

Management report

ATTRACTIVENESS AND PRODUCTIVITY IN RESPONSE TO PRICE PRESSURE

To capitalise on the potential demand, price levels and costs must be kept low. Only in this way can the positive operating results be achieved and the desired cash flows generated, which can be reinvested to strengthen the company and distributed as a value stock. The funds, which are targeted at enhancing attractiveness and productivity, create a cycle that increases the company's value in terms of future earnings potential.

In this context, the outstanding "V-Cableway" project is largely financed from free cash flows. This CHF 450 million project (Jungfrau Railways Group share: CHF 300 million) has already been presented to you in the welcoming address. The 3-track "Eiger-Express" and the new rolling stock of the Jungfrau Railways, planned for the project, which was put into operation in 2016, are shining examples of improving attractiveness and productivity. These investments enable faster and more comfortable travel. With just a slight increase of 15% in available space on trains, all passengers can be offered a seat. In addition, the infrastructure burden on the mountain is decreased at peak times. All this means increased convenience and productivity for the existing infrastructure. This is especially true since the new trains allow for a streamlined circulation, which reduces the rolling stock requirement and the number of transport service trips by 25%. Important, pending concerns regarding operational safety of the railway and the adaptation of existing facilities to the requirements according to the Disabled Equality Act have now been integrated into the V-Cableway project. This explains most of the increase of nearly 20% in the volume of investment compared to the previous year. Once again, with the help of external experts, the Board was convinced of the functionality, the sustainability of the risks and the positive earnings prospects of the overall V-Cableway project.