



JUNGFRAUBAHN HOLDING AG

ANNUAL REPORT 2017

Official Version

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MANAGEMENT REPORT

Management Report

WELCOMING ADDRESS TO THE SHAREHOLDERS

Dear Shareholders,

In the Jungfrau Region, the desire to experience nature up close can be fulfilled in a multifaceted and geographically small area like nowhere else. This opens up attractive market potential to our mountain railway and leisure companies. We were able to take advantage of this: at the end of 2017, we achieved new visitor frequency and turnover records on the Jungfrau Railway, the Harder Railway, the Mürren Railway and in summer on the First Railway, and for the second time more than one million guests visited Jungfrauoch – Top of Europe. The majority of these visitors came from Asia, where traditional business with the tour operators is significant. The number of individual travellers from this area is also growing. In addition, we are increasingly seeing extended families and small groups organising their tours and stays independently and in some cases at very short notice. Travelling outside of a guided group is supported by a variety of electronic help devices to make it more comfortable, which are constantly growing in importance. Digitisation is thus increasingly becoming the driver of our business models. This is a development that our department heads and IT technicians are happy to take on.

The challenges involved are in line with the latest trends and leave no room for monotony or dull routine. Together with our innovative teams, we are convinced that the Jungfrau Railway Group is well prepared for the digital future, thanks to its roots in the region and its international brand appeal, as well as its increasingly digitally integrated offer. We can substantiate this for the past year with a new record of CHF 42 million in Group profit.



Urs Kessler, Chief Executive Officer and Prof. Dr. Thomas Bieger, Chairman of the Management Board

Management Report

Through our role as the engine of regional tourism, and as a major employer and investor, we create value for our immediate environment.

Prof. Dr. Thomas Bieger, Chairman of the Management Board and Urs Kessler, Chief Executive Officer

Through our role as the engine of regional tourism, and as a major employer and investor, we create value for our immediate environment. This in turn strengthens our regional roots, our Swissness and our international appeal. In our online annual report, we want to bring you closer to the value creation for the region. You can learn how regional anchoring and international aura strengthen each other. This year we are focusing on people and their encounters as tourists. We report from where we make "the front" of our business, under the motto: "On the move 25 hours a day for our guests, partners and at our company!"

Last year we welcomed 1,041,500 guests to the Jungfrauoch – Top of Europe. This resulted in yet another transport income of over CHF 100 million for Jungfrau Railways. The experience of 2015 taught us that a million visitors could not always be transported through the Jungfrau Railway smoothly and without any loss of quality with conventional crowd control. In 2016, we therefore developed and implemented an electronic seat reservation system within months. This has now proven itself with a new visitor record. The system forms the basis for further developments that meet the individual behaviour of our customers, in particular the spontaneous adaptation of travel planning. We put our innovative strength to the test and are preparing for the best possible guidance of guests on the new "V-Cableway".

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 this strategic project. Together with the new Männlichen Railway, the main facility of Gondelbahn Grindelwald-Männlichen AG, the tricable gondola lift is the "V" which has given the entire project its name. The two powerful cableways have their starting point in the same terminal in Grindelwald with car park and direct connection to the railway network of our alliance partner, Berner Oberland-Bahnen AG. Amicable solutions could be found with the few remaining opponents and environmental associations. We are thus close to obtaining planning permission for the cable cars and the terminal, and so we are nearly at the start of a three-year construction phase.

The V-Cableway project also includes major renovations in the rolling stock of the railways, which have already been implemented. In its entirety, the V-Cableway has a positive economic and transport-related impact of national dimensions, as shown in external reports. 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 unburdened 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

Management Report

more quickly. For winter sports enthusiasts, long waiting times will be a thing of the past. Journeys will be faster and more convenient. Skiers and snowboarders can enjoy the attractive 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 great progress with the V-Cableway will lead to the strategic horizon of the company extending beyond the opening of the V-Cableway. The Management Board, as suggested by the Executive Board, believes 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. Initial steps have already been taken. Since the beginning of the current winter season, we have been operating the catering on Kleine Scheidegg ourselves. Further operations at Jungfraujoch and the new V-Cableway terminal in Grindelwald are to follow. In Interlaken we are testing an integrated model of a travel information office, ticket office and leisure shop.

The feedback from the markets and the reservation levels also make us confident about the short-term prospects. However, our experience has also shown that the worldwide sale of a tourist offer can sometimes encounter unexpected obstacles. Terror attacks, political turmoil or economic turbulence affect the behaviour of international customers. Within the industry, price wars – primarily 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. With a long-term strategy based on Swiss and nature-related values, we are protecting ourselves against short-term fluctuations and whims in tourist demand.

We would like to take this opportunity to thank our employees for the outstanding performance and their daily, genuine hospitality towards our customers. We also 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

Management Report

JUNGFRAUBAHN HOLDING AG IN A 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 most important offer is the journey on the spectacular railway to Jungfraujoch – Top of Europe, 3,454 metres above sea level. Due to the development of a distribution and agency network, it has achieved a leading position in the Asian markets when it comes to visiting the glacier world of the Alps. The Jungfrau Railway Group also operates mountain railways on well-known adventure mountains in the Jungfrau Region, winter sports facilities, a hydroelectric power station, restaurants, shops and parking facilities.



Sphinx and Aletsch Glacier

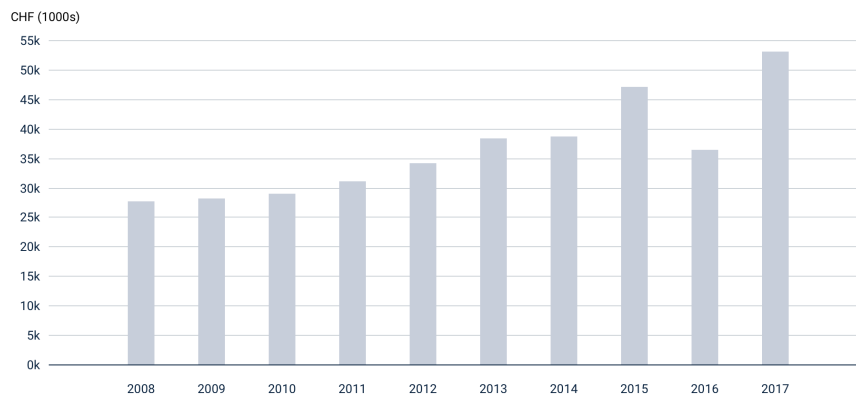
Customer focus comes before all other guiding principles. The Group thus achieves an attractive positioning on the market for tourists and investors. We represent a significant regional economic factor and play a leading role in the tourism sector. In cooperation with other tourism companies, we promote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

Management Report

Operating income in CHF (1000s)



Operating result (EBIT) in CHF (1000s)

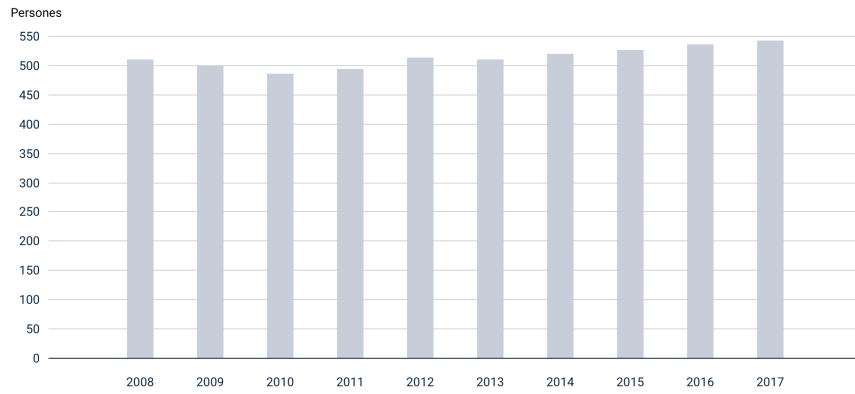


Annual profit in CHF (1000s)

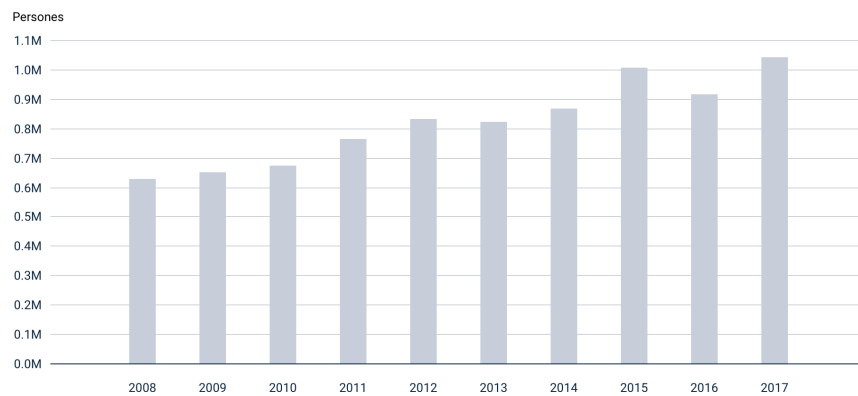


Management Report

Number of personnel



Jungfrauoch visitors (in thousands)



Management Report

OBJECTIVES OF THE JUNGFRAU RAILWAY GROUP

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

- its entrepreneurial tradition of more than 120 years,
- with the vision of its founder to make the unique Alpine landscape accessible to the wider population and international tourists,
- its sound foundation 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 targeted through better utilisation of the off-season as well as through the integration of further services such as shopping, catering and soft adventure into the adventure chain. The Jungfrau Railway Group and Gondelbahn Grindelwald-Männlichen AG plan to jointly develop the "V-Cableway" that provides access to both the Männlichen, with a ten-seater gondola, and the Eiger glacier with a new tricable gondola. Travel times can be shortened, transport capacities moderately expanded and the quality of the transport service increased. The V-Cableway project with the two new 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. Expected start of construction of the aerial cableways is summer 2018.

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

BUSINESS 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. In 2017, a new visitor record was achieved with 1,041,500 guests. After 2015, the

Top of Europe exceeded the magic mark of one million visitors for the second time. This number is considered to be the target value 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 the Jungfrau Railway Group, because of the facilities it owns and operates, holds a share of over 60%. Together with the partner companies, the Group leads one of the most important ski resorts in Switzerland on behalf of the association.

JUNGFRAU Ski Region guest visits

Experience Mountains

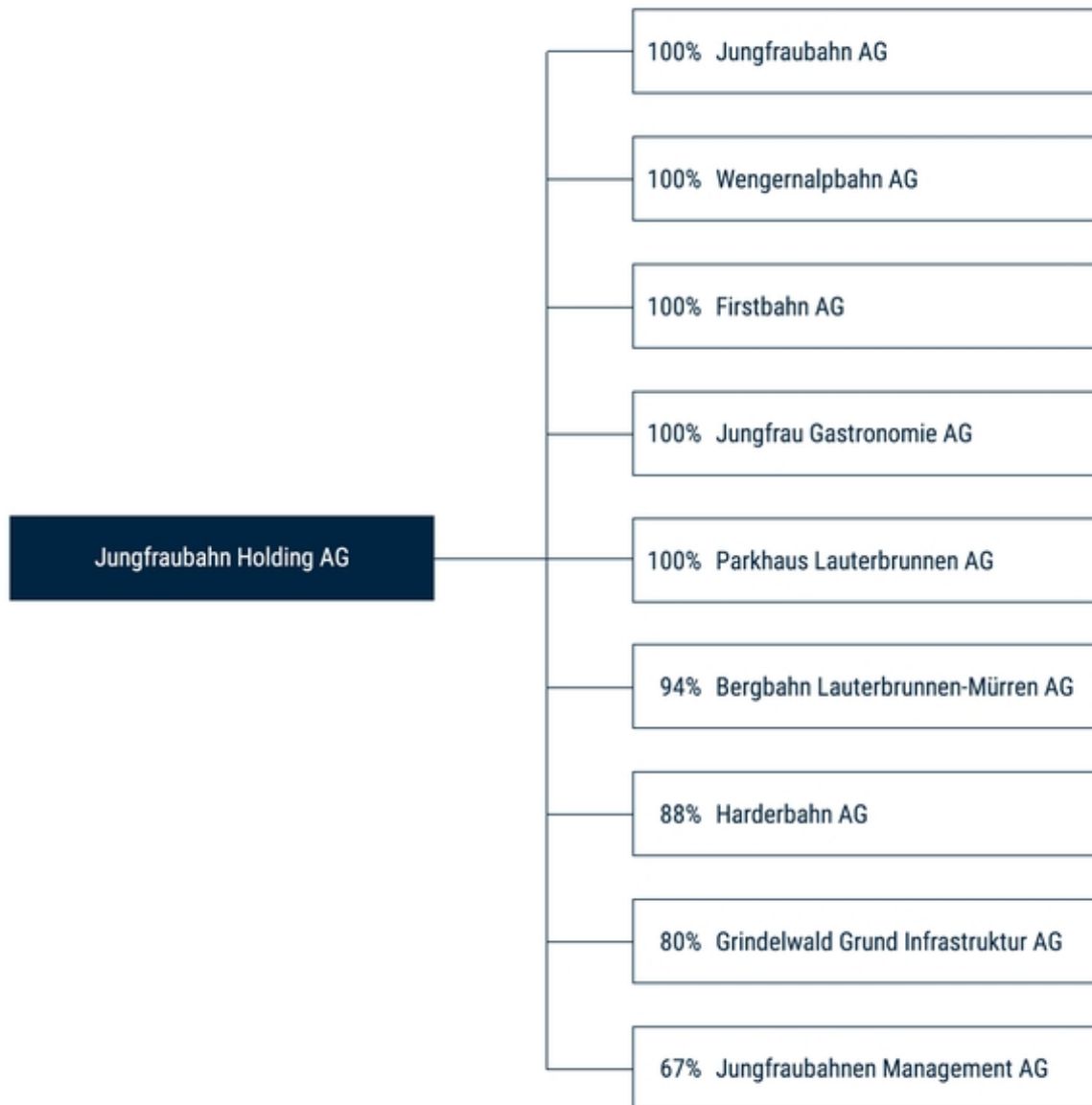
The Experience Mountains segment includes destinations in the surrounding area of the Jungfrauoch – Top of Europe: Grindelwald-First – Top of Adventure, Harder Kulm – Top of Interlaken and Winteregg-Mürren – Top of Family. These destinations enhance the regional experience and allow for interesting combinations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

Sales by segment

The amount of net sales provides information on the size of the business segments. "Other segments" comprises a wide range of services that support the business of the main segments internally and are also used by external customers. These include, for example, Jungfraubahnen Management AG, the power plant and the car park in Lauterbrunnen. The following compilation also includes the internal Group eliminations.

