ANNUAL REPORT 2018
ÖBB-INFRASTRUKTUR AG

Moving Values.

Contents

Consolidated Management Report

A. Group Structure and Investments

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

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

ÖBB-Infrastruktur AG and its major subsidiaries are certified according to the relevant international standards listed below. Since this year, the achieved ISO 55001 certification has been noted in the Asset Management and Strategic Planning division.

	ISO 9001: 2015	ISO 14001: 2015	OHSAS 18001: 2007	ISO 55001: 2014	SMS in accordance with the Federal Railways Act (EisbG) Section 39	SCC
ÖBB-Infrastruktur AG	X	X	X		X	
Asset Management and Strategic Planning Division				X		
ÖBB-Immobilienmanagement GmbH	X	X	X			
	(9001:2008)	(14001:2004)				
Rail Equipment GmbH & Co KG	X	X	X			
Mungos Sicher & Sauber GmbH & Co KG	X	X				X

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

Investments

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

	as of Dec 31, 2018	as of Dec 31, 2017
Investments >50%	23	24
Investments 20-50%	3	3
thereof abroad	*1*	*1*
Investments <20%	3	4
thereof abroad	*2*	*2*
Total	**29**	**31**
thereof abroad	*3*	*3*

The ÖBB-Infrastruktur Group

The ÖBB-Infrastruktur Group, with a total of 18,315 employees, operates 1,061 stations and stops in Austria, as well as the rail infrastructure used by ÖBB-Personenverkehr AG, Rail Cargo Austria AG, two other companies belonging to the ÖBB Group and other railway operators (RO) not belonging to the ÖBB Group.

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

ÖBB-Immobilienmanagement Gesellschaft mbH

ÖBB-Immobilienmanagement Gesellschaft mbH offers modern real estate services, both within the Group and externally. ÖBB owns 23,000 buildings, making it one of Austria's largest property owners. ÖBB-Immobilienmanagement Gesellschaft mbH – a wholly-owned subsidiary of ÖBB-Infrastruktur AG – provides integrated real estate services, primarily within ÖBB Group. Its responsibilities include the sale and utilization of real estate, project development, implementation of the railway station offensive, property management, facility management, space management and contract processing for film productions and events at railway stations. It develops and sells properties that are not necessary for operations and is responsible for the life cycle management of an extensive portfolio of 5,000 buildings and 1,061 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 about 800 employees ensures professional and efficient management of the extensive services portfolio. The ÖBB-Infrastruktur Group was able to contribute EUR 77.7 million (prior year: EUR 78.3 million) to profits (revenues less carrying amounts and provisions) in financial year 2018 from the sale of properties.

In addition to the tasks in facility management in the area of station and property management, the ownership role for all properties (building constructions and land) as well as for passenger stations should be emphasized. Thus, ÖBB-Immobilienmanagement GmbH is responsible for the overall appearance of the railway station, in the sense of the mobility chain, with station buildings, forecourts, streets, paths, park & ride facilities, customer sanitary facilities, platforms up to the edge of the platform, etc. It is the competent point of contact both within the Group as well as vis-à-vis customers, neighbors, local authorities and interest groups. Some of the most important meaningful quality indicators of ÖBB real estate management are: Quality check, malfunction indicators and complaints. In 2018, these developed very positively thanks to the daily commitment of our responsible employees.

The ambitious objectives set for customer satisfaction, cleanliness and maintenance as well as personal sense of security at the passenger station, have been achieved in 2018. Particularly in the area of personal sense of security, it should be noted that the trend that started in 2016 (refugee crisis) was halted, and even a positive trend reversal could be achieved. The number of immediate measures to be taken fell in the course of the year from an already extremely low peak of 486 in December 2017 to 188 in December 2018. In total 2018 saw an average of 301 immediate measures per month. In comparison: with the start of the survey in 2013, the number of immediate measures was 7,000 per month. With a cumulative incident indicator of 68 incidents as of Dec 31, 2018 per 100,000 m² building and platform area, an excellent result was subsequently achieved. The defined target was achieved. In the meantime, customer complaints have reached a base line now. With a bare 1.2 complaints per station throughout the year, 2018 was also a successful year in this area.

Mungos Sicher & Sauber GmbH & Co KG

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

Rail Equipment GmbH & Co KG

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

Güterterminal Werndorf Projekt GmbH

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

WS Service GmbH

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

Weichenwerk Wörth GmbH

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

ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.

The Vienna South Freight Centre has been in operation since Jan 1, 2017. In addition to traditional transshipment services in intermodal transport, logistics services such as the loading and unloading of containers with goods, which are also brought to Vienna South by rail, are also offered. A long-term cooperation agreement has been concluded with the world's second-largest shipping company, Mediterranean Shipping Company (MSC). MSC uses the new location in Vienna South as a central base for the supply of empty containers in Central Europe.

Because an intended joint venture with a further terminal operator could not be implemented as planned due to expected competition authority requirements, ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H., which was founded in 2016, was dissolved on Oct 11, 2018, after all assets and liabilities as well as rights and obligations had been transferred to ÖBB-Infrastruktur AG. ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. remains in existence.

Galleria die Base del Brennero – Brenner Base Tunnel BBT SE

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

Breitspur Planungsgesellschaft mbH

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

Other significant subsidiaries

Some real estate projects are handled in independent project companies. Particularly worth mentioning here are ÖBB-Realitätenbeteiligungs GmbH & Co KG, Elisabethstraße7 Projektentwicklung GmbH & CO KG, Elisabethstraße 9 Projektentwicklung GmbH &Co KG, Gauermanngasse 2–4 Projektentwicklung GmbH & Co KG, Operngasse 16 Projektentwicklung GmbH& Co KG, Mariannengasse 16–20 Projektentwicklung GmbH & Co KG. Rail Equipment GmbH acts as a fleet manager for in-house service vehicles.

The ÖBB-Infrastruktur Group not only provides the Austrian rail infrastructure, but also employs a total of 18,315 people. ÖBB-Infrastruktur AG cooperates with partners in the following areas:
- Construction
- Transport
- Technical equipment
- Information technology and telecommunications
- Facility management
- Office supplies
- Disposal etc.

Branch offices

The ÖBB-Infrastruktur Group has no plants or branches.

B. General Conditions and Market Environment

B.1. General economic conditions

Global economic development

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 prior 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.

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 upturn 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]

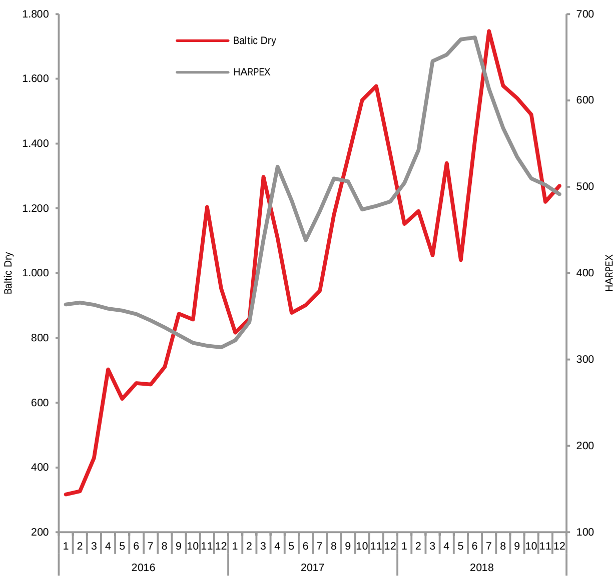
A significant factor of uncertainty will remain a protectionist trade policy in the USA in 2019 as well. In trade with China, the USA has already introduced protective tariffs on numerous products, which has been reciprocated by the Chinese in the form of corresponding punitive tariffs. There were similar trade blows between the US 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 global economic development of 2017/18 is also reflected in the price development of oceanic shipping. The Baltic Dry price index for the transport of raw materials shows increasing volatility until the end of the year. The significant turnaround in the HARPEX price index for container shipping correlates with slower growth in global container handling in 2018.

[1] Trading Economics.
[2] UNCTAD.
[3] Macrotrends.
[4] Handelsblatt Sep 26, 2018, manager magazin Sep 13, 2018.
[5] Handelsblatt April 4, 2018.

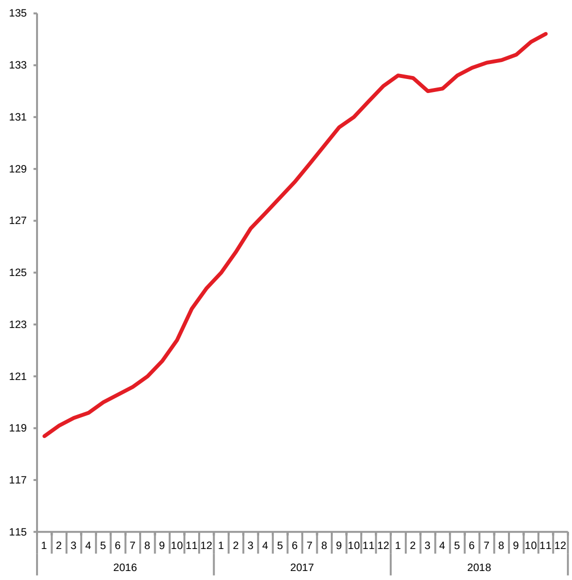
Development of global shipping indices (index points)

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.

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 value added of the industry is the component of gross domestic product on which the volume of goods transported by rail has the greatest influence. In some countries, industry has contributed strongly to economic growth – in Slovenia and Romania, it even grew by almost 6%. The Austrian industry was also able to generate dynamic growth.

[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 prior 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 one percent 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]

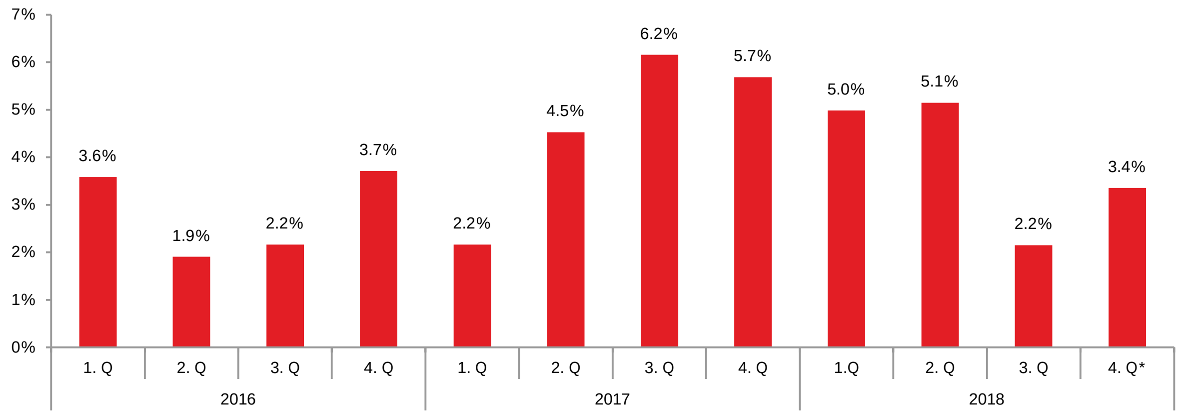
Key data and forecasts for the economic situation in Austria

Parameter	Unit	2017	2018	2019
Gross domestic product, real	Change in %	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		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 force	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 prior year)



*only October and November.
Source: Statistik Austria.

Capital markets and national budget

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.[11]

[10] WIFO.
[11] Trading Economics.

Due to the responsibilities of ÖBB-Infrastruktur AG as defined in the Federal Railways Act and the related legal provisions, the creditworthiness of ÖBB-Infrastruktur AG correlates closely with that of the federal government. ÖBB-Infrastruktur AG has a rating from Standard & Poor´s. According to Standard & Poors' rating report dated July 12, 2018, ÖBB-Infrastruktur AG's rating was also confirmed as "AA+/A-1+" with a stable outlook.

B.2. Political and regulatory framework

As Austria's largest mobility services provider, ÖBB closely monitors all relevant legislative processes on a European level and is in constant dialogue with 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, connected and clean mobility." This third Mobility Package includes proposals for a streamlined TEN-T network, a new regulation on electronic information for goods 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 of the rail sector" are of particular interest. Another priority is the EU's next multi-year budgetary framework for the period 2021 to 2027.

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 secondment 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 railway systems

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. A decision is not expected before the end of 2019.

B.3. Market environment

ÖBB-Infrastruktur AG was able to continue its extensive investment program in 2018, which has been now running for more than 10 years, on the basis of the master plan adopted by the government. Pursuant to Section 42(2) of the Austrian Federal Railways Act, the six-year master plan for the intended capital expenditure 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[12].

ÖBB-Infrastruktur AG's master 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 Tunnels 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.[13]

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 approx. 79% by 2023.[14] The master 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 Wolfurt Terminal from the north.[15]

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.[16] On the other hand, weight restrictions on the access route via Marburg/Maribor to Austria remain in place for the time being.[17] 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.[18] As part of the reconstruction, the tunnel will be reduced from two to single track.[19] 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.

[12] BMVIT.
[13] ÖBB-Infrastruktur AG, BMVIT.
[14] BMNT, BMVIT.
[15] DB and Vol. at Oct 19, 2018.
[16] Budapest Business Journal Jun 15, 2018.
[17] International Railway Journal Aug 12, 2014.
[18] prognos et al.
[19] Kleine Zeitung Aug 10, 2018.

C. Economic report and outlook

C.1. Revenues

Overview	2018	2017	Change	Change in %
Mil. train-kilometers	154.4	148.7	5.7	4%
Total gross tonnage-kilometers in million	78,190.7	77,085.4	1,105.3	1%
Self-generated traction power from ÖBB power plants in GWh	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 million EUR	2,104.8	2,101.4	3.4	0%
Total revenue in million EUR	3,303.9	3,201.6	102.3	3%
Total revenue per employee in kEUR	182	178	4	2%

Performance indicators

The development of train-kilometers (Tkm) is an important indicator for assessing the operational performance of the ÖBB-Infrastruktur Group. Year on year, volume increased by 5.7 million tkm to a total of 154.4 million tkm (prior year: 148.7 million tkm).

Development of train-kilometers by type of traffic in millions	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%***

The development of total gross ton-kilometers (TGTkm) is another indicator used to assess business performance. While in the 2017 financial year external railway operators accounted for 13.9 billion TGT km or 18% of the total, in 2018, they accounted for 16.0 billion TGT km, which corresponds to 20% of the total.

Development of gross tonnage-kilometers by type of traffic in millions	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%***

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

Development of the electricity sector:

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

Development of the rentable areas:

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

Revenue

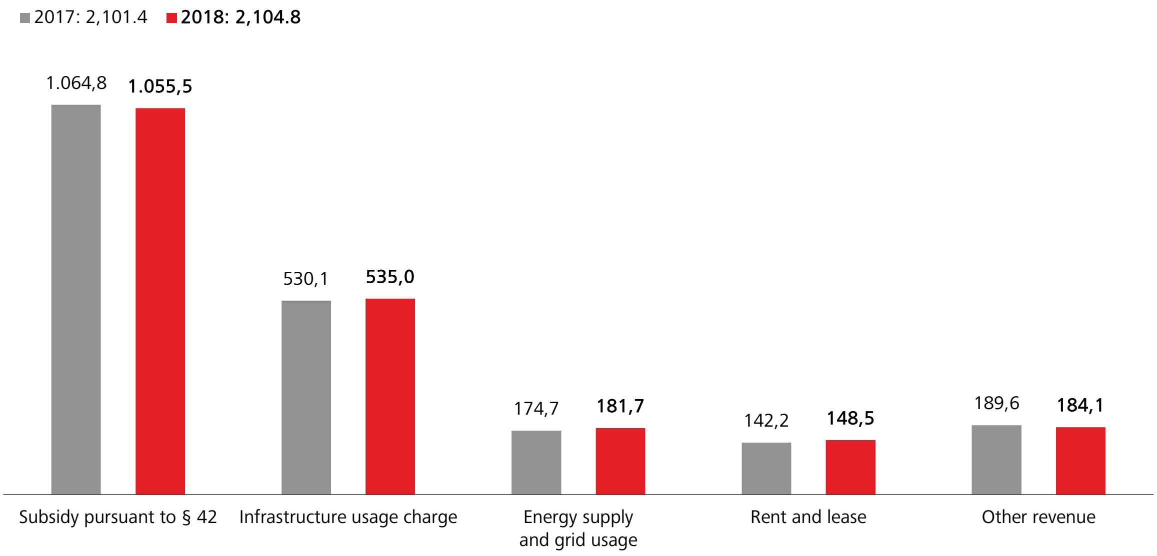
Revenue ÖBB-Infrastruktur Group in million EUR	2018	2017	Change	Change in %
Total group revenue	2,365.3	2,366.4	-1.1	0%
less intra-group revenue	-260.5	-265.0	4.5	-2%
Revenue	**2,104.8**	**2,101.4**	**3.4**	**0%**
Other income (consolidated)	1,199.1	1,100.2	98.9	9%
Total income	**3,303.9**	**3,201.6**	**102.3**	**3%**
thereof with other entities of the ÖBB Group	*743.1*	*732.9*	*10.2*	*1%*

As mentioned above, consolidated sales reached EUR 2,104.8 million (prior year: EUR 2,101.4 million), of which EUR 742.9 million (prior year: EUR 732.4 million) are attributable to companies of other sub-groups of the ÖBB Group.

With an average number of employees amounting to 18,137 (prior year: 17,975 employees), the revenue per employee is kEUR 116 (prior year: kEUR 117).

Revenue is mainly generated in Austria. Revenue in the amount of EUR 21.6 million (prior year: EUR 52.8 million) was generated with customers abroad. This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Development of the group revenue in million EUR



C.2. Result of operations

Overview	2018	2017	Change	Change in %
EBIT[20] in million EUR	603.1	595.6	7.5	1%
EBIT margin[21] in %	18.3%	18.6%	-0.3%	-2%
EBITDA[22] in million EUR	1,379.8	1,347.2	32.6	2%
EBT in million EUR	45.3	47.1	-1.8	-4%
Return on equity[23] in %	3.2%	3.5%	-0.3%	-9%
Return on assets[24] in %	2.5%	2.6%	-0.1%	-4%

Structure of the Income Statement

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

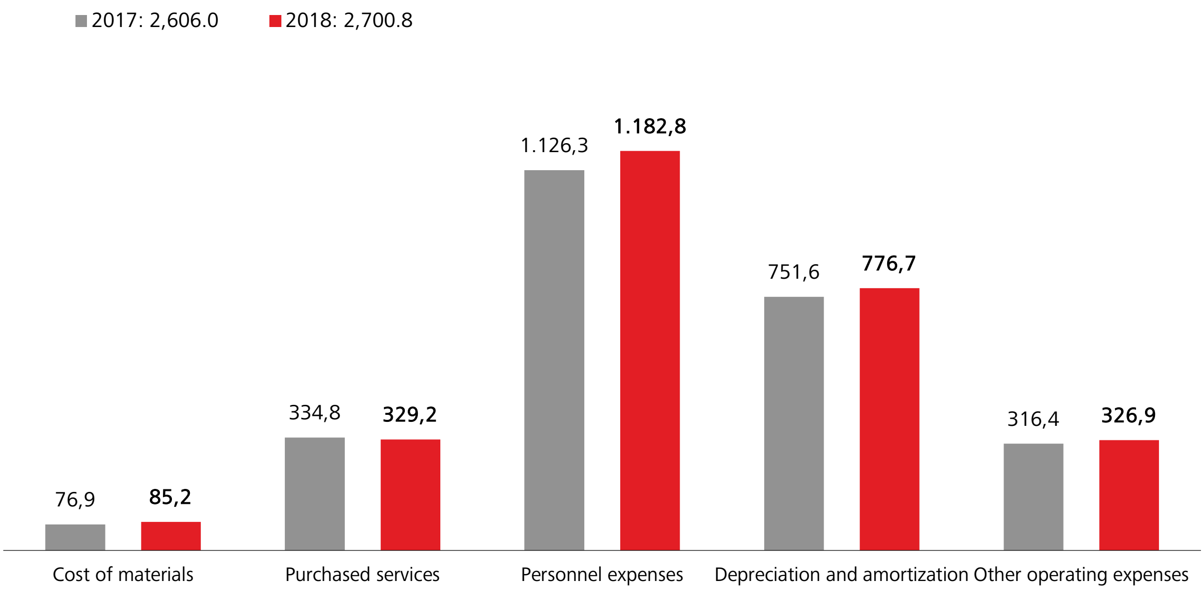
Structure of the Income Statement in million EUR	2018	in % of total income	2017	in % of total income	Change	Change in %
Revenue	2,104.8	64%	2,101.4	66%	3.4	0%
Other own work capitalized	306.3	9%	293.6	9%	12.7	4%
Other operating income and increase/decrease of inventories	892.8	27%	806.6	25%	86.2	11%
Total income	**3,303.9**	**100%**	**3,201.6**	**100%**	**102.3**	**3%**
thereof from other Group entities	***743.1***	***22%***	***732.9***	***23%***	***10.2***	***1%***
Cost of materials	85.2	3%	76.9	2%	8.3	11%
Purchased services	329.2	10%	334.8	10%	-5.6	-2%
Personnel expenses	1,182.8	36%	1,126.3	35%	56.5	5%
Depreciation and amortization	776.7	24%	751.6	23%	25.1	3%
Other operating expenses (incl. impairments on trade receivables)	326.9	10%	316.4	10%	10.5	3%
Total expenses	**2,700.8**	**82%**	**2,606.0**	**81%**	**94.8**	**4%**
thereof from other Group entities	***226.1***	***7%***	***210.1***	***7%***	***16.0***	***8%***
EBIT	**603.1**	**18%**	**595.6**	**19%**	**7.5**	**1%**
Financial result	-557.8	-17%	-548.5	-17%	-9.3	-2%
thereof from other Group entities	*-1.1*	*0%*	*-1.4*	*0%*	*0.3*	*0%*
EBT	**45.3**	**1%**	**47.1**	**1%**	**-1.8**	**-4%**

Total income of the ÖBB-Infrastruktur Group in the reporting year amounted to EUR 3,303.9 million (prior year: EUR 3,201.6 million), with an average of 18,137 employees (prior year: 17,975 employees) resulting in an amount per employee of kEUR 182 (prior year: kEUR 178).

[20] EBIT corresponds to earnings (not including earnings of investments accounted for using the equity method) on the Consolidated Income Statement.
[21] EBIT margin: EBIT/total income.
[22] EBITDA: EBIT + depreciation and amortization.
[23] Return on equity: EBT/shareholders' equity.
[24] Return on total assets: EBIT/total capital.

Total expenditure in the ÖBB-Infrastruktur Group amounted to EUR 2,700.8 million (prior year: EUR 2,606.0 million) and relate to the following expense categories:

Development of operating expenses in million EUR



The average personnel expenses per employee in the ÖBB-Infrastruktur Group amounted to kEUR 65 (prior year: kEUR 63). This corresponds to a payroll ratio[25] of 44% (prior year: 43%).

As in the prior year, the material intensity[26] was 3%. As in the prior year the average expenses for materials and services received per employee amounted to kEUR 23.

The ÖBB-Infrastruktur Group recorded a negative financial result for the reporting year of EUR 557.8 million (prior year: EUR 548.5 million).

EBT decreased to EUR 45.3 million (prior year: EUR 47.1 million).

[25] Payroll ratio: personnel expenses/total expenditure.
[26] Material intensity: cost of materials/total expenditure.

C.3. Net assets and financial position

Overview	Dec 31, 2018	Dec 31, 2017	Change	Change in %
Total assets in mil. EUR	24,166.2	23,155.0	1,011.2	4%
PP&E-to-total-assets ratio[27] in %	93%	93%	0%	0%
PP&E-to-net-worth ratio[28] in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II[29] in %	90%	99%	-9%	-9%
Equity ratio[30] in %	6%	6%	0%	0%

Structure of the Statement of Financial Position

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

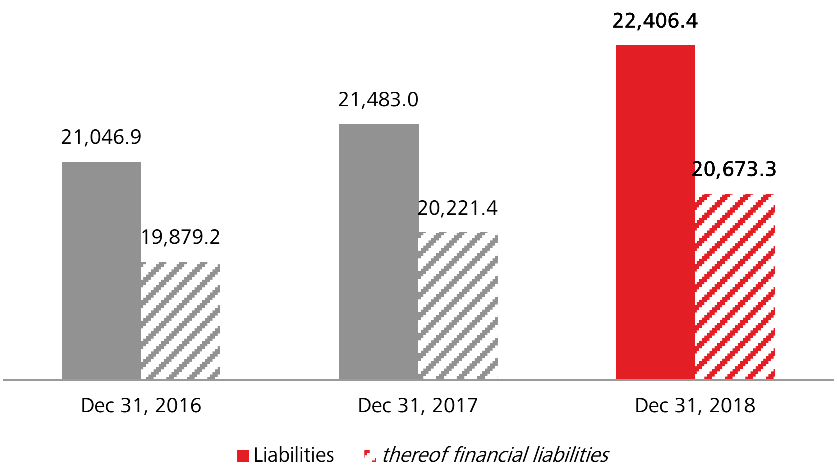
Structure of the Consolidated Statement of Financial Position in million EUR	Dec 31, 2016	Dec 31, 2017	Structure 2017	Dec 31, 2018	Structure 2018	Change from 2017 to 2018
Non-current assets	21,850.2	22,665.9	98%	23,637.9	98%	972.0
Current assets	804.1	489.1	2%	528.3	2%	39.2
Total assets	**22,654.3**	**23,155.0**	**100%**	**24,166.2**	**100%**	**1,011.2**
Shareholder's 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

Total assets of the ÖBB-Infrastruktur Group rose to EUR 24,166.2 million in the reporting period (prior year: EUR 23,155.0 million). The increase in non-current assets is mainly due to investments in property, plant and equipment. More information on capital expenditure in the financial year is provided in Chapter C.4. Capital expenditure and financing measures.

The increase in shareholders' equity to EUR 1,427.0 million (prior year: EUR 1,337.8 million) implies an equity ratio of 6%, unchanged from the prior year.

Trade receivables fell from EUR 140.0 million to EUR 128.5 million. Working capital[31] totaled EUR -473.3 million (prior year: EUR -309.4 million).

Liabilities in million EUR



[27] PP&E ratio: Property, plant and equipment/total assets.
[28] PP&E-to-net-worth ratio: equity/property, plant and equipment.
[29] PP&E-to-net-worth ratio II: (equity + non-current borrowings) / property, plant and equipment.
[30] Equity ratio: Equity / total capital.
[31] Working Capital: inventories (excl. real estate recovery projects) + trade receivables – trade payables – prepayments for inventories.

Overall, the liabilities of the ÖBB-Infrastruktur Group increased in the reporting period by 4% to EUR 22,406.4 million (prior year: EUR 21,483.0 million).

Information on significant provisions is provided in Note 26 in the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Statement of Cash Flows

In the financial year, free cash flow[32] improved to EUR -475.3 million (prior year: EUR -681.7 million). The improvement in cash flow from operating activities is mainly due to an increase in working capital.

Abstract from the Group Cash Flow Statement in million EUR	Dec 31, 2018	Dec 31, 2017	Change
Cashflow from operating activity	1,199.8	922.5	277.3
Cashflow from investing activity	-1,675.1	-1,604.2	-70.9
Free cashflow	-475.3	-681.7	206.4
Cashflow from financing activity	271.5	481.6	-210.1
Cash-effective change of funds	-203.8	-200.1	-3.7

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

C.4. Capital expenditure and financing measures

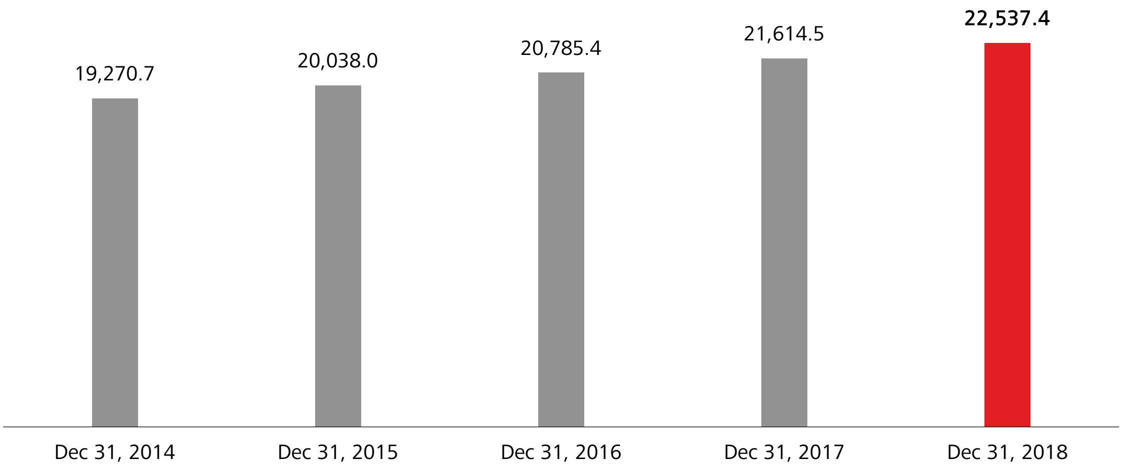
Overview	2018	2017	Change	Change in %
Capital expenditure in million EUR	1,985.0	1,808.1	176.9	10%
Capital expenditure ratio of total income[33] in %	56%	54%	2%	4%
Capital expenditure ratio of carrying amounts[34] in %	9%	8%	0%	3%

In total, the ÖBB-Infrastruktur Group invested EUR 1,985.0 million in the reporting year (prior year: EUR 1,808.1 million), equivalent to a capital expenditure ratio of 56% (prior year: 54%) of total income and 9% (prior year: 8%) of the carrying amounts as of Jan 1. The calculation is made based on gross investment prior to the deduction of investment grants.

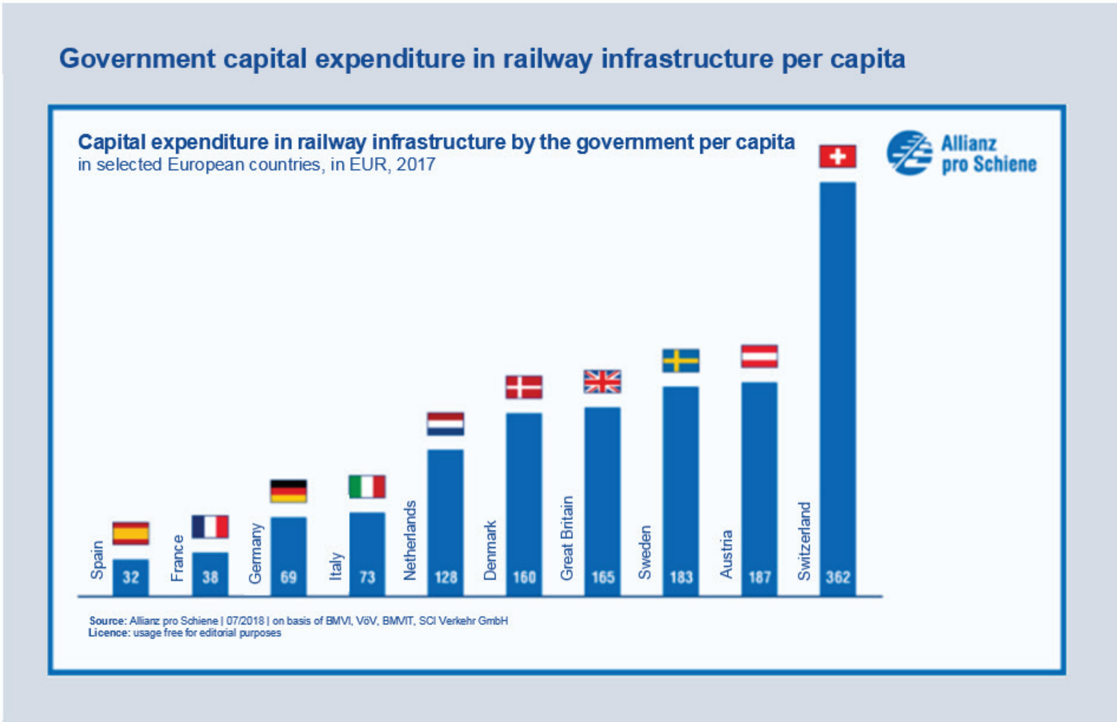
Since 2017, the ÖBB-Infrastruktur Group has been raising the necessary financing primarily through loans from the Republic of Austria that are provided by the Austrian Federal Financing Agency (OeBFA) rather than by issuing its own bonds on the capital markets. According to Eurostat criteria, the ÖBB-Infrastruktur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

[32] Free cash flow: cash flow from operating activities + cash flow from investing activities.
[33] Capital expenditure ratio: investment in property, plant and equipment / total income.
[34] Capital expenditure ratio: investment in property, plant and equipment / carrying amount of PP&E as of Jan 1.

Development of property, plant and equipment in million EUR



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



Capital expenditures by ÖBB-Infrastruktur AG 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
- Large-scale capital expenditure, such as new tracks and switches
- E-charging infrastructure at railway stations
- Expansion of mobile network

The work that took place during the reporting period included the following projects: the extension to the St. Margrethen – Lauterach line (Vorarlberg), the Wolfurt Rail Freight Center (Vorarlberg), the selective two-track upgrade Vienna – Bratislava (Vienna/Lower Austria), the extension of the Pottendorfer Line (Lower Austria), the Semmering Base Tunnel (Lower Austria/Styria), the Koralm railway sections Wettmannstätten – St. Andrä with Koralm Tunnel (Styria/Carinthia), St. Andrä – Aich (Carinthia), Aich-Mittlern (Carinthia), Mittlern – Althofen/Drau (Carinthia) and the enhancements to the Lavanttal Railway (Carinthia) and the Brenner Base Tunnel (Tyrol/Italy). The railway station initiative also continued, including completion of the following stations and stops: Langenwang (Styria), Stein an der Enns (Styria), Tulln an der Donau (Lower Austria), Pörtschach (Carinthia), Friesach (Carinthia), Hetzendorf (Vienna), Kritzendorf (Lower Austria), Kefermarkt (Upper Austria), Losenstein (Upper Austria), Reichraming (Upper Austria) and Pulgarn (Upper Austria), Rankweil (Vorarlberg) and Seefeld in Tirol (Tyrol). Furthermore, the planning projects continued for the four-track extension of the Western line between Linz – Wels (Upper Austria) and Salzburg – Köstendorf (Salzburg), extension of the Northern Railway (Vienna/Lower Austria), the connection between Schaftenau – Radfeld junction (Brenner northern approach) (Tyrol), border next to Kufstein – Schaftenau (Tyrol/Germany), the modernization of the connecting railway between Vienna-Hütteldorf and Vienna-Meidling (Vienna), the airport junction (Lower Austria/Burgenland), the broad-gauge railway project (Lower Austria/Burgenland), the airport branch line (Styria) and the extension to the Mattigtal railway, incl. the upgrade of Neumarkt/Köstendorf railway station into a transport hub (Salzburg/Upper Austria), and of the Obervellach II power station (Carinthia) and Tauernmoos (Salzburg) power plant.

In the first half of 2018, the groundbreaking took place for the remodeling of Wernstein station (Upper Austria) and work also began on the central workshop at Vienna Hebbelplatz (Vienna). Construction that began in the second half of the year included work on the following stations and stops: Ternberg (Upper Austria), Lungitz (Upper Austria), Hall in Tirol, Braunau (Upper Austria), as well as the train stations at Fehring (Styria) and Kapfenberg (Styria), and Wolfurt Terminal (Vorarlberg) became fully operational. Since its completion, ÖBB's significantly expanded Wolfurt Cargo Terminal has been able to provide even more capacity, cost-effectiveness, and services.

The Wels parking level (Upper Austria) was opened for operation in late summer following a construction period lasting one year. The new parking deck in Matrei (Tyrol) with context projects for barrier-free development for all station areas was also successfully opened. The groundbreaking took place for the electrification of the Gailtal Railway from Arnoldstein to Hermagor, which is due to be completed by the end of 2019.

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

Milestones on Major Projects

120 km of the 130 km Koralm railway between Graz and Klagenfurt have already been completed or are under construction. This represents approximately 90% of the total project. The heart of this project is the 33-km long, twin-tube Koralm Tunnel, where tunnel drilling machines have been in operation from the Styrian side into the mountain between 2013 and 2018. The tunnel drilling machines have each already drilled more than 17 kilometers, a world record for the longest excavation work under comparable conditions. The first breakthrough in the south tunnel tube finally took place in August 2018 – a historic milestone in the construction of the sixth-longest railway tunnel in the world. The third tunnel drilling machine, which started in October 2015 from Carinthia, is responsible for drilling the remaining kilometers to the second breakthrough in the north tunnel. In addition to the Koralm Tunnel, the breakthrough in the Untersammelsdorf Tunnel (St. Kanzian tunnel system) also took place in April 2018. All excavation work on the Carinthian side was completed after the breakthroughs at the tunnels in Lind, Stein, Srejach (St. Kanzian tunnel system) and Langer Berg (Granitztal Tunnel).

Construction of the Semmering Base Tunnel is progressing with intense activity taking place at four tunnel construction sites. One of the two tunnel drilling machines began working towards the east at the central construction section of Fröschnitzgraben. The tunnel drilling machines can only be used where the rock is very homogeneous, i.e. is consistent and relatively firm. This is the case for a third of the Semmering Base Tunnel. The tunnel drilling machines were constructed at a plant close to Lyon and traveled 1,000 kilometers by ship and truck from France to Semmering before being put to use. For reasons of space the two drilling machines were delivered one after another in individual components before being assembled 400 meters below the earth's surface. The second machine will begin working in the second tunnel tube in 2019. From the Lower Austrian side – on the Gloggnitz construction site – miners have already worked their way 3,500 meters into the mountain. This section includes the intermediate construction access completed in 2018, with its 1,000-meter long access tunnel and two shafts in Göstritz. At the third tunnel section, Grautschenhof in Styria, the 100-meter deep access shafts were already completed in 2017, with more than half a kilometer of tunnel now already dug in both directions. The preliminary work for the station conversion in Mürzzuschlag began in 2018. Once completed, the Semmering base tunnel will allow passengers to travel between Vienna and Graz in 30 minutes less time and greatly facilitate freight transport on the route.

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 this construction section began on Nov 19, 2018. Preparations are taking place currently, with excavation expected to start in February 2019. The Tulfes-Pfons construction section is also being actively worked on, and by the end of 2018 around 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.

