



JUNGFRAUBAHN HOLDING AG

ANNUAL REPORT 2016

Official Version

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MANAGEMENT REPORT

*Management report***WELCOMING ADDRESS TO THE SHAREHOLDERS****Dear Shareholders,**

Global tourism has seen solid growth rates for years. This has also opened up a steadily rising market potential for Jungfrau – Top of Europe. We can take advantage of this: at the end of 2015, we achieved one million visitors for the first time. The majority of them came from Asia. As with the financial crisis in 2008, the past year has shown that obstacles can arise time and again in global tourism sales. Terrorist attacks in Europe influenced the behaviour of international customers. Despite this, the Jungfrau Group achieved its second best result in a challenging environment. We are convinced that the Jungfrau Railways Group is well prepared for the challenging times ahead, thanks to its anchoring in the region and the international character of its brand as well as its integrated range of services. We can support this with a solid group profit of CHF 30.9 million.

***Our value creation should also add value accordingly to all
«Stakeholders» and you as shareholders.***

Prof. Dr. Thomas Bieger, Chairman of the Management Board and Urs Kessler, CEO



Through our role as the engine of regional tourism, and as a major employer and investor, we create value for our immediate environment. This strengthens our regional anchoring. In our annual report, for which we use the possibilities of the Internet for the first time, we would like to bring you closer to our added value for the region. You can learn how regional anchoring and international aura strengthen each other.

Last year, we welcomed 916,500 visitors to the Jungfrau – Top of Europe. Thanks to an increased average

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yield, this resulted in a transport income of over CHF 100 million for the second time in the history of Jungfrau Railways. We are pleased that we have even been able to increase the price level in a challenging environment. We attribute this to our efforts to keep updating the offer and to maintain the high quality of services. From the experience of the previous year, we knew that a million future visitors on the Jungfrau Railways can only be transported smoothly and without quality cutbacks with the support of an electronic seat reservation system. We designed an appropriate concept and successfully implemented it within a few months. We thus demonstrated our innovative strength and our willingness to make efficient use of the opportunities offered by the new digital technologies. This shows that we recognise market needs and quickly implement appropriate measures.

In a strategic context, the implementation of the "V-Cableway" has been the focus of our corporate development since December 2012: the "Eiger Express" tricable gondola lift is the most prominent element of the project. Together with the new Männlichen Railway, the main facility of Gondelbahn Grindelwald-Männlichen AG, this tricable gondola lift is the "V" which has given the entire project its name. The two ultra-modern cableways have their starting point in the same terminal in Grindelwald with car park and connection to the railway network of our alliance partner, Berner Oberland-Bahnen AG.

The V-Cableway project also includes major renovations in the rolling stock of the railways, which have already been implemented with the completion of major procurement programmes at Wengernalp Railways, Jungfrau Railways and Bernese Oberland Railways. In its entirety, the V-Cableway has a positive economic and transport-related impact of national dimensions, as shown in external reports. The new tricable gondola lift, the "Eiger-Express", will allow travellers to reach the Jungfrauoch faster and with simpler transfer connections. Thus, the first visitors will arrive at 3,454 metres above sea level earlier and the last ones can leave later. The visitors will be better distributed throughout the day and the infrastructure on the mountain will be less burdened by peak times. Within the group, the new railway creates valuable synergies by providing answers to strategic problems in the winter sports segment, in addition to the advantages for the Jungfrauoch. It is not only Jungfrauoch customers who will reach their destination more quickly. For winter sports enthusiasts, waiting times will be a thing of the past. Journeys will be faster and more convenient. Skiers and snowboarders can enjoy the attractive, long descents into the valley every day. Increased attractiveness and excellent service with the best terminal in the Alps is the only permanent answer to the challenges in the highly competitive winter sports market.

The realization of the V-Cableway project has entered a decisive phase: the new cableway and railway stations are undergoing planning approval procedure at the federal level. The builder is at the table with the few remaining opponents, including the Foundation for Landscape Protection and Pro Natura, with the intention of finally finding an amicable solution with all parties, and the three-year construction phase of the cableway and the Grindelwald Grund terminal should start soon. The great progress with the V-Cableway will lead to the strategic horizon of the company stretching beyond the opening of the Eiger Express. The board believes that the challenge of the future lies in the strengthening of added value in the existing context. Its answer to this is the further development of the group into an integrated leisure and service company. Read more in the message from the board.

In the past financial year, the world seems to have adjusted to the risk of terrorism. The issue has lost its urgency. By changing their destinations, tourists gain additional security. Switzerland remains a popular destination for these relocations and also a popular place to stay for the increasing number of individual

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travellers who spend more time at each destination. As a result of feedback from the markets, we have been showing bullish booking levels since the start of the year. In the short term, however, further attacks could have a disrupting effect; in the long term, an encapsulation of nations by setting up new borders as an overreaction to the threatening situation would be disadvantageous. Within the industry, price wars – especially in China – are becoming more relentless. The Jungfrau Railways Group uses its unique features and the quality of its offers to defend its position on the market and its price level.

We would like to take this opportunity to thank our employees for the outstanding performance and their genuine hospitality towards our customers on a daily basis. We also sincerely thank our customers, the federal and cantonal authorities, the municipalities, the mountain communities, the tourism organisations, the neighbouring railways, the resellers, the suppliers, the International Hochalpine Research Station Foundation and all the other partners such as the hotel industry, with whom we should cultivate a fruitful collaboration. Finally, we would like to thank you, dear shareholders, for the trust in our group and the loyalty you have shown to Jungfraubahn Holding AG.



Prof. Dr. Thomas Bieger

Urs Kessler

Chairman of the Management Board Chief Executive Officer

Management report

JUNGFRAUBAHN HOLDING AG IN BRIEF

ACTIVITIES OF THE JUNGFRAU RAILWAY GROUP

The Jungfrau Railway Group is a leading tourism company and the largest mountain railway company in Switzerland. The main offer is the journey to the Jungfraujoch – Top of Europe. Due to the long-term development of a distribution and agency network, it has achieved a leading position in the Asian markets. The Jungfrau Railway Group also offers trips to the famous Jungfrau region experience mountains and a range of winter sports. It also operates its own hydroelectric power station, leases premises for restaurants and operates and leases shops.

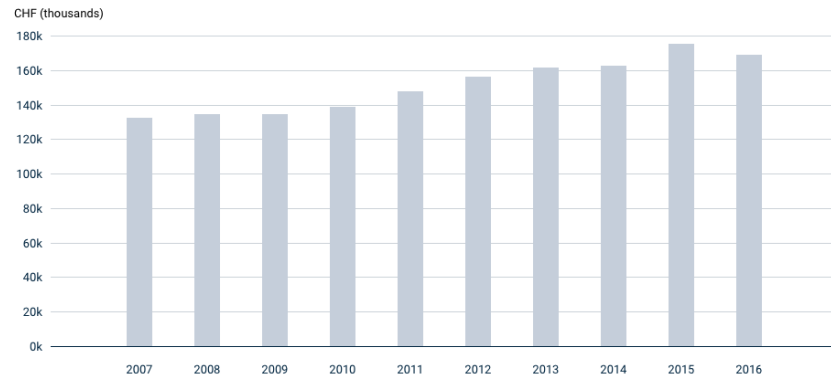


Sphinx and Aletsch Glacier

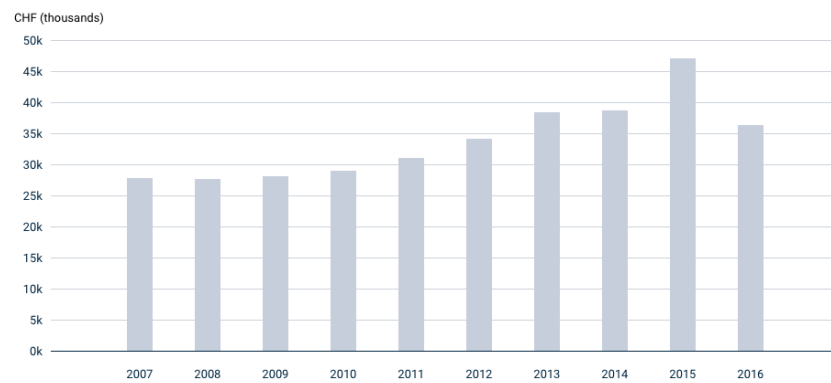
Customer focus takes priority over all other guiding principles. The Group thus achieves an attractive positioning on the market for tourists and investors. We represent a significant regional economic factor and play a leading role in the tourism sector. In cooperation with other tourism companies we promote the further development of the Jungfrau region.

Management report

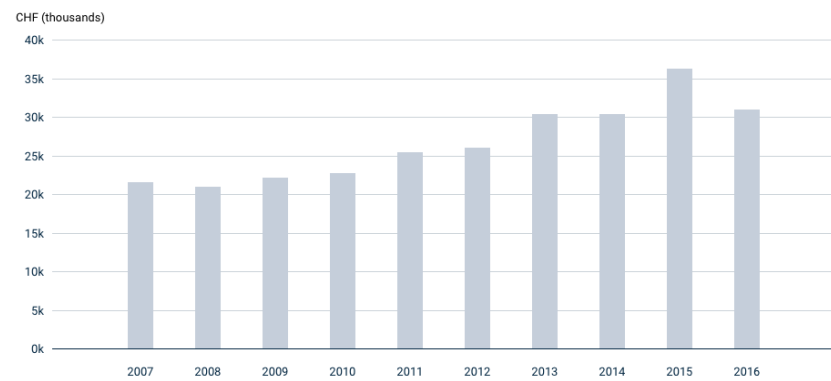
Operating income



EBIT

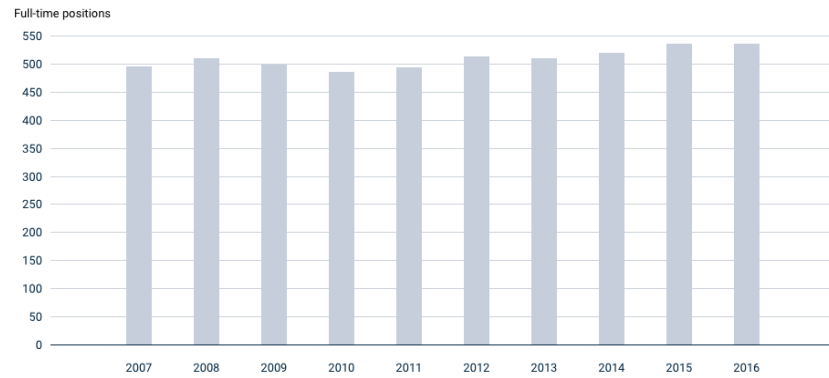


Annual profit



Management report

Headcount



Management report

GOALS OF THE JUNGFRAU RAILWAY GROUP

As the leading tourism company in Switzerland and the largest mountain railway group, the Jungfrau Railways Group is developing in the direction of an integrated leisure and service company. At the same time, it focuses on

- its over 120 years of entrepreneurial tradition,
- the vision of the founder to make the unique alpine landscape accessible to a wide range of the local population and to international visitors,
- its anchoring in the Jungfrau Region,
- its brand, service and technical competence developed over generations.

It is the driving force behind the economic development of the Jungfrau Region and alpine tourism in Switzerland. It thus makes a significant contribution to the strengthening of these regions. It takes into account the interests of the region and its residents, encourages its employees and looks after nature, which is an important resource for the development of the region as well as Jungfrau Railways. It should be preserved and accessible to future generations in keeping with the founder's vision. A prerequisite for this is to maintain economic independence and increase attractiveness for investors. The Jungfrau Railways Group attaches great importance to sustainability.

The objective is to strengthen the Jungfrauoch – Top of Europe as the main source of revenue. By means of continuous modernisation of the railways, the shortened travel times demanded by the market should be realised. Internal growth is sought via better utilisation of the off-season. Jungfraubahn Holding AG has seized the initiative of "10 months high season". Jungfrau Railways and the Grindelwald-Männlichen Gondola Cableway plan to jointly develop the so-called "V-Cableway" that provides access to both the Männlichen, with a 10-seater gondola, and the Eigergletscher with a new tricable gondola. As a result, the travel times can be shortened and the quality can be improved. The V-Cableway project with the two cableways and further integrated components (rolling stock renewals, public transport, car park, slope construction etc.) will secure the successful tourist future of the entire Jungfrau Region in the medium term as a top year-round destination for Swiss tourism. It strengthens the competitiveness of the Jungfrauoch as a beacon known worldwide, and it helps the winter sports destination reach the top position in international competition.

The strategic financial objectives of the Group reflect the orientation towards long-term goals and the policy of a value-based company (value stock). The key factors determining the financial planning of the Group are earnings targets and free cash flow targets. Please refer to our financial report.

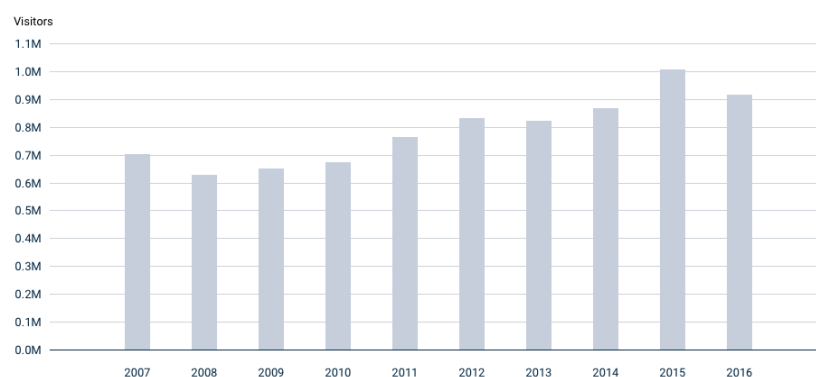
Management report

SEGMENTS OF THE JUNGFRAU RAILWAY GROUP

Jungfrauoch – Top of Europe

The Jungfrauoch – Top of Europe is the most profitable segment of the Group. The core of this segment is the highest railway station in Europe at 3,454 metres above sea level, situated within the UNESCO World Heritage Site SWISS ALPS Jungfrau-Aletsch. The marketing of the trip with the Wengernalp Railway and the Jungfrau Railway to the Jungfrauoch is the strategic «heart» of the company. The attendance record was achieved in 2015 with 1,007,000 visitors. Earlier than expected, the magical milestone of one million visitors was reached at the Top of Europe. This number is considered to be the target size in the medium term.

Jungfrauoch visitors



Winter sports

The winter sport facilities in the areas Kleine Scheidegg-Männlichen, Grindelwald-First and Mürren-Schilthorn are part of the Jungfrau Ski Region subscriber association, in which Jungfraubahn Holding AG holds a share of over 60%. Together with the partner companies, the Jungfrau Railway Group leads one of the most important ski resorts in Switzerland on behalf of the association.

JUNGFRAU Ski Region visitors



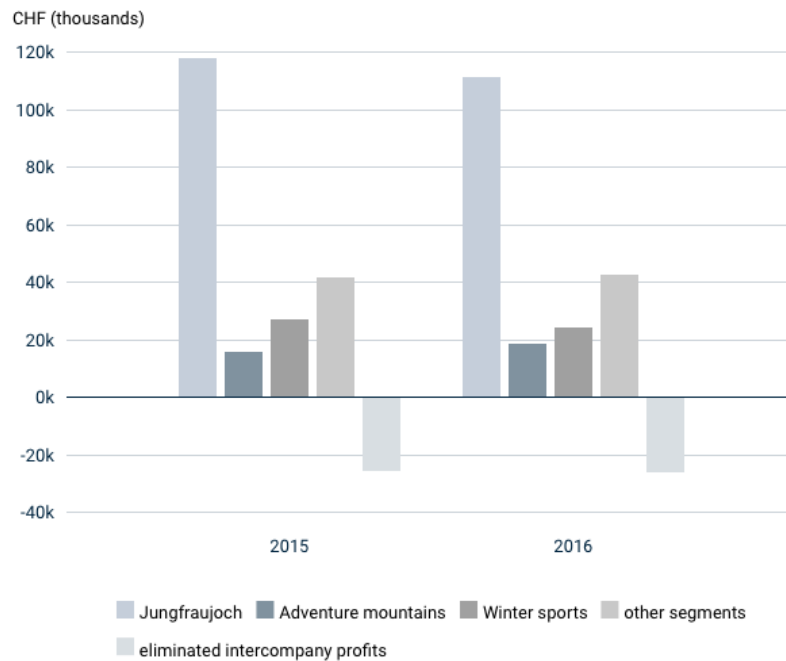
Management report

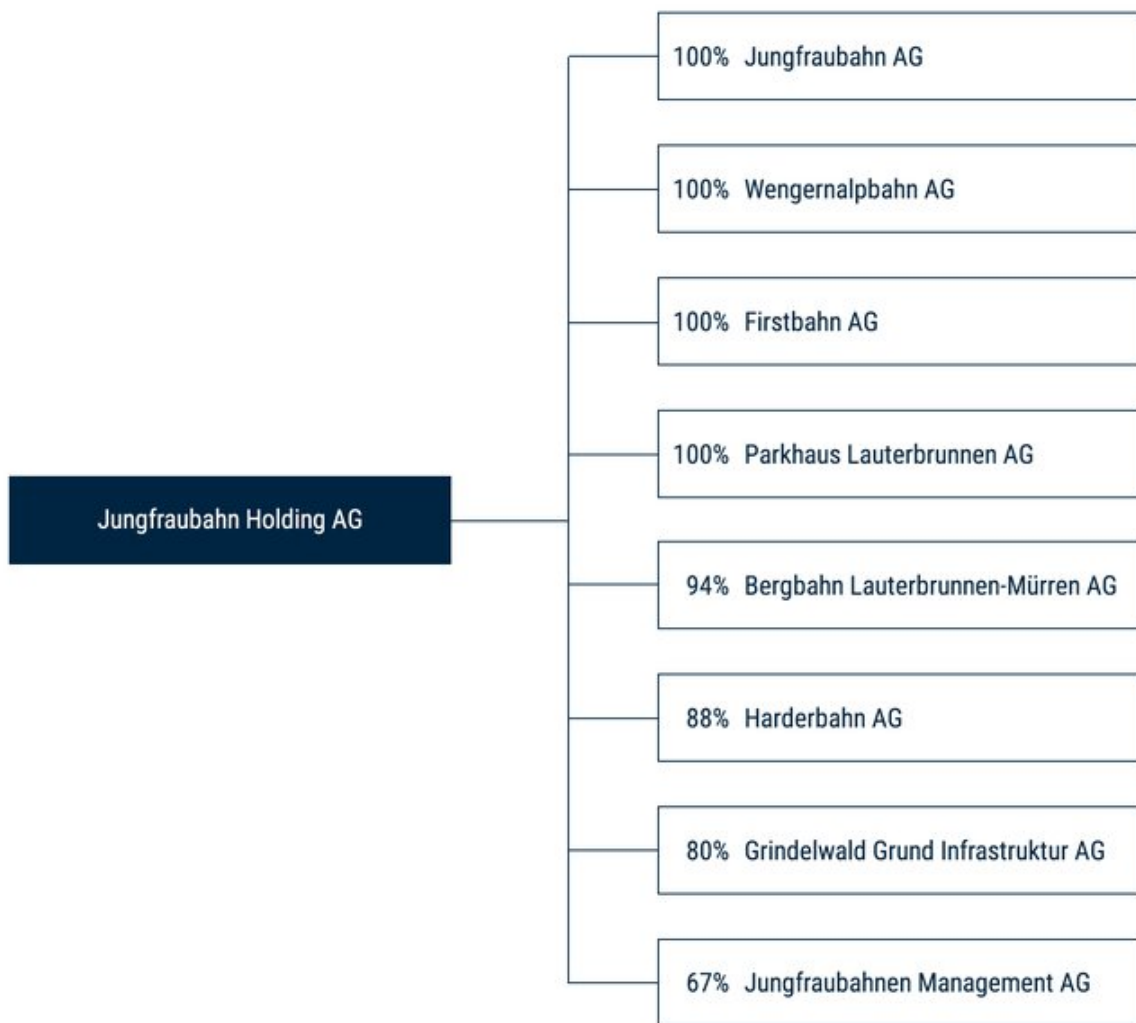
Adventure mountains

The Mountain Experience segment includes destinations in the surrounding area of the Jungfrauoch – Top of Europe. Grindelwald-First – Top of Adventure, Harder Kulm – Top of Interlaken and Winteregg-Mürren – Top of Family enhance the regional experience and allow for interesting combinations such as holiday passes or cross marketing.

Net revenue by segment

The amount of net revenues shows the importance of the segment. The following summary also contains information on eliminated intercompany profits.



*Management report***THE HOLDING COMPANY****Group Structure***Group Structure*

The simplification of the group structure announced by Jungfraubahn Holding AG at the end of 2015 through the takeover of 100% of the shares of Harderbahn AG and Bergbahn Lauterbrunnen-Mürren AG narrowly failed to come about. This objective is being pursued without time pressure.

Management report

Person	Function
Urs Kessler	Chief Executive Officer
Jürg Lauper	Head of Infrastructure, Member of the Executive Board
Christoph Schläppi	Head of Corporate Services, Member of the Executive Board
Christoph Seiler	Head of Finances and Controlling, Member of the Executive Board
Markus Balmer	Head of Wengeralp Railways, Member of the Expanded Executive Board
Patrizia Bickel	Head of Corporate Communications, Member of the Expanded Executive Board
Matthias Bütler	Head of Marketing, Member of the Expanded Executive Board
Therese Jaun Schmid	Head of Human Resources, Member of the Expanded Executive Board
Marco Luggen	Head of Firstbahn and Winter Sport, Member of the Expanded Executive Board
Gabriel Roth	Head of Jungfrau Railways, Member of the Expanded Executive Board
Stefan Würigler	Head of Sales and Production, Member of the Expanded Executive Board

The Management Board of Jungfraubahn Holding AG is the top decision-making body of the Group. It is responsible for strategic planning for the entire Group and implements this within the scope of its legal and factual capacities at the subsidiaries. The management of the Jungfrau Railways Group is appointed in accordance with the provisions of the Board of Directors of Jungfraubahn Holding AG and in a framework approved by the general meeting of Jungfraubahn Holding AG for the total compensation by Jungfraubahnen Management AG.