Management Report

THE HOLDING COMPANY



Operating subsidiaries of the Group

Organisation

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 Executive Board of the Jungfrau Railways Group is appointed in accordance with the provisions of the Management Board of Jungfraubahn Holding AG and in a framework approved by the general meeting of Jungfraubahn Holding AG for the total compensation by Jungfraubahnen

Management Report

Management AG.



The information on the staffing of the bodies is updated at the time of the drafting of the annual report (end of March 2018). Details and information on changes during the year 2017 can be found in the special points/personnel chapter and the corporate governance report.

Key figures of the consolidated financial statements

CHF (thousands)	2017	2016	Change in per cent
Operating income	193,770	169,030	14.6%
Transportation revenues	143,799	125,984	14.1%
EBITDA	87,743	71,079	23.4%
EBITDA in % of operating income	45.3%	42.1%	7.6%
EBIT	53,038	36,332	46.0%
EBIT in % of operating income	27.4%	21.5%	27.4%
Annual profit	41,601	30,964	34.4%
Return on sales (ROS)	21.5%	18.3%	17.5%
Free cash flow	33,837	18,111	86.8%
Equity ratio	81.6%	80.9%	0.9%
Headcount (full-time positions)	542	536	1.1%

Management Report

Jungfraubahn Holding AG (parent company)

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 2017 amounts to CHF 15.6 million. The loans to the subsidiaries of CHF 85.6 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 17.2 million. Earnings amount to CHF 16.2 million. The detailed financial statements with appendix can be found after the consolidated financial statements in the financial report. It is part of the authorisation request to the 2018 Annual General Meeting.

Management Report

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 Executive Board, 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

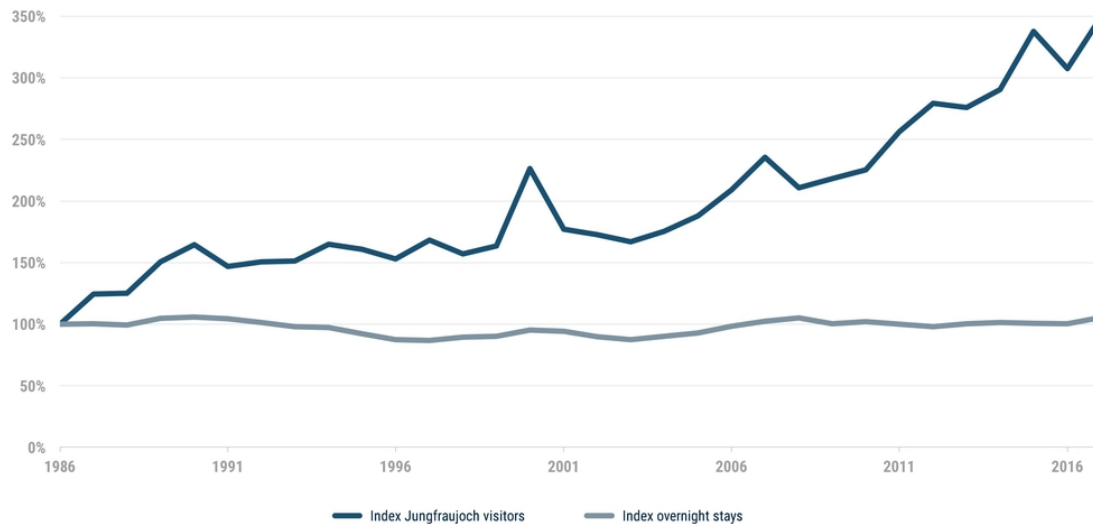
*Management Report***MESSAGE FROM COMPANY MANAGEMENT****OPPORTUNITIES AND RISKS**

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 – 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 a remarkable 7% in 2017. This was the highest increase in tourism demand in the last seven years. The UNWTO expects a continuation of this strong momentum in 2018 and a growth rate of 4 to 5 per cent. [11]

In Switzerland as well, arrivals have increased by practically the same amount over the same period of time. The number of visitors from China has recovered from its decline in the previous year and has risen above average (10%). This market has been among the most important of the Jungfrau Railway for the last few years. With India, another important market for the Jungfraujoch has grown even stronger, with growth of 22%. The number of visitors to the Jungfraujoch has responded to this development in demand potential. The number of visitors from the previous year and in particular the record result from the year 2015 were exceeded. The company is thus above the medium-term growth path in 2017 (see Jungfraujoch Visitors). In a multi-year perspective, it is striking that the Jungfrau Railway was able to take disproportionate advantage of the tourism potential of Switzerland with regard to visiting the Jungfraujoch.

Management Report



Benchmark for Jungfrauoch visitors and overnight stays for Switzerland indexed

As a pioneer on the Asian markets, the Jungfrau Railways Group already recognised the potential of Asia decades ago. The entire Jungfrau Region also benefited from this. 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). In addition to the growth markets of China and India, other pillars are, for example, Japan and Korea as well as South East Asia in general. This market diversification has a stabilising effect. The variety of offers from the Jungfrau Railway Group increasingly plays a balancing role. With the Experience Mountainss, the complementary segment in the summer business, customers with a smaller travel budget can be targeted or the excursion to the Jungfrauoch can be meaningfully supplemented in the context of an extended stay (cross-marketing). The Experience Mountainss also achieved record results in 2017, although some of them are also attributable to particularly favourable weather conditions.

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 the overcapacities in the Swiss mountain railways market, driven by a subsidy policy in all Alpine regions, as well as the price policy for public transport in Switzerland (mountain destinations being included in the Swiss Travel Pass) and the worldwide offer of alternative leisure activities, unprofitable offers from the mountain railway industry are coming under increasing price pressure.

The time required or time loss is an important quality factor in the modern tourism industry. Experienced travellers appreciate long transfers without any experience value as little as skiers appreciate 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 quality factors that represent a weakness of the mountain railways

Management Report

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 and faster traction units, by track upgrades on the Wengernalp Railway or by a sophisticated reservation system on the Jungfrau Railway. Another advantage in terms of comfort is the realization 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.

[11]

UNWTO World Tourism Barometer, Volume 16 - Advance Release January 2018

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THE JUNGFRAU RAILWAY GROUP BECOMES AN INTEGRATED LEISURE AND SERVICE COMPANY

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 of 81.6%. 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, gastronomy and shopping. The portfolio is continually designed in such a way that the diversified businesses are mutually intertwined with one another and have a smoothing effect on the overall result with regard to short-term trends and dips.

To take advantage of the potential demand, the Jungfrau Railway Group has developed brand management and distribution via tour operators into a key area. This also includes cooperation with important partners from the industry such as Switzerland Tourism, BE! Tourismus AG, Jungfrau Region Tourismus AG and Interlaken Tourismus (TOI) as well as trade and industry such as the Swatch Group, Coop and ABB. Awareness of the Jungfrauoch is promoted by prominent guests. In 2017, the descendants of Charlie Chaplin inaugurated an ice figure of the famous actor by John Doubleday in the Ice Palace. Setting the stage for visits creates stories that are told around the world and accordingly guarantees a high media presence. The visit of delegations who want to familiarise themselves 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 the Jungfrau Railways products. They ensure that they are included in the tour operator programmes or in the catalogues. The newly designed jungfrau.ch website, which invites visitors to make plans and dreams, is aimed at individual travellers who also want to 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 continues in this area.

The demand for tourist services that offer a great variety of experiences in the shortest possible time is growing. 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 demand steered. Combined offers and packages allow attractive pricing. In this environment, the mountain railway can no longer only focus on the provision of transport services. The Jungfrau Railways Group is very well positioned to sell combined services through its various segments, the diversity of the Experience Mountainss 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.

The Management Board and Executive Board have explicitly decided to continue developing the Jungfrau Railway Group in this direction, with the aim of making it an integrated leisure and service company in the longer term. The Jungfrauoch – Top of Europe business segment is currently increasing the incorporation of self-managed catering. Instead of self-employed entrepreneurs who rent the restaurants from Jungfrau Railways, a newly founded subsidiary is taking over the catering businesses. On Kleine Scheidegg the change was

Management Report

completed at the end of 2017. This will take place at JungfrauJoch at the end of the summer season 2019. In this context, an additional sales volume of around 10% will be generated. Another focus area is shopping, which is already an integral part of the Group's offer. A stronger spatial presence at the tourist hubs and the tourist hotspots as well as an extension of the product range is being targeted here. A new shop has already been opened on Höhweg in Interlaken.

Stronger integration along the tourism value chain cannot be accomplished by simply taking over parts of the service oneself. It is also possible to closely involve and coordinate partner companies, whether direct service providers or suppliers. The offer can thus be strengthened without having to build additional core competencies such as sports equipment rental or accommodation. However, for the integration of several service providers in real time, efficient data transmission and data processing are essential. The digitisation of tourist services is therefore given special attention by the Management Board. IT has been upgraded internally and as of 2018 has its own department. It is therefore equivalent to marketing and technology in terms of organisation.

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

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 in the sense of 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.

The outstanding project in this context is the V-Cableway. This project was already presented to you in the welcoming address. The planned investment volume for the entire project amounts to CHF 470 million (Jungfrau Railway Group CHF 320 million) and has therefore increased by just under 4.5% from the previous year. The increase is due to an adjustment of the cost estimate to the latest level of detailed planning. The external project verification mentioned in the previous year's report took place at the corrected, i.e. higher investment volume. Of the CHF 320 million, CHF 105 million has already been spent, in particular on the procurement of new trains and on the planning of the other project components (CHF 10 million).

The tricable gondola Eiger Express, to be realised shortly, will improve attractiveness and productivity. The investment allows for faster and more comfortable travel while simultaneously reducing maintenance and operating costs per passenger. With the opening of the cable car, the connecting trains to the Jungfrauoch will operate in a simpler circulation, which reduces the rolling stock requirement and the number of transport service trips by 25%. The existing infrastructures are relieved of daily peaks and intersecting streams of visitors. This results in increased convenience and daily output without fundamental adjustments to the basic substance of Kleine Scheidegg and Jungfrauoch.

Management Report

OBJECTIVES / EXPECTATIONS AND MEASUREMENTS

The board has set itself the goal of maintaining high season visitor numbers in the longer term. There is a potential for increase in the better utilisation of the off-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 skills, a significant increase in shopping sales is the target. When assessing the achievement of the objectives, the traffic revenues of the railways and the revenues of the ancillary businesses are important parameters. The average revenue per visitor and the utilisation of resources can be calculated based on the reported frequencies and the seat kilometres produced. With these methods, marketing can be used to optimise margins and production (yield pricing). 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

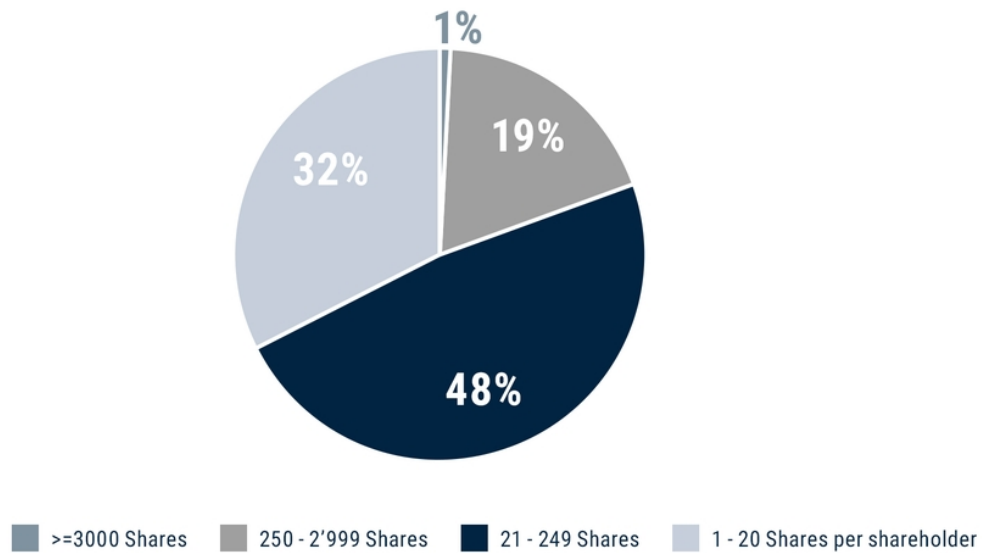
SHAREHOLDER RELATIONS

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.