The two-track expansion of the Pottendorf line is progressing according to plan. A continuous two-track connection between Vienna Meidling and Wiener Neustadt will be established by 2023. A second track will be added to the existing track on the line between the Vienna city limits and Münchendorf; a new station will be built in the Ebreichsdorf section. The measures are divided into two stages. The main work on the Hennersdorf – Münchendorf section has been running since 2016. As in 2017, important milestones were achieved during a two-month closure of the railway line in summer 2018 with rail replacement services. The Hennersdorf station was completed and opened in November 2018. Several railway crossings along the line were left open and replaced by overpasses or underpasses. The B16 underpass was widened in Achau, meaning that there is no longer a height restriction here for traffic passing through. Work on the new railway underpass for the B11 is also well advanced. A platform has been operational at Achau station since September 2018. The work on the two-track expansion of the Pottendorfer Line also resulted in a flood protection project for the Krottenbach stream in Achau, which at the same time is an ecological compensation site that provides a new home to rare types of wading birds. The L2005 underpass in Münchendorf was completed in March 2019. A new bridge slide-in was installed over the river Triesting in July 2018, with a second one due to follow in the summer of 2019.

The two-track extension of the Pottendorf line in the Ebreichsdorf section will be carried out by a new two-track line between the districts of Ebreichsdorf and Unterwaltersdorf with a new railway station and a spacious park & ride facility. The main construction measures in this area are planned from 2020 until 2023; the existing line is to be dismantled in 2024. In the Vienna area, the currently single-track section between Meidling station and the Altmannsdorf junction is to be expanded to two tracks by 2023. The submissions for the EIA (environmental impact assessment) and the railway construction approval will be made by the end of 2019.

Work on the extension of the Vienna – Bratislava line was intensified in 2018, which will shorten the journey time between the two capitals by up to 25 minutes from 2023. The project includes the two-track upgrade in sections and the electrification of the existing ÖBB route from the Stadlau railway station to the national border near Marchegg. In order to increase capacity and offer better connections for passengers, expansion on the route in the Vienna section (around 5.4 km) began in October 2016; regular train service is being maintained during this project. The Vienna section was completed in the reporting period. The Contiweg and Hirschstettner Straße underpasses were approved for road traffic. The refurbished Vienna Hirschstetten stop went operational with barrier-free access in mid-2018. The Vienna Hausfeldstraße stop was replaced by the newly constructed Vienna Aspern Nord stop in October 2018. It became officially operational with the timetable change in December 2018. Since 2018 the Lower Austrian section (32 km) is being selectively upgraded to two tracks and electrified. If capacity is required, a two-track expansion of the entire section is possible. Upgrades are also planned on the Slovakian side.

Bundled implementation of reinvestment projects in conjunction with route closures

In order to minimize the disruption to railway traffic management, ÖBB-Infrastruktur AG bundled the implementation of numerous reinvestment projects during route closures in 2018.

ÖBB-Infrastruktur AG carried out major maintenance works on the Ötztal – Bludenz line between July and September 2018. Important maintenance work also took place in the southern access area at Innsbruck Central Station (June–July) and on the Karwendel line (June–July). A railway replacement service was provided for passengers during the main construction phases for the projects.

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

Migration of further sections into the five operating centers

The control areas of the five signaling and control centers were again significantly expanded in 2018. This included migration of the stations and stops Amstetten, Aschbach, Greisfurth, Ulmerfeld-Hausmening, Mauer-Öhling, Kröllendorf, Neuhofen a. d. Krems and Kematen a. d. Krems, Roh-Bad Hall into the operational control center Linz, the stops Semmering, Breitenstein, Wolfsbergkogel, Leopoldau, Wien Süßenbrunn, Deutsch Wagram, Helmahof, Strasshof, Silberwald, Gänserndorf, Dürnkrut, Weikendorf, Oberweiden, Gerasdorf, Kapellerfeld, Seyring, Obersdorf, Wolkersdorf, Ulrichskirchen, Schleinbach, Hautzendorf, Niederkreuzstetten, Neubau-Kreuzstetten, Ladendorf, Paasdorf, Mistelbach, Silberwald, Siebenhirten, Hörersdorf, Frättingsdorf, Enzersdorf bei Staatz, Achau, Hennersdorf, Inzersdorf and Wien Blumental into the signaling and control center Vienna, and Kindberg station into the operational control center Villach. This means that 53% of ÖBB-Infrastruktur AG's core network is already managed from the operating centers.

The operating center disruption concept describes how to return to operations as quickly as possible at the usual quality in the event of a fault or incident, and how to keep disruptions to national and international train traffic to a minimum. The disruption concept provides for implementation of geo-redundancy of the operating center systems and building constructions in order to enable activities at the operational back-up level to be significantly reduced in line with the incident and operational disruption concept. This is aimed at avoiding infrastructure restrictions.

ETCS – European Train Control System

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

The implementation of the ETCS migration plan ensures interoperability on the basis of European specifications and ensures that the legal requirements are met both technically and in terms of time. Close coordination with the operational management strategy concerning failures is guaranteed. This ensures the appropriate levels of safety, punctuality, and quality for railway operations that are becoming increasingly dense and complex, and it also meets customer requirements.

Digitalization in the ÖBB-Infrastruktur Group: Simplify – Network – Act

We use digitalization and automation in the ÖBB-Infrastruktur Group in order to improve our criteria for success even further, including for punctuality, safety, and customer satisfaction, and in order to facilitate access to the railways. We use cross-organizational thinking for this, and drive coordinated initiatives throughout the Group that arise from digitalization. The Group-wide digitalization strategy is implemented with due regard to the Group’s special characteristics and requirements. The motto “Simplify – Connect – Act” is at the center of all our considerations.

The specific challenge of making the relevant topics tangible and measurable with all their different facets is handled by developing key indicators and by defining the effectiveness of measures. This ensures that we meet the central prerequisites for a successful and targeted transformation process. ÖBB-Infrastruktur AG’s digitalization strategy has defined key determinants within the infrastructure in close coordination with the relevant areas, thus making a crucial step towards ensuring transparency in the added value of digitalization and automation in future. The first measurable projects are the train movement checkpoints and “Greenlight” for high-precision location of vehicles. The goal is to provide comprehensive and standardized digital information on vehicles in our railway network to support operational processes and improve safety even further.

ÖBB was already a pioneer in automation and digitalization railway operations with its operational management strategy (BFS). Older signal towers are gradually being replaced with modern electronic signal towers in order to promote automation even further.

Presentation of the entire master plan and other investment projects

Project		Capital expenditure 2018 in EUR million	Projected or effected completion
Modification and new construction of stations	Fehring station	2.1	2020
	Gailtal railway (creation of barrier-free accessibility Nötsch – Hermagor)	2.1	2019
	Gänserndorf station	0.6	2018
	Gröbming station	2.5	2019
	Station Hall in Tyrol	3.6	2019
	Kapfenberg station	4.2	2020
	Langenwang station	3.0	2018
	Matrei station	0.9	2018
	Moosbierbaum-Heiligeneich station *)	1.7	2017
	Öblarn station	1.1	2019
	Parndorf Ort station	7.1	2019
	Pörtschach am Wörthersee station	5.4	2018
	Rekawinkel station	2.8	2018
	Roppen station	2.5	2018
	Schwaz station	0.7	2021
	Seefeld in Tirol station	14.9	2018
	Tulln station [1)]	16.2	2019
	Vienna Hetzendorf station	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 Central 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; improvement of line	11.0	2023
	Gloggnitz – Mürzzuschlag; new line (Semmering Base Tunnel)	248.5	2026
	Gloggnitz – Mürzzuschlag; renewal of existing line	15.4	2020
	Bruck a. d. Mur – Graz; station conversion	15.4	2027
	Graz – Klagenfurt; Koralm Railway	293.3	2025
Pyhrn-Schober Corridor	Wels – Passau; expansion of existing line	11.2	2020/2024
	Linz – Selzthal; selective two-track expansion and station conversions	3.8	2026
	Linz Central Station – Summerau; improvement [5)]	11.1	2023
Brenner Line	Brenner Base Tunnel	220.2	2027
	State border near Kufstein – Radfeld junction; 4-track upgrade Unterinntal	6.7	Planning
Arlberg Line	Bregenz – Bludenz; expansion of local transport (Rhine valley concept) [6)]	0.3	2027
	St. Margrethen – Lauterach; development for local transport and improvement	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 communications, data networks, wireless network)	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)] Hennersdorf completion 2018.
[5)] Train station Kefermarkt / Station Pulgarn completion 2018.
[6)] Rankweil station completion 2018.

C.5. Strategy of the ÖBB Infrastructure Group

General conditions and challenges

The tasks of ÖBB-Infrastruktur AG include the planning, development, maintenance, and operation of ÖBB-Infrastruktur AG as well as the provision of services in the railway sector. Customers are central to our activities at all times. The expansion of integrated mobility, capital expenditure, WiFi and mobile phone networks, as well as the ongoing further development of the stations are just a few examples of ÖBB's innovative strength and customer orientation. Generations of committed employees have shaped the company and made an important contribution to the modernizing strength that the company has always exhibited. A main focus again this year was on training and continuing education of our employees, and the apprentice workshop at Vienna Hebbelplatz was officially opened at the start of October as the largest training center in Austria. The new apprentice workshop for skilled railway personnel is “the” modern focal point for all apprentices from Vienna, combining the former Floridsdorf, Innstraße and Penzing facilities.

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

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

The Group also faces additional internal challenges, including generational change and new forms of work, continuous optimization of the cost structure, process optimization with regard to increasing the speed with which the company reacts to market changes, and further promotion of innovation and digitalization as catalysts for achieving our strategic goals.

Strategy and implementation of the strategy – important Group initiatives

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

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

In addition, the specifications and content from the Target Network 2025+ and the network development plan (NDP) are specified in stages, prioritized and derived for the respective routes in the route development plans (RDPs). By focusing on strategic goals and measures, the RDPs specify the requirements for the further development of the routes. As such they show the way to achieving and implementing the Target Network 2025+ and are an important instrument for operationalization.

Strategic Initiatives

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

Infrastructure – Capital expenditure in expansion and safety

Infrastructure expansion

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

According to the 2018 to 2023 master plan, EUR 13.9 billion will be invested by 2023 – a large part of this in the reinvestment or upgrades of railway stations, park & ride facilities or terminals as well as in major line expansions to further modernize rail transport.

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

Park & Ride expansion

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

Electromobility

Electromobility should expand the railway station’s functionality as a multimodal mobility hub as the number of electric vehicles will expand significantly over the next few years. The strategic objective therefore is to create a needs-based electric vehicle charging infrastructure at 50 Park & Ride facilities.

A total of 22 electric vehicles were provided in the 2018 financial year as part of the national Austrian “ÖBB Rail&Drive” car sharing service.

ÖBB as an employer – Fit for the future

Approximately 9,300 employees will be retiring by 2030. Approx. 7,300 of these employees are currently working for ÖBB-Infrastruktur AG. ÖBB-Infrastruktur is thus increasing its attractiveness on the labor market.

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

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

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

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

New personnel strategy

Around a quarter of the workforce will be leaving the company purely for retirement purposes. We need to attract approximately 7,300 new employees to the ÖBB-Infrastruktur Group over the next few years. For the ÖBB-Infrastruktur Group this is a great challenge – and also a great opportunity. The new personnel strategy gives the company the tools it needs to seize this opportunity. As an important component of the corporate strategy, it is part of a coherent strategic concept for a strong and modern company. Connected with and motivated by the common vision "We move people with passion", this will make a contribution to the positive development of the company. Four priorities have been defined: "Attractive employer", "Talent management", "Culture" and "Organizational development".

A coordinated approach is being established in the ÖBB-Infrastruktur Group through the "Generation management" initiative, aimed at successfully managing the major challenges of demographic change in the ÖBB-Infrastruktur Group and the loss of knowledge associated with this. The aim of this initiative is to ensure active and consistent generation management. In addition to providing needs-based support for and provision of methods, this initiative also aims to share good practices, encourage discussion between the individual organizational units, and ensure a common understanding within the Group.

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

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

ÖBB has positioned itself as Austria's largest climate protection company and has defined a range of strategic objectives. These include:
- increasing its own power generation from renewable energy sources (water, wind, solar) as a cost-effective option for secure power supplies,
- increasing supply security and stabilizing power costs by reducing dependency on the market ("(Re)powering ÖBB's power station" top strategic initiative) and
- CO_2-free energy supplies for the railway infrastructure.

Two essential investment projects that support this strategy were approved by the committees in 2018.

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

The “Spullersee power station, site optimization (construction)” reinvestment project now approved by the Supervisory Board with an investment volume of EUR 27.9 million is also making an essential contribution towards efforts to reach these strategic objectives. The increasing volume of rail traffic and, in particular, the raising rail traffic density (integrated schedules) also requires improvements to the performance capabilities of the traction power system. The Spullersee power station uses domestic hydropower and is used to supply environmentally-friendly CO_2-free traction power as fuel for a “green railway.”

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

Innovation – new ideas to drive success

Innovation as an important lever for achieving strategic objectives

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

Understanding innovation as a network

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

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

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

Open innovation

ÖBB drives innovation in various ways, including through many projects and services resulting from employee initiatives, research and development, the Ideenwerkstatt and ongoing strategic initiatives. The “Open Innovation” program offers the group’s innovation advocates a broad range of services to support customer-centric innovation. In addition to suitable premises such as the Service Design and Open Innovation Lab, this includes a wide range of methods and competent staff to facilitate innovations. The "Open Innovation" principle involves opening the innovation process to ideas and suggestions from external stakeholders. The involvement of customers, employees and suppliers produces ideas that can be developed into marketable products. The Open Innovation Platform was launched in 2016 in order to make it as simple and interactive as possible to exchange ideas with external idea providers. It had so many enthusiastic users that it underwent a thorough overhaul in 2017 and has been made available with new functions to users since 2018.

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

The ÖBB-Infrastruktur Group’s Ideenwerkstatt (Ideas Workshop)

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

In 2017 alone, a total of 306 ideas were provided in the Ideenwerkstatt within the ÖBB-Infrastruktur Group, with 37 of them implemented successfully. The number of ideas implemented was increased to 105 in 2018, with potential savings totaling EUR 6.0 million over the next six years. The Board of Management's target of doubling the 37 ideas implemented in 2017 was significantly exceeded.

The ÖBB Award for Innovation was handed out for the first time in June 2018. An independent jury selected the winner from a pool of ideas implemented in 2017 within the Group. The winning idea for "Automated vegetation detection" originated from within the ÖBB-Infrastruktur Group.

C.6. Other important events and outlook

Outlook for the ÖBB Group

The mobility market will change considerably over the next ten years as a result of various market developments, and in particular through new technologies and digitalization. ÖBB's strategy and the implementation of operational measures will decide the future.

Growing passenger numbers and pressure on margins

Passenger numbers in the rail sector 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.

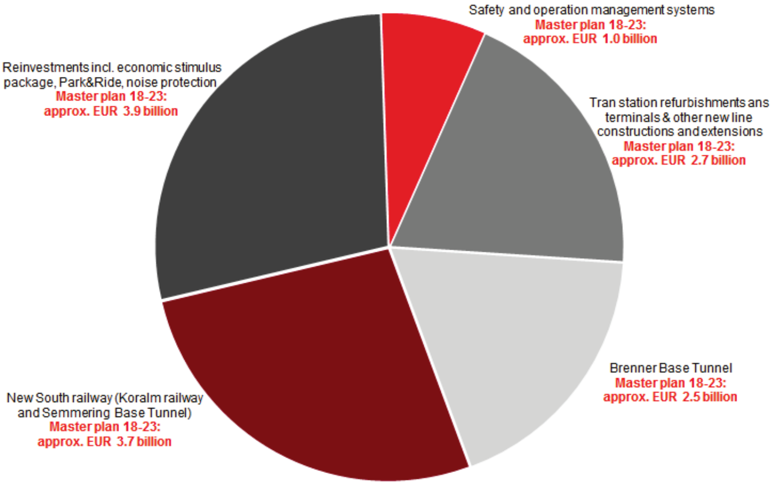
Key projects for infrastructure development

The ÖBB-Infrastruktur 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.

Outlook for the ÖBB-Infrastruktur Group

Master plan 2018 to 2023

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



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

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

The expansion of network coverage along the high-speed rail lines in the greater Vienna area and on the Vienna – Salzburg line was completed at the end of 2017. At a second stage the Southern line and the rapid transit lines in Styria, Carinthia, Tyrol and Vorarlberg are being fitted with improved mobile coverage. The majority of the measures are currently in the construction phase, with completed projects being put into operation on a continuous basis. The project is expected to be completed during the course of 2019.

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

By the end of 2018, 65 train stations were equipped with public WiFi, with user numbers consistently reaching new highs, and with more than 36 million clients connected to public WiFi over a 12-month observation period. The planned 75 railway stations should be fitted with public WiFi by the end of the first quarter of 2019.

Digitalization

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

ÖBB-Infrastruktur AG entered into several partnerships with infrastructure operators in the reporting period in order to use international findings and developments in the area of digitalization for effective further development of railway operations. These include the partnership between SBB and ÖBB-Infrastruktur AG in the “Smart Rail 4.0” program, as well as increased collaboration with Deutsche Bahn, and efforts to become a member of EULYNX.

In terms of future development in the area of operational management, the “Betriebsführung 2035+” (Operational management 2035+) program was launched to complement existing digitalization projects and partnerships.

Earnings outlook

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.

D. Research and development

The activities started in 2015 aimed at setting a new direction for research and development (R&D), combined with the results already achieved so far from the "Rail Tec 4.0" initiative launched in 2017, resulted in the spring of 2018 in an R&D strategy coordinated and approved across all organizational units.

The vision is that rail research, as a key pacesetter, enables a high-value, accessible, cost-efficient, and sustainable railway infrastructure which follows around customer requirements. In line with this concept, R&D's function is not just to provide R&D services in order to generate new knowledge, based among other things on scientific methods provided by experts who support clients from the idea through to evaluation of the results; but also to remove barriers by evaluating and exploiting new technologies, methods and tools, and through screening innovative development trends on an interdisciplinary and customer-oriented basis. The objective for this is to drive R&D activities aimed, on one hand, at availability, incident reduction, punctuality, and cost-effectiveness in the operational management and facilities provisioning process, and on the other hand also to focus on the customer and on the latest services for the customer.

Pursuing the "Rail Tec 4.0" program was a major priority in 2018. Building on the R&D strategy, ÖBB-Infrastruktur AG has set an objective of becoming an active system designer in the area of R&D, i.e. of transitioning from an innovation follower to an innovation leader. In line with this, developments for a rail-specific RailTec Research Center began in 2018, with ÖBB-Infrastruktur AG as lead partner with ownership position directed at the key high-tech topics of "Digitalization in the railway infrastructure." This concept is based on five research areas: Digital Sensor Systems, Data Analytics, Autonomous Robot Systems, Workflows and Processes, Digital Services and IT Architecture.

At the end of 2018 consultations with the Federal Ministry for Transport, Innovation and Technology (BMVIT) and the Austrian Research Promotion Agency (FFG), the Life-Cycle-Management and Innovations unit of the Route Management and Facilities Development division, which is responsible for organizing R&D for the whole of ÖBB-Infrastruktur AG, was mandated with implementing in 2019 all steps required to institutionalize this research center operationally in accordance with internal and potential external partners.

Also, in 2018, many ÖBB projects were supported by national and European funding programs. For example, ÖBB-Infrastruktur AG is involved in the "Shift2Rail Joint Undertaking." The objective is to increase the competitiveness of railways in Europe. At the national level, the company works closely with the Federal Ministry of Transport, Innovation and Technology (BMVIT) and the Austrian Research Promotion Agency (FFG).

There were 91 R&D projects in progress at ÖBB-Infrastruktur AG as of the reporting date of Dec 31, 2018. The current project portfolio amounts to EUR 27.0 million (consolidating all current projects and their respective lifetime up to and including 2021 without deduction of subsidies).

Extract of current projects

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

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

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

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

Component reliability (Line infrastructure pillar)

Research program with the aim of upgrading railway bridges, which are classified as critical based on conventional evidence, towards a non-critical status by using new methods

Maintenance activity expenditure (Line infrastructure pillar)

Geo-referenced 3D recording and semi-automated status detection of facilities using a wide variety of sensors from drones with no negative impact on system availability

System construction cost pressures (Line infrastructure pillar)

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

Operations management cost pressures (Operations management pillar)

Operating simulations of passenger transport hubs in order to support and/or facilitate overall concept analyses and capacity planning, to evaluate optimization potential, and validate integrated timetables

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

Generation of accurate train location data in order to optimize operations management (a crucial component in Automated Train Operation – ATO), customer information systems, energy consumptions, and workflows in the event of a crisis

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

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

E. Group Relationships

Parent company ÖBB-Holding AG

The parent company ÖBB-Holding AG is a joint-stock corporation under Austrian law. The company was founded and established on the basis of Article 2 of the Bundesbahnstrukturgesetz [Federal Railways Structure Act] of 2003. ÖBB-Holding AG provides various services such as marketing and treasury services for ÖBB-Infrastruktur AG and other Group companies. These are allocated to the Group companies by means of group allocation or activity allocation. In the financial year 2018, the ÖBB-Infrastruktur Group was invoiced EUR 19.1 million (prior year: EUR 17.7 million) as group allocation.

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

ÖBB-Personenverkehr AG

The main task of ÖBB-Personenverkehr AG is the transport of persons, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the railway infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of passenger transport on the basis of tariffs and timetables. In the financial year 2018, the company generated total income of EUR 330.9 million (prior year: EUR 330.1 million). EUR 13.8 million (prior year: EUR 15.8 million) was charged to the ÖBB-Infrastruktur Group.

Rail Cargo Austria AG

The main task of Rail Cargo Austria AG is the transport of freight, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the railway infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of freight transport. In the financial year 2018, total income of EUR 170.7 million (prior year: EUR 171.6 million) was generated with Rail Cargo Austria AG. EUR 1.7 million (prior year: EUR 1.0 million) was charged to the ÖBB-Infrastruktur Group by Rail Cargo Austria AG. Purchased services in the amount of EUR 0.2 million (prior year: EUR 0.1 million) were capitalized.

ÖBB-Produktion Gesellschaft mbH

ÖBB-Produktion Gesellschaft mbH ("ÖBB-Produktion GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and Rail Cargo Austria AG. The main task of the company is the provision of traction and other services for other railway operators. In the financial year 2018, the company generated total income of EUR 161.4 million (prior year: EUR 160.7 million). EUR 18.0 million (prior year: EUR 14.4 million) was charged to the ÖBB-Infrastruktur Group. Purchased services in the amount of EUR 0.1 million (prior year: EUR 0.2 million) were capitalized.

ÖBB-Technische Services-Gesellschaft mbH

ÖBB-Technische Services-Gesellschaft mbH ("ÖBB-Technische Services-GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and Rail Cargo Austria AG. The main task of the company is the provision of services in connection with rail-bound vehicles. In the financial year 2018, the company generated total income of EUR 24.2 million (prior year: EUR 22.7 million). EUR 33.3 million (prior year: EUR 29.3 million) was charged to the ÖBB-Infrastruktur Group. Purchased services in the amount of EUR 10.8 million (prior year: EUR 14.3 million) were capitalized.

ÖBB-Business Competence Center GmbH

As an intra-Group services company, ÖBB-Business Competence Center GmbH mainly provides standardized administrative services. In the financial year 2018, the company generated total income of EUR 21.1 million (prior year: EUR 20.3 million). EUR 86.8 million (prior year: EUR 82.1 million) was charged to the ÖBB-Infrastruktur Group for internal services. Purchased services in the amount of EUR 2.3 million (prior year: EUR 1.2 million) were capitalized.

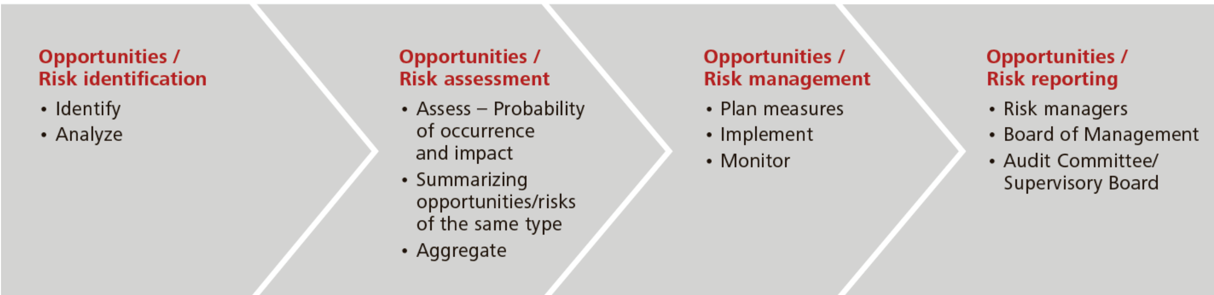
F. Opportunity and Risk report

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

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

The binding Group 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



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

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

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

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

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

Operating business

Risks arising from force majeure and natural hazards are countered with established systems and programs: for example, a natural hazard management system has been implemented (including weather information system, flood information system, natural hazard map). Failure risks in the area of all telecommunications services and essential data network services for railway operations are addressed with preventive risk-reduction measures such as emergency plans, creating redundancies, or the relocation of the system premises. Despite the generally extremely high reliability of the signaling control centers, partial or total failures resulting from terrorism, sabotage or natural events such as fire cannot be excluded entirely. Therefore, a holistic incident management concept to key elements such as signal towers, remote control units, signaling and control centers units and customer information systems forms part of the operational management strategy. Equipment inspected regularly to mitigate the risk of a decline in revenue and increased expenses caused by quality problems in equipment, especially in rolling stock and locomotives. Training programs and information events are regularly 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 and regulatory circumstances. 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-Infrastruktur Group. With total revenues of kEUR 21, the ÖBB-Infrastruktur Group’s direct volume of business with companies from the UK is very small.

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. This risk is mitigated by ongoing steps to increase IT availability (e.g. server room equipment), confidentiality (e. g. staff training) and integrity (e.g. backups) of the data. In addition to technical safeguards, the Chief Information Security Officer works together with the contact partners in the sub-groups and companies to ensure 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 investments

This risk area involves analysis of subsidiaries and investment interests that are not incorporated entirely into the risk management system because of their minor contributions to income. Here, there is a risk that they may not achieve their budget targets, and that assets may have to be written down as a result of impairment testing, or allowances for the value of investment interests may be required. The proceeds from utilization and sales and the exact timing of realization in the real estate area depend on the respective market developments. Risk management acts early on in structuring the negotiations and through targeted portfolio management.

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 Notes to the Consolidated Financial Statements.

Derivative financial instruments

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

Most of the derivatives at the Group level, around 83% nominally (prior year: 87%) are non-structured standard hedges (plain vanilla interest rate swaps). A single structured derivative accounts for 17% (prior year: 13%) of the nominal volume. This specific structured derivative has a total nominal volume of EUR 20.0 million with a lifetime 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 Euro.

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

Counterparty 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 prior 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. Two 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 Consolidated Financial Statements Note 30.3.

Commodity Risk

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.

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.

Because of the company's size, a separate Internal Audit team has been set up in 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 been published since 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 the 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 client 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.

G. Non-financial statement

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

The railway is part of the solution

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

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

Austria's biggest climate protection company

As a pioneer in the field of environmentally friendly mobility, ÖBB's climate protection strategy 2030 has set the ambitious goal of becoming completely climate neutral in the area of mobility by 2030 and in all areas by 2050, thus making a substantial contribution to achieving Austria's climate targets. Significant levers in this climate protection strategy include electrification of further rail lines, the use of alternative drive technologies on rail and road, expansion in renewable energies, increasing energy efficiency (energy conservation), and further shifting traffic from road to rail.

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

Those who travel by rail or transport goods by rail are actively engaged in climate protection. Those who travel by car fuel climate change by producing 15 times more greenhouse gas emissions than train passengers, and an aircraft emits 31 times more greenhouse gases per passenger. Every ton of goods transported by road produces 21 times more CO_2 than a ton of goods shipped by rail.

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

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

Barrier-free access to the railways

Barrier-free and convenient access to trains and buses for people with disabilities, people with strollers, the elderly and passengers with luggage or bicycles is an important goal. The ÖBB is making great effort in this area: since mid-2018, more than 80% of all passengers at around 230 stations have benefited from modern, barrier-free stations. By 2027 at least 90% of passengers will be able to use barrier-free stations.

Seeking the direct dialog with relevant parties and experts is also important in addition to these measures: so-called “Stakeholder dialogs” have been conducted in the federal states since 2014 as a form of direct interexchange with people with disabilities. This successful format was also continued in 2018.

In 2017, a cooperative agreement was also concluded with the “Austrian Council for the Disabled,” the umbrella organization of associations for the disabled. The interests and concerns of people with disabilities, people with reduced mobility and the requirements of senior citizens will be addressed through the use of a communication and coordination platform. Current and future trends are a focal point here, e.g. with respect to digitalization and guidance for public transportation via smartphone.

Upcoming generational change

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

With around 1,500 apprentices, ÖBB-Infrastruktur has one of the largest apprenticeship programs in Austria. The process for recruiting apprentices was given a new direction through a separate and modern campaign at the initiative of ÖBB-Infrastruktur AG with the slogan “*#nasicher*” (for sure) in an attempt to inspire even more young people to embark on a career with ÖBB. The proportion of apprentices who will be taken on by the company after completion of their training should also rise sharply. A special focus is on the training and employment of female apprentices, especially in technical professions.

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

The railway of the future

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

ÖBB as an engine and leading force for the economy

ÖBB-Infrastruktur AG has recently invested EUR 2.3 billion annually in the expansion and renewal of the railway infrastructure in accordance with the master plans adopted by parliament and government. This makes ÖBB Austria’s biggest constructor and also makes the country a more attractive one: new railway stations such as Vienna’s Central Station are a prime example of how these investments can become a calling card for cities. The success stories also include upgrade of the Western line and expansion of the infrastructure through the Brenner and the Unterinntal, as well as the Southern line currently under construction.

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

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

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

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

G.2. General

Legal framework

In accordance with Federal Act in Federal Gazette I No. 20/2017 – NaDiVeG – a “Non-financial statement" (NFI statement) based on the Sustainability and Diversity Improvement Act is being added to the management report of ÖBB-Infrastruktur AG for the second time in this management report. Wherever possible, the information and data in the current management report apply to the years 2017 and 2018. The Non-financial statement is issued annually.

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

Structure of the decision-making bodies

In the 2018 financial year, the Board of Management of ÖBB-Infrastruktur AG consisted of three persons who must exercise the diligence of a prudent and conscientious manager in their role. Each member of the Board of Management independently manages a Board of Management department and is also obliged to inform others about significant events in his or her area of responsibility. The business distribution of cooperation, information and reporting duties of the Board of Management and a list of measures requiring the approval of the Supervisory Board are regulated in the Rules of Procedure for the Board of Management.

The Supervisory Board is responsible for monitoring the management of the company and determining the allocation of business. In the 2018 financial year, the Supervisory Board consisted of eleven members, seven shareholder representatives and four employee representatives. Supervisory Board activities are governed primarily by the Aktiengesetz [Stock Corporation Act], the Articles of Association, the Rules of Procedure of the Supervisory Board, and the Federal Government's Public Governance Code. The following committees were established in the Supervisory Board of ÖBB-Infrastruktur AG at the time the report was being prepared: Audit Committee, Infrastructure Investment Committee, Nominating-Personnel Committee. The task of the committees is to prepare negotiations and resolutions, and to monitor the implementation of resolutions for the Supervisory Board.

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

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

Materiality analysis

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

A stakeholder survey was carried out in October 2018 in order to ascertain the views of the internal and external stakeholders. A total of 703 people were contacted, with the proportion of internal and external stakeholders roughly equal in size. The response rate was 38%:

- ÖBB-internal stakeholders: ÖBB employees selected at random (including managers and member of the works council) spread proportionally over the Group companies, with an equal proportion of men and women
- ÖBB-external stakeholders: customers, suppliers, policymakers, ministries/authorities, federal states/municipal authorities, interest groups, science and research, media, NGOs, railway associations, etc.

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

Non-financial key indicators

Overview of non-financial key indicators for 2018	2018	2017	Unit
General			
Railway line (operating length)	4,864	4,862	Kilometers
Train stations (railway stations)	1,061	1,070	Number
Train kilometers traveled annually	154 million	149 million	Kilometers
Transport volume	78.2 billion	77.1 billion	Gross ton-kilometers/year
Punctuality in passenger transport total, all TOCs[1)]	95.8	95.9	Percent
Punctuality in goods transport[1)]	77.1	65.8	Percent
Customer satisfaction	86	85	Points
Corporate rating (Oekom Research AG)	B-	B-	Prime status
Environment			
Quantity of active substance (glyphosate)[2)]	2.7	4.7	Tons
Traction power from Austrian renewable energies[5)]	100	92	Percent
Total energy use	387.6	397.6	Gigawatt hours
Total emissions (energy requirements incl. fleet)	76,315.5	75,537.7	in tons of CO_2
External car sharing stations	25	15	Number
Total area of ÖBB-Infrastruktur AG	190.8	192.7	Square kilometers
Trees in the tree register	11,769	11,555	Number
Waste from construction projects, dumped	*	2,310,121	Tons
Non-hazardous waste, disposed of	*	2,066,315	Tons
Hazardous waste, disposed of	*	34,388	Tons
Social and employee issues			
Employee survey	71	-	Index points out of 100
Active employees and apprentices	18,315	18,172	Persons
Tenured employees	10,411	10,925	Persons
Apprentices	1,525	1,521	Persons
Average age in Austria (excl. apprentices)	46.4	46.4	Years
Percentage of women (incl. apprentices)	8.4	7.9	Percent
Composition of the workforce	not asked	not asked	Countries
People with disabilities	2.8	2.7	Percent
Accessibility			
Train stations that are modern and accessible	230	220	Number
Research			
Research and Development projects (reporting date Dec 31, 2018) in progress	91	88	Projects
Safety			
Passenger transport			91 times safer than the roads[3)]
Transport of dangerous goods			42 times safer than the roads[4)]

Information on the non-financial key indicators can be found in the following text passages.
* This data had not yet been evaluated at the time of reporting.
1) The threshold for punctuality is 5 minutes for passenger transport, 30 minutes for goods transport (the threshold for goods transport was increased from 15 minutes to 30 minutes in 2018).
2) Fewer track kilometers were checked in 2018 for weather-related reasons.
3) Travelers killed calculated over the average of the years 2007 to 2016, source: Allianz pro Schiene (Pro-Rail Alliance)
4) Accidents involving hazardous goods calculated over the average of the years 2004 to 2013, source: Allianz pro Schiene (Pro-Rail Alliance)
5) Refers to customers that procure traction power from ÖBB-Infrastruktur AG.

Corporate rating

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

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

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

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

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

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

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

G.3. Environment

General

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

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

Environmental guidelines, environmental assessment, environmental program

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

Chemical vegetation control

ÖBB-Infrastruktur AG must keep the railway tracks as free of vegetation as possible due to legal railway obligations for safe railway operation. To do this, small spray devices connected to the tracks and for most of the lines a modern spraying train is used on the ÖBB route network, which enables targeted removal of track vegetation with herbicides by means of optical detection of greenery. A small prototype device also fitted with greenery detection was recently developed in order to improve selectivity among the small devices. Continuous optimization measures over the last few years have made it possible to considerably reduce the amount of glyphosate used – from 9.5 t (2014) to 2.7 t in 2018. In December 2017, the European Commission extended the option to use glyphosate for five years. ÖBB's corporate objective is to achieve the phase-out well before this deadline. In order to achieve this goal, ÖBB-Infrastruktur AG is also involved in several research projects aimed at identifying and trialing alternative pesticides and/or chemical-free methods. ÖBB-Infrastruktur AG is also in international discussions with other railway operators on this issue in order to find solutions to the problem, which is the same for the entire railway sector.

Climate change

Climate change is one of the greatest challenges of our times. By shifting transport to rail, ÖBB makes a significant contribution to Austria's climate protection, reducing CO_2 output by more than 3.5 million tons per year. This corresponds to about 4% of Austria's total emissions, but the potential of the shift to rail is still far from exhausted. The main obstacles to exploiting this potential lie in the transport policy conditions and distortions of competition resulting from a lack of cost transparency and a lack of implementation of the polluter-pays principle. The use of climate-friendly hydropower makes an important contribution to ÖBB's positive CO_2 footprint. ÖBB-Infrastruktur AG has provided traction power from 100% Austrian renewable energy to railway operators since 2018. Almost a third of this is produced in the Group’s own power plants. With a continuous reduction of the specific CO_2 emissions of 147,677 tons of CO_2 since 2006, ÖBB reduced its emissions by 30% in 2015 compared with 2006.

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

A “KLIWA” follow-up project is planned for 2019.

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

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

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

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

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

Individual measures are described below:

Infra:wetter

Description

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

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

Methodology

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

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

Time period

Ongoing

Natural hazard map

Description

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

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

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

Methodology

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

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

The results are coordinated with managers in the regions, with organizational or technical measures derived as necessary, and are displayed in ÖBB's WebGIS.

Time period

The complete survey of the potentially hazardous areas on the most sensitive sections of the route for the rockfall and torrent processes should be completed by Dec 31, 2019. Ongoing updates will follow then.

Risk of flooding

Description

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

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

The contents of the maps showing flood-affected areas also form a crucial basis for evaluating flood protection projects by third parties that could have an impact on the railways. The maps are used for instance for negotiations on contribution payments with third parties.

Methodology

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

Time period

April 1, 2013 – Dec 31, 2020

Energy efficiency

The rail sector is an energy-intensive sector. This makes the issue of energy efficiency of central importance for the ÖBB Group for both environmental and economic reasons. For example, energy efficiency criteria play an important role in the procurement of new rolling stock. In addition, ÖBB makes continuous improvements to existing trains, ensuring that they also run with greater energy efficiency. In the future, improvements in the area of buildings and facilities will be another important lever for improving energy efficiency. The positive results are evident from the reduction in energy costs and protection for the environment as a result of fewer emissions. As such ÖBB is making an important contribution towards Austria's climate protection objectives and towards safeguarding our environment.

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

Energy efficiency measures in 2018 at ÖBB-Infrastruktur AG, savings compared with 2017:

- Traction power
  - Switch heating control – intelligent control to reduce operating times – saving of 94.5 MWh, calculated from technical specifications
- Three-phase current
  - Platform/track field/signal lighting – fitted with LEDs – saving of 427.5 MWh, calculated from technical specifications
  - Energy-optimized upgrade of Wolfurt Terminal – saving of 144.1 MWh, calculated from technical specifications

- Heat
  - Building renovations – saving of 339.1 MWh, calculated from technical specifications
  - Leak monitoring in the district heating network – saving of 318.8 MWh, calculated from technical specifications
- Diesel
  - Use of a conveyor belt instead of truck transport for excavated material (Semmering Base Tunnel) – saving of 491.6 MWh

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

Energy consumption*	2018	2017	Change	Change in %
Traction power in GWh	37.7	42.6	-4.9	-12%
Three-phase current in GWh	216.8	239.6	-22.8	-10%
Natural gas in GWh	94.7	83.7	11.0	13%
District heating in GWh	38.4	31.7	6.7	21%
Renewable energy share of traction power in %	100	92	8	9%
Renewable energy share of three-phase current in %	**	76		
Power from unknown sources in %	0	0	0	0%

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

* The figures for energy consumption include the entire ÖBB-Infrastruktur Group.

