discount rate pensions	2.00%	1.90%
Discount rate anniversary bonuses	1.60%	1.40%
Rate of compension increase	3.60%	3.60%
Rate of pension payment increases	2.00%	2.00%
Employee turnover rate anniversary bonuses of tenured employees	0.00 - 2.34%	0.00 - 3.07%
Employee turnover rate anniversary bonuses of other workers and employees	0.00 - 8.61%	0.00 - 7.81%

The Group is usually exposed to the following actuarial risks relating to severance payments and anniversary bonuses:

Interest rate risk: a decrease in the interest rate leads to an increase in provisions.

Salary risk: The present value of the provisions is determined on the basis of the planned future salaries of the beneficiary employees. As a result, increases in the salaries of the beneficiary employees lead to an increase in provisions.

Statutory severance payments

A provision for severance payments is made for severance claims arising from statutory and contractual regulations for those employees who are not tenured employees within the meaning of Article 21 (3) Bundesbahngesetz [Austrian Federal Railways Act] as amended in the Federal Law Gazette BGBL I no. 71/2003. As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit (PUC) method. It is based on the biometric calculation principles for pension insurance of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2018-P (previous year: 2008-P) for male and female employees. The newly used biometric calculation bases increased the other result by EUR 0.8 million in the 2018 financial year.

Severance obligations to employees hired before Jan 01, 2003, are covered by defined benefit plans as described below. Following legal amendment, employees hired in Austria after Jan 01, 2003 are covered by a defined contribution plan. In this connection, in both reporting years, ÖBB Group paid EUR 10.1 million (previous year: EUR 8.2 million) into the defined contribution plan (VBV Vorsorgekasse AG and APK-PENSIONSKASSE AG).

Upon retirement, eligible employees receive a severance payment equal to a multiple of their monthly base salary – based on their period of service – but no more than twelve monthly salaries. Upon termination of employment, up to three months’ salaries are paid immediately, any benefit in excess of that amount being paid over a period not exceeding ten months. In the event of death, the heirs of an eligible employee are entitled to 50% of the severance benefits.

The following table shows the components of net periodic severance cost and the development of the severance provisions:

	2018 in EUR million	2017 in EUR million
Defined benefit commitments as of Jan 01	*68.9*	*68.1*
Service cost	3.0	3.2
Interest cost	1.2	1.2
Subtotal recorded in the net income	4.2	4.4
Actuarial losses (+) / gains (-) from changes in demographic assumptions	-0.8	0.0
Actuarial losses (+) / gains (-) from changes in financial assumptions	-2.1	-3.0
Experience adjustments	0.8	-0.5
Recognized in other comprehensive income	**-2.1**	**-3.5**
Severance payments	-2.6	-2.4
Company sales and acquisitions	0.2	2.3
Defined benefit commitments as of Dec 31	**68.6**	**68.9**

Severance provisions amounting to EUR 1.5 million (previous year: EUR 1.4 million) are due in 2019; severance provisions amounting to EUR 6.9 million (previous year EUR 8.8 million) are due between 2020 to 2023; and severance provisions amounting to EUR 57.2 million (previous year: EUR 58.7 million) are due after . The duration is 16.3 (previous year: 15.2) 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 in DBO		Decrease of the parameter/ change in DBO	
	in %	2018 in EUR million	2017 in EUR million	2018 in EUR million	2017 in EUR million
Interest rate	+/-0.5	-7.9	-7.5	2.6	2.4
Salary increase	+/-0.5	2.5	2.3	-7.9	-7.5

Anniversary bonuses

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

The calculation of the provision was performed actuarially using the PUC method, which is prescribed for IAS 19 valuations. Since the reporting year, it has been based on the biometric calculation principles for pension insurance of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2018-P (previous year: 2008-P) for male and female employees. In the 2018 financial year, the newly used biometric calculation bases led to additional personnel expenses of EUR 30.2 million for the provision for anniversary bonuses.

The provision is accrued over the period of service with a deduction to reflect employees who leave the company prematurely. Actuarial gains and losses are recognized immediately in profit or loss in the period in which they occur.

A provision for anniversary bonuses for the other employees is made in accordance with the stipulations of the applicable collective wage agreement or internal company agreements.

The following table shows the components and the development of the anniversary bonus provision:

	2018 in EUR million	2017 in EUR million
Defined benefit commitments as of Jan 01	*219.1*	*230.0*
Service cost	10.0	3.3
Interest cost	3.0	2.9
Anniversary bonuses	-22.3	-21.2
Company sales and acquisitions	0.0	0.9
Actuarial losses (+) / gains (-)	30.9	-5.5
Experience adjustments	8.3	8.7
Defined benefit commitments as of Dec 31	**249.0**	**219.1**

The average term is 8.3 (previous year: 8.4) years. A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for anniversaries	Change in assumption in %	Increase of the parameter / change in DBO 2018 in EUR million	2017 in EUR million	Decrease of the parameter / change in DBO 2018 in EUR million	2017 in EUR million
Interest rate	+/-0.5	-9.9	-8.9	10.5	9.2
Salary increase	+/-0.5	10.3	9.0	-9.8	-8.8

Pensions

The provisions for pensions include only pension obligations arising from individual contracts.

Defined contribution plans

In Austria, pension benefits for employees are generally provided by the social security institutions, as well as for railway employees by the Versicherungsanstalt für Eisenbahn und Bergbau (Austrian insurance institution for railway and mining) or the federal government pursuant to Article 52 of the Federal Railways Act. ÖBB Group is required to pay pension and health care contributions for current tenured employees to Versicherungsanstalt für Eisenbahn und Bergbau. In addition, ÖBB Group offers all employees in Austria a defined contribution plan. Contributions of ÖBB Group are calculated as a percentage of salary and may not exceed 1.2%. Expenses relating to this plan totaled EUR 20.9 million (previous year: EUR18.0 million).

Defined benefit plans

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

26.2. Other provisions

in EUR million	As of Jan 01, 2018	Utilization	Release	Transfers	Accretion expenses	Additions	As of Dec 31, 2018
Asset retirement obligations	65.9	-6.7	-9.8	0.0	0.0	1.4	50.8
Public services according to EU Directive 1370/2007	48.2	0.0	-8.0	0.0	0.6	10.0	50.8
Environmental protection measures	52.0	-1.4	-5.6	0.0	0.0	0.8	45.8
Reimbursement of travel expenses	30.5	-0.5	-9.9	0.0	1.0	0.3	21.4
Demolition cost and similar obligations	18.6	-2.6	-2.9	0.0	0.0	8.2	21.3
Bad debts and public services	27.0	-2.8	-11.4	0.0	0.3	7.9	21.0
Loss set aside	6.3	-8.8	-0.1	0.0	0.0	8.1	5.5
Non-income taxes and fees	3.4	-1.5	-0.7	0.0	0.0	0.5	1.7
Reorganization	4.5	-2.4	-1.5	0.0	0.0	0.3	0.9
Others	138.9	-42.3	-32.4	0.8	-0.8	41.3	105.5
Total	**395.3**	**-69.0**	**-82.3**	**0.8**	**1.1**	**78.8**	**324.6**
thereof long-term	*223.1*						*193.4*

The amounts in the column “Transfers” represent transfers to liabilities.

The provision for asset retirement costs relates to future expenses in connection with the demolition, dismantling, and removing of assets and the restoration of sites. This refers to railway lines that have already been retired or will be retired in the near future. This provision was 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 1.4 million (previous year: EUR 1.7 million). The release of the provision relates to routes sold in 2018 and an update of the estimate of future costs. In the 2017 financial year it was agreed 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 and soil contamination. As dictated by law, it was recognized in the amount of the anticipated expenditure and reversed in 2018 in the amount of EUR 5.5 million. 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 amount of EUR 1.2 million was used for the environmental protection provision formed in the 2017 financial year due to identified heavy metal contamination of railway pylons.

A provision of EUR 50.8 million (previous year: EUR 48.2 million) is recognized for any possible reimbursement demanded by the federal government arising from the settlement of the VDV (Association of German Transport Undertakings) and for obligations arising from the liberalization of European rail transport in connection with EU-RL1370/2007.

The provision for contingent losses is mainly composed of expenses for other legal matters and for onerous contracts from the individual business units in the Freight Transport and Technical Services divisions.

The provision for demolition costs and similar obligations includes provisions for contractual obligations in connection with the sale of real estate properties.

In addition to litigations, miscellaneous provisions include expenses for geotechnical analyses in connection with the damages to railway embankments. Provisions for litigations were measured based on management’s best estimate and based on all litigation risks that were identifiable when the financial statements were prepared. The provision relates to numerous litigations arising from the company's business operations. Among other things, this item includes provisions for the repayment of infrastructure usage charges in connection with ongoing regulatory proceedings. Since disclosure of information under IAS 37 could seriously affect the entity's position in these proceedings, no disclosure is made about the amount of the provision or any contingent liabilities beyond that amount. Reference is made to the section Use of Estimates and Judgement in Note 3.

Anticipated cash outflow for the provisions

Non-current provisions were discounted at interest rates of 0.0 to 2.7% (previous year: 0.2 to 2.2%). Adjustments due to changes in the discount rate were insignificant.

Of the other provisions, EUR 193.4 million (previous year: EUR 223.1 million) are classified as non-current. The anticipated cash outflow for these provisions is after 2019. Cash paid relating to provisions classified as current are expected in 2019. Provisions with uncertain payment dates were mainly classified as current.

27. Trade payables and other liabilities

Dec 31, 2018 in EUR million	Current	Non-current	Total
Trade payables	1,022.2	0.0	1,022.2
Other liabilities	1,311.8	45.7	1,357.5
thereof deferral of federal subsidies	*923.0*	*0.0*	*923.0*
thereof accured personnel liabilities	*175.5*	*0.0*	*175.5*
thereof other deferrals	*49.5*	*43.0*	*92.5*
thereof taxes	*62.5*	*0.0*	*62.5*
thereof social secruity	*40.1*	*0.0*	*40.1*
Total	**2,334.0**	**45.7**	**2,379.7**

Dec 31, 2017 in EUR million	Current	Non-current	Total
Trade payables	748.5	0.0	748.5
Other liabilities	997.4	51.2	1,048.6
thereof deferral of federal subsidies	*621.1*	*0.0*	*621.1*
thereof accured personnel liabilities	*163.7*	*0.0*	*163.7*
thereof other deferrals	*70.2*	*49.5*	*119.7*
thereof taxes	*52.7*	*0.0*	*52.7*
thereof social secruity	*33.5*	*0.0*	*33.5*
Total	**1,745.9**	**51.2**	**1,797.1**

The management estimates that the carrying amounts of the trade payables approximate their respective fair values. Trade payables include payables in the amount of EUR 29.2 million (previous year: EUR 22.7 million) that have a remaining maturity of more than 1 year but are nevertheless recognized as current in accordance with IAS 1.70.

In deferrals for staff, the items “overtime” and “vacation days not yet taken” are recognized.

Deferred income in the amount of EUR 9.6 million (previous year: EUR 13.2 million) arose from two sale and leaseback transactions, and was recognized in other deferrals. The sales income from these finance leases is reversed over the term of the lease. Other liabilities also comprise the tax benefit from CBL transactions amounting to EUR 6.5 million (previous year: EUR 7.8 million), advance ticket sales of EUR 32.6 million (previous year EUR 31.4 million) and accrued income from earnings from land lease agreements amounting to EUR 28.9 million (previous year: EUR 34.3 million).

The contractual liabilities essentially include advance cash received for revenue belonging to subsequent periods amounting to EUR 15.1 million (Jan 01, 2018: EUR 13.0 million), which are reported under other liabilities. All contractual liabilities recognized as of Jan 01, 2018 were recognized as revenue in the reporting period.

C. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Other guarantees and contingent liabilities

	2018 in EUR million	2017 in EUR million
Contingent liabilities from lease transactions	54.0	54.3
Other contingent liabilities	36.8	33.8
Total	**90.8**	**88.1**

Contingent liabilities from lease transactions (CBL transactions)

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

The other contingent liabilities relate to guarantees and bad debts, whereby the amount of cash outflows depends on the future course of business.

Other contingent liabilities

Of the other contingent liabilities, EUR 0.9 million (previous year: EUR 1.3 million) are contingent liabilities from investments.

For further information on the contractual terms of the CBL transactions see Notes 30.3 and 29.3.

29. Financial instruments

29.1. Risk management

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

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

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

Most of the derivatives within the Group (97% [previous year: 97%] of the fair value) are non-structured standard hedges (“plain vanilla” interest rate swaps and cross-currency interest rate swaps). A structured derivative accounts for 3% (previous year: 3%) of the fair value in both reporting years. This has a total nominal volume of EUR 20.0 million (previous year: EUR 20.0 million) with a term through 2022.

29.2. Risk types

Financial risks are defined as follows:
- 29.2.a. Interest rate risk
- 29.2.b. Currency risk

– 29.2.c. Credit risk
– 29.2.d. Liquidity risk
– 29.4 Commodity risks (electricity price fluctuations)

29.2.a. Interest rate risk

Risks from the exposure to changes of interest rates are risks to the profitability and the value of the ÖBB Group and may occur in the following forms:
– Interest payment risk (increased interest expense due to the market development)
– Present value risk (change in value of the portfolio)

Risks arising from changes in market interest rates may affect the financial result of the ÖBB Group due to the structure of its Statement of Financial Position. Fluctuations in market interest rates that exceed a certain level agreed with the ÖBB-Infrastruktur Group companies therefore need to be limited (for example, by using derivative financial instruments), in order to minimize their effect on earnings performance.

The conclusion of appropriate derivative financial instruments to manage interest risks (interest swaps) is based on portfolio analyses and recommendations by ÖBB-Holding AG and the related decisions of the subsidiaries.

ÖBB Group is exposed to interest rate risks mainly in the Eurozone. In order to implement the risk strategy as effectively as possible, it uses interest rate derivatives contracts taking the present debt structure into account.

Financial instruments (current and non-current) **Dec 31, 2018**	Fixed interest financial instruments in EUR million	Variable interest financial instruments in EUR million
Financial assets	284.1	21.0
Trade receivables	1.4	5.3
Other receivables and assets	0.5	0.0
Cash and cash equivalents	43.2	34.6
Total	**329.2**	**60.9**
Financial liabilities	23,145.5	461.0
of which to the Federal Government (OeBFA)	*1,559.6*	*0.0*
Total	**23,145.5**	**461.0**

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	283.1	22.4
Trade receivables	1.1	0.0
Other receivables and assets	0.4	0.0
Cash and cash equivalents	4.5	93.0
Total	**289.1**	**115.4**
Financial liabilities	22,601.2	418.8
of which to the Federal Government (OeBFA)	*1,287.2*	*0.0*
Other liabilities	4.5	0.0
Total	**22,605.7**	**418.8**

The hedged items were classified as financial instruments at fixed or variable interest, taking the concluded derivatives into account (hedging instruments).

Sensitivity analysis for interest rate risk

IFRS 7 requires a sensitivity analysis for market risks, showing how profit or loss and equity would be affected by hypothetical changes in market interest rates. The effects in each period are determined by applying the hypothetical changes in the risk variables to the portfolio of financial instruments at the reporting date. For the purpose of the sensitivity analysis, the portfolio at the reporting date is assumed to be representative for the entire year.

Fluctuations in the market interest rates levied on original fixed interest financial instruments only affect profit or loss if measured at fair value. Accordingly, fixed interest financial instruments measured at amortized cost are not exposed to any interest rate risks.

Market interest rate fluctuations of financial instruments designated as cash flow hedges against interest-related cash flow fluctuations affect the cash flow hedge reserve in equity and are therefore considered in equity-related sensitivity calculations.