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The information on the staffing of the bodies is updated at the time of the preparation of the annual report (beginning of April 2017). Details and information on changes during the year 2016 can be found in the special points/personnel chapter and the corporate governance report.

Key figures of the consolidated financial statements

CHF (thousands)	2016	2015	Change in per cent
Operating income	169,030	175,488	-3.7%
Transportation revenues	125,984	133,969	-6.0%
EBITDA	71,079	79,395	-10.5%
EBITDA in % of operating income	42.1%	45.2%	-6.9%
EBIT	36,332	47,000	-22.7%
EBIT in % of operating income	21.5%	26.8%	-19.8%
Annual profit	30,902	36,211	-14.7%
Return on sales (ROS)	18.3%	20.6%	-11.2%
Free cash flow	18,111	5,443	232.7%
Equity ratio	80.9%	81.5%	-0.7%
Headcount (full-time positions)	536	525	2.1%

Jungfraubahn Holding AG

Jungfraubahn Holding AG is a holding company. Its activity is predominantly characterised by fiscal and financial policy considerations. The most important part of a profit plan is the financial statement. This includes the dividend payments of the subsidiaries and the internal interest income.

The investment income for 2016 amounts to CHF 15.4 million. Loans to subsidiaries of approximately CHF 100 million are subject to an interest rate of 1.0%. Together with the remaining financial income and the offsetting of the financial expenses, the financial statement closes at CHF 16.7 million. The result amounts to CHF 15.9 million. Please refer to the consolidated financial statements in the financial report for the detailed financial statement. It is part of the authorisation request to the 2017 Annual General Meeting.

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JUNGFRAU RAILWAYS

The subsidiaries of Jungfraubahn Holding AG (JBH) cooperate closely with Berner Oberland-Bahnen AG (BOB). The cooperation is ensured by Jungfraubahnen Management AG (shares: JBH 67%, Berner Oberland-Bahnen AG 33%). The operating consortium benefits in particular from synergies in the area of management (joint management, similar management processes, optimal personnel use), marketing, information technology, railway and power engineering. Collectively, the companies involved act under the name Jungfrau Railways and under the registered trade mark «Jungfrau – Top of Europe». Berner Oberland-Bahnen AG transferred its management to Jungfraubahnen Management AG under the terms of the mandate. This mandate is conducted in compliance with the interests of BOB and its independence in accordance with the requirements of the BOB Board of Directors and the regulations of the organisational regulations of Berner Oberland-Bahnen AG.



Jungfrau Railways routes in red

*Management report***MESSAGE FROM COMPANY MANAGEMENT****OPPORTUNITIES AND RISKS**

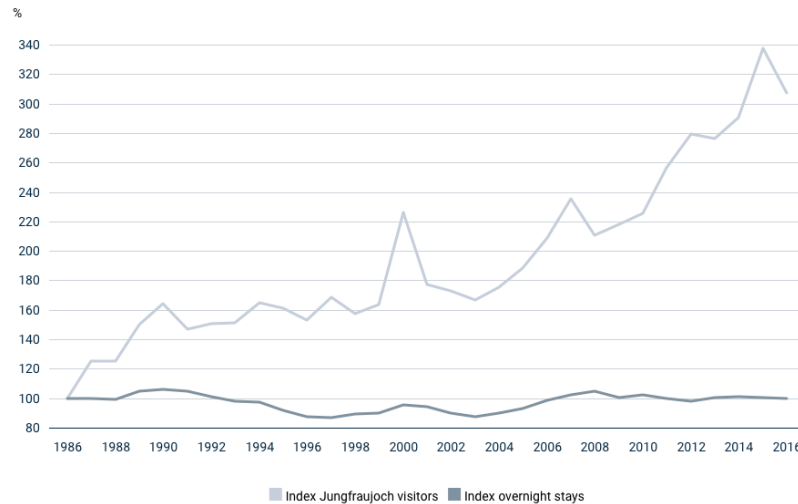
The Jungfrau Railway was built at the turn of the 20th century. Since its inauguration on 1 August 1912, the highest railway station in Europe has been located on the Jungfraujoch, at 3,454 metres above sea level – the Top of Europe. Due to the unique mountain scenery of the Eiger, Mönch and Jungfrau, as well as the touching construction history involving railway pioneer Adolf Guyer-Zeller, the journey on the Jungfrau Railway is a unique attraction in the Alps with a worldwide appeal.

The consistently high demand for tourism forms the basis for the global positioning and marketing of the Jungfraujoch – Top of Europe. UNWTO, the tourism organisation of the United Nations, puts the worldwide growth in arrivals at 3.9% in 2016. This was the seventh year in a row with an increased tourism demand. UNWTO also expects a continuation of this trend in 2017. [1]

In Switzerland, arrivals remained more or less constant over the same period. However, visitor numbers from China have declined significantly (-22%). This market has been among the most important of the Jungfrau Railway for the last few years. By way of contrast, the number of overnight stays of guests from other Asian countries, such as Japan, India and Korea, remained stable. In the Bernese Oberland, arrivals and overnight stays, with a 1% reduction in available hotel beds, saw an overall drop of 3% compared to the previous year. The number of visitors to the Jungfraujoch has responded to this development in demand potential. The extraordinary figures of 2015, with one million visitors on the Jungfraujoch, which was mainly due to a surge in the Chinese segment, could not be repeated. With its second best result, the company has returned to the medium-term growth path (see Jungfraujoch visitors). Viewed over the course of several years, it is striking that the Jungfrau Railway was able to take disproportionate advantage of the tourism potential of Switzerland with regard to Jungfraujoch visitors.

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Chart comparison of overnight stays / arrivals at Jungfrauoch



As a pioneer on the Asian markets, the Jungfrau Railways Group already recognised the potential of Asia decades ago. The entire Jungfrau Region benefited from this, particularly in the last ten years. Today, the broad anchorage in Germany, in Europe and in various countries and economic areas in Asia protects against excessive demand fluctuations (volatility of the tourism industry). This explains why the aforementioned negative swing in the number of arrivals from China – a result of the accumulation in 2016 of various negative effects such as fear of terrorism, more elaborate visa administration and restructuring of the tour operator industry – did not have a stronger impact on Jungfrauoch visitor numbers. In addition, other countries such as Japan, India or Korea as well as Southeast Asia in general have had a stabilising effect.



Guests at Jungfrauoch - Top of Europe

In the strategic risk analysis, the opportunities arising from the unique position of the Jungfrauoch and the particular reputation of Switzerland contrast with the risks of tourism demand. Behind these dangers are general factors such as currency fluctuations, the geopolitical security situation and the threat of terror. Due to

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overcapacity in its own ranks, driven by a subsidy policy in all Alpine regions, and the global offer of alternative leisure facilities, the mountain railway industry is facing increasing price pressure.

The time requirement or time loss is an important quality factor in the modern tourism industry. Experienced travellers dislike long transfers without any experience value as much as skiers dislike long queues in front of the valley station where they will spend a valuable part of their skiing holiday. Speed, capacities and optimum utilisation are therefore among the production factors that represent a weakness of the mountain railways originating from the pioneer days. The Jungfrau Railways Group is paying particular attention to this area. Ongoing improvements could be achieved, for example, by more powerful traction units, by the construction of double lane tracks on the Wengernalp Railway or by a sophisticated reservation system at the Jungfrau Railway. Another advantage in terms of comfort is the realisation of the V-Cableway. This major project will secure the medium and long term successful future of tourism throughout the entire Jungfrau Region as a vital year-round destination in Swiss tourism. This project is presented separately in detail in the management report.

[1]

UNWTO World Tourism Barometer, Volume 15 - Advance Release 2017

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AN INTEGRATED LEISURE AND SERVICE COMPANY IN RESPONSE TO CHALLENGES AND POTENTIALS

In order to protect itself against the volatility of the tourism industry, Jungfraubahn Holding AG has developed particular strengths: this is based on the high level of self-financing at 80.9%. The financing of the ongoing major investment in the V-Cableway is designed and planned in such a way that this value will only temporarily decrease over five to ten years and only by a maximum of 15 percentage points. In addition to minimising borrowed capital, stability also guarantees broad support in three different segments and lucrative secondary activities such as electricity production and shopping. The portfolio is designed on an ongoing basis, so that the diversified businesses are mutually intertwined and have a stabilising effect on the overall result with regard to short-term trends and dips.

In order to take advantage of the potential demand, the Jungfraubahn Group has developed brand management and distribution via tour operators as a key area. This also includes cooperation with important partners from the industry such as Schweiz Tourismus, BE! Tourismus AG, Jungfrau Region Tourismus AG and Interlaken Tourismus (TOI) as well as companies such as Tissot, Coop and ABB. Awareness of the Jungfrauoch is promoted by prominent visitors. Setting the stage for visits creates stories that are told around the world and guarantees a correspondingly high media presence. Visiting delegations that wish to become familiar with the Jungfrau Region for travel reports or for preparing travel arrangements («familiarisation trips» or «fam-trips») are supported and supervised by the Jungfrau Railways sales team on a daily basis. Our own representatives in various Asian cities support the contacts and the distribution of Jungfraubahn Railways products. They ensure that these are included in the tour operator programmes or in catalogues. The newly designed jungfrau.ch website, which invites visitors to make plans and dreams, is aimed at individual travellers who can also book their holidays and excursions directly online, and potential group travellers who will find out about Jungfrauoch – Top of Europe at their travel agency. Due to the fact that more and more people are travelling individually, global online sales are gaining in importance. The IT systems of Jungfrau Railways have been designed for this requirement, and the development in this area continues at approximately CHF 2 million per year.

There is a growing demand for tourist services that are out of the ordinary or that offer a wide variety of experiences in the shortest possible time. Therefore, the integration of the service chain is becoming increasingly important. Through coordinated services and ordering procedures, for both the tour operator and the individual traveller, the planning as well as the carefree experience can be made easier and the demand can be channelled. Combined offers and packages allow attractive pricing. In this environment, the mountain railway can no longer focus exclusively on the provision of transport services. The Jungfrau Railways Group is already very well positioned to sell combined services through its various segments, the diversity of the mountain experiences it has developed, and its close ties with the rest of the region's service providers. The online system was designed several years ago, in order to combine various providers into one shopping cart and to navigate various user platforms.

With the explicit commitment in its latest strategy to develop the Jungfrau Railways Group towards an integrated leisure and service company, the board has now definitively set its course. In addition to its previous core skills in railway technology, IT will become increasingly important. It is set up as a separate specialist department and is thus established in an equal position alongside marketing and technology. The board has

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decided to integrate gastronomy, so central to the value creation chain in tourist excursions, into the Jungfraujoche – Top of Europe business area. The existing tenancy agreements with the independent catering contractors at Kleine Scheidegg and the Jungfraujoche will be terminated at the end of the summer seasons 2017 and 2019 respectively. A new subsidiary of the Jungfraubahn Group will be looking after guests according to the railway excursion offers and under the quality requirements of Jungfrau Railways. In this context, the sales volume will increase by approximately 10% over the next two years.

As an integrated tourism company, the Jungfraubahn Group is a major driver of the economic development in the region and of alpine tourism in Switzerland. It makes a significant contribution to the strengthening of the Jungfrau Region. It takes into account the interests of the locals, encourages its employees and looks after nature, which is an important resource for the tourism industry. Nature should be preserved and accessible to future generations in keeping with the Jungfraubahn founder's vision. The stakeholder approach of the Jungfrau Railways Group results in a veritable engine of tourism development: the activity of the Jungfrau Railways helps to strengthen retail, trade, agriculture and local infrastructure, and it establishes a basis upon which the hotel industry can continuously renew itself. This has a positive effect on the attractiveness of the overall offer and thus on the international aura of the Jungfrau Region. Potential demand emerges here, from which the Jungfrau Railways Group draws value, which in turn strengthens the local anchoring through consolidated partnerships, taxes, wage payments and investments.

*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.

*Management report***OBJECTIVES / EXPECTATIONS AND MEASUREMENTS**

The board has set itself the goal of keeping high season visitor numbers for longer. There is still a potential for increase in the better utilisation of the intermediate season. The motto of our CEO Urs Kessler, «10 months of high season», thus remains unchanged. In winter sports, the goal is to achieve the strongest visitor numbers from the previous decade again. This is the basis for the comfort area of the infrastructure after the construction of the V-Cableway. In addition, sales growth will result from a price level that is adapted to the increasing attractiveness and an expansion of the value creation chain. Within the scope of the utilisation of existing structures, a striking increase in shopping sales is the target. In this sense, the transport revenues and the sales of the secondary transactions remain important measurement parameters. Our financial targets are based on our minimum expectations of operational return (productivity) and investment success. An ambitious free cash flow target in times of high investments underlines our desire to create value for the company and its shareholders.

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SPECIAL

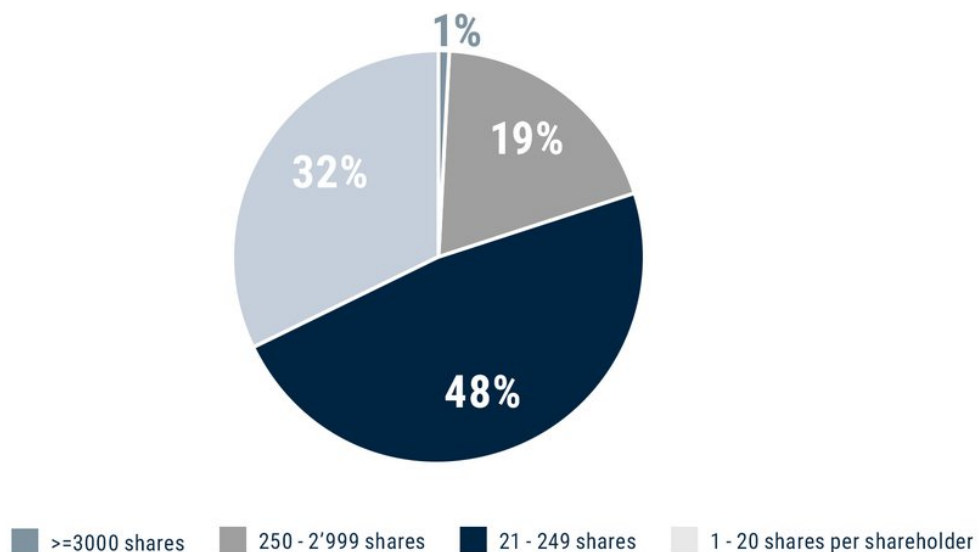
SHAREHOLDER RELATIONS

The shares of Jungfraubahn Holding AG are listed on the SIX local caps segment (JFN ISIN CH0017875789). The share is managed as a book-entry security. Issued certificates are replaced by value rights upon delivery. No new share certificates will be issued.

Shareholders received a reduced Grindelwald-First return journey and a meal at the new "Cliff Walk" bar in the year 2016. A total of 1,437 shareholders took advantage of this offer and experienced the thrill of a walk on the new First Cliff Walk by Tissot. In 2017, the offer consists of a free trip either from Lauterbrunnen or Grindelwald to Kleine Scheidegg. This is an opportunity to experience why people come here to discover the Jungfrau Region. The annual shareholder offer is not a dividend in kind. Jungfrau Railways also regards its shareholders as ambassadors. They are encouraged to get to know their company from the customer's point of view.

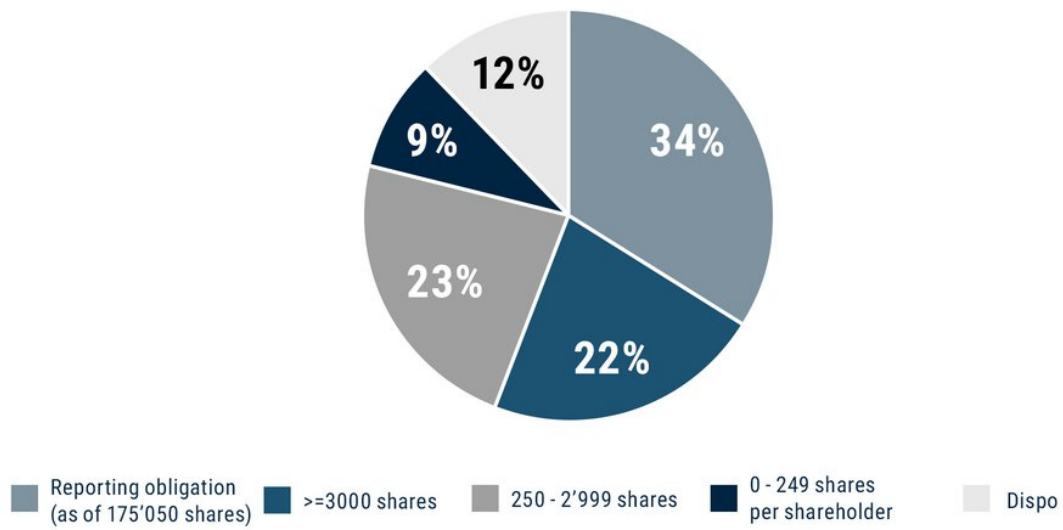
A shareholder club was established for all shareholders holding 250 shares and more. Membership is automatic for those with at least 250 shares in Jungfraubahn Holding AG in the share register on the cutoff date (next date: 3 October 2017). The great trust of the shareholders in our company is rewarded with special conditions, which are announced online.

Shareholder structure (number of shareholders)



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Shareholder structure (equity share)



Management report

V-CABLEWAY

The V-Cableway project is a joint venture of Jungfraubahn AG, Wengernalpbahn AG, Gondelbahn Grindelwald-Männlichen AG and Berner Oberland-Bahnen AG. From a common terminal in Grindelwald Grund, a new tricable gondola [2] runs to the Eiger Glacier in 15 minutes and a ten-person gondola runs to Männlichen. The V-Cableway will have a connection to public transport via the Bernese Oberland Railway at the Rothenegg station. The route of the tricable gondola guarantees a unique view of the world-famous Eiger north face. The travel times to Jungfrauoch and the ski area will be significantly shortened by 47 minutes.

The V-Cableway project is a strategic investment programme for the entire Jungfrau Region with eight coordinated elements. These can be described as follows:

1. Construction of a new Rothenegg station on the Interlaken-Grindelwald railway line of Berner Oberland-Bahnen AG. Procurement of six new multiple units and three new low-floor railcars, which enable a transport capacity increase from 682 to 912 passengers per hour and bring about a shift in traffic onto the rails. Construction of a P+R station at the former military airfield (Interlaken motorway junction). The planning permission procedure is currently in progress for Rothenegg station and the construction of control cars for the longer trains runs to Grindelwald.
2. A terminal for the two valley stations of the new Männlichen Railway and the tricable gondola "Eiger Express" with direct connection to the new Rothenegg station and to the Grund car park. It offers space for sports shops, a bar, a food corner, a kiosk, an info point with ticket sales, material service, facilities for ski equipment and various shops.
3. A new Grund car park with space for 1,000 cars on 5 floors (two of them underground). The planning permission procedure is currently being conducted by Interlaken-Oberhasli governmental officials.
4. Replacement of the Grindelwald-Männlichen four-person gondola by a modern ten-person gondola. The travel time will be nearly halved, doubling the capacity to 1,800 persons per hour. The planning permission procedure is ongoing at the Federal Transport Office.
5. New tricable gondola from Grindelwald Grund to the Eiger glacier with 44 gondolas and 7 support columns: The Eiger Express has a capacity of 2,400 persons per hour and brings passengers to the Eiger Glacier in 15 minutes. The 44 gondolas have 28 seats each. The planning permission procedure is ongoing at the Federal Transport Office.
6. Wengernalp Railway^{PLUS}: Six new panorama trains and the Lauterbrunnen side between Wengen and Allmend station can be seamlessly integrated into the operating concept of the V-Cableway. On the Grindelwald side, this provides three trains with a capacity of 300 persons per hour. On the Wengen side, four trains are to be used with a capacity of 760 persons per hour (seats). On both lines, as in the main season, the service runs every half hour. The investments are practically complete, with the exception of the conversion of the Kleine Scheidegg station. The operating concept will be changed with the completion of the tricable gondola.
7. Jungfrau Railway^{PREMIUM}: Four new three-car low-floor trains have been procured for the Jungfrau Railway. The trains of the previous generation are being continually upgraded with regard to driving performance. After completion of the tricable gondola, two trains will shuttle between the Eigergletscher and Jungfrauoch, with three shuttling between Kleine Scheidegg and Jungfrauoch. The capacity will increase from 888 to 1,180 passenger seats per hour (to Jungfrauoch) due to the new trains and the more efficient use of the entire rolling stock.
8. The First ski area is strengthened by a better connection to the ski resort Kleine Scheidegg-Männlichen

Management report

and its own bus terminal at Grund. The ski bus line runs every fifteen minutes and is reinforced at peak times.

The objectives of the V-Cableway project can be summarised as follows: The cableway will have a connection to public transport via Berner Oberland-Bahnen AG at the new Rothenegg station. Thanks to the associated reduction in travel times, winter sports are becoming more attractive and the competitiveness of Jungfraujoch – Top of Europe is being strengthened. The direct connection and the new rolling stock increase the attractiveness of the railway and ensure a shift in traffic from road to rail. Central junctions are de-congested, long-term traffic problems solved. The Jungfrau Region, with its new modern shuttle systems, a joint terminal in the valley, shorter travel times, direct public transport connections and an attractive ski area connection, is expanding its top position as an international winter sports and holiday destination.