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

The energy efficiency measures play a role in making the railways the means of transport that spares the most resources. Austrian Railways convey 12% of the passenger kilometers traveled on land and process 32.4% of national goods transport in Austria, although its share of energy consumption as a proportion of domestic traffic is just 2%[35].

CO_2-neutral power supplies from railway power plants also guarantee sustainable mobility and climate protection. A total of 92% of traction power at ÖBB already originated from renewable energy sources, primarily hydropower. Since 2018 ÖBB has been covering its traction power supplies entirely based on Austrian renewable energy. The ecological traction power spares the environment from significant amounts of CO2 emissions. A train journey is 15 times more environmentally-friendly than one by car, and goods transport by rail is 21 times more environmentally-friendly than using trucks (see Figure 1).

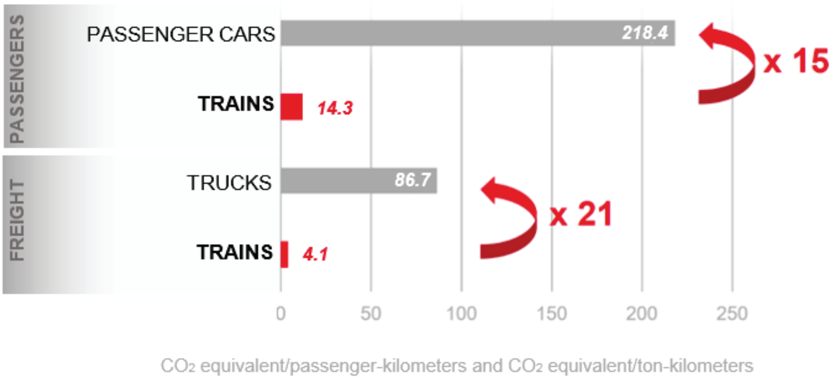


Figure 1: Emissions from passenger and goods transport.

[35] Sources: http://ec.europa.eu/eurostat/web/transport/data/database and Statistik Austria: Energy data Austria 2016.

Fleet management

The ÖBB-Infrastruktur Group had a fleet of 3,318 vehicles as of Dec 31, 2018. The efficient use of resources is ensured by bundling the fleet management agendas in the subsidiary Rail Equipment GmbH & Co KG. In recent years for example, CO_2 emissions have been continuously reduced by taking ecological quality criteria into consideration in procurement and by continuously renewing the vehicle fleet. The vehicles in operation at present include 13 vehicles with Euro 4 engines, 758 with Euro 5 engines, 2,517 vehicles with Euro 6 engines and 30 electric vehicles.

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

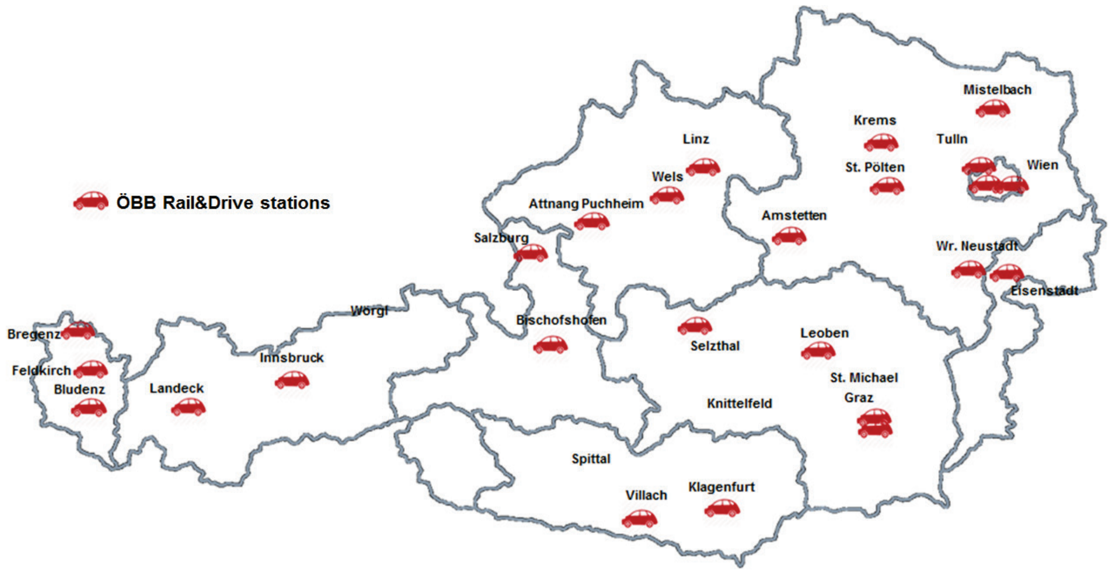
Eco driving

Through targeted training programs, including the "Eco-driving" project, 262 employees were trained in fuel-saving driving behavior in 2018 in order to reduce fuel consumption. Based on the positive results of this project, the initiative will be continued for the next several years. These measures support the decline in fuel consumption in recent years.

Car sharing

The aim of the "CarPool" project is to optimize the capacity utilization of company cars by means of an internal car sharing program within the Group. Following the Austria-wide roll-out of the pool locations, approx. 510 vehicles are now available to employees at over 83 stations for business trips.

Since the 2017/18 timetable change, a section of the pool vehicles has also been available to rail customers under the "ÖBB Rail&Drive" brand name. A total of 257 vehicles can be used at 25 stations. The objective is to simplify access to the rail system, increase customer satisfaction and increase intermodal competitiveness. The car sharing service is constantly being developed, and is also being expanded and enhanced based on the positive response so far.



Electric vehicles

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

Specific CO_2 emissions for ÖBB-Infrastruktur incl. vehicle fleet	Unit	2018	2017	Change	Change in %
Traction power	Tons of CO_2 eq	2,740.8	3,094.1	-353.3	-11%
Three-phase current	Tons of CO_2 eq	26,839.9	29,662.5	-2,822.6	-10%
Natural gas	Tons of CO_2 eq	25,663.7	22,682.7	2,981.0	13%
District heating	Tons of CO_2 eq	7,795.2	6,435.1	1,360.1	21%
Fuel consumption	Liters	5,101,029.0	5,155,986.0	-54,957.0	-1%
Fleet CO_2 emissions	Tons of CO_2 eq	13,276.0	13,663.3	-387.3	-3%
Total emissions (energy requirements incl. vehicle fleet fuel)	Tons of CO_2 eq	76,315.5	75,537.7	777.8	1%
Total number of vehicles	Number	3,318	3,310	8	<1%
Number of rail-bound vehicles	Number	2,606	2,690	-84	-3%
Number of 3.5 ton trucks	Number	149	149	0	0%
Number of trucks more than 5 tons	Number	17	18	-1	-6%
Number of trucks less than 5 tons	Number	28	26	2	8%
Number of multi-lane e-vehicles	Number	30	27	3	11%
Number of vehicles with Euro 4 emissions class	Number	13	12	1	8%
Number of vehicles with Euro 5 emissions class	Number	758	1,303	-545	-42%
Number of vehicles with Euro 6 emissions class	Number	2,517	1,968	549	28%

Greenhouse gas balance ("GHG balance") of ÖBB-Infrastruktur AG; calculated by UBA (= Environment Agency Austria) according to the current Austrian emission factors (as of October 2018, the full impact of the switch to traction power from 100% Austrian renewable energy can only be mapped in the Management Report 2019).

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

Protection of areas and species

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

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

The operated length of the route network amounted to 4,864 km in 2018 (prior year: 4,862 km), the land area was 190.8 km² (prior year 192.7 km²).

Area of ÖBB-Infrastruktur AG* in km²	2018	2017
Total area	190.8	192.7
Managed net building floor space of all buildings (incl. railway stations)	8.4	8.4
Net floor space of buildings (excluding railway stations)	2.7	2.7
Other open spaces (gardens, meadows, embankments, etc.)	7.9	8.3
P & R facilities	1.2	1.2

* Areas under administration of ÖBB-Immobilienmanagement GmbH.

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

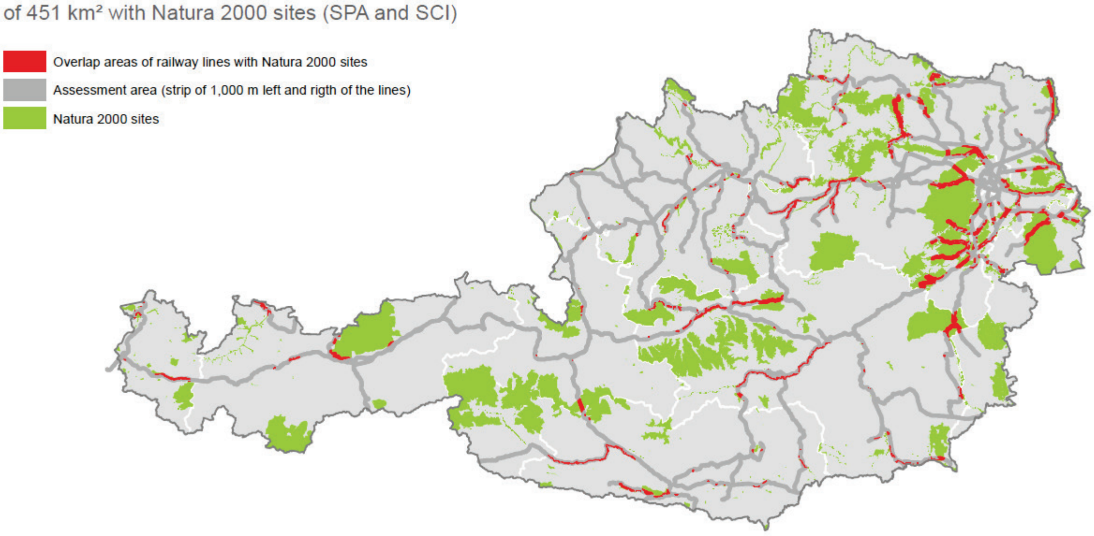
In addition to the aforementioned measures, natural hazard management also includes forestry activities to ensure the protective forest function in alpine areas and to guarantee safe and undisturbed railway operation, as unsuitable vegetation in the railway environment can have a negative impact on railway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

A total of 11,769 trees and 204 different tree species were recorded in the tree register of ÖBB-Infrastruktur AG as of the reporting date of Oct 15, 2018 (2017: 11,555 trees, 199 tree species and varieties). The three most common tree species on publicly accessible railway ground in 2017 and 2018 were Norway maple, birch and horse chestnut, each with about 1,000 specimens.

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

Points of contact of ÖBB Infrastruktur AG railway lines with Natura 2000 sites - 2018

Taking a strip of up to 1,000 m to the left and right of the railway lines as the assessment area results in an overlap area of 451 km² with Natura 2000 sites (SPA and SCI)



Sources:
ÖBB Infra, OGD der Bundesländer Österreichs, 2018
scale: 1:2.500.000

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

Water consumption

The water consumption of ÖBB-Infrastruktur AG amounted to 2.0 million m^3 (1,969,038 m^3) in 2018 and 1.8 million m^3 (1,843,840 m^3) in 2017. Most of the water (drinking and industrial water) comes from the municipal supply; in addition, there are 137 springs that are located on railway land and are used on the basis of existing water rights from the past. ÖBB-Infrastruktur AG does not operate any water treatment plants for municipal waste water, but discharges them into the central, public sewage system.

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

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

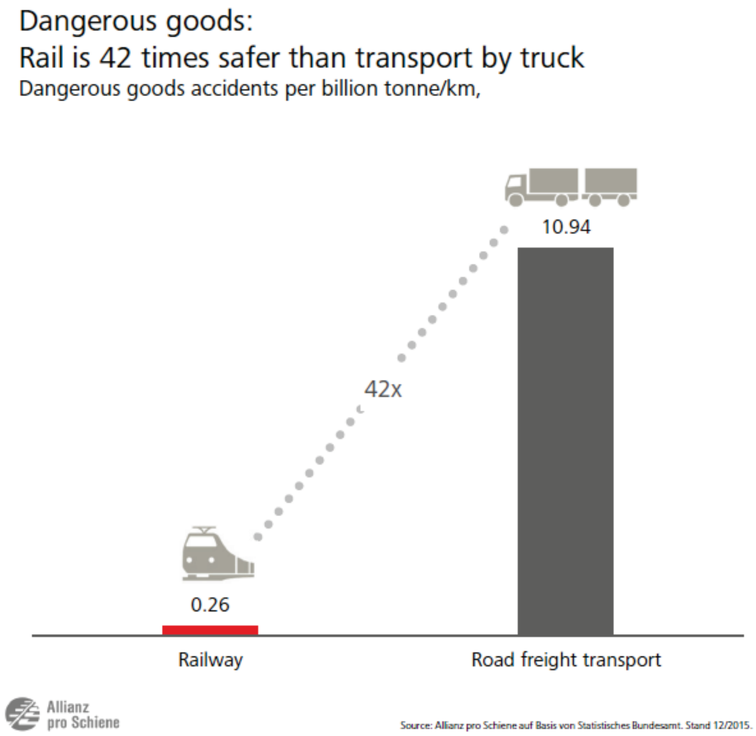
Noise

One unwelcome impact of railway operations is noise. In accordance with its high environmental standards, ÖBB makes great efforts to reduce rail noise both at the source and on the tracks. The use of sound barriers and soundproof windows further expands stationary noise protection. In addition, various measures for noise remediation and noise prevention are being tested and implemented. These include the purchase of new silent freight cars and upgrading of existing freight cars. 50% of RCGs Austrian fleet was made up of quiet cars by the end of 2018.

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

Dangerous goods

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



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

No such notification was required in accordance with RID/ADR 1.8.5 (European Agreement concerning the International Carriage of Dangerous Goods by Road) as a result of incidents in 2017 or in 2018.

A total of 11,606 checks were also carried out on RID vehicles in operation in 2018 by employees of ÖBB-Infrastruktur AG – Technical Monitoring. No notifications were required either in accordance with RID/ADR following these checks.

Waste management

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

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

ÖBB-Infrastruktur AG waste table (as of July 2018)

	2017				
	Construction project waste		Operational waste		
Type of waste in tons	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Note
Reuse in construction projects	650,630				
Handover to recycling	279,423		28,073		
Composting			1,611		Mowing waste, foliage, wood, shrub cuttings
Recovery (mechanical cleaning technology)[1)]	147,000				Recycling and reuse
Recovery (excavation machine)[2)]	35,000				Recycling and reuse
Waste incineration				20,710	Wooden sleepers and pylons
In-house disposal sites	2,310,121				
On-site storage					
Other[3)]	1,724,533	343	34,286	13,336	

1) Some of the materials accumulated from track construction sites can be reinstalled into the track as secondary raw materials using modern railway construction machinery. Contaminated track gravel is cleaned (sieved) using a special mechanical cleaning technology connected to the track and is then inserted as a sub-layer.

2) With mechanical subsoil redevelopment using an excavation machine, track gravel is broken from the top 20 cm of the gravel bed and is inserted as a base layer mixed with new base layer material.

3) Hazardous waste may only be deposited at underground waste sites. No underground waste sites are in operation in Austria, which is why hazardous waste is deposited at waste treatment facilities. The type of treatment varies depending on the type of waste (code number) and is subject to the economic and technical options available to the waste treatment facility.
Non-hazardous waste is delivered to an authorized collection or waste treatment facility. The type of treatment varies depending on the type of waste (code number) and is subject to the economic and technical options available to the waste treatment facility (competition), and most of this waste is delivered to a waste incineration facility.

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

Stakeholder management

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

Customer groups of ÖBB-Infrastruktur AG

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

Ownership structure/ plitical environment	Ownership structure & political environment (e.g. provinces, municipalties) ÖBB-Infrastruktur AG builds the Austrian railway infrastructure on behalf of the owner, the Republic of Austria. The Republic of Austria is both owner und customer of ÖBB-Infrastruktur AG: it orders the expansion of the railway infrastructure in Austria on the basis of an agreed set of master plans. In addition, maintenance and operating contributions are made on the basis of Section 42 (1) and (2)
B2B Business to Business	TOC & other business clients TOC on the Austrian railway network, as of 2018: 51 Other business customers: from the areas of energy, real estate (tenants, leaseholders, buyers of ÖBB real estate, …), terminals (e.g. operators, shipping companies or forwarding agents), etc.
B2C Business to Consumer	Passengers & people that are at the train station for purposes other than travelling Passengers consume services of ÖBB-Infrastruktur AG at the point of arrival to and departure from the train station. People that are at the train station for purposes other than travelling: e.g. people collecting travelers or doing shopping.

Infrastructure usage agreements are in place with 51 train operating companies and two authorized applicants. The proportion of train operating companies measured against train kilometers is 8% in passenger transport. The proportion of external train operating companies based on gross ton kilometers is 29% in goods transport.

A total of 38 external customers had a traction power usage agreement in place in 2018, while 36 external customers had an energy supply agreement in place with ÖBB-Infrastruktur AG. This corresponds with a market share of 95% in the liberalized traction power and energy markets. All of ÖBB-Infrastruktur AG's customers were receiving Austrian renewable energy as of Jan 1, 2018.

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

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

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

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

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

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

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

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

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

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

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

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

The www.passaufmichauf.at website was launched this year in collaboration with ÖBB-Infrastruktur AG and under the aegis of the Austrian Traffic Safety Board (KfV). The campaign aims to raise awareness among travelers with strollers based on the slogan "Kindersicher durch den Verkehr" (Child safety while traveling).

The safety campaign relates to increasing subjective safety. Points at the stations give interested parties the option of taking a look behind the scenes to see everything being done at the station to ensure safety. Special attention is paid each year to ILCAD (International Level Crossing Awareness Day) and the topic of "Raising awareness of the correct behavior at railway crossings." The Austrian Economic Chambers, driving schools division, was a crucial partner here in 2018 as it had also been in 2017. Driving instructors and examiners are important multipliers with respect to "safety at railway crossings." They were given the opportunity of accompanying train drivers as part of a special train journey together with the media, thereby seeing the entire journey from the driver's perspective. The ILCAD meetings of the UIC (Union internationale des chemins de fer, International Union of Railways) provide an opportunity for ideas to be exchanged across Europe.

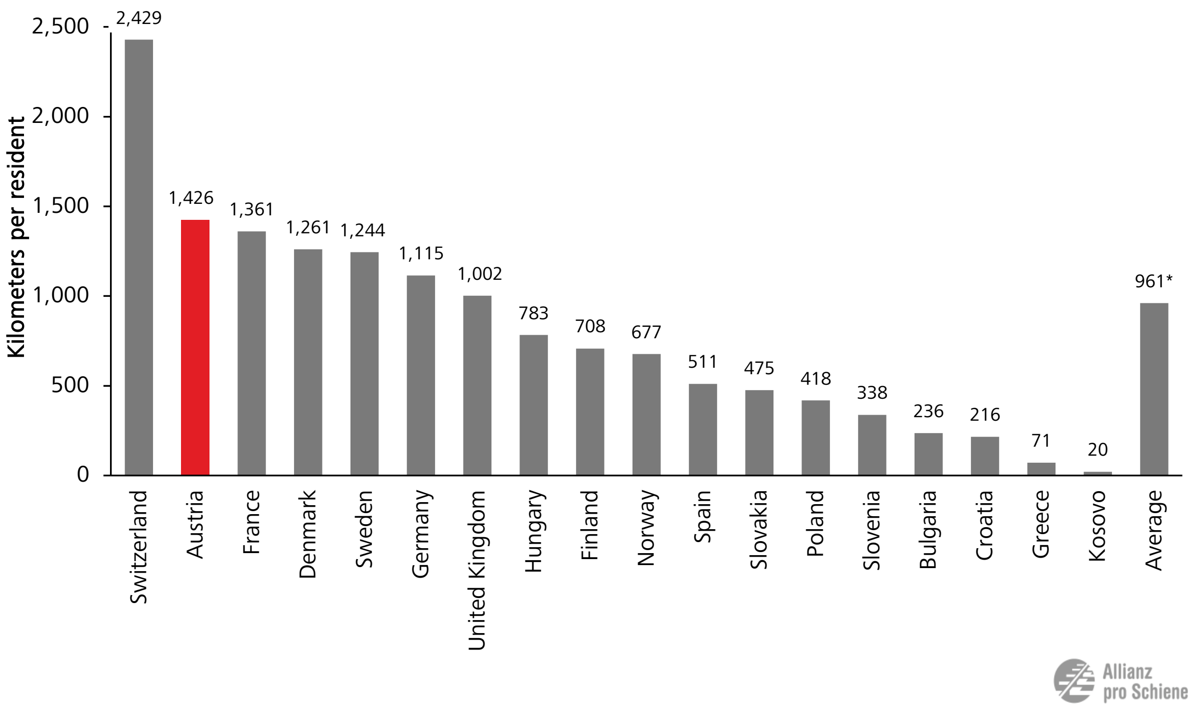
ÖBB-Infrastruktur AG is currently a member of more than 79 national and international organizations and institutions in the areas of transport, energy, technology, environment, standards, etc. These include the International Union of Railways (UIC), the Austrian Association for Transport and Infrastructure (GSV), the Austrian Energy Agency (AEA) and many more.

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

According to a survey by the European Brand Institute, the brand value of the ÖBB brand as an integrative indicator of economic success has developed positively over the past few years and, with a brand value of EUR 1.9 billion, ranks sixth among Austria's top brands in 2018. Austrians are already among the most dedicated rail passengers, and are also the most satisfied rail customers in the EU according to Eurobarometer published on behalf of the European Commission.

Average kilometers travelled by train

per resident 2014



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

Personnel

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

Number of employees (headcount)	Dec 31, 2018	Dec 31, 2017	Change Reporting date	in %	Average 2018	2017
Employees	3,965	3,703	262	7%	3,836	3,559
Workers	2,414	2,023	391	19%	2,209	1,940
Tenured employees	10,411	10,925	-514	-5%	10,676	11,116
Total (excl. apprentices)	**16,790**	**16,651**	**139**	**1%**	**16,721**	**16,615**
Apprentices	1,525	1,521	4	0%	1,416	1,360
Total (incl. apprentices)	**18,315**	**18,172**	**143**	**1%**	**18,137**	**17,975**

Number of employees (FTE)	Dec 31, 2018	Dec 31, 2017	Change Reporting date	in %	Average 2018	2017
Employees	3,881.5	3,619.7	261.8	7%	3,752.3	3,483.8
Workers	2,408.5	2,019.7	388.8	19%	2,204.5	1,935.8
Tenured employees	10,145.2	10,753.1	-607.9	-6%	10,453.5	10,964.4
Total (excl. apprentices)	**16,435.2**	**16,392.5**	**42.7**	**0%**	**16,410.3**	**16,384.0**
Apprentices	1,525.0	1,521.0	4.0	0%	1,416.1	1,360.0
Total (incl. apprentices)	**17,960.2**	**17,913.5**	**46.7**	**0%**	**17,826.4**	**17,744.0**

Tenured employees are ÖBB employees who are subject to the "general terms and conditions for employment with Austrian Federal Railways" (AVB), who started employment prior to January 1, 1995, and who cannot be terminated as a result of the provisions in the AVB. This category of employees will shrink over the next few years due to an impending wave of retirements.

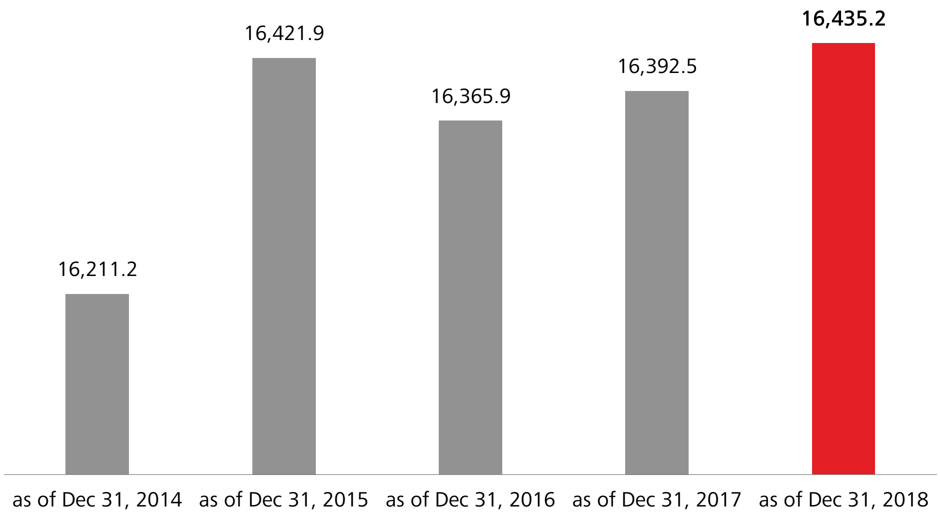
As a result of tenured employees who take semi-retirement, the change in the number of employees by FTE is higher than the change in the number of employees by actual headcount.

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

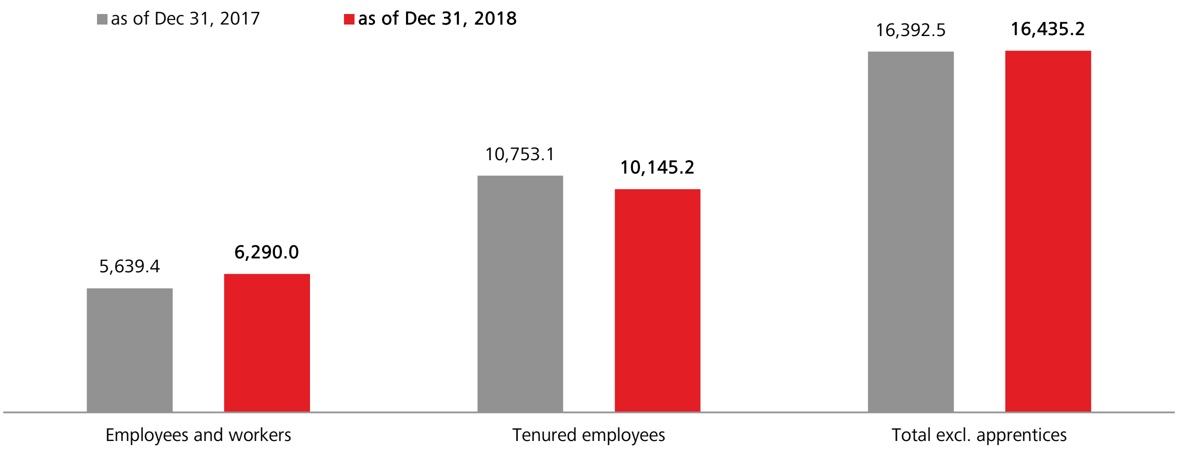
The headcount of the ÖBB-Infrastruktur Group rose to 18,315 employees in the reporting year. Approx. 57% (prior year: 60%) of the headcount was accounted for by employees with permanent positions. The average age in Austria (excluding apprentices) was 46.4 years, as in the prior year. The percentage of women (including apprentices) was 8.4%, (prior year: 7.9%).

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

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

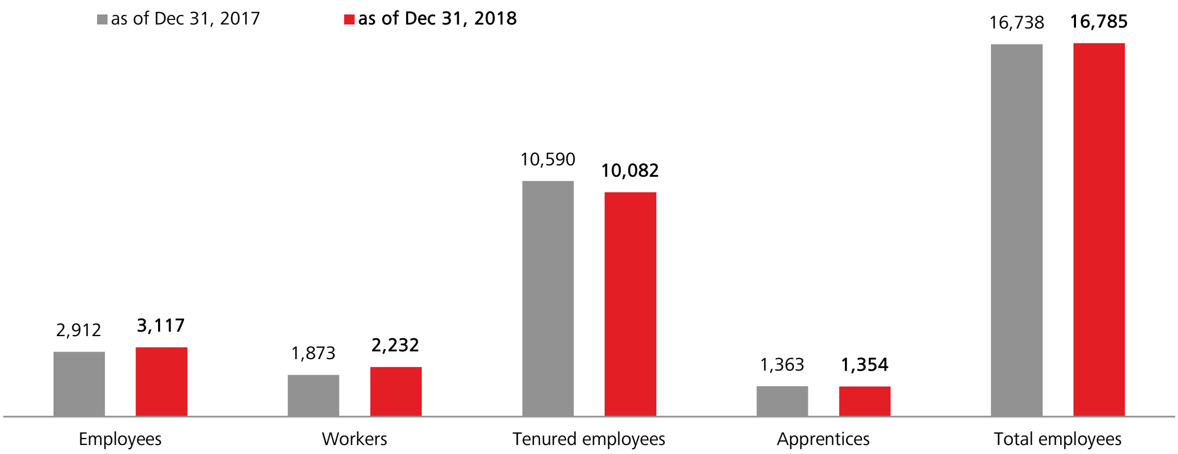


Employee structure (FTE) in the ÖBB-Infrastruktur Group

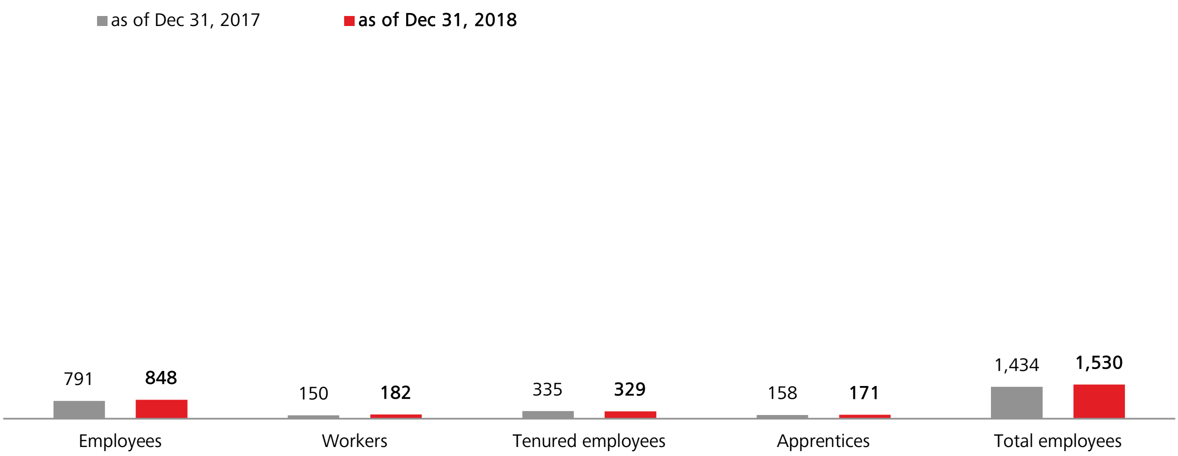


Gender distribution by employment status

Total male employees

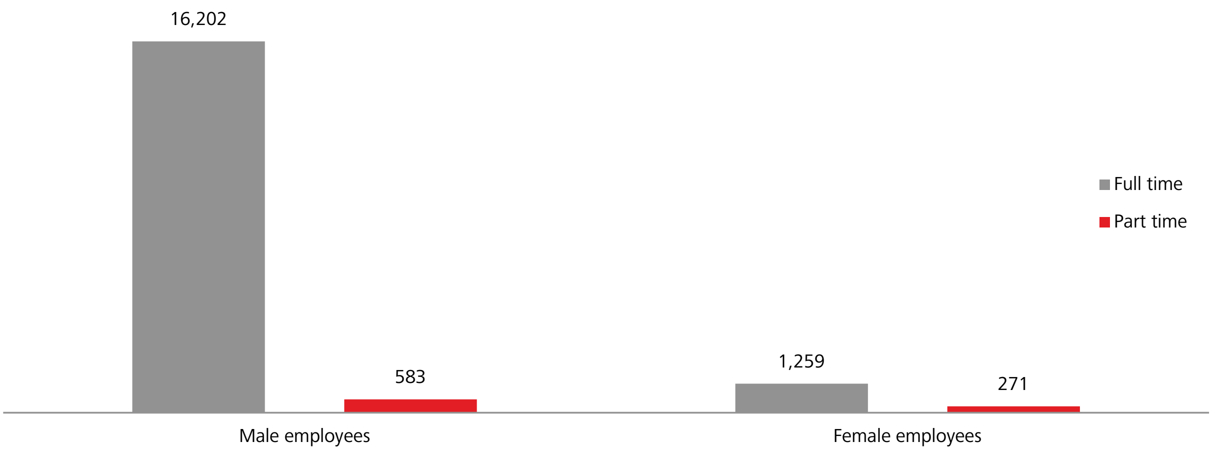


Total female employees



In addition, an average of 491 (prior year: 526) external leasing staff were employed in the 2018 financial year, particularly in facility services (security, cleaning).

Employee structure based on level of employment



Specialist training and apprenticeship programs in the ÖBB Group

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

ÖBB-Infrastruktur AG is Austria’s largest training center for technical apprenticeships, and offers 16 apprenticeship professions. Currently 1,500 young people are being trained as highly qualified skilled workers, primarily in technical professions. The training is state-certified, for example with the Vienna seal of quality as a "TOP training company,” or the “amaZone Award” for particular commitment to training for young women. The apprenticeship graduates receive numerous prizes and awards at professional competitions every year: state winners were announced in 2018 in electrical engineering – installation and operating technology in Lower Austria and Tyrol, and in mechatronics in Vienna. The Vienna team also came first in the vocational competition for office administrators. Numerous second and third places have also been won. 98% of our apprentices successfully complete their apprenticeship.

ÖBB-Infrastruktur AG also sponsors the “Lehre mit Matura” [apprenticeship with qualification for university entrance] scheme, giving its apprentices an opportunity for further advancement. A total of 230 young people are already taking up this opportunity. In addition to professional training, much importance is also attached to developing social skills. Under the motto "Women & Girls in Technology", the apprenticeship program is committed to making technical training even more attractive for women and girls, and this year for the first time the proportion of women among apprentices reached 10.4%. ÖBB-Infrastruktur AG’s apprenticeship program received the “amaZone Award” in 2018 for this commitment.

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

ÖBB-Infrastruktur AG’s apprenticeship program was significantly influenced by new features in 2018. In addition to revising its image to the outside world (nasicher.at) with the aim of inspiring young people to take up an apprentice at ÖBB more effectively, a new apprentice workshop was also opened in Vienna in October 2018. Located in the 10th district, the Vienna workshop provides optimal conditions for 650 apprentices to learn a technical profession based on the latest standards. Investments are also being made in other locations: in the coming years EUR 37.0 million will be spent on rebuilding and renovating the apprenticeship facilities in Feldkirch, Innsbruck and Knittelfeld, and the apprentices’ accommodation in St. Pölten.

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

Absorption of locomotive driver services from ÖBB-Produktion GmbH

By taking over the locomotive driver services, the Operations division hopes to create additional development opportunities and make training more appealing. A total of 38 employees were transferred by the end of 2018, with acceptance of up to 200 employees planned by 2024.

Personnel development

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

The "infra:bildungsleitbild" (education mission statement) defines the basic principles of training and further education and is the basis for the conception and implementation of all development measures. The leadership program "Taking the lead" launched in 2017 moved to the next stage in 2018 with the module "Delivering results – efficient and targeted communication."

Group-wide programs (such as "infra:karriere") and division-specific programs (such as "Fit4Future") were successfully continued in order to secure knowledge and ensure targeted succession planning.

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

A total of 141 employees participated in the courses for managers and experts offered by the ÖBB Academy in 2018. The program "trainees for mobility" for 15 college graduates with an engineering or business education began in September 2017. The ÖBB-Infrastruktur Group has taken on seven employees from this program.

In 2018 approximately 150 external training sessions, seminars and specialist conferences were held for external training courses, which are organized centrally once a certain number of participants are registered.

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

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

Employer branding, personnel marketing and recruitment

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

Recruiting serves a wide range of different target groups: Skilled workers, technicians from HTL level, dispatchers, commercial positions and many more. In order to guarantee a targeted approach to future employees, ÖBB-Infrastruktur AG takes a targeted approach in positioning itself at various school and university fairs throughout Austria. Personnel marketing also initiates various cooperation programs with a variety of educational institutions and sets coordinated priorities according to the requirements of the company. This creates contact between the future applicants and the company. Internship offerings focused on the skilled technical disciplines will be actively expanded, giving pupils at higher technical colleges the opportunity to gain their first taste of work experience.

Students will be given the opportunity to write their thesis as a way of inspiring new employees (particularly those from technical colleges) to join the corporate group at an early stage. A new functional specification has been created as a basis for this in order to provide the optimum framework conditions. This measure will be advertised and put into operation in 2019.

The ÖBB career exchange system solution by Cornerstone ATS was replaced effective July 2018 as part of the efforts to implement a centralized recruitment process in the ÖBB Group. Defined cross-sectional areas were also handed over to BCC GmbH from the ÖBB-Infrastruktur Group effective October 1st for full recruitment service purposes.

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

Diversity and equality

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

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

Targets

Equality management

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

Diversity management

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

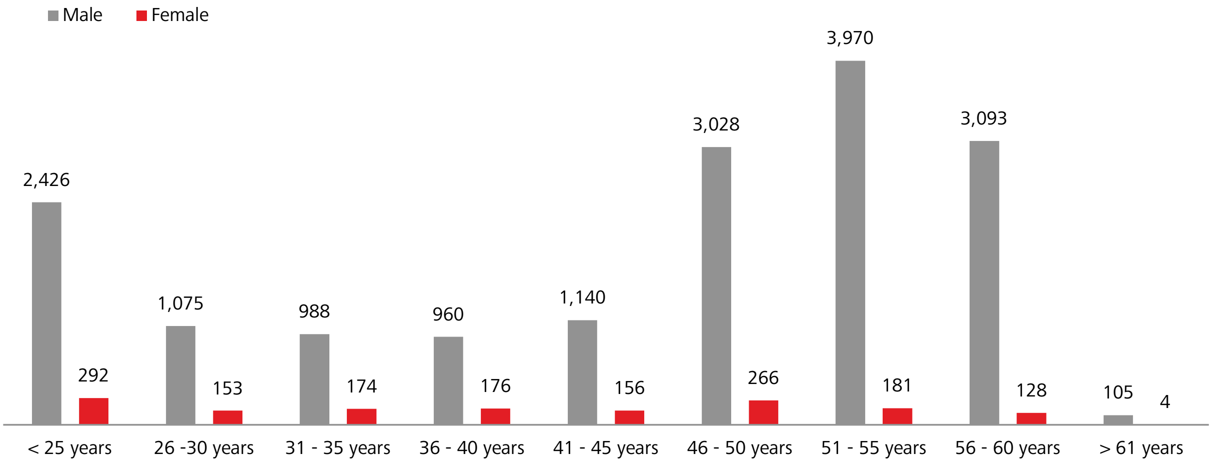
In keeping with the approach of active diversity management, special programs are also in place to achieve a better work-life balance. A further goal is the entrepreneurial use of the diverse competences and experiences that result from the individuality of employees, customers and business partners. ÖBB-Infrastruktur AG intensified its activities in 2018, particularly in the provision of accessible infrastructure facilities, in customer information and in the recruitment of new employees.