Market interest rate fluctuations of original variable interest financial instruments for which interest payments are not hedged against interest rate risks with cash flow hedges are included in the calculation of profit-related sensitivities.

Market interest rate fluctuations of derivative financial instruments not designated as hedging instruments in accordance with IFRS 9 affect the other financial expenses and income (changes of the fair value of the financial assets) and are therefore included in profit-related sensitivity calculations.

	Effect in income statement		Effect in shareholders' equity	
Sensitivity analysis interest rate risk as of Dec 31, 2018 in EUR million	+100 base points	-100 base points	+100 base points	-100 base points
Assets				
Financial assets	0.2	-0.2	0.0	0.0
Cash and cash equivalents	0.3	-0.3	0.0	0.0
Liabilities				
Financial liabilities	-4.3	4.3	24.8	-25.0
Consolidated effect 2018	**-3.8**	**3.8**	**24.8**	**-25.0**

	Effect in income statement		Effect in shareholders' 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				
Financial assets	0.2	-0.2	0.0	0.0
Cash and cash equivalents	1.4	-1.4	0.0	0.0
Liabilities				
Financial liabilities	-4.2	4.1	32.2	-32.2
Consolidated effect 2017	**-2.6**	**2.5**	**32.2**	**-32.2**

29.2.b. Currency risk

The ÖBB Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. As of the reporting date, ÖBB Group was not exposed to any material risks relating to foreign currency liabilities. Accordingly, changes in exchange rates do not materially affect the result. Residual currency risks mainly relate to financial liabilities in euros of the Hungarian companies, which prepare their financial statements in Hungarian forints.

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

Foreign currencies are hedged as follows:

Currency-sensitive financial instruments 2018	USD in mil.
Trade receivables	9.0
Other financial assets	176.0
Trade payables	-8.0
Other financial liabilities	-182.0
	-5.0
less forward foreign exchange contracts/currency swaps	0.0
Net exchange rate risk	**-5.0**

Currency-sensitive financial instruments 2017	USD in mil.
Trade receivables	11.0
Other financial assets	178.0
Trade payables	-9.0
Other financial liabilities	-180.0
	0.0
less forward foreign exchange contracts/currency swaps	0.0
Net exchange rate risk	**0.0**

Sensitivity analysis for exchange rate risk

If the EUR had gained or lost 10% against the USD, the result in the two reporting years would have been EUR 0.0 million higher or lower.

29.2.c. Credit risk

Counterparty credit risk describes the potential loss from failure by finance partners to 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 Group conducts business with financial partners with a defined rating and objective risk classification by the capital market.

ÖBB Group manages credit risk by calculating and setting limits based primarily on the assessment of financial partners' credit default swap statistics. This ensures the Group's ability to respond rapidly to any changes in the capital markets' risk assessment of the financial partner. The applicable limits and their utilization are monitored daily in order to ensure a timely, risk-focused response to market disruptions.

Apart from the original transactions with finance partners, counterparty risk also exists in connection with cross-border leases. For cross border leasing transactions, security deposits, payment undertaking agreements, and swaps were concluded with financial partners for lease payments during the term and the acquisition cost at the end of the term. See Note 30.3 for more information on cross-border leases.

The financial assets of ÖBB Group mainly comprise cash and cash equivalents, trade receivables, and receivables from finance leases and securities. These items represent the maximum loss exposure of ÖBB Group with respect to its financial assets. In extreme circumstances, this credit risk therefore constitutes the equivalent of all assets less property, plant and equipment, intangible assets, investments in associated companies, inventories, and other receivables that do not constitute financial instruments.

The credit risk comprises the following:

Credit risk from financial instruments in EUR million	Gross exposure (carrying amount plus impairments)	less collateral (FV)	Net exposure
Total exposure 2018			
Financial assets	387.5	0.0	387.5
Trade receivables	575.6	-3.3	572.3
Other receivables and assets	122.2	0.0	122.2
Cash and cash equivalents	94.5	0.0	94.5
Risk current and non-current assets	**1,179.8**	**-3.3**	**1,176.5**
Contingent liabilities from lease transactions	54.0	0.0	54.0
Other contingent liabilities	36.8	0.0	36.8
Credit risk from issued guarantees	**90.8**	**0.0**	**90.8**
Total credit risk as of Dec 31, 2018	**1,270.6**	**-3.3**	**1,267.3**
Total exposure 2017			
Financial assets	346.0	0.0	346.0
Trade receivables	*594.5*	*-1.7*	*592.8*
Other receivables and assets	*86.7*	*0.0*	*86.7*
Cash and cash equivalents	*112.6*	*0.0*	*112.6*
Risk current and non-current assets	**1,139.8**	**-1.7**	**1,138.1**
thereof neither past due nor impaired			*954.1*
thereof not past due because renegotiated or impaired			*11.6*
thereof past due and not impaired			*135.3*
thereof past due			*37.1*
Contingent liabilities from lease transactions	54.3	0.0	54.3
Other contingent liabilities	33.8	0.0	33.8
Credit risk from issued guarantees	**88.1**	**0.0**	**88.1**
Total credit risk as of Dec 31, 2017	**1,227.9**	**-1.7**	**1,226.2**

With respect to maturities, see Note 20.

29.2.d. Liquidity risk

The primary goal of ÖBB Group in financial terms is to secure the necessary cash flow flexibility for all ÖBB Group business operations. For ÖBB Group, liquidity risk also means any restrictions in terms of volume or conditions on the 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.

in EUR million	Carrying amount Dec 31, 2018	non-cash Carrying amounts Dec 31, 2018	Carrying value of 2019 cash flows Interest *) 2019	Carrying value of 2019 cash flows Redemption *) 2019	Carrying value of 2020-2023 cash flows Interest 2020-2023	Carrying value of 2020-2023 cash flows Redemption 2020-2023	Carrying value of 2024 et seq. cash flows Interest 2024 et seq.	Carrying value of 2024 et seq. cash flows Redemption 2024 et seq.
Original financial liabilities								
Bonds	14,260.0	49.3	488.0	1,539.5	1,407.8	4,845.5	1,631.4	7,825.7
Bank loans	5,235.1	0.0	125.6	239.1	459.2	757.6	834.8	4,238.4
Finance leasing, sub-lease and CBL liabilities	358.7	65.3	13.1	26.5	35.3	126.7	20.7	140.2
Other financial liabilities	4,181.7	37.9	70.3	342.3	190.7	1,187.6	1,224.4	2,377.9
Trade payables	1,012.5	0.0	0.0	983.3	0.0	29.2	0.0	0.0
Other liabilities	992,4	0,0	0,0	983,9	0,0	7,4	0,0	1,1

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

in EUR million	Carrying amount Dec 31, 2018	Cash flows 2019 Interest 2019	Cash flows 2019 Redemption 2019	Cash flows 2020-2023 Interest 2020-2023	Cash flows 2020-2023 Redemption 2020-2023	Cash flows 2024 et seq. Interest 2024 et seq.	Cash flows 2024 et seq. Redemption 2024 et seq.
Derivative financial receivables							
Other derivatives not designated as hedges	26.8	0.0	65.2	0.0	21.7	0.0	0.0
Power derivatives with cashflow hedges	44.0	0.0	34.6	0.0	58.8	0.0	0.0
Cash paid		*0.0*	*34.6*	*0.0*	*58.8*	*0.0*	*0.0*
Derivate financial liabilities							
Interest reate derivates not designated as hedges	3.2	0.8	0.0	2.5	0.0	0.0	0.0
Interest derivatives - Cash flow hedges	87.1	21.5	0.0	55.2	0.0	26.7	0.0
Power derivatives - Cash flow hedges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other derivatives not designated as hedges	20.6	0.0	58.4	0.0	19.8	0.0	4.1
Financial guarantees							
Guarantees from cross-border leasing	54.0	3.9	3.1	12.8	15.1	2.4	35.8
Other contingent liabilities	35.0	0.0	15.3	0.0	12.4	0.0	7.3

in EUR million	Carrying amount 31.12.2017	non-cash Carrying amounts 31.12.2017	Carrying value of 2018 cash flows Interest *) 2018	Carrying value of 2018 cash flows Redemption *) 2018	Carrying value of 2019-2022 cash flows Interest 2019-2022	Carrying value of 2019-2022 cash flows Redemption 2019-2022	Carrying value of 2023 et seq. cash flows Interest 2023 et seq.	Carrying value of 2023 et seq. cash flows Redemption 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
Bank loans	5,056.7	0.0	125.0	224.3	464.8	686.7	935.8	4,145.7
Finance leasing, sub-lease and CBL liabilities	350.8	90.5	11.9	8.6	37.6	107.3	25.8	144.5
Other financial liabilities	3,769.5	40.4	60.2	433.1	180.8	1,144.1	697.5	2,151.8
Trade payables	726.6	0.0	0.0	703.9	0.0	22.7	0.0	0.0
Other liabilities	762.7	0.0	0.0	751.7	0.0	9.8	0.0	1.2

*) 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."

in EUR million	Carrying amount 31.12.2017	Cash flows 2018 Interest 2018	Cash flows 2018 Redemption 2018	Cash flows 2019-2022 Interest 2019-2022	Cash flows 2019-2022 Redemption 2019-2022	Cash flows 2023 et seq. Interest 2023 et seq.	Cash flows 2023 et seq. Redemption 2023 et seq.
Derivative financial receivables							
Other derivatives not designated as hedges	22.2	0.0	80.0	0.0	38.2	0.0	0.0
Power derivatives with cashflow hedges	6.3	0.0	8.4	0.0	13.5	0.0	0.0
Cash paid		0.0	8.4	0.0	13.5	0.0	0.0
Derivate financial liabilities							
Interest reate derivates not designated as hedges	4.0	0.8	0.0	3.3	0.0	0.0	0.0
Interest derivatives - Cash flow hedges	101.9	24.9	0.0	67.5	0.0	36.3	0.0
Power derivatives - Cash flow hedges	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Other derivatives not designated as hedges	10.2	0.0	51.2	0.0	5.2	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 contingent liabilities	33.8	0.0	14.4	0.0	11.1	0.0	8.3

The table includes all financial instruments held in the portfolio as of the reporting date for which payments have already been contractually agreed. Estimated payments for future new liabilities were not taken into account in future cash flows. Foreign currency amounts have been translated using the reporting date rate in each case. Variable interest payments from financial instruments were determined based on the interest rates applicable on the reporting date.

Guarantees of the federal government

As explained in Note 25, bonds, certain liabilities to banks and liabilities to EUROFIMA are guaranteed by the federal government.

29.3. Hedging transactions

Hedge Accounting

ÖBB Group applies the hedge accounting regulations in accordance with IFRS 9 (Hedge Accounting) to hedges of assets and liabilities and future cash flows. This reduces volatilities in the Consolidated Income Statement. A distinction is made between fair value hedges and cash flow hedges, depending on the hedged item. The ÖBB Group only uses cash flow hedges.

A cash flow hedge mitigates the exposure to fluctuation of future anticipated cash flows from the financial assets and liabilities recognized in the Statement of Financial Position, and from planned transactions. For cash flow hedges, the effective portion of the change in the fair value of the hedging instrument is recognized under other comprehensive income in equity (cash flow hedge reserve) until the cash flow resulting from the hedged item affects profit or loss; the ineffective portion of the change in the fair value of the hedging instrument is recognized in the Consolidated Income Statement. Fair value hedges, on the other hand, require the carrying amount of the hedged item to be adjusted for changes in the fair value of the hedged risk through profit or loss.

The ÖBB Group meets the requirements of IFRS 9 for hedge accounting as follows:

At the inception of the hedge, the relationship between 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 an assessment of the effectiveness of the hedging instruments. Existing hedging measures are reviewed on an ongoing basis to ensure that the requirements for hedge effectiveness continue to be met. If this is not the case and a recalibration of the hedge relationship is not possible, or if the hedging instrument expires or is sold or terminated, a hedge becomes ineffective and the hedge relationship is terminated.

The ÖBB Group also enters into hedges which do not comply with the formal requirements of IFRS 9 but which contribute to economically effective hedging of financial risks in accordance with the principles of the risk management.

Cash flow hedges - Interest rate risks

Interest rate risks arise from variable interest payments on financial assets and liabilities (i.e. cash flow risks) or from market value risks, i.e. changes in the present value of fixed-interest financing. Within the ÖBB Group, an interest rate risk may occur in the existing financing portfolio and in the planned new business portfolio in accordance with budget/medium-term planning (BUD/MFP). The interest expense from refinancing raised during BUD/MFP is based on forward interest rates according to planning assumptions. The actual interest expense is only locked-in when the contract is concluded (fixed interest rate) or when the interest rate is fixed (variable interest rate).

ÖBB Group has entered into payer interest rate swaps (receive variable – pay fixed) to hedge interest payment risks. The changes in cash flows of the hedged item resulting from changes in the EURIBOR rate are offset by the changes in cash flows of the interest rate swaps. The objective of these hedges is to transform the variable interest rate bonds into fixed interest rate debts, thus hedging the cash flow from the financial liabilities.

The following table shows the range of maturities of the cash flow hedges:

Dec 31, 2018 Maturity	Number of swaps	Nominal volumne in EUR million
Portfolio	23	643.8
thereof maturing 2019	*1*	*100.0*
thereof maturing 2020	*6*	*93.9*
thereof maturing 2021	*2*	*200.0*
thereof maturing 2022	*0*	*0.0*
thereof maturing 2023 et seq.	*14*	*249.9*

Dec 31, 2017 Maturity	Number of swaps	Nominal volumne in EUR million
Portfolio	27	720.8
thereof maturing 2018	*4*	*77.0*
thereof maturing 2019	*1*	*100.0*
thereof maturing 2020	*6*	*93.9*
thereof maturing 2021	*2*	*200.0*
thereof maturing 2022 et seq.	*14*	*249.9*

The effectiveness of the hedging relationship is assessed using the Critical Terms Match method. Ineffectiveness is determined using the dollar offset method. For this purpose, a hypothetical derivative is formed for cash flow hedges that reflects the conditions contained in the underlying hedged item.

Changes in the fair value of interest rate swaps designated as hedging instruments with respect to future interest payments for variable interest liabilities are recognized in equity through other comprehensive income (see Consolidated Statement of Changes in Shareholders' Equity). These amounts are recognized as finance costs in the period in which the corresponding interest payments from the hedged item affect profit or loss (EUR 25.8 million [previous year: EUR 29.7 million]). Further, ineffective portions of hedge accounting relationships amounting to EUR 0.02 million (previous year: EUR 0.3 million) were recognized through profit or loss. As of the reporting date, EUR 1.1 million (previous year: EUR 1.2 million) from the expiry of cash flow hedges, which are subsequently reversed, were recognized in other comprehensive income in equity: 2019: EUR 0.1 million (previous year: EUR 0.1 million), 2020 to 2023: EUR 0.6 million (previous year: EUR 0.6 million), 2024 et seq.: EUR 0.4 million (previous year: EUR 0.5 million).

29.4. Commodity risks

ÖBB-Infrastruktur AG's Power Supply Management/Energy Sector division is responsible for the procurement of grid-bound energy sources and energy-related products (emission certificates, certificates of origin) within the ÖBB Group. All of these products are either supplied to internal or external customers or used to operate the 16.7 Hz traction current network. Price fluctuations for these products influence the expenses of the ÖBB Group and thus represent a market risk. Since around two thirds of the traction current required and the entire electricity needed for supplying the operating facilities (train stations, etc.) is procured on the electricity market, the ÖBB Group is strongly affected by electricity price volatility. The risk management strategy therefore arranges for price hedging.