The V-Cableway has great economic importance for the Jungfrau Region during the construction as well as the operating phase with a positive impact on employment and added value. [3] On the other hand, without the V-Cableway, a demand reduction as well as a loss of labour and value creation in the region can be expected in all scenarios. The lines of the tricable gondola were defined as the most ecological option, taking into consideration natural hazards and the environmental compatibility test. The Swiss Nature and Protection Commission (ENHK) attests that the tricable gondola only slightly impacts upon the BLN protection area. All the necessary spatial planning measures were decided by the Oberland-Ost (RVK) regional conference as well as the municipalities of Grindelwald and Lauterbrunnen. The usage planning (adaptation of cantonal policy planning, inclusion in the overall regional transport and settlement concept, zone plan, overbuilding regulations) has overcome the political hurdles, especially with the municipal approvals in Grindelwald and Lauterbrunnen. They have been approved on a district court level. The affected alpine regions (Alpine corporations) of Wärgistal and Ittamen have agreed to the transit rights. On 29 March 2016, the concessions and planning permits were submitted with the Federal Office of Transport. At the same time, the planning applications for the secondary facilities were submitted to Interlaken's governing body. Of the original 15 objections, nine were settled by negotiation. The decision of the Federal Office and the minister is expected in 2017. Large parts of the replacements of rolling stock at Jungfrau Railway, Wengernalp Railway and the Bernese Oberland Railway have already been implemented. The participating railways expect the new Männlichen Railway to be opened at the end of 2018 and the tricable gondola at the end of 2019, assuming an optimal process sequence.

[2]

The tri-cable system consists of two firmly anchored and fully sealed supporting cables arranged as a track and a circulating towing cable to which the 8-roller drives are clamped. This detachable circulation system is thus extremely powerful and reliable, even under extreme conditions. High wind stability, low energy consumption and the long cable fields are the unmistakable strengths of the tri-cable railway.

[3]

Source: Final report Ecoplan study of 1 April 2014

Management report

PERSONNEL AND ASSESSMENTS

Board, management, management of business units and areas of expertise

The board was re-elected in its entirety at the 2016 general meeting for one year. The chairman and the members of the remuneration committee were also confirmed by the general meeting. With the exception of Dr Jürg Rieben, all board members and the chairman are available for a re-election at the 2017 general meeting.

The Jungfrau Railways management has remained unchanged since 2008. On 31 May 2017, Jürg Lauper is retiring. Until further notice, the management will consist of the three members Urs Kessler, CEO, Christoph Seiler, CFO, and Christoph Schläppi, Corporate Secretary / Council. In the course of the new financial year, a further member will be appointed by the board. No changes are made to the tried and tested remuneration system. For this reason, a remuneration framework for four members of the Management Board will be submitted unchanged to the Annual General Meeting 2016 for approval. The information on the persons and compensation for the board and the management can be found in the remuneration report and the corporate governance section of this annual report.

The operating units of the Group are managed on site by one overall responsible manager. In this way, the management and decision-making authority is perceived in the immediate vicinity of events and thus in close customer contact. The heads of the operating units are (as of 31/12/2016):

- Werner Amacher, Harder Railways
- Marco Luggen, First Railway and winter sports
- Martin Loosli, Top of Europe Shops
- Markus Balmer, Wengernalp Railway
- Gabriel Roth, Jungfrau Railway
- Stefan Wittwer, Mürren Railway and supervision of Lauterbrunnen car park
- Nils von Allmen, Lütschental power station

The departments support the operation managers. The following department heads are among the top group managers:

- Patrizia Bickel, Head of Corporate Communications
- Matthias Bütler, Head of Marketing
- Therese Jaun Schmid, Head of Human Resources
- Stefan Würigler, Head of Sales and Production

On 31 May 2017, Therese Jaun, Head of Human Resources, is retiring. As a successor, the boards of Jungfraubahn Holding AG and Berner Oberland-Bahnen AG have unanimously elected Andreas Piattini, previously Head of HR at Zentralbahn.

Management report

Jürg Rieben

Dr Jürg Rieben was elected to the boards of Jungfrau Railway and Wengernalp Railway on 19 June 1992 and appointed vice-chairman. He began his long career at the company during the transition period from the old to a new era: after more than 70 years of cooperation between Jungfrau Railway and Wengernalp Railway, the time had come to merge in 1994. At the time, the young holding company needed management-oriented entrepreneurs in the form of Jürg Rieben to build solid, «market-ready» structures and still not lose their identity. As a native Interlaken resident, Jürg Rieben felt connected with the history of the Jungfrau Railway and knew the regional importance of the company as well as how locals identify with their mountain railways. This was the reason for his position in favour of economically balanced decisions and a healthy risk awareness, which should always successfully deal with the volatility of the tourism industry. Jürg Rieben knew that prosperity and «full-blooded commitment», in his words, which are indispensable for the successful continuation of the Jungfrau Railway's history, could only flourish on a solid foundation anchored in the region.

When Jürg Rieben joined the board of Jungfraubahn Holding AG in 2002, he took on the challenging presidency of the Audit Committee. Through his concise way of summarising economic contexts and facts, he was always a great help and support for the Jungfrau Railway Group and a demanding sparring partner for the CFO and auditors. Jürg Rieben was further characterised by his willingness to work outside the board for the region. For example, until the merger in 2004, he was chairman of First Railway. The great commitment to the Jungfrau Railway Group for so many years is exceptional and deserves great recognition. In the end, Jürg Rieben helped to shape the new Jungfraubahn Holding AG and described the change to a new level of self-understanding as follows: «At the beginning, at each board meeting we talked almost exclusively about railways, and now we practically only talk about tourism and marketing.»

The board and management were also glad to be able to draw on the experience of Jürg Rieben during the design of the V-Cableway project. We have fond memories of visiting the open countryside, about which the alpinist Jürg Rieben was always enthusiastic. He has even represented the board as a successful finisher at the Jungfrau Marathon and has climbed the Jungfrau. Colleagues and management are very grateful to him for his great commitment as a board member.

Jürg Lauper

Jürg Lauper worked at Jungfrau Railways for 32 years. In 1985, his career began as deputy head of construction; in 1986 he took over management of the department. He was responsible for the completion of the new Berghaus on the Jungfrauoch, the timeless masterpiece of architect Anderegg. Since that time, he has shaped the appearance of the Jungfrau Railways in construction and civil engineering. One cause of his was the preservation of historical substance. At the same time, he was committed to modern architecture. Many buildings testify to his ability to combine old and modern styles. In addition to project management, he often also had the task of mediation and resolution of conflicts between builders, authorities, homeland / nature conservationists, engineers, architects, landowners and neighbours. Here his professional knowledge, patience, perseverance and diplomacy paid off. Together with all these new and existing stakeholders, the Jungfrau Railways construction chief, taking the environment into account, in each case «composed» solutions that were well received and worked. Wengen station, the Wilderswil-Zweilütschinen double lane track, and the Interlaken Ost station are striking examples. The latter will be immortalised – as a coincidental appreciation of the work of Jürg Lauper – in 2017, the year of his retirement, on an official Swiss Post stamp.

Management report

Jürg Lauper was elected to the management of Jungfrau Railways in 2006 as Head of Technology. Even though he was an «outsider», living in Spiez, he was known throughout the district. His influence extended far beyond the tracks. He always played an important role in spatial planning, traffic planning, flood protection and protection against natural hazards, and he made a commendable and constructive contribution. His extensive network of relationships and his great reputation with the authorities are the reward for his commitment to the cause and the community. Jürg Lauper was also respected by entrepreneurs, whom he dealt with as an economically-minded, but also fair client, committed to the corporate objectives and the public law regulations.

During his career, Jürg Lauper was able to manage and successfully complete the long-term construction of the Buechitunnel of Berner Oberland-Bahnen AG. This project was almost a «done deal» at the beginning of his career in the 1980s. With his long, successful career, Jürg Lauper is also living proof that infrastructure is not thought out, planned and financed in days and weeks but in years and decades. Jürg Lauper embodied the company's consistent values. He has ensured the ongoing modernisation of Jungfrau Railways with a perspective that was long-term even at that time, when there were no network status reports. The board of Jungfraubahn Holding AG and Berner Oberland-Bahnen AG thank him for this.

Therese Jaun Schmid

Therese Jaun Schmid took up her position in December 2008, at the time as «Head of Human Resources». At the same time, she gained recognition and respect as a skilled representative of the company management. In her eight and a half years of service, she introduced many instruments of modern HR. In particular, she left her mark with institutionalised education and training, combined with effective talent promotion and successful internal recruitment. She was an important contact for all employees, and the right address for anyone going through a difficult time for professional or private reasons. Her open door and tireless personal commitment were suited to opening a new paths with new perspectives for those affected. She will therefore be fondly remembered by many families. The development that the department underwent under her leadership is impressive. In order to meet the demands of modern personnel management and to cope with increased regulations, she formed a process-oriented unit with eight employees from the previously small «HR department». She will be able to hand over to her successor, Andreas Piattini, an extremely interesting task and the appropriate structures for dealing with it. Jungfrau Railways thanks her for her commitment.



SEGMENTS

Segments

JUNGFRAUJOCH

BUSINESS MODEL AND ENVIRONMENT

The Jungfraujoche – Top of Europe segment is the strategic hub of the company. The main attraction is the highest railway station in Europe. It is located at 3,454 metres above sea level, within the Swiss Alpine Jungfrau-Aletsch UNESCO World Heritage site. Visitors can experience a high alpine world amidst imposing mountain peaks, glaciers and snow. The rack railway from Lauterbrunnen and Grindelwald to the high alpine meeting point of Kleine Scheidegg, and that continues through the massifs of the Eiger (3,970 metres above sea level) and Mönch (4,108 metres above sea level), is internationally positioned as one of the most important tourist attractions in Switzerland. The International High Alpine Jungfraujoche and Gornergrat Research Station Foundation contributes to the attractiveness of the Jungfraujoche through its presence and research results. The importance of the segment can be measured by the transport income of CHF 100.3 million. Sales are divided between JungfrauBahn AG and Wengernalpbahn AG (information on the subsidiaries can be found in the financial report).

With Jungfraujoche – Top of Europe, a comprehensive natural experience is marketed as a comprehensive offer from a single source. With some supplementary services, the offer is only based on services provided by partners (e.g. tours in the area of mountaineering, snow fun, the Mönchsjochehütte). Restaurants are currently leased to third parties. It is currently being fully integrated into the offer and into the operation of the segment in two steps (Kleine Scheidegg end of 2017 and Jungfraujoche end of 2019). The Jungfraujoche is open 365 days a year. In order to ensure quality, the number of visitors is limited to 5,000 persons per day (+/- 10%). A seat reservation system has also ensured travel comfort since 2016.

Segments

CURRENT SITUATION: MARKET ASSESSMENT BASED ON RESULTS

In 2016, the second best result was achieved in the history of the Jungfrau Railway, both in terms of visitor numbers and transport income. Although the terrorist attacks in Europe, unrest in Turkey and the refugee situation had a significant impact on the number of visitors, especially group tours from Asia, a total of 916,500 guests travelled to the Top of Europe in 2016. Transport income in the Jungfrauoch segment decreased by 7.6 per cent from the previous year. Nevertheless, the 100 million mark was reached for the second time. To this end, it was important that the company intensified its cultivating of the Asian markets in order to strengthen the Jungfrauoch – Top of Europe brand. The international tourism market is growing, the Swiss tourism market is stagnating, and the European markets are suffering from the strong Swiss franc. Jungfrauoch – Top of Europe is therefore focusing strongly on overseas markets. Remaining particularly important, despite the increasing number of individual visitors, is the business-to-business segment with tour operators.

Two factors are barriers for the segment: The limited capacity of the Jungfrau Railway and long travel times, which contradict the acceleration trend, from Interlaken, Lauterbrunnen or Grindelwald. In order to break these "shackles", the utilisation of the intermediate season («ten months high season») is being promoted and the V-Cableway is being realised, which significantly shortens the travel times to the Jungfrauoch.

Segments

START TO 2017

The 2017 financial year began well in the Jungfrauoch segment. Beginning 1 January to 31 March 2017, 121,928 guests visited the Top of Europe, exceeding the figure from the record year of 2015. Compared to the same period last year, this is an increase of 22,580 visitors, or 22.7 per cent.



Alpine sensation

Segments

WINTER SPORTS

BUSINESS MODEL AND ENVIRONMENT

The JUNGFRAU Ski Region is a cooperation product in which the Jungfraubahn Group holds more than 60%. Twelve companies together form the JUNGFRAU Ski Region subscription alliance. The ski areas include Grindelwald-First, Kleine Scheidegg-Männlichen and Mürren-Schilthorn sub-areas. Winter sports enthusiasts can use their subscriptions throughout the entire destination. Measured by the 909,000 ski visits, this ski resort is one of the largest in Switzerland.

The JUNGFRAU Ski Region earns approximately half of its winter sports income from visitors on winter holidays in the region. The region is distinguished internationally with an incomparable natural experience and a varied range of slopes with a variety of long valley runs. The ski areas are directly accessible from the historic resorts of Grindelwald, Wengen and Mürren. The region has a top position with its winter hiking and sledging facilities.

Day trippers, who form the other half of the winter sports customers, are more focused on the sporting activity. This is reflected in the requirements for the quality of the slopes, as well as the capacities of the feeder systems and transport routes (parking). There remains a strong focus on children. They generally pay 50% of the list price and travel free on Saturdays, accompanied by an adult.

Jungfrau Railways is the specialist for feeder systems and service facilities, slopes and fun parks in the ski area. The remaining parts of the value chain are only covered selectively. Rental of equipment is promoted in a joint enterprise with local sports retailers (Intersport Rent-Network). Cooperation with the regional economy, hoteliers, the retail trade and local tourism organisations is accordingly close.

Segments

CURRENT SITUATION: MARKET ASSESSMENT BASED ON RESULTS

In the winter sports segment, transport income decreased by 10.9 per cent to CHF 19.6 million. Demand from the beginning of 2016 until the end of the season in spring 2016 was below average. Despite good slope conditions, numbers of both day trippers and holiday visitors decreased. Thanks to an early winter break, Jungfrau Railways was able to start the new winter season by the middle of November 2016. Powerful snowmaking facilities made good conditions for the slopes in the Kleine Scheidegg ski area, despite the ongoing high-pressure weather in December. In the Grindelwald-First area, in the exceptionally snowy early winter 2016, a reduced operation for freestylers was possible.

In the highly competitive and saturated winter sports market, winter sports destinations with snow safety, high quality, varied slopes and plenty of convenience stand out. Demand will continue to stagnate in day tourism. A continuous improvement of the integration of tourism services has meant compensation by a higher number of holiday visitors. As a specialist provider of transport services and slopes, the Jungfrau Railway Group relies on the performance of third parties to complete the value chain. In the Jungfrau region, DMO [4] makes an important contribution to integration. Direct partnerships with hotels that provide a sufficient number of beds of the appropriate quality for skiers will gain in importance.

The Jungfrau Ski Region benefits from the unique backdrop of the Bernese Alps and the corresponding possibilities to use the feeder lifts even more intensively during the winter with international excursion tourism. The new tricable gondola from Grindelwald to the highest point of the ski area, an element of the V-Cableway project, has been designed from the outset for this mixed use.

[4]

Destination Management Organisation (in the region, namely Jungfrau Region Tourismus AG and Interlaken Tourismus)

Segments

START TO 2017

As expected, the winter sport business continues to be challenging. The decline of recent years is continuing. This is particularly due to the difficult start to the current season. The slump in sentiment will not quite be compensated by the excellent conditions since the end of January 2017. To fight the latent downward trend in winter sports, Jungfrau Railways continues to focus on improving quality. With the planned V-Cableway project, travel times with a direct connection to public transport are to be greatly shortened, and facilities of an international standard are to be created.



Skiing in front of Eiger, Mönch and Jungfrau

Segments

ADVENTURE MOUNTAINS

BUSINESS MODEL AND ENVIRONMENT

The «experience mountains» are a strategic supplemental offer. They are growing steadily in importance, and they accounted for nearly 11% of Group revenues in the 2016 financial year. The segment is designed to create added value for the entire region. Jungfrauoch – Top of Europe can be even better positioned and sold in an intact holiday and leisure environment. The goal is to create a good basis for the tourism industry. The Jungfrau Region is particularly distinguished by the close-knit network of mountain railways. The experience mountain segment includes the following attraction points:

- Grindelwald-First, Top of Adventure
- Harder Kulm, Top of Interlaken
- Winteregg-Mürren, Top of Family

The Jungfrau Railway Group complements its offer with the following cooperations: Kleine Scheidegg-Eiger glacier (from the segment Jungfrauoch – Top of Europe), Schynige Platte-Bahn (a railway of the alliance partner Berner Oberland-Bahnen AG), Grindelwald-Männlichen Gondola Cableway (holding of 35.5%), the Wengen-Männlichen Aerial Cableway and Autoverkehr Grindelwald. The connecting element for these excursion destinations is the multi-day «Jungfrau Travel Pass». This pass opens up the wide range of excursion destinations for visitors with a validity of up to six consecutive days.

Segments

CURRENT SITUATION: MARKET ASSESSMENT BASED ON RESULTS

The Jungfrau Railway Group registered positive results with the experience mountains. With an increase of 16.8%, transport revenues were once again significantly increased. The First Railway booked an increase of 22.7%. The Harder Railway increased its transport revenues by 17.4%. The Lauterbrunnen-Mürren mountain railway booked a 6.1% increase in transport income. A total of nearly CHF 13.3 million was generated on the experience mountains, which was almost CHF 2 million higher than the previous year.

Harder Railway is benefiting from intensive cross-marketing with the JungfrauJoch. With good visibility from the centre and the limited time requirements, the mountain is increasingly becoming a «must» for every visitor to Interlaken, thus also opening up markets beyond the Jungfrau Railway. The fact that the other excursion destinations are also developing positively is due to the fact that they are actively taking up the trend towards athletic, fun activities in the open air. With the First Cliff Walk and the mountain carts at the Soft Adventure area, the First Railway can successfully position itself for everyone. Winteregg is continually strengthening its attractions for the young children.

Segments

PROSPECTS

The experience mountains are expanding their successful outdoor offers and Soft Adventure activities. With the opening of the rapid mountain bike descent to Lauterbrunnen in the summer of 2017, the Mürren Railway is introduced to a new audience. The First Railway is expanding the Flyer line with the new Glider. On 1 August 2017, the Harder will open an extension to the restaurant.

This segment remains closely linked to the success of the tourism industry. Weather also plays an important role in terms of demand. Within these basic conditions, however, the products of the segment are very well positioned and can also be combined with other segments. This good starting position also suggests that the company will continue to grow.



experience mountains

*Segments***OTHER COMPANIES****POWER STATION**

The power station promotes the independence of the Jungfrau Railway Group with one of its most important resources, energy, and it provides services in the field of energy supply. Due to the very dry autumn weather conditions, less water flowed into the Black Lütschine. For this reason, the production figures in the reporting year are significantly lower than in previous years. Energy sales, which exceed the production of 54.3 GWh due to trade, amount to 72.2 GWh, which corresponds to an increase of 0.5% compared to 2015.

Segments

PARKING

Thanks to its location at the railway junction, the Lauterbrunnen car park is the central transfer point between individual transport and the car-free resorts of Mürren and Wengen. In the reporting year, the car park averaged 64.2%, a slight decrease of 1.3% compared to the previous year. The rent revenue amounted to CHF 1.9 million in 2016.

Segments

JUNGFRAUBAHNEN MANAGEMENT AG

Jungfraubahn Holding AG entrusts Jungfraubahnen Management AG with the provision of management infrastructure and the provision of the services in specialist areas. The most important asset of this company is the central IT infrastructure of the Jungfrau Railways. The remuneration of CHF 4.9 million received by Jungfraubahnen Management AG for services to third parties comes from cost codes, particularly from Berner Oberland-Bahnen AG, and direct billing of services. Management AG also increasingly generates commission income from sales, in particular tickets via the Internet.



FINANCIAL REPORT

*Financial report***JUNGFRAU RAILWAY GROUP****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

With an annual profit of CHF 30.9 million, the Jungfrau Railway Group achieved the second-highest result in its history in 2016. As expected, the previous year's record result could not be repeated.

The Jungfrau Railway Group generated operating income of CHF 169.0 million across all segments. The most important source of income is still transport, which amounted to CHF 126.0 million in the reporting year - 6.0% below the record previous year. Operating expenses increased by 1.9%, among other things due to various measures taken to improve quality. This resulted in an EBITDA of CHF 71.1 million and a cash flow of CHF 68.5 million. Amortisations rose to CHF 34.7 million due to the strong investment activity. The operating result EBIT amounted to CHF 36.3 million and the EBIT margin was 21.5%. After a positive financial result and taxes, the annual accounts show an annual profit of CHF 30.9 million, almost 15% below the previous year.

The most important segment **Jungfraujoch – Top of Europe** booked a net income of CHF 110.9 million. Although the terrorist attacks in Europe, unrest in Turkey and the refugee situation had a significant impact on the number of visitors, especially group tours from Asia, a total of 916,500 guests travelled to the Top of Europe in 2016. This represents a decline of 9.0% on the record year of 2015. Fortunately, transport revenues per guest - contrary to the trend on the market - increased by 1.7%. Sales at the Top of Europe shops also increased. This result was possible because the company intensified its work on the Asian markets in order to strengthen the Jungfraujoch - Top of Europe brand. Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to CHF 54.2 million, accounting for 76.2% of group EBITDA.

Business activity in **winter sports** declined further. The number of ski tours in the entire Jungfrau Ski region fell to 909,000, the proportion of the Group's transport revenue by 10.9%. As a result, transport income in the winter sports segment fell below CHF 20 million. This corresponds to just under 15% of the total transport income of the Jungfrau Railway Group. With net sales of CHF 24.2 million, the segment generated EBITDA of CHF -0.2 million. The winter sports segment continues to make a significant contribution to the other divisions.

In contrast to winter sports, the **adventure mountains** continued to develop positively. The transport income increased by 16.5% to CHF 13.3 million. Efforts to provide an independent positioning for all adventure mountains with an expansive range of services are paying off. In this context, the sales increase of 65% to CHF 1.7 million in the adventure offers in the Grindelwald-First area is noteworthy. Overall, segment sales increased by 18.3% to CHF 18.4 million and led to an EBITDA increase of 42.6% to CHF 7.6 million.

Investments of CHF 50.4 million made during the reporting year 2016 were fully financed from cash flow, except for CHF 5.5 million in interest-free infrastructure loans from the public authorities for the Lauterbrunnen-Wengen route.