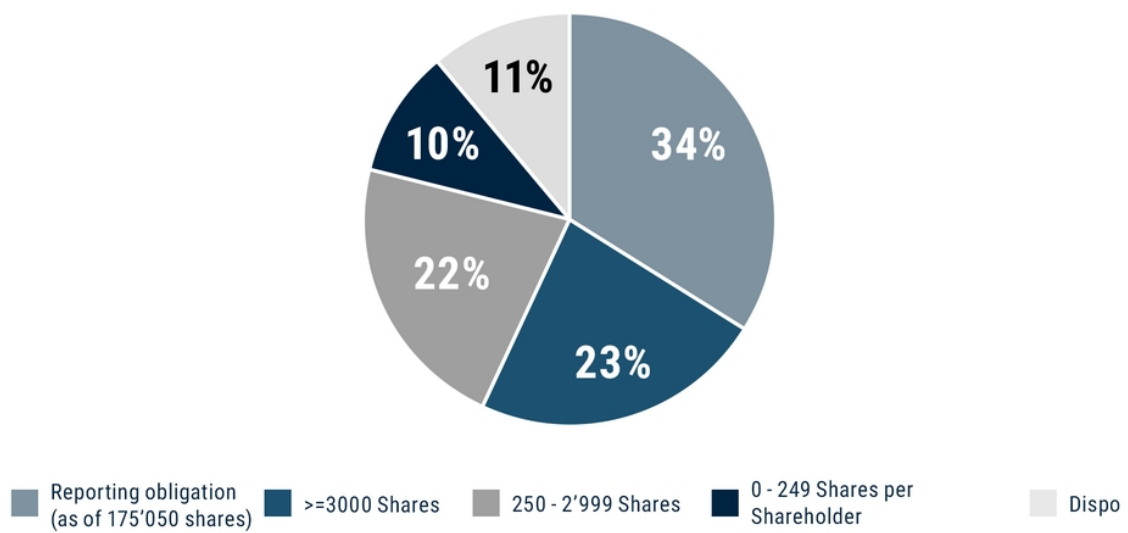
The shareholders were able to visit Kleine Scheidegg in 2017. A total of 2,280 shareholders took advantage of this offer and gathered an impression of the productivity of the Jungfraujoche – Top of Europe business segment. They were able to witness how the whole world comes to explore the Jungfrau massif. They were also able to admire the north faces of the Eiger, Mönch and Jungfrau up close. In 2018, the offer consists of a journey on the Harder for a special price of CHF 5. This is an opportunity to see why this excursion mountain has the same significance for Interlaken as the Eiffel Tower has for Paris. The annual shareholder offer is not a natural dividend. 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 or more. Membership is automatic for those with at least 250 shares in Jungfraubahn Holding AG in the share register on the cut-off date (next date: 3 October 2018). The great trust of the shareholders in our company is rewarded with special conditions, which are announced online.

Management Report



Shareholder structure (quantity)



Shareholder structure (share of capital)

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 [12] runs to the Eiger Glacier in 15 minutes and a ten-person gondolalift 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.

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. The planning permission procedure for Rothenegg station is currently underway. The new trains have all been delivered and are in daily use. After the commissioning of the tricable gondola, they will be transformed according to the new requirements for transport capacities.
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). Following a decision by the Judicial Directorate of the Canton of Bern, the planning permission procedure was transferred from the canton to the federal government and is now part of the planning permission procedure at the Federal Office of Transport.
4. Replacement of the four-person gondola lift Grindelwald-Männlichen with a modern ten-person gondola lift. 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 a double track on 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 Eiger glacier and Jungfrauoch, with three shuttling between Kleine Scheidegg and Jungfrauoch. The capacity will increase from 888 to 1,888 passenger seats per hour (to Jungfrauoch) due to the new trains and the

Management Report

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 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 Jungfrauoch – 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 a great economic significance for the Jungfrau Region during both the construction and the operating phase, with a positive effect on employment and value creation. [13]. A very comprehensive report on environmental compatibility describes, among other things, the careful search for the best environmental option. 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, zoning regulations) overcame the political hurdles, especially with the municipal approvals in Grindelwald and Lauterbrunnen, in 2014. The affected alpine regions (Alpine corporations) of Wärgistal and Ittamen have agreed to the transit rights.

After a partial rejection of the usage planning on 8 June 2017 in the approval procedure, the zoning regulations had to be adjusted again. The cantonal ruling demanded corrections to the responsibility between the Federal Government and the canton and, somewhat surprisingly, more freedom for the decision-making authority of the Federal Government. An amended usage code, created in close coordination between all authorities involved in the approval process, is already at the responsible cantonal office for re-approval. On 29 March 2016, the concessions and planning permits were submitted with the Federal Office of Transport (main proceedings). Of the original 15 objections, so far 14 have been settled by negotiation (as at the end of February 2018). The environmental associations (as the remaining opponent) have publicly announced that they will waive a complaint against the decision of the Federal Office. This decision is expected in mid-2018. The participating railways expect the new Männlichen Railway to be opened at the end of 2019 and the tricable gondola at the end of 2020, in the case of procedures running smoothly

Management Report



V-Cableway Grindelwald Grund Terminal

[12]

The tricable system consists of two firmly anchored and fully sealed supporting cables 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 tricable railway.

[13]

Source: Final report Ecoplan study of 1 April 2014

Management Report

PERSONNEL AND RECOGNITION

Management Board and Executive Board

At the 2017 AGM Hanspeter Rüfenacht was newly elected to the Management Board as representative of BEKB | BCBE (Berner Kantonalbank). He replaced Jürg Rieben, who was no longer available for re-election. The chairman and the remaining four members of the Management Board were also confirmed by the AGM. The AGM elected to the remuneration committee: Peter Baumann (up to now), Prof. Dr. Thomas Bieger (up to now), Hanspeter Rüfenacht (new)

Since 2008, the Jungfrau Railways Executive Board has remained unchanged. On 31 May 2017, Jürg Lauper retired. Since then, the Executive Board has consisted of three members: Urs Kessler, CEO, Christoph Seiler, CFO, and Christoph Schläppi, Corporate Secretary. For the time being, the Management Board has decided not to add another member.

The information on the persons and compensation for the Management Board and Executive Board can be found in the remuneration report and the corporate governance section of this annual report.

Management of operational units (reorganisation 2018)

The business units of the Group, in place until the end of 2017, were each managed by a head with overall responsibility. The heads of the business units were (as of 31/12/2017):

- Werner Amacher, Harder Railway
- 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
- Nils von Allmen, Lütschental power station

The departments support the operations managers. The following department heads were among the top Group managers as at 31/12/2017:

- Patrizia Bickel, Head of Corporate Communications
- Matthias Bütler, Head of Marketing
- Reto Mettler, Head of Gastronomy
- Andreas Piattini, Head of Human Resources
- Stefan Würigler, Head of Sales and Production

As of 1 January 2018, the organisational structure was formally adapted to the process organisation, which is process-oriented. The activity of the three business fields is described in the main processes of the process organisation. Several specialist and support departments support the added value in the business segments. The major value creation processes, i.e. the business units, are now assigned a management function in the organisational chart of the organisational structure:

Management Report

- Markus Balmer, Jungfrau – Top of Europe business segment
- Marco Luggen, Experience Mountains and Winter Sport segments
- Thomas Aebischer, Bernese Oberland Railways segment (partner company)

The segment managers in the organisation matrix have the role of ordering the services of the specialist and support departments. The gastronomy department has been rebuilt and IT separated into its own segment. These are led by the following managers:

- Patrizia Bickel, Corporate Communications,
- Matthias Bütler, Marketing,
- Reto Mettler, Gastronomy (new),
- Andreas Piattini, Human Resources,
- Gabriel Roth, Technology (newly centralised),
- Christoph Seiler, Finance,
- Urs Siegenthaler, IT (new),
- Stefan Würgler, Operations (previously "Sales and Production").

The site managers Werner Amacher, Martin Loosli, Stefan Wittwer and Nils von Allmen will continue their previous work in the same or expanded form within the new structures.

Bruno Hofweber

Bruno Hofweber was elected to the Management Board of Jungfraubahn Holding AG on 25 May 2009. The trained banker with various business qualifications complemented the Management Board's expertise in financial matters. Accordingly, since 2009 he has been a member of the Audit Committee of the Management Board. Bruno Hofweber's knowledge and experience as head of an important regionally anchored company were particularly valuable to the Management Board and the company. He knew many tourist service providers personally. The smooth interaction with these important partners in the experience chain is of great importance to Jungfrau Railways. On 24 November 2017, Bruno Hofweber announced that he would no longer be available for re-election and would therefore be leaving the Management Board at the 2018 AGM. Colleagues and Executive Board are very grateful to him for his commitment to the Management Board.

SEGMENTS

Segments

JUNGFRAUJOCH

BUSINESS MODEL AND ENVIRONMENT

The Jungfrauoch – Top of Europe business 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 cogwheel railway from Lauterbrunnen and Grindelwald to the high alpine meeting point of Kleine Scheidegg and continues through the massifs of the Eiger (3,970 m above sea level) and Mönch (4,108 m above sea level) is internationally positioned among the most important tourist attractions in Switzerland. The International High Alpine Jungfrauoch and Gornergrat Research Station Foundation contributes to the attractiveness of the Jungfrauoch through its presence and research results. The importance of the segment can be measured by the transport income of CHF 107.2 million. Sales are distributed among Jungfraubahn AG and Wengernalpbahn AG (information on the subsidiaries can be found in the financial report).

Jungfrauoch – Top of Europe is a comprehensive natural experience that 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 alpinism, snow fun, the Mönchsjochehütte). The catering on Kleine Scheidegg was fully integrated into the offer and the operation of the segment at the end of 2017. In a second step, catering will be integrated at Jungfrauoch and the Eiger Glacier at the end of 2019. The Jungfrauoch is open 365 days a year. To ensure quality, the number of visitors is limited to 5,000 guests per day ($\pm 10\%$). Since 2016, a seat reservation system has also ensured travel comfort.

Segments

CURRENT SITUATION: MARKET ASSESSMENT BASED ON RESULTS

In 2017, the best result was achieved in the history of the Jungfrau Railway, both in terms of visitor numbers and transport income. With 1,041,500 visitors, more than a million guests travelled to the Jungfraujoch in the reporting year, for the second time since 2015. The net transport income for the Jungfraujoch segment was increased compared to the previous year by 14.8%, to CHF 107.2 million. Excursions to the Jungfraujoch – Top of Europe continued to benefit from the diversification of the markets as well as the significantly stronger demand from Asia compared with 2016. Particularly important, despite the increasing number of individual guests, is still the business to business segment with tour operators.

The international tourism market has been growing steadily in recent years. Jungfrau Railway can make targeted use of this potential. After a slower 2016, it was important for the company to once again intensify its active involvement in Asian markets, in order to improve customer satisfaction through quality measures and to further strengthen the Jungfraujoch – Top of Europe brand. The success in 2017 motivates us to continue along this path. Growth is subject to certain limits. Capacity bottlenecks in the summer months and the long travel times that contradict the trend towards acceleration pose particular challenges for business development. In response to these circumstances, the utilisation of the off-season ("ten months high season") is being promoted and the V-Cableway is being realised, which significantly shortens the travel times to the Jungfraujoch.

Segments

START TO 2018

The 2018 financial year began slowly in the Jungfraujoch segment. Due to heavy gales in January, operation was affected for a total of ten days with partial or complete closures. From 1 January to 15 March 2018, 84,883 guests visited the Top of Europe. Compared to the same period in the previous year, there was a decline of 8889 guests, or 9,5%.



Alpine Sensation

Segments

WINTER SPORTS

BUSINESS MODEL AND ENVIRONMENT

The JUNGFRAU Ski Region is a cooperation in which the Jungfraubahn Group holds more than 60%. The JUNGFRAU Ski Region tariff alliance comprises twelve companies. The ski areas include Grindelwald-First, Kleine Scheidegg-Männlichen and Mürren-Schilthorn sub-areas. Snow sports enthusiasts can use their equipment for the entire destination with their subscription. Measured by the 936,500 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, if 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 on a selective basis. Rental of equipment is promoted in a joint enterprise with local sports retailers (Intersport Rent-Network). Cooperation is accordingly close with the regional economy, hoteliers, retailers and local tourism organisations.

Segments

CURRENT SITUATION: MARKET ASSESSMENT BASED ON RESULTS

The Winter Sports net transport income increased by 6.5 per cent compared to 2016. However, at 20.7 million Swiss francs, in comparison with the best years of 2007/2008, it still remains at a low level. Demand from the beginning of 2017 until the end of the season in spring 2017 was below average, as in the previous year. The lack of winter conditions in the Swiss Mittelland, with its warm, spring-like conditions, was detrimental to business with daytime visitors. However, thanks to the early snowfall and cold temperatures, Jungfrau Railways was able to start the 2017/2018 winter sports season as early as mid-November 2017 and offer continuous winter sports operations in Grindelwald and Wengen early on.

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. The course of the winter season 2016/2017 exemplifies how strongly weather and weather forecasts can influence demand. And while thawing and the start of spring are invitations to hike, cycle etc., the visitors stay away, even if there is still a lot of snow in the mountains and the slopes are excellent. The trend towards the short-term and spontaneity has to be countered with new offers and pricing models. The Jungfrau Ski Region has teamed up with the large ski areas of the Bernese Oberland and has launched a seasonally priced season ticket for CHF 666. With the purchase of such a subscription before the start of the season, demand is no longer linked to the factors that influence short-term purchases. The fact that the customer bears the risk for the meteorological conditions and for their spontaneous behaviour justifies the discount of around 33%. The partners agreed to an introductory phase of at least three years. However, budget expectations were already exceeded in the first year.

Less volatile, and therefore very valuable, is the winter sports business with holiday guests. To promote this or to keep up with the worldwide quality standard, the integration of tourism services must be constantly improved. 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. The greater integration of the catering businesses, which make up an important part of the winter sports offer, is part of the current strategy. DMO [14] also 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 opportunity to utilise the feeder lifts increasingly with international excursion tourism in winter as well. 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.

[14]

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

Segments

START TO 2018

The winter sport business continues to be challenging. Despite an early start, a, overall strong season is not to be expected.

To fight the downward trend in winter sports, Jungfrau Railways continues to focus on improving quality. With the planned V-Cableway project, travel times are to be greatly shortened with a direct connection to public transport, as well as the creation of facilities of international standard.



Skiing in front of Eiger, Mönch and Jungfrau

Segments

EXPERIENCE MOUNTAINS

BUSINESS MODEL AND ENVIRONMENT

The Experience Mountains is a strategic supplement. In the 2017 financial year, it accounted for 11% of Group sales and thus steadily gaining in significance. The Experience Mountains business segment will create added value for the entire region, and our primary offering Jungfrauoch – Top of Europe will be even better positioned and sold. The resulting intact holiday and leisure environment creates a good basis for the tourism industry in the Jungfrau Region. 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 business segment Jungfrauoch – Top of Europe), Schynige Platte Railway (a railway of the alliance partner Berner Oberland-Bahnen AG), Grindelwald-Männlichen gondola lift (35.5% holding), aerial cableway Wengen-Männlichen and Autoverkehr Grindelwald. The connecting element for these excursion destinations is the multi-day "Jungfrau Travel Pass". This pass offers visitors a wide range of excursion destinations valid for up to six consecutive days.