A major risk in the procurement of energy is the fluctuation of market prices. This must also be seen against the background that the sales prices for traction power and the tariffs for operating facilities for each calendar year must be fixed in the fourth quarter before the start of delivery or that the tariffs for the use of the traction power grid must even be announced one year earlier for the first time. It is therefore particularly relevant for the ÖBB Group to have already hedged or fixed the prices in advance. Prices are hedged by concluding forwards for the planned purchase quantities for traction power, energy losses and operating facilities as well as for emission certificates. In addition to securing prices, the hedging also serves to increase planning reliability, which is necessary as the basis for price calculation.

Against the background of the procurement strategies and for risk diversification, the ÖBB Group decided on a long-term rolling procurement (rolling hedge). The defined procurement period varies depending on the hedged items (up to three years for energy and up to five years for emission allowances). A certain percentage of the quantity to be procured (a required supply, the target purchase amount) must be purchased each procurement year at defined points in time by energy portfolio management. An upper and lower quantity corridor was defined in order to incorporate portfolio management's price expectations into the procurement process. There is the option of hedging the price for a higher or lower quantity than the target purchase quantity depending on price expectations. This corridor ceases to apply at the end of this procurement period, meaning that the target purchase quantity corresponds with 100% supply.

29.4.1. Cashflow hedges

The ÖBB-Infrastruktur Group has entered into power transactions (long-term procurement contracts, power forward contracts on the purchasing side). These power transactions are used to hedge the price for procuring power for the planned purchase quantities with due regard to management of the production portfolio and the long-term purchase agreements. The forward contracts are concluded on the OTC market. Changes in the cash flows for the planned power purchases due to changes in the power price are compensated by the changes in the cash flows of the forwards, which are classified as derivatives in compliance with IFRS 9. The purpose of the hedging transactions is to fix the variable prices of planned power purchases. Where purchase contracts are offset by matching counter-transactions, both transactions are recognized at fair value through profit or loss after the final purchase contracts have been negotiated. The amount recognized in other comprehensive income until conclusion is transferred to the Income Statement once the forward is settled.

In the case of power forwards designated as cash flow hedges, ÖBB Infrastruktur AG only designates the price component related to the European Energy Exchange settlement price for the expected future procurement as the hedged risk. In the past the hedged risk component has covered 100% of the changes to the fair value of the hedged item. Following the energy price zone separation into Germany and Austria effective Oct 1, 2018, the hedge transaction no longer covers the transport surcharge. Hedging of emission allowances only includes one price component ("EAU European Emission Allowance Future Settlement Price").

The ÖBB Group hedges 1,000 GWh per supply year on a rolling basis over three years for the procurement of traction power and lost energy as well as 310 GWh for operating facilities. Emission allowances are hedged at an amount of 250 thousand tons per supply year.

Derivatives with a positive fair value are stated in the non-current or current financial assets in accordance with the term range (Note 18). Derivatives with a negative fair value are stated in the financial liabilities in accordance with the term range (Note 25).

Power derivates designated as hedges Dec 31, 2018			Nominal volumne	Average exercise price	Fair value
Maturity	Number of swaps	MWh	in EUR million	in EUR	in EUR million
Portfolio	*74*	*2,589,276*	*91.9*		*41.5*
thereof maturing 2019	*23*	*1,033,044*	*33.4*	*32.3*	*22.8*
thereof maturing 2020	*31*	*943,032*	*33.8*	*35.8*	*14.4*
thereof maturing 2021	*17*	*499,320*	*19.6*	*39.2*	*4.2*
thereof maturing 2022	3	113,880	5.3	46.2	0

Power derivates designated as hedges Dec 31, 2017		Nominal volumne
Maturity	Number of swaps	in EUR million
Portfolio	17	20.8
thereof maturing 2018	*7*	*7.7*
thereof maturing 2019	*6*	*6.8*
thereof maturing 2020	*4*	*6.3*

CO_2 emission rights in cash flow hedge relationship **Maturity**	Number of swaps	Tons	Nominal volumne in EUR million	Average exercise price in EUR	Fair value in EUR million
Portfolio	8	155,000	1.4		2.5
thereof maturing 2019	*7*	*135,000*	*1.2*	*9*	*2.2*
thereof maturing 2020	*1*	*20,000*	*0.2*	*10*	*0.3*

CO_2 emission rights in cash flow hedge relationship **Maturity**	Number of swaps	Tons	Nominal volumne in EUR million	Average exercise price in EUR	Fair value in EUR million
Portfolio	14	240,000	1.4		0.5
thereof maturing 2018	*9*	*160,000*	*1.0*	*6.0*	*0.3*
thereof maturing 2019	*5*	*80,000*	*0.5*	*5.8*	*0.2*

In general, the effectiveness of every derivative designated as a hedging instrument is subject to a prospective effectiveness measurement and is also tested at each reporting date in order to determine the effectiveness of the hedge relationship and to ascertain any potential ineffectiveness. Ineffectiveness is measured by comparing the cumulative changes to the fair value of the designated hedge instruments since the hedge relationship was designated with the cumulative changes to the fair value of the underlying hedged item in relation to the hedged risk. A hypothetical derivative is formed in order to determine the cumulative changes to the fair value of the underlying hedged item in relation to the risk of changes to the European Energy Exchange settlement price.

Ineffectiveness can arise from the fact that the procurement transactions may in some circumstances be based on different load profiles, and this may result in different quantities within the scope of cascading and profiling as the hypothetical derivative does not change in this event. Ineffectiveness can also occur if the trading partner's credit risk deviates significantly from that of ÖBB-Infrastruktur AG. There can also be short-term overhedging as a result of reductions in the PEM, although this will balance out again over time.

The fair value of the power purchase 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. The market valuation of the emission allowance forwards at the reporting date is based on the European Emission Allowance Futures settlement price.

Amounts that are transferred from other comprehensive income to the income statement are recognized in the cost of materials.

The cumulative other comprehensive income from the power forwards and hedging of the emission allowances designated as cash flow hedges are as follows:rt waren, stellt sich wie folgt dar:

Power forwards in EUR million	CHF	CHF closed	OCI total	Deferred tax	OCI after tax
As of Dec 31, 2017	*6.3*	*0.0*	*6.3*	*1.6*	*4.8*
IFRS 9 adjustment	-6.3	6.3	0.0	0.0	0.0
As of Jan 01, 2018	0.0	6.3	6.3	1.6	4.8
Traction power addition	28.9	0.0	28.9	7.2	21.7
Operating facilities addition	5.5	0.0	5.5	1.4	4.1
Operating facilities closed	-2.8	2.8	0.0	0.0	0.0
Transfer to income statement 2018	1.5	-1.0	0.5	0.1	0.4
As of Dec 31, 2018	**33.2**	**8.1**	**41.2**	**10.3**	**30.9**

All derivatives designated as cashflow hedges as of Dec 31, 2017 were terminated. Power forwards were re-designated effective Jan 01, 2018 based on the EEX settlement price-related price component.

CO_2 emission rights in EUR million	OCI after tax
As of Jan 01, 2018	0.5
Realized	-0.3
Change	2.3
As of Dec 31, 2018	**2.5**

29.4.2. Other power derivatives

The following table shows the range of maturities of those forwards that were concluded for hedging purposes but do not fulfill the formal requirements for cash flow hedge accounting according to IFRS 9, due among other reasons to the fluctuations of the quantity actually consumed.

	Dec 31, 2018			
Power derivatives not designated as hedges **Maturity**	Number of swaps Purchases	Nominal volumne in EUR million	Number of swaps Sale	Nominal volumne in EUR million
Portfolio	91	89.8	88	75.2
thereof maturing 2019	*66*	*65.9*	*66*	*57.7*
thereof maturing 2020	*18*	*21.1*	*19*	*15.9*
thereof maturing 2021	*7*	*2.9*	*3*	*1.6*

	Dec 31, 2017			
Power derivatives not designated as hedges **Maturity**	Number of swaps Purchases	Nominal volumne in EUR million	Number of swaps Sale	Nominal volumne in EUR million
Portfolio	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*

Derivatives with a positive fair value are stated in the current financial assets (Note 18). Derivatives with a negative fair value are stated in the financial liabilities (Note 25). Changes to the fair value of power derivatives without hedge relation are recognized in the other financial result in the income statement.

In addition, diesel hedges were concluded at a small amount.

29.5. Additional disclosures according to IFRS 7

Capital management

The objective of the financial management of the ÖBB Group is to sustainably increase the shareholder value and to maintain a capital structure appropriate for upholding the excellent credit rating. Due to the corporate group's special situation and its statutory mission, and also as a result of the government's commitment to subsidize infrastructure expenses (both construction, and operation and maintenance) not covered by the Company's income from current operations, the control of the capital structure focuses mainly on debt ratios and on the following ratios, which are compared to the respective budgeted values: number of employees, EBIT margin, equity ratio, net working capital. The Company defines equity as share capital, capital reserves and other reserves as well as retained earnings and non-controlling interests, if any. As of Dec 31, 2018 the managed equity amounts to EUR 2,516.1 million (previous year: EUR 2,298.0 million).

Additional disclosures regarding the financial instruments

Cash and cash equivalents, trade receivables as well as other financial receivables mostly have short remaining terms. Accordingly, their carrying amounts as of the closing date closely approximate the fair value. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted at the respective interest rates.

The trade payables and other financial liabilities generally have short residual terms; the recognized figures are approximately equivalent to the fair values. The fair values of bank loans and other financial liabilities to banks are determined as the present values of future interest payments and principal redemption based on the applicable yield curve. The following reconciliation shows non-financial instruments and financial instruments from hedge accounting in a separate column in order to enable reconciliation to the carrying amount of the items reported in the Statement of Financial Position.

The fair values stated with the relevant balance sheet items in the tables below relate solely to the financial instruments. All financial assets and liabilities, except for the 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 16,608.0 million (previous year: EUR 16,886.2 million). Of this amount, EUR 15,900.4 million (previous year: EUR 16,185.5 million) has unadjusted quoted prices (Level 1 valuation), while a valuation model based on market prices was used for EUR 707.6 million (previous year: EUR 700.7 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 50.7 million (previous year: EUR 48.1 million). These were valued based on input parameters in accordance with level 2.

Financial assets Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	FVtPL equity instruments	Manda-torily at FVtPL	At amortized cost	Cash	Hedge Accoun-ting	Fair value
Non-current assets									
Financial assets	324.4	0.0	324.4	9.3	0.0	294.2	0.0	20.9	343.0
Other receivables and assets	146.8	133.0	13.8	0.0	0.0	13.8	0.0	0.0	13.8
Current assets									
Financial assets	62.5	0.0	62.5	0.0	26.8	12.6	0.0	23.1	62.5
Trade receivables	549.8	15.4	534.4	0.0	0.0	534.4	0.0	0.0	534.4
Other receivables and assets	358.8	251.7	107.1	0.0	0.0	107.1	0.0	0.0	107.1
Cash and cash equivalents	94.5	0.0	94.5	0.0	0.0	0.0	94.5	0.0	94.5
Total carrying amount per categorie				**9.3**	**26.8**	**962.1**	**94.5**	**44.0**	

At the reporting date the fair value of the non-current financial assets assigned to the Available for Sale (at Fair Value) valuation category in accordance with IAS 39 and that was assigned to the "At amortized cost" valuation category in accordance with IFRS 9 was EUR 2,160.6 thousand (previous year: EUR 4,860.7 thousand). The change to the fair value that would have been recognized in other comprehensive income without reclassification during the financial year would amount to EUR -2,700.0 thousand.

Financial liabilities Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortised Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Finance Lease	Fair value
Non-current liabilities								
Financial liabilities	21,722.0	0.0	21,722.0	21,532.4	6.1	65.9	117.6	25,156.1
Other liabilities	45.7	37.2	8.5	2.4	0.0	0.0	6.1	8.5
Current liabilities								
Financial liabilities	2,424.4	41.0	2,383.4	2,332.3	17.7	21.2	12.2	2,745.3
Trade payables	1,022.2	9.7	1,012.5	1,012.5	0.0	0.0	0.0	1,012.5
Other liabilities	1,311.8	327.9	983.9	983.9	0.0	0.0	0.0	983.9
Total carrying amount per categorie				**25,863.5**	**23.8**	**87.1**	**135.9**	

Financial assets Dec 31, 2017 in EUR million	Carrying amount	Less non-financial instruments	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	310.5	0.0	310.5	69.5	11.0	0.0	225.6	0.0	4.4	332.9
Other receivables and assets	156.6	156.3	0.3	0.0	0.0	0.0	0.3	0.0	0.0	0.3
Current assets										
Financial assets	35.5	0.0	35.5	0.0	0.0	22.2	11.4	0.0	1.9	35.5
Trade receivables	564.5	8.6	555.9	0.0	0.0	0.0	555.9	0.0	0.0	555.9
Other receivables and assets	309.5	223.7	85.8	0.0	0.0	0.0	85.8	0.0	0.0	85.8
Cash and cash equivalents	112.6	0.0	112.6	0.0	0.0	0.0	0.0	112.6	0.0	112.6
Total carrying amount per categorie				**69.5**	**11.0**	**22.2**	**879.0**	**112.6**	**6.3**	

Financial liabilities Dec 31, 2017 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortised Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accoun ting	Finance Lease	Fair value
Non-current liabilities								
Financial liabilities	22,839.4	0.0	22,839.4	22,643.8	6.2	77.7	111.7	26,393.5
Other liabilities	51.2	40.2	11.0	1.3	0.0	0.0	9.7	11.0
Current liabilities								
Financial liabilities	709.9	0.0	709.9	666.7	8.0	24.2	11.0	716.6
Trade payables	748.5	21.9	726.6	726.6	0.0	0.0	0.0	726.6
Other liabilities	997.3	245.6	751.7	751.7	0.0	0.0	0.0	751.7
Total carrying amount per categorie				**24,790.1**	**14.2**	**101.9**	**132.4**	

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, 2018 in EUR million	Gross carrying amount reported	Potential offset amount not reported in the financial statement	Net amount after potential offsetting
Power derivative assets	26.8	-14.2	12.6
Power derivative liabilities	-16.5	0.1	-16.4

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

*) small amount

Net financial results by valuation categories

Broken down by measurement classes, the net result is represented as follows:

Result of subsequent measurement

Dec 31, 2018 in EUR million	Interest income/ expenses	At fair value	Foreign Currency Translation	Result from impairment	Result from disposal	Result from investments
Financial Assets measured at Amortised Cost (FAAC)	15.5	0.0	1.9	-0.4	0.0	1.3
FVtPL (equity instruments)	0.0	0.1	0.0	0.0	0.0	0.1
Financial instruments measured at FVtPL (mandatory approach)	0.0	-1.7	-0.2	0.0	0.0	0.0
Financial Liabilities Measured at Amortised Cost (FLAC)	-617.3	0.0	-6.7	0.0	0.0	0.0
Hedge Accounting	-24.7	0.0	-0.2	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	-0.1	0.0	0.0	0.0

Dec 31, 2017 in EUR million	Interest income/ expenses	At fair value	Foreign Currency Translation	Result from impairment	Result from disposal	Result from investments
Loans and Receivables (LaR)	18.8	0.0	-20.0	0.0	0.0	0.0
Held-to-Maturity Investments (HtM)	0.0	0.0	0.0	0.0	0.0	0.0
Available for Sale Financial Assets (AfS)	4.0	0.0	-6.0	-0.2	-7.9	0.3
Financial Instruments Held for Trading (FAHfT, FLHfT)	0.0	8.2	0.0	0.0	0.0	0.0
Financial Liabilities Measured at Amortised Cost (FLAC)	-621.9	0.0	28.7	0.0	7.9	0.0
Hedge Accounting	-25.7	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	-0.1	0.0	0.0	0.0

The interest income/expenses from financial liabilities classified as "Financial liabilities measured at amortized cost" (expenses in the net amount of EUR 617.3 million [previous year: EUR 621.9 million]) mainly comprises interest expenses from bonds and loans. Furthermore, interest income from the compounding and discounting of trade payables is subsumed under this classification. The net financial results do not include any expenses arising from allowances on receivables.