Measures

Some measures have already been implemented aimed at increasing the proportion of women, such as the "Girls!Tech-Camp" (powered by IBM & ÖBB), using role models: female technical apprentices specifically report on training and working at ÖBB-Infrastruktur AG at trade fairs and schools, and the "infra:WOMENtoring" scheme at Graz University of Technology, which is being extended to Vienna University of Technology in 2019. ÖBB-Infrastruktur AG supports improvements in the compatibility between job and caregiving obligations, for example through the company kindergarten Timi's Mini MINTs with a focus on scientific and technical topics, hourly child care with the help of Flying Nannies, RailMap* maternity leave management, part-time models, and home office workplaces.

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

	< 25 years	26 -30 years	31 - 35 years	36 - 40 years	41 - 45 years	46 - 50 years	51 - 55 years	56 - 60 years	> 61 years	Total	%
Male	2,426	1,075	988	960	1,140	3,028	3,970	3,093	105	16,785	91.6
Female	292	153	174	176	156	266	181	128	4	1,530	8.4
	2,718	**1,228**	**1,162**	**1,136**	**1,296**	**3,294**	**4,151**	**3,221**	**109**	**18,315**	**100.0**



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

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

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

Diversity report

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

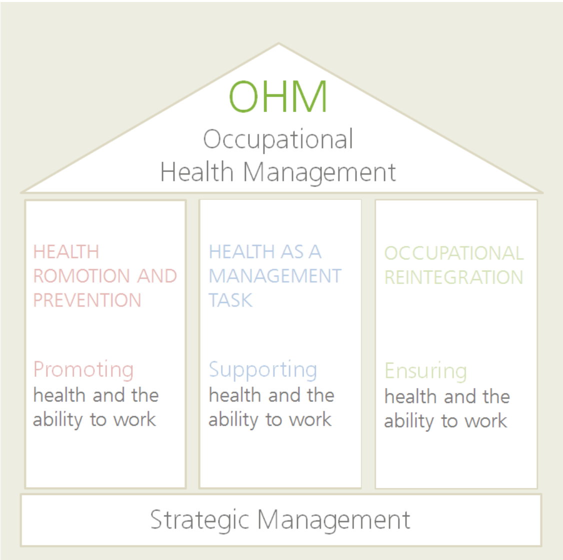
The diversity goals have thus been achieved. At ÖBB-Immobilienmanagement GmbH, 40% of the shareholder representatives on the Supervisory Board are women and at Mungos GmbH this figure is 25%. The proportion of women among managers in the Group was 7.3% (prior year: 6.9%), while in the general workforce this figure was 8.4% (prior year: 7.9%). In order to achieve a continuous increase in the proportion of women in new management positions to 20%, more measures are being taken in personnel marketing and personnel development. In the reporting year for instance, ÖBB-Infrastruktur AG was able to increase the proportion of women in new recruitments of dispatchers to 25.4%. Excluding apprentices the average age in the retention period is 46.4 years as per the prior year; this figure will fall continuously due to upcoming retirements and the planned recruitment of new personnel. The proportion of disabled employees in the ÖBB-Infrastruktur Group is 2.8%. Within the ÖBB Group, this share is to be increased to 4%. To achieve this, the ÖBB Group launched a program for employees with disabilities in 2018, in which ÖBB-Infrastruktur AG is also participating.

Health, occupational safety, and social topics

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

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

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



First pillar: Health promotion and prevention

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

Second pillar: Health as a management task

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

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

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

The third pillar: "Occupational reintegration"

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

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

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

At the end of 2018, this program will be accessible to approx. 52% of the employees of the ÖBB-Infrastruktur Group.

Occupational and operational safety are enshrined within ÖBB Holding's "Group production and system technology" department at Group level. Experts were called in this year to initiate structural changes in both areas as a result of the frequency in occupational accidents. The aim is to see both topics as more connected once again. This is the reason why common objectives, measures, and platforms are currently being worked on. One focus in the area of occupational safety in 2018 was the review for the "Redesign ÖBB32 - health policies for employee suitability." The new review version will come into force by Jan 1, 2019. Essential changes to ÖBB32 from the review phase include the addition/specification of the exception regulation procedure and the revision to the Group activity list (based on the minimum statutory requirements).

Major priorities in 2018 included the evaluation of mental strains at the workplace, in-depth analysis of occupational accidents, and the definition of interfaces in the procurement process and in health management.

Working to retirement age

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

As of Dec 31, 2018 a total of 598 employees (based on request submissions) had made use of legally permitted semi-retirement pursuant to Section 27 Unemployment Insurance Act (AlVG). In addition, the Group has provided age-appropriate part-time work to 270 tenured employees (based on request submissions) as of the reporting date – four years before meeting the requirements for statutory semi-retirement.

ÖBB employee survey

Following three Group-wide employee surveys, the survey was redesigned in 2018. The questionnaire was slimmed down and given a more visually appealing design. The survey covers the topics "Company," "Information," "Activity," "Management," "Working environment," "Perspectives" and "Compatibility." The focus was also on online participation.

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

G.5. Human rights

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

G.6. Capital expenditure and procurement practices

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

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

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

Businesses are also excluded from participation in the tender procedure if ÖBB has knowledge of a legal conviction against them. In the event that this involves a business partner that is not an individual, it also applies to people who are members of management, executive or supervisory bodies, or who have powers of representation, decision-making or control within these:

- Membership of a criminal association or organization (Sections 278 and 278a of the Criminal Code – StGB),
- Terrorist associations, terrorist acts or funding terrorism (Sections 278b to 278d StGB),
- Bribery, acceptance of a benefit by someone in authority, corruption, provision of an undue advantage or demanding of an undue advantage (forbidden intervention) (Sections 304 to 309 StGB and Section 10 of the Unfair Competition Act – UWG), fraud (Sections 146 to 148 StGB), embezzlement (Section 153 StGB), acceptance of gifts (Section 153a StGB),
- Misuse of aid (Section 153b StGB)
- Money laundering (Section 165 StGB),
- Slavery, human trafficking or cross-border trafficking in prostitution (Sections 104, 104a and 217 StGB) or
- A corresponding criminal offense in accordance with the regulations of the country in which the company has its registered office

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

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

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

Since the procurement process is an important element in the risk analysis, controls and associated tests were also installed as part of the internal control system (ICS). The most important element here is execution of the award procedure in compliance with the principle of dual control in the essential decisions and procedural steps as a general tool for optimization and control. In concrete terms, this means that each tender is tracked by at least two employees who serve as a monitoring and control element. As a Group-wide requirement, this must be done within the framework of the lead buyer principle (lead buyer is the responsible purchaser of the corresponding product group). This means that all procurements with an estimated order value higher than EUR 50,000 must be made via the lead buyer company responsible in each case. This does not apply to call-offs from master agreements concluded by a lead buyer company. As a test of the effectiveness of this control, monthly evaluations are carried out as part of the ICS and documented in the ICS system on a quarterly basis.

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

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

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

G.7. Accessibility

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

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

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

In early 2016, the Group companies updated their plans and prepared new implementation plans for additional railway stations (train stations and passenger stops) and for the vehicle fleet. These corporate plans correspond with the National Implementation Plan (NIP), which the Federal Ministry of Transport, Innovation and Technology (BMVIT) has published for Austria in accordance with the TSI-PRM (Technical Specification for Interoperability regarding the accessibility of the Union's railway system for people with disabilities and people with reduced mobility). In the fall of 2018 the measures already implemented and further objectives to be implemented by 2027 were discussed with the stakeholders of associations and representatives from Parliament. Since mid-2018 more than 80% of all passengers at 230 stations have benefited from modern, barrier-free stations. By 2027 at least 90% of passengers will be able to use barrier-free stations.

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

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

The successful “Stakeholder Dialogs,” a direct exchange with people with disabilities, were successfully continued in 2018.

In 2017, a cooperative agreement was concluded with the “Austrian Council for the Disabled,” the umbrella organization of associations for the disabled. The interests and concerns of people with disabilities, people with reduced mobility and the requirements of senior citizens will be addressed situationally and specifically through this communication and coordination platform. Dealing with current and future trends is a further focal point here, e.g. with respect to digitalization aimed at supporting barrier-free mobility.

G.8. Combating corruption and bribery

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

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

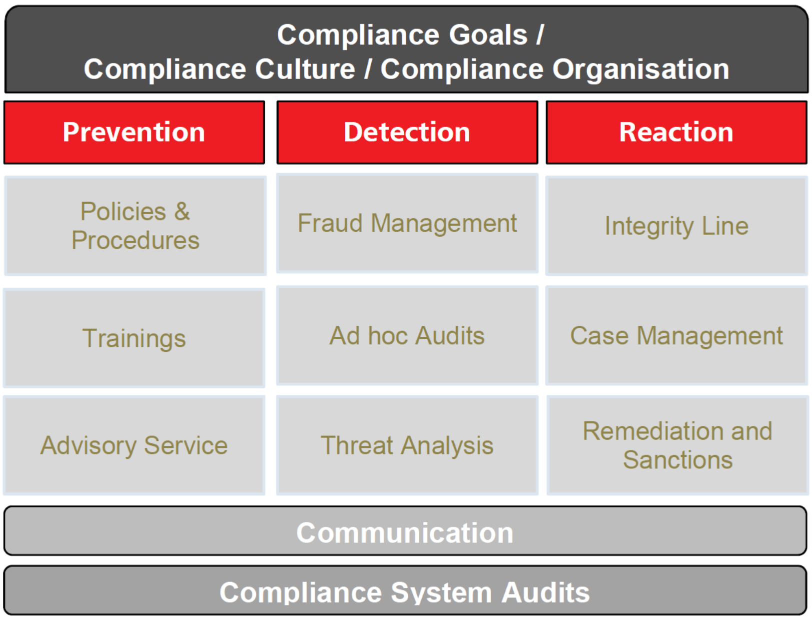
Within the ÖBB Group, the function of Chief Compliance Officer is established as a separate unit within the management of ÖBB-Holding AG. In addition, the sub-group parent companies (ÖBB-Infrastruktur AG sub-group, Rail Cargo Group sub-group, ÖBB-Personenverkehr AG sub-group) have Compliance Officers,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

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

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

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

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



The ÖBB Group Code of Conduct

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

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

Prevention through compliance training and advice

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

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

The existing tasks are now being complemented by a comprehensive e-learning program. This helps to raise awareness of the topic. The online compliance training began on November 22, 2018.

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

Early detection

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

Response

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

Anti-corruption office

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

Information and communication

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

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

As part of the aforementioned development of the project, regulations were adapted to the newly defined requirements and, where necessary, content was made clearer.

Accounting

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

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

In the future, ÖBB-Business Competence Center GmbH will also play an increasingly active role in supporting the 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.

G.9. Safety

Security is an essential feature for both customers and employees. Responsibly addressing safety risks strengthens the trust of 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 to manage the security services provided. Findings from incidents, accident investigations, internal tests (safety checks, audits, etc.), and trend monitoring resulted in safety program measures that are coordinated Group-wide. The safety management systems, the trend monitoring, and the safety program contribute significantly to detecting safety risks in time to create proactive measures to control residual risks.

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

Annual capital expenditure of over EUR 2.3 billion in new construction, upgrades, and maintenance of infrastructure facilities, and in new vehicles with state-of-the-art safety equipment, all help ensure safe operational management. The general approach to the security strategy, such as the focus on measures with the greatest impact, as well as the development of the safety and error culture, makes another significant contribution to security.

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

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

A comprehensive package of measures was developed and implemented in 2017 in association with attacks on employees. This relates e.g. to reinforcement of service and control teams, and train conductors accompanied by security staff on certain local transport connections.

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

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

Main emphasis of the safety program (examples):

Safety at railway stations

- Additional lighting and structural improvements
- Mobilization of existing security staff and recruitment of additional security personnel
- Providing "security-oriented scenario training as well as de-escalation and violence prevention".
- Special emphasis is placed on human rights principles in the training of security staff. The employees are instructed on the basic principles in this area.

Error culture

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

In order to achieve these goals, the following tools have been introduced throughout Infrastruktur AG:
- Confidential reporting
- Ideas workshop
- Individual development in order to boost leadership skills

Reduction of collision risk

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

Safety on railway facilities

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

Safe shunting

Due to the negative trend in incidents and accidents in connection with shunting work, the "Safe shunting" project was completed, with work launched to implement the measures. The aim is to reverse the trend in shunting incidents.

Occupational safety

The occupational safety of our employees was further improved, with the target achieved of reducing rates of occupational accidents further on the prior year. This shows that supervision and advice from experts in prevention and the measures implemented in the area of employee safety are having the desired effect. We need to continue working together on increasing safety and on raising awareness among our colleagues in order to continue this positive trend.

The evaluations of the Railway Education Center and of the areas located at the Praterstern 3 site were successfully completed as part of the implementation of the survey and set-up of working conditions, in which all employees have the opportunity to participate in an extensive survey on work-related psychological stress. Implementation efforts are also continuing with respect to the evaluation of psychological stress.

Fire prevention

The required fire protection officers were made available nationwide and thus all tasks and activities of the fire protection officers were fulfilled in accordance with official requirements. The fire safety officers (general management (BL) team) were upgraded to fire safety concept creators. The fire safety concept has already been created for signaling and control center Ost 2, and a further seven concepts from outside experts (e.g. St. Pölten education campus and apprentice accommodation, Lienz reception building, Koralm line) were also revised.

Operational rules

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

Technology – 500Hz magnets (PZB train protection system)

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

Safety Walk

The aims of the Safety Walk are as follows:
- Improve safety performance and the safety culture
- Highlight the importance of the safety management message
- Identify options for improvement

More than 300 Safety Walks were carried out by management at Infrastruktur AG in 2018. The feedback from these was positive, both from the employees on the ground as well as from the managers.

G.10. GRI index

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

GRI code	Title of disclosure	Reference	Remarks, justifications Omissions
GRI 102:			
General Disclosures Organizational profile			
102-1	Name of the organization	MR Chapter A	
102-2	Activities, brands, products and services	MR Chapter A	
102-3	Location of headquarters	MR Chapter A	
102-4	Location of operations	MR Chapter A	
102-5	Ownership and legal form	MR Chapter A	
102-6	Markets served	MR Chapter B.3	
102-7	Scale of the organization	MR Chapters A, C.1, C.2 and C.3	
102-8	Information on employees and other workers	MR Chapter G.4	
102-9	Supply chain	MR Chapter G.6	
102-10	Significant changes in the organization and its supply chain		There have been no changes in this area.
102-11	Precautionary Principle or approach	MR Chapters B.2, F and G.3	

102-12	External initiatives	MR chapters B.2, C.2 and C.6	
102-13	Membership of associations	MR Chapter G.4	
Strategy			
102-14	Statement from senior-decision-maker	MR Chapter G.1	
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	MR Chapter G.8	
Governance			
102-18	Governance structure	MR Chapter G.2	
Stakeholder engagement			
102-40	List of stakeholder groups	MR Chapter G.4	
102-41	Collective bargaining agreements	MR Chapter G.4	
102-42	Identifying and selecting stakeholders	MR Chapters G.2 and G.4	
102-43	Approach to stakeholder engagement	MR Chapters G.2 and G.4	
102-44	Key topics and concerns raised	MR Chapters G.2 and G.4	
Reporting practice			
102-45	Entities included in the consolidated financial statements	MR Chapter A, Note 35	
102-46	Defining report content and topic Boundaries	MR Chapter G.2	
102-47	List of the material topics	MR Chapter G.2	
102-48	Restatements of information		This report includes changes to the reporting: – Waste table: this was reported in more detail. The figures in the key indicator table are presented in the same way as the prior year in order to display comparisons with the prior year. – Punctuality: see note below key indicator table.
102-49	Changes in reporting	MR Chapter G.2	
102-50	Reporting period	MR Chapter G.2	
102-51	Date of most recent report		Publication date: April 26, 2019
102-52	Reporting cycle	MR Chapter G.2	Annually
102-53	Contact point for questions regarding the report		infra.kundenservice@oebb.at

102-54	Claims of reporting in accordance with the GRI standards	MR Chapter G.2	Core option
102-55	GRI content index	MR Chapter G.10	
102-56	External assurance		Not planned.
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	MR Chapters G.2 – G.9	
103-2	The management approach and its components	MR Chapters A, C, D, F and G.1 – G.9	
103-3	Evaluation of the management approach	MR Chapters A, C, F and G.1 – G.9	
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	MR Chapter C	
201-2	Financial implications and other risks and opportunities due to climate change		The costs caused by climate change are currently not collected.
201-4	Financial assistance received from government	MR Note 32	
GRI 202: Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Due to complex internal salary schemes, several applicable collective agreements and no data collection for this ratio, this figure is not published.
GRI 203: Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	MR Chapters B.3, C.4 and C.5	
203-2	Significant indirect economic impacts	MR Chapter C.4	
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers		This information is not available to date, as it has no relevance in procurement. Only compliance with the law is checked (LB Chapter G.6).
GRI 205: Anti - corruption			
205-1	Operations assessed for risks related to corruption		The Group-wide compliance audits are recorded in the annual Compliance activity report and are not published for reasons of confidentiality. (MR Chapter G.8)

GRI 206: Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		In 2017 and 2018, ÖBB-Infrastruktur AG was not subject to any material lawsuits, sanctions or fines resulting from violations of laws or regulations in the economic sphere.
GRI 301: Materials			
301-1	Materials used by weight or volume	MR Chapter G.3	
301-2	Recycled input materials used	MR Chapter G.3	
GRI 302: Energy			
302-1	Energy consumption within the organization	MR Chapter G.3	
302-4	Reduction of energy consumption	MR Chapter G.3	
GRI 303: Water and Effluents			
303-1	Interactions with water as a shared resource	MR Chapter G.3	
303-2	Management of water discharge-related impacts	MR Chapter G.3	
303-3	Water withdrawal	MR Chapter G.3	
GRI 304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	MR Chapter G.3	
304-2	Significant impacts of activities, products and services on biodiversity	MR Chapter G.3	
304-3	Habitats protected or restored	MR Chapter G.3	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	MR Chapter G.3	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	MR Chapter G.3	
305-2	Indirect (Scope 2) energy-related GHG emissions	MR Chapter G.3	
305-5	Reduction of GHG emissions	MR Chapter G.3	

GRI 306: Effluents and waste			
306-2	Waste by type and disposal method	MR Chapter G.3	The quantities of saline water injection as well as on-site storage are not currently surveyed.
306-3	Significant spills	MR Chapter G.3	
306-5	Water bodies affected by water discharges and/or surface runoff	MR Chapter G.3	
GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations		In 2017 and 2018, there were no significant lawsuits, sanctions or fines against ÖBB-Infrastruktur AG due to violations of environmental laws or regulations.
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria		Only compliance with the law is checked (MR Chapter G.6).
GRI 401: Employment			
401-1	New employee hires and employee turnover	MR Chapter G.4	
GRI 402: Labor/Management Relationship			
402-1	Minimum notice periods regarding operational changes	MR Chapter G.4	
GRI 403: Occupational Health and Safety			
403-3	Occupational health services		This information is not currently collected.
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	MR Chapter G.4	Gender-specific information and a total number of hours are not yet available.
404-2	Programs for upgrading employee skills and transition assistance programs	MR Chapter G.4	
404-3	Percentage of employees receiving regular performance and career development reviews	MR Chapter G.4	

GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	MR Chapter G.4	Ad iii) This figure is not collected for data protection reasons.
405-2	Ratio of basic salary and remuneration of women to men		On the basis of the Equal Treatment Act, an income report is prepared every two years in the first quarter of the following year. Detailed information will not be published for reasons of confidentiality.
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken		There were no significant incidents of discrimination at ÖBB-Infrastruktur AG in 2017 and 2018.
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not applicable, as these rights are not endangered in ÖBB-Infrastruktur AG's area of activity.
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor		Not applicable, as these risks are not present in ÖBB-Infrastruktur AG's area of activity.
GRI 409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		Not applicable, as these risks are not present in ÖBB-Infrastruktur AG's area of activity.
GRI 410: Security Practices			
410-1	Security personnel trained in human rights policies and procedures	MR Chapter G.9	
GRI 411: Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples		Not applicable, as no indigenous rights are affected in ÖBB-Infrastruktur AG's area of activity.
GRI 412: Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	MR Chapter G.5	

GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs		This point is guaranteed on the basis of the legal requirements associated with the approval of the construction and operation of the facilities.
413-2	Operations with significant actual and potential negative impacts on local communities	MR Chapter G.3	
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria		This information is not available to date, as it has no relevance in procurement. Only compliance with the law is checked (MR Chapter G.6).
GRI 415: Public Policy			
415-1	Political contributions		ÖBB-Infrastruktur AG did not make any direct or indirect political contributions in the form of financial contributions or non-cash benefits.
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	MRChapters G.4, G.7 and G.9	
GRI 417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
417-2	Incidents of non-compliance concerning product and service information and labeling		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
417-3	Incidents of non-compliance concerning marketing communication		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.

GRI 418: Costumer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any complaints from customers in connection with the violation of customer data protection.
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area		In 2017 and 2018, there were no significant lawsuits, sanctions or fines against ÖBB-Infrastruktur AG due to violations of social or economic laws or regulations.

H. Notes to the Consolidated Management Report

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

Vienna, March 27, 2019

The Board of Management

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

Glossary

ADR	European Agreement concerning the International Carriage of Dangerous Goods by Road
AVB	General terms and conditions for employment with Austrian Federal Railways
BFS	Operational Management Strategy
BFZ	Operational management center
BMVIT	Federal Ministry of Transport, Innovation and Technology
bn.	Billion(s)
BZELW	Railway Education Center and Apprenticeship Training
CER	Community of European Railway and Infrastructure Companies
CO2	Carbon dioxide
CORE	Core option
DB	Deutsche Bahn
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
EBT	Earnings before tax
EIA	Environmental impact assessment
EMAS	European Environmental Management and Audit Scheme
EP	European Parliament
ETCS	European Train Control System
EUR	Euro
FTE	Full-time equivalent
GDP	Gross domestic product
GRI	Global Reporting Initiative
GWh	Gigawatt hour
HR	Human Resources
ICS	Internal control system
ISO	International Organization for Standardization
km	Kilometer(s)
km^2	Square kilometer(s)
m	Meter(s)
mil.	Million(s)
MP	Master plan
NFI	Non-financial information
OHSAS	Occupational Health and Safety Assessment Series
PY	Prior year
R&D	Research and Development
REG	Regulation
RID	Regulations for the international carriage of dangerous goods by rail
SCC	Safety Certificate Contractors
SMS	Safety management system
t	Tons
TGTkm	Total gross tonnage kilometers
tkm	Train kilometers
TOC	Railway operator
Traction	Propulsion of trains by traction vehicles
USD	United States Dollar
VAEB	Insurance Institution for Railways and Mining

Statement pursuant to Article 124 (1) of the Stock Exchange Act (BörseG)

Statement of all legal representatives

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

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

Vienna, March 27, 2019

The Board of Management

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

Consolidated Financial Statements

Consolidated Income Statement 2018

	Note	2018 in kEUR	2017 in kEUR
Revenue	4	2,104,782.0	2,101,366.4
Change in finished goods, work in progress and services not yet chargeable		-500.4	984.5
Other own work capitalized	5	306,287.4	293,611.3
Other operating income	6	893,299.8	805,619.9
Total income		**3,303,868.8**	**3,201,582.1**
Cost of materials and purchased services	7	-414,390.0	-411,775.2
Personnel expenses	8	-1,182,752.8	-1,126,345.4
Depreciation and amortization	9	-776,709.6	-751,580.6
Other operating expenses	10	-324,791.9	-316,267.9
Impairment charges from trade receivables	20	-2,122.2	
Earnings before interest and taxes (EBIT excluding investments recorded at equity)		**603,102.3**	**595,613.0**
Earnings of investments recorded at equity	17	352.2	1,487.5
Interest income	11	9,814.6	18,198.0
Interest expenses	11	-565,656.1	-575,194.8
Other financial income	12	10,839.9	44,112.6
Other financial expenses	12	-13,130.2	-37,113.4
Financial result (incl. earnings of investments recorded at equity)		**-557,779.6**	**-548,510.1**
Earnings before income taxes (EBT)		**45,322.6**	**47,102.9**
Income taxes	13	19,075.0	14,644.5
Net income		**64,397.6**	**61,747.4**
Proportion of net income attributable to:			
shareholder of the parent company		64,149.1	61,297.8
non-controlling interests		248.5	449.6

Consolidated Statement of Comprehensive Income 2018

	Note	2018 in kEUR	2017 in kEUR
Net income		**64,397.6**	**61,747.4**
Remeasurement gains (losses) on defined benefit plans		619.5	1,602.8
Income taxes		-20.6	-39.8
Items that will never be reclassified ("recycled") subsequently to the income statement		**598.9**	**1,563.0**
Unrealized income from cash flow hedges	24	36,562.1	514.0
Reclassification of realized income from cash flow hedges	24	2,995.1	9,380.1
Unrealized income from available for sale reserve	24	0.0	-1,940.0
Reclassification of realized loss from available for sale reserve	24	0.0	-74.0
Income taxes		-8,725.0	-1,704.0
Items that are or may be reclassified ("recycled") subsequently to the income statement		**30,832.2**	**6,176.1**
Other comprehensive income		31,431.1	7,739.1
Comprehensive income		**95,828.7**	**69,486.5**
Proportion of comprehensive income attributable to:			
shareholder of the parent company		95,580.2	69,036.9
non-controlling interests		248.5	449.6

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	22,537,388.8	21,614,509.6
Intangible assets	15	517,157.6	463,287.7
Investment property	16	154,920.3	158,772.4
Investments recorded at equity	17	49,694.6	49,241.0
Other financial assets	18	179,847.3	186,075.3
Other receivables and assets	20	144,354.4	150,212.9
Deferred tax assets	13	54,539.6	43,805.2
		23,637,902.6	**22,665,904.1**
Current assets			
Inventories	21	73,319.9	73,552.4
Trade receivables	20	128,535.6	140,049.5
Other receivables and assets	20	256,149.3	217,425.9
Other financial assets	18	52,691.4	35,400.2
Assets held for sale	19	125.1	62.6
Cash and cash equivalents	22	17,513.8	22,601.9
		528,335.1	**489,092.4**
		24,166,237.7	**23,154,996.5**

Shareholders' equity and liabilities	Note	Dec 31, 2018 in kEUR	Dec 31, 2017 in kEUR
Shareholders' equity			
Share capital	23	500,000.0	500,000.0
Additional paid-in capital	24	538,884.2	538,884.2
Cash flow hedge reserve	24	32,228.2	1,396.0
Available for sale reserve	24	0.0	4,860.6
Remasurement of defined benefit plans	24	-3,607.6	-4,206.5
Retained earnings	24	359,088.0	296,197.4
Equity attributable to the shareholder of the parent company		**1,426,592.8**	**1,337,131.7**
Equity attributable to non-controlling interests	23	444.5	645.6
		1,427,037.3	**1,337,777.3**
Non-current liabilities			
Financial liabilities	25	18,540,868.6	19,797,306.5
Provisions	26	237,150.7	236,940.4
Other liabilities	27	31,696.2	33,339.0
		18,809,715.5	**20,067,586.0**
Current liabilities			
Financial liabilities	25	2,132,463.0	424,076.3
Provisions	26	95,627.4	97,230.3
Trade payables	27	628,074.0	470,912.1
Other liabilities	27	1,073,320.5	757,414.5
		3,929,484.9	**1,749,633.2**
		24,166,237.7	**23,154,996.5**

Consolidated Statement of Cash Flow 2018

	Note	2018 in kEUR	2017 in kEUR
Earnings before income taxes (EBT)		45,323	47,103
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	937,209	915,976
+ Depreciation/ - appreciation on non-current financial assets		0	158
- Amortization of investment grants	9	-160,499	-164,396
+ Losses / - gains on disposal of property, plant and equipment, intangible assets and investment property		-39,060	-20,272
+ Losses / - gains on disposal of financial assets		0	0
- Other non-cash income / + other non-cash expenses		402	180
+ Interest expenses	11	565,656	575,195
- Interest income	11	-9,815	-18,198
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	-1,273	-3,011
- Increase / + decrease in trade receivables and other assets		-9,591	537
+ Increase / - decrease in trade payables, other liabilities and deferrals		506,376	218,878
+ Increase / - decrease in provisions	26	-4,533	-2,940
- Interest paid		-630,825	-637,648
+ Interest received		1,889	10,952
- Income tax paid	13	-1,410	-2
Cash flow from operating activities a)		**1,199,848**	**922,512**
+ Proceeds from disposal of property, plant and equipment and intangible assets		16,576	55,186
- Expenditures for property, plant and equipment and intangible assets	14, 15	-1,812,794	-1,789,199
+ Proceeds from disposal of financial assets		643	0
+ Proceeds from investment grants	14, 15	120,143	128,441
- Repayment of investment grants		-1,358	-87
+ Dividends received		1,649	1,437
Cash flow from investing activities b)		**-1,675,141**	**-1,604,222**
- Dividends distributed to non-controlling shareholders		-450	-346
+ Proceeds from issue of loans	25	315,807	2,448,436
- Redemption of loans		-43,886	-1,966,426
- Payment of finance lease receivables		0	-15
Cash flow from financing activities c)		**271,471**	**481,649**
Funds at the beginning of the period		-100,255	99,675
Change resulting from the basis of consolidation		-33	132
Change in funds resulting from cash flows (a+b+c)		-203,821	-200,061
Funds at the end of the period		**-304,108**	**-100,255**

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

Consolidated Statement of Changes in Shareholders’ Equity 2018

in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Revaluation of defined benefit plans	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
As of Jan 01, 2017	*500,000.0*	*538,884.2*	*-6,794.1*	*6,874.6*	*-5,769.5*	*234,899.6*	*1,268,094.8*	*542.1*	*1,268,636.9*
Net income						61,297.8	61,297.8	449.6	61,747.4
Other comprehensive income			8,190.1	-2,014.0	1,563.0		7,739.1		7,739.1
Comprehensive income			**8,190.1**	**-2,014.0**	**1,563.0**	**61,297.8**	**69,036.9**	**449.6**	**69,486.5**
Dividends distributed to non-controlling shareholders								-346.1	-346.1
As of Dec 31, 2017	**500,000.0**	**538,884.2**	**1,396.0**	**4,860.6**	**-4,206.5**	**296,197.4**	**1,337,131.7**	**645.6**	**1,337,777.3**

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

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

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

A. BASIS AND METHODS

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

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

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

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

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

It has the rights and obligations of a railway operator with respect to the planning and construction of new railway infrastructure projects.

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

1. Accounting principles

In accordance with Article 244 of the UGB [Austrian Commercial Code], ÖBB-Infrastruktur AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as of Dec 31, 2018 were prepared pursuant to Article 245a (1) of the Austrian Commercial Code (UGB) in conjunction with the "IFRS Regulation" in accordance with the International Financial Reporting Standards ("IFRS", "IAS") issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", "SIC"), which became effective and were endorsed by the European Union as of Dec 31, 2018 along with the additional requirements under Article 245a of the UGB. With these Consolidated Financial Statements according to IFRS, ÖBB-Infrastruktur AG issues exempting Consolidated Financial Statements pursuant to Article 245a UGB in accordance with internationally accepted accounting principles.

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

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 from Contracts with Customers - Clarifications	Jan 01, 2018	yes
IFRIC 22	Foreign Currency Transactions 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	Transfers of 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 is obtained by the customer. The determination of whether control is transferred over time or at a point in time requires judgment. IFRS 15 contains additional qualitative and quantitative disclosure obligations. The objective of these disclosures is to enable users of financial statements to understand the nature, amount, timing and the uncertainty of revenue and cash flows arising from contracts with customers.

The ÖBB-Infrastruktur Group initially applied IFRS 15 as of Jan 01, 2018 without restating comparative information in its financial statements (modified retrospective approach). Revenues mainly result from short term contracts with customers for which no variable considerations are agreed. The initial application of IFRS 15 does not result in any material changes to the consolidated financial statements. Contractual assets (construction contracts) are reported unchanged under trade receivables (Note 20) due to their insignificant amount. As of Jan 01, 2018, no cumulative effect from initial application of IFRS 15 had to be recognized. The additional disclosures on IFRS 15 are reported in Notes 3 and 4. These disclosure requirements of IFRS 15 are not applicable to comparative information in the notes when the modified retrospective approach is applied.

IFRS 9 contains provisions for the recognition, measurement and derecognition of financial instruments and for hedge accounting. It replaces the previous IAS 39 standard. In particular, the regulations regarding 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).

IFRS 9 was applied retrospectively except for the following instances:

- The Group utilized 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 the initial application of IFRS 9 are recognized in 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 assessment of the business model under which a financial asset is held was based on the facts and circumstances that existed at the time of the initial application.

- If an investment in a debt security had a low credit risk at the time that IFRS 9 was initially applied, the Group assumed that the credit risk of the asset has not increased significantly since its initial recognition.

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

- With the exception of the power derivatives designated as cash flow hedges 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 hedge accounting in accordance with IFRS 9 as of Jan 01, 2018, and are therefore considered to be ongoing hedge relationships.

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

The initial application of the classification provisions of IFRS 9 does not have any material impact on the ÖBB-Infrastruktur 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. Marketable securities previously reported as Available for Sale Financial Assets (AfS at Fair Value) are only debt instruments and will be allocated to the "hold to collect" business model, and are therefore carried at amortized cost since they solely contain payments from principal 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 at cost in accordance with IAS 39.46 (c) and will in the future be measured at fair value through profit or loss. Effects from the fair value measurement of 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. Financial assets associated with CBL transactions were previously measured either at amortized cost or at fair value through other comprehensive income 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-Infrastruktur Group has no financial liabilities for which the fair value option has been exercised, the initial application of IFRS 9 does not result in any changes to the accounting 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-Infrastruktur 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	13.9
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 general bad debt allowance as of Jan 01, 2018 from trade receivables	-0.2
Allowance as of Jan 01, 2018 in accordance with IFRS 9	**15.4**

The following table and accompanying disclosures present the original measurement category in accordance with IAS 39 and the new measurement category in accordance with IFRS 9 as of Jan 01, 2018 for each class of financial assets and financial liabilities created by the ÖBB-Infrastruktur Group.

The effects of the initial 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 marketable securities previously reported as Available for Sale Financial Assets, and now carried at amortized cost in accordance with IFRS 9. There was no deferred tax to be accounted for as the adjustments related to the tax-exempt area.

Measurement categories for financial assets in EUR million	Measurement categories in accordance with IAS 39	Measurement 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)	Available for Sale Financial Assets (AfS)	2.7	2.2 *)
	Loans and Receivables	At Amortized Cost	120.9	120.8
	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	47.4	47.3
Trade receivables	Loans and Receivables	At Amortized Cost	133.5	132.3
Cash and cash equivalents	Cash (Loans and Receivables)	At Amortized Cost (cash)	22.6	22.6
Total carrying amount per category			**425.1**	**419.0**

*) 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	Measurement categories in accordance with IAS 39	Measurement 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 Amortized Cost	At Amortized Cost	20,203.0	20,203.0
	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	4.2	4.2
Trade payables	At Amortized Cost	At Amortized Cost	464.3	464.3
Other liabilities	At Amortized Cost	At Amortized Cost	639.7	639.7
Total carrying amount per category			**21,325.4**	**21,325.4**

The following table reconciles the financial assets pursuant to IAS 39 with the carrying amounts under IFRS 9 as of the transition date 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	Reclassi-fications		Reclassifications - impairments	Reclassifications - other changes		Carrying amount as of Jan 01, 2018 in accordance with IFRS 9	
at amortized cost	324.4						387.6	
Financial assets non-current	109.6	69.5	a)	-0.1	-4.9	a)	174.1	
Other receivables and assets non-current	0.0						0.0	
Financial assets current	11.3			-0.0			11.3	
Trade receivables current	133.5			-1.2			132.3	
Other receivables and assets current	47.4			-0.1			47.3	
Cash and cash equivalents	22.6						22.6	
at available for sale	72.2						0.0	
Financial assets non-current	72.2	-72.2	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						2.2	
Financial assets non-current	0.0	2.1	e)		0.2	f)	2.2	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 category	**425.1**	**0.0**		**-1.4**	**-4.7**		**419.0**	

a) Marketable securities previously measured as Available for Sale (at fair value) are carried at amortized cost as of Jan 01, 2018, and the existing AfS reserve was reclassified to 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 cash flow hedges as of Dec 31, 2017 were terminated. This resulted in an increase in cash flow hedge derivatives of EUR 6.8 million.
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 remeasured 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).
There was no deferred tax to be accounted for as the adjustments related to the tax-exempt area.

A presentation of the entire Statement of Financial Position was waved as the adjustments resulting from IFRS 9 are not very extensive. The table above presents the effects for all items affected on the Statement of Financial Position. The table below 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	-1.4
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.

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	Amended 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 mainly 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 right-of-use asset 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, however, the provisions of the new standard are comparable with the previous provisions of IAS 17. IFRS 16 also includes regulations on sale-and-lease-back transactions and on the disclosures required in the Notes.

The Group will apply IFRS 16 from Jan 01, 2019 without adjusting the comparative amount of prior years and has formed a project team that has reviewed all of the Group's lease agreements in recent years with regard to the new IFRS 16 accounting requirements for leases. The standard will primarily affect the accounting of the Group's operating leases. As of the reporting date, the Group has annual lease obligations from operating leases in the amount of EUR 8.8 million, which are expected to result in the recognition of right-of-use assets and lease liabilities. The difference 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 right-of-use assets are recognized at the amount that would have resulted from retroactive application of the new regulations. Based on the consolidated financial statements as of Dec 31, 2018, it is expected that the non-current assets will increase by EUR 84.3 million and the liabilities will increase by EUR 88.8 million. The difference of EUR 4.4 million expected from today's perspective is recognized in the opening balance of shareholders' equity in the Statement of Financial Position as of Jan 01, 2019. EBIT will improve by EUR 0.8 million, whereas the financial result will deteriorate by EUR 0.7 million. Cash flow from operations increases and cash flow from financing activity will decline by EUR 8.0 million, as the principal payments of the lease liabilities are classified as cash flow from financing activities. The actual effects of the application of IFRS 16 may differ, as the Group has not yet completed tests and assessments of the controls of the new IT systems and the new accounting methods may be subject to change until the first consolidated financial statements are published after the date of initial application. In addition, the scope and level of detail of the Notes will increase.

No other standards that are not yet effective are expected to have a material impact on the 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.

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

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

Consolidation

Subsidiaries (capital consolidation)

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

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

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

Business combinations

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

When an entity is acquired, the 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.