Segments

CURRENT SITUATION: MARKET ASSESSMENT BASED ON RESULTS

For all Experience Mountains, which include excursion transport to Harder Kulm, First and Winteregg-Mürren, the Jungfrau Railway Group registered record results. With an increase of 21.1 per cent in total, net transport income could once again be significantly increased. The Harder Railway achieved an increase in net transport income of 39.5%. The First Railway booked an increase of 18.3%. The Lauterbrunnen-Mürren mountain railway achieved an increase of 11.6% in net transport income. For the Experience Mountains overall, a CHF 2.8 million higher transport income was generated than in the previous year, at CHF 15.9 million.

Harder Railway is benefiting from intensive cross-marketing with the JungfrauJoch. With good visibility from the centre and the limited time required, the mountain has become a must for every visitor to Interlaken, opening up markets outside 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 and fun-filled activities in the wild. The First Railway can successfully position itself for everyone with the "First Cliff Walk", the two adventure railways "First Flieger" and "First Glider", mountain carts and the Trottibike scooters in the Soft Adventure area. Winteregg is continually strengthening its family attractions. With the new freeride track, it has a unique attraction for the ambitious cyclist.

Segments

PROSPECTS

The Experience Mountains is further expanding its successful outdoor and soft adventure offerings. In the summer of 2018, the Mürren Railway will open the new "detective route" and on the Harder and on Grindelwald-First several new attractions will be created for visitors over the next few years.

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 suggests that the company will continue to grow.



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

The power plant supports the independence of the Jungfrau Railway Group in one of its most important resources – energy – and provides services in the field of energy supply. Due to dry weather conditions last year, the production figures are, as in 2016, significantly lower than in previous years. Energy sales, which due to trade exceed the production of 57.7 GWh, amount to 73.5 GWh, an increase of 1.8% compared to 2016.

Segments

CAR PARK

Thanks to its location at the railway junction, the Lauterbrunnen car park is well positioned as the central transfer point between individual transport and the car-free resorts of Mürren and Wengen. In the reporting year, the car park averaged 67.4%, an increase of 1.9% compared to the previous year. Rental income reached CHF 2.0 million in 2017.

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 and support areas. The most important asset of this company is the central IT infrastructure of the Jungfrau Railways. The remuneration of CHF 5.2 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 41.6 million, the Jungfrau Railway Group achieved the best result in its history in 2017.

The Jungfrau Railway Group generated a total operating income of CHF 193.8 million, which corresponds to an increase of CHF 24.7 million. The most important source of income is still transport, which amounted to CHF 143.8 million in the reporting year, which is 14.1% over the previous year and 7.3% above the previous record year of 2015. Operating expenses increased by CHF 8.1 million. Accordingly, EBITDA rose by 23.4% to CHF 87.7 million and cash flow by 14.7% to CHF 63.6 million. Depreciation and amortisation remained unchanged at CHF 34.7 million. At CHF 53.0 million, for the first time EBIT exceeded the threshold of CHF 50 million, which corresponds to an EBIT margin of 27.4%. After a virtually balanced financial result and taxes, the annual accounts show an annual profit of CHF 41.6 million, 34.4% above the previous year.

Investments of CHF 29.8 million made during the reporting year 2017 were fully financed from cash flow, except for CHF 4.2 million in interest-free infrastructure loans from the public authorities for the Lauterbrunnen-Wengen route.

Investment focus points were on the new soft-adventure offer First-Glider, the expansion of the Harder Kulm restaurant, the conversion of the track and platform systems at Lauterbrunnen, the replacement of tracks and the safety system on the Lauterbrunnen-Wengen line, various upgradings of the power grid and the railway power supply, the completion of the goods transfer hall of the Mürren Railway, extensions of the web platform and the planning of the V-Cableway project.

As at 31 December 2017, the consolidated balance sheet shows a solidly funded company with an equity ratio of 81.6%. It has no interest-bearing liabilities and has cash and cash equivalents of CHF 82.3 million.

The Jungfrau Railway Group is therefore well prepared for the realization of the core elements of the V-Cableway project. To date, the company has invested CHF 108 million in this generational project. In addition to the already completed rolling stock renewals of the Wengernalp and Jungfrau Railway of CHF 93.5 million and the renewal of the corresponding power supply of CHF 3.4 million, planning costs of CHF 10 million were accrued for the sub-projects Eiger-Express, Terminal and Grund car park.

Financial Report

INFORMATION ON THE BUSINESS SEGMENTS

The most important segment **Jungfraujoch – Top of Europe** generated a net income of CHF 128.7 million. The increased demand is based on the broad diversification of the markets and, in particular, significantly stronger demand from Asia compared to 2016. The best results in its history were achieved, both in terms of visitor numbers and transport income. With 1,041,500 visitors, more than a million guests travelled to the Jungfraujoch – Top of Europe in the reporting year, for the second time since 2015. The transport income segment increased by 14.8% to CHF 107.2 million. The high number of visitors had a positive effect on the Top of Europe shops, which also achieved a new record with sales of CHF 7.5 million. After a slower previous year, it paid off for Jungfrau Railways to once again intensify its active involvement in Asian markets, in order to improve customer satisfaction through quality measures and to further strengthen the "Jungfrau – Top of Europe" brand. Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to CHF 66.6 million, accounting for 75.9% of Group EBITDA.

Slightly better than the previous year, but still at a low level, was business development in **winter sports**. Business performance was below average from the beginning of 2017 until the end of the season in spring 2017. Thanks to a pleasing start to the season, the result improved from mid-November. The number of skier visits across the Jungfrau Ski Region rose by 3% year-on-year to 936,500, and the Group's share of the transport business revenue rose by 6.5% to CHF 20.7 million. With net sales of CHF 26.1 million, the segment achieved an EBITDA of CHF 0.3 million. The winter sports segment continues to make a significant contribution to the other divisions.

The **Experience Mountains** continued to develop very positively. All participating railways – the Harder Railway, First Railway and the Lauterbrunnen-Mürren Mountain Railway – achieved new records in transport revenue. Overall, this increased by 21.1% to CHF 15.9 million. The extension of the seasonal opening times and the independent positioning of all Experience Mountains are paying off. In this context, the sales increase of 45% to CHF 2.4 million in the adventure offers in the Grindelwald-First area and the increase in traffic revenue by 39.5% to nearly CHF 4 million at the Harder Railway are noteworthy. Overall, segment sales for the Experience Mountains increased by 19.2% to CHF 22.0 million and led to an EBITDA increase of 34.3% to CHF 10.2 million.

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 2017, the Jungfrau Railway Group exceeded all targets. The return on sales amounted to 21.5%, the EBIT margin reached 27.4%. With the proposed dividend increase to CHF 2.40 per share (previous year CHF 2.10), the payout ratio at 33.9% is at the lowest end of the defined target range. Capital expenditures accounted for 37.9% of cash flow during the year, but only due to delays in realizing the key elements of the V-Cableway project. For 2017, this resulted in an unexpectedly high free cash flow of CHF 33.8 million. The accumulated free cash flow for the 2014-2023 target period at the end of 2017 therefore amounts to CHF 57.2 million. At the end of the reporting year, the level of self-financing was 81.6%.

Financial Report

RISK MANAGEMENT AND ICS

In the context of risk management, Jungfrau Railways deals with possible events that 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 in the particularly sensitive area of finance 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. The Board discusses and supplements the strategic risks when necessary, but at least once a year. The external and internal audit activities are closely linked to risk management. In addition to internal audits, which are used by the Executive Board to check certain areas, Jungfrau Railways is regularly externally audited by the Swiss Federal Office of Transport, SUVA and the certification body for the ISO 9001/2015 quality management certificate.

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 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. In the context of a paper in July 2017 by Dr Matthias Huss from the Research Institute for Hydraulic Engineering, Hydrology and Glaciology, ETH Zurich, and Daniel Tobler, from Geotest, the Management Board received a report on the latest research, ice measurements, climate and glacier models. The Management Board wanted to know what lessons can be drawn from these general research results, measurements and calculations for Jungfrauoch ski resorts and the Jungfrauoch ski area. The two experts were able to confirm the symptoms of long-term climate change. Furthermore, rock stability, snow cover, ice thickness in maintaining the facilities and the planning of longer-term investments will require the utmost attention. On the other hand, the specialists were also able to calm fears, especially for the Jungfrauoch. The speed of upheavals in nature is not comparable to the feverish nature of economic cycles. The models also show in the most pessimistic scenarios that ice cover will still be found on the Jungfrauoch in the year 2100. In the slowness of change, however, there is the risk of overlooking and ignoring the problem. In order to align the orientation of the company with the circumstances of nature, the experts recommend that protective measures be continued and developed as required. When planning renewal

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of facilities, for example, the permafrost development must always be taken into account as a long-term framework for the entire service life. Critical situations at trouble spots can occur unexpectedly, so that the willingness to intervene in a quick and situation-appropriate way must be upheld. This requirement must be taken into account in the provision of resources (emergency power, intervention vehicles etc.), training and during organisation. The experts place special emphasis on the documentation of the change by means of measuring points, photogrammetric methods and the daily monitoring with automatic cameras, hot water drilling in the glacier, detailed modelling of exposed areas. The recommendations of the experts encouraged the Management Board in its previous approach. The latest findings on local climatic and glaciological developments were incorporated into the specific risk portfolio.

An entirely different important topic was the challenges of digitisation. The Management Board discussed these with the internal specialists. These showed that due to digitisation, a whole series of projects are already in progress and many innovations have already been introduced. One focus is on digitising the processing of the markets that are particularly relevant to Jungfrau Railways. In addition to the "normal" online booking, developments in B2B partner management as well as the provision of flexible reservation and boarding systems are particularly in focus here. For the new V-Cableway, which brings together different customer segments with different requirements in one terminal in Grindelwald Grund, the boarding and the customer guidance must be based entirely on digitised or digitisable processes. In the development of new business models, computer science is integrated into an iterative process with feedback in order to tap the benefits of technological developments. In the intensive exchange between those responsible for the development of business strategies and the IT specialists lies the key to the gateway to the digital world. In this sense, digitisation is not just a matter of IT. Jungfrau Railways is tackling the challenges of digitisation with organisational IT upgrading (into its own department) and the integration of IT in innovation and marketing processes.

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CONSOLIDATED BALANCE SHEET

At 31 December

CHF (thousands)	Note	2017	%	2016	%
Assets					
Current assets					
Liquid funds		82,284		58,841	
Receivables from deliveries and services	1	9,579		7,705	
Other current receivables	2	15,796		4,517	
Inventories		1,953		1,373	
Accrued income	3	6,775		7,177	
Total current assets		116,387	17.7%	79,613	12.7%
Fixed assets					
Financial assets	4	6,709		9,464	
Tangible assets	5	524,926		527,609	
Intangible assets	6	8,737		8,618	
Total fixed assets		540,372	82.3%	545,691	87.3%
Total Assets		656,759	100.0%	625,304	100.0%
Liabilities					
Outside capital					
Liabilities from deliveries and services	7	18,025		23,766	
Current financial liabilities	8	740		740	
Other current liabilities	9	4,952		4,683	
Current provisions	10	1,975		1,299	
Deferred income	11	16,631		12,633	
Total current borrowed capital		42,323	6.4%	43,121	6.9%
Non-current financial liabilities	8	36,431		33,003	
Non-current provisions	10	42,094		43,063	
Total non-current borrowed capital		78,525	12.0%	76,066	12.2%
Total borrowed capital		120,848	18.4%	119,187	19.1%
Equity					
Share capital	23	8,753		8,753	
Capital reserves		-1,417		-1,850	
Treasury shares	23	-399		-442	
Retained earnings [1]		524,588		495,540	
Equity shareholders of Jungfraubahn Holding AG		531,525		502,001	
Minority interests		4,386		4,116	
Total equity		535,911	81.6%	506,117	80.9%
Total liabilities		656,759	100.0%	625,304	100.0%

[1] Due to a change in the presentation, the profit for the year is no longer shown on a separate line but included in retained earnings. The previous year has been adjusted accordingly.