29.6. Derivative financial instruments

The following table shows the reported fair values of all derivative financial instruments. They are divided into those that are part of an effective hedging relationship in accordance with IFRS 9 (cash flow hedge) and those that are not.

	Assets		**Shareholders' equity and liabilities**	
in EUR million	Carrying amounts Dec 31, 2018	Carrying amounts Dec 31, 2017	Carrying amounts Dec 31, 2018	Carrying amounts Dec 31, 2017
Interest rate swaps				
withount hedge relation	0.0	0.0	3.2	4.0
with cash flow hedges	0.0	0.0	87.1	101.9
Power forwards				
withount hedge relation	26.8	22.2	16.5	6.3
with cash flow hedges	44.0	6.3	0.0	0.0
Other derivatives				
Derivates without a hedging relationship	0.0	0.0	4.1	3.9
Total	**70.8**	**28.5**	**110.9**	**116.1**

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, 2018	Level 1	Level 2	Total
Derivates designated as hedge instrument	0.0	44.0	44.0
Derivates held for trading	0.0	26.8	26.8
Financial assets	**0.0**	**70.8**	**70.8**
Derivates held for trading	0.0	23.8	23.8
Derivates designated as hedge instrument	0.0	87.1	87.1
Financial liablilities	**0.0**	**110.9**	**110.9**

Dec 31, 2017	Level 1	Level 2	Total
Derivates designated as hedge instrument	0.0	6.3	6.3
Derivates held for trading	0.0	22.2	22.2
Available for sale	20.5	49.0	69.5
Financial assets	**20.5**	**77.5**	**98.0**
Derivates held for trading	0.0	14.2	14.2
Derivates designated as hedge instrument	0.0	101.9	101.9
Financial liablilities	**0.0**	**116.1**	**116.1**

The levels were determined as follows:

Level 1: Quoted prices (unadjusted) are available from an active market for identical financial instruments.
Level 2: Other parameters than those stated for Level 1 were used which are observable for the financial instrument (either directly, i.e., as price, or indirectly, i.e., derived from prices).
Level 3: Parameters were used which are not exclusively based on observable market data.

Transfers between the individual levels did not occur.

For further details on these financial instruments see Note 29.3.

30. Leasing transactions

30.1. Lessor

The assets leased to third parties are investment properties (IAS 40) and buildings that are partially leased out; however, the share of the latter is not predominant, which means that it does not fall under the scope of IAS 40, and cannot be recognized separately. The vast majority of the leases can be terminated. The infrastructure provided for usage to other railway operators against payment of a usage fee (including compensation of the federal government) is charged based on a current price list (mileage or gross tons transported), and is therefore not classified as a lease but as services provided.

There are 25,400 (previous year: 25,700) lease agreements, predominantly with indefinite terms, which can be terminated with a notice period of six months maximum. These include 7,200 (previous year: 7,500) external fixed-term rental agreements that end between 2019 and 2112 (previous year: 2018 and 2077). The long-term agreements relate to building rights granted for property. Contingent lease payments relate exclusively to lease agreements.

As the leased assets, with the exception of investment property, constitute indivisible parts of buildings such as train stations, a disclosure of the carrying amounts is neither meaningful nor possible.

The minimum lease payments from the non-cancelable operating lease agreements amount to:

Dec 31, 2018 **in EUR million**	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	397.9	45.9	122.4	229.6
Other technical equipment and machinery	0.4	0.0	0.1	0.3
Other plant, furniture and fixtures	0.3	0.1	0.2	0.0
Automobiles and trucks	1.5	0.6	0.8	0.1

Dec 31, 2017 **in EUR million**	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	357.5	43.6	123.7	190.1
Other technical equipment and machinery	0.4	0.0	0.1	0.3
Other plant, furniture and fixtures	1.9	1.2	0.7	0.0
Automobiles and trucks	5.2	3.9	1.1	0.2

Contingent lease payments were recognized in the period under review as income from land and buildings at an amount of EUR 3.7 million (previous year: EUR 2.7 million) and from the automobiles and trucks in the fleet at an amount of EUR 0.7 million (previous year: EUR 0.8 million). Details on the cross-border leasing agreements are provided in Note 30.3.

The ÖBB Group leases out equipment that is classified as an operating lease. The agreements have different contractual terms customary in the market, depending on the leased object.

30.2. Lessee

Finance leasing

The ÖBB Group procured certain items of its property, plant and equipment by means of finance lease agreements. As of the reporting dates, the average effective interest rate was based on the six-month EURIBOR rate, including a contractually agreed premium. The interest rates are fixed in the contract. The terms of all leases are stipulated in writing.

The net carrying amounts of the finance lease assets by asset category and their respective development are shown in the schedule of property, plant and equipment (Note 14). As of the reporting date, the ÖBB Group had contractually agreed the following minimum lease payments with lessors for the non-terminable finance leases:

Dec 31, 2018	Minimum lease payments in EUR million	Interest expense included in EUR million
2019	30.4	11.9
2020 – 2023	159.2	32.4
after 2023	166.9	18.8
Total of minimum lease payments	**356.5**	**63.1**
less interest	-63.1	
Present value of lease payments	**293.4**	

Dec 31, 2017	Minimum lease payments in EUR million	Interest expense included in EUR million
2018	28.7	12.3
2019 – 2022	165.8	38.0
after 2022	173.7	25.2
Total of minimum lease payments	**368.2**	**75.5**
less interest	-75.5	
Present value of lease payments	**292.7**	

Contingent lease payments were made in the amount of EUR 0.5 million (previous year: EUR 0.4 million).

Operating leases

Payments of minimum lease payments amounting to EUR 82.4 million (previous year: EUR 78.1 million) were recognized as expenses in the respective reporting periods.

Future minimum lease payments from non-cancelable operating lease agreements in each of the subsequent periods are as follows:

2018 in EUR million	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	27.6	87.7	172.1
Automobiles and trucks	39.4	25.8	0.0
Other plant, furniture and fixtures	0.2	0.1	0.0
Total	**67.2**	**113.6**	**172.1**

2017 in EUR million	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	23.9	92.9	180.7
Automobiles and trucks	32.8	45.7	0.0
Other technical equipment and machinery	0.3	0.6	0.3
Total	**57.0**	**139.2**	**181.0**

The operating lease agreements mainly refer to buildings, transport fleet, furniture and fixtures, and computer equipment. Contingent lease payments have not been agreed. The term of the lease agreements ends in 2034 (signaling and control center). In the reporting years 2018 and 2017, no significant future minimum lease payments from non-terminable sub-lease agreements were recognized.

Sale and leaseback transactions

A sale and leaseback transaction was completed for 150 freight cars in 2014. This resulted in a gain of EUR 1.3 million. Of this amount, EUR 1.2 million is deferred and amortized in profit or loss over the remaining term of the contract. EUR 0.2 million is released in the income statement annually. The contract ends in 2020.

In the fourth quarter of 2015, 1,066 container cars were sold for EUR 26.3 million and in the same period a leaseback contract for 800 cars was signed. This transaction gives rise to a sale-and-leaseback finance lease. The lease liability for 800 cars as of December 31, 2015, amounted to EUR 18.1 million. The sales income in the amount of EUR 19.8 million for the 800 cars is released over six years, distributed across the term of the lease.

30.3. Cross-border lease agreements

Between May 1995 and June 2006, Austrian Federal Railways (now ÖBB-Infrastruktur AG) entered into two (previous year: two) cross-border lease ("CBL") transactions, and ÖBB-Produktion Gesellschaft mbH and ÖBB-Personenverkehr AG each entered into one CBL transaction (previous year: one), both of which were still valid as of Dec 31, 2018.

The two remaining CBL transactions of ÖBB-Infrastruktur AG apply to ÖBB-Produktion GmbH and ÖBB-Personenverkehr via sub-leases.

All four CBL transactions are sale-and-leaseback transactions. In this transaction, the contractual partner is the buyer of the assets and leases them back to the respective companies of the ÖBB Group.

Some payment obligations, including the payments required when exercising the call option, were hedged by entering into repayment vehicles with various banks and leasing institutions. In these payment undertaking agreements, the banks or leasing institutions agreed to make the contractual payments at the stipulated payment dates on behalf of ÖBB-Infrastruktur AG. Minimum ratings are no longer used.

Rolling stock subject to the CBL transactions is maintained regularly in accordance with the provisions of the agreements and may, in principle, not be sold, leased, pledged as collateral, or decommissioned.

Release of CBL transactions

No purchase options were terminated prematurely and no purchase options were exercised in the 2018 reporting year.

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.

Remediation of the rating trigger for UniCredit Bank Austria

In April 2015, three further transactions were remediated following downgraded ratings in financial year 2014, with suitable provisions formed for these. 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 Dec 31, 2018. 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 (previous year: one) CBL transaction with two (previous year: two) securities accounts are recharged to ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH via the sublease agreements.

Balance sheet treatment

General principles for all CBL transactions

- **The ÖBB Group remains the beneficial owner of the assets**: Due to continuing beneficial ownership, property, plant and equipment sold and leased back is still recognized in the property, plant and equipment of the ÖBB Group.
- **Proportionate release of the net present value benefit:** The net present value benefit realized at the inception of the transactions is recognized in other liabilities and amortized pro rata temporis over the term of the contracts. As of Dec 31, 2018, the net present value benefit not yet amortized amounted to EUR 6.5 million (previous year: EUR 7.8 million). Income from the release of the net present value benefit amounting in 2018 to EUR 1.3 million (previous year: EUR 2.0 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 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). Some transactions ("non-linked transactions") must therefore be (partially) considered in the Statement of Financial Position ("on balance") in the Consolidated Financial Statements.

In respect of contractual parties with at least an AA+ rating or for whose compliance a subsidiary guarantor liability is assumed by the government, and whose investments are pledged in favor of the investor, the default risk is still regarded as extremely low, so that no need for any change is seen at present and these transactions continue to be disclosed off balance. However, the creditworthiness (measured by the rating) of contractual partners rated as safe in the past has in some instances significantly deteriorated. For this case, the contractual provisions prescribe, among other requirements, that the affected deposits or payment undertaking agreements shall be replaced or hedged. In this context, the existing redemption vehicle was collateralized by the acquisition of U.S. treasury notes in a tranche for one transaction. This transaction relates to ÖBB-Infrastruktur AG in its external relation, and is recharged internally in its entirety to This transaction relates to ÖBB-Infrastruktur AG in its external relation, and is recharged internally in its entirety to ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH. All items are presented in the Statement of Financial Position.

Accounting for assets and liabilities (non-linked transactions)

If recognition in the Statement of Financial Position is required, the securities (deposits with banks and payment undertaking agreements) were measured at amortized cost. The U.S. treasury notes in 2014 and 2015 for the remediation of the rating trigger were classified as "Available for sale" (IAS 39) and assigned to "Debt instruments at amortized cost" effective Jan 01, 2018. 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 by credit financing in the event of a hedged repayment vehicle regarding one of the tranches of a transaction.

Higher credit risks were considered by recording allowances on investments with those contractual parties which have a Standard & Poor's rating below AA and for which no additional collaterals in the form of a guarantor liability or pledged marketable securities of the highest rating (AAA) in favor of the ÖBB Group exist. The amount of the respective allowance is determined using portfolio allowance based on historical probabilities of default, measured by the rating of the contractual parties and the residual term of the transaction in consideration of the individual circumstances. As of Dec 31, 2018 there were allowances on investments in the amount of EUR 0.1 million (previous year: EUR 0.1 million).

In the Consolidated Financial Statements as of Dec 31, 2018, financial assets associated with non-linked leasing transactions amounted to EUR 193.2 million (previous year: EUR 194.8 million). On Dec 31, 2018, related financial liabilities amounted to EUR 295.0 million (previous year: EUR 295.2 million). These lease liabilities include finance lease liabilities in the amount of EUR 163.1 million (previous year: EUR 168.8 million).

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the 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. Legal obligations under the lease agreements resulting from the failure of the banks or leasing institutes to comply with their payment obligation to the investors, which they assumed for the ÖBB Group companies in return for a single payment, are recognized as contingent liabilities. As of Dec 31, 2018, contingent liabilities from CBL transactions amounted to EUR 54.0 million (previous year: EUR 54.3 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 Agreements). 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 ÖBB-Infrastruktur Bau AG (now named ÖBB-Infrastruktur AG) was granted a concession to operate a railway in the Principality of Liechtenstein that was valid until Dec 31, 2017. Due to the timely application of ÖBB for renewal of this license, it continues to apply unchanged until the application has been completed (Art. 7 para. 2 Federal Railways Act (EisBG)).

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 Dec 31, 2067; and for the Buchs SG – Feldkirch section for a period of five years, i.e. until Dec 31, 2022.

On this basis, ÖBB-Infrastruktur AG continues to be 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 Dec 31, 2018, these assets had a carrying amount of EUR 25.4 million (previous year: EUR 26.4 million). The concessionaire assumes responsibility for the conveyance of people, luggage, and freight.

An extension of the Lichtenstein concession continues to be pursued. The new Liechtenstein Railways Act came into effect in 2012. This change in the legal situation, with which even Liechtenstein law has implemented free network access, is relevant for the decision regarding the application for a license. There is a draft of the concession in Liechtenstein, but Austria's suggestion that – analogous to domestic routes – the countries across whose territory the route leads will be asked to pay contributions to the maintenance and operation of the respective national segments was rejected by the Principality of Liechtenstein. The progress of the negotiations on this issue has significant influence on the timeframe of the concession proceedings. In a letter dated Feb 17, 2017, the Liechtenstein government confirmed to the Swiss FOT that *"Liechtenstein had no objections to the application for a five-year infrastructure concession for the Swiss section of the Feldkirch-Buch line. We would like to state that the Swiss concession procedure cannot prejudice the extension of the concession in the Liechtenstein concession procedure, which has not yet been concluded."*

At the same time, ÖBB-Infrastruktur AG also obtained a commitment from the Principality of Liechtenstein on Nov 8, 2017, that allows operation to continue unchanged on the Liechtenstein section of track even after formal expiry of the concession at the end of 2017 and while the concession proceedings are still ongoing, and that the Principality of Liechtenstein will not make any decisions or implement any measures that would make it impossible for ÖBB-Infrastruktur AG to comply with the terms and conditions for using the railway network. In concrete terms, the government undertakes in this letter that *"any non-renewal of the railway concession will be made in such a way as to ensure compliance with the terms of use of the railway network to be announced in the fall for the following calendar year."*

Although upon expiration of the concession in 2017, the assets would be transferred to Liechtenstein and Switzerland, the property, plant and equipment concerned are depreciated over the anticipated longer useful life. This is because, on the one hand, an extension of the concession is likely to be granted due to the scheduled new construction of the track (which is the subject matter of international agreements) and due to the fact that ÖBB-Infrastruktur AG is the only applicant for the concession; and because, on the other hand, the provision of reversion of the assets without compensation provided in the Railways Act at least requires reconsideration from a legal point of view and waiver by the government is provided for in the law.

The extension to the concession will need to be clarified in connection with the FL.A.CH extension project, with political discussions required for this at a minimum at department level.

On this basis, negotiations at government level on the financing and extension of the concession are now a condition for the issue of whether this project should be implemented, whether an alternative solution should be sought or whether the line should only be maintained and operated as an existing line.

