

*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 Jungfrauojoch – 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 Jungfraubahn 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 Jungfrauojoch – 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

Chairman of the Management Board



Urs Kessler

Chief Executive Officer