At CHF 11.8 million, most of the investments in the reporting year were spent on the four new low-floor trains of the Jungfrau Railway, which have been in operation since the end of August. Further investment focus points were the conversion of the track and platform systems at Lauterbrunnen, the new Mountain Cart offer on First,

Financial report

the Mürren Railway freight loading hall, the new website as well as the planning of the V-Cableway project.

At 31 December 2016, the consolidated balance sheet shows a fundamentally funded company with an equity ratio of 80.9%. It has no interest-bearing liabilities and has cash and cash equivalents of CHF 58.8 million.

The Jungfrau Railway Group is thus ready for the further implementation of the V-Railway project. To date, the company has invested exactly CHF 100 million in this generational project. In addition to the already completed rolling stock renewals of the Wengernalp and Jungfrau Railway of CHF 87.9 million and the renewal of the corresponding power supply of CHF 3.4 million, planning costs of CHF 8.5 million accrued for the sub-projects Eiger-Express, Terminal and Grund car park.

Financial report

STRATEGIC FINANCIAL TARGETS

The strategic financial objectives of the Jungfrau Railway Group reflect the orientation towards long-term goals and the policy of a value-oriented company (value stock). The profit and free cash flow targets also determine the financial planning of the group.

Key figure	Target value
Return on sales	≥ 12%
EBIT margin	≥ 15%
Investments / cash flow	< 50%
Payout ratio	33% – 50%
Cumulative free cash flow 2014–2023	≥ CHF 150 Mio.
Equity ratio	> 70%

In order to meet the objectives of self-financing and investment in relation to cash flow, the long-term average applies when it comes to the assessment. Due to the high investment requirements of the V-Cableway project, the investment / cash flow objective cannot be met temporarily.

In 2016, the Jungfrau Railway Group once again exceeded its earnings targets. The return on sales amounted to 18.3%, the EBIT margin reached 21.5%. With the proposed dividend increase to CHF 2.10 per share (previous year CHF 2.00), the payout ratio at 39.7% is within in the defined target range. Investments in the reporting year accounted for 73.6% of cash flow. For 2016, there was a free cash flow of CHF 18.1 million. As a result, the cumulative free cash flow of the target period 2014-2023 at the end of 2016 amounted to CHF 23.3 million. At the end of the reporting year, the level of self-financing was 80.9%.

*Financial report***RISK MANAGEMENT AND ICS**

In the context of risk management, Jungfrau Railways deals with possible events which could jeopardise the achievement of strategic and financial objectives. Both opportunities and risks are identified. These are discussed regularly as part of the update of the SWOT analysis (see in the management report: «Message from the company management / Opportunities and risks»).

Jungfrau Railways has an internal control system (ICS) that meets legal requirements. This tool is used to check compliance in the particularly sensitive area of finances and to ensure the correctness and reliability of the reporting.

The IT security policy of Jungfrau Railways pursues a best-practice approach. The rules are defined in the IT security policy, the IT security guidelines for employees, and the IT password guidelines / user authorisation concept. In addition, special service levels are defined for all business-relevant applications and the change process is monitored by a specialist group in a risk-based manner.

The risk management process is embedded in the existing process landscape. Process organisation regulates responsibilities and ensures that the relevant measures are planned and implemented. The risk index (risk catalogue) forms the central basis for the formal risk process. The risks are assessed according to financial impact and probability of occurrence and positioned based on their importance for the company (risk profile). The risk catalogue of Jungfrau Railways provides an overview of the operational risks and is revised annually under the direction of the Risk Manager. The Board discusses and supplements the strategic risks when necessary, but at least once a year. In addition to internal audits, which are used by management to check certain areas, Jungfrau Railways is regularly audited by the Swiss Federal Office of Transport, SUVA and the certification body for the ISO quality management.

On a recent occasion, the Board analysed the negative impact of the various terrorist attacks on customer booking behaviour at the end of 2015 and in 2016. At the same time, it was established that customers differentiate between and assess the general security situation more individually than before. This has a positive effect on the fluctuations in demand. The phenomenon of whole markets suddenly collapsing due to such events was not observed. On the other hand, it will also be more challenging to identify and analyse the factors that influence tourism demand in times of Twitter, Facebook, Instagram etc., and to influence them through traditional information channels. Jungfrau Railways is thus increasingly relying on efficient and authentic online marketing, based locally. It is primarily guests reporting their experiences that encourages new guests to book. This is also a probable counter-strategy to the general perception of the security situation, which cannot differentiate between the events in the Jungfrau region, in Paris and even in the Far East. The measures taken are to do with promoting exchange on social media by creating inspiring moments, by enabling the on-site exchange (WiFi), by activating, stimulating and supporting online activities (chats, posting, blogging etc.) In addition to adjustments in marketing, Jungfrau Railways generally pays great attention to the volatility of tourism. Great attention is paid to high self-financing and a cost structure that is as flexible as possible.

A dominant risk to a company active in the high mountains, which is also often reported in the media, is the exposure to natural hazards. While climate change makes the Jungfrau Railway's offer, especially the ascent into a world of ice and snow, ever more exclusive, the challenges arising from the dynamic weather conditions

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and thawing of the permafrost are increasing. To counter this, Jungfrau Railways has a long and proven tradition. Experiences are correspondingly vast and the precautions taken extensive. A constant assessment and documentation of the current risk situation by responsible and trained staff forms the basis of our safety arrangements. Co-ordination takes place between the specialist units within the group and collaboration with the cantonal and municipal bodies responsible for the natural hazards. This is supplemented using periodic overall assessments by external experts (geologists, glaciologists, fire experts, avalanche experts) and subsequent implementation of the required (structural) measures. The rescue and deployment concepts are checked in regular exercises. Jungfrau Railways has its own fire brigade. Taking out insurance also protects investors against the effects of an event occurring despite all safety measures.

*Financial report***CONSOLIDATED BALANCE SHEET****At 31 December**

CHF (thousands)	Note	2016	%	2015	%
Assets					
Current assets					
Liquid funds		58,841		49,088	
Receivables from deliveries and services	1	7,705		9,149	
Other current receivables		4,517		2,388	
Inventories		1,373		1,359	
Accrued income	2	7,177		8,097	
Total current assets		79,613	12.7%	70,081	11.7%
Fixed assets					
Financial assets	3	9,464		6,333	
Tangible assets	4	527,609		515,486	
Intangible assets	5	8,618		6,229	
Total fixed assets		545,691	87.3%	528,048	88.3%
Total Assets		625,304	100.0%	598,129	100.0%
Liabilities					
Outside capital					
Liabilities from deliveries and services	6	23,766		15,304	
Current financial liabilities	7	740		740	
Other current liabilities	8	4,683		3,430	
Current provisions	9	1,299		1,113	
Deferred income	10	12,633		18,857	
Total current borrowed capital		43,121	6.9%	39,444	6.6%
Non-current financial liabilities	7	33,003		28,234	
Non-current provisions	9	43,063		42,980	
Total non-current borrowed capital		76,066	12.2%	71,214	11.9%
Total borrowed capital		119,187	19.1%	110,658	18.5%
Equity					
Share capital	22	8,753		8,753	
Capital reserves		-1,850		-1,797	
Treasury shares	22	-442		-1,380	
Retained earnings		464,638		440,081	
Minority interests		4,116		5,603	
Annual profit		30,902		36,211	
Total equity		506,117	80.9%	487,471	81.5%
Total liabilities		625,304	100.0%	598,129	100.0%

*Financial report***CONSOLIDATED INCOME STATEMENT****1 January to 31 December**

CHF (thousands)	Note	2016	2015
Operating income			
Transportation revenues	11	125,984	133,969
Compensation	12	9,060	8,460
Sale of energy		9,528	10,290
Souvenir shops		5,981	5,642
Service income		5,779	5,742
Rental income	13	6,538	6,550
Other income	14	6,160	4,835
Total operating income		169,030	175,488
Operating expenses			
Cost of goods	15	-2,733	-2,561
Purchase of energy		-3,040	-3,475
Personnel expenses	16	-53,402	-53,440
Other operating expenses	19	-38,776	-36,617
Total operating expenses		-97,951	-96,093
EBITDA		71,079	79,395
Depreciation and amortisation			
Depreciation of tangible assets	4	-33,833	-31,459
Amortisation of intangible assets	5	-914	-936
Total depreciation and amortisation		-34,747	-32,395
EBIT		36,332	47,000
Financial result			
Financial expenses		-174	-302
Results from associated companies		-3	-3
Financial income	20	2,722	149
Total financial result		2,545	-156
Profit before tax		38,877	46,844
Income taxes	21	-7,913	-10,359
Annual profit before minority interests		30,964	36,485
Minority interests		-62	-274
Annual profit		30,902	36,211
Result per share			
Shares issued		5,835,000	5,835,000
Average balance of time-weighted treasury shares		-10,736	-23,071
Average number of time-weighted outstanding shares		5,824,264	5,811,929
Undiluted and diluted result per share	CHF	5.31	6.23

*Financial report***CONSOLIDATED CASH FLOW STATEMENT****1 January to 31 December**

CHF (thousands)	Note	2016	2015
Annual profit		30,902	36,211
Minority interests		62	274
Depreciation of tangible assets	4	33,833	31,459
Amortisation of intangible assets	5	914	936
Change of provisions	9	269	-472
Use of provisions	9	0	-2
Book profits from the sale of fixed assets		-28	-31
Results from associated companies		3	3
Badwill from the acquisition of subsidiary shares	20	-2,440	0
Value adjustment of financial assets	3	3	1
Other non-cash items [1]		1,289	1,425
Cash flow before change in net current assets		64,807	69,804
Increase / decrease in receivables from deliveries and services		1,444	-1,239
Increase in other current receivables		-2,129	-2,214
Increase in inventories		-14	-91
Increase / decrease in accrued income		920	-289
Increase / decrease in liabilities from deliveries and services		8,462	-3,200
Increase / decrease in other short-term liabilities		1,253	-3,292
Decrease/increase in deferred income		-6,224	3,777
Cash flow from operating activities		68,519	63,256
Investments in tangible assets	4	-44,610	-55,189
Investments in financial assets	3	-3,980	-2,032
Investments in intangible assets	5	-3,303	-1,347
Divestment of tangible assets		642	721
Divestment of financial assets		843	34
Cash flow from investing activities		-50,408	-57,813
Free cash flow		18,111	5,443
Increase in financial liabilities		5,509	5,952
Repayment of financial liabilities		-740	-740
Founding of Grindelwald Grund Infrastruktur AG		40	0
Purchase of minority shares		-418	0
Investment in own shares incl. transaction costs		-1,954	-1,518
Divestment of own shares		886	739
Transaction costs for divestment of own shares		-4	-3
Profit distribution to minority interests		-23	-21
Profit distribution to Jungfraubahn Holding AG		-11,654	-10,461
Cash flow from financing activities		-8,358	-6,052
Change in liquid assets		9,753	-609
Liquid funds 1 January		49,088	49,697
Liquid funds 31 December		58,841	49,088
Change in liquid assets		9,753	-609

[1] Equity compensation programme for administration board, management and employees

*Financial report***CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY****At 31 December**

CHF (thousands)	Note	Share capital	Capital reserves	Treasury shares	Retained earnings	Total excluding Minority shares	Minority shares	Total incl. Minority shares
Equity at 01/01/2015		8,753	-2,259	-1,561	450,542	455,475	5,350	460,825
Acquisition of own shares	22		-1	-1,517		-1,518		-1,518
Sale of treasury shares	22		463	1,698		2,161		2,161
Annual profit					36,211	36,211	274	36,485
Dividends					-10,461	-10,461	-21	-10,482
Equity at 31/12/2015		8,753	-1,797	-1,380	476,292	481,868	5,603	487,471
Acquisition of own shares	22		-11	-1,943		-1,954		-1,954
Sale of treasury shares	22		-42	2,881		2,839		2,839
Annual profit					30,902	30,902	62	30,964
Dividends					-11,654	-11,654	-23	-11,677
Purchase of subsidiary shares	23					0	-3,526	-3,526
Founding of Grindelwald Grund Infrastruktur AG	23					0	2,000	2,000
Equity at 31/12/2016		8,753	-1,850	-442	495,540	502,001	4,116	506,117

*Financial report***ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS****ACCOUNTING PRINCIPLES****General information**

The consolidated financial statements are prepared on the basis of commercial operating values and in accordance with accounting recommendations (Swiss GAAP FER) and the Swiss Stock Corporation Act. They provide a true and fair view of the Group's net assets, financial position and results of operations. Consolidation is based on audited and unified financial statements prepared by the Group companies.

The financial statements of Jungfraubahn Holding AG and the consolidated financial statements of the Jungfraubahn Group were approved by the Board of Directors on 27 March 2017.

Deviations from continuity

In the reporting period, the adjustments to Swiss GAAP FER standards 3 and 6, which were implemented on 1 January 2016, were applied. With revenue recognition from brokerage transactions, only the value of the internally generated service is recorded as net proceeds. The previous year's figures for the income statement have been adjusted accordingly, which means that the operating income and the operating expenses of the previous year are kCHF 3,208 lower. The annual result remained unchanged.

Closing date

The uniform closing date for all companies included in the consolidation is 31 December. The associated company Skilift Bumps AG is an exception to this rule (30 June). As in previous years, Skilift Bumps AG due to the lesser importance of the company does not have to prepare interim financial statements as at 31 December.

Scope of consolidation

The consolidated financial statements include the financial statements of Jungfraubahn Holding AG and its holdings. The holdings of the Group can be seen in the Notes to the individual financial statements of Jungfraubahn Holding AG. The holdings are broken down as follows:

Group companies

Group companies are companies in which Jungfraubahn Holding AG has a direct or indirect share of more than 50 per cent.

Associated companies

Associated companies are companies in which Jungfraubahn Holding AG holds 20 to 50 per cent and has a significant influence.

Non-consolidated holdings

Non-consolidated holdings (up to 20 per cent) are reported under «financial assets».

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Consolidation method

Group companies

Assets and liabilities, as well as expenses and income, are 100 per cent accounted for according to the full consolidation method. Capital consolidation is carried out according to the Anglo-Saxon method (purchase method). Goodwill paid in connection with a share acquisition is usually depreciated over 5 years, in justified cases over 20 years. A passive difference (badwill) is credited to the income statement in the financial year.

The minority interests in equity and income are shown separately on the balance sheet and the income statement. Receivables, liabilities as well as deliveries and services between group companies, including resulting profits, are eliminated.

Associated companies

These companies are included in the consolidated financial statements using the equity method less value adjustments necessary for economic reasons.

Non-consolidated holdings

The non-consolidated participations reported in the «financial investments» are valued at the acquisition cost less value adjustments necessary for economic reasons.

Valuation principles

Balance sheet items are valued according to uniform guidelines. The valuation is based on the acquisition or production costs (principle of historical costs). The most important rules for the various items are set out below:

Foreign currencies

The conversion of positions in foreign currencies is carried out according to the closing rate method. The effects from foreign currency adjustments are recorded in the period result.

Receivables

Receivables are stated at the nominal value less value adjustments necessary for economic reasons.

Inventories

In particular, articles sold in souvenir shops are included in this item. The valuation is carried out at acquisition cost or - if this is lower - at the realisable disposal value. Any discounts are recorded as a reduction in acquisition costs. Consumables and operating materials are reported as «deferred accruals» in the sense of prepaid expenses.

Tangible assets

Property, plant and equipment and spare parts are recognised at acquisition or production values and amortised using the straight-line method over the estimated period of their use (spare parts corresponding to the period of the related property, plant and equipment). Land is not amortised. The planned useful lives for:

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Investment item	Years
Railway stations	50
Depots and workshops	50
Railway substructure and superstructure	25 – 80
Gondola lift, chairlift and ski lift stations	20 – 50
Ski slopes and fixed snowmaking equipment	10 – 25
Hiking trails and climbing routes	20 – 30
Power plant and technical water buildings	50 – 80
Restaurants and accommodation	10 – 50
Car parks and parking spaces	20 – 40
Residential buildings	50
Administration buildings	50
Other buildings	50
Railway installations	15 – 40
Gondola lifts	30
Chairlifts and ski lifts	10 – 30
Snowmakers	6 – 10
Power plant and technical water facilities	10 – 40
Other facilities	4 – 20
Rail vehicles	30
Slope vehicles	6
Cars	4 – 10
Other vehicles	4 – 10
Office equipment	5 – 8
Devices and tools	5 – 10
IT equipment	5 – 20
Communication equipment	5 – 20

Impairment

On each balance sheet date, an assessment is made as to whether there are any signs of impairment of the book values of the Jungfraubahn Group's assets. If there are any signs, the recoverable value of the assets is determined. An impairment loss is recognised in profit or loss.

Financial assets

Financial assets are stated at acquisition costs, less value adjustments necessary for economic reasons.

Intangible assets

Intangible assets (software, concessions and rights as well as goodwill) are recognised at cost and depreciated over the estimated or contractually determined useful lives. The planned useful lives for:

Investment item	Years
Software	5 – 10
Concessions and rights	15 – 100
Goodwill	5

Liabilities

Liabilities are stated at their nominal value.

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Provisions

Provisions are probable obligations that are based on events in the past, the amount and / or maturity of which is uncertain but can be estimated. The valuation is based on uniform business management criteria.

Sales realisation

The revenues of the Jungfraubahn Group stem mainly from the sale of travel tickets (transport income). Transport income is realised with the completion of the sales transaction in the sales system and posted in the corresponding period. Proceeds from long-term travel tickets are deferred on a monthly basis and are settled over the entire duration of the travel tickets.

Taxes

Current taxes on profits are deferred on the basis of the business results reported in the reporting year according to the principle of current-year measurement.

For deferred taxes, all differences between tax rates and group values are measured at full tax rates and reported in the balance sheet (comprehensive liability method). To calculate the deferred tax burden, the future expected tax rate is applied to each company at the time of dissolution. Deferred tax assets on tax-deductible losses carried forward are not capitalised but shown in the Notes.

Employee pension funds

All employees of the Jungfraubahn Group are insured by the legally independent personnel pension fund of Jungfrau Railways. The purpose of the fund is to insure the employees against the economic consequences of age, death and disability. All workers aged over 17 are insured.

The assets of the foundation are not included in the consolidated financial statements. In the statement of income, the contributions demarcated for the period are presented as personnel expenses. The balance sheet includes the corresponding deferred tax assets or liabilities as well as liabilities arising from contractual, regulatory or legal principles. It is assessed annually whether there is an economic benefit or an economic obligation from the organisation's perspective. The annual accounts of the pension fund, which are prepared in Switzerland in accordance with Swiss GAAP FER 26, and other calculations which represent the financial situation, the existing excess cover or shortfall under the actual circumstances, serve as a basis.

Transactions with related parties

Business relationships with related parties are settled under market conditions. This applies in particular to business transactions with BEKB | BCBE, Gebäudeversicherung Bern, Garaventa AG, Graf AG, Hoch- & Tiefbau, Holzbau, as well as with associated companies and personnel services.

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SEGMENT INFORMATION

CHF (thousands)	2016	2015	Change	in %
Segment sales				
Net sales Jungfraujoch - Top of Europe	110,855	117,569	-6,714	-5.7%
Net sales Adventure mountain	18,431	15,580	2,851	18.3%
Net sales Winter Sports	24,187	26,808	-2,621	-9.8%
Net sales other segments [1]	42,130	41,228	902	2.2%
Elimination group-internal sales	-26,573	-25,697	-876	3.4%
Total operating income according to profit and loss account	169,030	175,488	-6,458	-3.7%
Segment results EBITDA				
EBITDA Jungfraujoch – Top of Europe	54,169	62,481	-8,312	-13.3%
EBITDA Adventure mountain	7,627	5,348	2,279	42.6%
EBITDA Winter sports	-202	2,139	-2,341	-109.4%
EBITDA other segments [1]	9,483	9,434	49	0.5%
Group eliminations	2	-7	9	-128.6%
Total EBITDA according to the income statement	71,079	79,395	-8,316	-10.5%

[1] Other segments include, in particular, the Jungfraubahn power station, Jungfraubahnen Management AG and the Lauterbrunnen car park

COMMENTS

0 Scope of consolidation

In the reporting year, the newly founded companies Grindelwald Grund Infrastruktur AG, Grindelwald (80% holding), and Mürrenbahn AG, Lauterbrunnen (100% holding) were included in the scope of consolidation. They were recognised in the consolidated financial statements using the fully consolidated method.