On May 9, 2018 Ministers Risch of Liechtenstein and Hofer of Austria agreed to hold further negotiations on the allocation of costs at expert level in accordance with the principle of dividing cost blocks according to functionality. An initial round of negotiations took place on Jul 6, 2018 on the issue of costs for the FL.A.CH suburban railway project in accordance with the ministers' mandate.

The steering committee determined on Jul 11, 2018 that costs will be recalculated and the planning needs to be updated based on the approvals submitted and the clustering by functionality based on 2018 prices, and negotiations will continue on this basis. As part of the decision regarding implementation of the FL.A.CH project, clarification is also expected in 2019 on the concession issue on Liechtenstein territory within the scope of a political solution.

32. Related party transactions

Supplies to or from related parties

Related parties consist of affiliated, not fully consolidated companies of the ÖBB Group, associated companies plus any subsidiaries, joint ventures plus any subsidiaries, the shareholder of ÖBB-Holding AG (Republic of Austria) and its major subsidiaries and key management personnel (members of the Board of Management and the Supervisory Board of ÖBB-Holding AG and members of the Board of Management and the Supervisory Board as well as management executives of fully consolidated subsidiaries of ÖBB-Holding AG), and close relations as well as companies related to the members of key management personnel.

There are arm's length business relations with companies in which the Republic of Austria holds a stake either directly or indirectly (e. g. Österreichische Bundes- und Industriebeteiligungen GmbH, OMV Aktiengesellschaft, Telekom Austria AG, Autobahnen- und Schnellstraßen-Finanzierungs-Aktiengesellschaft, Schieneninfrastruktur-Dienstleistungsgesellschaft mbH, Verbund AG) and which are also classified as related parties in accordance with IAS 24, there are business relationships within the ÖBB Group’s range of services at arm's length conditions. The transactions pursuant to IAS 24 that were carried out with these companies during the two reporting years, and that concerned ordinary transactions in the course of the operating business were insignificant in overall terms, and amounted to less than 3% of cost of materials and purchased services and less than 2% of revenue. Unpaid invoices from or to these companies on the reporting date are disclosed as trade receivables and trade payables and at this point are no longer treated separately.

Purchases were made at market prices less standard volume discounts and other discounts based on the scope of the business relationship. The following table presents the volume of the transactions carried out between companies included in the Consolidated Financial Statements and related parties during the financial year, and the receivables or liabilities resulting from these transactions at the end of the financial year:

in EUR million, rounded	Members of the Supervisory Board and persons related to other bodies				Associated companies		Subsidiaries, not consolidated	
	2018 only the Quehenberger Group	2017 only the Quehenberger Group	2018 other	2017 other	2018	2017	2018	2017
Sale of goods/rendering of services (total revenue)	9.1	15.4	0.0	15.5	31.1	32.0	1.1	2.5
Purchase of goods/ services (total expenditure)	16.5	23.4	0.1	23.5	36.8	35.0	6.4	7
Receivables as of Dec 31	0.9	1.6	0.0	1.6	6.4	1.8	0.2	0.2
Liabilities as of Dec 31	1.5	2.5	0.0	2.5	5.3	2.2	3.6	0.3

Transactions with the Group’s executive bodies, related parties and companies are primarily transactions with companies in which members of the Supervisory Board or managing directors have a controlling influence.

No guarantees or investment grants were issued to or accepted from affiliated, not fully consolidated companies. There were no transactions carried out in both financial years with board members that required disclosure. No guarantees were given to associated companies in the two reporting years. The liabilities and guarantees assumed by the Republic of Austria and the Österreichische Kontrollbank AG are presented in Note 25.

Transactions with and benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees provided by the Republic of Austria

ÖBB-Personenverkehr and Rail Cargo Austria sub-groups

In accordance with the Federal Railways Act, public service contracts are concluded with the Republic of Austria on local and long-distance passenger transport by railway. ÖBB-Personenverkehr AG accordingly provides public services. The services charged to the Republic of Austria amount to EUR 714.2 million (previous year: EUR 685.1 million). On the basis of transport service agreements, services are provided for the federal provinces and the communities that were charged at EUR 396.0 million for the financial year (previous year: EUR 360.9 million).

Rail Cargo Austria AG, like all other railway operators that provide services in the form of single-car transport, unaccompanied transportation or rolling highway (combined road/railway transport), receives subsidies in accordance with the aid program for rail freight granted by the European Commission to the Republic of Austria. The subsidies guaranteed to the Republic of Austria for Rail Cargo Austria AG amounted in 2018 to EUR 86.2 million (previous year: EUR 91.1 million).

ÖBB-Infrastruktur sub-group

General

ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Article 31 of the 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 Bundesbahngesetz.

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 Bundesbahngesetz for the maintenance, planning, and construction of the railway infrastructure.

Two separate agreements on the subsidies pursuant to Article 42 (1) and (2) of the Bundesbahngesetz [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 subsidy, 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. 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 2018 to 2023 was approved by the Council of Ministers of the Republic of Austria on Mar 21, 2018 and by the ÖBB-Infrastruktur AG Supervisory Board on Apr 20, 2018.

In June 2017, the Republic of Austria, represented by the Federal Ministry of 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 agreements are therefore also valid for 2018.

Infrastructure financing

The subsidy 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 subsidy agreement for 2016-2021, the federal government will be responsible for 75% of the expansion investments and reinvestments until 2016 under the 2016-2021 master plan (with the exception of the Brenner Base Tunnel), and 80% of the annual investments from 2017 onwards, with these subsidies being paid in the form of an annuity spread over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate corresponds to the rate respectively applicable for long-term financing measures of ÖBB-Infrastruktur AG.

The share of the investments for expansion (with the exception of the Brenner base tunnel) and reinvestments to be assumed by the federal government is continuously reviewed and adjusted as necessary to the current requirements for future grants.

The federal government also grants a subsidy for inspection and maintenance, elimination of malfunctions and repair of the railway infrastructure operated by ÖBB-Infrastruktur AG. The amount of the grant is fixed with consideration of the liquidity requirements based on the business plan of ÖBB-Infrastruktur AG, the limit of the total grant prescribed by Article 42 of the Austrian Federal Railways Act and the objectives (performance and output objectives) according to the grant agreement pursuant to Article 42 (1) of the Austrian Federal Railways Act. Changes of the functionality and/or the extent of the railway infrastructure operated by ÖBB-Infrastruktur AG result in a corresponding increase or decrease of the grant. Therefore, ÖBB-Infrastruktur AG has to obtain the consent of the BMVIT and the BMF prior to any such change.

In 2018, based on the valid subsidies agreement for 2016 to 2021, a subsidy in the amount of EUR 873.1 million (previous year: EUR 785.9 million) was granted for expansion and reinvestment (with the exception of the Brenner Base Tunnel). EUR 561.1 million (previous year: EUR 550.5 million) was granted for inspection, maintenance and eliminating faults.

ÖBB-Infrastruktur AG has provided investment grants for the construction costs of the Brenner Base Tunnel in the amount of EUR 90.0 million (previous year: EUR 47.0 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 44.8 million (previous year: EUR 41.3 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 (BMVIT) and the Federal Ministry of Finance (BMF).

The agreement on the subsidy pursuant to Article 42 (1) of the Austrian Federal Railways Act is based in particular on the six-year business plan to be prepared by ÖBB-Infrastruktur AG pursuant to 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 subsidy agreement defines the objectives to be achieved by ÖBB-Infrastruktur AG in connection with this subsidy pursuant to Article 42 of the 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) of the Austrian Federal Railways Act.

The compliance with the obligation for ÖBB-Infrastruktur AG to guarantee and constantly improve the quality and safety of the operated railway infrastructure, which results from the Federal Railways Act, is assessed by means of certain ratios in connection with the grant.

Unless otherwise agreed between ÖBB-Infrastruktur AG and the federal government, the annual subsidy will be reduced by the portion of operating expenses incurred for railway infrastructure that is transferred to other operators or no longer operated by ÖBB-Infrastruktur AG, contrary to the provisions of the business plan pursuant to Article 42 (6) Federal Railways Act.

The entire subsidy for 2018 according to Article 42 of the Austrian Federal Railways Act amounts to EUR 2,271.5 million (previous year: EUR 2,122.2 million) with due regard to deduction of the amounts from previous years of EUR -2.4 million. The subsidy for expansion and reinvestment in the amount of EUR 873.1 million (previous year: EUR 785.8 million) was reduced by EUR 51.3 million (previous year: EUR 32.5 million) to EUR 821.8 million (previous year: EUR 753.3 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 1,398.4 million (previous year: EUR 1,336.4 million) subsidy for operation and inspection, maintenance, fault elimination, and repair was reduced by EUR 251.8 million (previous year: EUR 194.0 million) and is recognized in revenue.

The subsidy in the amount of EUR 91.1 million (previous year: EUR 77.6 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 and amortization. The disclosure in the financial statements is made as a reduction in the subsidy pursuant to Article 42 (1) of the Austrian Federal Railways Act and is presented as investment grants. Consequently, the amount of EUR 1,055.5 million (previous year: EUR 1,064.8 million) was recognized through profit or loss for operation, inspection, maintenance, fault elimination, and repair. The amounts deferred in connection with the subsidies for expansion and reinvestment in the amount of EUR 50.1 million (previous year: EUR 31.6 million) as well as in connection with the operational management and apprenticeship program in the amount of EUR 251.8 million (previous year: EUR 194.0 million) are presented in other liabilities. The peak account of the annuity of the Brenner Base Tunnel resulted in a principal portion for ÖBB-Infrastruktur AG of EUR 1.2 million (previous year: EUR 0.9 million), which are recognized in deferred income.

The development of subsidies in 2018 breaks down as follows:

in EUR million	Total grant	Accruals	Recognized in income 2018
§ 42 (1) Operation	837.3	-342.9	494.4
§ 42 (2) Inspection, maintenance, disposal and repair	561.1	0.0	561.1
Revenue	**1,398.4**	**-342.9**	**1,055.5**
§ 42 (2) Expansion and reinvestment	873.1	-51.3	821.8
Other operating income	**873.1**	**-51.3**	**821.8**
Total	**2,271.5**	**-394.2**	**1,877.3**

The development of subsidies in 2017 was as follows:

in EUR million	Total grant	Accruals	Recognized in income 2017
§ 42 (1) Operation	785.9	-271.6	514.3
§ 42 (2) Inspection, maintenance, disposal and repair	550.5	0.0	550.5
Revenue	**1,336.4**	**-271.6**	**1,064.8**
§ 42 (2) Expansion and reinvestment	785.8	-32.5	753.3
Other operating income	**785.8**	**-32.5**	**753.3**
Total	**2,122.2**	**-304.1**	**1,818.1**

Please see Note 25 with regard to the liabilities assumed by the federal government and financing from 2017, which are mainly taken out through loans from the Republic of Austria, to be provided by the Austrian Bundesfinanzierungsagentur (OeBFA).

In addition, there were other grants (generally investment grants for investment measures) from the Austrian state governments in the amount of EUR 36.2 million (previous year: EUR 30.1 million) or municipalities amounting to EUR 12.9 million (previous year: EUR 19.7 million). Furthermore, EU subsidies amounting to EUR 2.0 million (previous year: EUR 5.9 million) were granted. The investment grants and EU grants are grants from the public authorities or the EU, and are recognized as a reduction of cost in the related assets.

Remuneration of members of the Board of Management

The Board of Management of ÖBB-Holding AG consisted on the reporting date of two members. In accordance with section 266 (2) of the Austrian Commercial Code (UGB), the ÖBB-Holding AG Board compensation for Board members active in the reporting years amounted to EUR 1,266 thousand (previous year: EUR 1,285 thousand). This includes claims from previous periods and benefits in kind. Furthermore, statutory contributions to the severance insurance scheme amounted to EUR 19 thousand in the year under review (previous year: EUR 9 thousand), and contributions to a pension fund amounted to EUR 43 thousand (previous year: EUR 40 thousand). Compared to the previous year's total of EUR 92 thousand, provisions for vacations increased by EUR 30 thousand to EUR 122 thousand. The current employment contracts do not provide for any severance payment obligations. As of Dec 31, 2018, provisions for target agreements amounted to EUR 403 thousand (previous year: EUR 388 thousand).

The total remuneration of the members of the Board of Management is composed of a fixed, variable, and in-kind component. The amount of the variable annual component is subject to the achievement of objectives agreed with the Executive Committee of the Supervisory Board at the beginning of each financial year.

The employment contracts with top executives (members of the Boards of Management of the parent companies and subsidiaries, and 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 general, two-thirds of the remuneration of top executives consists of a fixed base salary, and one-third is a variable performance-related component. At the beginning of each financial year, an individual score card is developed for each company for the purpose of agreeing upon clearly defined, mainly quantitative objectives. These objectives are based on the Group's overall results, its strategy and the focus of the Group's activities. The variable components of the salaries that were paid out are included in the remuneration of the Board of Management indicated above.

The members of the Board of Management of ÖBB-Holding AG participate in an external defined-contribution pension fund scheme, except for members of the Board of Management who are seconded for the time of their activity in the Board within a definite ÖBB employment relatioship in accordance with the general terms and conditions for employment with Austrian Federal Railways (AVB). The Company itself assumes no pension commitments.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure for the Supervisory Board of ÖBB-Holding AG, the members of the Supervisory Board may receive remuneration. The basic remuneration for a Supervisory Board member amounts to EUR 9 thousand per year and is unchanged on the previous year. In addition, each Supervisory Board member receives an attendance fee of EUR 200 for each meeting of the Supervisory Board, the Executive Committee or any other committee. The chairperson of the Supervisory Board receives 200% of the basic remuneration, and a Vice Chair within ÖBB-Holding AG receives 150% of the basic remuneration. For any activity in another Supervisory Board of the ÖBB Group, the member receives an additional 50% of the amounts stipulated above. If several functions are accumulated in one person, the upper limit of EUR 27 thousand (plus attendance fees) may not be exceeded. Members of the Supervisory Board who are members of the Board of Management, employee representatives, general managers or employees of the ÖBB Group do not receive any Supervisory Board remuneration.

The compensation of the shareholder representatives on the Supervisory Board of ÖBB-Holding AG for their activities at ÖBB-Holding AG and other group companies amounted to EUR 165 thousand (previous year: EUR 130 thousand). The remuneration of the other members of the Supervisory Boards of the Group companies amounted to EUR 140 thousand (previous year: EUR 79 thousand).

33. Segment reporting

A business segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses and whose operating results are reviewed regularly by the company's chief operating decision-maker with respect to the allocation of resources to the respective segment and the assessment of its performance. A business segment is a group of assets and operating activities providing products or services which are subject to risks and return that are different from those of other operating segments and for which discrete financial information is available.

Information on business segments

The structure of the ÖBB sub-groups according to the management structure is used for segment reporting. In addition, the "Others" unit comprises the direct subsidiaries of ÖBB-Holding AG. These units constitute the basis for segment reporting by business segment.

The ÖBB Group comprises the following segments (= sub-groups):

ÖBB-Personenverkehr

This sub-group comprises all the activities in the area of passenger transport and service. The business fields refer to long-distance railway transport, short-distance railway transport and bus transport, as well as the travel agency activities of Rail Tours Touristik GmbH.