Associated companies

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

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

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

Joint ventures

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

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

Elimination of intercompany accounts

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

Revenue and expense elimination

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

Unrealized profit elimination

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

Composition of and change in the basis of consolidation

In addition to ÖBB-Infrastruktur AG 14 (prior year: 16) subsidiaries are consolidated and three (prior year: two) associates or joint ventures (of which one is foreign; prior year: one) are accounted for using the equity method, resulting in a total of 18 (prior year: 19) companies. The companies included in the Consolidated Financial Statements are disclosed in Note 35.

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

Basis of consolidation	Consolidated	At equity method of accounting	Total
As of Jan 01, 2017	14	2	16
thereof foreign companies	*0*	*1*	*1*
Initial consolidation	3	0	3
As of Dec 31, 2017	**17**	**2**	**19**
thereof foreign companies	*0*	*1*	*1*
Initial consolidation	0	1	1
Change in basis of consolidation	-1	0	-1
Disposal	-1	0	-1
As of Dec 31, 2018	**15**	**3**	**18**
thereof foreign companies	*0*	*1*	*1*

In 2018, ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. was deconsolidated and ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG was wound up after all assets and liabilities as well as rights and obligations had been transferred to ÖBB-Infrastruktur AG. In addition the company Breitspur Planungsgesellschaft mbH was included in the consolidated financial statements for the first time as of Jan 01, 2018 using the equity method.

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 which are measured at fair value, as well as personnel-related provisions which are accounted for using the PUC method.

Property, plant and equipment and investment property

Property, plant and equipment and investment property are 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 overheads, the present value of obligations resulting from demolition, dismantling and removing the asset, restoration of sites, and borrowing costs directly attributable to qualifying assets. VAT charged by suppliers with a subsequent entitlement to input tax deduction is not included in cost.

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

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

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

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

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

Grants (investment grants) provided to the ÖBB-Infrastruktur Group are recognized in the Statement of Financial Position when it is certain that the grant will be received and all attached conditions will be complied with. Asset-related grants, in particular investment grants, are deducted directly from the cost of the related assets. The depreciation expenses less income from the amortization of these investment 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

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

Intangible assets with a definite useful life are recognized at acquisition 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 straight-line amortization in the 2018 financial year is based on the following useful lives:

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

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

Property, plant and equipment, intangible assets and property with finite useful lives held as financial investments are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The impairment test is performed for all items of property, plant and equipment, and intangible assets. In accordance with the provisions of IAS 36 "Impairment of Assets", an impairment loss is 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-Infrastruktur Group determines the value in use as it can be assumed that the value in use is above the fair value less cost to sell.

If changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount, the value in use is calculated in the context of the impairment test. The value in use is determined by estimating the future cash flows of the cash-generating units based on the business plans that were derived from past results and the best estimates of the Board of Management of future developments. The growth rates assumed in the business plans (budget 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 non-current weighted average growth rate for the industry and the country in which the cash-generating unit operates.

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

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

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 Austrian Federal Railways Act. It is the understanding of the contractual parties that the objective of the subsidy agreements, irrespective of their respective terms, is to permanently guarantee the value of the assets of the ÖBB-Infrastruktur AG sub-group used for the tasks pursuant to Article 31 of the Austrian Federal Railways Act, which also conforms to the official task according to the Austrian Federal Railways Act."

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

Impairment of investments in associated companies and joint ventures

Subsequent to the adjustment to the carrying amount of the investment accounted for using the equity method of accounting, according to IAS 28.40 and IFRS 11 a review is required at each reporting date regarding whether there is any objective indication of an impairment of the carrying amount. If indicators are identified, the recoverable amount of the investment must be determined in accordance with IAS 36. If there is an impairment loss, the investment must be written down accordingly. Reference is made to the previous paragraph regarding 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. The non-current assets are only reclassified as Assets held for Sale if there is a corresponding resolution from the Supervisory Board, and the sale can also be expected within 12 months.

Inventories

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

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

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

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

Financial instruments

General information

Assessment and derecognition

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

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

A financial liability may only be derecognized when it has been extinguished, i.e., when the contractual obligation has been settled or canceled or has expired. Purchases and sales of financial assets are recognized at the settlement date (date of fulfillment). Derivative financial instruments are recognized at the date of conclusion (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-Infrastruktur 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 that are debt instruments depends on the company's business model for managing financial assets and contractual cash flows. The ÖBB-Infrastruktur Group only reclassifies debt instruments if the business model for managing these types of assets changes. Currently ÖBB-Infrastruktur Group does not hold debt instruments at fair value through other comprehensive income and therefore does not provide any related disclosure.

Debt instruments measured at 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 collect contractual cash flows from the assets.
- The terms and conditions for the financial asset result, at stipulated points in time, in cash flows that relate solely to payments for principle and interest.

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

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

Cash and cash equivalents

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

Trade receivables

Trade receivables are recognized from the time at which they occur. Every unconditional claim for receipt of the transaction price is recognized 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 at fair value through profit or loss.

Debt instruments measured at fair value through profit or loss

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

Derivatives

Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognized in profit or loss or in other comprehensive income, depending on whether the derivative instrument is used to hedge the fair value of an item 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 risks 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 in other comprehensive income in equity (cash flow hedge reserve). The effects stated in the cash flow hedge reserve are recognized in profit and loss when the hedged item is recognized in profit and loss. Changes in the fair value of the ineffective portion of the hedge and changes in the fair value of derivative financial instruments not classified as a hedge are recognized in profit or loss immediately. Hedge accounting is applied in the ÖBB-Infrastruktur Group. See Note 29.2. on 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 assessed the credit risk associated with debt instruments that are measured at amortized cost or at fair value through other comprehensive income also considering forecast of future economic conditions. The credit risk 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 credit risk.

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 applied to all financial instruments with the exception of trade receivables.

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

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

Stage 3: expected credit losses over the entire term – impaired creditworthiness
If there is objective evidence that a financial asset is impaired, the financial asset is transferred to Stage 3. If the contractual payments have been overdue for more than 90 days, then there is a rebuttable presumption of an objective evidence 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 of its credit risk is based on an assessment ot the probability of default carried out at least once a year, which take into account both external rating information as well as internal information on the credit quality of the financial asset.

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

Irrespective of the above analysis, there is a significant increase in credit risk if settlement of the contractual cash flows is more than 30 days past due. A default 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

The credit risk of debt instruments is considered to be low if that instrument has an investment grade rating. If so 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-Infrastruktur Group considers this to be applicable if the debt instruments has a rating of BBB- or higher at Standard & Poor’s.

Trade receivables

Simplified impairment model

The ÖBB-Infrastruktur Group applies the simplified approach to trade recaivables which is mandatory in accordance with IFRS 9. Accordingly, life time expected credit losses are estimated at initial recognition of the receivables. Under the simplified impairment model, a loss allowance 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 to Level 2 on initial recognition and transferred to Level 3 if there is objective loss evidence. The simplified procedure shall be applied to trade receivables or assets within the scope of IFRS 15 that do not contain a significant financing component.

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

Accounting policies applied until Dec 31, 2017 (IAS 39)

Classification and measurement of financial assets

Until Dec 31, 2017, the ÖBB-Infrastruktur 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 that are not traded in an active market and are not held for sale. After initial recognition, financial assets were carried at amortized cost using the effective interest method.

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-Infrastruktur 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-Infrastruktur 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 or the acquisition costs. These assets were impaired if the investment generated losses over an extended period or if there were 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 were 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 Income Statement.

Derivative financial instruments were used by ÖBB-Infrastruktur AG for the purpose of hedging its exposure to interest rate risks resulting from financial transactions and fluctuations in the market value of power purchases. All derivative financial instruments were recognized either as assets or liabilities in the Statement of Financial Position and measured at their fair value in accordance with IAS 39. Changes in the fair value of derivative financial instruments designated as hedging instruments in accordance with IAS 39 were recognized through profit or loss in the 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 that examined whether the carrying amount or acquisition costs 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 net income in the period in which they occurred as other financial expense.

If there was an indication that an impairment loss no longer exists, then the ÖBB-Infrastruktur 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-Infrastruktur Group's estimated current interest rate at which comparable financial instruments may be concluded. Existing credit risk is considered when determining the fair values. This fair value is allocated to Stage 2 of the fair value hierarchy.

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

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

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 in the obligation. If a provision is measured based on estimated cash flows for the fulfillment of the obligation, such cash flows are discounted if the interest effect is material.

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

Leases

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

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

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

Employee benefit commitments

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

All other obligations (severance payments for employees whose employment began before Jan 01, 2003 and anniversary bonuses) result from unfunded defined benefit plans for which adequate provisions are recognized. The ÖBB-Infrastruktur Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19 "Employee Benefits". The remeasurement of net defined benefit obligations contains only actuarial gains or losses. The defined benefit obligations are measured in accordance with actuarial principles and are based on an objective estimate of the discounting factor and compensation increases along with turnover. According to this method, the Group 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 acquisition cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Provisions for disposal, restoration and similar liabilities are measured in accordance with the regulations of IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets"). The effects of changes in the measurement of existing provisions for disposal, restoration and similar liabilities are accounted for in accordance with IFRIC 1 ("Changes in Existing Decommissioning, Restoration and Similar Liabilities"). The provisions require that any increase of such a liability that reflects the passage of time shall be 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 must be added to or deducted from the acquisition cost of the relevant asset in the current period. The amount deducted from the acquisition cost of the asset may not exceed its carrying amount.

Contract assets and liabilities (from Jan 01, 2018)

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

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

Revenue recognition

From Jan 01, 2018 the ÖBB-Infrastruktur Group recognizes revenue when it fulfills its performance obligation by transferring promised goods or services to a customer. A good or service is considered to be transferred when the customer obtains control.

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 current reporting year, the ÖBB-Infrastruktur Group did not identify any contracts in which the period between the transfer of the promised good or service to the customer and the payment by the customer exceeds one year, with the exception of one immaterial transaction. Accordingly, the promised consideration is not adjusted for the time value of money.

If costs to obtain or fulfill a contract with as customer occur, and the contract term is more than one year, they are capitalized. The ÖBB-Infrastruktur Group has not identified any such contracts for which the contract term exceeds one year and for which such contract costs have been incurred and which have not already been capitalized in accordance with IAS 16. Accordingly, no contract costs to obtain or fulfill a contract were capitalized.

Description of the most important revenue items from contracts with customers

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 Austrian Federal Railways Act

Article 42 (1) of the Austrian 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 Austrian 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 Austrian 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 Austrian 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 Austrian 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 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 Austrian Federal Railways Act

In addition to the federal subsidies pursuant to Article 42 (1) of the Austrian 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 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 Group's rail infrastructure. The contracts between the ÖBB-Infrastruktur Group and the individual RUs are concluded through the respective orders of the individual RUs. The basis for these orders is the respective product catalogues of the individual services. The ÖBB-Infrastruktur Group offers product catalogues for the respective timetable period for the following services: facilities, stations, shunting and train paths, train travel and other services. These include the respective prices per service as well as any surcharges or discounts. The product prices consist of an ordered basic fee and any surcharges or discounts and are all included in the respective product catalogues. These are fixed prices without granting discounts for any bonus payments.

The basic provisions for calculating and determining 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 remuneration charge. These services are structured into a minimum access package, services, additional services and ancillary services. The minimum access package contains the main set of services without which orderly access to the railway infrastructure would not be possible.

The track access charges 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 simultaneously receives and consumes the benefits provided by the company's performance as the company performs.

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

Energy

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

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

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

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

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

Rental revenues

Rental revenue relate to the rental and leasing of real estate and cars. These are fixed-price contracts and revenue is recognized in the 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 development projects

Real estate development projects relate to real estate which is no longer used in operations and is now under development for later sale. These are former railway station and system facilities which were used for continuous operations. They consist of major projects, such as the land of the former 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 the transaction price is due when the legal title has been transferred. In rare cases, deferred payments may be agreed, but generally not exceeding a period of 12 months. Therefore, no significant financing component is included in the transaction price.

Other revenue

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

Accounting policy applied until Dec 31, 2017

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-Infrastruktur Group.

Expense-related and asset-related grants

The ÖBB-Infrastruktur Group recognizes grants that compensate expenses in profit or loss in the period when the compensated expenses are recognized and upon fulfillment of the conditions attaching to the grant. Regarding the particular features of the grants for financing of the infrastructure see Note 32. The government grant under Article 42(2) of the Austrian Federal Railways Act for expansion and reinvestment (annuity grant) is a grant for the expansion of the railway infrastructure, with the result that the ÖBB-Infrastruktur Group recognizes this subsidy in other operating income. Such subsidies are not deducted from the subsidized expenses in the income statement.

IAS 20.24 provides that grants for assets, i.e. grants linked to the main condition that an entity purchases, manufactures or otherwise acquires non-current assets in order to qualify for the grant, may be presented gross (by recognizing a deferred liability) or net (the grant is deducted from the carrying amount of the asset). Such subsidies are not deducted from 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. For further information see Note 14.

Research and development costs

In accordance with IAS 38 (Intangible Assets), research costs refer to original and planned research performed to gain new scientific or technical knowledge and understanding, and they are recognized as expenses in the period in which they were incurred. Development costs are defined as costs incurred for using research findings to achieve technical and commercial feasibility. If development costs cannot be separated from research costs, the development costs are 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 Austrian Federal Railways Act as amended by BGBl. No. 95/2009, ÖBB-Infrastruktur AG has been exempt from federal taxes as of 2005, except for sales tax, from federal administration fees and from court charges and juridical administration fees to the extent that such taxes and duties result from the execution of the respective tasks of ÖBB-Infrastruktur AG under the Austrian Federal Railways Act (partial tax exemption).

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

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

Deferred taxes

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

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

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

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

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

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

Use of estimates and judgment

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

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

a. Employee benefit plans

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

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

The estimated useful lives are determined according to the facts and circumstances assuming ordinary maintenance costs. Actual use may differ from these estimates. According to a sensitivity analysis, a change in the useful life (remaining useful life) of +/- 1 year would increase the depreciation by EUR 87.0 million (prior year: EUR 86.4 million) or decrease it by EUR 73.6 million (prior year: EUR 70.0 million), respectively. Useful lives are reviewed annually or as required to ensure they are reasonable. The adequacy of the useful lives is 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.

c. Provisions

Provisions are measured according to the best estimate, i.e., the amount that the entity would have to pay, under reasonable consideration, to settle or transfer the obligation to a third party as of the reporting date. No changes in 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 obligations was based on the assumption that the ÖBB-Infrastruktur Group will continue to exist 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 charges 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 amounts charged to date, resulting in a reimbursement obligation for ÖBB-Infrastruktur AG (an additional claim for fees is also conceivable, but disputable under the law). These risks were 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.

For the amount provided for, see Note 26.2.

d. Deferred taxes

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

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

e. Financial obligations

Various proceedings, lawsuits and other claims against or by ÖBB-Infrastruktur AG and its subsidiaries are pending in the ordinary course of business. These issues are subject to a large number of uncertainties, and the outcome of the negotiations or processes cannot be predicted with certainty. Consequently, as of Dec 31, 2018, the Board of Management is unable to determine the total amount of financial liabilities or claims, or their impact on the ÖBB-Infrastruktur Group's financial position with final certainty. These procedures could materially affect the results when they are finalized. However, the Board of Management believes that after final settlement of such cases, the impacts will not significantly exceed the provisions recognized, and therefore will not have any material consequences on the Consolidated Financial Statements.

Distinction of maturities

Deferred taxes are to be reported as non-current in accordance with IAS 12. The short-term portion is therefore correspondingly disclosed in the Notes (Note 13). Real estate development projects are 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). Where trade receivables and trade payables are non-current, they are included in current items in accordance with IAS 1 "Presentation of Financial Statements" and are disclosed in Note 20 and Note 27.

Offsetting

The carrying amount of disposals and proceeds from the disposal of property, plant and equipment, and intangible assets as well as swap interest with the original interest expenses are offset (Note 29.3). In addition, income from the structuring and profiling of electricity purchases and from balancing energy amounting to EUR 92.9 million (prior 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 customers, suppliers, or creditors whose sudden default might significantly affect business operations existed. Furthermore, there is no concentration of labor services, providers of other services, franchising or licensing rights or other rights that the ÖBB-Infrastruktur Group is dependent on and that could, if suddenly eliminated, severely affect business operations. The ÖBB-Infrastruktur Group invests cash and cash equivalents with various banks with good credit ratings and with ÖBB-Finanzierungsservice GmbH. For information to the financing and subsidies granted by the Republic of Austria as well as subsidy agreements and dependence on the other ÖBB Group companies, see Note 32.

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

4. Revenue

	2018 in EUR million	2017 in EUR million
Government grant pursuant to Article 42 Austrian Federal Railways Act for infrastructure operation	1,055.5	1,064.8
Infrastructure usage charge	535.0	530.1
Energy supply and grid usage charge	181.7	174.7
Revenue from rent	148.5	142.2
Revenue from real estate development projects	50.7	63.4
Other revenue	133.4	126.2
Total	**2,104.8**	**2,101.4**
thereof from affiliated companies	*742.9*	*732.5*

The government grant pursuant to Article 42 of the Austrian Federal Railways Act is granted for the provision, operation and maintenance of the railway infrastructure and for the fulfillment of the statutory tasks insofar as the revenues that can be achieved by the users of the railway infrastructure do not cover the expenses incurred with economical and efficient management. Further information on the grant contract is provided in Note 32.

The infrastructure usage charge is paid primarily by other companies of the ÖBB Group for the provision of rail infrastructure. Revenues from "energy deliveries and grid usage fees" include grid usage fees of EUR 93.6 million (prior year: EUR 89.6 million).

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

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

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

	Revenue according to IFRS 15	Term of the contract		Date of transfer of services		Sales channels	
in EUR million	Total	Current	Non-current	Time-related	Period-related	Direct sales	Inter-mediary
Revenue							
Government grant pursuant to Article 42 Austrian Federal Railways Act for infrastructure operation	1,055.5	1,055.5	0.0	0.0	1,055.5	1,055.5	0.0
Infrastructure usage charge	535.0	535.0	0.0	0.0	535.0	535.0	0.0
Energy supply and grid usage charge	181.3	181.3	0.0	0.0	181.3	181.3	0.0
Revenue from real estate development projects	50.7	50.7	0.0	50.7	0.0	50.7	0.0
Other revenue	133.4	133.4	0.0	32.7	100.7	133.4	0.0
Total	**1,955.9**	**1,955.9**	**0.0**	**83.4**	**1,872.5**	**1,955.9**	**0.0**

Revenues from energy for EUR 0.4 million as well as the rental income are not disclosed as these are excluded from IFRS 15. For the composition of revenue according to geographic aspects, see Note 33 (segment reporting).

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

5. Other own work 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 capitalized own work relates mainly to the construction or expansion of the railway infrastructure. Of the total amount 56% (prior year: 58%), relate to personnel expenses, 27% (prior year: 26%) to cost of materials and 17% (prior year: 16%) to other expense.

6. Other operating income

	2018 in EUR million	2017 in EUR million
Grant from the Federal Government pursuant to Article 42 Austrian Federal Railways Act for infrastructure	821.7	753.3
Gain from the disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	51.5	33.9
Miscellaneous other operating income	20.1	18.4
Total	**893.3**	**805.6**
thereof from affiliated companies	*0.1*	*0.4*

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

7. Cost of materials and purchased services

	2018 in EUR million	2017 in EUR million
Cost of materials	85.2	76.9
Purchased services	329.2	334.9
thereof maintenance expenses	*265.2*	*290.1*
Total	**414.4**	**411.8**
thereof from affiliated companies	*92.7*	*80.2*

Cost of materials include EUR 59.1 million (prior year: EUR 50.9 million) for the external procurement of traction power and the purchase of power for resale to third parties. The production cost of sold real estate recovery projects, which is recognized as an expense, amounted to EUR 9.1 million (prior year: EUR 4.5 million).

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

8. Personnel expenses and employees

	2018 in EUR million	2017 in EUR million
Wages and salaries	930.1	880.8
Statutory social security contributions	236.7	229.9
Pension costs	9.4	9.2
Expenses for severance payments	6.6	6.4
Total	**1,182.8**	**1,126.3**

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

The employee structure is composed as follows:

			Change		Average	
Number of employees (headcount)	Dec 31, 2018	Dec 31, 2017	Reporting date	in %	2018	2017
Employees	3,965	3,703	262	7%	3,836	3,559
Workers	2,414	2,023	391	19%	2,209	1,940
Tenured employees	10,411	10,925	-514	-5%	10,676	11,116
Total (excl. apprentices)	**16,790**	**16,651**	**139**	**1%**	**16,721**	**16,615**
Apprentices	1,525	1,521	4	0%	1,416	1,360
Total (incl. apprentices)	**18,315**	**18,172**	**143**	**1%**	**18,137**	**17,975**

Number of employees (FTE)	Dec 31, 2018	Dec 31, 2017	Change Reporting date	in %	Average 2018	2017
Employees	3,881.5	3,619.7	261.8	7%	3,752.3	3,483.8
Workers	2,408.5	2,019.7	388.8	19%	2,204.5	1,935.8
Tenured employees	10,145.2	10,753.1	-607.9	-6%	10,453.5	10,964.4
Total (excl. apprentices)	**16,435.2**	**16,392.5**	**42.7**	**0%**	**16,410.3**	**16,384.0**
Apprentices	1,525.0	1,521.0	4.0	0%	1,416.1	1,360.0
Total (incl. apprentices)	**17,960.2**	**17,913.5**	**46.7**	**0%**	**17,826.4**	**17,744.0**

9. Depreciation and amortization

	2018 in EUR million	2017 in EUR million
Depreciation on property, plant and equipment	893.2	871.7
Amortization of intangible assets	40.2	40.4
Depreciation on investment property	3.8	3.9
less amortization of investment grants	-160.5	-164.4
Total depreciation and amortization	**776.7**	**751.6**

10. Other operating expenses and impairment losses from trade receivables

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

	2018 in EUR million	2017 in EUR million
Operating costs (incl. IT)	85.9	84.8
Office requirements	47.6	46.4
Non-income taxes	40.8	42.2
Holding levy	19.1	17.7
Travel costs	18.3	18.1
Loss on disposal of property, plant and equipment and intangible assets	12.4	13.7
Training and continuing education	7.1	7.3
Miscellaneous	93.6	81.9
Total other operating expenses	**324.8**	**312.1**
Impairment losses on trade receivables	2.1	4.2
Total	**326.9**	**316.3**
thereof from affiliated companies	*133.4*	*130.4*

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

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

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

	2018 in kEUR	2017 in kEUR
Annual financial statements and consolidated annual financial statements audit	307	306
Other services	19	20
Total	**326**	**326**

The annual and Consolidated Financial Statements were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in both financial years. In addition to the audit of the financial statements, the following other services were rendered for the Group: Preparation of an expert opinion in accordance with Article 26 of the Corporate Reorganization Act (URG) for ÖBB-Infrastruktur Aktiengesellschaft and Güterterminal Werndorf Projekt GmbH, traction power labeling (review of processes), and in the 2017 financial year the confirmation of use of funds with guarantees of the federal government for ÖBB-Infrastruktur Aktiengesellschaft and Rail Equipment GmbH & Co KG.

11. Interest income and interest expense

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

Interest income/expenses	2018 in EUR million	2017 in EUR million
Interest income	9.8	18.2
thereof from affiliated companies	*0.0*	*1.9*
Interest expenses	-565.7	-575.2
thereof from affiliated companies	*-0.3*	*-2.1*
Total	**-555.8**	**-557.0**
thereof from affiliated companies	*-0.3*	*-0.2*

The interest received from swap agreements in the amount of EUR 0.1 million (prior 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 more relevant information on the financial position.

Interest income mainly relates to income from securities and other investments in connection with cross-border leasing transactions. Interest income relates to affiliated companies results largely from interest on receivables from subleases in the 2017 financial year. The interest income is recognized in accordance with the effective interest method.

Interest expenses amount to EUR 658.2 million (prior year: EUR 653.6 million) before capitalizing borrowing costs. Interest expenses relate to bonds at EUR 489.6 million (prior year: EUR 490.5 million), to liabilities to banks at EUR 113.6 million (prior year: EUR 111.9 million), and to the Austrian Treasury (OeBFA) at EUR 18.7 million (prior year: EUR 8.7 million). Interest expense is also incurred for EUROFIMA loans and other borrowings and interest-related expenses. Of the total interest expenses, borrowing cost of EUR 92.5 million (prior year: EUR 78.4 million) were capitalized on the construction or production of qualifying assets in accordance with IAS 23 (see Note 14).

Expenses for guarantees amounted to EUR 18.7 million (prior year: EUR 18.5 million). Other interest expenses include interest payments and deferrals from cross-border leasing transactions of EUR 4.3 million (prior year: EUR 9.9 million).

12. Other financial result

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

Other financial result	2018 in EUR million	2017 in EUR million
Other financial income	10.8	44.1
thereof from measurement/foreign currency translation differences	*6.6*	*35.6*
thereof from affiliated companies	*0.1*	*0.0*
Other financial expenses	-13.1	-37.1
thereof from measurement/foreign currency translation differences	*-6.7*	*-34.3*
thereof from affiliated companies	*-0.8*	*-1.2*
Total	**-2.3**	**7.0**

Other financial income includes, in addition to foreign exchange rate differences, in particular measurement gains from derivatives and recharges of expenses incurred with cross-border leasing transactions to affiliated companies as well as income from the measurement of power derivatives held for trading purposes.

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

13. Income taxes

Tax expense/tax income

The Income taxes item comprises the following:

	2018 in EUR million	2017 in EUR million
Expense/benefit from tax allocation (group taxation)	-0.4	-0.5
Deferred tax expense/benefit	19.5	15.1
Income taxes	**19.1**	**14.6**

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

The deferred taxes developed as follows:

	2018 in EUR million	2017 in EUR million
Deferred tax assets	43.8	30.4
Recognized amounts as of Jan 01	**43.8**	**30.4**
Change in deferred taxes		
Recognized in other comprehensive income	*-8.8*	*-1.7*
recognized in profit or loss	*19.5*	*15.1*
Recognized amounts as of Dec 31	**54.5**	**43.8**
thereof deferred tax assets	*54.5*	*43.8*
thereof deferred tax liabilities	*0.0*	*0.0*

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

Due to the underlying valuation differences between the carrying amounts in the IFRS consolidated financial statements and the relevant tax bases in the amount of EUR 39.0 million (prior year: EUR 35.3 million), deferred taxes should be viewed as non-current. The current deferred taxes mainly relate to inventories at EUR 14.3 million (prior year: EUR 4.6 million), power derivatives at EUR -10.7 million (prior year: EUR -4.9 million), and the deferred taxes on loss carryforwards at EUR 11.9 million (prior year: EUR 8.8 million), which can probably be utilized in the financial year 2019.

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

	2018 in EUR million	2017 in EUR million
Income before income tax according to IFRS	45.3	47.1
Adjustment of tax-exempt portion pursuant to Article 50 (2) Austrian Federal Railways Act	71.3	68.0
IFRS result for the year - taxable portion	**116.6**	**115.1**
Group tax rate	*25%*	*25%*
Expected expense (-) or benefit (+) from taxes in the financial year	-29.2	-28.8
Investment income	2.1	2.4
Effects of changes of recognition	46.1	41.0
Non-deductible operating expenses and other additions	0.0 *)	0.0 *)
Accounted income taxes	**19.1**	**14.6**
Effective corporate tax rate	**-16.4%**	**-12.7%**

*) Small amounts

The effective corporate income tax rate of -16.4% (prior year -12.7%), which differs substantially from the statutory corporate income tax rate of 25%, results mainly from recognition adjustments to deferred taxes from loss carryforwards and other deferred tax assets.

Deferred tax assets and deferred tax liabilities as of Dec 31, 2018 are the result of temporary valuation differences between the carrying amounts in the consolidated financial statements and the relevant tax bases and tax loss carryforwards. Changes in recognition of deferred taxes were necessary as the future tax results, which justify the recognition of deferred tax assets, were reassessed.

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

	Deferred tax assets Dec 31, 2018 in EUR million	Deferred tax liabilities Dec 31, 2018 in EUR million	Deferred tax assets Dec 31, 2017 in EUR million	Deferred tax liabilities Dec 31, 2017 in EUR million
Assets				
Property, plant and equipment	4.1	-1.3	4.6	-1.4
Investment property	5.8	-0.7	5.5	0.0
Financial assets	0.2	-17.1	0.2	-7.0
Inventories	14.3	0.0	4.6	0.0
	24.4	**-19.1**	**14.9**	**-8.4**
Liabilities				
Provisions	0.3	-2.5	0.3	-0.7
Other financial liabilities	4.2	0.0	1.7	0.0
	4.5	**-2.5**	**2.0**	**-0.7**
Tax losses carried forward	47.2	0.0	36.0	0.0
Deferred tax assets or deferred tax liabilities	**76.1**	**-21.6**	**52.9**	**-9.1**
Offsetting	-21.6	21.6	-9.1	9.1
Net deferred tax assets or deferred tax liabilities	**54.5**	**0.0**	**43.8**	**0.0**

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

Based on prior periods taxable income and the taxable income forecasts of future years in which tax claims can be utilized, the Board of Management believes that it is probable that tax benefits from the deferred tax claims will be realized in the amount of EUR 54.5 million (prior year: EUR 43.8 million). The temporary differences in the items property, plant and equipment and investment property result mainly from the different depreciation/amortization start dates (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 in the inventories are the result of differing acquisition costs for tax purposes. The temporary differences from the financial assets and liabilities arise due to the different measurement of power derivatives under IFRS (fair value measurement) and tax law (provision for onerous contracts).

Tax loss carryforwards stem from Austrian companies and may be carried forward without restriction. Annual usage of losses carried forward is limited to 75% of the respective taxable income in Austria, however, EUR 2,306.5 million (prior year: EUR 2,353.5 million) result from pre-tax group losses of ÖBB-Infrastruktur AG and can therefore be utilized in their entirety against taxable income generated in future periods. The change results from the assessments of income taxes in the financial year and the tax results originally taken into account.

No deferred taxes are recognized for tax loss carryforwards of EUR 2,123.7 million (prior year: EUR 2,215.8 million), as their realization is not certain for the foreseeable future.

The deferred tax liabilities not recognized for temporary differences on interest in associated companies and subsidiaries amount to EUR 3.0 million (prior year: EUR 3.1 million).

14. Property, plant and equipment

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

in EUR million	Land and buildings	Automo-biles and trucks	Technical equipment and machinery	Technical equipment and machinery leased	Other plant, furniture and fixtures	Assets under construc-tion and prepay-ments	Total
Cost 2018							
Cost as of Jan 01, 2018	*27,360.8*	*395.1*	*9,530.3*	*1.5*	*155.0*	*3,564.8*	*41,007.5*
Additions	25.2	0.0	1.8	0.0	6.9	1,816.1	1,850.0
Disposals	-138.8	-16.8	-41.8	0.0	-3.0	-2.9	-203.3
Transfers	742.0	28.4	350.7	-1.5	2.1	-1,121.8	-0.1
Cost as of Dec 31, 2018	**27,989.2**	**406.7**	**9,841.0**	**0.0**	**161.0**	**4,256.2**	**42,654.1**
Accumulated depreciation and amortization as of Jan 01, 2018	*-8,707.1*	*-250.5*	*-5,233.3*	*-1.5*	*-126.9*	*0.0*	*-14,319.3*
Depreciation and amortization	-530.3	-30.9	-319.9	0.0	-12.1	0.0	-893.2
Disposals	115.1	14.0	39.7	0.0	3.0	0.0	171.8
Transfers	0.0	0.0	-3.7	1.5	2.2	0.0	0.0
Accumulated depreciation and amortization as of Dec 31, 2018	**-9,122.3**	**-267.4**	**-5,517.2**	**0.0**	**-133.8**	**0.0**	**-15,040.7**
Carrying amounts before investment grants as of Jan 01, 2018	**18,653.7**	**144.6**	**4,297.0**	**0.0**	**28.1**	**3,564.8**	**26,688.2**
Carrying amounts before investment grants as of Dec 31, 2018	**18,866.9**	**139.3**	**4,323.8**	**0.0**	**27.2**	**4,256.2**	**27,613.4**
Investment grants 2018							
As of Jan 01, 2018	*-9,653.9*	*-5.0*	*-2,953.4*	*0.0*	*-4.7*	*-505.4*	*-13,122.4*
Additions	-31.8	0.0	-11.7	0.0	-0.1	-123.7	-167.3
Disposals	75.8	0.0	12.0	0.0	0.0	0.1	87.9
Transfers	-27.3	0.0	-11.8	0.0	0.0	39.0	-0.1
As of Dec 31, 2018	**-9,637.2**	**-5.0**	**-2,964.9**	**0.0**	**-4.8**	**-590.0**	**-13,201.9**
Accumulated depreciation and amortization as of Jan 01, 2018	*5,584.6*	*4.8*	*2,455.2*	*0.0*	*4.1*	*0.0*	*8,048.7*
Depreciation and amortization	111.0	0.1	42.7	0.0	0.1	0.0	153.9
Disposals	-65.1	0.0	-11.7	0.0	0.0	0.0	-76.8
Accumulated depreciation and amortization as of Dec 31, 2018	**5,630.5**	**4.9**	**2,486.2**	**0.0**	**4.2**	**0.0**	**8,125.9**
Investment grants as of Jan 01, 2018	**-4,069.3**	**-0.2**	**-498.2**	**0.0**	**-0.6**	**-505.4**	**-5,073.7**
Investment grants as of Dec 31, 2018	**-4,006.7**	**-0.1**	**-478.7**	**0.0**	**-0.6**	**-590.0**	**-5,076.0**
Carrying amounts after investment grants as of Jan 01, 2018	**14,584.4**	**144.5**	**3,798.8**	**0.0**	**27.4**	**3,059.4**	**21,614.5**
Carrying amounts after investment grants as of Dec 31, 2018	**14,860.2**	**139.2**	**3,845.1**	**0.0**	**26.6**	**3,666.2**	**22,537.4**

in EUR million	Land and buildings	Automobiles and trucks	Technical equipment and machinery	Technical equipment and machinery leased	Other plant, furniture and fixtures	Assets under construction and prepayments	Total
Cost 2017							
Cost as of Jan 01, 2017	*26,401.1*	*386.8*	*9,198.9*	*1.5*	*151.6*	*3,283.1*	*39,423.0*
Additions	25.7	0.2	1.5	0.0	6.7	1,695.3	1,729.4
Disposals	-63.2	-22.9	-47.8	0.0	-6.2	-4.1	-144.2
Transfers	997.2	31.0	377.7	0.0	2.9	-1,409.5	-0.7
Cost as of Dec 31, 2018	**27,360.8**	**395.1**	**9,530.3**	**1.5**	**155.0**	**3,564.8**	**41,007.5**
Accumulated depreciation and amortization as of Jan 01, 2017	*-8,238.1*	*-239.0*	*-4,966.7*	*-1.3*	*-118.6*	*0.0*	*-13,563.7*
Depreciation and amortization	-516.8	-30.5	-309.7	-0.2	-14.5	0.0	-871.7
Disposals	47.8	19.0	43.1	0.0	6.2	0.0	116.1
Accumulated depreciation and amortization as of Dec 31, 2017	**-8,707.1**	**-250.5**	**-5,233.3**	**-1.5**	**-126.9**	**0.0**	**-14,319.3**
Carrying amounts before investment grants as of Dec 31, 2018	**18,163.0**	**147.8**	**4,232.2**	**0.2**	**33.0**	**3,283.1**	**25,859.3**
Carrying amounts before investment grants as of Dec 31, 2017	**18,653.7**	**144.6**	**4,297.0**	**0.0**	**28.1**	**3,564.8**	**26,688.2**
Investment grants 2017							
As of Jan 01, 2017	*-9,597.9*	*-7.3*	*-2,950.5*	*0.0*	*-4.4*	*-466.1*	*-13,026.2*
Additions	-32.8	0.0	-13.1	0.0	0.0	-120.3	-166.2
Disposals	49.3	2.3	18.5	0.0	-0.3	0.0	69.8
Transfers	-72.5	0.0	-8.3	0.0	0.0	81.0	0.2
As of Dec 31, 2017	**-9,653.9**	**-5.0**	**-2,953.4**	**0.0**	**-4.7**	**-505.4**	**-13,122.4**
Accumulated depreciation and amortization as of Jan 01, 2017	*5,514.5*	*7.1*	*2,427.0*	*0.0*	*3.7*	*0.0*	*7,952.3*
Depreciation and amortization	111.7	0.0	45.6	0.0	0.1	0.0	157.4
Disposals	-41.6	-2.3	-17.4	0.0	0.3	0.0	-61.0
Accumulated depreciation and amortization as of Dec 31, 2017	**5,584.6**	**4.8**	**2,455.2**	**0.0**	**4.1**	**0.0**	**8,048.7**
Investment grants as of Jan 01, 2017	**-4,083.4**	**-0.2**	**-523.5**	**0.0**	**-0.7**	**-466.1**	**-5,073.9**
Investment grants as of Dec 31, 2017	**-4,069.3**	**-0.2**	**-498.2**	**0.0**	**-0.6**	**-505.4**	**-5,073.7**
Carrying amounts after investment grants as of Jan 01, 2017	**14,079.6**	**147.6**	**3,708.7**	**0.2**	**32.3**	**2,817.0**	**20,785.4**
Carrying amounts after investment grants as of Dec 31, 2017	**14,584.4**	**144.5**	**3,798.8**	**0.0**	**27.4**	**3,059.4**	**21,614.5**

The ÖBB-Infrastruktur Group receives non-refundable investment grants for property, plant and equipment that are deducted from the cost. The depreciation of subsidized assets and the amortization of grants are recognized in profit or loss under “depreciation and amortization”.

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

In 2018, the ÖBB-Infrastruktur Group capitalized borrowing costs on the production cost of qualifying assets amounting to EUR 92.5 million (prior year: EUR 78.4 million) in accordance with IAS 23. The interest rate for borrowed capital was 3.2%, (prior year: 3.2%). Of the federal subsidies, the amount of EUR 91.1 million (prior year: EUR 77.6 million) was recognized as an investment grant for capitalized interest.

Assets under construction amounted to EUR 3,662.9 million (prior year: EUR 3,057.7 million).

As of Dec 31, 2018, the contractual obligations for the purchase of property, plant and equipment (purchase commitments) amounted to EUR 1,517.8 million (prior year: EUR 1,785.3 million).

Automobiles and trucks amounting to EUR 46.2 million (prior year: EUR 49.0 million) serve as collateral for EUROFIMA loans.

Losses were incurred from disposals of property, plant and equipment of EUR 12.4 million (prior year: EUR 13.7 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, the disposal of planning systems, and assignments to the public sector. Compensation contributions were received in the amount of EUR 1.8 million (prior year: EUR 0.4 million).