1 Receivables from deliveries and services

CHF (thousands)	2016	2015
Receivables from third parties	7,582	9,321
Receivables from associated companies	172	59
Value adjustments	-49	-231
Net value	7,705	9,149
Change	-1,444	

2 Accrued income

CHF (thousands)	2016	2015
Operating material and consumables, printed matter, service clothing	2,309	2,279
Credit refund of tax payments	1,255	36
Credit from energy supplies	687	727
Prepaid insurance premiums	1,337	1,374
Miscellaneous	1,589	3,681
Total	7,177	8,097
Change	-920	

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3 Financial investments

Acquisition values	CHF (thousands)	Balance sheet value 01/01/2016	Inventory 01/01/2016	Additions	Disposals	Inventory 31/12/2016
Associated companies		3,136	4,076	2,382	-35	6,423
Non-consolidated holdings		526	576			576
Loans		68	68	1,574	-811	831
Securities		578	1,271	24		1,295
Fixed deposits		2,025	2,025			2,025
Total acquisition values		6,333	8,016	3,980	-846	11,150

Depreciation and amortisations	CHF (thousands)	Inventory 01/01/2016	Additions	Disposals	Inventory 31/12/2016	Balance sheet value 31/12/2016
Associated companies		940			940	5,483
Non-consolidated holdings		50			50	526
Loans		0			0	831
Securities		693	3		696	599
Fixed deposits		0			0	2,025
Total depreciation and amortisations		1,683	3	0	1,686	9,464

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4 Tangible assets - acquisition values 2016

Investment item	CHF (thousands)	Balance sheet value 01/01/2016	Inventory 01/01/2016	Additions	Reclassification	Disposals	Inventory 31/12/2016
Undeveloped land		1,484	1,945	0	0	0	1,945
Developed land		9,185	10,342	1,960	673	-308	12,667
Railway stations		27,309	53,281	1,154	1		54,436
Depots and workshops		13,573	23,257				23,257
Railway substructure and superstructure		75,881	103,202	4,001	687	-1,965	105,925
Gondola lift, chair lift and ski lift stations		18,657	36,355				36,355
Ski slopes and fixed snowmaking equipment		19,034	33,352		-44	-11	33,297
Hiking trails / climbing routes		484	940	187			1,127
Power station		13,272	18,242	789			19,031
Restaurants and accommodation		15,350	29,847				29,847
Car parks and parking spaces		3,283	16,519	95	-673	-49	15,892
Residential buildings		3,699	5,287			-35	5,252
Administration buildings		1,190	2,497				2,497
Other buildings		54,930	101,155	41	1	-16	101,181
Total land and buildings		255,847	434,276	8,227	645	-2,384	440,764
Railway installations		34,552	80,753	4,043	34	-716	84,114
Gondola lifts		14,412	27,802	1	67		27,870
Chairlifts and ski lifts		24,158	52,710	232			52,942
Snowmaking equipment		1,801	4,760	197		-386	4,571
Power stations		20,860	33,075	2,765	276	-16	36,100
Other facilities		10,281	17,882	689	10	-186	18,395
Total facilities		106,064	216,982	7,927	387	-1,304	223,992
Rail vehicles		108,623	207,684	12,953	19,642	-6,385	233,894
Slope vehicles		3,713	8,202	54		-19	8,237
Cars		355	955	240		-44	1,151
Other vehicles		393	1,161	113			1,274
Total vehicles		113,084	218,002	13,360	19,642	-6,448	244,556
Office equipment		0	1,403			-10	1,393
Devices and tools		2,105	8,610	1,179	3	-162	9,630
IT equipment		1,511	2,981	15		-67	2,929
Communication equipment		262	336				336
Total other property, plant and equipment		3,878	13,330	1,194	3	-239	14,288
Installations under construction		27,767	27,767	14,873	-20,677	0	21,963
Spare parts / material supplies		7,362	13,169	989	0	-651	13,507
Total		515,486	925,471	46,570	0	-11,026	961,015

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4 Property, plant and equipment - depreciation and impairments 2016

Investment item	CHF (thousands)	Inventory 01/01/2016	Additions	Reclassification	Disposals	Inventory 31/12/2016	Balance sheet value 31/12/2016
Undeveloped land		461	0	0	0	461	1,484
Developed land		1,157		295	-308	1,144	11,523
Railway stations		25,972	1,067			27,039	27,397
Depots and workshops		9,684	441			10,125	13,132
Railway substructure and superstructure		27,321	3,312		-1,965	28,668	77,257
Gondola lift, chair lift and ski lift stations		17,698	1,233			18,931	17,424
Ski slopes and fixed snowmaking equipment		14,318	1,469		-11	15,776	17,521
Hiking trails / climbing routes		456	104			560	567
Power station		4,970	405			5,375	13,656
Restaurants and accommodation		14,497	552			15,049	14,798
Car parks and parking spaces		13,236	472	-295	-48	13,365	2,527
Residential buildings		1,588	198		-35	1,751	3,501
Administration buildings		1,307	43			1,350	1,147
Other buildings		46,225	2,164		-16	48,373	52,808
Total land and buildings		178,429	11,460	0	-2,383	187,506	253,258
Railway installations		46,201	3,457	-90	-716	48,852	35,262
Gondola lifts		13,390	2,027			15,417	12,453
Chairlifts and ski lifts		28,552	2,036			30,588	22,354
Snowmaking equipment		2,959	360		-386	2,933	1,638
Power stations		12,215	1,444	90	-16	13,733	22,367
Other facilities		7,601	1,515		-186	8,930	9,465
Total facilities		110,918	10,839	0	-1,304	120,453	103,539
Rail vehicles		99,061	8,527		-6,385	101,203	132,691
Slope vehicles		4,489	1,113		-19	5,583	2,654
Cars		600	79		-44	635	516
Other vehicles		768	80			848	426
Total vehicles		104,918	9,799	0	-6,448	108,269	136,287
Office equipment		1,403			-10	1,393	0
Devices and tools		6,505	391		-162	6,734	2,896
IT equipment		1,470	291		-67	1,694	1,235
Communication equipment		74	37			111	225
Total other property, plant and equipment		9,452	719	0	-239	9,932	4,356
Installations under construction		0	0	0	0	0	21,963
Spare parts / material supplies		5,807	1,016	0	-38	6,785	6,722
Total		409,985	33,833	0	-10,412	433,406	527,609

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4 Tangible assets - acquisition values 2015

Investment item	CHF (thousands)	Balance sheet value 01/01/2015	Inventory 01/01/2015	Additions	Reclassification	Disposals	Inventory 31/12/2015
Undeveloped land		1,484	1,659	263	23	0	1,945
Developed land		9,163	10,217	125			10,342
Railway stations		28,223	53,165	165		-49	53,281
Depots and workshops		13,889	23,133	124			23,257
Railway substructure and superstructure		72,313	97,699	5,682	1,002	-1,181	103,202
Gondola lift, chair lift and ski lift stations		19,968	36,305	50			36,355
Ski slopes and fixed snowmaking equipment		19,404	32,345	945	114	-52	33,352
Hiking trails / climbing routes		573	940				940
Power station		13,441	18,068	174			18,242
Restaurants and accommodation		15,355	29,357	556	24	-90	29,847
Car parks and parking spaces		3,774	16,519				16,519
Residential buildings		3,901	5,304			-17	5,287
Administration buildings		1,232	2,497				2,497
Other buildings		54,733	98,878	2,286	8	-17	101,155
Total land and buildings		255,969	424,427	10,107	1,148	-1,406	434,276
Railway installations		31,058	77,266	4,697	1,744	-2,954	80,753
Gondola lifts		15,397	27,605	285		-88	27,802
Chairlifts and ski lifts		25,553	52,098	673		-61	52,710
Snowmaking equipment		1,913	4,528	232			4,760
Power stations		18,648	30,038	2,820	642	-425	33,075
Other facilities		10,638	16,852	1,058	6	-34	17,882
Total facilities		103,207	208,387	9,765	2,392	-3,562	216,982
Rail vehicles		84,410	182,696	13,199	18,595	-6,806	207,684
Slope vehicles		3,676	7,598	1,058	3	-457	8,202
Cars		352	928	94		-67	955
Other vehicles		484	1,161				1,161
Total vehicles		88,922	192,383	14,351	18,598	-7,330	218,002
Office equipment		0	1,403				1,403
Devices and tools		2,026	8,316	431		-137	8,610
IT equipment		1,135	2,674	599		-292	2,981
Communication equipment		301	336				336
Total other property, plant and equipment		3,462	12,729	1,030	0	-429	13,330
Installations under construction		30,814	30,814	19,114	-22,161	0	27,767
Spare parts / material supplies		8,588	13,838	559	0	-1,228	13,169
Total		492,446	884,237	55,189	0	-13,955	925,471

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4 Property, plant and equipment - depreciation and impairments 2015

Investment item	CHF (thousands)	Inventory 01/01/2015	Additions	Reclassification	Disposals	Inventory 31/12/2015	Balance sheet value 31/12/2015
Undeveloped land		175	286	0	0	461	1,484
Developed land		1,054	103			1,157	9,185
Railway stations		24,942	1,079		-49	25,972	27,309
Depots and workshops		9,244	440			9,684	13,573
Railway substructure and superstructure		25,386	3,116		-1,181	27,321	75,881
Gondola lift, chair lift and ski lift stations		16,337	1,361			17,698	18,657
Ski slopes and fixed snowmaking equipment		12,941	1,429		-52	14,318	19,034
Hiking trails / climbing routes		367	89			456	484
Power station		4,627	343			4,970	13,272
Restaurants and accommodation		14,002	585		-90	14,497	15,350
Car parks and parking spaces		12,745	491			13,236	3,283
Residential buildings		1,403	202		-17	1,588	3,699
Administration buildings		1,265	42			1,307	1,190
Other buildings		44,145	2,097		-17	46,225	54,930
Total land and buildings		168,458	11,377	0	-1,406	178,429	255,847
Railway installations		46,208	2,953	-6	-2,954	46,201	34,552
Gondola lifts		12,208	1,270		-88	13,390	14,412
Chairlifts and ski lifts		26,545	2,068		-61	28,552	24,158
Snowmaking equipment		2,615	344			2,959	1,801
Power stations		11,390	1,244	6	-425	12,215	20,860
Other facilities		6,214	1,421		-34	7,601	10,281
Total facilities		105,180	9,300	0	-3,562	110,918	106,064
Rail vehicles		98,286	7,581		-6,806	99,061	108,623
Slope vehicles		3,922	1,024		-457	4,489	3,713
Cars		576	90		-66	600	355
Other vehicles		677	91			768	393
Total vehicles		103,461	8,786	0	-7,329	104,918	113,084
Office equipment		1,403				1,403	0
Devices and tools		6,290	345		-130	6,505	2,105
IT equipment		1,539	223		-292	1,470	1,511
Communication equipment		35	39			74	262
Total other property, plant and equipment		9,267	607	0	-422	9,452	3,878
Installations under construction		0	0	0	0	0	27,767
Spare parts / material supplies		5,250	1,103	0	-546	5,807	7,362
Total		391,791	31,459	0	-13,265	409,985	515,486

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5 Intangible assets

Acquisition values	CHF (thousands)	Balance sheet value 01/01/2016	Inventory 01/01/2016	Additions	Reclassification	Disposals	Inventory 31/12/2016
Concessions and rights		2,688	4,700				4,700
Software		3,541	6,948	3,303		-698	9,553
Goodwill		0	428				428
Total acquisition values		6,229	12,076	3,303	0	-698	14,681

Depreciation and impairments	CHF (thousands)	Inventory 01/01/2016	Additions	Reclassification	Disposals	Inventory 31/12/2016	Balance sheet value 31/12/2016
Concessions and rights		2,012	130			2,142	2,558
Software		3,407	784		-698	3,493	6,060
Goodwill		428				428	0
Total depreciation and impairments		5,847	914	0	-698	6,063	8,618

6 Liabilities from deliveries and services

CHF (thousands)	2016	2015
Liabilities from deliveries and services owed to third parties	23,666	15,020
Liabilities from deliveries and services owed to related parties	38	258
Liabilities from deliveries and services owed to associated companies	62	26
Total	23,766	15,304
Change	8,462	

7 Financial liabilities / net financial assets

CHF (thousands)	2016	Maturity less than 1 year	Maturity more than 1 year	Conditionally repayable	Unused limits	2015
Confederation and canton loan under Art. 56 Railway Conveyance Act (non-interest-bearing)	33,743	740		33,003		28,974
Bank liabilities	0				95,000	
Total financial liabilities	33,743	740	0	33,003	95,000	28,974
Liquid funds	58,841					49,088
Net financial assets	25,098					20,114
Change on previous year	4,984					

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8 Other current liabilities

CHF (thousands)	2016	2015
VAT	764	923
Direct tax	2,868	2,303
Social security liabilities	724	19
Clearing balance Jungfrau Ski Region and SBB	105	0
Various other liabilities	56	25
Liabilities to shareholders	166	160
Total	4,683	3,430
Change	1,253	

Among liabilities to shareholders, unpaid dividends are recognised on exchange shares. Exchange shares are non-swapped shares from the mergers of the Jungfrau Holding AG with Wengernalpbahn AG and Jungfrau AG in 1994, with Sesselbahn Innerwengen-Allmend AG in 2002 as well as Bergbahnen Grindelwald-First AG in 2003.

9 Provisions

CHF (thousands)	Holidays / overtime	Various	Demolition Ostgrat building	Deferred taxes	Total provisions
Book value at 01/01/2015	917	2	0	43,648	44,567
Formation	220				220
Use		-2			-2
Dissolution	-24			-668	-692
Book value at 31/12/2015	1,113	0	0	42,980	44,093
of which short-term	1,113	0	0	0	1,113
Book value at 01/01/2016	1,113	0	0	42,980	44,093
Formation	235		950	9	1,194
Dissolution	-49			-876	-925
Book value at 31/12/2016	1,299	0	950	42,113	44,362
of which short-term	1,299	0	0	0	1,299

10 Deferred income

CHF (thousands)	2016	2015
Demarcation of transport income from subscriptions	4,606	5,893
Direct tax	2,999	5,708
Profit sharing	651	1,291
Other demarcations	4,377	5,965
Total	12,633	18,857
Change	-6,224	

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11 Transport income

CHF (thousands)	2016	2015
Jungfraujoch – Top of Europe	100,274	108,483
Adventure mountains	13,281	11,396
Winter sports	19,591	21,986
Gross transport earnings	133,146	141,865
Reductions in revenue	-7,162	-7,896
Total	125,984	133,969
Change	-7,985	

12 Compensation received from government

CHF (thousands)	2016	2015
Lauterbrunnen–Wengen infrastructure	3,511	3,163
Regional passenger transport Lauterbrunnen–Wengen	1,488	1,400
Freight transport Lauterbrunnen–Wengen	1,810	1,732
Regional passenger transport Lauterbrunnen–Mürren	2,251	2,165
Total	9,060	8,460
Change	600	

The uncovered costs of the transport service ordered by the public authorities (Federation and Canton of Bern) on the routes Lauterbrunnen–Mürren and Lauterbrunnen–Wengen are paid by the purchaser. The corresponding compensation must be negotiated in advance.

13 Rental income

CHF (thousands)	2016	2015
Catering rental rates	2,076	2,096
Renting of parking spaces	2,120	2,121
Renting of residential and commercial spaces	1,039	1,087
Other renting	1,303	1,246
Total	6,538	6,550
Change	-12	

14 Other income

CHF (thousands)	2016	2015
Experience offers	1,700	1,032
Events	1,161	764
Income from package offers	232	178
Various income	1,902	1,755
Capitalised costs	1,137	1,075
Income from sales of assets	28	31
Total	6,160	4,835
Change	1,325	

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15 Cost of goods

CHF (thousands)	2016	2015
Souvenir shops	-2,673	-2,512
Dining and accommodation	-60	-49
Total	-2,733	-2,561
Change	-172	

16 Personnel expenses

CHF (thousands)	2016	2015
Salaries and wages	-39,652	-39,018
Allowances, uniforms and other benefits	-5,105	-5,742
Social expenditure	-7,667	-7,521
remaining personnel expenses	-1,354	-1,546
Insurance payments	376	387
Total	-53,402	-53,440
Change	38	
Employees (full-time positions)	536	525
Change	11	

The compensation paid to the Management booked under personnel expenses is shown in the remuneration report of Jungfraubahn Holding AG.

17 Employee benefit plans

Number of people	2016	2015
Active insured persons	562	563
Pensioners	241	227
Total persons	803	790
Change	13	
Expenditure for employee benefit plans in thousands of CHF (included in social expenses)	-3,375	-3,318
Change	-57	

18 Pension plans

Economic benefit / economic commitment	Tausend CHF	Surplus cover / shortfall at 31/12/2015	Surplus cover / shortfall at 31/12/2014	Economic part of the organisation at 31/12/2015	Economic part of the organisation at 31/12/2014
Pension plan with surplus cover					
Jungfrau Railways pension fund [1]		704	7,516	0	0
Change		-6,812		0	

[1] The degree of coverage of the Jungfrau Railways pension fund amounts to 116.8% as of 31/12/2015 in the last published financial statements.

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Pension expenses in personnel expenses	CHF (thousands)	2016	2015
Jungfrau Railways pension fund		-3,165	-3,155
Change		-10	

Management insurance is maintained for members of management and extended management. Expenses for the companies amounted to kCHF 210 in 2016 and kCHF 163 in 2015.

19 Other operating expenses

CHF (thousands)	2016	2015
Costs for services	-7,896	-7,903
Rent expenses	-413	-391
Maintenance, renovation and demolition	-9,049	-8,418
Insurance and compensation	-1,604	-1,708
Energy and consumables	-2,407	-2,236
General expenses	-8,041	-7,303
IT	-2,781	-2,193
Marketing	-5,571	-5,386
Events	-1,014	-1,079
Total	-38,776	-36,617
Change	-2,159	

General expenses mainly include administrative costs, fees and duties as well as various sponsorship and cost contributions. The compensation paid to Board members as a general expense is disclosed in the remuneration report of Jungfraubahn Holding AG.

20 Financial income

Financial income for 2016 includes a badwill of kCHF 2,440, which resulted from the purchase of shares in subsidiaries. There was no badwill in 2015.

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21 Taxes on profits

CHF (thousands)	2016	2015
Distribution by tax type		
Income taxes	-8,780	-11,027
Deferred taxes on profits	867	668
Total	-7,913	-10,359
Change	2,446	
Analysis of taxes on profits		
Ordinary earnings before taxes on profits	38,877	46,844
Average applicable tax rate before taking account of losses carried forward	21.1%	22.4%
Expected taxes on profits related to the ordinary result	-8,203	-10,474
Effect of changes in non-capitalised losses carried forward	220	-2
Effect of tax-free company parts	37	188
Other effects	33	-71
Total	-7,913	-10,359
Effective tax rate	20.4%	22.1%

The Group's average income tax rate is based on the weighted average tax rate resulting from the profit or loss before tax as well as the tax rate of each individual company.

With the companies Firstbahn AG, Bergbahn Lauterbrunnen-Mürren AG, Grindelwald Grund Infrastruktur AG as well as Mürrenbahn AG there are tax-deductible losses carried forward totalling kCHF 4,583 (previous year kCHF 5,633). The resulting non-capitalised deferred tax claim is kCHF 1,013 (previous year kCHF 1,233).

22 Equity

Share capital

The share capital of Jungfraubahn Holding AG is fully paid up, amounting to CHF 8,752,500 at 31 December 2016 and is divided into 5,835,000 registered shares with a nominal value of CHF 1.50. Rights and restrictions related to the shares are explained in Section 6 of the Corporate Governance report.

Treasury shares

At 31 December 2016, the company held 4,704 registered treasury shares with a nominal value of CHF 1.50 each (previous year 14,737 registered treasury shares).

In the reporting year, 20,476 (previous year: 16,138) of the Company's registered treasury shares were purchased at an average price of CHF 94.89 (previous year: CHF 93.97) and 30,509 (previous year 23,271) registered treasury shares were sold at an average price of CHF 93.15 (previous year CHF 93.05).

Since 2005, the employees of the Jungfrau Railway Group as well as the administrative boards of Jungfraubahn Holding AG have been given the option of voluntarily purchasing a limited number of registered shares of Jungfraubahn Holding AG at a preferential price. In the reporting year, this price was CHF 32.00 per registered share (previous year CHF 25.00). The difference between the preferential price and the average acquisition price

Financial report

was recognised in the income statement under personnel expenses. In this way 20,970 registered treasury shares were sold in the reporting year (previous year 20,990).

The share ownership of the Board members and management is shown in the annexe to the financial statements of Jungfraubahn Holding AG.

Reserves

The non-distributable, statutory or legal reserves amounted to kCHF 24,392 at 31 December 2016 (previous year kCHF 24,524).

23 Significant non-cash transactions

CHF (thousands)	2016	2015
Sale of treasury shares from acquisition of shares in Bergbahn Lauterbrunnen-Mürren AG and Harderbahn AG (7,364 shares, excluding transaction costs kCHF 1)	667	0
Contribution in kind by third-party shareholder upon founding of Grindelwald Grundinfrastruktur AG (land)	1,960	0
Total	2,627	0
Change	2,627	

24 Other information

CHF (thousands)	2016	2015
Sureties, guarantees and pledges in favour of third parties		
Investment obligations	14,363	23,649
Assets pledged to secure building lease charges	51	33
Guarantee obligations	26	26
Joint and several liability for all value-added tax liabilities of the Jungfraubahn Group (including Berner Oberland-Bahnen AG)	p.m.	p.m.
Joint and several liability for the obligations of the simple partnership Jungfrau Ski Region	p.m.	p.m.
Other obligations not to be recognised		
Lease obligations from long-term leases	12,143	12,494
• of which due within 1 year	454	450
• of which due in 1-5 years	1,437	1,412
• of which due in more than 5 years	10,252	10,632

25 Events after the balance sheet date

Since the balance sheet date of 31 December 2016, no events have occurred which affect the meaningfulness of the consolidated financial statements for 2016.

*Financial report***AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

The object of the official annual report of Jungfraubahn Holding AG is the management report (with segment reporting) and the financial report, which contains the consolidated financial statements for 2016 and the financial statements for 2016 of the holding company. The auditor's reports are also included in this part of the annual report. The printout of the annual report in German, available at the registered offices of the company during the invitation period to the General Meeting of Jungfraubahn Holding AG, is binding and has been audited. Thus no audit reports were drawn up in English. You can download a PDF document with the same content from the online annual report Download Centre. The accompanying report and the download file also contain the 2016 remuneration report and corporate governance information.