Rail Cargo Austria

In order for the Rail Cargo Austria sub-group to position itself based on the needs of customers and markets and also be able to offer customized solutions in addition to binding service commitments, the purpose of the company is classified into five complementary, transnational railway services:

- Freight forwarders: Rail Cargo Logistics (RCL) – rail freight forwarding with industry expertise
- Operator: Rail Cargo Operator (RCO) – high-frequency long haul shuttles (intermodal, conventional, mix) between economic regions
- Carrier: Rail Cargo Carrier (RCC) – RO (railway operator = carrier service) for Group-owned traction stock (e. g. base load, single car transport)
- Cars: Rail Cargo Wagon (RCW) – railcar lessor
- TS: Technical Services (TS) – Maintenance of rolling stock

ÖBB-Infrastruktur

The tasks of the ÖBB-Infrastruktur sub-group comprise:

- planning and construction of railway infrastructure including high-performance tracks, planning and construction of related projects and the provision of railway infrastructure including equipment and facilities
- provision, operation and maintenance of safe railway infrastructure corresponding to requirements (maintenance, inspection, repair, operational planning and shunting)

The key activities of the ÖBB-Infrastruktur sub-group furthermore comprise the purchase of power, power supply and power portfolio management as well as the rental, development and utilization of real estate.

Holding/Other activities

This segment comprises the various management, financing and service functions of ÖBB-Holding AG; its other investments (e.g. ÖBB-Business Competence Center GmbH, ÖBB-Finanzierungsservice GmbH, ÖBB-Werbung GmbH, and ÖBB-Produktion Gesellschaft mbH (provision of traction services). With Q Logistics GmbH, the storage and contracted logistics division (general cargo transport and food logistics) is presented in this segment.

The accounting policies of segment reporting correspond to the IFRS regulations used in the preparation of the Consolidated Financial Statements. The operating profit is used as a performance measure. Interest income and expenses are allocated.

The accounting principles for inter-segmental transactions with a reporting obligation are standardized and correspond to Note 3.

2018 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others	Transition	Total
Total income						
Total income unconsolidated	2,269.6	3,624.2	3,563.8	1,492.2		10,949.9
thereof revenue	*2,244.1*	*3,582.2*	*2,365.3*	*1,471.6*		*9,663.2*
thereof other income	*25.5*	*42.0*	*1,198.5*	*20.6*		*1,286.7*
Elimination of income in the segment	-42.4	-1,276.8	-260.0	-43.6	-2,358.2	-3,981.0
thereof revenue	*-41.9*	*-1,277.8*	*-260.6*	*-43.2*	*-2,395.7*	*-4,019.2*
thereof other income	*-0.5*	*1.0*	*0.6*	*-0.4*	*37.5*	*38.2*
Total segment income	**2,227.2**	**2,347.4**	**3,303.8**	**1,448.6**	**-2,358.2**	**6,968.9**
thereof revenue	*2,202.2*	*2,304.4*	*2,104.7*	*1,428.4*	*-2,395.7*	*5,644.0*
thereof other income	*25.0*	*43.0*	*1,199.1*	*20.2*	*37.5*	*1,324.9*
Elemination of income between segments	-40.2	-470.3	96.1	-1,943.8	2,358.2	0.0
thereof revenue	*-39.3*	*-462.7*	*-742.9*	*-1,150.8*	*2,395.7*	*0.0*
thereof other income	*-0.9*	*-7.5*	*839.0*	*-793.0*	*-37.5*	*0.0*
Total income from third parties	**2,187.0**	**1,877.1**	**3,399.9**	**-495.1**	**0.0**	**6,968.9**
thereof revenue	*2,162.9*	*1,841.7*	*1,361.8*	*277.6*	*0.0*	*5,644.0*
thereof other income	*24.1*	*35.5*	*2,038.1*	*-772.7*	*0.0*	*1,324.9*
Expenses for materials and services received	-1,350.2	-1,621.6	-414.4	-625.1	2,023.1	-1,988.2
Personnel expenses	-402.8	-435.0	-1,182.8	-671.4	0.1	-2,691.9
Depreciation and amortization	-156.2	-70.8	-776.7	-66.3	-2.5	-1,072.5
Other operating expenses	-191.7	-166.9	-326.9	-90.8	347.7	-428.6
Earnings before income and tax (EBIT)	**126.3**	**53.1**	**603.0**	**-5.0**	**10.3**	**787.7**
Earnings of investments accounted for using the equity method	10.2	2.7	0.4	0.0	-10.3	3.0
Interest income	7.6	0.5	9.8	3.5	-0.7	20.7
Interest expenses	-52.3	-25.3	-565.7	-18.9	14.3	-647.9
Other financial result	-0.9	-7.6	-2.3	6.0	-7.7	-12.5
Earnings before income taxes (EBT)	**90.9**	**23.4**	**45.2**	**-14.4**	**5.9**	**151.0**
Income taxes	25.3	-7.7	23.1	-1.7	14.0	53.0

Dec 31, 2018 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others	Transition	Total
Assets	3,765.6	1,927.1	24,170.3	5,569.9	-5,723.0	29,709.9
Investments recorded at equity	341.4	222.1	49.7	0.6	-549.3	64.5
Liabilities						
Liabilities unconsolidated	2,764.3	2,018.5	22,831.7	1,780.8	0.0	29,395.3
Elimination of liabilities in the segment	-22.0	-242.4	-92.5	-209.4	-1,647.8	-2,214.1
Liabilities of the segment	**2,742.3**	**1,776.1**	**22,739.2**	**1,571.4**	**-1,647.8**	**27,181.2**
Elimination of liabilities between segments	-144.3	-453.1	-411.5	-638.6	1,647.5	
Liabilities towards third parties	**2,598.0**	**1,323.0**	**22,327.7**	**932.8**	**-0.3**	**27,181.2**

2018 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others	Transition	Total
Other information						
Investment expenses (property, plant and equipment and intangible assets)	400.9	79.2	1,985.1	125.7	0.0	2,590.9

2017 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others	Transition	Total
Total income						
Total income unconsolidated	2,213.8	3,443.6	3,465.4	1,477.4		10,600.2
thereof revenue	*2,178.0*	*3,395.9*	*2,366.4*	*1,462.4*		*9,402.6*
thereof other income	*35.8*	*47.7*	*1,099.0*	*15.0*		*1,197.6*
Elimination of income in the segment	-41.0	-1,202.9	-263.8	-39.2	-2,298.5	-3,845.4
thereof revenue	*-40.4*	*-1,196.1*	*-265.0*	*-38.5*	*-2,340.8*	*-3,880.8*
thereof other income	*-0.6*	*-6.8*	*1.2*	*-0.7*	*42.3*	*35.4*
Total segment income	**2,172.8**	**2,240.7**	**3,201.6**	**1,438.2**	**-2,298.5**	**6,754.8**
thereof revenue	*2,137.6*	*2,199.8*	*2,101.4*	*1,423.9*	*-2,340.8*	*5,521.8*
thereof other income	*35.2*	*40.9*	*1,100.2*	*14.3*	*42.3*	*1,233.0*
Elemination of income between segments	-39.7	-470.2	-735.7	-1,052.9	2,298.5	0.0
thereof revenue	*-35.9*	*-454.0*	*-732.5*	*-1,118.4*	*2,340.8*	*0.0*
thereof other income	*-3.8*	*-16.2*	*-3.2*	*65.5*	*-42.3*	*0.0*
Total income from third parties	**2,133.1**	**1,770.5**	**2,465.9**	**385.4**	**0.0**	**6,754.9**
thereof revenue	*2,101.7*	*1,745.8*	*1,368.9*	*305.4*	*0.0*	*5,521.8*
thereof other income	*31.4*	*24.7*	*1,097.0*	*79.9*	*0.0*	*1,233.1*
Expenses for materials and services received	-1,325.4	-1,537.7	-411.8	-620.3	1,968.8	-1,926.4
Personnel expenses	-389.0	-402.1	-1,126.3	-625.8	0.0	-2,543.2
Depreciation and amortization	-144.9	-70.9	-751.6	-67.1	1.2	-1,033.3
Other operating expenses	-204.7	-172.7	-316.3	-108.7	340.5	-461.9
Earnings before income and tax (EBIT)	**108.9**	**57.3**	**595.6**	**16.3**	**12.0**	**790.1**
Earnings of investments accounted for using the equity method	13.7	10.6	1.5	0.0	-22.8	3.0
Interest income	10.2	1.1	18.2	17.1	-16.5	30.1
Interest expenses	-47.7	-27.2	-575.2	-20.6	16.6	-654.1
Other financial result	1.6	0.6	7.0	-14.7	12.7	7.2
Earnings before income taxes (EBT)	**86.7**	**42.4**	**47.1**	**-1.9**	**2.0**	**176.3**
Income taxes	-10.0	-18.6	14.6	-3.3	8.2	-9.1

Dec 31, 2017 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others	Transition	Total
Assets	3,470.2	1,890.3	23,155.0	5,397.2	-5,561.7	28,351.0
Investments recorded at equity	337.3	218.3	49.2	0.6	-544.1	61.3
Liabilities						
Liabilities unconsolidated	2,596.5	1,912.7	21,915.7	1,600.8	0.0	28,025.7
Elimination of liabilities in the segment	-38.7	-170.2	-98.5	-182.9	-1,490.3	-1,980.6
Liabilities of the segment	**2,557.8**	**1,742.5**	**21,817.2**	**1,417.9**	**-1,490.3**	**26,045.1**
Elimination of liabilities between segments	-173.0	-499.8	-252.3	-565.2	1,490.3	
Liabilities towards third parties	**2,384.8**	**1,242.7**	**21,564.9**	**852.7**	**0.0**	**26,045.1**

2017 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others	Transition	Total
Other information						
Investment expenses (property, plant and equipment and intangible assets)	558.4	54.5	1,808.2	58.2	0.0	2,479.3

Capital expenditures are recognized prior to the deduction of grants, if any.

Services provided between segments are charged at customary rates.

ÖBB-Produktion GmbH was classified as joint venture in the segments passenger transport and Rail Cargo Austria and recognized in investments accounted for using the equity method. Otherwise, ÖBB-Produktion GmbH is allocated to the "Other" section.

Information on the geographic markets

The following table shows the Group revenue according to the geographic markets, based on the registered offices of the customers, irrespective of the origin of the products and services:

Total income 2018 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others/ Transition	Total
Domestic	1,321.4	2,214.9	1,288.4	1,362.6	6,187.3
Foreign	208.5	1,281.0	21.4	109.0	1,619.9
thereof Germany	*99.5*	*334.4*	*15.3*	*43.9*	*492.9*
thereof Hungary	*14.9*	*325.6*	*1.7*	*10.1*	*352.3*
thereof Switzerland	*21.2*	*36.5*	*1.9*	*4.0*	*63.6*
other markets	*72.9*	*584.7*	*2.6*	*51.0*	*711.1*
Total unconsolidated	**1,529.8**	**3,496.0**	**1,309.8**	**1,471.6**	**7,807.2**
Income from public service orders	714.2	86.2	0.0	0.0	800.4
Government grant pursuant to Article 42 Austrian Federal Railways Act	0.0	0.0	1,055.5	0.0	1,055.5
less internal turnover	-41.9	-1,277.8	-260.6	-2,438.9	-4,019.2
Segment turnover	**2,202.1**	**2,304.3**	**2,104.8**	**-967.3**	**5,644.0**
Other operating income incl. other own work capitalized	25.0	43.0	1,199.1	57.8	1,324.9
Total segment income	**2,227.1**	**2,347.3**	**3,303.9**	**-909.5**	**6,968.9**

Total income 2017 in EUR million	Passenger transport	Rail Cargo Austria	Infrastructure	Others/ Transition	Total
Domestic	1,271.4	2,162.6	1,245.2	1,354.1	6,033.4
Foreign	221.1	1,142.2	56.4	108.2	1,527.9
thereof Germany	*109.2*	*292.2*	*26.8*	*47.4*	*475.6*
thereof Hungary	*15.1*	*309.5*	*2.5*	*10.8*	*337.9*
thereof Switzerland	*20.7*	*38.8*	*22.9*	*8.1*	*90.5*
other markets	*76.1*	*501.7*	*4.2*	*41.9*	*623.9*
Total unconsolidated	**1,492.5**	**3,304.8**	**1,301.6**	**1,462.3**	**7,561.3**
Income from public service orders	685.5	91.1	0.0	0.0	776.6
Government grant pursuant to Article 42 Austrian Federal Railways Act	0.0	0.0	1,064.8	0.0	1,064.8
less internal turnover	-40.4	-1,196.1	-265.0	-2,379.3	-3,880.8
Segment turnover	**2,137.6**	**2,199.8**	**2,101.4**	**-917.0**	**5,521.9**
Other operating income incl. other own work capitalized	35.2	40.9	1,100.2	56.7	1,233.0
Total segment income	**2,172.8**	**2,240.7**	**3,201.6**	**-860.3**	**6,754.9**

Information on segment assets

The following table shows the carrying amounts of the segment assets and the additions to property, plant and equipment and intangible assets, grouped according to the geographic areas in which the assets are located. The segment assets comprise property, plant and equipment and intangible assets.

in EUR million	Carrying amounts of segment assets		Additions to property, plant and equipment and intangible assets	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Segment ÖBB-Personenverkehr				
Domestic	2,735.4	2,504.0	396.8	552.2
Foreign	10.9	10.5	4.1	3.9
thereof Eastern Europe	*10.9*	*10.5*	*4.1*	*3.9*
Total	**2,746.3**	**2,514.5**	**400.9**	**556.1**
Segment Rail Cargo Austria				
Domestic	536.2	524.1	62.2	57.2
Foreign	377.1	399.7	17.0	14.5
thereof Hungary	*324.9*	*346.4*	*11.7*	*10.2*
thereof Italy	*10.7*	*10.4*	*0.7*	*0.7*
thereof Eastern Europe	*17.4*	*15.6*	*3.5*	*3.3*
Rest of Europe	*24.3*	*27.3*	*0.5*	*0.3*
Total	**913.3**	**923.8**	**79.2**	**71.7**
Segment ÖBB-Infrastruktur				
Domestic	23,029.2	22,050.7	1,985.0	1,808.2
Foreign	25.4	26.4	0.1	12.9
Rest of Europe	*25.4*	*26.4*	*0.1*	*12.9*
Total	**23,054.6**	**22,077.8**	**1,985.1**	**1,821.1**
Other group companies/transition				
Domestic	863.5	804.0	125.6	30.4
Foreign	0.2	0.2	0.1	0.1
thereof Eastern Europe	*0.2*	*0.2*	*0.1*	*0.1*
According to Consolidated Financial Statements	**27,577.9**	**26,320.3**	**2,590.9**	**2,479.3**
thereof domestic	*27,164.3*	*25,882.8*	*2,569.6*	*2,447.9*
thereof foreign	*413.6*	*437.5*	*21.3*	*31.4*

34. Notes on the Cash Flow Statement

The Cash Flow Statement shows the change in cash of the ÖBB Group from inflows and outflows of funds in the reporting year. The Cash Flow Statement is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Cash Flow Statement are presented using the indirect method.

Liquid funds include cash and cash equivalents and current liabilities as well as liabilities to banks in the amount of EUR 33.7 million (previous year: EUR 7.9 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 91.1 million (previous year: EUR 77.6 million) received in this connection are also recognized in operating cash flow under changes in liabilities from trade payables and other liabilities and accruals and deferrals. The payments for the acquisition of consolidated companies of EUR 11.5 million comprise the partial payment of the purchase price for the shares in Rail Cargo Carrier - PCT GmbH of EUR 5.0 million, the purchase price for the shares in Rail Cargo Logistics d.o.o. of EUR 0.2 million and the purchase price for the shares in ÖBB STADLER Service GmbH of EUR 9.4 million less the cash balance of the company of EUR 3.3 million.

Significant non-cash transactions carried out in both reporting years mainly refer to the recognition and derecognition of assets and liabilities from CBL transactions and liabilities from CBL transactions as well as the reversal of accrued expenses and deferred income due to finance leasing transactions. As regards proceeds and expenditures with respect to the acquisition of consolidated companies, please refer to Note 35 and the figures in brackets there.