Investment grants

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

	Dec 31, 2018 in EUR million	31.12.2017 in EUR million
Republic of Austria	3,049.8	2,931.8
former Eisenbahn-Hochleistungsstrecken AG	1,252.4	1,275.7
Schieneninfrastrukturfinanzierungs GmbH	1,105.1	1,158.9
Other third parties	114.4	110.6
Total	**5,521.7**	**5,477.0**
of which on property, plant and equipment	*5,076.0*	*5,073.7*
of which on intangible assets	*445.7*	*403.3*

Leased and rented assets

In 2017, property, plant and equipment included rented or leased assets that are reported separately in the schedule of property, plant and equipment. This leased property, plant and equipment involves assets classified as a finance lease due to the structure of the underlying lease agreements and therefore the ÖBB-Infrastruktur Group is the beneficial but not the legal owner of these assets. These assets primarily comprise technical equipment and machinery. In January 2018, these assets ware transferred to technical equipment and machinery. For further information, see Note 30.

15. Intangible assets

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

in EUR million	Concessions, protective rights, licenses and development costs	Investment grants to third parties	Down payments on intangible assets	Total
Cost 2018				
Cost as of Jan 01, 2018	*167.3*	*1,275.3*	*27.6*	*1,470.2*
Additions	1.8	91.8	41.3	134.9
Disposals	-2.2	-2.2	0.0	-4.4
Transfers	10.5	9.7	-18.6	1.6
Cost as of Dec 31, 2018	**177.4**	**1,374.6**	**50.3**	**1,602.3**
Accumulated depreciation and amortization as of Jan 01, 2018	*-104.7*	*-498.8*	*0.0*	*-603.5*
Depreciation and amortization	-14.4	-25.8	0.0	-40.2
Disposals	2.1	2.2	0.0	4.3
Accumulated depreciation and amortization as of Dec 31, 2018	**-117.0**	**-522.4**	**0.0**	**-639.4**
Carrying amounts before investment grants as of Jan 01, 2018	**62.6**	**776.5**	**27.6**	**866.6**
Carrying amounts before investment grants as of Dec 31, 2018	**60.4**	**852.2**	**50.3**	**962.9**
Investment grants 2018				
As of Jan 01, 2018	*-32.8*	*-720.1*	*0.0*	*-752.9*
Additions	-0.2	-48.8	0.0	-49.0
Disposals	0.0	1.3	0.0	1.3
Transfers	0.4	-0.4	0.0	0.0
As of Dec 31, 2018	**-32.6**	**-768.0**	**0.0**	**-800.6**
Accumulated depreciation and amortization as of Jan 01, 2018	*20.5*	*329.1*	*0.0*	*349.6*
Depreciation and amortization	1.6	5.0	0.0	6.6
Disposals	0.0	-1.3	0.0	-1.3
Accumulated depreciation and amortization as of Dec 31, 2018	**22.1**	**332.8**	**0.0**	**354.9**
Investment grants as of Jan 01, 2018	**-12.3**	**-391.0**	**0.0**	**-403.3**
Investment grants as of Dec 31, 2018	**-10.5**	**-435.2**	**0.0**	**-445.7**
Carrying amounts after investment grants as of Jan 01, 2018	**50.3**	**385.5**	**27.6**	**463.3**
Carrying amounts after investment grants as of Dec 31, 2018	**49.9**	**417.0**	**50.3**	**517.2**

in EUR million	Concessions, protective rights, licenses and development costs	Investment grants to third parties	Down payments on intangible assets	Total
Cost 2017				
Cost as of Jan 01, 2017	*155.7*	*1,214.3*	*22.4*	*1,392.6*
Additions	1.7	49.5	27.6	78.8
Disposals	0.0	-1.5	-0.4	-2.0
Transfers	9.9	13.0	-22.0	0.9
Cost as of Dec 31, 2017	**167.3**	**1,275.3**	**27.6**	**1,470.2**
Accumulated depreciation and amortization as of Jan 01, 2017	*-90.5*	*-474.1*	*0.0*	*-564.6*
Depreciation and amortization	-14.2	-26.2	0.0	-40.4
Disposals	0.0	1.5	0.0	1.5
Transfers	0.0	0.0	0.0	0.0
Accumulated depreciation and amortization as of Dec 31, 2017	**-104.7**	**-498.8**	**0.0**	**-603.5**
Carrying amounts before investment grants as of Jan 01, 2017	**65.1**	**740.3**	**22.4**	**827.8**
Carrying amounts before investment grants as of Dec 31, 2017	**62.6**	**776.5**	**27.6**	**866.6**
Investment grants 2017				
As of Jan 01, 2017	*-32.6*	*-673.8*	*0.0*	*-706.3*
Additions	-0.4	-46.3	0.0	-46.7
Transfers	0.2	-0.4	0.0	-0.2
As of Dec 31, 2017	**-32.8**	**-720.1**	**0.0**	**-752.9**
Accumulated depreciation and amortization as of Jan 01, 2017	*18.8*	*324.2*	*0.0*	*343.0*
Depreciation and amortization	1.7	5.3	0.0	7.0
Transfers	0.0	0.0	0.0	0.0
Accumulated depreciation and amortization as of Dec 31, 2017	**20.5**	**329.1**	**0.0**	**349.6**
Investment grants as of Jan 01, 2017	**-13.8**	**-349.6**	**0.0**	**-363.4**
Investment grants as of Dec 31, 2017	**-12.3**	**-391.0**	**0.0**	**-403.3**
Carrying amounts after investment grants as of Jan 01, 2017	**51.3**	**390.6**	**22.4**	**464.3**
Carrying amounts after investment grants as of Dec 31, 2017	**50.3**	**385.5**	**27.6**	**463.3**

The ÖBB-Infrastruktur Group received non-repayable investment grants for intangible assets that are presented as a reduction to acquisition cost. The amortization of these assets and the corresponding amortization of all investment grants are recognized in profit or loss under "depreciation and amortization". The average useful life of investment grants to third parties is 20.0 years (prior year: 18.4 years).

Expenses for research and development amounted to EUR 7.7 million (prior year: EUR 7.4 million). In the financial year, expenses in the amount of EUR 4.0 million (prior year: EUR 4.6 million) were capitalized as development costs in assets under the item "Concessions, industrial property rights, licenses, and development costs" , any prototypes developed are capitalized under the property, plant and equipment.

The additions in the item "Investment grants to third parties" mainly result from contributions paid to Galleria di Base del Brennero – Brenner Base Tunnel BBT SE.

16. Investment property

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

	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 transfer 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 amount as of Jan 01	**158.8**	**160.0**
Net carrying amounts as of Dec 31	**154.9**	**158.8**

All investment property held by the ÖBB-Infrastruktur Group is leased under operating lease agreements. Rental income from these leases (excluding operating costs) amounted to EUR 19.7 million (prior year: EUR 19.6 million). Directly attributable expenses (including repairs and maintenance, but excluding operating costs) amount to EUR 6.6 million (prior year: EUR 6.6 million). In addition, operating expenses of EUR 0.4 million (prior year: EUR 0.3 million) were incurred for property that does not generate rental income. ÖBB-Infrastruktur Group has not entered into any contracts for the maintenance of its investment properties that lead to a related obligation.

The fair value totals EUR 607.3 million (prior year: EUR 578.0 million). For 77% (prior year: 75%) of the properties, the valuations are performed by external experts and are not based exclusively on market data, and these are therefore assigned to hierarchy Level 3. The fair values of the remaining investment properties were determined by experts of ÖBB-Immobilienmanagement GmbH using discounted cash flow calculations based on the actual rents generated by the relevant leased properties. The resulting fair values were also classified as Level 3 in accordance with IFRS 13.

Of the investment property, EUR 2.5 million (prior year: EUR 2.5 million) is attributable to affiliated companies of the remaining ÖBB Group, which are all composed of building rights. These have a fair value of EUR 7.2 million (prior year: EUR 3.7 million). In this context, revenues of EUR 0.2 million (prior year: EUR 0.1 million) were generated but no related expenses were incurred.

17. Investments recorded using the equity method of accounting

Investments that are measured using the equity method of accounting include investments in one joint venture and in two associates (prior year: one).

	Ownership share in %	
Joint venture name and registered office	Dec 31, 2018	Dec 31, 2017
Galleria di Base del Brennero - Brenner Basistunnel BBT SE, I-39100 Bozen	50.0	50.0

	Ownership share in %	
Associated company name and registered office	Dec 31, 2018	Dec 31, 2017
Weichenwerk Wörth GmbH, A-3151 St. Georgen am Steinfeld	43.05	43.05
Breitspur Planungsgesellschaft mbH, A-1010 Vienna	25.0	

1) This company was stated under Investments in the prior year. The carrying amount was EUR 1.4 million as of Dec 31, 2017.

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

	Galleria di Base del Brennero - Brenner Basistunnel BBT SE	
	Dec 31, 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	0.0 *)	0.0 *)
Annual profit/loss from continuing operations	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 assets 100%	**81.1**	**81.1**
Interest of the ÖBB-Infrastruktur Group in the net assets of the investee as of Jan 01	*40.6*	*40.6*
Overall result attributable to the ÖBB-Infrastruktur Group	0.0	0.0
Dividends received from associated companies	0.0	0.0
Carrying amount of the interest in the investee as of Dec 31	**40.6**	**40.6**

*) Small amounts

Galleria di Base del Brennero – Brenner Base Tunnel BBT SE (hereafter BBT SE) is the only joint venture operated by the Group. BBT SE is an independent legal entity. Since the Group holds a residual interest in the net assets, it classifies its investment as a joint venture. The purpose and task of BBT SE is to plan and build the Brenner base tunnel. The overall project comprises the construction of the railway tunnel between Tulfes/Innsbruck and Franzensfeste, consisting of the main, inspection and access tunnels; the multifunction stations, engineering equipment, control 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 (prior year: EUR 18.9 million) and total expenses of EUR 20.8 million (prior year: EUR 18.9 million). BBT SE received investment grants of EUR 90.0 million (prior year: EUR 47.0 million). In both reporting years, the Austrian government refunded EUR 44.8 million (prior year: EUR 41.3 million) of this amount, while EUR 3.5 million (prior year: EUR 3.5 million) was refunded by the province of Tyrol on the basis of the share purchase agreement dated April 18, 2011. Non-current liabilities relate to investment grants received but not yet spent in the project.

The reporting date of Weichenwerk Wörth GmbH is March 31. The company is included on the basis of its interim financial statements as of December 31. The total assets amount to EUR 21.3 million (prior year: EUR 20.4 million), revenues amount to EUR 32.3 million (prior year: EUR 32.8 million) and net income for the year amounts to EUR 2.2 million (prior year: EUR 2.6 million). The business of Weichenwerk Wörth GmbH includes the manufacture and recycling of rail switches and components, buffer stops, and insulated rail joints as well as the logistics and transport of the manufactured products and service operations for rail switches.

Breitspur Planungsgesellschaft mbH was included in the consolidated financial statements for the first time as of Jan 01, 2018 using the equity method of accounting. The initial at equity recognition resulted in a difference of EUR 0.5 million, which is reported as a reduction in earnings. Total assets amounted to EUR 2.6 million (prior year: EUR 4.1 million), there were no revenues and the annual net loss amounted to EUR 1.3 million (prior year: EUR 0.6 million). The object of the company is to plan the continuation of the 1,520-millimeter broad-gage rail infrastructure from the border of Ukraine through Slovakia to and within Austria.

Development of investments in associated companies	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
As of Jan 01	*8.6*	*8.6*
Addition from initial application of the equity method	0.9	0.0
Share of result	0.4	1.5
Distributions and other changes	-0.8	-1.4
As of Dec 31	**9.1**	**8.6**

18. Other financial assets

2018 in EUR million	Current	Non-current	Total
Investments	0.0	0.9	0.9
Financial assets - leasing	0.0	73.9	73.9
thereof from affiliated companies	*0.0*	*8.9*	*8.9*
Other financial assets	52.7	105.0	157.7
Total	**52.7**	**179.8**	**232.5**
thereof from affiliated companies	*0.0*	*8.9*	*8.9*
thereof measured at amortized cost	*2.8*	*158.0*	*160.8*

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

Investments

See Note 35 for a full schedule of all investments. These investments are measured at fair value through profit or loss in accordance with IFRS 9.

Breitspur Planungsgesellschaft mbH was initially accounted for applying the equity method as of Jan 01, 2018, and is therefore no longer stated under the Investments.

Financial assets – leasing

The financial assets relating to leases involve assets from cross-border leasing transactions (CBLs) in an amount of EUR 65.0 million (prior year: EUR 63.5 million). They also include receivables of EUR 8.9 million (prior year: EUR 9.2 million) from recharged claims to companies of the ÖBB Group resulting from the termination of a leasing transaction. In 2017, this item included EUR 32.5 million in receivables from sublease agreements with ÖBB-Produktion GmbH and ÖBB-Personenverkehr AG in connection with the financing of sublease transactions with ÖBB-Finanzierungsservice GmbH. These financial receivables were offset in the same amount by financial liabilities to these affiliated companies, which were settled as of Jan 01, 2018 on the basis of an advance payment agreement.

The financial assets from unlinked CBL transactions relate mainly to non-current loans and securities in the amount of EUR 65.0 million (prior year: EUR 63.5 million) and serve to cover future payment obligations (leasing rates and acquisition cost). Capital gains on accumulating investments increase the amount, while servicing payment obligations reduces it. These assets are offset by corresponding financial liabilities in the amount of EUR 65.0 million (prior year: EUR 58.0 million). Restrictions on disposal rights apply to financial lease assets of EUR 49.0 million (prior year: EUR 49.0 million).

Other financial assets

In addition, other financial assets amounting to EUR 22.5 million (prior year: EUR 20.5 million), have been pledged as collateral for lease liabilities. For further information on leasing and CBL transactions, see Notes 30.1 and 30.3. Other financial assets also include power derivatives in the amount of EUR 26.8 million (prior year: EUR 22.2 million) along with other derivatives for EUR 44.0 million (prior year: EUR 6.3 million) as well as remaining deposits from terminated CBL transactions of EUR 64.2 million (prior year: EUR 64.0 million).

Allowances

The following table shows a summary of the credit risk for financial assets.

Financial assets as of Dec 31,2018 at amortized cost in EUR million	Credit rating*	Gross carrying amount	Allowance (expected 12-month credit loss)	Net carrying amount
"Low risk" category	AAA to A	161.1	0.3	160.8
"Average risk" category	BBB to B	0.0	0.0	0.0
"Doubtful" category	CCC to C	0.0	0.0	0.0
"Loss" category	D	0.0	0.0	0.0
Total exposure		**161.1**	**0.3**	**160.8**

*) Corresponds with the category of an external rating agency (Standard & Poor's).

The development of the loss 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	*0.0*
Adjustment from first-time application of IFRS 9	0.1
As of Jan 01, 2018 in accordance with IFRS 9	**0.1**
Net revaluation of allowance for impairment	0.2
As of Dec 31, 2018	**0.3**

The increase in the loss allowance in 2018 is mainly due to a change in the market data underlying the allowance.

19. Assets held for sale

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

Assets held for sale	2018 in EUR million	2017 in EUR million
As of Jan 01	*0.1*	*7.8*
Additions (single assets)	0.1	0.1
Disposals by sale	-0.1	-7.8
As of Dec 31	**0.1**	**0.1**
of which reported at amortized cost	*0.1*	*0.1*

The assets held for sale consist of two properties (including superstructures and technical equipment) and one railway line. A railway line included in the prior year with a carrying amount of kEUR 12 was reclassified back to property, plant and equipment, 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 a sale within twelve months 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 reporting year, the ÖBB-Infrastruktur Group recorded gains of EUR 3.1 million (prior 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	128.5	0.0	128.5
thereof from affiliated companies	*64.5*	*0.0*	*64.5*
thereof contract assets (construction contracts)	*11.1*	*0.0*	*11.1*
Other receivables and assets	256.1	144.4	400.5
thereof financial instruments	*80.3*	*11.8*	*92.1*
Total	**384.6**	**144.4**	**529.0**

31.12.2017 in EUR million	Current	Non-current	Total
Trade receivables	140.0	0.0	140.0
thereof from affiliated companies	*78.6*	*0.0*	*78.6*
thereof from construction contracts	*6.5*	*0.0*	*6.5*
Other receivables and assets	217.5	150.2	367.7
Total	**357.5**	**150.2**	**507.7**

Due to their short terms, the carrying amounts of the trade and other receivables (related to financial instruments) approximate their respective fair values. Trade receivables include receivables amounting to EUR 0.3 million (prior year: EUR 0.0 million) with a residual term of more than 1 year.

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

Other receivables and assets relate primarily to prepaid fees for guaranties of EUR 139.3 million (prior year: EUR 157.6 million), input tax on advance payment of invoices of EUR 42.3 million (prior year: EUR 32.9 million) and input tax credits from filings for the months November and December of EUR 80.6 million (prior year: EUR 79.3 million), the salaries paid in December for January of EUR 30.3 million (prior year: EUR 30.9 million), as well as receivables from investment grants of EUR 21.3 million (prior year: EUR 16.2 million) and property sales of EUR 44.4 million (prior year: EUR 4.0 million).

Allowances developed as follows:

	Trade receivables		Other receivables	
in EUR million	2018	2017	2018	2017
As of Jan 01	*13.9*	*13.4*	*0.4*	*0.0*
Adjustment from initial application of IFRS 9	1.2	0.0	0.1	0.0
As of Jan 01, according to IFRS 9	***15.1***		***0.5***	
Utilization	-0.9	-3.2	0.0	0.0
Net revaluation of loss allowances	2.0	3.7	0.1	0.4
As of Dec 31	**16.1**	**13.9**	**0.6**	**0.4**

The following table shows a summary of the credit risk for trade receivables and other receivables:

Credit risk **in EUR million**	2018
Trade receivables	144.8
Other receivables	92.7
Total gross carrying amount receivables	**237.4**
Impairment	16.7
Carrying amount	**220.7**

The following table contains information on the credit risk and the expected credit losses of accounts receivable for the 2018 financial year:

Dec 31, 2018 **Analysis of credit risk** **by maturity of trade receivables** **in EUR million**	Gross carrying amount (before impairment)	Individual allowance	Gross carrying amount after individual allowance	Flat rate specific loss allowance (IFRS 9)	in %	Net carrying amount
not past due	113.1	0.0	113.1	1.7	1.5%	111.4
up to 90 days past due	11.9	0.0	11.8	0.2	1.7%	11.6
90 to 180 days past due	1.6	0.3	1.3	0.2	11.5%	1.2
180 to 360 days past due	3.3	1.7	1.6	0.4	22.6%	1.3
more than 360 days past due	14.8	10.5	4.3	1.3	30.2%	3.0
Total exposure	**144.8**	**12.5**	**132.2**	**3.7**	**2.8%**	**128.5**

The following table contains information on the credit risk and the expected credit losses from other receivables for the 2018 financial year:

Dec 31, 2018 **Analysis of credit risk** **of other receivables** **in EUR million**	Credit rating [a)]	Gross carrying amount (before impairment)	Allowance	in %	Net carrying amount
"Low risk" category	AAA to A	44.3	0.0 [b)]	0.0%	44.3
"Average risk" category	BBB to B	48.1	0.3	0.7%	47.8
"Doubtful" category	CCC to C	0.3	0.3	100%	0.0
"Loss" category	D	0.0	0.0	0%	0.0
Total exposure		**92.7**	**0.6**	**0.6%**	**92.1**

a) Corresponds with the category of an external rating agency (Standard & Poor's).

b) Small amounts

Overdue receivables and impaired receivables that are not overdue of the 2017 financial year are as follows:

Dec 31, 2017 Analysis of past due/ impaired receivables in EUR million	Gross carrying amount (before impairment)	thereof not individually impaired	thereof individually impaired (gross)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount
Receivables not past due but impaired	1.6	0.0	1.6	1.6	0.1	1.5	0.0
up to 90 days past due	16.7	15.7	1.0	1.0	1.0	0.0	15.7
90 to 180 days past due	4.6	4.5	0.1	0.1	0.1	0.0	4.5
180 to 360 days past due	4.1	1.8	2.3	1.2	1.2	0.0	2.9
more than 360 days past due	15.6	5.2	10.4	10.3	10.1	0.2	5.3
Total exposure	**42.6**	**27.2**	**15.4**	**14.2**	**12.5**	**1.7**	**28.4**

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	74.5	75.2
less write down	-1.2	-1.6
Total	**73.3**	**73.6**
thereof measured at cost	*47.1*	*52.1*
thereof measured at net realizable value	*26.2*	*21.4*

Inventories are measured at the lower of (production or acquisition) 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 for production and sale still to be incurred.

Inventories include material and spare parts used for the expansion and maintenance of the ÖBB-Infrastruktur Group's own railway networks and for real estate development projects. The cost of materials and other services received are disclosed in Note 7. Neither in 2018 nor in 2017, write downs from prior periods were reversed. Real estate development projects relate to real estate that is no longer used in operations and is now under development for later sale. These are former railway station and system facilities which were used for continuous operations. They consist of major projects, such as the land of the former Südbahnhof and the Frachtenbahnhof (freight station) Wien Nord, which are being developed on a large scale.

Impairments in 2018 amounted to EUR 1.2 million (prior year: EUR 1.6 million) and are reported under cost of materials and purchased services.

Of the real estate development projects with a carrying amount of EUR 47.1 million (prior year: EUR 52.1 million), EUR 26.8 million (prior year: EUR 33.7 million) can be classified as non-current.

22. Cash and cash equivalents

This item develops as follows:

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Cash on hand and cash	0.1	0.1
Cash in banks	2.7	1.9
Current account ÖBB-Finanzierungsservice GmbH (Group clearing)	14.7	20.6
Total	**17.5**	**22.6**

This item includes investments with and cash in banks and with ÖBB-Finanzierungsservice GmbH, and cash on hand, all of which are current (terms of fewer than 3 months). The carrying amounts of these assets are equivalent to their fair values. The ÖBB-Infrastruktur Group can freely dispose of all cash and cash equivalents. Further details on cash and cash equivalents as shown in the cash flow statement are provided in Note 34.

23. Share capital, shares of non-controlling interests

Share capital

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

Non-controlling interests

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

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

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Non-current assets	0.6	0.6
Current assets	2.8	2.7
Non-current liabilities	0.0	0.0
Current liabilities	2.5	2.0
Net assets	**0.9**	**1.3**
Carrying amount of non-controlling interests (pro rata)	**0.4**	**0.6**
Revenue	8.9	8.8
Profit	0.5	0.9
Other comprehensive income	0.0	0.0
Overall result	**0.5**	**0.9**
Profit attributable to non-controlling interests	*0.2*	*0.4*
Other comprehensive income attributable to non-controlling interests	*0.0*	*0.0*
Cash flow from operating activities	1.3	1.3
Cash flow from investing activities	-0.2	-0.2
Cash flow from financing activities	-0.9	-0.7
Net increase (net reduction) in cash and cash equivalents	**0.2**	**0.4**

24. Reserves and retained earnings

Unchanged from the prior year, annual paid-in capital totals EUR 538.9 million (prior year: EUR 538.9 million). These relate primarily to restructuring measures in the past.

The development of the cash-flow-hedge reserve and the Available for Sale reserve is as follows:

	Available for sale reserve		Cash flow hedge reserve	
in EUR million	Development of carrying amount	Income taxes included therein	Development of carrying amount	Income taxes included therein
As of Jan 01, 2017	*6.9*	*0.0*	*-6.8*	*0.1*
Changes in the fair values	-1.9	0.0	0.3	-0.2
Realized gains and losses	-0.1	0.0	7.9	-1.5
As of Dec 31, 2017	**4.9**	**0.0**	**1.4**	**-1.6**
Reclassification due to IFRS 9	-4.9	0.0	0.0	0.0
Changes in the fair values	0.0	0.0	28.0	-8.6
Realized gains and losses	0.0	0.0	2.8	-0.1
As of Dec 31, 2018	**0.0**	**0.0**	**32.2**	**-10.3**

In addition, actuarial losses from the remeasurement of severance provisions amounting to EUR 3.6 million (prior year: EUR 4.2 million) are reported under the item "Revaluation of defined benefit plans". See the Consolidated Statement of Changes in Shareholders' Equity for further explanation.

Income taxes included in other comprehensive income relate only to taxable items. As of Dec 31, 2018 the cash flow hedge reserve relates to commodity derivatives at EUR 33.4 million (prior year: EUR 5.3 million) (see Note 29.4.1.) and to one existing interest rate swap at EUR -1.2 million (prior year: EUR -3.9 million).

25. Financial liabilities

The financial liabilities are composed as follows:

2018 in EUR million	< 1 year	1 to 5 years	> 5 years	Total
Bonds	1,539.5	4,845.5	7,875.0	14,260.0
Liabilities to banks	6.9	223.9	3,755.6	3,986.4
Financial liabilities leasing	0.0	49.0	16.3	65.3
Other financial liabilities	586.1	139.6	1,636.0	2,361.7
thereof from affiliated companies	*321.9*	*0.0*	*0.0*	*321.9*
Total	**2,132.5**	**5,258.0**	**13,282.9**	**20,673.4**
thereof from affiliated companies	*321.9*	*0.0*	*0.0*	*321.9*

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

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

Liabilities to banks include EUR 3,953.3 million (prior year: EUR 3,956.0 million) in loans from the European Investment Bank (EIB).

Guarantees of the federal government

The federal government has guaranteed bonds with a carrying amount of EUR 14,209.1 million (prior year: EUR 14,208.9 million). Additionally, liabilities to EUROFIMA with a carrying amount of EUR 178.8 million (prior year: EUR 175.8 million) are also secured by guarantees of the federal government.

Issued bonds

Bonds are composed of the following:

Fair value	Currency	Term	ISIN	Interest rate
1,000,000,000.00	EUR	2005 - 2020	XS0232778083	3.5000%
300,000,000.00	EUR	2010 - 2020	XS0232778083	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0243862876	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0244522396	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0252697130	3.5000%
50,000,000.00	EUR	2006 - 2036	XS0252721450	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0275973278	3.4900%
80,000,000.00	EUR	2006 - 2036	XS0275974599	3.4900%
1,300,000,000.00	EUR	2007 - 2022	XS0307792159	4.8750%
200,000,000.00	EUR	2008 - 2022	XS0307792159	4.8750%
100,000,000.00	EUR	2007 - 2037	XS0321318163	4.0000%
100,000,000.00	EUR	2007 - 2037	XS0324893626	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0324895670	4.0000%
100,000,000.00	EUR	2007 - 2037	XS0328866982	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0331427905	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0336043517	3.9900%
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 were issued at an amount of USD 108.5 million, of which three (prior year: three) in the amount of USD 56.4 million (prior 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.

Financial liabilities leasing

As of Dec 31, 2017 financial liabilities from leasing in the amount of EUR 32.5 million were due to ÖBB-Finanzierungsservice GmbH and related to the financing of sublease transactions with ÖBB-Produktion Gesellschaft mbH and ÖBB-Personenverkehr AG. These financial liabilities were offset in the same amount by financial receivables from these affiliated companies, which were settled as of Jan 01, 2018 on the basis of an advance payment agreement.

Liabilities from leasing to other companies result in particular from unlinked CBL transactions and amounted to EUR 65.3 million as of the reporting date (prior year: EUR 58.0 million).

Financial assets of EUR 71.5 million (prior year: EUR 69.5 million) are pledged to cover liabilities from CBL transactions. See Note 14 with regard to collateral provided.

Other financial liabilities

Of the other financial liabilities of EUR 2,361.7 million (prior year: EUR 1,881.7 million), a carrying amount of EUR 1,559.6 million (prior year: EUR 1,287.2 million) relates to liabilities to the federal government (OeBFA).

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%	1)
250,000,000.00	EUR	2018 - 2117	2.100%	1.8725%	1)
1,553,650,000.00	EUR	Total			

1) Average effective interest rate

The other financial liabilities to affiliated companies are due to ÖBB-Finanzierungsservice GmbH and mainly relate to liabilities from current financing in the amount of EUR 321.6 million (prior year: EUR 122.9 million).

Other financial liabilities mainly relate to EUROFIMA loans in the amount of EUR 178.8 million (prior year: EUR 175.8 million), accrued interest in the amount of EUR 234.9 million (prior year: EUR 233.2 million) and derivative financial instruments in the amount of EUR 25.2 million (prior year: EUR 18.4 million). Of the derivative financial instruments, derivatives with a carrying amount of EUR 1.4 million (prior year: EUR 4.2 million) relate to hedging instruments.

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

26. Provisions

ÖBB-Infrastruktur Group recognizes provisions when an outflow of resources is probable, and the amount of the provision can be reliably estimated. The provision is recognized in the amount of the probable obligation. In the event of scenarios with equal probabilities, the expected amount determined according to the probability is recognized as provision.

26.1. Provisions for personnel

	Dec 31, 2018 in EUR million	Dec 31, 2017 in EUR million
Statutory severance payments	27.8	27.8
Pensions	1.0	1.0
Anniversary bonuses	117.0	103.1
Total	**145.8**	**131.9**

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 payment	2.10%	1.90%
Discount rate pensions	2.00%	1.90%
Discount rate anniversary bonuses	1.60%	1.40%
Rate of compensation 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 ÖBB-Infrastruktur Group is usually exposed to the following actuarial risks relating to severance payments and anniversary bonuses: interest rate risk and salary risk.

Interest rate risk: a decrease in the interest rate leads to an increase in provisions.

Salary risk: the present value of the provisions is determined on the basis of the future salaries of the beneficiary employees. As such, the provisions increase if the beneficiaries' salaries increase.

Statutory severance payments

A provision for severance payments was recognized for severance claims arising from statutory and contractual regulations for those employees who are not tenured employees. As required by IAS 19, actuarial calculation of the provision is based on the PUC method, and on the biometric calculation principles for pension insurance of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2018-P (prior year: 2008-P) for male and female employees.

Severance obligations to employees hired before Jan 01, 2003, are covered by defined benefit plans as described below. Following legal amendment, employees hired in Austria after Jan 01, 2003 are covered by a defined contribution plan. In this context in 2018 and 2017, the ÖBB-Infrastruktur Group paid EUR 3.7 million and EUR 3.2 million respectively into the defined contribution plan (VBV Vorsorgekasse AG and APK-PENSIONSKASSE AG).

Upon retirement, eligible employees receive a severance payment equal to a multiple of their monthly base salary – based on their period of service – but no more than twelve monthly salaries. Upon termination of employment, up to three months' salaries are paid immediately, any benefit in excess of that amount being paid over a period not exceeding ten months. In the event of death, the heirs of an eligible employee are entitled to 50% of the severance benefits.

The following table shows the components of net periodic severance cost and the development of the severance provision in both reporting years:

	2018 in EUR million	2017 in EUR million
Defined benefit commitments as of Jan 01	*27.8*	*28.1*
Service cost	1.2	1.4
Interest cost	0.5	0.5
Subtotal recorded in the net income	**1.7**	**1.9**
Actuarial losses (+) / gains (-) from changes in demographic assumptions	-0.3	0.0
Actuarial losses (+) / gains (-) from changes in financial assumptions	-0.9	-1.3
Experience adjustments	0.6	-0.3
Recognized in other comprehensive income	**-0.6**	**-1.6**
Severance payments	-0.9	-0.7
Company sales and acquisitions as well as transfers in the ÖBB Group	-0.2	0.1
Present value of the commitments as of Dec 31	**27.8**	**27.8**

Severance provisions in the amount of EUR 0.8 million are due in 2019, of EUR 3.3 million in 2020 to 2023, and of EUR 23.7 million after 2023. The average duration is 16.4 (prior year: 15.4) years.

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

A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for severance payments	Change in assumption	Increase of the parameter/ change DBO		Decrease of the parameter/ change DBO	
	in %	2018 in EUR million	2017 in EUR million	2018 in EUR million	2017 in EUR million
Interest rate	+/-0.5	-2.1	-2.1	2.3	2.0
Salary increase	+/-0.5	2.3	1.9	-2.1	-2.2

Anniversary bonuses

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

As required by IAS 19, the calculation of the provision was based on the PUC method. Since this reporting year, the measurement has been based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVÖ) 2018-P (prior year: 2008-P) – for male and female employees – actuarial assumptions for pension insurance. In the 2018 financial year, the newly used biometric calculation bases led to additional personnel expenses of EUR 14.8 million for anniversary bonuses.

The provision is accrued over the service period with a deduction to reflect employees who leave the company prematurely. Actuarial gains and losses are recognized immediately in profit or loss in the period in which they occur.

The following table shows the components of net anniversary bonus costs for the period and the development of the anniversary bonuses provision in years reported:

	2018 in EUR million	2017 in EUR million
Defined benefit commitments as of Jan 01	*103.1*	*109.5*
Service cost	4.5	0.9
Interest cost	1.4	1.4
Anniversary bonuses	-11.3	-10.4
Company sales and acquisitions as well as transfers in the ÖBB Group	-0.3	0.2
Actuarial losses (+) / gains (-)	15.5	-2.5
Experience adjustments	4.2	4.0
Present value of the commitments as of Dec 31	**117.0**	**103.1**

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

A change in the actuarial assumptions would have the following effects:

Sensitivity analysis of the provisions for anniversary bonuses	Change in assumption	Increase of the parameter/ change DBO		Decrease of the parameter/ change DBO	
	in %	2018 in EUR million	2017 in EUR million	2018 in EUR million	2017 in EUR million
Interest rate	+/-0.5	-4.6	-4.1	4.9	4.2
Salary increase	+/-0.5	4.8	4.1	-4.5	-4.0

Pensions

Defined contribution plans

In Austria, pension benefits for employees are generally provided by the social security institutions, as well as for railway employees by the Versicherungsanstalt für Eisenbahn und Bergbau (Austrian insurance institution for railway and mining) or the federal government pursuant to Article 52 of the Austrian Federal Railways Act. ÖBB-Infrastruktur Group is required to pay pension and health care contributions for current tenured employees to Versicherungsanstalt für Eisenbahn und Bergbau. In addition, ÖBB-Infrastruktur Group offers all employees in Austria a defined contribution plan. Contributions of ÖBB-Infrastruktur Group are calculated as a percentage of salary and may not exceed 1.2%. Expenses related to this plan in 2018 and 2017 amounted to EUR 9.3 million and EUR 9.2 million respectively.

Defined benefit plans

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

26.2. Other provisions

in EUR million	As of Jan 01, 2018	Utilization	Release	Accretion expense	Additions	As of Dec 31, 2018
Asset retirement obligation	65.9	-6.7	-9.8	0.0	1.4	50.8
Environmental protection measures	51.9	-1.4	-5.5	0.0	0.8	45.8
Demolition cost and similar obligations	18.6	-2.6	-2.9	0.0	8.2	21.3
Indemnity pensions	3.8	-0.6	-0.1	0.0	0.4	3.5
Power	7.3	-2.0	-3.2	0.0	0.0	2.1
Miscellaneous	54.7	-2.8	-18.4	0.0	30.1	63.6
Total other provisions	**202.2**	**-16.1**	**-39.9**	**0.0**	**40.8**	**187.0**
thereof long-term	*105.0*					*91.3*

*) Small amounts, as a result of the low interest rate.

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 (prior 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 2017 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 released.

The provision for environmental protection measures relates to anticipated restoration measures and soil contamination. As required by law, it was recognized in the amount of the anticipated expenditure. In 2018 this resulted in a reversal in the amount of EUR 5.5 million. Most of the reversals result from plots of land being deregistered from the list of suspected contaminated sites. Unchanged from the prior 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 recorded in 2017 due to identified heavy metal contamination of railway pylons.

The provision for demolition costs and similar obligations includes provisions for contractual obligations in connection with the sale of real estate properties.

Obligations from liability pensions are calculated on the basis of biometric calculation principles and discounted at a rate of 0.83% (prior year: 0.56%).

For long-term power purchase contracts that became onerous contracts because of the grid opening in 2016 provisions of EUR 2.1 million (prior year: EUR 7.3 million) were recognized, because compensation via grid costs is not expected. Part of this provision was released in 2018 at the amount of EUR 3.2 million as a result of changes in the conditions.

In addition to litigations, miscellaneous provisions include expenses for geotechnical analyses in connection with the damages to railway embankments and taxes. Provisions for litigations were measured based on management's best estimate and based on all litigation risks that were identifiable when the financial statements were prepared. The provision relates to numerous litigations arising from the company's business operations. Among other things, this item includes provisions for the repayment of infrastructure usage charges in connection with ongoing regulatory proceedings. Since disclosure of information under IAS 37 could seriously affect the entity's position in these proceedings, no disclosure is made about the amount of the provision or any contingent liabilities beyond that amount. Reference is made to the section Use of Estimates and Judgment in Note 3.

Anticipated cash outflow for the provisions:

Non-current provisions were discounted at interest rates of 0%-0.84% depending on the relevant term (prior year: 0.56%). Adjustments due to changes in the discount rate were insignificant. Of the other provisions, EUR 91.3 million (prior year: EUR 105.0 million) are classified as non-current. The anticipated cash outflow for these provisions is expected to occur after 2019. The provisions classified as current are expected to result in an outflow of funds in 2019, with the provisions for legal disputes and parts of the provisions for environmental protection measures and asset retirement commitments, demolition costs and similar obligations being classified as current. If there is uncertainty about the maturity, the relevant provisions were largely classified as current (mainly related to miscellaneous other provisions).

27. Trade payables and other liabilities

2018 in EUR million	Current	Non-current	Total
Trade payables	628.1	0.0	628.1
thereof from affiliated companies	*42.1*	*0.0*	*42.1*
thereof to third companies	*586.0*	*0.0*	*586.0*
Other liabilities	1,073.3	31.7	1,105.0
thereof deferral of federal subsidies	*923.0*	*0.0*	*923.0*
thereof accrued personnel liabilities	*67.7*	*0.0*	*67.7*
thereof taxes	*30.0*	*0.0*	*30.0*
thereof social security	*14.5*	*0.0*	*14.5*
thereof income tax assessment	*2.2*	*0.0*	*2.2*
Total	**1,701.4**	**31.7**	**1,733.1**

2017 in EUR million	Current	Non-current	Total
Trade payables	470.9	0.0	470.9
thereof from affiliated companies	*48.1*	*0.0*	*48.1*
thereof to third companies	*422.8*	*0.0*	*422.8*
Other liabilities	757.4	33.3	790.7
thereof deferral of federal subsidies	*621.1*	*0.0*	*621.1*
thereof accrued personnel liabilities	*63.0*	*0.0*	*63.0*
thereof taxes	*28.1*	*0.0*	*28.1*
thereof social security	*12.0*	*0.0*	*12.0*
thereof income tax assessment	*3.7*	*0.0*	*3.7*
Total	**1,228.3**	**33.3**	**1,261.6**

Trade payables include payables in the amount of EUR 17.1 million (prior year: EUR 15.2 million) that have a remaining maturity of more than 1 year but are nevertheless recognized as current in accordance with IAS 1.70.