*Financial report***DEVELOPMENT****KEY FIGURES 2012 TO 2016**

CHF (thousands)	2016	2015	2014	2013	2012
Balance sheet					
Current assets	79,613	70,081	66,857	77,876	57,048
Fixed assets	545,691	528,048	502,603	474,188	473,197
Outside capital	119,187	110,658	108,635	111,789	108,908
Equity	506,117	487,471	460,825	440,275	421,337
Balance sheet total	625,304	598,129	569,460	552,064	530,245
Income statement					
Operating income	169,030	175,488	162,491	161,732	156,118
Transportation revenues	125,984	133,969	121,497	121,547	115,125
Operating expenses	97,951	96,093	94,968	95,228	95,483
Personnel expenses	53,402	53,440	52,045	51,740	50,655
EBITDA	71,079	79,395	67,523	66,504	60,635
Depreciation and amortisation	34,747	32,395	28,889	28,128	26,554
EBIT (operating profit)	36,332	47,000	38,634	38,376	34,081
Group profit after third-party shareholders	30,902	36,211	30,352	30,165	25,998
Cash flow statement					
Cash flow from operating activities	68,519	63,256	56,696	64,892	49,743
Cash flow from investing activities	-50,408	-57,813	-56,931	-29,314	-30,386
Cash flow from financing activities	-8,358	-6,052	-8,736	-14,844	-2,810
Free cash flow	18,111	5,443	-235	35,578	19,357
Key figures					
Equity ratio	80.9%	81.5%	80.9%	79.7%	79.4%
EBITDA in relation to operating income	42.1%	45.2%	41.6%	41.1%	38.8%
EBIT in relation to operating income	21.5%	26.8%	23.8%	23.7%	21.8%
Return on sales (ROS)	18.3%	20.6%	18.7%	18.7%	16.7%
Number of personnel	536	525	519	510	513
Earnings per employee	315	334	313	317	304
Personnel expenses in relation to operating income	31.6%	30.5%	32.0%	32.0%	32.4%

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INFORMATION FOR SHAREHOLDERS

Information per share [1] in CHF	2016	2015	2014	2013	2012
Nominal value	1.50	1.50	1.50	1.50	1.50
Voting rights	1	1	1	1	1
Net profit	5.30	6.21	5.20	5.17	4.46
Dividends (2016: proposal) [2]	2.10	2.00	1.80	1.80	1.80
Equity	86.74	83.54	78.98	75.45	72.21

Stock market price

High	110.50	100.80	82.80	69.15	65.55
Low	88.80	70.70	65.65	61.00	54.11
Year-end price	97.50	94.85	75.50	65.20	63.15

Key data [1]

Price/earnings ratio	18.41	15.27	14.51	12.61	14.17
Price/equity	112.4%	113.5%	95.6%	86.4%	87.5%
Payout ratio	39.7%	32.2%	34.6%	34.8%	40.4%
Dividend yield [2]	2.2%	2.1%	2.4%	2.8%	2.9%
Stock return [2]	4.9%	27.7%	18.2%	6.0%	16.3%

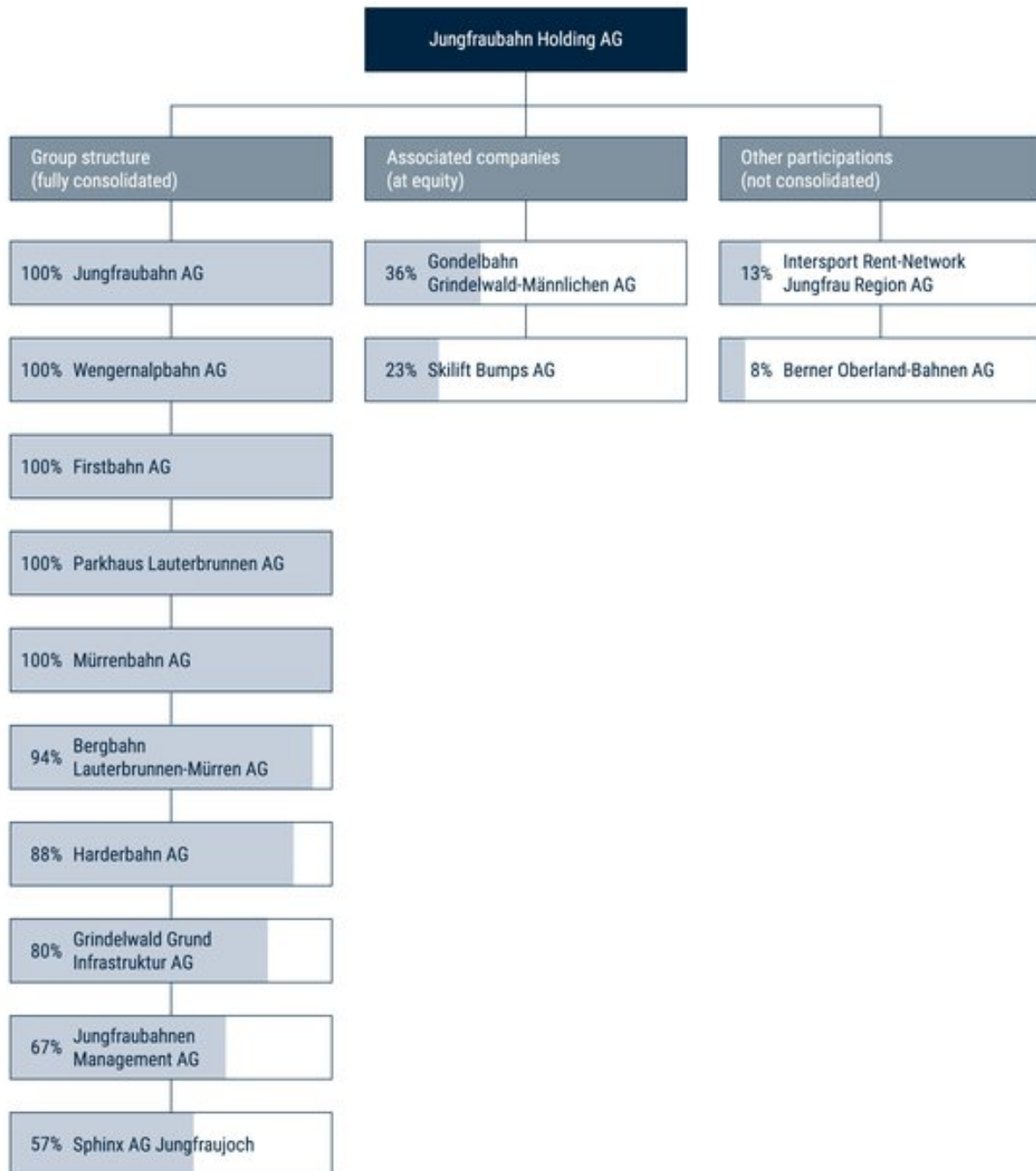
[1] Based on year-end prices, calculated from the total portfolio of 5,835,000 issued shares. [2] Basis of updated appropriation of retained earnings.

Share price (closing price) Jungfraubahn Holding AG, January to December 2016



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GROUP STRUCTURE



As of 31 December 2016

*Financial report***JUNGFRAUBAHN HOLDING AG****BALANCE SHEET****At 31 December**

CHF (thousands)	2016	%	2015	%
Assets				
Current assets				
Liquid funds	34,048		20,206	
Other receivables from third parties	151		291	
Other receivables from participating interests	6,424		10,928	
Accrued income	40		7	
Total current assets	40,663	24.8%	31,432	19.9%
Fixed assets				
Financial assets	2,025		2,025	
Loans to group companies	100,790		115,980	
Participating interests	20,136		8,600	
Total fixed assets	122,951	75.2%	126,605	80.1%
Total Assets	163,614	100.0%	158,037	100.0%
Liabilities				
Outside capital				
Liabilities from deliveries and services owed to third parties	0		9	
Current interest-bearing liabilities owed to third parties	464		0	
Current interest-bearing liabilities for participating interests	11,825		11,806	
Other current liabilities owed to third parties	4		3	
Other current liabilities owed to shareholders	166		160	
Deferred income	456		535	
Total current borrowed capital	12,915		12,513	
Total non-current borrowed capital	0		0	
Total borrowed capital	12,915	7.9%	12,513	7.9%
Equity				
Share capital	8,753		8,753	
Statutory retained earnings	25,612		25,612	
• Profit carried forward	67,964		63,197	
• Statutory and final reserves	32,920		32,920	
Voluntary retained earnings	100,884		96,117	
Own capital shares	-442		-1,379	
Annual result	15,892		16,421	
Total equity	150,699	92.1%	145,524	92.1%
Total liabilities	163,614	100.0%	158,037	100.0%

*Financial report***INCOME STATEMENT****1 January to 31 December**

CHF (thousands)	2016	2015
Operating income		
Service income	795	826
Total operating income	795	826
Operating expenses		
Administration expenses	-1,470	-1,476
Total operating expenses	-1,470	-1,476
Financial result		
Financial expenses	-273	-80
Investment income	15,447	15,342
Other financial income	1,481	1,913
Total financial result	16,655	17,175
Direct tax	-88	-104
Annual profit	15,892	16,421

*Financial report***PROFIT SHARING****Application concerning the use of balance sheet profits**

	CHF	CHF
Annual profit 2016		15,892,173
Profit balance carried forward according to AGM resolution of 23 May 2016	67,948,395	
Undistributed dividends from own shares	15,480	
Profit balance carried forward according to annual financial statement	67,963,875	67,963,875
Balance sheet profit available to the AGM		83,856,048
Executive Board proposal:		
Distribution of a dividend of CHF 2.10 per share on 5,835,000 registered shares. CHF 1.50		-12,253,500
Amount to be carried forward		71,602,548

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NOTES TO THE FINANCIAL STATEMENTS

Basis

The 2016 annual accounts of Jungfraubahn Holding AG, Interlaken, have been prepared in accordance with the provisions of Swiss Accounting Law (Section 32 of the Swiss Code of Obligations).

Various information

Jungfraubahn Holding AG did not employ any staff in the reporting year nor in the previous year. Since the balance sheet date of 31 As of December 2016, no events have occurred which affect the validity of the 2016 annual accounts of Jungfraubahn Holding AG.

Treasury shares

CHF (thousands)		2016	2015
Inventory on 1st January	(2016: 14,737 shares, 2015: 21,870 shares)	1,379	1,560
Purchases	(2016: 20,476 shares, 2015: 16,138 shares)	1,943	1,517
Sales	(2016: 30,509 shares, 2015: 23,271 shares)	-2,842	-2,165
Success		-38	467
Inventory on 31st December	(2016: 4,704 shares, 2015: 14,737 shares)	442	1,379
Average price of purchased treasury shares (CHF)		94.89	93.97
Average price of treasury shares sold (CHF)		93.15	93.05

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Holdings / voting rights in per cent

	Share capital CHF (thousands)	2016	2015
Group companies			
Jungfrau AG, Interlaken; operation of a rack railway from Kleine Scheidegg to Jungfrau	10,000	100.0%	100.0%
Wengernalpbahn AG, Interlaken; operation of a rack railway, chair lifts and ski lifts	10,000	100.0%	100.0%
Firstbahn AG, Grindelwald; operation of the First Railway as well as chairlifts and ski lifts, hotels and restaurants	10,000	100.0%	100.0%
Parkhaus Lauterbrunnen AG, Lauterbrunnen; construction and operation of Lauterbrunnen car park	1,000	100.0%	100.0%
Mürrenbahn AG, Lauterbrunnen; operation of cable car and narrow gauge railway from Lauterbrunnen to Mürren [1]	100	100.0%	0.0%
Bergbahn Lauterbrunnen-Mürren AG; operation of cable car and narrow gauge railway from Lauterbrunnen to Mürren	1,800	94.0%	80.0%
Harderbahn AG, Interlaken; Interlaken-Harder cable car and Harder Kulm restaurant	705	88.2%	69.0%
Grindelwald Grund Infrastruktur AG, Grindelwald; creating, maintaining and managing the infrastructure of railway stations, terminal, car park [1]	10,000	80.0%	0.0%
Jungfrau Management AG, Interlaken; management / company consultancy, provision of services	100	67.0%	67.0%
Sphinx AG Jungfrau, Fieschertal VS; ownership and management of Sphinx buildings, Jungfrau	53	57.1%	57.1%
Associated companies			
Gondelbahn Grindelwald-Männlichen AG, Grindelwald; operation of gondola lift and ski lifts in the Männlichen area	11,000	35.5%	28.3%
Skilift Bumps AG, Wengen; creation, operation and maintenance of a ski lift on the Wickibort	220	22.7%	22.7%
Deviating voting rights in holdings as a percentage			
Gondelbahn Grindelwald-Männlichen AG, Grindelwald		34.8%	27.2%
Other significant holdings			
Intersport Rent-Network Jungfrau Region AG, Grindelwald	400	12.5%	8.3%
Berner Oberland-Bahnen AG, Interlaken	12,341	8.1%	8.1%

[1] Company founded in 2016

Shareholder structure

	2016	2015
Significant shareholders		
BEKB BCBE (Berner Kantonalbank), Bern	14.3%	14.3%
Gebäudeversicherung Bern, Bern	7.7%	7.7%
Securitas Investment AG, Zollikofen	4.7%	4.7%
Martin Haefner, Horw	4.0%	4.0%
Montalto Holding AG, Zug	3.2%	3.2%

Financial report

Further information

CHF (thousands)	2016	2015
Sureties, guarantees and pledges in favour of third parties		
Joint and several liability for all value-added tax liabilities of the Jungfraubahn Group (including Berner Oberland-Bahnen AG)	p.m.	p.m.
Net release of silent reserves	0	90

Holding relationships of directors and management board members

Disclosure under Art. 663c OR	Number of shares 2016	Number of shares 2015	Voting rights share 2016
Board of Directors			
Prof. Thomas Bieger, Board Chairman	9,450	8,700	0.16%
Dr. Jürg Rieben, Board Vice-Chairman	8,554	7,804	0.15%
Peter Baumann, Board of Directors	4,950	4,200	0.08%
Nils Graf, Board of Directors	4,163	3,413	0.07%
Bruno Hofweber, Board of Directors	5,340	5,965	0.09%
Ueli Winzenried, Board of Directors	4,500	3,750	0.08%
Total Board of Directors	36,957	33,832	0.63%
Company Management			
Urs Kessler, Chairman of the Executive Board	30,000	27,908	0.51%
Jürg Lauper, Head of Infrastructure	9,197	10,497	0.16%
Christoph Schläppi, Head of Corporate Services	8,849	10,613	0.15%
Christoph Seiler, Head of Finances and Controlling	16,608	15,926	0.28%
Total management	64,654	64,944	1.10%

The relationships between the largest shareholders and individual members of the Board of Directors are disclosed in Figure 3.1 of the Corporate Governance Report. This connection is classified as "not related". There is no attribution of the shareholding held by the major shareholders to individual Board members.

*Financial report***AUDITOR'S REPORT**

The object of the official annual report of Jungfraubahn Holding AG is the management report (with segment reporting) and the financial report, which contains the consolidated financial statements for 2016 and the financial statements for 2016 of the holding company. The auditor's reports are also included in this part of the annual report. The printout of the annual report in German, available at the registered offices of the company during the invitation period to the General Meeting of Jungfraubahn Holding AG, is binding and has been audited. Thus no audit reports were drawn up in English. You can download a PDF document with the same content from the online annual report Download Centre. The accompanying report and the download file also contain the 2016 remuneration report and corporate governance information.

*Financial report***SUBSIDIARIES****JUNGFRAUBAHN AG**

From Kleine Scheidegg, the Jungfrau Railway opens up the world-famous excursion destination of Jungfrauoch - Top of Europe. Every year, the Jungfrau Railway transports guests from all over the world to Europe's highest railway station in eternal snow and ice. On the Jungfrauoch and on the Eiger glacier, guests are catered for in various, leased gastronomic establishments. In the Top of Europe Shops, on the Jungfrauoch, Kleine Scheidegg and on First, the company sells typical Swiss souvenirs, clothing and accessories. Since its founding, Jungfraubahn AG has been producing electricity in its own hydroelectric power plant in Lütschental and provides services in energy supplies.

Company data

Route	Route length (all rack)	9.3 km
	Length of tunnel	7.6 km
	Altitude difference	1,393 m
Most important rolling stock	Double carriage	8
	Low-floor control cars	4
Conveying capacity per hour	Seats	1,060
Jungfrauoch catering (leased)	Restaurant (elevated)	1
	Bar	1
	Self-service	1
	Group restaurants	2
	Total seats	730
Eiger glacier catering (leased)	Restaurant	1
	Ski bar	1
	Seats	320
Shopping area Top of Europe Shops	Jungfrauoch	140 m2
	Kleine Scheidegg	40 m2
	First	60 m2

Financial report

Key figures

Operating values, in thousands of CHF	2016	2015
Employees (full-time positions)	147	141
• of which learners	4	5
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	80,639	86,076
Transportation revenues	57,718	62,875
Goods income from shops	5,987	5,658
Goods expenditure shops	-2,673	-2,513
Sale of energy	14,346	14,629
Purchase of energy	-3,041	-3,477
EBIT	30,297	38,013
Annual profit	23,543	29,286

Financial report

WENGERNALPBAHN AG

The Wengernalp Railway, with the longest racked railway in the world, opens up the excursion and winter sports area of Kleine Scheidegg and serves as a feeder to the world-famous destination of Jungfrauoch - Top of Europe. In the area of public transport, Wengernalpbahn AG supplies the car-free residential and holiday resort of Wengen. Wengernalpbahn AG also owns the winter sports facilities around Kleine Scheidegg with a total of 8 chairlifts. In addition, the company leases catering facilities at Grindelwald Grund and Kleine Scheidegg.

Company data

Route	Route length (all rack)	19.2 km
	Stations	10
Most important rolling stock	Panorama trains	10
	Double carriage	4
	Railcars	18
	Articulated driving units	7
	Passenger cars and control cars	13
	Freight cars	47
	Freight locomotives	7
Conveying capacity per hour	Lauterbrunnen (seats/standing places)	1,076 / 444
	Grindelwald (seating / standing)	784 / 420
	Total	2,866
Winter sports	Chairlifts	8
	Slope vehicles	11
Catering, accommodation (leased)	2 restaurants (number of seats)	550
	Dormitory (number of beds)	90

Key figures

Operating values, in thousands of CHF	2016	2015
Employees (full-time positions)	220	222
• of which learners	4	5
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	61,730	65,037
Transportation revenues	49,655	53,928
Compensation	6,809	6,295
EBIT	4,676	7,872
Annual profit	3,121	5,478

Financial report

FIRSTBAHN AG

On the Grindelwald-First - Top of Adventure excursion mountain you can take a trip into the mountains with a spectacular tour on the "First Cliff Walk by Tissot", a fast-paced ride with the First Flyer (Tyrolienne), an adventurous ride in the "Mountain Cart" and a downhill ride with the Trottibike scooter. The sunniest ski area of the Jungfrau Region, with its five service facilities, half-pipe and the "White Elements Park", is popular in winter with locals, freestylers and holidaymakers from all over the world. First Railway leases the Berghaus on First with a dormitory.

Company data

Gondola lift	Gondola lift (sections)	1 (3)
	Gondola lift carrying capacity	1,200 p/h
	Carrying capacity 3rd section	1,800 p/h
Winter sports	Chairlifts	3
	Ski lifts	2
	Carrying capacity chairlifts and ski lifts	8,190 p/h
	Slope vehicles	7
Experience offers	First Flyer (Tyroliennes)	4
	Mountain Carts (vehicles)	100
	Trotti-Bikes (vehicles)	120
Catering, accommodation (leased)	2 restaurants (number of seats)	790
	Dormitory (number of beds)	90

Key figures

Operating values, in thousands of CHF	2016	2015
Employees (full-time positions)	52	47
• of which learners	5	5
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	14,416	12,753
Transportation revenues	11,746	10,861
EBIT	1,523	-115
Annual result	1,298	-379

Financial report

BERGBAHN LAUTERBRUNNEN-MÜRREN AG

The Mürren Railway is part of the public transport network financed by the canton of Bern. It connects the car-free health resort of Mürren, the "Winteregg - Top of Family" excursion destination and the Mürren-Schilthorn winter sports area. On Winteregg, the company leases the restaurant of the same name.

Company data

Lauterbrunnen-Grütschalp funicular	Track length	1,432 m
	Altitude difference	686 m
	Cable car cabins (number of persons / tonnes of goods)	100 / 6
Grütschalp-Mürren adhesion railway	Track length	4.3 km
	Railcars	5
Catering (leased)	Restaurant Winteregg (number of seats)	430

Key figures

Operating values, in thousands of CHF	2016	2015
Employees (full-time positions)	31	31
Holdings of Jungfraubahn Holding AG	94.0%	80.0%
Operating income	6,754	6,498
Transportation revenues	4,073	3,966
Compensation	2,251	2,165
EBIT	-784	381
Annual result	-756	448

Financial report

HARDERBAHN AG

With "Harder Kulm - Top of Interlaken", the funicular is positioned as an excursion to Interlaken's own mountain. The short journey, the breathtaking view from an exposed viewing platform on Lake Brienz and Lake Thun as well as the three peaks of the Eiger, Mönch and Jungfrau contribute to the special experience. A wide range of dishes in the leased "Harder Kulm" restaurant rounds off the offer.

Company data

Funicular	Track length	1,449 m
	Altitude difference	754 m
	Carrying capacity	500 p/h
Catering (leased)	Restaurant Harder Kulm (seats)	560

Key figures

Operating values, in thousands of CHF	2016	2015
Employees (full-time positions)	4	4
Holdings of Jungfraubahn Holding AG	88.2%	69.0%
Operating income	3,328	2,797
Transportation revenues	2,832	2,410
EBIT	1,309	908
Annual profit	1,030	718

*Financial report***PARKHAUS LAUTERBRUNNEN AG**

The Lauterbrunnen car park with its 940 parking spaces and bus terminal is the central transfer point between private transport and the car-free resorts of Mürren and Wengen.

Key figures

Operating values, in thousands of CHF	2016	2015
Employees (full-time positions)	4	4
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	1,963	1,949
EBIT	703	671
Annual profit	553	527

*Financial report***GRINDELWALD GRUND INFRASTRUKTUR AG**

The company was founded in 2016 as the central element of the V-Cableway project, with the aim of providing the Grindelwald-Männlichen valley stations, the multifunctional terminal and connected car park with more than 1,000 parking spaces and a bus terminal.

Key figures

Operating values, in thousands of CHF	2016
Staff	0
Holdings of Jungfraubahn Holding AG	80.0%
Operating income	1
EBIT	-259
Annual result	-253

*Financial report***JUNGFRAUBAHNEN MANAGEMENT AG**

The main activity of Jungfraubahnen Management AG is the provision of IT infrastructure and the performance of central, group-wide services for the companies of the Jungfrau Railway Group and Berner Oberland-Bahnen AG.