The following table shows the information on the changes to financial liabilities for which the cash received and cash paid are presented in the Statement of Cash Flows in cash flows from financing activities.

in EUR million	As of Dec 31, 2017	Changes with an effect on cash flow	Changes in exchange rates	Other changes in borrowed capital	Other changes in equity	As of Dec 31, 2018
Non-current financial liabilities						
Bonds	14,256.2	-1.2	2.2	-1,536.7	0.0	12,720.5
Bank loans	4,832.4	198.9	1.9	-37.2	0.0	4,996.0
Financial liabilities leasing	334.3	-5.3	0.6	10.6	0.0	340.2
Other financial liabilities	3,416.5	560.3	1.8	-311.9	-1.4	3,665.3
Total non-current financial liabilities	**22,839.4**	**752.7**	**6.5**	**-1,875.2**	**-1.4**	**21,722.0**
Current financial liablilities						
Bonds	0.0	0.0	0.0	1,539.5	0.0	1,539.5
Bank loans	220.5	-22.5	0.0	8.3	0.0	206.3
Financial liabilities leasing	16.5	-9.9	0.0	12.0	0.0	18.6
Other financial liabilities	465.0	-172.0	0.0	339.0	-5.7	626.3
Total excluding financial liabilities, which are part of cash and cash equivalents	702.0	-204.4	0.0	1,898.8	-5.7	2,390.7
Current liabilities to banks, which are part of the fund of cash and cash equivalents	3.8	0.0	0.0	29.0	0.0	32.8
Current other financial liabilities, which are part of the fund of cash and cash equivalents	4.1	0.0	0.0	-3.2	0.0	0.9
Total current financial liabilities	709.9	-204.4	0.0	1,924.6	-5.7	2,424.4

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 financial liabilities						
Bonds	13,860.9	0.0	-6.9	402.2	0.0	14,256.2
Bank loans	4,209.0	676.3	-9.2	-43.7	0.0	4,832.4
Financial liabilities leasing	339.4	0.0	-0.1	-5.0	0.0	334.3
Other financial liabilities	2,141.3	1,470.3	-6.6	-188.5	0.0	3,416.5
Total non-current financial liabilities	**20,550.6**	**2,146.6**	**-22.8**	**165.0**	**0.0**	**22,839.4**
Current financial liablilities						
Bonds	431.0	0.0	0.0	-431.0	0.0	0.0
Bank loans	306.5	-71.9	0.0	-14.1	0.0	220.5
Financial liabilities leasing	124.9	-13.7	0.0	-94.7	0.0	16.5
Other financial liabilities	1,375.9	-1,085.5	0.0	175.6	-1.0	465.0
Total excluding financial liabilities, which are part of cash and cash equivalents	**2,238.3**	**-1,171.1**	**0.0**	**-364.2**	**-1.0**	**702.0**
Current liabilities to banks, which are part of the fund of cash and cash equivalents	8.2	0.0	0.0	-4.4	0.0	3.8
Current other financial liabilities, which are part of the fund of cash and cash equivalents	1.8	0.0	0.0	2.3	0.0	4.1
Total current financial liabilities	**2,248.3**	**-1,171.1**	**0.0**	**-366.3**	**-1.0**	**709.9**

For the bonds with a volume of EUR 400.0 million classified as current as of Dec 31, 2016, investors did not make use of the right of early redemption in 2017; instead of being repaid, they were reclassified to non-current bond liabilities.

35. Group companies

Information on the Dec 31, 2018 subsidiaries, associates, investments, other holdings and changes in the ÖBB Group in the 2018 financial year:

Changes in the basis of consolidation

The following companies were included in the consolidated financial statements in the reporting year for the first time using the equity method of accounting:

Rail Cargo Austria sub-group:
- HAELA Abfallverwertung GmbH
- Terminal Brno, a.s.

ÖBB-Infrastruktur sub-group:
- Breitspur Planungsgesellschaft mbH

ÖBB-Fernbus GmbH was merged with ÖBB-Personenverkehr AG with retroactive effect as of Jan 01, 2018.

In 2018, ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. was deconsolidated and ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG was wound up after all assets and liabilities as well as rights and obligations had been transferred to ÖBB-Infrastruktur AG.

Other changes to the schedule of investments

Additional acquisitions, start-ups and changes in the type of consolidation are indicated by parenthetical notes in the schedule of investments below.

Rail Cargo Group	Country, registered office	Type of consolidation
Merger with Rail Cargo Terminal - BILK Zrt.		
Kelenföld Konténer Depo Kft.	HU-1239 Budapest	E0

Abbreviations and footnotes

E0 Investment not recorded using the equity method due to its insignificance

ÖBB-Holding AG held direct or indirect (through other affiliated companies) investments in the following companies as of the reporting date (without investments in short-term joint ventures).

Parent company	Country, registered office	Type of consolidation
100% Österreichische Bundesbahnen-Holding Aktiengesellschaft	A-1100 Vienna	V

ÖBB-Personenverkehr Group	Country, registered office	Type of consolidation	
100% ÖBB-Personenverkehr Aktiengesellschaft	A-1100 Vienna	V	
├▶ 100% ÖBB-Postbus GmbH	A-1100 Vienna	V	
└▶ 100% ČSAD AUTOBUSY České Budějovice a.s.	CZ-37001 České Budějovice	V	
├▶ 100% Österreichische Postbus Aktiengesellschaft	A-1100 Vienna	V	
├▶ 100% Rail Tours Touristik Gesellschaft m.b.H.	A-1100 Vienna	V	
├▶ 98,57% FZB Fahrzeugbetrieb GmbH	A-1100 Vienna	V	
├▶ 50% (100%) ÖBB-Produktion Gesellschaft mbH	A-1100 Vienna	E	*)
├▶ 49,9% City Air Terminal Betriebsgesellschaft m.b.H.	A-1300 Vienna-Airport	E	
├▶ 49% (100%) ÖBB-Technische Services-Gesellschaft mbH	A-1110 Vienna	E	*)
├▶ 100% Technical Services Hungria Járműjavító Kft.	HU-3527 Miskolc	0	*)
├▶ 60% ÖBB STADLER Service GmbH (acquired in July 2017)	A-4030 Linz	0	*)
├▶ 51% Technical Services Slovakia, s.r.o.	SK-91701 Trnava	0	*)
└▶ 51% TS-MÁV Gépészet Services Kft.	HU-1097 Budapest	0	*)
├▶ 10% Railteam B.V.	NL-1012 AB Amsterdam	0	
└▶ 6,71% (7,38%) Bureau central de clearing s.c.r.l.	B-1060 Brussels	0	

*) These subsidiaries are fully consolidated at the group level.

Rail Cargo Group	Country, registered office	Type of consolidation
100% Rail Cargo Austria Aktiengesellschaft	A-1100 Vienna	V
├► 100% Rail Cargo Logistics - Austria GmbH	A-1100 Vienna	V
├► 100% Rail Cargo Terminal - Sindos Societe S.A.	GR-57400 Thessaloniki	V
├► 100% Rail Cargo Logistics - Bulgaria EOOD	BG-1113 Sofia	V
├► 100% Rail Cargo Logistics - Croatia d.o.o.	HR-10000 Zagreb	V
├► 100% Rail Cargo Logistics - Czech Republic s.r.o.	CZ-61400 Brno	V
├► 100% Rail Cargo Logistics - Environmental Services GmbH	A-1100 Vienna	V
├► 50% AUL Abfallumladelogistik Austria GmbH	A-1220 Vienna	E0
└► 50% HAELA Abfallverwertung GmbH	A-4470 Enns	E (PY: E0)
├► 100% Rail Cargo Logistics - Germany GmbH	D-60329 Frankfurt am Main	V
├► 100% Rail Cargo Logistics - Hungaria Kft.	HU-1133 Budapest	V
├► 100% Rail Cargo Logistics - Italy S.r.l.	I-20832 Desio	V
├► 100% Rail Cargo Terminal - Desio S.r.l.	I-20832 Desio	V
└► 100% Rail Cargo Terminal - S. Stino S.r.l.	I-30029 Santo Stino di Livenza	V
├► 100% Rail Cargo Logistics - Poland Sp.z o.o.	PL-02-796 Warszawa	V
├► 100% Rail Cargo Logistics - Romania Solutions SRL	RO-75100 Otopeni	V
├► 100% ooo "Rail Cargo Logistics - RUS"	RU-620014 Yekaterinburg	V
├► 100% Rail Cargo Logistics Uluslararasi Tasimacilik Lojistik ve Ticaret Limited Sirketi	TR-34303 Halkali-Istanbul	V
├► 51% Rail Cargo Logistics - BH d.o.o.	BiH-71000 Sarajevo	V
├► 74% (PY: 50%) Rail Cargo Logistics d.o.o.	SLO-1000 Ljubljana	V
└► 49% Rail Cargo Logistics - Goldair SA	GR-19300 Athen/Aspropyrgos	E

Rail Cargo Group continued	Country, registered office	Type of consolidation	
├► 100% Rail Cargo Carrier Kft.	HU-1133 Budapest	V	
├► 100% Rail Cargo Carrier - PCT GmbH	D-85055 Ingolstadt	V	
├► 100% Rail Cargo Carrier d.o.o.	SLO-1000 Ljubljana	V	
├► 100% Rail Cargo Carrier - Bulgaria EOOD	BG-1303 Sofia	V	
├► 100% Rail Cargo Carrier - Croatia d.o.o.	HR-10000 Zagreb	V	
├► 100% Rail Cargo Carrier - Czech Republic s.r.o.	CZ 130 00 Praha 3	V	
├► 100% Rail Cargo Carrier - Germany GmbH	D-51105 Cologne	V	
├► 100% RAIL CARGO CARRIER - ROMANIA SRL.	RO-75100 Otopeni	V	
├► 100% Rail Cargo Carrier - Slovakia s.r.o.	SK-82105 Bratislava	V0	
├► 75% (PY: 100%) Rail Cargo Carrier - Italy s.r.l. (internal sub-group transfer of 25% to Rail Cargo Austria AG in December 2018)	I-20832 Desio	V	
├► 100% Rail Cargo Operator - ČSKD s.r.o.	CZ-13000 Praha 3	V	
├► 100% Rail Cargo Operator - Austria GmbH	A-1100 Vienna	V	
├► 100% Rail Cargo Operator - Hungaria Kft.	HU-1133 Budapest	V	
├► 100% Rail Cargo Operator-Port/Rail Services GmbH	D-28195 Bremen	V0	
├► 100% Rail Cargo Terminal - Praha s.r.o	CZ-13000 Praha 3	V	
├► 100% Rail Cargo Terminal - BILK	HU-1239 Budapest	V	
├► 100% LOGISZTÁR Kft.	HU-2364 Ócsa	V0	
└► 33,33% boxXagency Kft.	HU-1239 Budapest	E0	
└► 29,39% RAILPORT ARAD SRL	RO-315200 Judentul Arad	E	
└► 33,07% Terminal Brno, a.s.	CZ-61900 Brno	E (PY: E0)	
└► 32,56% ADRIA KOMBI d.o.o., Ljubljana	SLO-1000 Ljubljana	E	
├► 100% Rail Cargo Wagon-Austria GmbH	A-1100 Vienna	V	
├► 99,99% Rail Cargo Hungaria Zrt.	HU-1133 Budapest	V	
├► 30% Agrochimtranspack Kft.	HU-4623 Tuszér	E0	
└► 0,67% (7,38%) Bureau central de clearing s.c.r.l.	B-1060 Brussels	0	
├► 66% Rail Cargo Logistics GmbH	A-1100 Vienna	V	
├► 100% Rail Cargo Logistics s.r.o.	CZ-619 00 Brno	V	
└► 47,5% VADECO SRL	RO-900733 Constanta	E	
├► 51% (100%) ÖBB-Technische Services Gesellschaft mbH	A-1110 Vienna	V	
├► 100% Technical Services Hungaria Jamujavito Kft.	HU-3527 Miskolc	V	
├► 60% ÖBB STADLER Service GmbH (acquired in July 2017)	A-1150 Vienna	V	
├► 51% Technical Services Slovakia, s.r.o.	SK-91701 Trnava	V	
└► 51% TS-MÁV Gépészet Services Kft.	HU-1097 Budapest	V	
├► 50% (100%) ÖBB-Produktion Gesellschaft mbH	A-1100 Vienna	E	*)
├► 37,08% ICA Romania s.r.l. i.L.	RO-020572 Bucaresti	E0	
├► 25% (100%) Rail Cargo Carrier - Italy s.r.l. (internal sub-group transfer of 25% from Rail Cargo Carrier Kft. in December 2018)	I-15067 Novi Ligure	V	
├► 18,4% Xrail AG (until 2017: Xrail S.A.)	B-1000 Brussels	0	
├► 3,53% Intercontainer-Interfrigo (ICF) SA i.L.	B-1060 Brussels	0	
└► KD-Anteil Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft	D-60486 Frankfurt am Main	0	

*) This subsidiary is fully consolidated at the group level.

ÖBB-Infrastruktur Group	Country, registered office	Type of consolidation
100% ÖBB-Infrastruktur Aktiengesellschaft	A-1020 Vienna	V
├► 100% Austrian Rail Construction & Consulting GmbH	A-1020 Vienna	V0
├► 100% Austrian Rail Construction & Consulting GmbH & Co KG	A-1020 Vienna	V0
├► 100% Güterterminal Werndorf Projekt GmbH	A-1020 Vienna	V
├► 100% Mungos Sicher & Sauber GmbH	A-1150 Vienna	V
├► 100% Mungos Sicher & Sauber GmbH & Co KG	A-1150 Vienna	V
├► 100% Netz- und Streckenentwicklung GmbH	A-1020 Vienna	V0
├► 100% ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.	A-1020 Vienna	V0 (PY: V)
├► 100% ÖBB-Immobilienmanagement Gesellschaft mbH	A-1020 Vienna	V
├► 100% ÖBB-Projektentwicklung GmbH	A-1020 Vienna	V
├► 100% ÖBB-Realitätenbeteiligungs GmbH & Co KG	A-1020 Vienna	V
├► 100% Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	A-1020 Vienna	V0
├► 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% Europaplatz 1 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0
├► 100% Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% Modul Office Hauptbahnhof Graz GmbH & Co KG	A-1020 Vienna	V0
└► 100% Operngasse 16 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% ÖBB-Stiftungs Management Gesellschaft mbH	A-1020 Vienna	V0
├► 100% Rail Equipment GmbH	A-1040 Vienna	V
├► 100% Rail Equipment GmbH & Co KG	A-1040 Vienna	V
├► 51% WS Service GmbH	A-3151 St. Georgen am Steinfeld	V
├► 50% Galleria di Base del Brennero - Brenner Basistunnel BBT SE	I-39100 Bozen	E
├► 43,05% Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E
├► 25% Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E (PY: E0)
├► 8% HIT Rail B.V.	NL-3500 HA Utrecht	0
└► partnership Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0

Others	Country, registered office	Type of consolidation
100% iMobility GmbH	A-1040 Vienna	V0
100% ÖBB-Business Competence Center GmbH	A-1030 Vienna	V
└► 34% Wellcon Gesellschaft für Prävention und Arbeitsmedizin GmbH	A-1030 Vienna	E
100% ÖBB-Finanzierungsservice GmbH	A-1100 Vienna	V
100% ÖBB-Werbung GmbH	A-1100 Vienna	V
100% 1) Q Logistics GmbH (acquisition of 19.9% as of Nov 20, 2018 and of 20.1% as of Dec 17, 2018)	A-1120 Vienna	V
├► 100% European Contract Logistics - Czech Republic s.r.o.	CZ-50002 Hradec Králové	V
├► 100% European Contract Logistics (podjetje za spedicijo, prevoznistvo in trgovino) d.o.o.	SLO-2000 Maribor	V
├► 100% European Contract Logistics - Slovakia s.r.o. „v likvidácii"	SK-83104 Bratislava	V0
├► 95% European Contract Logistics - Serbia d.o.o.	SRB-11070 Novi Beograd	V0
└► 45% logMASter Kft.	HU-1139 Budapest	E
26% Verkehrsauskunft Österreich VAO GmbH	A-1150 Vienna	E0
2% EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG	CH-4001 Basel	0

1) by May 2017: 100%; by Nov. 2018: 60%; by Dec. 2018: 79.9%

Shares in % in parentheses show the recognized investment held by multiple companies within the entire ÖBB Group. Disclosures prefixed by "previous year:" relate to the previous year's figures.