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CONSOLIDATED INCOME STATEMENT

1 January to 31 December

CHF (thousands)	Note	2017	2016
Operating income			
Transportation revenues	12	143,799	125,984
Compensation	13	10,152	9,060
Sale of energy		9,768	9,528
Souvenir shops		7,549	5,981
Dining and accommodation		488	65
Service income		6,549	5,779
Rental income	14	7,857	6,538
Other income	15	7,608	6,095
Total operating income		193,770	169,030
Operating expenses			
Cost of goods	16	-3,634	-2,733
Purchase of energy		-2,967	-3,040
Personnel expenses	17	-55,276	-53,402
Other operating expenses	20	-44,150	-38,776
Total operating expenses		-106,027	-97,951
EBITDA		87,743	71,079
Depreciation and amortisation			
Depreciation of tangible assets	5	-33,399	-33,833
Amortisation of intangible assets	6	-1,306	-914
Total depreciation and amortisation		-34,705	-34,747
EBIT		53,038	36,332
Financial result			
Financial expenses		-533	-174
Results from associated companies		-2	-3
Financial income	21	464	2,722
Total financial result		-71	2,545
Profit before tax		52,967	38,877
Income taxes	22	-11,366	-7,913
Annual profit		41,601	30,964
Shareholders of Jungfraubahn Holding AG		41,292	30,902
Minority interests		309	62
Result per share			
Shares issued		5,835,000	5,835,000
Average balance of time-weighted treasury shares		-9,541	-10,736
Average number of time-weighted outstanding shares		5,825,459	5,824,264
Undiluted and diluted result per share	CHF	7.09	5.31

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CONSOLIDATED CASH FLOW STATEMENT

1 January to 31 December

CHF (thousands)	Note	2017	2016
Annual profit		41,601	30,964
Depreciation of tangible assets	5	33,399	33,833
Amortisation of intangible assets	6	1,306	914
Change of provisions	10	-293	269
Book profits from the sale of fixed assets		-11	-28
Results from associated companies		2	3
Badwill from the acquisition of subsidiary shares	21	-9	-2,440
Value adjustment of financial assets	4	319	3
Other non-cash items [1]		2,024	1,289
Cash flow before change in net current assets		78,338	64,807
Increase / decrease in receivables from deliveries and services		-1,874	1,444
Increase in other current receivables	2	-11,279	-2,129
Increase in inventories [2]		-520	-14
Increase / decrease in accrued income		402	920
Increase / decrease in liabilities from deliveries and services		-5,741	8,462
Increase / decrease in other short-term liabilities		269	1,253
Decrease/increase in deferred income		3,998	-6,224
Cash flow from operating activities		63,593	68,519
Investments in tangible assets [3]	5	-31,196	-44,610
Investments in financial assets	4	-3	-3,980
Acquisition of subsidiaries less cash [2] [3]		-335	0
Investments in intangible assets	6	-1,425	-3,303
Divestment of tangible assets		766	642
Divestment of financial assets		2,437	843
Cash flow from investing activities		-29,756	-50,408
Free cash flow		33,837	18,111
Increase in financial liabilities	8	4,168	5,509
Repayment of financial liabilities	8	-740	-740
Founding of Grindelwald Grund Infrastruktur AG		0	40
Purchase of minority shares		-6	-418
Investment in own shares incl. transaction costs		-2,244	-1,954
Divestment of own shares		697	886
Transaction costs for divestment of own shares		-2	-4
Profit distribution to minority interests		-23	-23
Profit distribution to Jungfraubahn Holding AG		-12,244	-11,654
Cash flow from financing activities		-10,394	-8,358
Change in liquid assets		23,443	9,753
Liquid funds 1 January		58,841	49,088
Liquid funds 31 December		82,284	58,841
Change in liquid assets		23,443	9,753

[1] Equity compensation programme for administration board, management and employees [2] Increase in inventories due to acquisition of Jungfrau Gastronomie AG kCHF 60 [3] Increase in tangible assets due to acquisition of Jungfrau Gastronomie AG kCHF 275

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CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

At 31 December

CHF (thousands)	Note	Share capital	Capital reserves	Treasury shares	Retained earnings	Equity shareholders of Jungfraubahn Holding AG	Minority shares	Total equity
Equity at 01/01/2016		8,753	-1,797	-1,380	476,292	481,868	5,603	487,471
Acquisition of own shares	23		-11	-1,943		-1,954		-1,954
Sale of treasury shares	23		-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	24					0	-3,526	-3,526
Founding of Grindelwald Grund Infrastruktur AG	24					0	2,000	2,000
Equity at 31/12/2016		8,753	-1,850	-442	495,540	502,001	4,116	506,117
Acquisition of own shares	23		-6	-2,238		-2,244		-2,244
Sale of treasury shares	23		439	2,281		2,720		2,720
Annual profit					41,292	41,292	309	41,601
Dividends					-12,244	-12,244	-23	-12,267
Purchase of subsidiary shares	24					0	-16	-16
Equity at 31/12/2017		8,753	-1,417	-399	524,588	531,525	4,386	535,911

*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 29 March 2018.

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 comment «0 Scope of consolidation» below. 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.

Non-consolidated holdings

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

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.

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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 and inventories of restaurants 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

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Liabilities

Liabilities are stated at their nominal value.

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), other important sources of income are the compensation received from government and energy sales. 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). In deviation from previous years, the currently applicable tax rate for each company is used for the calculation of the deferred tax burden (previously: expected future tax rate 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

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

The assets of both 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 funds, 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)	2017	2016	Change	in %
Segment sales				
Net sales Jungfrauoch - Top of Europe	128,699	110,855	17,844	16.1%
Net sales Adventure mountains	21,963	18,431	3,532	19.2%
Net sales Winter sports	26,114	24,187	1,927	8.0%
Net sales other segments [1]	45,982	42,130	3,852	9.1%
Elimination group-internal sales	-28,988	-26,573	-2,415	9.1%
Total operating income according to profit and loss account	193,770	169,030	24,740	14.6%
Segment results EBITDA				
EBITDA Jungfrauoch – Top of Europe	66,631	54,169	12,462	23.0%
EBITDA Adventure mountains	10,243	7,627	2,616	34.3%
EBITDA Winter sports	329	-202	531	-262.9%
EBITDA other segments [1]	10,544	9,483	1,061	11.2%
Group eliminations	-4	2	-6	-300.0%
Total EBITDA according to the income statement	87,743	71,079	16,664	23.4%

[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 new acquired Jungfrau Gastronomie AG (100% holding) was included in the scope of consolidation on 1 November 2017. It was recognised in the consolidated financial statements using the fully consolidated method. The balance sheet at the time of acquisition included cash, inventories and tangible assets.

The following companies are included in the scope of consolidation as of 31 December 2017:

Company	participation	Consolidation method
Jungfraubahn Holding AG, Interlaken	parent company	full consolidation
Jungfraubahn AG, Interlaken	100.0%	full consolidation
Wengernalpbahn AG, Interlaken	100.0%	full consolidation
Firstbahn AG, Grindelwald	100.0%	full consolidation
Parkhaus Lauterbrunnen AG, Lauterbrunnen	100.0%	full consolidation
Mürrenbahn AG, Lauterbrunnen	100.0%	full consolidation
Jungfrau Gastronomie AG, Interlaken	100.0%	full consolidation
Bergbahn Lauterbrunnen-Mürren AG, Interlaken	94.1%	full consolidation
Harderbahn AG, Interlaken	88.4%	full consolidation
Grindelwald Grund Infrastruktur AG, Grindelwald	80.0%	full consolidation
Jungfraubahnen Management AG, Interlaken	67.0%	full consolidation
Sphinx AG Jungfrauoch, Fieschertal VS	57.1%	full consolidation
Gondelbahn Grindelwald-Männlichen AG, Grindelwald	35.5%	equity method
Skilift Bumps AG, Wengen	22.7%	equity method

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1 Receivables from deliveries and services

CHF (thousands)	2017	2016
Receivables from third parties	9,528	7,582
Receivables from associated companies	141	172
Value adjustments	-90	-49
Net value	9,579	7,705
Change	1,874	

2 Other current receivables

CHF (thousands)	2017	2016
Short-term financial assets 4-12 months	15,000	0
Various current receivables	796	4,517
Total	15,796	4,517
Change	11,279	

3 Accrued income

CHF (thousands)	2017	2016
Operating material and consumables, printed matter, service clothing	2,396	2,309
Credit refund of tax payments	57	1,255
Credit from energy supplies	916	687
Prepaid insurance premiums	1,349	1,337
Miscellaneous	2,057	1,589
Total	6,775	7,177
Change	-402	

4 Financial investments

Acquisition values	CHF (thousands)	Balance sheet value 01/01/2017	Inventory 01/01/2017	Additions	Disposals	Inventory 31/12/2017
Associated companies		5,483	6,423		-2	6,421
Non-consolidated holdings		526	576			576
Loans		831	831		-412	419
Securities		599	1,295	3		1,298
Fixed deposits		2,025	2,025		-2,025	0
Total acquisition values		9,464	11,150	3	-2,439	8,714

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Depreciation and amortisations	CHF (thousands)	Inventory 01/01/2017	Additions	Disposals	Inventory 31/12/2017	Balance sheet value 31/12/2017
Associated companies		940			940	5,481
Non-consolidated holdings		50			50	526
Loans		0			0	419
Securities		696	319		1,015	283
Fixed deposits		0			0	0
Total depreciation and amortisations		1,686	319	0	2,005	6,709

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5 Tangible assets - acquisition values 2017

Investment item	CHF (thousands)	Balance sheet value 01/01/2017	Inventory 01/01/2017	Additions	Reclassification	Disposals	Inventory 31/12/2017
Undeveloped land		1,484	1,945	0	0	0	1,945
Developed land		11,523	12,667	51	50		12,768
Railway stations		27,397	54,436	1,113	1,624	-10	57,163
Depots and workshops		13,132	23,257	35		-315	22,977
Railway substructure and superstructure		77,257	105,925	3,695	1,629	-497	110,752
Gondola lift, chair lift and ski lift stations		17,424	36,355	630			36,985
Ski slopes and fixed snowmaking equipment		17,521	33,297				33,297
Hiking trails / climbing routes		567	1,127				1,127
Power station		13,656	19,031	56	87		19,174
Restaurants and accommodation		14,798	29,847	2,090	871		32,808
Car parks and parking spaces		2,527	15,892	88		-45	15,935
Residential buildings		3,501	5,252				5,252
Administration buildings		1,147	2,497				2,497
Other buildings		52,808	101,181	810	292	-16	102,267
Total land and buildings		253,258	440,764	8,568	4,553	-883	453,002
Railway installations		35,262	84,114	3,046	1,567	-258	88,469
Gondola lifts		12,453	27,870				27,870
Chairlifts and ski lifts		22,354	52,942	283	622		53,847
Snowmaking equipment		1,638	4,571	65	40		4,676
Power stations		22,367	36,100	2,740	101	-628	38,313
Other facilities		9,465	18,395	1,468	74	-395	19,542
Total facilities		103,539	223,992	7,602	2,404	-1,281	232,717
Rail vehicles		132,691	233,894	4,555	1,161	-3,970	235,640
Slope vehicles		2,654	8,237	455		-76	8,616
Cars		516	1,151	155		-67	1,239
Other vehicles		426	1,274	20		0	1,294
Total vehicles		136,287	244,556	5,185	1,161	-4,113	246,789
Office equipment		0	1,393			0	1,393
Devices and tools		2,896	9,630	198		-159	9,669
IT equipment		1,235	2,929	18		-37	2,910
Communication equipment		225	336			0	336
Total other property, plant and equipment		4,356	14,288	216	0	-196	14,308
Installations under construction		21,963	21,963	9,078	-8,118	0	22,923
Spare parts / material supplies		6,722	13,507	822	0	-755	13,574
Total		527,609	961,015	31,471	0	-7,228	985,258

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5 Property, plant and equipment - depreciation and impairments 2017

Investment item	CHF (thousands)	Inventory 01/01/2017	Additions	Reclassification	Disposals	Inventory 31/12/2017	Balance sheet value 31/12/2017
Undeveloped land		461	0	0	0	461	1,484
Developed land		1,144				1,144	11,624
Railway stations		27,039	1,044		-10	28,073	29,090
Depots and workshops		10,125	609		-315	10,419	12,558
Railway substructure and superstructure		28,668	2,547		-497	30,718	80,034
Gondola lift, chair lift and ski lift stations		18,931	1,242			20,173	16,812
Ski slopes and fixed snowmaking equipment		15,776	1,444			17,220	16,077
Hiking trails / climbing routes		560	127			687	440
Power station		5,375	463			5,838	13,336
Restaurants and accommodation		15,049	593			15,642	17,166
Car parks and parking spaces		13,365	476		-45	13,796	2,139
Residential buildings		1,751	313			2,064	3,188
Administration buildings		1,350	43			1,393	1,104
Other buildings		48,373	2,170		-16	50,527	51,740
Total land and buildings		187,506	11,071	0	-883	197,694	255,308
Railway installations		48,852	3,465		-258	52,059	36,410
Gondola lifts		15,417	1,202			16,619	11,251
Chairlifts and ski lifts		30,588	2,077			32,665	21,182
Snowmaking equipment		2,933	365			3,298	1,378
Power stations		13,733	1,361		-628	14,466	23,847
Other facilities		8,930	1,638		-395	10,173	9,369
Total facilities		120,453	10,108	0	-1,281	129,280	103,437
Rail vehicles		101,203	9,567		-3,970	106,800	128,840
Slope vehicles		5,583	916		-76	6,423	2,193
Cars		635	100		-67	668	571
Other vehicles		848	85			933	361
Total vehicles		108,269	10,668	0	-4,113	114,824	131,965
Office equipment		1,393				1,393	0
Devices and tools		6,734	459		-159	7,034	2,635
IT equipment		1,694	244		-37	1,901	1,009
Communication equipment		111	38			149	187
Total other property, plant and equipment		9,932	741	0	-196	10,477	3,831
Installations under construction		0	0	0	0	0	22,923
Spare parts / material supplies		6,785	811	0	0	7,596	5,978
Total		433,406	33,399	0	-6,473	460,332	524,926

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5 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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5 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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6 Intangible assets

Acquisition values	CHF (thousands)	Balance sheet value 01/01/2017	Inventory 01/01/2017	Additions	Reclassification	Disposals	Inventory 31/12/2017
Concessions and rights		2,558	4,700				4,700
Software		6,060	9,553	1,425		-408	10,570
Goodwill		0	428				428
Total acquisition values		8,618	14,681	1,425	0	-408	15,698

Depreciation and impairments	CHF (thousands)	Inventory 01/01/2017	Additions	Reclassification	Disposals	Inventory 31/12/2017	Balance sheet value 31/12/2017
Concessions and rights		2,142	130			2,272	2,428
Software		3,493	1,176		-408	4,261	6,309
Goodwill		428				428	0
Total depreciation and impairments		6,063	1,306	0	-408	6,961	8,737

7 Liabilities from deliveries and services

CHF (thousands)	2017	2016
Liabilities from deliveries and services owed to third parties	17,927	23,666
Liabilities from deliveries and services owed to related parties	41	38
Liabilities from deliveries and services owed to associated companies	57	62
Total	18,025	23,766
Change	-5,741	

8 Financial liabilities / net financial assets

CHF (thousands)	2017	Maturity less than 1 year	Maturity more than 1 year	Conditionally repayable	Unused limits	2016
Confederation and canton loan under Art. 56 Railway Conveyance Act (non-interest-bearing)	37,171	740		36,431		33,743
Bank liabilities	0				95,000	
Total financial liabilities	37,171	740	0	36,431	95,000	33,743
Liquid funds	82,284					58,841
Net financial assets	45,113					25,098
Change on previous year	20,015					

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9 Other current liabilities

CHF (thousands)	2017	2016
VAT	1,392	764
Direct tax	2,375	2,868
Social security liabilities	22	724
Clearing balance Jungfrau Ski Region and SBB	383	105
Various other liabilities	613	56
Liabilities to shareholders [1]	167	166
Total	4,952	4,683
Change	269	

[1] Liabilities to shareholders include dividends not yet paid out.