Key figures

Operating values, in thousands of CHF	2016	2015
Employees (full-time positions)	78	76
• of which learners	12	12
Holdings of Jungfraubahn Holding AG	67.0%	67.0%
Operating income	24,744	23,843
Income from management services	19,413	19,031
EBIT	217	43
Annual profit	109	-117

REMUNERATION AND CORPORATE GOVERNANCE

*Remuneration and corporate governance***REMUNERATION REPORT****1. INTRODUCTION AND PRINCIPLES**

This report is based on the remuneration paid to the members of the Board of Directors and the Executive Board of Jungfraubahn Holding AG pursuant to Article 13 para. 1 of the Ordinance against excessive remuneration at listed companies (VegüV). It will be submitted to the General Assembly in 2017. The report is based on Articles 13 to 16 of VegüV and also complies with the applicable standards of the Swiss Code of Best Practice for Corporate Governance, including Annex 1 on the recommendations on compensation for the Board of Directors and Executive Board.

The Jungfrau Railway Group offers performance-related overall remuneration that is in line with the market in order to attract, motivate and retain individuals with the necessary skills and character traits for the Board of Directors and Executive Board. The compensation policy is based on the following principles: The fees and basic salaries are determined according to the requirements regarding skills, responsibilities and workloads. The service rendered is taken into account via a variable component. No measures which hinder the transfer or the change of control have been made. The notice period of the members of the Management Board is six months (half of the statutory maximum duration).

The framework for remuneration is set out in Article 20 of the statutes of Jungfraubahn Holding AG. The provisions are drawn up on a uniform basis for the Board of Directors and the Executive Board. They allow both short-term and long-term profit-sharing in cash and/or shares, which, however, may not exceed two-thirds of the basic salary/basic remuneration. In addition, according to the statutes, treasury shares may be issued at a discounted price, benefits paid to the occupational pension plan and loans granted at standard market conditions of up to CHF 100,000.

In its current implementation, Jungfraubahn Holding AG's remuneration system is designed as simply and transparently as possible. The design of the system was possible without consultants. Profit sharing using shares as well as long-term profit sharing have been waived. They have been replaced by the participation program for discounted employee shares, in which the Board of Directors and the Executive Board can participate voluntarily, in accordance with the quotas allocated to them.

Remuneration and corporate governance

2. COMPENSATION CONTENTS

2.1 BASIC PRINCIPLES

The structure of the remuneration model is based on the basic strategy that positions the Jungfraubahn Holding AG share as a value stock. The compensation system supports the long-term increase in value for investors. This is achieved in concrete terms through

- a longer-term definition and fixing of the salary and in particular of the success components to ensure continuity,
- the calculation of the profit sharing in earnings before tax (EBT) and thus a team-oriented objective (EBT as an important prerequisite for achieving free cash flow),
- a share participation programme with a long binding period (blocking the transfer of shares over a period of 5 years) and thus an orientation towards the long-term growth in value.

The share participation programme also exists in the same format for the Group's managers and employees. The shares under the company's own ownership are intended to reinforce the commitment of all employees to the company. Since 2005, 4% of the stock has been placed with the staff via the employee participation programme. The exercise rate in 2016 was 65%.

2.2 THE INDIVIDUAL ELEMENTS OF THE COMPENSATION SYSTEM

2.2.1 Fixed compensation

The fixed fee is the basis for the remuneration of the Board of Directors. It is paid out in two half-yearly instalments. The Executive Board receives a basic salary, which is in the form of 13 monthly salaries.

Provided that the Board of Directors and members of the Executive Board receive compensation from third parties for activities carried out in connection with their roles at Jungfrau Railways, the following shall apply: The members of the Executive Board deliver their fees without compensation to Jungfraubahnen Management AG. They can keep their attendance fees as part of their compensation. Administrative committees keep fees and attendance fees. Such payments are included in this report in the fee or salary and are reported to the respective beneficiary.

2.2.2 Variable compensation

Service rendered is taken into account through the variable profit sharing, which is determined by the success achieved by the company. It is measured by earnings before tax (EBT). It is established over the long term and applies over a longer period. The share is calculated according to the formula $(EBT - CHF\ 15\ million) \times Factor$, where the following is used to calculate the factor: 0.125% for members of the Board of Directors, 0.5% for the Chairman of the Executive Board, 0.3% for the other members of the Executive Board. Profit sharing is limited by the statutes to a maximum of two thirds of basic remuneration. As of 2015, maximum profit sharing was limited to CHF 20,000 in the case of a correspondingly high EBT. The profit share is payable to members of the Executive Board on the payment day following the approval of the results of Jungfraubahn Holding AG. The Board of Directors will be paid within 20 days of approval.

Remuneration and corporate governance

2.2.3 Share participation programme

The Board of Directors and the Executive Board can participate voluntarily in the programme for discounted employee shares, in accordance with the quotas allocated to them. The subscription right is allocated, taking into account the amount approved by the General Meeting and by virtue of the business affiliation at the end of the 3rd quarter, exercising takes place at a discounted price which is reviewed and re-established annually. The subscription period runs for 60 days, in which the beneficiaries must decide to what extent they wish to purchase shares. The guideline for the reference price is one-third of the previous year's share price. The shares cannot be sold or pledged during a vesting period of 5 years. The difference between the reference price and the exchange rate, determined according to circular no. 37 of the Federal Tax Administration, is shown as a remuneration component.

2.3 OCCUPATIONAL PENSION PLAN OF THE EXECUTIVE BOARD

The basic salaries of the members of the Executive Board are insured in the Jungfrau Railways Staff Pension Fund. An insurance solution for the variable components is in place with a life insurance company.

Remuneration and corporate governance

3. DETERMINATION PROCEDURES

3.1 ORGANISATION

The Management Board of Jungfraubahn Holding AG is responsible for the overall management, supervision and control throughout the Jungfrau Railway Group. According to Article 21 of the statutes, it may appoint support committees. The duties of the Management Board and committees are regulated by the statutes, the organisational regulations and the regulations of the committees. The Management Board is assisted by a Remuneration Committee in matters of compensation. The members are determined by the General Meeting through corresponding legal provisions (VegüV). In accordance with the proposals of the Management Board, the General Meeting of 2016 elected Mr Thomas Bieger (Chairman), Ueli Winzenried and Peter Baumann onto the Remuneration Committee for one year. They are all independent and "non-executive". The secretary of the committee is Urs Kessler, Chairman of the Board.

According to article 21 para. 2 of the statutes, the Committee has the power to make proposals and implementations. Within the framework of the General Meeting resolution, it establishes the employment contracts or remuneration of the members of the Executive Board (except the CEO) as part of its implementation powers. Subject to the amount approved by the General Meeting, the Committee shall determine the subscription rights and the subscription price for discounted shares (section 2.2.3). In addition, decisions on remuneration are to be decided by the General Management Board, as far as the Management Board and the Executive Board are concerned, as well as the corresponding motions to the General Meeting.

3.2 PROCEDURE

Remuneration questions are always prepared at the Remuneration Committee. In accordance with special regulations, the Remuneration Committee draws up the general remuneration policy of the company (Management Board, management and staff) and submits proposals for the implementation of the General Meeting decision into specific remuneration for the Management Board and CEO as well as a draft proposal for compensation to the General Meeting. It also works out the remuneration report, which is submitted to the General Meeting for information purposes.

The Remuneration Committee meets at least twice a year. It works out the remuneration using a benchmark. The constantly updated comparison has a broad basis. It is based on information on remuneration from listed companies in Bern, companies in the railway and tourism sector, and a comparison with a peer group used by Ethos. The Remuneration Committee also makes its decisions within the framework of the implementation powers conferred upon it. Among other things, it sets the number of subscription rights and the price in the share purchase programme in accordance with the amount approved by the General Meeting.

At every meeting of the Management Board following a meeting of the Committee, the Committee shall provide an extensive report to the Management Board. Within this framework, among other things, an exchange regarding the results of the compensation benchmark and the structure of the share participation programme takes place. In addition, an overall assessment of the compensation system and its effectiveness is made.

At the end of each year, the Management Board is primarily concerned with the compensation of the Board, the

Remuneration and corporate governance

other managers and, in a supervisory sense, the remuneration principles for the entire staff. The Management Board generally assesses its own activities and compensation as part of the annual analysis of the business results and the review of its strategies. This cycle does not prevent it from raising, in the short term, remuneration questions or issuing appropriate clarification orders.

3.3 RULES

The principles for the compensation of the Management Board and the Board are set out in a special chapter in the Organisational Regulations (Article 22e et seq.) The compensation scheme of Jungfraubahn Holding AG reconciles the interests of the recipients of the compensation with the interests of the company and supports the implementation of the strategy (see paragraph 2 of the Remuneration Report). It is not intended to provide any false incentives and does not include components that can be adversely influenced. The requirements profile of the Management Board forms the basis for determining the fees. This is constantly compared with the actual status and scrutinised periodically.

The remuneration system of Jungfraubahn Holding AG is designed for consistency and reliability. Variable compensation is also based on criteria and objectives that are defined in advance and usually in the long term. Correspondingly, there are binding rules for profit sharing and the participation programme. Subsequent voluntary special bonuses are established by the Board only to a modest extent and in exceptional cases. In doing so, it shall ensure that the overall framework approved by the General Assembly is not exceeded.

Remuneration and corporate governance

4. REMUNERATION IN THE REPORTING YEAR 2016

4.1 MEASUREMENT

No reorganisation of remuneration took place in 2015. The detailed information is shown in table 4.2.

The Executive Board is also entrusted with the management of Berner Oberland-Bahnen AG within the framework of its activities. The alliance partner bears 28.5% of the fixed component of the remuneration reported for the Executive Board members. Due to the change from the old (until 2013) to the new (starting from 2014) measurement system, the fixed proportion has grown. The alliance partners have agreed that the increase is to be spread in stages over four years. As a result, in 2016, Berner Oberland-Bahnen AG participated in the basic salaries of the members of the Executive Board at 27% (previous year: 25.5%).

The EBT (Earnings Before Taxes) applicable to the calculation of the share of the company result amounts to CHF 38.9 million for the 2016 financial year. The limitation on the profit sharing is CHF 20,000 for all board members.

The subscription rights for the purchase of discounted shares remained unchanged for 2016: Board of Directors 750 shares, Chairman of the Executive Board 2000 shares, members of the Executive Board 1200 shares. The shares issued were purchased at a preferential price of CHF 32 applicable to all Group employees. The reference date for the subscription and therefore also for the calculation of the value of this remuneration component was 3 October 2016. The share price was CHF 93.50, which means that the relevant rate after deduction of 25.274% (circular No. 37 of the Swiss Tax Administration) was CHF 69.85. The difference between the subscription price and the discounted value is thus CHF 37.85. This amount, multiplied by the individual number of shares, is reported as a remuneration component. The following numbers of shares were ultimately issued to members of the company management in 2016:

	Shares
Sales to Executive Board at the price of CHF 32	5,600
Sale to non-executives (Board of Directors) at the price of CHF 32	4,500
Total shares	10,100

The 2016 Annual General Meeting approved a remuneration of CHF 840,000 for the Board of Directors for the term until the next General Meeting. The total amount paid to the Board of Directors for 2016 amounts to CHF 680,741, of which 7/12 relates to the period from the 2016 Annual General Meeting, which corresponds to CHF 397,099. It is noted that remuneration will not exceed the total sum granted by the 2016 General Meeting. The total amount paid to management for the 2016 financial year is CHF 1,921,909. The sum granted for the 2016 financial year at the 2015 General Meeting amounts to CHF 2,280,000.

Remuneration and corporate governance

4.2 REMUNERATION OVERVIEW

Members of the Board of Directors 2016

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Prof. Thomas Bieger, Chairman	Dr. Jürg Rieben, Vice-Chairman	Peter Baumann, Member	Nils Graf, Member	Bruno Hofweber, Member	Ueli Winzenried, Member	Board total
Fixed remuneration (cash)	104,800	61,600	45,500	46,000	46,000	45,500	349,400
Variable profit sharing (cash)	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Shares	28,388	28,388	28,388	28,388	28,388	28,388	170,328
Contributions in kind	400	400	535	735	735	400	3,205
Social insurance contributions	9,530	4,689	5,878	5,921	5,921	5,869	37,808
Total remuneration	163,118	115,077	100,301	101,044	101,044	100,157	680,741

Members of the Board of Directors 2015

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Prof. Thomas Bieger, Chairman	Dr. Jürg Rieben, Vice-Chairman	Peter Baumann, Member	Nils Graf, Member	Bruno Hofweber, Member	Ueli Winzenried, Member	Board total
Fixed remuneration (cash)	103,800	60,100	44,500	45,000	44,500	44,500	342,400
Variable profit sharing (cash)	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Shares	33,375	33,375	33,375	33,375	33,375	33,375	200,250
Contributions in kind	500	400	535	735	735	400	3,305
Social insurance contributions	9,666	4,891	6,151	6,194	6,163	6,142	39,207
Total remuneration	167,341	118,766	104,561	105,304	104,773	104,417	705,162

Member of the Executive Board 2016

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Highest total compensation: Urs Kessler, Chairman of the Executive Board	Executive Board total
Fixed remuneration (cash)	352,600	1,000,900
Variable profit sharing (cash)	119,385	334,278
Shares	75,700	212,240
Contributions in kind	1,612	5,421
Social insurance contributions	130,290	369,070
Total remuneration	679,587	1,921,909

Member of Executive Board 2015

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Highest total compensation: Urs Kessler, Chairman of the Executive Board	Executive Board total
Fixed remuneration (cash)	352,200	1,016,754
Variable profit sharing (cash)	159,220	445,816
Shares	89,000	249,200
Contributions in kind	344	1,416
Social insurance contributions	120,642	343,121
Total remuneration	721,406	2,056,307

*Remuneration and corporate governance***4.3 LOANS AND CREDITS**

In 2016, there were no loans for members of the Board of Directors or Executive Board.

*Remuneration and corporate governance***AUDITOR'S REPORT ON THE REMUNERATION REPORT**

The object of the official annual report of Jungfraubahn Holding AG is the management report (with segment reporting) and the financial report, which contains the consolidated financial statements for 2016 and the financial statements for 2016 of the holding company. The auditor's reports are also included in this part of the annual report. The printout of the annual report in German, available at the registered offices of the company during the invitation period to the General Meeting of Jungfraubahn Holding AG, is binding and has been audited. Thus no audit reports were drawn up in English. You can download a PDF document with the same content from the online annual report Download Centre. The accompanying report and the download file also contain the 2016 remuneration report and corporate governance information.

Remuneration and corporate governance

CORPORATE GOVERNANCE

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

1.1.1 Operational group structure

The subsidiary companies of Jungfraubahn Holding AG (Jungfrau Railway Group) cooperate closely with Berner Oberland-Bahnen AG (BOB), which is majority-owned by the federal and cantonal governments. Jungfraubahn Holding AG (JBH) only holds 8% of BOB shares and does not participate on its board of directors.

The cooperation is ensured by Jungfraubahnen Management AG (shares: JBH 67%, BOB 33%). The operating consortium is a virtual whole company. This benefits from synergies, especially in the areas of management, marketing, railway and heavy-current technology.

Collectively, the companies involved act under the name «Jungfrau – Top of Europe». The organisational chart of the operational structure of Jungfraubahn Holding AG can be found under «The holding company».

1.1.2 Listed companies

The only listed company in the scope of consolidation is Jungfraubahn Holding AG, CH-3800 Interlaken. Its registered shares are listed on the SIX Swiss Exchange in Zurich (security number 1 787 578, ISIN CH0017875789). With a closing share price of CHF 97.50 on 31 December 2016, Jungfraubahn Holding AG has a market capitalisation of CHF 568,912,500.

1.1.3 Non-listed companies

The following non-listed companies are part of Jungfraubahn Holding AG's scope of consolidation:

Company	Registered office	Share capital at 31/12/2016/CHF	Voting share JBH in per cent
Wengernalpbahn AG	Interlaken	10,000,000	100
Firstbahn AG	Grindelwald	10,000,000	100
Mürrenbahn AG	Lauterbrunnen	100,000	100
Parkhaus Lauterbrunnen AG	Lauterbrunnen	1,000,000	100
Bergbahn Lauterbrunnen-Mürren AG	Interlaken	1,800,000	94
Harderbahn AG	Interlaken	705,000	88
Grindelwald Grund Infrastruktur AG	Grindelwald	10,000,000	80
Jungfraubahnen Management AG	Interlaken	100,000	67
Sphinx AG Jungfraujoch	Fieschertal	52,500	57

1.2 SIGNIFICANT SHAREHOLDERS

On the cut-off date of 31 December 2016, the following shareholders were included in the share register with a

Remuneration and corporate governance

holding of more than 3% of total capital:

Shareholder	Share
BEKB I BCBE (Berner Kantonalbank)	14.3%
Gebäudeversicherung Bern	7.7%
Securitas Investment AG	4.7%
Martin Haefner	4.0%
Montalto Holding AG	3.2%

1.3 CROSS-INVESTMENTS

None of the companies in which Jungfraubahn Holding AG holds more than 5% of shares is a major shareholder of Jungfraubahn Holding AG.

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2. CAPITAL STRUCTURE

2.1 CAPITAL

The share capital of Jungfraubahn Holding AG amounts to CHF 8,752,500. Further information on the capital can be found in the balance sheets (balance sheet and consolidated balance sheet of Jungfraubahn Holding AG) published in the annual report and the accompanying notes in the appendices.

2.2 AUTHORISED AND CONTINGENT CAPITAL

There are currently no provisions in the statutes of Jungfraubahn Holding AG on authorised or contingent share capital.

2.3 CHANGES IN CAPITAL IN THE LAST THREE YEARS

There have been no changes in the capital of Jungfraubahn Holding AG in the last three years.

2.4 SHARES AND PARTICIPATION CERTIFICATES

Share capital is divided into 5,835,000 fully paid registered shares with a nominal value of CHF 1.50 (unit price, security number: 1 787 578). Entry in the share register is a prerequisite for exercising voting rights. Shares are issued in the form of a value right and managed as a book-entry security. All shares are entitled to dividends.

Further information on the shares can be found in the Notes to the financial statements of Jungfraubahn Holding AG (holdings in own shares, share numbers) and online at <http://www.jungfrau.ch/en-gb/corporate/investor-relations/shares/>.

Jungfraubahn Holding AG has no participation capital.

2.5 PROFIT PARTICIPATION CERTIFICATES

Jungfraubahn Holding AG has no profit participation certificates.

2.6 LIMITATION OF TRANSFERABILITY AND NOMINEE REGISTRATIONS

2.6.1 Limitation of transferability and derogation

Art. 5, para. section a of the statutes contains the following entry restriction:

«The Board of Directors may refuse to register an acquisition as a shareholder with voting rights if an individual shareholder owns more than 5 per cent of the share capital of the company, whereby legal persons and partnerships, other groups of persons who are interrelated to each other or joint ownership relationships, which are mutually agreed by a single management or are connected in any other way, as well as natural or legal persons or partnerships which proceed with a view to circumventing the limitation of entry (in particular as a

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syndicate) with regard to the entry in the share register as a shareholder; article 685d para. 3 of the Swiss Code of Obligations remains reserved. The limitation of entry as set out in this section shall also apply to the establishment of a usufruct as well as shares subscribed or acquired through the exercise of a subscription, option or conversion right.»

The Board of Directors makes use of the competence conferred on it by the statutes («The Board of Directors may...») and allows entries of voting rights (see article 685f (2) and 3 of the Swiss Code of Obligations) on a regular basis only if the quorum of 5 per cent is not exceeded.

2.6.2 Nominee entries

Art. 5, para. 3 section b of the statutes grants the Board of Directors the right to reject entries if the shareholder does not explicitly declare that he has acquired the shares in his own name and on his own account. No nominee entries are therefore made in the share register of Jungfraubahn Holding AG. As a rule, entry requests already contain a corresponding confirmation from the shareholder. If this is not the case, this is required under the statutes.

2.6.3 Procedure for lifting the restriction of transferability

To lift the restriction of transferability, a change in the statutes is required by the General Meeting. To this end, article 15 para. 3 of the statutes sets forth a quorum of two-thirds of the votes represented.

2.7 CONVERTIBLE BONDS AND OPTIONS

Jungfraubahn Holding AG has not accepted any convertible bonds and has no options outstanding.

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3. BOARD OF DIRECTORS

3.1 MEMBER OF THE MANAGEMENT BOARD (INCL. SECTION 3.2 OTHER ACTIVITIES AND INTERESTS)

The following information on the Management Board relates to the 31 [text missing] December 2016. You will find constantly updated information online at <http://www.jungfrau.ch/en-gb/corporate/about-us/board-of-directors/>. The Management Board of Jungfraubahn Holding AG consists of six members.