Deferrals for staff mainly include overtime and vacation days not yet taken in the amount of EUR 61.5 million (prior year: EUR 57.9 million).

Miscellaneous other deferrals within other liabilities mainly include accrued income from building lease contracts of EUR 28.9 million (prior year: EUR 34.3 million).

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

C. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Other guarantees and contingent liabilities

	2018 in EUR million	2017 in EUR million
Contingent liabilities from lease transactions	54.0	54.3
Other contingent liabilities	21.8	21.4
Total	**75.8**	**75.7**

Contingent liabilities from lease transactions (cross-border leasing)

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

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

In the event of a claim arising from cross-border leasing obligations, recourse claims against other companies of the ÖBB Group exist in the amount of EUR 54.0 million (prior year: EUR 54.3 million).

29. Financial instruments

29.1. Risk management

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

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

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

29.2. Risk types

Financial risks are defined as follows:

- 29.2.a. Interest rate risk
- 29.2.b. Currency risk
- 29.2.c. Credit risk
- 29.2.d. Liquidity risk
- 29.4. Commodity risks (electricity price fluctuations)

29.2.a. Interest rate risk

Risks from the exposure to changes of interest rates are risks to the profitability and the value of the ÖBB-Infrastruktur Group and may occur in the following forms:

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

Risks arising from changes in market interest rates may affect the financial result of the ÖBB-Infrastruktur Group due to the structure of its Statement of Financial Position. Fluctuations in market interest rates that exceed a certain level agreed with the ÖBB-Infrastruktur Group companies therefore need to be limited (for example, by using derivative financial instruments), in order to minimize their effect on earnings performance.

The conclusion of appropriate derivative financial instruments to manage interest risks (interest swaps) is based on portfolio analyses and recommendations by ÖBB-Holding AG and the related decisions of the companies of the sub-group ÖBB-Infrastruktur AG. ÖBB-Infrastruktur Group is exposed to interest rate risks mainly in the Eurozone. In order to implement the risk strategy as effectively as possible, it uses interest rate derivatives contracts taking the present debt structure into account.

Financial instruments (current and non-current) **Dec 31, 2018** **in EUR million**	Carrying amount financial instruments (see Note 29.5)	Non-interest sensitive financial instruments	Fixed interest financial instruments	Variable interest financial instruments
Financial assets	232.5	80.5	152.0	0.0
Trade receivables	116.0	116.0	0.0	0.0
Other receivables and assets	92.1	92.1	0.0	0.0
Cash and cash equivalents	17.5	0.1	0.0	17.4
Total	**458.1**	**288.7**	**152.0**	**17.4**
thereof from affiliated companies	*88.1*	*73.4*	*0.0*	*14.7*
Financial liabilities	20,673.4	261.2	20,062.4	349.8
Trade payables	627.7	627.7	0.0	0.0
Other liabilities	952.0	947.6	4.4	0.0
Total	**22,253.1**	**1,836.5**	**20,066.8**	**349.8**
thereof due to the Federal Government (OeBFA)	*1,559.6*	*0.0*	*1,559.6*	*0.0*
thereof from affiliated companies	*364.0*	*42.5*	*0.0*	*321.5*

Financial instruments (current and non-current) **Dec 31, 2017** **in EUR million**	Carrying amount financial instruments (see Note 29.5)	Non-interest sensitive financial instruments	Fixed interest financial instruments	Variable interest financial instruments
Financial assets	221.5	41.00	180.5	0.0
Trade receivables	133.5	133.5	0.0	0.0
Other receivables and assets	47.4	47.4	0.0	0.0
Cash and cash equivalents	22.6	0.0	0.0	22.6
Total	**425.0**	**221.9**	**180.5**	**22.6**
thereof from affiliated companies	*141.2*	*88.1*	*32.5*	*20.6*
Financial liabilities	20,221.40	257.10	19,833.4	130.9
Trade payables	464.3	464.3	0.0	0.0
Other liabilities	639.7	635.2	4.5	0.0
Total	**21,325.4**	**1,356.6**	**19,837.9**	**130.9**
thereof due to the Federal Government (OeBFA)	*1,287.9*	*0.0*	*1,287.9*	*0.0*
thereof from affiliated companies	*203.6*	*48.2*	*32.5*	*122.9*

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				
Cash and cash equivalents	0.3	0.0	0.0	0.0
Liabilities				
Financial liabilities	-3.4	0.1	1.2	-0.8

	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				
Cash and cash equivalents	0.4	-0.1	0.1	-0.1
Liabilities				
Financial liabilities	-0.7	0.1	2.5	-2.1

29.2.b. Currency risk

ÖBB-Infrastruktur Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. As of the reporting date, ÖBB-Infrastruktur Group was not exposed to any material risks relating to foreign currency liabilities.

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

The following table shows the net foreign currency risk:

Currency-sensitive financial instruments 2018	In USD million
Other financial assets	174.0
Trade payables	-1.0
Other financial liabilities	-182.0
Net exchange rate risk	**-9.0**

Currency-sensitive financial instruments 2017	In USD million
Other financial assets	175.0
Trade payables	-1.0
Other financial liabilities	-180.0
Net exchange rate risk	**-6.0**

Sensitivity analysis for exchange rate risk

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

29.2.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-Infrastruktur Group conducts business with financial partners with a defined rating and objective risk classification by the capital market.

ÖBB-Infrastruktur Group has introduced a counterparty credit risk management system in which the calculation and setting of limits is based primarily on the assessment of financial partners’ credit default swap statistics. This ensures the ÖBB-Infrastruktur Group's ability to respond rapidly to any changes in the capital markets' risk assessment of the financial partner. The applicable limits and their utilization are monitored daily in order to ensure a timely, risk-focused response to market disruptions.

Apart from the original transactions with finance partners, credit risk also exists in connection with cross-border leases. For cross border leasing transactions, security deposits, payment undertaking agreements, and swaps were concluded with financial partners for lease payments during the term and the acquisition cost at the end of the term. See Note 30.3 for more information on cross-border leases.

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

The credit risk comprises the following:

Credit risk from financial instruments	Gross exposure (carrying amount plus impairments) in EUR million	less collateral (Fair Value) in EUR million	Net exposure in EUR million
Total exposure 2018			
Financial assets	232.8	-65.0	167.8
Trade receivables	132.1	0.0	132.1
Other receivables and assets	92.7	0.0	92.7
Cash and cash equivalents	17.5	0.0	17.5
Risk current and non-current assets	**475.1**	**-65.0**	**410.1**
Credit risk from issued guarantees	**75.8**	**-54.0**	**21.8**
Total credit risk as of Dec 31, 2018	**550.9**	**-119.0**	**431.9**
Total exposure 2017			
Financial assets	221.5	-63.5	158.0
Trade receivables	147.4	0.0	147.4
Other receivables and assets	47.8	0.0	47.8
Cash and cash equivalents	22.6	0.0	22.6
Risk current and non-current assets	**439.3**	**-63.5**	**375.8**
thereof neither past due nor impaired			*333.1*
thereof not past due because renegotiated or impaired			*1.6*
thereof past due but impaired			*27.2*
thereof past due			*13.9*
Credit risk from issued guarantees	**75.7**	**-54.3**	**21.4**
Total credit risk as of Dec 31, 2017	**515.0**	**-117.8**	**397.2**

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

29.2.d. Liquidity risk

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

The task thus consists of 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.

Reconciliation of carrying amounts with original and financial liabilities as of Dec 31, 2018 in EUR million	Carrying amount of current liabilities	Carrying amount of non-current liabilities	Total	Less non-financial instruments	Financial instruments	Original financial liabilities	Derivate financial liabilities
Bonds	1,539.5	12,720.5	14,260.0	0.0	14,260.0	14,260.0	0.0
Liabilities to banks	6.9	3,979.5	3,986.4	0.0	3,986.4	3,986.4	0.0
Finance lease and CBL liabilities	0.0	65.3	65.3	0.0	65.3	65.3	0.0
Other financial liabilities	586.1	1,775.6	2,361.7	0.0	2,361.7	2,336.5	25.2
Trade payables	628.1	0.0	628.1	0.4	627.7	627.7	0.0
Other liabilities	1,073.3	31.7	1,105.0	153.00	952.0	952.0	0.0
	3,833.9	**18,572.6**	**22,406.5**	**153.4**	**22,253.1**	**22,227.9**	**25.2**

Reconciliation of carrying amounts with original and financial liabilities as of Dec 31, 2017 in EUR million	Carrying amount of current liabilities	Carrying amount of non-current liabilities	Total	Less non-financial instruments	Financial instruments	Original financial liabilities	Derivate financial liabilities
Bonds	0.0	14,256.20	14,256.20	0.0	14,256.20	14,256.2	0.0
Liabilities to banks	6.70	3,986.30	3,993.00	0.0	3,993.00	3,993.0	0.0
Finance lease and CBL liabilities	7.9	82.60	90.50	0.0	90.50	90.5	0.0
Other financial liabilities	409.40	1,472.30	1,881.70	0.0	1,881.70	1,863.3	18.4
Trade payables	470.9	0.0	470.90	6.6	464.30	464.3	0.0
Other liabilities	757.4	33.3	790.70	151.0	639.70	639.7	0.0
	1,652.3	**19,830.7**	**21,483.0**	**157.6**	**21,325.4**	**21,307.0**	**18.4**

in EUR million	Carrying amount Dec 31, 2018	non-cash Carrying amount Dec 31, 2018	Carrying value of 2019 cash flows Interest *) 2019	Redemp-tion *) 2019	Carrying value of 2020-23 cash flows Interest 2020-2023	Redemption 2020-2023	Carrying value of 2024 et seq. cash flows Interest 2024 et seq.	Redemp-tion 2024 et seq.
Original financial liabilities								
Bonds	14,260.0	49.3	488.0	1,539.5	1,407.8	4,845.5	1,631.4	7,825.7
Liabilities to banks	3,986.4	0.0	113.3	6.9	426.9	223.9	811.2	3,755.6
Finance lease and CBL liabilities	65.3	65.3	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	2,336.5	37.9	30.2	328.3	104.3	121.7	1,137.9	1,612.6
Trade payables	627.7	0.0	0.0	610.6	0.0	17.1	0.0	0.0
Other liabilities	952.0	0.0	0.0	952.0	0.0	0.0	0.0	0.0
Total	**22,227.9**	**152.5**	**631.5**	**3,437.3**	**1,939.0**	**5,208.2**	**3,580.5**	**13,193.9**

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

in EUR million	Carrying amount Dec 31, 2017	non-cash Carrying amount Dec 31, 2017	Carrying value of 2018 cash flows Interest *) 2018	Redemp-tion *) 2018	Carrying value of 2019-22 cash flows Interest 2019-2022	Redemption 2019-2022	Carrying value of 2023 et seq. cash flows Interest 2023 et seq.	Redemp-tion 2023 et seq.
Original financial liabilities								
Bonds	14,256.2	45.7	487.8	0.0	1,628.3	5,386.3	1,897.4	8,824.2
Liabilities to banks	3,993.0	0.0	113.5	6.7	435.8	227.3	915.7	3,759.0
Finance lease and CBL liabilities	90.5	90.5	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	1,863.3	40.4	24.4	159.6	86.9	128.4	661.5	1,300.1
Trade payables	464.3	0.0	0.0	449.1	0.0	15.2	0.0	0.0
Other liabilities	639.7	0.0	0.0	639.7	0.0	0.0	0.0	0.0
Total	**21,307.0**	**176.6**	**625.7**	**1,255.1**	**2,151.0**	**5,757.2**	**3,474.6**	**13,883.3**

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

The interest and redemptions of financial liabilities shown above do not include those from current and former CBL transactions, or from sublease agreements in the 2017 financial year. These redemptions and interest are offset by an identical amount of income, which is netted in the cash flow with interest and repayments of the financial liabilities, since the payments do not go via the bank accounts of the ÖBB-Infrastruktur Group. Instead, the proceeds from the assets are transferred directly from the debtor to the creditor.

in EUR million	Carrying amount Dec 31, 2018	Cash flows 2019 Interest 2019	Redemption 2019	Cash flows 2020-23 Interest 2020-2023	Redemption 2020-2023	Cash flows 2024 et seq. Interest 2024 et seq.	Redemption 2024 et seq.
Derivate financial liabilities							
Interest rate derivatives not designated as hedges	3.2	0.8	0.0	2.5	0.0	0.0	0.0
Interest rate derivatives designated as hedges	1.4	1.5	0.0	0.0	0.0	0.0	0.0
Other derivatives not designated as hedges	20.6	0.0	58.4	0.0	19.8	0.0	4.1
Total	**25.2**	**2.3**	**58.4**	**2.5**	**19.8**	**0.0**	**4.1**
Financial guarantees							
Guarantees from cross-border leasing	54.0	3.9	3.1	12.8	15.1	2.4	35.8
Other guarantees	21.8	0.0	5.5	0.0	10.2	0.0	6.1

in EUR million	Carrying amount Dec 31, 2017	Cash flows 2018 Interest 2018	Redemption 2018	Cash flows 2019-22 Interest 2019-2022	Redemption 2019-2022	Cash flows 2023 et seq. Interest 2023 et seq.	Redemption 2023 et seq.
Derivate financial liabilities							
Interest rate derivatives not designated as hedges	4.0	0.8	0.0	3.3	0.0	0.0	0.0
Power derivatives designated as cash flow hedges	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Interest rate derivatives designated as hedges	4.2	2.9	0.0	1.5	0.0	0.0	0.0
Other derivatives not designated as hedges	10.2	0.0	51.2	0.0	5.2	0.0	3.9
Total	**18.4**	**3.7**	**51.5**	**4.8**	**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 guarantees	21.4	0.0	5.7	0.0	8.7	0.0	7.0

The table includes all financial instruments held in the portfolio as of the reporting date for which payments have already been contractually agreed. Payment budgets for future new liabilities were not taken into account in the presentation of future cash flows. Amounts in foreign currencies were translated at the rate applicable on the reporting date. Variable interest payments from financial instruments were determined based on the interest rates applicable on Dec 31,2018 and on Dec 31,2017.

The following interest rate and principal payments are assumed with respect to the derivative financial assets:

in EUR million	Carrying amount Dec 31, 2018	Cash flows 2019 Interest 2019	Redemption 2019	Cash flows 2020-23 Interest 2020-2023	Redemption 2020-2023	Cash flows 2024 et seq. Interest 2024 et seq.	Redemption 2024 et seq.
Derivative financial assets							
Power derivatives not designated as hedges	26.8	0.0	65.2	0.0	21.7	0.0	0.0
Power derivatives designated as cash flow hedges	44.0	0.0	34.6	0.0	58.8	0.0	0.0
Total	**70.8**	**0.0**	**99.8**	**0.0**	**80.5**	**0.0**	**0.0**

in EUR million	Carrying amount Dec 31, 2017	Cash flows 2018 Interest 2018	Cash flows 2018 Redemption 2018	Cash flows 2019-22 Interest 2019-2022	Cash flows 2019-22 Redemption 2019-2022	Cash flows 2023 et seq. Interest 2023 et seq.	Cash flows 2023 et seq. Redemption 2023 et seq.
Derivative financial assets							
Power derivatives not designated as hedges	22.2	0.0	80.0	0.0	38.2	0.0	0.0
Power derivatives designated as cash flow hedges	6.3	0.0	8.4	0.0	13.5	0.0	0.0
Total	**28.5**	**0.0**	**88.4**	**0.0**	**51.7**	**0.0**	**0.0**

29.3. Hedging transactions

Hedge Accounting

The ÖBB-Infrastruktur Group applies the hedge accounting regulations in accordance with IFRS 9 (Hedge Accounting) to hedges of assets and liabilities and future cash flows. This reduces volatilities in the Consolidated Income Statement. A distinction is made between fair value hedges and cash flow hedges, depending on the hedged item.

For cash flow hedges the effective portion of the change in the fair value for the hedge instrument is initially recognized in other comprehensive income in the shareholders' equity, before being transferred to profit or loss at the point in time at which the expected payment flows affect net income. Fair value hedges on the other hand require the carrying amount of the hedged item to be adjusted for changes in the fair value of the hedged risk through profit or loss.

The ÖBB-Infrastruktur Group meets the requirements of IFRS 9 for hedge accounting as follows:

At the inception of the hedge, the relationship between hedging instrument and hedged item, and the reason for the hedge are documented. The documentation includes allocation of the hedging instruments to the respective hedged assets and liabilities and planned transactions, and an assessment of the effectiveness of the hedging instruments. Existing hedging measures are reviewed on an ongoing basis to ensure that the requirements for hedge effectiveness continue to be met. If this is not the case and a recalibration of the hedge relationship is not possible, or if the hedging instrument expires or is sold or terminated, then the hedge relationship is terminated.

The ÖBB-Infrastruktur Group also enters into hedges which do not comply with the formal requirements of IFRS 9 but which contribute to economically effective hedging of financial risks in accordance with the principles of the risk management.

Cash flow hedges – Interest rate risks

Interest rate risks arise from variable interest payments on financial assets and liabilities (i.e. cash flow risks) or from market value risks, i.e. changes in the present value of fixed-interest financing. Within the ÖBB-Infrastruktur Group, an interest rate risk may occur in the existing financing portfolio and in the planned new business portfolio in accordance with budget/medium-term planning (BUD/MFP). The interest expense from refinancing raised during BUD/MFP is based on forward interest rates according to planning premises. The actual interest expense is only locked-in when the contract is concluded (fixed interest rate) or when the interest rate is fixed (variable interest rate).

The ÖBB-Infrastruktur Group has entered into a payer interest rate swap ("receive variable – pay fixed") to hedge interest payment risks. The changes in cash flows of the hedged item resulting from changes in the EURIBOR rate are offset by the changes in cash flows of the interest rate swaps. The objective of these hedges is to transform the variable interest rate bonds into fixed interest rate debts, thus hedging the cash flow from the financial liabilities.

The following table shows the range of maturities and number of cash flow hedges:

Financial Instruments	Dec 31, 2018		Dec 31, 2017		
Maturity	Number of swaps	Nominal volume in EUR million	Maturity	Number of swaps	Nominal volume in EUR million
Portfolio	1	100.0	Portfolio	3	137.0
thereof maturing 2018	*1*	*100.0*	*thereof maturing 2017*	*2*	*37.0*
thereof maturing 2019	*0*	*0.0*	*thereof maturing 2018*	*1*	*100.0*

Just like the hedged item the interest rate swap still existing as of Dec 31, 2018 has a nominal value of EUR 100 million. The variable interest rate for the hedged item is the three-month Euribor + 46 basis points, the fixed interest rate for the interest rate swap is 1.640%.

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 hedged underlying 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 shareholders' equity through other comprehensive income. These amounts are recognized as finance costs in the period in which the corresponding interest payments from the hedged item affect profit or loss (2018: EUR 2.9 million [prior year: EUR 2.9 million]). No ineffective portions of hedge accounting relationships (prior year: EUR 0.02 million) were recorded in profit or loss.

29.4. Commodity risks

ÖBB-Infrastruktur AG's Power Supply Management/Energy Sector division is responsible for the procurement of grid-bound energy sources and energy-related products (emission certificates, certificates of origin) within the ÖBB Group. All of these products are either supplied to internal or external customers or used to operate the 16.7 Hz traction current network. Price fluctuations for these products influence the expenses of the ÖBB-Infrastruktur Group and ÖBB Group and thus represent a market risk. Since around two thirds of the traction current required and the entire electricity needed for supplying the operating facilities (train stations, etc.) is purchased on the electricity market, the ÖBB-Infrastruktur Group is heavily affected by electricity price volatility. The risk management strategy therefore arranges for price hedging.

A major risk in the procurement of energy is the fluctuation of market prices. This must also be seen against the background that the sales prices for traction power and the tariffs for operating facilities for each calendar year must be fixed in the fourth quarter before the start of delivery while the tariffs for the use of the traction power grid must even be announced one year earlier for the first time. It is therefore particularly relevant for the ÖBB-Infrastruktur Group to have already hedged or fixed the prices in advance. Prices are hedged by concluding forwards for the planned purchase quantities for traction power, energy losses and operating facilities as well as for emission certificates. In addition to securing prices, the hedging also serves to increase planning reliability, which is necessary as the basis for price calculation.

Against the background of the procurement strategies and for risk diversification, the ÖBB-Infrastruktur Group decided on long-term rolling procurement (rolling hedge). The defined procurement period varies depending on the hedged items (up to three years for energy and up to five years for emission allowances). A certain percentage of the quantity to be procured (a required supply, the target purchase amount) must be purchased each procurement year at defined points in time by energy portfolio management. An upper and lower quantity corridor was defined in order to incorporate portfolio management's price expectations into the procurement process. There is the option of hedging the price for a higher or lower quantity than the target purchase quantity depending on price expectations. This corridor ceases to apply at the end of this procurement period, meaning that the target purchase quantity corresponds with 100% supply.

29.4.1. Cash flow hedges

The ÖBB-Infrastruktur Group has concluded power purchase contracts (long-term procurement contracts, power forward contracts on the purchasing side). These power purchase contracts are used to hedge the price for procuring power for the planned purchase quantities with due regard to management of the production portfolio and the long-term purchase agreements. The forward contracts are concluded on the OTC market. Changes in the cash flows for the planned power purchases due to changes in the power price are compensated by the changes in the cash flows of the forwards, which are classified as derivatives in compliance with IFRS 9. The purpose of the hedging transactions is to fix the variable prices of planned power purchases. After the final purchase contracts have been negotiated, the related power forwards are offset by matching counter-transactions and, both transactions are recognized at fair value through profit or loss. The amount recognized in other comprehensive income until closing of the forwards is reclassified to profit or loss once the forward is settled.

In the case of power forwards designated as cash flow hedges, ÖBB Infrastruktur AG only designates the price component related to the European Energy Exchange settlement price for the expected future procurement as the hedged risk. In the past the hedged risk component has covered 100% of the changes to the fair value of the hedged item. Following the energy price zone separation into Germany and Austria effective Oct 1, 2018, the hedge transaction no longer covers the transport surcharge. Hedging of emission allowances only includes one price component ("EAU European Emission Allowance Future Settlement Price").

The ÖBB-Infrastruktur Group hedges 1,000 GWh per supply year on a rolling basis over three years for the procurement of traction power and loss 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 their term (Note 18). Derivatives with a negative fair value are stated in the financial liabilities in accordance with the term (Note 25).

Power derivatives designated as hedges Dec 31, 2018 Maturity	Number of swaps	MWh	Fair value (contract price) in EUR million	Average exercise price in EUR million	Fair value in EUR million
Portfolio	74	2,589,276	91.9		41.5
thereof maturing 2019	*23*	*1,033,044*	*33.4*	*32.3*	*22.8*
thereof maturing 2020	*31*	*943,032*	*33.8*	*35.8*	*14.4*
thereof maturing 2021	*17*	*499,320*	*19.6*	*39.2*	*4.2*
thereof maturing 2022	*3*	*113,880*	*5.3*	*46.2*	*0.0*

Power derivatives designated as hedges Dec 31, 2017 Maturity	Number of swaps	Fair value (contract price) 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*
thereof maturing 2021	*0*	*0.0*

Co2 emission rights in cash flow hedge relationship Dec 31, 2018 Maturity	Number of swaps	Tons	Nominal volume in EUR million	Average exercise price in EUR million	Fair value in EUR million
Portfolio	8	155,000	1.4		2.5
thereof maturing 2019	*7*	*135,000*	*1.2*	*9.0*	*2.2*
thereof maturing 2020	*1*	*20,000*	*0.2*	*10.0*	*0.3*

Co2 emission rights in cash flow hedge relationship Dec 31, 2017 Maturity	Number of swaps	Tons	Nominal volume in EUR million	Average exercise price in EUR million	Fair value in EUR million
Portfolio	14	240,000	1.4		0.5
thereof maturing 2018	*9*	*160,000*	*1.0*	*5.96*	*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 forwards as of the reporting date is determined based on the European Energy Exchange futures rates discounted on the basis of current yield curves. The fair value of the emission allowance forwards at the reporting date is based on the European Emission Allowance Futures settlement price.

Amounts that are reclassified from other comprehensive income to the profit or loss 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:

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 cash flow hedges as of Dec 31, 2017 were terminated. Power forwards were re-designated effective Jan 01, 2018 based on the EEX settlement price component.

Co2 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 actual consumption volume.

	Dec 31, 2018			
Power derivatives not designated as hedges Maturity	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sales	Nominal volume in EUR million
Portfolio	91	89.9	88	75.2
thereof maturing 2019	*66*	*65.9*	*66*	*57.7*
thereof maturing 2020	*18*	*21.1*	*19*	*15.9*
thereof maturing 2021	*7*	*2.9*	*3*	*1.6*

	Dec 31, 2017			
Power derivatives not designated as hedges Maturity	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sales	Nominal volume in EUR million
Portfolio	*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 non-current financial assets (Note 18). Derivatives with a negative fair value are stated in the financial liabilities (Note 25). Changes to the fair value of power derivatives without hedge relation are recognized in the other financial result in profit or loss.

29.5. Additional disclosures according to IFRS 7

Capital management

The financial management of the ÖBB-Infrastruktur Group is aimed at maintaining an excellent credit rating. Due to the Company's special situation and its statutory mission, and also as a result of the government's agreement 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, which are compared to the respective budgeted values: The Company defines shareholders' equity as share capital, provisions, retained earnings. Managed equity as of Dec 31, 2018 amounts to EUR 1,426.6 million (prior year: EUR 1,337.1 million).

Additional disclosures regarding the financial instruments

Cash and cash equivalents, trade receivables as well as other financial receivables mostly have short remaining terms. Therefore, their carrying amounts as of the reporting date approximate their fair values. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted at the respective interest rates.

The carrying amounts of trade payables and other liabilities, as well as other financial liabilities approximate their fair values. Other non-current receivables and assets or other non-current liabilities and debts mainly comprise non-financial instruments. The fair values of liabilities to banks and other financial liabilities are determined as the present values of the debt related payments based on the applicable yield curve. The following reconciliation shows non-financial instruments and financial instruments from hedge accounting in a separate column in order to enable reconciliation to the carrying amount of the items reported in the Statement of Financial Position.

The fair values in the tables below indicated for each balance sheet item 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 (prior year: EUR 16,886.2 million). Of this amount, EUR 15,900.4 million (prior 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 (prior 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 (prior year: EUR 48.1 million). These were measured using a valuation model based on market parameters in accordance with level 2.

Financial assets as of Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instru-ments	FVtPL equity instrum-ents	Manda-torily at FVtPL	At Amortized Cost	Cash	Hedge Accoun-ting	Fair Value
Non-current assets									
Financial assets	179.8	0.0	179.8	0.9	0.0	158.0	0.0	20.9	197.8
Other receivables and assets	144.4	132.6	11.8	0.0	0.0	11.8	0.0	0.0	11.8
Current assets									
Financial assets	52.7	0.0	52.7	0.0	26.8	2.8	0.0	23.1	52.7
Trade receivables	128.5	12.5	116.0	0.0	0.0	116.0	0.0	0.0	116.0
Other receivables and assets	256.1	175.8	80.3	0.0	0.0	80.3	0.0	0.0	80.3
Cash and cash equivalents	17.5	0.0	17.5	0.0	0.0	0.0	17.5	0.0	17.5
Total carrying amount per category				**0.9**	**26.8**	**368.9**	**17.5**	**44.0**	

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 kEUR 2,160.6 (prior year: kEUR 4,860.7). The change to the fair value that would have been recognized in other comprehensive income without reclassification during the financial year amounts to kEUR -2,700.0.

Financial liabilities as of Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Fair Value
Non-current liabilities							
Financial liabilities	18,540.9	0.0	18,540.9	18,534.8	6.1	0.0	21,756.3
Other liabilities	31.7	31.7	0.0	0.0	0.0	0.0	0.0
Current liabilities							
Financial liabilities	2,132.5	0.0	2,132.5	2,113.4	17.7	1.4	2,168.2
Trade payables	628.1	0.4	627.7	627.7	0.0	0.0	627.7
Other liabilities	1,073.3	121.3	952.0	952.0	0.0	0.0	952.0
Total carrying amount per category				**22,227.9**	**23.8**	**1.4**	

Financial assets as of Dec 31, 2017 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instruments	Available for Sale (at Fair Value)	Available for Sale (at Cost)	At Fair Value through Profit and Loss (Held for Trading)	Loans and Receiv-ables	Cash	Hedge Accoun-ting	Fair Value
Non-current assets										
Financial assets	186.1	0.0	186.1	69.5	2.7	0.0	109.6	0.0	4.4	213.2
Other receivables and assets	150.2	150.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets										
Financial assets	35.4	0.0	35.4	0.0	0.0	22.2	11.3	0.0	1.9	35.4
Trade receivables	140.0	6.5	133.5	0.0	0.0	0.0	133.5	0.0	0.0	133.5
Other receivables and assets	217.4	170.0	47.4	0.0	0.0	0.0	47.4	0.0	0.0	47.4
Cash and cash equivalents	22.6	0.0	22.6	0.0	0.0	0.0	0.0	22.6	0.0	22.6
Total carrying amount per category				**69.5**	**2.7**	**22.2**	**301.8**	**22.6**	**6.3**	

Financial liabilities as of Dec 31, 2017 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Fair Value
Non-current liabilities							
Financial liabilities	19,797.3	0.0	19,797.3	19,789.7	6.2	1.4	23,190.9
Other liabilities	33.3	33.3	0.0	0.0	0.0	0.0	0.0
Current liabilities							
Financial liabilities	424.1	0.0	424.1	413.3	8.0	2.8	424.1
Trade payables	470.9	6.6	464.3	464.3	0.0	0.0	464.3
Other liabilities	757.4	117.7	639.7	639.7	0.0	0.0	639.7
Total carrying amount per category				**21,307.0**	**14.2**	**4.2**	

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 derivate assets	26.8	-14.2	12.6
Power derivate 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 derivate assets	22.2	-9.7	12.5
Power derivate liabilities	-6.3	0.0 *)	-6.3

*) Small amount

Notes to the Consolidated Income Statement and Consolidated Statement of Financial Position

The interest income that does not result from financial instruments according to the categories of IFRS 9 consists mainly of the discounting of other provisions as well as the release of the tax benefit from CBL transactions in 2017.

Deferred interest payments on derivative financial instruments (interest rate swaps) designated as cash flow hedge instruments in accordance with IFRS 9 are recognized as adjustments to the interest expense of the hedged financial instrument. The interest income/expenses are allocated to the valuation categories based on the hedged item; only financial liabilities were hedged in 2018.

Net financial results by valuation categories

The net profit by valuation category is presented in the following table.

		Result of subsequent measurement					
Dec 31, 2018 **in EUR million**	Interest income/ expenses	At fair value	Foreign currency translation	Impairment/ appreciation	Result from disposal	Result from investments	Other
Financial Assets at amortized cost (FAAC)	9.7	0.0	6.6	-0.2	0.0	0.0	-0.6
Available for Sale Financial Assets (AfS)	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	-1.5	0.0	0.0	0.0	0.0	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-558.8	0.0	-6.7	0.0	0.0	0.0	0.0
Hedge Accounting	-2.9	0.0	0.0	0.0	0.0	0.0	0.0

		Result of subsequent measurement					
Dec 31, 2017 **in EUR million**	Interest income/ expenses	At fair value	Foreign currency translation	Impairment/ appreciation	Result from disposal	Result from investments	Other
Loans and Receivables (LaR)	13.5	0.0	-21.3	0.0	0.0	0.0	-1.2
Available for Sale Financial Assets (AfS)	4.0	0.0	-6.0	-0.2	-7.9	0.3	0.0
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	8.2	0.0	0.0	0.0	0.0	-1.4
Financial Liabilities Measured at Amortized Cost (FLAC)	-571.3	0.0	28.7	0.0	7.9	0.0	0.0
Hedge Accounting	-2.9	0.0	0.0	0.0	0.0	0.0	0.0

The net interest from financial liabilities classified as “Financial liabilities measured at amortized cost” includes mainly interest expenses from bonds and loans as well as cross-border leasing transactions. The ÖBB-Infrastruktur Group recognizes the other components of the net result in other financial expense or other financial income. The total interest income calculated using the effective interest method was EUR 9.7 million (prior year: EUR 13.5 million). The item Hedge Accounting contains swap income of kEUR 0.1 accumulated in the interest income and expenses.

The net financial results do not include any expenses arising from allowances on trade receivables or other receivables and assets in the amount of EUR 2.1 million (prior year: EUR 4.2 million), as these are included in the operating results. For more information, see Note 20.

29.6. Derivative financial instruments

The following tables show the reported fair values of all derivative financial instruments. They are divided into those that are part of an effective hedging relationship in accordance with IFRS 9 (cash flow hedge) and those that are not.

	Assets		Liabilities	
	Carrying amounts Dec 31, 2018 in EUR million	Carrying amounts Dec 31, 2017 in EUR million	Carrying amounts Dec 31, 2018 in EUR million	Carrying amounts Dec 31, 2017 in EUR million
Interest rate swaps				
without hedge relation	0.0	0.0	3.2	4.0
designated as cash flow hedge	0.0	0.0	1.4	4.2
Power forwards				
without hedge relation	26.8	22.2	16.5	6.3
designated as cash flow hedge	44.0	6.3	0.0	0.0
Other derivatives				
without hedge relation	0.0	0.0	4.1	3.9
Total	**70.8**	**28.5**	**25.2**	**18.4**

Other derivatives without hedging relationships relate to swaps connected with a cross-border leasing transaction.

Fair value hierarchy

The following table shows how the fair values of the assets and liabilities recognized at fair value were determined, with categorization into a three-level hierarchy reflecting the proximity to the market of the data included in the determination.

Dec 31, 2018	Level 1	Level 2	Level 3	Total
Derivatives designated as hedge instrument	0.0	44.0	0.0	44.0
Derivatives held for trading	0.0	26.8	0.0	26.8
Equity instruments	0.0	0.0	0.9	0.9
Financial assets	**0.0**	**70.8**	**0.9**	**71.7**
Derivatives designated as hedge instrument	0.0	1.4	0.0	1.4
Derivatives held for trading	0.0	23.8	0.0	23.8
Financial liabilities	**0.0**	**25.2**	**0.0**	**25.2**

Dec 31, 2017	Level 1	Level 2	Level 3	Total
Derivatives designated as hedge instrument	0.0	6.3	0.0	6.3
Derivatives held for trading	0.0	22.2	0.0	22.2
Available for sale	20.5	49.0	0.0	69.5
Financial assets	**20.5**	**77.5**	**0.0**	**98.0**
Derivatives designated as hedge instrument	0.0	4.2	0.0	4.2
Derivatives held for trading	0.0	14.2	0.0	14.2
Financial liabilities	**0.0**	**18.4**	**0.0**	**18.4**

The levels were determined as follows:

Level 1: Quoted prices (unadjusted) are available from an active market for identical financial instruments.
Level 2: Other parameters than those stated for Level 1 were used which are observable for the financial instrument (either directly, i.e., as price, or indirectly, i.e., derived from prices).
Level 3: Parameters were used which are not exclusively based on observable market data.

Transfers between the individual levels did not occur. For further details on these financial instruments see Note 29.1.

30. Leasing transactions

30.1. Lessor

ÖBB-Infrastruktur AG owns the rail infrastructure and a large majority of the property of the ÖBB Group.

The assets leased to third parties are investment properties (IAS 40) and buildings that are partially leased out; however, the share of the latter is not predominant, which means that it does not fall under the scope of IAS 40, and cannot be recognized separately. The vast majority of the leases can be terminated. The infrastructure provided to Rail Cargo Austria AG, ÖBB-Personenverkehr AG and other railway operators for usage against payment of a usage fee (including compensation of the federal government) is charged based on a current price list (mileage or gross tons transported), and is therefore not classified as a lease but as services provided.

There are 25,400 (prior 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 (prior year: 7,500) external fixed-term rental agreements that end between 2019 and 2112 (prior year: 2018 and 2077), with 140 (prior year: 100) contracts concluded within the ÖBB Group that terminate between 2019 and 2107 (prior year: 2018 and 2107), and with the non-current contracts involving building rights granted on land. The long-term agreements relate to building rights granted for property. Contingent lease payments relate exclusively to lease agreements that are concluded with third parties and not with Group companies.

As the leased assets, with the exception of investment property, constitute indivisible parts of buildings such as train stations, a disclosure of the carrying amounts is neither meaningful nor possible.

The minimum lease payments from the fixed-term operating lease agreements as of the balance sheet date amounted to:

Dec 31, 2018

in EUR million	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	521.8	50.6	141.2	330.0
thereof from affiliated companies	*125.4*	*5.1*	*19.6*	*100.7*
Automobiles and trucks	9.0	3.9	5.0	0.1
thereof from affiliated companies	*8.9*	*3.8*	*5.0*	*0.1*
Other technical equipment and machinery	0.4	0.0	0.1	0.3

Dec 31, 2017

in EUR million	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	491.9	49.2	142.0	300.7
thereof from affiliated companies	*127.3*	*5.0*	*19.0*	*103.3*
Automobiles and trucks	9.3	4.2	5.1	0.0
thereof from affiliated companies	*9.1*	*4.1*	*5.0*	*0.0*
Other technical equipment and machinery	0.5	0.0	0.1	0.4

In 2018 contingent rent payments amounting to EUR 3.3 million (prior year: EUR 2.3 million) were recognized in income.

30.2. Lessee

Finance lease

The last finance lease agreement expired in January 2017.

Operating leases

Future minimum lease payments from non-cancellable 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	8.4	29.7	52.2
Technical equipment and machinery	0.1	0.2	0.0
Other plant, furniture and fixtures	11.3	17.0	0.0
Total	**19.8**	**46.9**	**52.2**

2017

in EUR million	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	8.1	31.3	55.6
Technical equipment and machinery	0.4	0.9	0.3
Other plant, furniture and fixtures	11.2	16.8	0.0
Total	**19.7**	**49.0**	**55.9**

The operating lease agreements mainly refer to buildings 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 respective reporting periods, minimum lease payments of EUR 20.3 million (prior year: EUR 20.9 million), of which EUR 11.4 million (prior year: EUR 10.6 million) was recognized as expenses.

30.3. Cross-border lease agreements

In the period from May 1995 to December 2002, the Austrian Federal Railways (now ÖBB-Infrastruktur AG) concluded 17 cross-border leasing transactions (CBL transactions) for infrastructure facilities and rolling stock, of which two (prior year: two) were still valid as of Dec 31,2018.

The two remaining CBL transactions of ÖBB-Infrastruktur AG are linked via subleases of ÖBB-Produktion GmbH and ÖBB-Personenverkehr AG.

Both CBL transactions involve sale and leaseback transactions. The contractual partner is the buyer of the assets with this and leases them back to ÖBB-Infrastruktur AG.