Abbreviations

V	affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its insignificance
E	Investee reported using the equity method (associated company)
E0	Investment not recorded using the equity method due to its insignificance
0	other investee
i.L.	in liquidation

The following presents the equity and net income from those subsidiaries that were not included in the Consolidated Financial Statements and in which an interest of at least 20% was held. The disclosures regarding equity and net income were taken from the annual financial statements according to respective national accounting laws; exceptions are marked with a corresponding footnote.

	Shareholders' equity in kEUR		Profit or loss in kEUR		
Rail Cargo Group	Dec 31, 2018	Dec 31, 2017	2018	2017	
AUL Abfallumladelogistik Austria GmbH	110	383	-287	-3	*)
Rail Cargo Carrier - Slovakia s.r.o.	418	376	42	-64	
Rail Cargo Operator-Port/Rail Services GmbH	26	11	16	-2	
LOGISZTÁR Kft.	719	785	-39	-63	
boxXagency Kft.	95	122	76	82	
ICA Romania s.r.l. i.L.	i. L.	i. L.	i. L.	i. L.	
Agrochimtranspack Kft.	n/a	n/a	n/a	n/a	

Abbreviations and footnotes
*) values as of Sep 30

	Shareholders' equity in kEUR		Profit or loss in kEUR	
ÖBB-Infrastruktur Group	Dec 31, 2018	Dec 31, 2017	2018	2017
Austrian Rail Construction & Consulting GmbH	137	138	-1	0
Austrian Rail Construction & Consulting GmbH & Co KG	208	208	-2	-2
Netz- und Streckenentwicklung GmbH	94	94	-6	-2
Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	5	-4	-1	-1
Europaplatz 1 Projektentwicklung GmbH & Co KG	5	-4	-1	-1
Modul Office Hauptbahnhof Graz GmbH & Co KG	5	-4	-1	-1
ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.	30	34	-4	0
ÖBB-Stiftungs Management Gesellschaft mbH	72	72	0	0

	Shareholders' equity in kEUR		Profit or loss in kEUR	
Others	Dec 31, 2018	Dec 31, 2017	2018	2017
European Contract Logistics - Slovakia s.r.o. „v likvidácii" (i. L.)	i. L.	i. L.	i. L	i. L
European Contract Logistics - Serbia d.o.o.	241	n/a	16	n/a
Verkehrsauskunft Österreich VAO GmbH	2,423	1,805	-606	-779

The equity of foreign companies is translated into EUR at the exchange rate applicable on the reporting date. Net income is translated into EUR at the average rate. The figures were determined in accordance with the respective national accounting law.

Abbreviations and footnotes
i.L. in liquidation
n. n/a not applicable

Information on the business purpose of the sub-groups is included in Note 33 (segment reporting).

36. Events after the reporting date

On Mar 29, 2019, the members of the Board of Management of ÖBB-Holding AG released the audited Consolidated Financial Statements as of Dec 31, 2018 for submission to the Supervisory Board. The Supervisory Board is charged with reviewing the Consolidated Financial Statements and declaring whether it approves the Consolidated Financial Statements.

In February 2019, one CBL transaction was terminated prematurely. The transaction was terminated, although sub-leasing agreements between ÖBB-Infrastruktur AG and ÖBB-Produktion GmbH remained until redemption of the EUROFIMA loan in 2020. Financial assets and liabilities were therefore derecognized in the amount of EUR 48.9 million and the allowance was released in the amount of EUR 0.2 million.

The Supervisory Board of ÖBB-Holding AG decided on further steps aimed at consolidation of Q Logistics GmbH, Vienna at its meeting on Mar 8, 2019. The financial and organizational framework conditions were created for this and a search was initiated for a new partner to provide their international network and additional sectoral and process knowledge and experience for the purposes of the current restructuring process.

There are no further reportable events after the reporting date that have a material effect on the net assets, financial position and results of operations.

37. Executive bodies of the parent company of the ÖBB Group

In the 2018 financial year (up until the time of the preparation of the Consolidated Financial Statements), the following persons were appointed members of the Board of Management or members of the Supervisory Board of ÖBB-Holding AG:

Members of the Board of Management

Ing. Mag. (FH) Andreas Matthä		Chairman of the Board of Management
Mag. Josef Halbmayr MBA	until Mar 31, 2019	
Mag. Andreas Schiefer	from Apr 1, 2019	

Members of the Supervisory Board

Mag. Gilbert Trattner	from Apr 6, 2018	Chairman (from Dec 7, 2018)
Brigitte Ederer	until February 9, 2018	Chairwoman
Dr. Kurt Weinberger		First Vice Chair
DI Herbert Kasser	until February 9, 2018	2. Vice Chair
Mag. Andreas Reichardt	from February 9, 2018	2. First Vice Chair (from February 28, 2018)
Roman Hebenstreit		Third Vice Chair/Employee Representative
Arnold Schiefer	from Feb 9, 2018 to Mar 31, 2019	Chair Feb 28, 2018 to Dec 7, 2018, Member (from Dec 7, 2018)
Herbert Willerth	until February 9, 2018	
Dr. Gertrude Tumpel-Gugerell	until February 9, 2018	
Dr. Leopold Specht	until January 18, 2018	
Lic.rer.pol. Paul Blumenthal	until February 9, 2018	
Dr. Norbert Gugerbauer	from February 9, 2018	until March 13, 2018
Dr. Barbara Kolm	from February 9, 2018	
Karl Ochsner	from February 9, 2018	
Dr. Cattina Leitner	from February 9, 2018	
DI Dr. Monika Forstinger	from February 9, 2018	
Mag. Andreas Martinsich		Employee representative
Günter Blumthaler		Employee representative
Mag. Olivia Janisch		Employee representative

A report on compensation paid during the reporting period is presented in Note 32 (“Related party transactions”).

Vienna, March 29, 2019

The Board of Management

Mag. (FH) Andreas Matthä Mag. Josef Halbmayr MBA

Auditor’s Report*

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of **Österreichische Bundesbahnen-Holding Aktiengesellschaft, Vienna**, and of its subsidiaries (the Group), comprising the consolidated balance sheet as of December 31, 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a Austrian Company Code (UGB).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing. Our responsibilities under those regulations and standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Austrian Generally Accepted Accounting Principles and professional requirements and in accordance with any other agreed rules and/or regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management 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 are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Comments on the Consolidated Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the 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.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the consolidated management report.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances, no material misstatements in the Group's management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor’s report thereon.

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.

Vienna, March 29, 2018

BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Christoph Achzet	Mag. Peter Bartos
Chartered Accountant and Auditor	Chartered Accountant and Auditor

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the Group financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternate versions.

GLOSSARY

AVB	General Terms and Conditions of Employment with Austrian Federal Railways
BMF	Federal Ministry of Finance
BMVIT	Federal Ministry for Transport, Innovation and Technology
Capital employed	= fixed assets + working capital assets + working capital liabilities
CBL	Cross-Border-Leasing
CETA	Comprehensive Economic and Trade Agreement
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSR	Corporate Social Responsibility
EBIT	Earnings before interest and taxes. EBIT corresponds to earnings (not including earnings of investments accounted for using the equity method) on the Consolidated Income Statement.
EBITDA	= EBIT + depreciation and amortization
EBIT margin	= EBIT / total income
EBT	Earnings before taxes
Equity ratio	= equity / total capital
EMTN	Euro Medium-Term Note
ERTMS	European Rail Traffic Management System
ETCS	European Train Control System
EVU	Railway Operators
ECB	European Central Bank
Free cash flow	= Cash flow from operating activities + cash flow from investing activities
FTE	Full Time Equivalent
GWh	Gigawatt hour
GWL	Public services
IASB	International Accounting Standards Board
IFAC	International Federation of Accounts
IFRS/IAS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
IKS	Internal control system
Interoperability	Suitability of the trans-European railway system for secure and uninterrupted railway operations
ISA	International Standards on Auditing
Modal split	Splitting transport among the various providers/means of transport

Net debt	= interest-bearing borrowings – interest-bearing assets
Net gearing	= net debt / equity
OeNB	National Bank of Austria
Payroll ratio	= personnel expenses / total income
PKM	Passenger kilometers (= passengers transported x kilometers traveled)
PP&E-to-net-worth ratio	= equity / property, plant and equipment
PP&E-to-net-worth ratio II	= (equity + non-current borrowings) / PP&E
PP&E ratio	= Property, plant and equipment / total assets
R&D	Research and Development
RCC	Rail Cargo Carrier
RCG	Rail Cargo Group
RCO	Rail Cargo Operator
Return on equity	= EBT / equity
Return on total assets	= EBIT / total capital
ROCE	= EBIT / capital employed
SCHIG	Railway infrastructure service company (Schieneninfrastruktur-Dienstleistungsgesellschaft m.b.H.)
SIC	Standards Interpretation Committee
SLF	Free travel for students and apprentices
Tenured employees	Tenured employees are ÖBB employees who are subject to the General Terms and Conditions of Employment with Austrian Federal Railways (AVB), joined the company prior to Jan 1, 1995, and cannot be dismissed, pursuant to the provisions of the AVB. This term is usually understood to refer also to the former postal officers of Postbus.
TEN-T	Trans-European Transport Network
TGTkm	Total gross tonnage kilometers (= cargo weight + weight of the train x kilometers traveled)
TKM	Ton-kilometers (= tons transported x kilometers traveled)
Total income per employee	Total income / average number of employees (headcount)
TS	ÖBB-Technische Services GmbH
TSI	Technical Specification for Interoperability
TTIP	Transatlantic Trade and Investment Partnership
WIFO	Austrian Institute of Economic Research
Working capital	= inventories (excl. real estate recovery projects and prepayments on orders) + trade receivables – trade payables

Legal Notice

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LEITBETRIEBE AUSTRIA

We before me

Compelling services for our customers

Taking the initiative

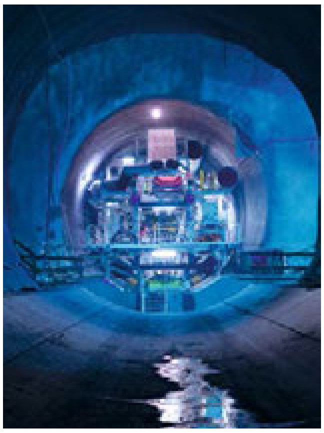
ÖBB's corporate values

03/07
New trains for Tyrol local transport
ÖBB renews and enhances its local transport fleet in Tyrol with an order for 25 TALENT3 electric railcars from Bombardier Transportation. The first 105-meter long railcars with space for 316 seats are due to be rolled out throughout Tyrol in summer 2020.

That was 2018

25/07
100 per cent green traction power – a new chapter in climate protection
ÖBB-Infrastruktur AG switches its traction power supply to 100 per cent green power effective immediately. ÖBB was already one of the most environmentally-friendly railway infrastructure operators in Europe before this with its traction power mix. The power used for trains now originates exclusively from renewable energy sources from the end of July.

13/07
Go-ahead for boring machine at the Semmering Base Tunnel
Two 120 meter-long machines weighing 2,500 tons – with one for each tunnel tube – have been boring through nine kilometers of mountain at the Semmering Base Tunnel since mid-July from Fröschnitzgraben (Styria) towards Gloggnitz.



14/08
Historic breakthrough in the Koralm Tunnel
Miners drilled through more than 17 kilometers of the Koralpe mountains with tunnel boring machine "Mauli 1". The breakthrough connecting the two ends of the 33 kilometer Koralm Tunnel took place on August 14, 2018. This represents one of the most important milestones since the mega Koralm railway project began.

17/09
Become an ÖBB apprentice? #NASICHER
ÖBB has been running its new apprenticeship campaign under the slogan #NASICHER (for sure) since mid-September. The new apprentice recruitment campaign aims to inspire even more young people to train at ÖBB, Austria's largest trainer of apprentices for the technical apprenticeship professions.

21/09
Rail Cargo Group presents TransANT
The ÖBB Rail Cargo Group presented the TransANT at the InnoTrans trade fair in Berlin. The modular freight car based on an innovative platform concept was developed between the RCG and voestalpine and aims to set a new standard in the freight transport market.

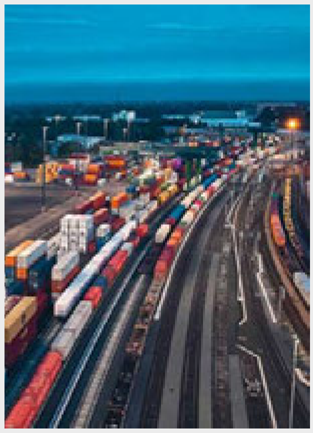
» Continued from the front cover section

03/10
New apprentice workshop at the Vienna am Hebbelplatz facility

ÖBB has been able to increase its capacity from 420 to approximately 650 apprentice places through its new apprentice workshop. The facility provides ultra-modern apprenticeships and space for premium training to young people over an area just under 10,000 square meters in size.

19/10
Wolfurt Terminal: a new era for goods transport

Since its completion, ÖBB's significantly expanded Wolfurt Cargo Terminal has been able to provide even more capacity, cost-effectiveness, and services. The new Terminal logistics service ensures that all handling and shipping processes are completely even more quickly, which is a huge added value for business and the environment.



24/10
Timetable 2019: more connections, new services

Timetable changes take place across Europe on the second Sunday in December ÖBB presents plans to expand its services by more than 1.1 million additional train kilometers, with new trains on the rails in some cases for 2019, and further quality enhancements.

25/10
Go-ahead for electric charging stations in Purkersdorf

Environmentally-friendly railways meet environmentally-friendly private transport, with the first electric charging station opened in Purkersdorf in Lower Austria in cooperation with SMATRICS. A further 45 sites were commissioned over the following weeks.

05/11
First ÖBB pumped storage power plant

ÖBB is setting the course for a green and sustainable energy future for the Group with construction of the Tauernmoos pumped storage power plant in Salzburg with an investment of EUR 260 million.

Tunnel boring machine "Mauli 1" has drilled through precisely 17,127 meters of the southern tube of the Koralm Tunnel since 2013. This is a world record for the longest continuous tunneling work under these conditions.

30/11
Partial opening of the Vienna – Bratislava route expansion

ÖBB has opened the Vienna sections of the Vienna – Bratislava route expansion following a construction period lasting approximately two years. This line is now double-track and electrified between Wien Erzherzog-Karl-Straße and the new stop Wien Aspern Nord.


3.5 mil.
TONNES OF GREENHOUSE GAS EMISSIONS SAVED BY AUSTRIAN FEDERAL RAILWAYS
CO_2 EMISSIONS BY AUSTRIAN FEDERAL RAIL-WAYS COMPARED WITH…
PRIVATE CARS
1:15
TRUCKS
1:21
AIRPLANES
1:31
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