10 Provisions

CHF (thousands)	Holidays / overtime	Various	Demolition Ostgrat building	Deferred taxes	Total provisions
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
Book value at 01/01/2017	1,299	0	950	42,113	44,362
Formation	590	100		116	806
Dissolution	-14			-1,085	-1,099
Book value at 31/12/2017	1,875	100	950	41,144	44,069
of which short-term	1,875	100	0	0	1,975

11 Deferred income

CHF (thousands)	2017	2016
Demarcation of transport income from subscriptions	5,936	4,606
Direct tax	6,508	2,999
Profit sharing	809	651
Other demarcations	3,378	4,377
Total	16,631	12,633
Change	3,998	

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12 Transport income

CHF (thousands)	2017	2016
Jungfrauoch – Top of Europe	114,369	100,274
Adventure mountains	16,209	13,281
Winter sports	20,934	19,591
Gross transport earnings	151,512	133,146
Reductions in revenue	-7,713	-7,162
Total	143,799	125,984
Change	17,815	

13 Compensation received from government

CHF (thousands)	2017	2016
Lauterbrunnen–Wengen infrastructure	4,638	3,511
Regional passenger transport Lauterbrunnen–Wengen	1,455	1,488
Freight transport Lauterbrunnen–Wengen	1,920	1,810
Regional passenger transport Lauterbrunnen–Mürren	2,139	2,251
Total	10,152	9,060
Change	1,092	

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.

14 Rental income

CHF (thousands)	2017	2016
Catering rental rates	2,189	2,076
Renting of parking spaces	2,256	2,120
Renting of residential and commercial spaces	1,028	1,039
Other renting	2,384	1,303
Total	7,857	6,538
Change	1,319	

15 Other income

CHF (thousands)	2017	2016
Experience offers	2,440	1,700
Events	2,002	1,161
Income from package offers	114	232
Various income	1,917	1,837
Capitalised costs	1,124	1,137
Income from sales of assets	11	28
Total	7,608	6,095
Change	1,513	

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16 Cost of goods

CHF (thousands)	2017	2016
Souvenir shops	-3,395	-2,673
Dining and accommodation	-239	-60
Total	-3,634	-2,733
Change	-901	

17 Personnel expenses

CHF (thousands)	2017	2016
Salaries and wages	-39,812	-39,652
Allowances, uniforms and other benefits	-6,256	-5,105
Social expenditure	-8,305	-7,667
remaining personnel expenses	-1,372	-1,354
Insurance payments	469	376
Total	-55,276	-53,402
Change	-1,874	
Employees (full-time positions)	542	536
Change	6	

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

18 Employee benefit plans

Number of people	2017	2016
Active insured persons	615	562
Pensioners	250	241
Total persons	865	803
Change	62	
Expenditure for employee benefit plans in thousands of CHF (included in social expenses)	-4,028	-3,375
Change	-653	

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19 Pension plans

Economic benefit / economic commitment	Tausend CHF	Surplus cover / shortfall at 31/12/2016	Surplus cover / shortfall at 31/12/2015	Economic part of the organisation at 31/12/2016	Economic part of the organisation at 31/12/2015
Pension plan with surplus cover					
Jungfrau Railways pension fund [1]		0	704	0	0
GastroSocial pension fund [2]		–	–	–	–
Total		0	704	0	0
Change		-704		0	

[1] The degree of coverage of the Jungfrau Railways pension fund amounts to 116.0% as of 31/12/2016 in the last published financial statements. [2] The staff of Jungfrau Gastronomie AG, which was acquired on 1/11/2017, is insured with the GastroSocial Pension Fund. As at 31/12/2016, this shows a degree of coverage of 117.1%.

Pension expenses in personnel expenses	CHF (thousands)	2017	2016
Jungfrau Railways pension fund		-3,866	-3,165
GastroSocial pension fund		-12	0
Total		-3,878	-3,165
Change		-713	

Management insurance is maintained for members of management and extended management. Expenses for the companies amounted to kCHF 150 in 2017 and kCHF 210 in 2016.

20 Other operating expenses

CHF (thousands)	2017	2016
Costs for services	-8,988	-7,896
Rent expenses	-424	-413
Maintenance, renovation and demolition	-10,845	-9,049
Insurance and compensation	-1,655	-1,604
Energy and consumables	-2,326	-2,407
General expenses	-8,656	-8,041
IT	-3,888	-2,781
Marketing	-5,392	-5,571
Events	-1,976	-1,014
Total	-44,150	-38,776
Change	-5,374	

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.

21 Finanzertrag

Financial income for 2017 includes a badwill of kCHF 9, which resulted from the purchase of shares in

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subsidiaries. There was a badwill of kCHF 2,440 in 2016.

22 Taxes on profits

CHF (thousands)	2017	2016
Distribution by tax type		
Income taxes	-12,335	-8,780
Deferred taxes on profits	969	867
Total	-11,366	-7,913
Change	-3,453	
Analysis of taxes on profits		
Ordinary earnings before taxes on profits	52,967	38,877
Average applicable tax rate before taking account of losses carried forward	21.7%	21.1%
Expected taxes on profits related to the ordinary result	-11,918	-8,203
Effect of changes in non-capitalised losses carried forward	429	220
Effect of tax-free results	192	37
Other effects	-69	33
Total	-11,366	-7,913
Effective tax rate	21.5%	20.4%

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, Jungfrau Gastronomie AG as well as Mürrenbahn AG there are tax-deductible losses carried forward totalling kCHF 2,657 (previous year kCHF 4,583). The resulting non-capitalised deferred tax claim is kCHF 583 (previous year kCHF 1,013).

23 Equity

Share capital

The share capital of Jungfraubahn Holding AG is fully paid up, amounting to CHF 8,752,500 at 31 December 2017 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 2017, the company held 3,593 registered treasury shares with a nominal value of CHF 1.50 each (previous year 4,704 registered treasury shares).

In the reporting year, 20,005 (previous year: 20,476) of the Company's registered treasury shares were purchased at an average price of CHF 111.86 (previous year: CHF 94.89) and 21,116 (previous year 30,509) registered treasury shares were sold at an average price of CHF 128.94 (previous year CHF 93.15).

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

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Jungfraubahn Holding AG at a preferential price. In the reporting year, this price was CHF 33.00 per registered share (previous year CHF 32.00). The difference between the preferential price and the exchange rate, determined according to circular no. 37 of the Federal Tax Administration, was recognised in the income statement under personnel expenses. In this way 20,975 registered treasury shares were sold in the reporting year (previous year 20,970).

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 24,917 at 31 December 2017 (previous year kCHF 24,392).

24 Significant non-cash transactions

CHF (thousands)	2017	2016
Sale of treasury shares from acquisition of shares in Bergbahn Lauterbrunnen-Mürren AG and Harderbahn AG (2017: 26 shares; 2016: 7,364 shares)	2	667
Contribution in kind by third-party shareholder upon founding of Grindelwald Grundinfrastruktur AG (land)	0	1,960
Total	2	2,627
Change	-2,625	

25 Other information

CHF (thousands)	2017	2016
Investment obligations	16,881	14,363
Sureties, guarantees and pledges in favour of third parties		
Assets pledged to secure building lease charges	51	51
Guarantee obligations	41	26
Joint guarantee Verein Int. Lauberhornrennen Wengen	500	0
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	11,681	12,143
• of which due within 1 year	475	454
• of which due in 1-5 years	1,232	1,437
• of which due in more than 5 years	9,974	10,252

26 Events after the balance sheet date

Since the balance sheet date of 31 December 2017, no events have occurred which affect the meaningfulness of the consolidated financial statements for 2017.

*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 2017 and the financial statements for 2017 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 2017 remuneration report and corporate governance information.

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DEVELOPMENT

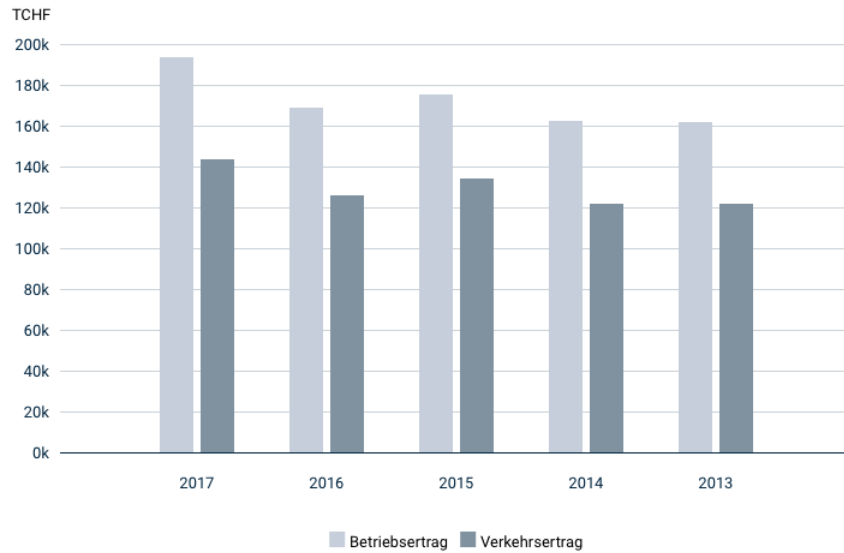
KEY FIGURES 2013 TO 2017

CHF (thousands)	2017	2016	2015	2014	2013
Balance sheet					
Current assets	116,387	79,613	70,081	66,857	77,876
Fixed assets	540,372	545,691	528,048	502,603	474,188
Outside capital	120,848	119,187	110,658	108,635	111,789
Equity	535,911	506,117	487,471	460,825	440,275
Balance sheet total	656,759	625,304	598,129	569,460	552,064
Income statement					
Operating income	193,770	169,030	175,488	162,491	161,732
Transportation revenues	143,799	125,984	133,969	121,497	121,547
Operating expenses	106,027	97,951	96,093	94,968	95,228
Personnel expenses	55,276	53,402	53,440	52,045	51,740
EBITDA	87,743	71,079	79,395	67,523	66,504
Depreciation and amortisation	34,705	34,747	32,395	28,889	28,128
EBIT (operating profit)	53,038	36,332	47,000	38,634	38,376
Annual profit	41,601	30,964	36,485	30,597	30,335
Cash flow statement					
Cash flow from operating activities	63,593	68,519	63,256	56,696	64,892
Cash flow from investing activities	-29,756	-50,408	-57,813	-56,931	-29,314
Cash flow from financing activities	-10,394	-8,358	-6,052	-8,736	-14,844
Free cash flow	33,837	18,111	5,443	-235	35,578
Key figures					
Equity ratio	81.6%	80.9%	81.5%	80.9%	79.7%
EBITDA in relation to operating income	45.3%	42.1%	45.2%	41.6%	41.1%
EBIT in relation to operating income	27.4%	21.5%	26.8%	23.8%	23.7%
Return on sales (ROS)	21.5%	18.3%	20.8%	18.8%	18.8%
Number of personnel	542	536	525	519	510
Earnings per employee	358	315	334	313	317
Personnel expenses in relation to operating income	28.5%	31.6%	30.5%	32.0%	32.0%

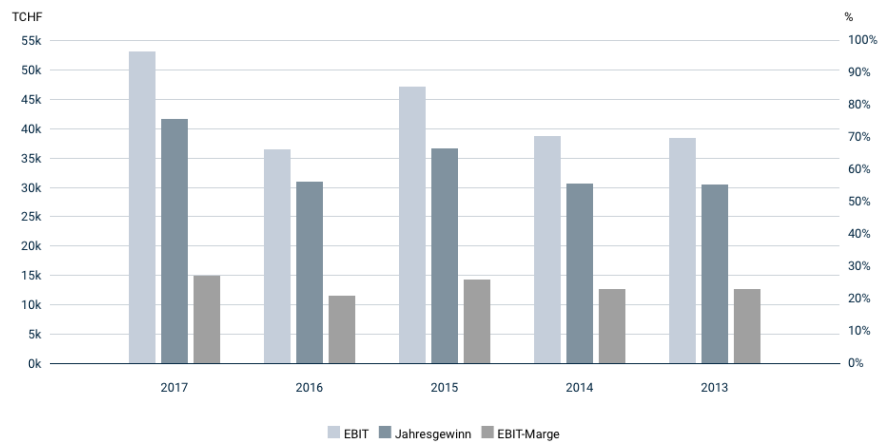
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CHARTS 2013 TO 2017

Operating income



Ergebnisse

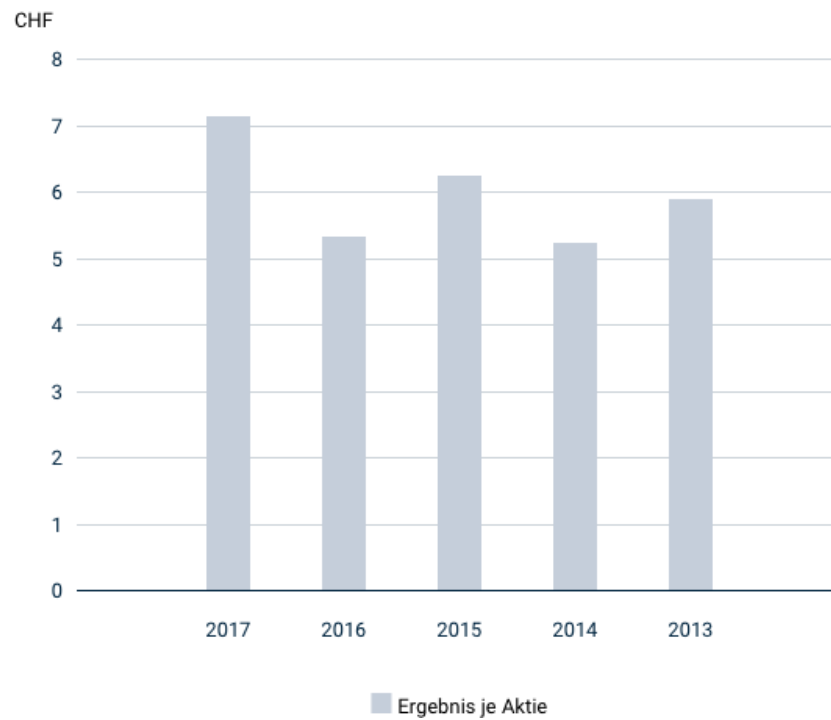


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Free Cashflow



Result per share



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INFORMATION FOR SHAREHOLDERS