Payment obligations, such as lease payments and payments required when exercising the call option were hedged by entering into repayment vehicles with various banks and leasing institutions. In these payment undertaking agreements, the banks or leasing institutions agreed to make the contractual payments at the stipulated payment dates on behalf of ÖBB-Infrastruktur AG. Minimum ratings are no longer used.

Rolling stock subject to the CBL transactions is maintained regularly in accordance with the provisions of the agreements and may, in principle, not be sold, leased, pledged as collateral, or decommissioned.

Release of CBL transactions

In the reporting year 2017, two CBL transactions 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 (prior year: one) CBL transaction with two (prior year: two) securities accounts are recharged to ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH via the sublease agreements.

Accounting

General principles for all CBL transactions:

Beneficial ownership to the property, plant and equipment remains with the ÖBB Group

All transactions affecting the ÖBB-Infrastruktur Group internally and externally have expired. The assets transferred to other companies of the ÖBB Group under sub-lease agreements are recognized by these companies in their statements of financial position.

Amortization of the tax benefit

The tax benefit realized at the inception of the transaction is recognized in other liabilities and amortized pro rata temporis over the term of the contracts. As of Dec 31,2016 the deferred tax benefit not yet released, accruing to the ÖBB-Infrastruktur Group, amounted to EUR 0.7 million. This was completely released in 2017. Income from the release of the deferred tax benefit amounting in 2017 to EUR 0.7 million is recognized as interest income in the interest result.

Classification of lease transactions according to their substance

IAS 17 ("Leases") provides detailed rules for the accounting of leases. The substance of the lease transaction is decisive for accounting.

The CBL transactions were classified in accordance with SIC 27 (Evaluating the Substance of Transactions in the Legal Form of a Lease). IAS 17 applies only when the substance of an agreement includes the conveyance of the right to use an asset for an agreed period. In consideration of the regulations of SIC 27, numerous financial assets in the legal ownership of the ÖBB-Infrastruktur Group (securities and bank deposits) and the corresponding lease liabilities do not meet the criteria of assets and liabilities (linked transactions) respectively due to the lack of substance of the agreements, and are therefore not accounted for (off balance).

In respect of contractual parties with at least an AA+ rating or for whose compliance a subsidiary guarantor liability is assumed by the government, and whose investments are pledged in favor of the investor, the default risk is still regarded as extremely low, so that no need for any change is seen at present and these transactions continue to be disclosed off balance. However, the creditworthiness (measured by the rating) of contractual partners rated as safe in the past has in some instances deteriorated. For this case, the contractual provisions prescribe, among other requirements, that the affected deposits or payment undertaking agreements shall be replaced or hedged.

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 acquired in 2014 and 2015 for the remediation of the rating trigger were classified as "Available for Sale" (IAS 39) and as of Jan 01, 2018 assigned to "Debt instruments at amortized cost". Initially, the financial assets matched with the lease liabilities in the same amount, and the U.S. treasury notes also matched with credit financing in the same amount. Amounts denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. Any changes in the value of the assets resulting from changes in exchange rates are offset by corresponding exchange rate effects on the lease liabilities, and credit financing in the event of a hedged repayment vehicle regarding one of the tranches of a transaction.

Higher credit risks were considered by recording allowances on investments with those contractual parties which have a Standard & Poor's rating below AA+ and for which no additional collateral in the form of a guarantor liability or pledged marketable securities of the highest rating in favor of the ÖBB-Infrastruktur Group exist. The amount of the respective allowance is determined using portfolio allowances 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. Loss allowances on investments in the amount of EUR 0.2 million (prior year: none) exist.

In the Consolidated Financial Statements as of Dec 31,2018, financial assets associated with non-linked leasing transactions amounted to EUR 65.0 million (prior year: EUR 63.5 million). Claims against ÖBB-Personenverkehr AG from the termination of a leasing transaction amount to EUR 8.9 million (prior year: EUR 9.2 million). As of Dec 31, 2018, related financial liabilities amounted to EUR 65.3 million (prior year: EUR 58.0 million).

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the Company did not recognize any assets or liabilities for these transactions. Therefore, the deposits made and marketable securities purchased in connection with the payment undertaking agreements are not recognized in the Statement of Financial Position. The legal obligations under the lease agreements are disclosed as contingent liabilities in the event that the relevant contractual partner fails to meet its payment obligations under the payment undertaking agreements. As of Dec 31,2018, contingent liabilities from CBL transactions amounted to EUR 54.0 million (prior 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 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 Austrian 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 03, 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 (prior 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 Group or the ÖBB Group, associated companies plus any subsidiaries, joint ventures plus any subsidiaries, the shareholder of ÖBB-Holding AG (Republic of Austria) and its most important subsidiaries and key management personnel (members of the Board of Management and the Supervisory Board of ÖBB-Infrastruktur AG and members of the Board of Management and the Supervisory Board of fully consolidated subsidiaries of ÖBB-Infrastruktur AG), and close relations as well as companies close to the members of key management personnel.

The ÖBB-Infrastruktur Group maintains business relationships at arm's length within the ÖBB-Infrastruktur Group's range of services, with companies in which the Republic of Austria directly or indirectly holds an interest (e. g. Österreichische Bundes- und Industriebeteiligungen GmbH, OMV Aktiengesellschaft, Autobahnen- und Schnellstraßen- Finanzierungs-Aktiengesellschaft, Telekom Austria AG, Schieneninfrastruktur-Dienstleistungsgesellschaft mbH, Verbund AG) and which are also classified as related parties in accordance with IAS 24. The transactions pursuant to IAS 24 that were carried out with these companies in the reporting year all relate to the ordinary course of the business operation. Significant transactions (revenue of EUR 11.5 million [prior year: EUR 19.0 million] expenses of EUR 69.2 million [prior year: EUR 42.8 million]) were completed with the Verbund AG Group. Unpaid invoices from or to these companies on the reporting date are reported as trade receivables and trade payables. The other transactions were of minor significance overall and accounted for less than 3% of cost of materials and purchased services and less than 1% of revenues.

Purchases were made at market prices less standard volume discounts and other discounts based on the scope of the business relationship.

The following table presents the volume of transactions between the ÖBB-Infrastruktur Group and related companies of the remaining ÖBB Group as well as the receivables and liabilities outstanding from these transactions at the end of the financial year:

	Affiliated companies of the Rail Cargo Austria sub-group		Affiliated companies of the ÖBB-Personenverkehr sub-group		Affiliated, not fully consolidated companies of ÖBB-Infrastruktur		Other affiliated companies	
in EUR million	2018	2017	2018	2017	2018	2017	2018	2017
Sale of goods/rendering of services	211.6	211.5	337.5	330.2	0.0	0.0	194.0	191.1
Purchase of goods/services/fixed assets	70.6	65.7	24.7	24.6	0.0	0.0	130.8	120.3
Trade receivables	17.3	19.8	29.0	28.3	0.0	0.0	18.2	30.5
Other financial assets	0.0	0.0	8.9	26.2	0.0	0.4	0.0	15.5
Trade payables	20.1	15.6	3.0	2.9	0.0	0.0	19.0	29.6
Other financial liabilities	0.0	0.0	0.0	0.0	0.3	0.3	321.6	155.3

Transactions with companies affiliated with the rest of the ÖBB-Group are disclosed separately in the individual Notes to the Consolidated Financial Statements. The financial liabilities to other affiliated companies mainly relate to ÖBB-Finanzierungsservice GmbH.

In the reporting year, services were provided by the parent company ÖBB-Holding AG in areas including controlling, finance, communications, marketing, production, technology, security, auditing, Group accounting, reporting and taxes, strategy, corporate development, legal, compliance and strategic Group purchasing, strategic IT management, and strategic human resource management; these services were provided on the basis of individual agreements or through cost allocation. Revenue amounted to EUR 1.9 million (prior year: EUR 1.4 million), and expenses to EUR 21.2 million (prior year: EUR 18.8 million). As of Dec 31,2018, receivables of EUR 82.2 million (prior year: EUR 83.1 million) and liabilities of EUR 6.8 million (prior year: EUR 6.5 million) were reported. Receivables due from ÖBB-Holding AG consist mainly of value added tax credits (fiscal unit).

The ÖBB-Infrstruktur Group's relationships with associated companies and joint ventures and of related parties to members of the management of a subsidiary are presented below.

	Associated companies		Joint ventures	
in EUR million	2018	2017	2018	2017
Sale of goods/rendering of services (total revenue)	3.4	3.5	1.2	1.7
Purchase of goods/services/fixed assets (total expenses)	26.3	23.6	0.0	0.0
Trade receivables	0.7	0.7	0.6	0.1
Trade payables	1.4	0.5	0.0	0.0

Please see Note 28 for information on guarantees issued for affiliated companies.

Benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees of the federal government

General

ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in 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 Austrian 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 Austrian Federal Railways Act, which also conforms to the official task according to the Austrian Federal Railways Act.

ÖBB-Infrastruktur AG bears the costs incurred for the fulfillment of its tasks. The federal government grants ÖBB-Infrastruktur AG

- a grant pursuant to Article 42 (1) of the Austrian Federal Railways Act, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues that can be achieved by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management, and
- grants pursuant to Article 42 (2) of the Austrian Federal Railways Act for the maintenance, planning, and construction of the railway infrastructure.

Two separate agreements on the grants pursuant to Article 42 (1) and (2) of the Austrian Federal Railways Act shall be concluded between ÖBB-Infrastruktur AG and the Federal Ministry of Transport, Innovation and Technology (BMVIT) in coordination with the Federal Ministry of Finance (BMF), each with a term of six years, and these agreements shall determine the objective of the grant, the amounts to be granted for this purpose, the general and specific terms and conditions and the payment terms.

Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG) monitors compliance with the obligations assumed by ÖBB-Infrastruktur AG in the grant agreements according to Article 42 of the Austrian Federal Railways Act. 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 regulate the subsidies from 2016 onwards. The subsidies agreements are therefore also valid for 2018.

Infrastructure financing

The grant agreement pursuant to Article 42 (2) of the Austrian Federal Railways Act is based on the business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) of the Federal Railways Act. One component of the business plan is the six-year master plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (7) of the Austrian Federal Railways Act, which has to comprise the annual funds for maintenance (in particular repairs and reinvestments) and for investments in expansion. Both the business plan and the master plan shall be amended each year by one year and adapted to the new six-year period.

According to the grant agreement for 2016-2021, the federal government shall bear 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 grants being paid in the form of an annuity allocated over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate corresponds to the rate respectively applicable for long-term financing measures of ÖBB-Infrastruktur AG.

The share of the investments for expansion (with the exception of the Brenner base tunnel) and reinvestments to be assumed by the federal government is continuously reviewed and adjusted as necessary to the current requirements for future grants.

The federal government also grants a subsidy for inspection and maintenance, elimination of malfunctions and repair of the railway infrastructure operated by ÖBB-Infrastruktur AG. The amount of the grant is fixed with consideration of the liquidity requirements based on the business plan of ÖBB-Infrastruktur AG, the limit of the total grant prescribed by Article 42 of the 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, an amount of EUR 873.1 million (prior year: EUR 785.9 million) was granted for expansion and reinvestment (with the exception of the Brenner Base Tunnel). EUR 561.1 million (prior 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 (prior 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 (prior 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 grant 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 Austrian 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 grant 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 Austrian 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) Austrian Federal Railways Act.

The entire grant for 2018 according to Article 42 of the Austrian Federal Railways Act amount to EUR 2,271.5 million (prior year: EUR 2,122.2 million) with due regard to deduction of the amounts from prior years of EUR 2.4 million. The grant for expansion and reinvestment in the amount of EUR 873.1 million (prior year: EUR 785.8 million) was reduced by EUR 51.3 million (prior year: EUR 32.5 million) to EUR 821.8 million (prior 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 (prior year: EUR 1,336.4 million) grant for operation and inspection, maintenance, disposal and repair was reduced by EUR 251.8 million (prior year: EUR 194.0 million) and is recognized in revenue. The grant in the amount of EUR 91.1 million (prior 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 grant 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 (prior year: EUR 1,064.8 million) was recognized through profit or loss for operation, inspection, maintenance, disposal, and repair. The amounts deferred in connection with the grants for expansion and reinvestment in the amount of EUR 50.1 million (prior 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 (prior year: EUR 194.0 million) are presented in other liabilities. Ex post settlement of the annuity relating to the Brenner Base Tunnel resulted in a redemption portion for ÖBB-Infrastruktur AG of EUR 1.2 million (prior year: EUR 0.9 million), which is recognized as deferred income.

The development of grants in 2018 is as follows:

in EUR million	Total grant	Accruals	Income or loss in 2018
§ 42 (1) operational management	837.3	-342.9	494.4
§ 42 (2) inspection, maintenance and repair	561.1	0.0	561.1
Revenue	**1,398.4**	**-342.9**	**1,055.5**
§ 42 (2) Investment (annuity)	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 grants in 2017 was as follows:

in EUR million	Total grant	Accruals	Income or loss in 2017
§ 42 (1) operational management	785.9	-271.6	514.3
§ 42 (2) inspection, maintenance and repair	550.5	0	550.5
Revenue	**1,336.4**	**-271.6**	**1,064.8**
§ 42 (2) Investment (annuity)	785.8	-32.5	753.3
Other operating income	**785.8**	**-32.5**	**753.3**
Total	**2,122.2**	**-304.1**	**1,818.1**

Please refer to Note 25 with regard to the guaranties 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) from the Austrian provincial governments in the amount of EUR 36.2 million (prior year: EUR 30.1 million) or municipalities amounting to EUR 12.9 million (prior year: EUR 19.7 million), whereby as of the reporting date receivables were outstanding of EUR 18.9 million (prior year: EUR 0.0 million), with outstanding liabilities of EUR 0.0 million (prior year: EUR 1.1 million). Furthermore, EU subsidies were granted amounting to EUR 2.0 million (prior year: EUR 5.9 million). 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 and of members of executive management at the subsidiaries

The Board of Management of ÖBB-Infrastruktur AG consisted on the reporting date of three members (prior year: three). Total compensation granted to the Board of Management for the members of the Board of Management who were active in the reporting years pursuant to Section 266 (2) of the Austrian Commercial Code (UGB) amounted to kEUR 1,118 (prior year: kEUR 1,042), and this amounts also include variable components and non-cash benefits. Statutory contributions to the severance insurance scheme amounted to kEUR 17 (prior year: kEUR 16). Provisions for vacations decreased by kEUR 7, from kEUR 145 to kEUR 138. As of Dec 31, 2018, provisions for performance targets amounted to kEUR 412 (prior year: kEUR 345). Pension payments of kEUR 42 (prior year: kEUR 42) were made for former members of the Board of Management. Provisions for pensions were increased by kEUR 3 (prior year: reduction of kEUR 60).

The total remuneration of the members of the Board of Management is composed of a fixed and a variable component. The amount of the variable annual component is subject to the achievement of objectives agreed with the Executive Committee of the Supervisory Board at the beginning of each financial year.

The employment contracts with top executives (members of the Boards of Management of the parent companies and general managers of companies on comparable levels) include a performance-related component; thus, the success of the company is reflected by the remuneration to a considerable extent. In principle, two-thirds of the remuneration of top executives consists of a fixed base salary, and one-third is a variable performance-related component. At the beginning of each financial year, an individual score card is developed for each company for the purpose of agreeing upon clearly defined, mainly quantitative objectives. The objectives are based on the results of the ÖBB-Infrastruktur Group. The variable components of the salaries that were paid out are included in the remuneration of the Board of Management indicated above.

The members of the Board of Management of ÖBB-Infrastruktur AG participate in an external defined-contribution pension fund scheme, except for members of the Board of Management who are seconded for the time of their activity in the Board within a definite ÖBB employment relation in accordance with the general terms and conditions for employment with Austrian Federal Railways (AVB). A provision of kEUR 45 (prior year: kEUR 22) was formed in connection with this pension fund agreement. The Company itself assumes no pension commitments.

Total compensation granted to the managing directors of the subsidiaries who were active in the reporting years amounted to kEUR 693 (prior year: kEUR 637), and this also includes variable components and non-cash benefits. Managing directors who were also at the same time employees within the ÖBB Group do not receive any separate remuneration for their activities as a managing director.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure for the Supervisory Board of ÖBB-Infrastruktur AG, the members of the Supervisory Board may receive remuneration. At the Annual General Meeting in 2017, remuneration for external Supervisory Board members was decided as follows: the basic remuneration for a Supervisory Board member amounts to kEUR 9 per year. In addition, each Supervisory Board member receives an attendance fee of EUR 200 for each meeting of the Supervisory Board, the Executive Committee or any other committee. The chairman of the Supervisory Board receives 200% of the basic remuneration, and a vice chair within ÖBB-Infrastruktur AG receives 150% of the basic remuneration. For any activity in another Supervisory Board of the ÖBB Group, the member receives an additional 50% of the amounts stipulated above. If several functions are carried out by one person, the upper limit of kEUR 27 (plus attendance fees) may not be exceeded. Members of the Supervisory Board who are members of the Board of Management, employee representatives, general managers or employees of the ÖBB Group do not receive any Supervisory Board remuneration.

The compensation of the shareholders' representatives on the Supervisory Board for their activities in the ÖBB-Infrastruktur Group amounted to kEUR 84 (prior year: kEUR 45).

33. Segment reporting

A business segment is a component of an entity that engages in business activities from which it may earn revenues and incurs expenses and whose operating results are reviewed regularly by the entity's chief operating decision-maker with respect to the allocation of resources to the respective segment and the assessment of its performance. It is a group of assets and operating activities providing products or services which are subject to risks and returns that are different from those of other operating segments and for which discrete financial information is available.

Information on segment reporting

Segment reporting of the ÖBB-Infrastruktur Group is based on the management structure of the ÖBB-Infrastruktur Group. The ÖBB-Infrastruktur Group has only one segment – railway infrastructure.

Information at the corporate group level

Major customers in accordance with IFRS 8.34 are ÖBB-Personenverkehr AG (total income of EUR 329.7 million [prior year: EUR 323.5 million]), ÖBB-Produktion GmbH (total income of EUR 161.4 million [prior year: EUR 160.7 million]) and Rail Cargo Austria AG (total income of EUR 170.7 million [prior year: EUR 171.6 million]). This income results primarily from infrastructure usage charges and the sale of traction power. These companies are part of the ÖBB Group and are thus affiliated companies.

The following table shows the ÖBB-Infrastruktur Group revenue by geographic market, based on the registered offices of the customers, irrespective of the origin of the products and services:

Revenue	2018 in EUR million	2017 in EUR million
Austria	2,083.4	2,053.0
Germany	15.3	26.8
Other markets	6.1	21.6
Total	**2,104.8**	**2,101.4**

Change in finished goods, work in progress and services not yet chargeable, other own work capitalized and other operating income	2018 in EUR million	2017 in EUR million
Austria	1,199.0	1,095.8
Germany	0.0	1.2
Other markets	0.1	3.2
Total	**1,199.1**	**1,100.2**

The presentation of the carrying amounts of segment assets and additions to property, plant and equipment and intangible assets, broken down by geographical areas no longer applies, as all assets, with the exception of those in Liechtenstein and Switzerland amounting to EUR 25.4 million (prior year: EUR 26.4 million) are located in Austria. Additions to property, plant and equipment in Liechtenstein and Switzerland amounted to EUR 0.1 million (prior year: EUR 12.9 million). See Note 4 for external revenues broken down by service.

34. Notes on the Cash Flow Statement

The Cash Flow Statement shows the change in cash of the ÖBB-Infrastruktur Group from inflows and outflows of funds in the reporting year. The Cash Flow Statement is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Cash Flow Statement are presented using the indirect method. There were no changes to cash and cash equivalents due to changes in exchange rates.

Liquid funds include cash and cash equivalents and current receivables and liabilities with respect to ÖBB-Finanzierungsservice GmbH. There are current receivables from ÖBB-Finanzierungsservice GmbH (reported under cash and cash equivalents) of EUR 14.7 million (prior year: EUR 20.6 million) and current liabilities (reported under current financial liabilities) of EUR 321.6 million (prior year: EUR 122.9 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 grant received totaling EUR 91.1 million (prior year: EUR 77.6 million) in this connection are also recognized in operating cash flow under changes in liabilities from trade payables and other liabilities and accruals and deferrals.

Significant non-cash transactions carried out in both reporting years mainly refer to the recognition and derecognition of assets and liabilities from CBL transactions and liabilities from CBL transactions and sublease agreements.

The following table provides the information on the changes to financial liabilities for which the cash inflows and cash outflows 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 liabilities						
Bonds	14,256.2	0.0	2.2	-1,537.9	0.0	12,720.5
Liabilities to banks	3,986.3	-7.0	0.0	0.2	0.0	3,979.5
Financial liabilities leasing	82.6	0.0	0.0	-17.3	0.0	65.3
thereof to affiliated companies	*24.5*	*0.0*	*0.0*	*-24.5*	*0.0*	*0.0*
Other financial liabilities	1,472.3	308.9	1.7	-5.8	-1.4	1,775.6
Total non-current liabilities	**19,797.3**	**301.9**	**3.9**	**-1,560.8**	**-1.4**	**18,540.9**
Current financial liabilities						
Bonds	0.0	0.0	0.0	1,539.5	0.0	1,539.5
Liabilities to banks	6.7	0.2	0.0	0.0	0.0	6.9
Financial liabilities leasing	7.9	0.0	0.0	-7.9	0.0	0.0
thereof to affiliated companies	*7.9*	*0.0*	*0.0*	*-7.9*	*0.0*	*0.0*
Other financial liabilities	286.5	-31.1	0.0	9.1	0.0	264.5
thereof to affiliated companies	*0.2*	*0.0*	*0.0*	*0.1*	*0.0*	*0.3*
Total excluding financial liabilities, which are part of cash and cash equivalents	**301.2**	**-30.9**	**0.0**	**1,540.7**	**0.0**	**1,811.0**
Current other financial liabilities, which are part of the fund of cash and cash equivalents	122.9	0.0	0.0	198.7	0.0	321.6
thereof to affiliated companies	*122.9*	*0.0*	*0.0*	*198.7*	*0.0*	*321.6*
Total current liabilities	**424.1**	**-30.9**	**0.0**	**1,739.4**	**0.0**	**2,132.5**

in EUR million	As of Dec 31, 2016	Changes with an effect on cash flow	Changes in exchange rates	Other changes in borrowed capital	Other changes in equity	As of Dec 31, 2017
Non-current liabilities						
Bonds	13,860.9	0.0	-6.9	402.2	0.0	14,256.2
Liabilities to banks	3,792.8	200.0	-9.5	3.0	0.0	3,986.3
Financial liabilities leasing	94.0	0.0	-7.5	-3.9	0.0	82.6
thereof to affiliated companies	*32.5*	*0.0*	*0.0*	*-8.0*	*0.0*	*24.5*
Other financial liabilities	235.1	1,289.8	-6.6	-44.5	-1.5	1,472.3
Total non-current liabilities	**17,982.8**	**1,489.8**	**-30.5**	**356.8**	**-1.5**	**19,797.4**
Current financial liabilities						
Bonds	431.0	0.0	0.0	-431.0	0.0	0.0
Liabilities to banks	73.5	-7.8	0.0	-59.0	0.0	6.7
Financial liabilities leasing	118.3	0.0	0.0	-110.3	0.0	8.0
thereof to affiliated companies	*7.6*	*0.0*	*0.0*	*0.4*	*0.0*	*8.0*
Other financial liabilities	1,252.9	-1,000.3	0.0	35.0	-1.1	286.5
thereof to affiliated companies	*0.2*	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*
Total excluding financial liabilities, which are part of cash and cash equivalents	**1,875.7**	**-1,008.1**	**0.0**	**-565.3**	**-1.1**	**301.2**
Current other financial liabilities, which are part of the fund of cash and cash equivalents	20.8	0.0	0.0	102.1	0.0	122.9
thereof to affiliated companies	*20.8*	*0.0*	*0.0*	*102.1*	*0.0*	*122.9*
Total current liabilities	**1,896.5**	**-1,008.1**	**0.0**	**-463.2**	**-1.1**	**424.1**

For the bonds with a volume of EUR 400.0 million classified as 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.

The decrease in liabilities in connection with active or terminated CBL transactions is also shown under other changes, as the payments are not settled via the bank accounts of the ÖBB-Infrastruktur Group. Instead, the proceeds from the assets are transferred directly from the debtor to the creditor. This applies in particular to financial lease liabilities, but also to parts of bonds, liabilities to banks and other financial liabilities.

35. Group companies

Following is a list of those Group companies in which ÖBB-Infrastruktur AG direct or indirect through other affiliated companies held an equity interests on the reporting date, or which were newly established in the current reporting year. The corporate purpose of the Group companies is described in letters a) to i). Any information marked with PY relates to the prior year, otherwise the information relates to both years.

ÖBB-Infrastruktur Group	Country, registered office	Type of consolidation	
100% ÖBB-Infrastruktur Aktiengesellschaft	A-1020 Vienna	V	c)
├▸ 100% Austrian Rail Construction & Consulting GmbH	A-1020 Vienna	V0	f)
├▸ 100% Austrian Rail Construction & Consulting GmbH & Co KG	A-1020 Vienna	V0	f)
├▸ 100% Güterterminal Werndorf Projekt GmbH	A-1020 Vienna	V	d)
├▸ 100% Mungos Sicher & Sauber GmbH	A-1150 Vienna	V	e)
├▸ 100% Mungos Sicher & Sauber GmbH & Co KG	A-1150 Vienna	V	e)
├▸ 100% Netz- und Streckenentwicklung GmbH	A-1020 Vienna	V0	d)
├▸ 100% ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.	A-1020 Vienna	V0 (PY: V)	b)
├▸ 100% ÖBB-Immobilienmanagement Gesellschaft mbH	A-1020 Vienna	V	a)
├▸ 100% ÖBB-Projektentwicklung GmbH	A-1020 Vienna	V	b)
├▸ 100% ÖBB-Realitätenbeteiligungs GmbH & Co KG	A-1020 Vienna	V	b)
├▸ 100% Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	A-1020 Vienna	V0	b)
├▸ 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├▸ 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├▸ 100% Europaplatz 1 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0	b)
├▸ 100% Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├▸ 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├▸ 100% Modul Office Hauptbahnhof Graz GmbH & Co KG	A-1020 Vienna	V0	b)
└▸ 100% Operngasse 16 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├▸ 100% ÖBB-Stiftungs Management Gesellschaft mbH	A-1020 Vienna	V0	h)
├▸ 100% Rail Equipment GmbH	A-1040 Vienna	V	g)
├▸ 100% Rail Equipment GmbH & Co KG	A-1040 Vienna	V	g)
├▸ 51% WS Service GmbH	A-3151 St. Georgen am Steinfeld	V	c)
├▸ 50% Galleria di Base del Brennero - Brenner Basistunnel BBT SE	I-39100 Bozen	E	c)
├▸ 43,05% Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E	c)
├▸ 25% Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E (PY: E0)	d)
├▸ 8% HIT Rail B.V.	NL-3500 HA Utrecht	0	n/a
├▸ partnership UIRR s.c.r.l. (International Union for Road-Rail Combined Transport)	B-1000 Brussels	0	n/a
└▸ partnership Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0	n/a

Abbreviations:

V	Affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its insignificance
E	Investee reported using the equity method (associated company)
E0	Investee not reported using the equity method due to its insignificance
0	other investee
n. a.	not applicable
i.L.	in liquidation

Explanation of the purposes of the Group companies:

a) Maintenance, management and utilization of real estate properties
b) Project development and utilization of properties
c) Planning and construction (including replacement investment that exceeds maintenance and repair) of railway infrastructure as well as planning and construction of related projects and sub-projects and the provision of railway infrastructure
d) Optimization and harmonization of infrastructure planning and development
e) Cleaning and special cleaning (for example, graffiti removal) of railway stations as well as security and other services
f) Research and development, especially in connection with railway infrastructure
g) Procurement, purchasing, financing, maintenance and Group-wide rental of rail-bound vehicles, equipment and rail vehicles
h) Continuing professional training

The following presents the equity and net income from those Group companies that were not included in the Consolidated Financial Statements and in which an interest of at least 20% was held. The disclosures regarding equity and net income were taken from the annual financial statements according to respective national accounting laws.

	Shareholders' equity in kEUR		Profit or loss in kEUR	
ÖBB-Infrastruktur Group	Dec 31, 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

36. Events after the reporting date

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 loss allowance was released in the amount of EUR 0.2 million.

On March 27, 2019, the members of the Board of Management of ÖBB-Infrastruktur AG released the audited Consolidated Financial Statements as of Dec 31,2018 for submission to the Supervisory Board. The Board of Management proposes to carry forward accumulated profits of ÖBB-Infrastruktur AG in the amount of EUR 202,923,984.17 to new account.

On February 22, 2019, an extraordinary General Meeting of ÖBB-Infrastruktur AG took place with changes made to the Supervisory Board.

On Mar 14, 2019 the Supervisory Board passed resolutions to select Mr. Mag. Arnold Schiefer as chairman of the Supervisory Board of ÖBB-Infrastruktur AG, as well as Mr. Dipl.-Ing. Herbert Kasser, previously 2nd vice chairman, as 1st vice chairman of the Supervisory Board, effective as of Apr 01 2019 in each case.

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-Infrastruktur AG:

Members of the Board of Management		
Mag. Silvia Angelo		
Dipl.-Ing. Franz Bauer		
KR Ing. Franz Seiser	until Feb 28, 2019	
Dipl.-Ing. Dr. Johann Pluy	from Mar 01, 2019	
Members of the Supervisory Board		
Mag. Brigitte Ederer	until Feb 28, 2018	Chairperson
	from Feb 28, 2018	
Mag. Gilbert Trattner	until Mar 31, 2019	Chairperson (from Mar 22, 2018)
Mag. Arnold Schiefer	from Apr 01, 2019	Chairperson (from Apr 01, 2019)
Mag. Josef Halbmayr MBA	until Mar 31, 2019	First Vice Chairperson
Dipl.-Ing. Herbert Kasser		Second Vice Chairperson (until Mar 31, 2019) First Vice Chairperson (from Apr 01, 2019)
Lic.iur. Philippe Gauderon		
Dr. Tanja Wielgoß	until Feb 28, 2018	
Mag. Dipl.-Ing. Marion Medlitsch	until Feb 28, 2018	
Mag. Iris Germ	from Feb 28, 2018	
Mag. Eva Hieblinger-Schütz	from Feb 28, 2018	
Dr. Barbara Kolm	from Feb 28, 2018	
Dr. Claudia Brey	from Apr 01, 2019	
Günter Blumthaler		Employee Representative
Peter Dyduch		Employee Representative
Gerhard Schneider		Employee Representative
Karl Buchheit	from Mar 20, 2018	Employee Representative

Vienna, March 27, 2019

The Board of Management

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

Auditor’s Report*

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of **ÖBB-Infrastruktur Aktiengesellschaft, Vienna,** and of its subsidiaries (the Group) comprising the consolidated balance sheet as of December 31, 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2018, and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a Austrian Company Code (UGB).

Basis for Opinion

We conducted our audit in accordance with EU Regulation No. 537/2014 (hereinafter the EU Regulation) and the Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Austrian Generally Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have listed the circumstances that we consider to be of particular significance below:

- Assessment and measurement of provisions for regulatory proceedings
- Distinction between capital expenditures requiring capitalization and maintenance measures immediately recognized as expenses
- Recognition and measurement of capitalized own work in connection with investment projects

Assessment and measurement of provisions for regulatory proceedings

Facts and risk and reference to further information	Audit process
Several regulatory proceedings are pending as of Dec 31, 2018 in connection with the fees charged for use of the railway infrastructure and of service facilities (passenger stations). These proceedings, which are at various stages in the procedural process, relate to the years 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. These risks were assessed individually for each case or proceeding and accounted for in the form of provisions. Accounting for these circumstances is of particular significance for our audit, as the need for and/or the amount of the provisions crucially depend on the assumptions and assessment of the legal representatives on the outcome of the proceedings. Uncertainties exist in particular due to the difficulty in assessing results of the interpretation of legal issues by the supervisory authority, administrative courts or courts of law that have not yet been fully judged, possible restrictions on the temporal effect of decisions, and with regard to the type, scope and amount of recognized costs and market mark-ups as a basis for charging tariffs for the use of rail infrastructure. Information on the accounting for the provisions can be found in the Notes under section "B. Notes to the Consolidated Statement of Financial Position and the Consolidated Income Statement, 26.2. other provisions", as well as under section "A. Basis and Methods, 3. Summary of significant accounting policies, Use of estimates and judgment, section c. regarding provisions".	As part of our audit we examined the legal and data bases used for forming the provisions, and assessed the appropriateness of the premises used for the measurement on this basis. For this purpose we also specifically discussed the status of the proceedings, including the latest developments in 2018, with the employees in the specialist department responsible and with the legal advisers. We also examined the expert report prepared by the Railway Control Commission within the course of the proceedings, and assessed the conclusions derived from this. Lastly we retraced the calculation mechanism for the provisions using the detailed measurement parameters.

Distinction between capital expenditures requiring capitalization and maintenance measures immediately recognized as expenses

Facts and risk and reference to further information

In addition to capital expenditure for the construction of new railway infrastructure, the Group also incurs significant expenditure for the renewal and maintenance and repair of the existing infrastructure. While measures classified as capital expenditure are capitalized and are thus expensed over several years by way of depreciation, maintenance and repair measures are recognized immediately as expense in the results for the period. As with all major infrastructure companies, the distinction between capital expenditure and maintenance and repair measures and accurate recognition of these in the annual financial statements is of particular importance. Problems can arise with the distinction or with classification in particular with measures that relate to the existing infrastructure. The risk with respect to the financial statements involves an incorrect accounting assessment for construction and redevelopment measures with the associated impact of this on the annual results.

The information on the accounting principles are included in the Notes to the Consolidated Financial Statements under section "A. Basis and Methods, 3. Summary of significant accounting policies". Information on the maintenance and repair payments expensed in the financial year can be found in the Notes under section "B. Notes to the Consolidated Statement of Financial Position and the Consolidated Income Statement, 7. Cost of materials and purchased services". The capital expenditure measures capitalized in the financial year are evident from section "B. Notes to the Consolidated Statement of Financial Position and the Consolidated Income Statement, 14. Property, plant and equipment".

Audit process

As part of our audit activities we gained an understanding of the relevant processes and internal controls related to the accounting categorization for construction and redevelopment projects, and reviewed the effectiveness of selected internal controls. This relates specifically to internal controls involving the opening of jobs in the SAP system in accordance with the internal accounting policies ("capitalization principles") as well as the downstream controls by assets accounting. We determined additional audit procedures based on this.

We applied these audit procedures to a selected sample of projects (both capital expenditure as well as maintenance and repair jobs). In addition to random selections, projects were also selected in accordance with risk-based criteria, with due regard to the project size, project description, and project duration. The audit procedures included in particular examination of the project descriptions, discussion of the project contents with the project managers and project controllers, and based upon this an appraisal of the accounting decisions made. We also examined accounting and contract documentation for the projects included in the random samples wherever necessary.

Recognition and measurement of capitalized own work in connection with investment projects

Facts and risk and reference to further information	Audit process
Own work was capitalized at the amount of EUR 306.3 million in the 2018 financial year in relation to activities associated with the planning and construction of facilities. The overwhelming part of the own work capitalized involves personnel expenses. The employees record their hours spent working on jobs which are then transferred to the SAP system monthly with cost rates. The own work is measured during the course of the year with budgeted cost rates. A subsequent calculation takes place at year end based on the actual costs and the actual productive hours for the employees. Determination of the cost rates is based overwhelmingly on data transferred automatically; individual calculation processes do, however, also include manual steps. For the financial statements the risk is that the own work capitalized and fixed asset items on the statement of financial position associated with this will be presented with material errors as a result of incomplete or erroneous recordings or evaluations of activities. Information on the own work capitalized in the financial year can be found in the Notes to the Consolidated Financial Statements under section "B. Notes to the Consolidated Statement of Financial Position and the Consolidated Income Statement, 5. Other own work capitalized".	As part of our audit we gained an understanding of the processes for recording and measuring the own work associated with capital expenditure projects, and reviewed the effectiveness of selected internal controls. This relates in particular to the internal controls associated with recording the work provided. We also reviewed arithmetically the determination of the cost rates and assessed the plausibility of the base data used in this (essentially different cost types, working and attendance times). We also reconstructed the difference between expenditure that can and that cannot be capitalized and treatment of this in the calculation models. We discussed any material variances between the budgeted assessments and the actual values as part of the subsequent calculation with the relevant controllers of the business divisions and/or with the employees responsible for the cost accounting.

Responsibilities of Management and of the Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a Austrian Company Code (UGB), and for ensuring that they present a true and fair view of the assets, the financial position and the financial performance of the Group. In addition, management is responsible for such internal controls as it determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and the Austrian Standards on Auditing, which require the application of ISA, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and the Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the by the management reasonableness of accounting estimates and related disclosures made by the management.

- conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Consolidated Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Regarding the consolidated non-financial statement contained in the consolidated management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the consolidated management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the consolidated management report.

Opinion

In our opinion, the consolidated management report was prepared in accordance with the valid legal requirements, includes appropriately stated information in accordance with Section 243a Austrian Company Code (UGB) and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances, no material misstatements in the consolidated management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the consolidated management report and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information according to Article 10 of the EU Regulation

We were elected by Annual General Meeting as auditors on May 25, 2018, and appointed by the Supervisory Board on October 16, 2018. We have been auditors without interruption since the 2015 financial year.

We declare that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Regulation.

We declare that we have not provided any prohibited non-audit services and that we have maintained our independence from the audited company in the performance of the audit.

Beyond the audit of the audited company and the companies controlled by it, we have not rendered any services that were not disclosed in the consolidated financial statements or the consolidated management report.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Mag. Gerhard Posautz, Certified Public Accountant.

Vienna, March 28, 2019

BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerhard Posautz	Mag. Peter Bartos
Auditor	Auditor

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the Group financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Legal Notice

Published by
ÖBB-Infrastruktur AG
Praterstern 3
1020 Vienna
Tel: +43 1 93000-0
E-mail: infra.kundenservice@oebb.at
infrastruktur.oebb.at

Disclaimer
The information provided in this report has been compiled to the best of our knowledge and verified with due and proper care. Subject to typesetting errors and misprints. This Annual Report (implemented with FIRE.sys) is only available in electronic format: infrastruktur.oebb.at/gb2018

Enquiries regarding the annual report
ÖBB-Holding AG
Corporate Communication
Am Hauptbahnhof 2
1100 Vienna
Tel: +43 1 93000-44075
E-mail: kommunikation@oebb.at
oebb.at

ÖBB Customer Service
24-hour train and bus information is available from ÖBB Customer Service.
Call 05-1717 from Austria without area code at local rate or call +43 5-1717 from abroad.

LEITBETRIEBE AUSTRIA

infrastruktur.oebb.at