

*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,

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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.