Information per share [1] in CHF	2017	2016	2015	2014	2013
Nominal value	1.50	1.50	1.50	1.50	1.50
Voting rights	1	1	1	1	1
Net profit	7.08	5.30	6.21	5.20	5.17
Dividends (2016: proposal) [2]	2.40	2.10	2.00	1.80	1.80
Equity	91.84	86.74	83.54	78.98	75.45

Stock market price

High	134.70	110.50	100.80	82.80	69.15
Low	95.10	88.80	70.70	65.65	61.00
Year-end price	127.20	97.50	94.85	75.50	65.20

Key data [1]

Price/earnings ratio	17.97	18.41	15.27	14.51	12.61
Price/equity	138.5%	112.4%	113.5%	95.6%	86.4%
Payout ratio	33.9%	39.7%	32.2%	34.6%	34.8%
Dividend yield [2]	1.9%	2.2%	2.1%	2.4%	2.8%
Stock return [2]	32.3%	4.9%	27.7%	18.2%	6.0%

[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 2017

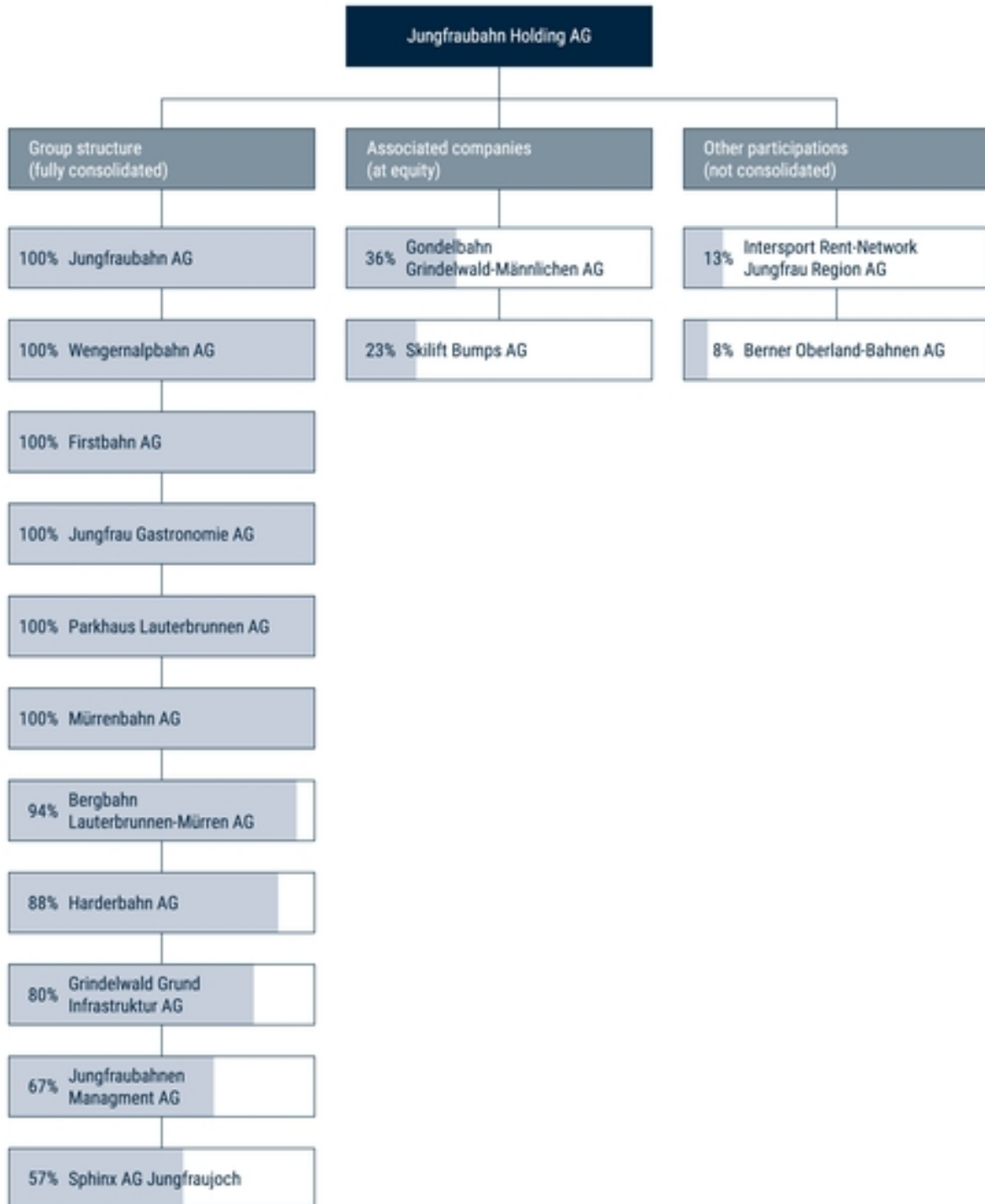


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GROUP STRUCTURE

GROUP STRUCTURE

(As of 31.12.2017)



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JUNGFRAUBAHN HOLDING AG

BALANCE SHEET

At 31 December

CHF (thousands)	2017	%	2016	%
Assets				
Current assets				
Liquid funds	47,819		34,048	
Other receivables from third parties	15,377		151	
Other receivables from participating interests	5,187		6,424	
Accrued income	14		40	
Total current assets	68,397	38.4%	40,663	24.8%
Fixed assets				
Financial assets	0		2,025	
Loans to group companies	85,580		100,790	
Participating interests	24,329		20,136	
Total fixed assets	109,909	61.6%	122,951	75.2%
Total Assets	178,306	100.0%	163,614	100.0%
Liabilities				
Outside capital				
Current interest-bearing liabilities owed to third parties	383		464	
Current interest-bearing liabilities for participating interests	22,566		11,825	
Other current liabilities owed to third parties	10		4	
Other current liabilities owed to shareholders	167		166	
Deferred income	397		456	
Current provisions	100		0	
Total current borrowed capital	23,623		12,915	
Total non-current borrowed capital	0		0	
Total borrowed capital	23,623	13.2%	12,915	7.9%
Equity				
Share capital	8,753		8,753	
Statutory retained earnings	25,612		25,612	
• Profit carried forward	71,612		67,964	
• Statutory and final reserves	32,920		32,920	
Voluntary retained earnings	104,532		100,884	
Own capital shares	-399		-442	
Annual result	16,185		15,892	
Total equity	154,683	86.8%	150,699	92.1%
Total liabilities	178,306	100.0%	163,614	100.0%

Financial Report

INCOME STATEMENT

1 January to 31 December

Tausend CHF	2017	2016
Betriebsertrag		
Dienstleistungsertrag	834	795
Total Betriebsertrag	834	795
Betriebsaufwand		
Verwaltungsaufwand	-1,716	-1,470
Total Betriebsaufwand	-1,716	-1,470
Finanzergebnis		
Finanzaufwand	-225	-273
Beteiligungsertrag	15,647	15,447
Übriger Finanzertrag	1,740	1,481
Total Finanzergebnis	17,162	16,655
Direkte Steuern	-95	-88
Jahresgewinn	16,185	15,892

Financial Report

PROFIT SHARING

Application concerning the use of balance sheet profits

	CHF	CHF
Annual profit 2017		16,184,959
Profit balance carried forward according to AGM resolution of 22 May 2017	71,602,548	
Undistributed dividends from own shares	9,858	
Profit balance carried forward according to annual financial statement	71,612,406	71,612,406
Balance sheet profit available to the AGM		87,797,365
Executive Board proposal:		
Distribution of a dividend of CHF 2.40 per share on 5,835,000 registered shares. CHF 1.50		-14,004,000
Amount to be carried forward		73,793,365

Financial Report

NOTES TO THE FINANCIAL STATEMENTS

Basis

The 2017 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 2017, no events have occurred which affect the validity of the 2017 annual accounts of Jungfraubahn Holding AG.

Treasury shares

CHF (thousands)		2017	2016
Inventory on 1st January	(2017: 4,704 shares, 2016: 14,737 shares)	442	1,379
Purchases	(2017: 20,005 shares, 2016: 20,476 shares)	2,238	1,943
Sales	(2017: 21,116 shares, 2016: 30,509 shares)	-2,723	-2,842
Success		442	-38
Inventory on 31st December	(2017: 3,593 shares, 2016: 4,704 shares)	399	442
Average price of purchased treasury shares (CHF)		111.86	94.89
Average price of treasury shares sold (CHF)		128.94	93.15

Financial Report

Holdings / voting rights in per cent

	Share capital CHF (thousands)	2017	2016
Group companies			
Jungfraubahn AG, Interlaken; operation of a rack railway from Kleine Scheidegg to Jungfrauoch	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	100	100.0%	100.0%
Jungfrau Gastronomie AG, Interlaken; operation of hotels and restaurants [1]	100	100.0%	0.0%
Bergbahn Lauterbrunnen-Mürren AG; operation of cable car and narrow gauge railway from Lauterbrunnen to Mürren	1,800	94.1%	94.0%
Harderbahn AG, Interlaken; Interlaken-Harder cable car and Harder Kulm restaurant	705	88.4%	88.2%
Grindelwald Grund Infrastruktur AG, Grindelwald; creating, maintaining and managing the infrastructure of railway stations, terminal, car park	10,000	80.0%	80.0%
JungfrauBahnen Management AG, Interlaken; management / company consultancy, provision of services	100	67.0%	67.0%
Sphinx AG Jungfrauoch, Fieschertal VS; ownership and management of Sphinx buildings, Jungfrauoch	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%	35.5%
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%	34.8%
Other significant holdings			
Intersport Rent-Network Jungfrau Region AG, Grindelwald	400	12.5%	12.5%
Berner Oberland-Bahnen AG, Interlaken	12,341	8.1%	8.1%

[1] Company acquired in 2017

Shareholder structure

	2017	2016
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%
Erwin Reinhardt, Muri b. Bern [1]	4.4%	4.4%
Martin Haefner, Horw	4.0%	4.0%

[1] Participation directly and as beneficial owner of Montalto Holding AG, Zug, and Epicea Holding AG, Zug

Financial Report

Further information

CHF (thousands)	2017	2016
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	306	0

Holding relationships of directors and management board members

Disclosure under Art. 663c OR	Number of shares 2017	Number of shares 2016	Voting rights share 2017
Board of Directors			
Prof. Thomas Bieger, Board Chairman	10,000	9,450	0.17%
Ueli Winzenried, Board Vice-Chairman	4,500	4,500	0.08%
Peter Baumann, Board of Directors	5,700	4,950	0.10%
Nils Graf, Board of Directors	4,913	4,163	0.08%
Bruno Hofweber, Board of Directors	5,340	5,340	0.09%
Dr. Jürg Rieben, former Board Vice-Chairman [1]		8,554	
Hanspeter Rüfenacht, Board of Directors [2]	850		0.01%
Total Board of Directors	31,303	36,957	0.54%
Company Management			
Urs Kessler, Chairman of the Executive Board	32,000	30,000	0.55%
Jürg Lauper, Head of Infrastructure [3]		9,197	
Christoph Schläppi, Head of Corporate Services	8,895	8,849	0.15%
Christoph Seiler, Head of Finances and Controlling	16,808	16,608	0.29%
Total management	57,703	64,654	0.99%

[1] on the Board of Directors until 22.05.2017 [2] Election to the Board of Directors on 22.05.2017 [3] Resigned on 31.05.2017

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 2017 and the financial statements for 2017 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 2017 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 Eigergletscher, guests are catered for in various, leased gastronomic establishments. In the Top of Europe Shops, on the Jungfrauoch, Kleine Scheidegg, on First and in Interlaken, 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
Eigergletscher 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
	Interlaken	90 m2

Financial Report

Key figures

Operating values, in thousands of CHF	2017	2016
Employees (full-time positions)	140	147
• of which learners	4	4
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	92,361	80,639
Transportation revenues	66,556	57,718
Goods income from shops	7,563	5,987
Goods expenditure shops	-3,394	-2,673
Sale of energy	14,713	14,346
Purchase of energy	-2,968	-3,041
EBIT	38,902	30,297
Annual profit	30,337	23,543

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 Jungfraujoch - 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 Kleine Scheidegg (to the sister company Jungfrau Gastronomie AG) and Grindelwald Grund.

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	2017	2016
Employees (full-time positions)	220	220
• of which learners	4	4
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	68,861	61,730
Transportation revenues	55,865	49,655
Compensation	8,012	6,809
EBIT	8,719	4,676
Annual profit	6,264	3,121

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) and the First Glider, 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 "Snowpark Grindelwald-Firs", 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
	First Glider (number of seats)	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	2017	2016
Employees (full-time positions)	57	52
• of which learners	7	5
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	16,544	14,416
Transportation revenues	12,997	11,746
EBIT	2,650	1,523
Annual profit	2,423	1,298

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	2017	2016
Employees (full-time positions)	30	31
Holdings of Jungfraubahn Holding AG	94.1%	94.0%
Operating income	7,015	6,754
Transportation revenues	4,493	4,073
Compensation	2,139	2,251
EBIT	616	-784
Annual result	617	-756

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	2017	2016
Employees (full-time positions)	5	4
Holdings of Jungfraubahn Holding AG	88.4%	88.2%
Operating income	4,704	3,328
Transportation revenues	3,951	2,832
EBIT	2,687	1,309
Annual profit	2,099	1,030

*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	2017	2016
Employees (full-time positions)	4	4
Holdings of Jungfraubahn Holding AG	100.0%	100.0%
Operating income	2,096	1,963
EBIT	775	703
Annual profit	609	553

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	2017	2016
Staff	0	0
Holdings of Jungfraubahn Holding AG	80.0%	80.0%
Operating income	22	1
EBIT	-85	-259
Annual result	-86	-253

Financial Report

JUNGFRAU GASTRONOMIE AG

The Jungfrau Gastronomie AG was acquired on 1 November 2017. The purpose of this new company is the operation of catering establishments along the main traffic axis to the Jungfrauoch Top of Europe. As the first operation branch, the "Bergrestaurant Kleine Scheidegg" was opened on 1 December at Kleine Scheidegg.