Prof. Thomas Bieger (1961, CH), Chairman

1 Completed studies as rer.pol. University of Basel, doctorate 1987; Professor of Business Administration and Tourism University of St. Gallen 1996 2 Activities at the Universities of Basel and Innsbruck; Lecturer and member of the school management at HWV Lucerne and Chur; Director and manager Middle School and Samedan Tourism School, teaching; Guest professorships and fellowships: Simon-Fraser University Vancouver, Vienna University of Economics and Business, University of Lugano, University of Otago; 1997 Professor University of St. Gallen 3 Rector, University of St. Gallen; Full Professor, University of St. Gallen; Director of the Institute for Systemic Management and Public Governance 4 Chairman of the Remuneration Committee; Chairman of *Jungfraubahnen Management AG*; 5 None 6 Chairman of Schweizerische Gesellschaft für Hotelkredit 7 Member of the Awarding Body EQUIS Accreditation; Member of the Advisory Committee AACSB Europe; Chairman of the Chamber of Universities of swissuniversities 8 None 9 Non-executive 10 None

Dr Jürg Rieben (1946, CH), Vice Chairman

1 Law degree, Universities of Lausanne and Bern - graduating as Dr. iur. and lawyer 2 1971: employed by Credit Suisse, Zurich - served abroad in London, Paris and the United States; since 1978: practising lawyer in Bern; since 2000: Office of Wenger Plattner Rechtsanwälte, Basel-Zurich-Bern, specialising in finance law 3 Lawyer 4 Chairman of the Audit Committee; Management Board *Jungfraubahnen Management AG* 5 Banking relationship BEKB | BCBE 6 2008-2015 Chairman of the Management Board BEKB | BCBE 7 None 8 None 9 Non-executive 10 None

Peter Baumann (1956, CH)

1 1980 Graduated with diploma in cultural engineering ETH; 1989 INSEAD Executive Program; 1994 Swiss course for company management (SKU) 2 1981 – 1988 Basler & Hofmann AG, consultant engineers and planners in Zurich; 1988 – 1996 Von Roll Transportsysteme AG Thun (from 1991 Von Roll Seilbahnen AG); 1996 – 1997 Mecaplex AG Grenchen; 1997 – 2002 Doppelmayr-Seilbahnen AG, Switzerland; since 2002 Garaventa AG, Rotkreuz, cableway construction 3 Regional Manager LATAM Doppelmayr/Garaventa Group 4 Member of the remuneration committee 5 Garaventa AG is a supplier of cableways for Jungfrau Railways 6 Board member Garaventa AG; Board member CWA Constructions SA Corp., Olten; Board member Mecaplex AG, Grenchen 7 None 8 Grindelwald Town Council 9 Non-executive 10 None

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Nils Graf (1956, CH)

1 Apprenticeship as bricklayer; training college for foremen; various courses for further training; graduated with federal diploma as a foreman from the Swiss Building School in Aarau 2 Since 1982 co-owner Graf AG, construction & civil engineering, wood construction in Wengen 3 Co-owner Graf AG, construction & civil engineering, wood construction in Wengen 4 Member of the audit committee 5 Various contracts in construction and civil engineering 6 Chairman of the Board of Director of Beo Bauservice AG; Chairman of Graf Bauberatung GmbH; Vice-Chairman of Graf AG 7 Senator of the Junior Chamber International 8 Lauterbrunnen Town Council; Mountain Clerk of the Wengernalp Alpine Cooperative; Secretary of the Wengen Ski Slope Committee; Head of Wengen location management 9 Non-executive 10 None

Bruno Hofweber (1956, CH)

1 Commercial apprenticeship at the Berner Kantonalbank (now BEKB), Interlaken; further vocational training 2 1979-2016 various activities for Rugenbräu AG, most recently as CEO and delegate for the Management Board 3 None 4 Member of the Audit Committee 5 Supply of the company-owned JB restaurants 6 VR Brauerei Müller AG, Baden 7 HIV, section Interlaken-Oberhasli; Advisory Committee of the Brau Ring cooperation company for private breweries in Germany, Austria and Switzerland 8 None 9 Non-executive 10 None

Ueli Winzenried (1955, CH)

1 Business economist HWV 2 19 years: Management functions at Hoffmann - La Roche AG at home and abroad, including the last four years as Director and member of the Diagnostics Division Management, responsible for international sales and marketing activities, including global logistics 3 Chairman of the Executive Board of Gebäudeversicherung Bern 4 Member of the Remuneration Committee 5 Business relations with Gebäudeversicherung Bern / GVB Privatversicherungen AG 6 Management Board Kongress + Kursaal Bern AG; Member of the Board of Trustees of Jungfrau Railways; Foundation Council aha! 7 Board of Commerce and Industry for the Canton of Bern - Board of the National Economic Association of the Canton of Bern; President of the Swiss Energy and Climate Summit (Swiss ECS) 8 None 9 Non-executive 10 None

3.2 OTHER ACTIVITIES AND INTERESTS

See section 3.1.

3.3 NUMBER OF APPROVED MANDATES

The number of mandates in the upper management and administrative bodies of legal entities outside the group to be entered into the Swiss commercial register or a comparable foreign register is limited for members of the Management Board to three mandates in listed companies, ten mandates in non-listed companies and twenty mandates in other legal entities such as foundations and associations. (Art. 17, Jungfrau Holding AG statutes)

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3.4 CROSS-INVOLVEMENT

The group is not affiliated with any other company by mutual involvement in boards of directors.

3.5 ELECTION AND TERM OF OFFICE

3.5.1 Principles of the electoral process

The General Meeting elects all Directors, the Chairman and the members of the Remuneration Committee annually and in a single election (Article 17 of the statutes of Jungfraubahn Holding AG)

In accordance with the organisational regulations of the Management Board, the following limitations apply:

«At the General Meeting of the year in which a Director reaches the age of 70, he must leave his office. If a person is elected to the Management Board as a result of a public, political or other function, as the owner of a large share package or as a shareholder (Article 707, para. 3 of the Swiss Code of Obligations), he shall not be subject to any age limit. However, in the interests of the company, upon leaving the office / function or the disposal of the relevant shares, the person concerned must make the Management Board mandate available. The term of office running at this time may be terminated. A re-election ad personam is possible subject to the age limit.»

3.6 INTERNAL ORGANISATION

The Management Board, with the exception of the Chairman and the members of the Remuneration Committee, is constituted with regard to ranking and the composition of the committees themselves. Christoph Schläppi (non-member) has been elected as secretary.

3.6.1 Division of responsibilities on the Management Board

The Chairman of the Management Board, in the event of impediment of the Vice Chairman, shall lead the Board, chair the Board meetings as well as the General Meeting. He is an important contact for the Chairman of the Executive Board in all aspects of company management. The other members of the Management Board shall perform the same tasks and responsibilities in the plenary session. The Board is supported by specialist committees formed from among its members. They analyse specific areas in depth and report on the preparation of resolutions or the exercise of their supervisory function. For details, see the rules for the respective committee.

3.6.2 The committees in detail

Audit Committee:

Dr Jürg Rieben, Chairman; Nils Graf, Bruno Hofweber

In particular, the Audit Committee has the following tasks:

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- Assessment of the half-yearly and annual accounts;
- Assessment of the organisation of internal financial controls and external auditing;
- Assessment of the independence, performance and compensation of external auditors and the compatibility of consultancy mandates with auditing activities.

The Audit Committee does not carry out any audits itself.

Remuneration committee:

Prof. Thomas Bieger, Chairman; Ueli Winzenried, Peter Baumann

In principle, the Remuneration Committee has the authority to make proposals and implement them. The Remuneration Committee is also responsible for the employment contracts of the members of the Executive Board. For additional authorisation procedures, the organisational regulations refer to the regulations of the Remuneration Committee. According to this, the committee decides definitively on the remuneration of the extended Executive Board, the operating unit manager and division manager, the reference price and claim for discounted shares for managers and employees, as well as the approval of additional activities by the Executive Board and extended Executive Board.

In addition, the Remuneration Committee ensures that a regular benchmark (at least once a year) of the compensation takes place with comparable listed companies and Bern-based companies, a periodic comparison is made between the requirements profile of the Management Board and the actual status, a discussion of the substitution and succession planning for members of the Executive Board, the extended Executive Board and possibly other key personnel is held with the Chairman of the Executive Board, employees are regularly evaluated and a self-assessment of the work in the Remuneration Committee takes place.

The Remuneration Committee shall make the following preparations for the Management Board:

- Proposal for the implementation of the General Meeting resolutions concerning remuneration
- Preparation of review proposals for the statutes regarding the principles for the remuneration of the members of the Management Board and the Executive Board
- Review and adjustment of the remuneration policy for staff
- One-off, voluntary bonuses for staff (principle / framework)

3.6.3 Operation of the Management Board

As a rule, the Management Board meets five times a year, once for a two-day strategy meeting. Decisions are taken by the Management Board as a whole (simple majority of those present). The CEO attends the meetings of the Management Board in an advisory capacity. In addition, the meeting is attended by those responsible for a certain business. The invitation to the meetings of the Management Board will list all the subjects to be dealt with. The participants will receive written documentation in advance. In urgent cases and subject to certain restrictive formalities, resolutions can also be passed by means of a circular letter. Since 1 December 2014, the Management Board has had direct access to the Intranet of Jungfrau Railways where it is given access to the documents of the current and previous meetings. During the course of the year, the Management Board abides by the following cycle of successive analyses and decision-making steps:

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- Strategy control and risk assessment
- Working out / customising the business plan
- Budgeting based on the business plan
- Investment decisions
- Analysis of the result

In the reporting year, five Management Board meetings were held, including one two-day meeting, three meetings of the Audit Committee and two of the Remuneration Committee.

3.7 REGULATION OF AREAS OF RESPONSIBILITY

The Management Board of Jungfraubahn Holding AG is responsible for the overall management, supervision and control throughout the Jungfrau Railway Group.

The tasks of the Management Board are laid down in the statutes and in the organisational regulations. It is authorised to make decisions in all matters which by law, under the statutes or the organisational regulations are not expressly transferred to or reserved for the General Meeting or other corporate bodies. The Organisational Regulations contain a detailed allocation of areas of responsibility between the Management Board and the Executive Board, which takes account of the legal requirements (Swiss Code of Obligations 716a) and is regularly observed in day-to-day business. Rules for insider prevention and disclosure requirements for management transactions can be found in the appendices. The organisational regulations, which also contain a table summary of the responsibilities of the Management Board and Executive Board as well as a summary of the project management, can be found online at:
http://www.jungfrau.ch/uploads/media/Organisationsreglement_2014_JBH.pdf.

3.8 INFORMATION AND CONTROL INSTRUMENTS

The Management Board will be reported to in an open and timely manner (responsible: Chairman of the Executive Board). This takes place in the form of quarterly written reports on business progress, through verbal orientations at board meetings (standard tracts for CEO and CFO) and special reporting for large projects (half-yearly project status and project account upon conclusion). In the case of special events, the Management Board shall be notified immediately in an appropriate form.

The Chairman of the Management Board and the Chairman of the Executive Board shall communicate at least weekly and advise each other regularly of all significant transactions.

Jungfrau Railways has an «ISO 9001: 2015» certified management system. This also meets the requirements of the quality seal (level 3) of Schweiz Tourismus and integrates the process organisation, the work instructions, the internal control system (ICS), the risk management and quality assurance into a uniform management instrument (see Risk management and ICS).

Jungfrau Railways has an MIS system, which contains key figures on the course of business, finances, development goals (personnel, homepage access, KVP 2 etc.) and framework conditions. This is tracked weekly. Reports to the Management Board include the most important key figures. The Management Board

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members are supplied with original data from the MIS at any time upon request.

[5]

1 Training / qualifications 2 Professional career 3 Main occupation 4 Societies / committees 5 Business relationship with Jungfrau Railways 6 Leadership - and supervisory activities 7 Activities for vested interests 8 Official functions, political offices 9 Operational management duties 10 Past activities for Jungfrau Railways

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4. COMPANY MANAGEMENT

4.1 MEMBER OF THE EXECUTIVE BOARD (INCL. FIGURE 4.2 OTHER ACTIVITIES AND INTERESTS [6])

Urs Kessler (1962, CH) **1** Qualified at Advanced College of Commerce - operational management - qualified sales trainer - diploma as Marketing Planner - Federal diploma as Marketing Manager - SKU course in Company Management **2** Operational management and sales at several Swiss railway stations; various managerial functions at BLS with emphasis on marketing; joined Jungfrau Railways in 1987. **3** CEO Jungfrau Railways **4** Chairman of the Board of Directors of subsidiaries (WAB, JB, FB, PHL, BLM, HB, MB, GGI) **5** None **6** Wohncenter von Allmen AG Board of Directors (until June 2016); Congress Centre Kursaal Interlaken AG Board of Directors **7** Board member of IG Berner Luftverkehr (until January 2016); Board of Trade and Industry Union of the canton of Bern; Board Member of Interlaken Tourismus (TOI), RAILplus Board of Directors; STS Swiss Travel System AG Board of Directors; Member of Strategieausschuss Direkter Verkehr (StAD, Direct Transport Strategy Committee); Board of Directors BE! Tourismus AG; öv Preis- und Vertriebsgesellschaft AG Board of Directors **8** None **9** Chairman of the Executive Board **10** Joined as employee in sales promotion; became Head of "Commercial Services" in 1990; Head of the new Marketing and Operations department, elected to company management in 1994; 2007 elected as CEO as of 1 September 2008

Jürg Lauper (1954, CH) **1** Apprenticeship as civil engineering draughtsman; civil engineer, Burgdorf Technical College. Postgraduate studies in company management NDSU **2** Diverse practical experience in the fields of construction planning, construction management and operational planning; representative of commercial developer Viktor Kleinert AG; joined Jungfrau Railways in 1985 **3** Member of Jungfrau Railways Executive Board **4** Chairman of the Board of Sphinx AG Jungfraujoch, Board of Directors at subsidiaries (WAB, JB, PHL, MB) **5** None **6** Head of Interlaken Ost Railway Association Delegation **7** Delegate to UNESCO World Heritage; Member VöV (Public Transport Association) Building Committee, Member of Foundation Council of International Foundation for High Altitude Research Stations Jungfraujoch and Gornergrat; RAILplus, Infrastructure working group **8** None **9** Head of Infrastructure Department **10** 1985 – 1986 Deputy Head of Construction, since 1986 Head of Construction Department, January 1 2006 Member of Executive Board, Head of Technology; Head of Infrastructure since 2009

Christoph Schläppi (1959, CH) **1** Lawyer; Management for the Legal Profession HSG **2** Lawyer in Interlaken; joined Jungfrau Railways in 1996 **3** Member of the Jungfrau Railways Executive Board **4** Board of Directors of subsidiaries (WAB, JB, PHL, FB, SPX, BLM, HB, MB, GGI) **5** None **6** Member of the Foundation Board of Jungfrau Railways Company Pension Fund; Vice Chairman of the Board of Directors *Gondelbahn Grindelwald-Männlichen* AG; Pension Fund Committee member *Gondelbahn Grindelwald-Männlichen* AG; Administration Secretary Mönchsjochehütte Cooperative; Board of Directors and member of Bank EKI Audit Committee. **7** Representative of the VöV (Association of Public Transport) at the Swiss Committee for Accident Prevention in Snow Sports (SKUS) **8** None **9** Head of Corporate Services **10** Joined as Company Secretary (later: Head of Administration) and Secretary of the Board of Directors, 1998 member of Executive Board.

Christoph Seiler (1969, CH) **1** lic. rer. pol.; Rochester-Bern Executive MBA Program **2** Various positions in the banking industry; Loeb Holding AG, Bern, most recently as CFO; joined Jungfrau Railways in 2002 **3** Member of the Jungfrau Railways Executive Board **4** Board of Directors of subsidiaries (PHL, BLM, HB, JB, WAB, MB, GGI) **5** None **6** Chairman of the Foundation Board of Jungfrau Railways Staff Pension Fund; Foundation Board for the Murren Sports Facilities Foundation; Board of Directors Seiler AG, Bönigen **7** Chairman of Swiss Athletics; **8**

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None **9** Head of Finances & Controlling Department (CFO) **10** None

4.2 OTHER ACTIVITIES AND INTERESTS

See figure 4.1.

4.3 NUMBER OF APPROVED MANDATES

For members of the Executive Board, the limit is one mandate for listed companies, three mandates for non-listed companies and fifteen mandates for other legal entities such as foundations and associations. (Art. 17, Jungfraubahn Holding AG statutes)

4.4 MANAGEMENT CONTRACTS

There are no management contracts, management is fully exercised within the group.

[6]

1 Training / qualifications 2 Professional career 3 Main occupation 4 Societies / committees 5 Business relationship with Jungfrau Railways 6 Leadership - and supervisory activities 7 Activities for vested interests 8 Official functions, political offices 9 Operational management duties 10 Past activities for Jungfrau Railways

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5. COMPENSATION, HOLDINGS AND LOANS

All information on compensation, holdings and loans (content and establishment of the compensation and holding programmes for the board and management, principles and elements of the compensation and the holding programmes as well as organisation, procedures and rules for the fixing thereof) are set forth in the separate remuneration report.

In the statutes, the following rules regarding compensation, holdings and loans are laid down for the Board and management:

Subject	Board of Directors	Company Management
Principles of performance-related remuneration	Art. 20, paras. 1	Art. 20, paras. 2
Principles of the allocation of equity instruments, conversion rights and option rights	Art. 20, paras. 3	Art. 20, paras. 3
Rules on loans, credit and pension payments	Art. 20, paras. 4 and 5	Art. 20, paras. 4 and 5
Rules concerning the general meeting,s vote on remuneration	Art. 14a, paras. 1, 2, 3	Art. 14a, paras. 1, 2, 3
Additional amount for the remuneration of managers who are appointed after the general meeting,s vote on remuneration	-	Art. 14a, paras. 2

*Remuneration and corporate governance***6. PARTICIPATION RIGHTS****6.1 VOTING RIGHTS RESTRICTIONS AND VOTING RIGHTS REPRESENTATION****6.1.1 Voting rights restrictions**

The registered share issued by Jungfraubahn Holding AG is a single share class. There is no statutory voting rights restriction. However, the transferability provision in conjunction with the provisions of art. 685f para. 2 and 3 of the Swiss Code of Obligations leads to a factual restriction of voting rights: «Entry into the share register without voting rights» (also see section 2.6.1).

6.1.2 Exceptions to the restriction of voting rights

No remarks.

6.1.3 Lifting voting rights restrictions

No remarks.

6.1.4 Statutory rules for participation in the General Meeting

A shareholder may only be represented at the General Meeting by a legal representative or another shareholder who is participating in the General Meeting and registered in the share register. There is also the possibility of representation by the independent proxy, via written instructions or electronic remote voting. The details on the regulation of instructions to the independent proxy as well as on electronic remote voting are contained in the respective invitation to the General Meeting. In terms of entrance controls to the General Meeting, a legally signed power of attorney is required as a proof of legitimacy for non-individually authorised bodies that want to represent their companies at the General Meeting.

6.2 STATUTORY QUORUMS

The statutes of Jungfraubahn Holding AG, in addition to the statutory quorums provided for the following resolutions, also set forth the two-thirds majority and the absolute majority of the nominal value of the shares represented:

- the facilitation of the transferability of registered shares,
- the dissolution (per se) and/or the merger of the company.

6.3 CALLING OF THE GENERAL MEETING

The statutes of Jungfraubahn Holding AG comply with the statutory regulations for convening the General Meeting. The Swiss Commercial Gazette is established as the publication organ. The Board of Directors may determine further publication bodies and invite the shareholders registered in the share register by letter. It has made use of these opportunities without exception since the company has come into existence.

The date of the General Meeting and also the dates of the deadlines pursuant to sections 6.4 and 6.5 below are

Remuneration and corporate governance

published online under <http://www.jungfrau.ch/en-gb/corporate/investor-relations/calendar/> and are sent to the shareholders in a reminder letter before the General Meeting.

6.4 AGENDA

Shareholders representing 10% or more of the share capital (currently: shares with a nominal value of at least CHF 875,250), may request the inclusion of an item on the agenda, specifying the item to be discussed and the applications. The corresponding request shall be submitted to the Board of Directors in writing and no later than 45 days before the relevant General Meeting (arrival).

6.5 ENTRIES IN THE SHARE REGISTER

Admission to the General Meeting is exclusively for shareholders registered with voting rights in the share register. An invitation with an application form will be sent to them by post. The access rights census is conducted approximately two weeks before the General Meeting (the exact date will be published in a letter to the shareholders). After then, no additional entries will be made in the share register until the day of the General Meeting. Shareholders who sell shares during the vesting period lose the associated voting rights. They must have their entry card corrected at access control on the day of the General Meeting.

*Remuneration and corporate governance***7. CHANGE OF CONTROL AND DEFENCE MEASURES**

There are no special arrangements for a change of control. The legally required obligation to submit a takeover offer remains unchanged. The limit of 33% has not been raised or lowered (no opting up / out).

*Remuneration and corporate governance***8. AUDITOR****8.1 TERM OF MANDATE****8.1.1 Time of transfer**

On the occasion of the 2016 General Meeting of Jungfraubahn Holding AG, KPMG AG, Gümligen-Berne, was appointed as auditor. It has held this position since 2004.

8.1.2 Appointment of the lead auditor

The auditor (mandate partner) for the year 2016 is Mr *Stefan Andres*. He has held this office since 2014.

8.2 AUDITING FEES

The fees charged by the auditing company for its activities across the entire Jungfraubahn Group, including audits of the companies in the scope of consolidation and audits in connection with railway regulations in 2016, amount to CHF 151,500.

8.3 ADDITIONAL FEES

KPMG AG, Gümligen-Bern, has not performed any additional services and has therefore not received any additional fees.

8.4 SUPERVISORY AND CONTROL TOOLS FOR THE AUDIT

The assessment of the independence, performance and compensation of the external auditors, as well as the compatibility of consultancy mandates with the auditing activities, is one of the duties of the Audit Committee explicitly stated in the Organisational Regulations (section 3.6.2). It shall report regularly to the Board of Directors. The auditing company was present at all meetings of the Audit Committee.

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9. INFORMATION POLICY

Jungfraubahn Holding AG pursues a policy of active, open and timely communication with all stakeholders. In this task, company management is supported by extended management member Patrizia Bickel, who is specifically responsible for communication.

The shareholders of Jungfraubahn Holding AG are actively informed by means of the annual report, the half-yearly financial statements and, if required, by shareholder letters. Share price-relevant facts are published according to the SIX rules on "ad hoc publicity".

On the Jungfrau Railways website, up-to-date information can be accessed in German and English and, among other things, the *ad-hoc-Newsletter* can be subscribed to. In the company information section (<http://www.jungfrau.ch/en-gb/corporate/about-us/>) there is a wealth of information and downloads for those who are specifically interested in the company.

Jungfrau Railways informs its employees and the public quickly, actively and transparently about important business processes. The media can contact the company for information at any time. Thanks to its open and service-oriented communication, it creates trust in the company and promotes sales.

Media contact

Patrizia Bickel, Head of Corporate Communications

Telephone +41 (0)79 222 53 10, <http://www.jungfrau.ch/en-gb/corporate/media/contact/>

General information

Internet: www.jungfrau.ch, <http://www.jungfrau.ch/en-gb/corporate/investor-relations/>

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