Key figures

Operating values, in thousands of CHF	2017
Employees (full-time positions on 31/12/2017)	36
Holdings of Jungfraubahn Holding AG	100.0%
Operating income	458
EBIT	-546
Annual result	-614

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	2017	2016
Employees (full-time positions)	80	78
• of which learners	12	12
Holdings of Jungfraubahn Holding AG	67.0%	67.0%
Operating income	27,609	24,744
Income from management services	20,914	19,413
EBIT	234	217
Annual profit	139	109

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 Management Board and 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 AGM in 2018. 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 Management Board 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 Management Board 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 performance of the Executive Board is taken into account by means of a variable component determined by the result. The Management Board and Executive Board participate in the longer-term development of the company through a share participation programme. No measures which hinder the transfer or the change of control have been made. The notice period of the members of the Executive 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 Management Board and 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 Management Board and 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 determination of salary and in particular a longer-term fixing of the success component of the Executive Board to ensure continuity, the calculation of the profit sharing of the Executive Board 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, over 4% of the stock has been placed with the staff via the employee participation programme. The exercise rate in 2017 was 65%.

2.2 THE INDIVIDUAL ELEMENTS OF THE COMPENSATION SYSTEM

2.2.1 Fixed compensation

For members of the Management Board, the fixed compensation, consisting of fee, expenses and attendance fees, forms the basis for the compensation. 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.

For Executive Board directors representing a legal person participating in Jungfraubahn Holding AG (article 707, paragraph 3 of the Swiss Code of Obligations), the representative may determine that the fee should not be paid to the director but directly to the legal person. The amount due will be settled once a year at the end of December [15].

Provided that members of the Management Board 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

As of 1 January 2018, i.e. effective for the 2017 financial year, the Executive Board has cancelled the variable component of profit sharing.

Service rendered by the Executive Board is taken into account through the variable profit sharing, which is

Remuneration and Corporate Governance

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 $(EBT - CHF\ 15\ \text{million}) \times \text{Factor}$, where the following is used to calculate the factor: 0.5% for the CEO and 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. 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.

2.2.3 Share participation programme

The Management Board and 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 number of subscription rights for the Management Board is also determined by a maximum amount for the share. This is determined in such a way that the total remuneration comes within a defined target range [16].

The subscription period runs for 60 days in which the beneficiaries must decide how many shares they wish to purchase. The guideline for the subscription price is one-third of the average price in December of the previous year, which can be adjusted if necessary (major price changes) during the year until 15 September at the latest [17]. 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.

[15]

This regulation is currently being applied to board director Hanspeter Rüfenacht.

[16]

Applicable for the 2018/2019 compensation for the first time.

[17]

In accordance with the amendment of the Management Board of Jungfraubahn Holding AG on 26 February 2018.

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 of the Executive Board 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 2017 elected Mr Thomas Bieger (Chairman), Peter Baumann and Hanspeter Rüfenacht onto the Remuneration Committee for one year. They are all independent and "non-executive". The secretary of the committee is Urs Kessler, Chief Executive Officer.

According to art. 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 Executive

Remuneration and Corporate Governance

Board, the 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 Executive Board are set out in a special chapter in the Organisational Regulations (Article 24a 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 2017

4.1 MEASUREMENT

Compared with 2016, no reorganisation of the remuneration was undertaken. However, the Management Board voluntarily waives the profit participation that is due to it for the 2017 financial year. The detailed information is shown in 4.2 in tabular form.

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.

The EBT (Earnings Before Taxes) applicable to the calculation of the share of the company result amounts to CHF 52.967 million for the 2017 financial year.

The subscription rights for the purchase of discounted shares remained unchanged for 2017: Management Board members 750 shares, Chief Executive Officer 2000 shares, Executive Board members 1200 shares. The shares issued were purchased at a preferential price of CHF 33 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 2 October 2017. The share price was CHF 129.00, which means that the relevant rate after deduction of 25.274% (circular no. 37 of the Swiss Tax Administration) was CHF 96.40. The difference between the subscription price and the discounted value is thus CHF 63.40. 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 2017:

	Stück
Sales to Executive Board members at the price of CHF 33	3,950
Sales to non-executives (Management Board) at the price of CHF 33	4,500
Total shares	8,450

The 2017 Annual General Meeting approved a remuneration of CHF 840,000 for the Management Board for the term until 2018 AGM. The total amount paid to the Management Board for 665,466 (previous year CHF 680,741), of which 7/12 relates to the period from the 2017 Annual General Meeting, which corresponds to CHF 388,189. Once extrapolated, is noted that the remuneration will not exceed the total amount approved by the 2017 AGM until the 2018 AGM.

The total amount paid to the Executive Board for the 2017 financial year is CHF 1,937,270. The sum granted for the 2017 financial year at the 2016 General Meeting amounts to CHF 2,280,000.

4.2 REMUNERATION OVERVIEW

Remuneration and Corporate Governance

Members of the Board of Directors 2017

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Prof. Thomas Bieger, Chairman	Dr. Jürg Rieben, Vice-Chairman [1]	Ueli Winzenried, Vice-Chairman [2]	Peter Baumann, Member	Nils Graf, Member	Bruno Hofweber, Member	Hanspeter Rüfenacht, Member [3]	Board total
Fixed remuneration (cash)	103,300	24,666	53,134	44,000	44,500	44,000	26,250	339,850
Variable profit sharing (cash)	0	0	0	0	0	0	0	0
Shares	47,550	0	47,550	47,550	47,550	47,550	47,550	285,300
Contributions in kind	510	0	400	555	755	755	0	2,975
Social insurance contributions	9,404	1,213	6,289	5,734	5,777	5,746	3,178	37,341
Total remuneration	160,764	25,879	107,373	97,839	98,582	98,051	76,978	665,466

[1] Resignation on 22/05/2017 [2] Vice-Chairman on the Board of Directors since 22/05/2017 [3] Election to the Board of Directors on 22/05/2017. A part of the fixed remuneration (fee and expenses allowance) of Hanspeter Rüfenacht in the amount of CHF 22,750 was paid to his employer BEKB, the attendance fee of CHF 3,500 to him privately. The exercise of the shareholding took place through him privately.

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

Member of the Executive Board 2017

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 [1]
Fixed remuneration (cash)	352,800	878,647
Variable profit sharing (cash)	189,835	465,096
Shares	126,800	250,430
Contributions in kind	2,340	6,968
Social insurance contributions	137,724	336,129
Total remuneration	809,499	1,937,270

[1] Retirement of Jürg Lauper on 31/5/2017

Remuneration and Corporate Governance

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	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

4.3 LOANS AND CREDITS

In 2017, there were no loans for members of the Management Board 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 2017 and the financial statements for 2017 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 2017 remuneration report and corporate governance information.

*Remuneration and Corporate Governance***CORPORATE GOVERNANCE****INTRODUCTION**

We place constructive dialogue with our stakeholders at the centre of corporate governance. The corporate governance of the Jungfrau Railway Group is based on the "Swiss Code of Best Practice" of "economie suisse". As a relatively small company, we must ensure that management and supervisory tools do not lead to unacceptable overheads. Our solutions are adapted to the needs of the company according to the principle of proportionality.

The following information on corporate governance has been structured in accordance with the guidelines of SIX Swiss Exchange (RLCG). In various places, the statutes and the organisational regulations are referred to, these can be downloaded at <http://www.jungfrau.ch/de-ch/corporate/downloads/>. The disclosures in the Corporate Governance Report refer to the status at 31 December 2017. Any significant changes occurring after this deadline, but before the editorial deadline, are identified as such. The corporate governance guidelines are merely the formal foundation of a comprehensive concept of fair and transparent behaviour. Only with a positive attitude towards this idea can something be achieved. The focus is on an open and regular exchange of opinions and information. The people behind the Jungfrau Railway Group, from company management to staff, strive to maintain contact and the constructive dialogue with all stakeholders.

Remuneration and 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 Management Board.

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, IT, 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 in the chapter "The holding company".

1.1.2 Listed companies

The only listed company in the consolidated entity 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 127.20 on 31 December 2017, Jungfraubahn Holding AG has a market capitalisation of CHF 742,212,000.

1.1.3 Non-listed companies

The following non-listed companies are part of Jungfraubahn Holding AG's consolidated entity:

Company	Registered office	Share capital as at 31/12/2017/CHF	Voting share of JBH/per cent
Jungfraubahn AG	Interlaken	10,000,000	100
Wengernalpbahn AG	Interlaken	10,000,000	100
Firstbahn AG	Grindelwald	10,000,000	100
Jungfrau Gastronomie AG	Interlaken	100,000	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 Jungfrauoch	Fieschertal	52,500	57

1.2 SIGNIFICANT SHAREHOLDERS

Remuneration and Corporate Governance

On the cut-off date of 31 December 2017, the following shareholders were included in the share register with a holding of more than 3% of total capital:

Shareholders	Share
BEKB I BCBE (Berner Kantonalbank)	14,3%
Gebäudeversicherung Bern	7,7%
Securitas Investment AG	4,7%
Erwin Reinhardt, Muri b. Bern (directly and as an economic beneficiary of Montalto Holding AG and Epicea Holding AG, Zug)	4,4%
Martin Haefner	4,0%

1.3 CROSS-HOLDINGS

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

Remuneration and Corporate Governance

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 CAPITAL CHANGES OF 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

The share capital is divided into 5,835,000 fully paid registered shares with a nominal value of CHF 1.50 (single share, 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/de-ch/corporate/investor-relations/aktien/>.

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. 3 section a of the statutes contains the following entry restriction:

"The Management Board 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

Remuneration and Corporate Governance

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 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 Management Board makes use of the competence conferred on it by the statutes ("The Management Board 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 Management Board 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. MANAGEMENT BOARD

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

The following information on the Management Board [18] relates to the 31 December 2017. At the 2017 AGM, Hanspeter Rüfenacht was elected to the Management Board as successor to Dr Jürg Rieben, who announced his resignation after 15 years of membership. You will find constantly updated information online at <http://www.jungfrau.ch/de-ch/corporate/ueber-uns/verwaltungsraete/>.

The Management Board of Jungfraubahn Holding AG consists of six members.

Prof. Dr. Thomas Bieger (1961, CH), Chairman

Completed studies as rer. pol. University of Basel, doctorate (1987); Professor of Business Administration and Tourism (1996) 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; Professor at University of St. Gallen; various management board mandates 3 Rector of the 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 Schweiz. Gesellschaft für Hotelkredit 7 Member of the Awarding Body Equis Accreditation; Member of the Advisory Committee AACSB Europe 8 None 9 Non-executive 10 None

Ueli Winzenried (1955, CH), Vice Chairman

1 Business economist HWV 2 For 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 Chairman of the Auditing Committee, Management Board member Jungfraubahnen Management AG 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

Peter Baumann (1956, CH)

1 1980 Graduated with diploma in Cultural Engineering; 1989 INSEAD Executive Programme; 1994 Swiss Course in Corporate Management (SKU) 2 1981-1988 Basler & Hofmann AG, Beratende Ingenieure und Planer AG in Zurich; 1988-1996 Von Roll Transportsysteme AG Thun (Von Roll Seilbahnen AG since 1991); 1996-1997 Mecaplex AG Grenchen; 1997-2002 Doppelmayr-Seilbahnen AG, Schweiz; Garaventa AG since 2002 Rotkreuz,

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Seilbahnbau 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 Management Board member Garaventa AG; Management Board member CWA Constructions SA Corp., Olten; Management Board member Mecaplex AG, Grenchen 7 None 8 Grindelwald Town Council 9 Non-executive 10 None

Nils Graf (1956, CH)

1 Apprenticeship as bricklayer; training college for foremen; various courses for further training; Federal ETH 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 Directors 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 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 None 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

Hanspeter Rüfenacht (1958, CH)

1 Vocational training, Berufsmittelschule KV Bern (vocational training college); Business economist HWV 2 1974-1999 Swiss Bank Corporation / UBS AG, various executive functions in the private and corporate client business as well as in credit management; since 1999 Berner Kantonalbank AG, initially as Head of Credit Management, from 2002 Member of the Executive Board and Head of the Consulting and Sales department, since 2012 Chairman of the Executive Board 3 CEO/Chairman of the Executive Board of Berner Kantonalbank AG 4 Member of the Compensation Committee 5 None 6 Member of the Swiss Association of Cantonal Banks (VSKB) 7 President of the Economic Society of the Canton of Bern (VWG Bern); Member of the board of the Trade and Industry Association of the Canton of Bern (HIV) 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

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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 of the statutes of Jungfraubahn Holding AG).

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:

"The age limit is set at 70 years, i.e. at the AGM of the year in which the mandate holder reaches the age of 70, the resignation from the Management Board has to be effected. If a person is elected to the Management Board by virtue 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."

After the balance sheet key date of 31 December 2017, the Management Board decided on 26 February 2018 that the age limit applies to everyone without exception.

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 Chief Executive Officer 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

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Audit Committee:

Ueli Winzenried, Chair; Nils Graf, Bruno Hofweber

In particular, the Audit Committee has the following tasks:

- 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; Peter Baumann, Hanspeter Rüfenacht

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 business 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

Remuneration and Corporate Governance

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 specific 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 August 2017, the Management Board has been using the Diligent session preparation tool, which gives them 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:

- 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, six 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 of the Executive Board 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 that are not expressly transferred to or reserved for the General Meeting or other corporate bodies by law, under the statutes or the organisational regulations. 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/de-ch/corporate/downloads/>

The Management Board has directors and officers insurance. The corresponding premiums are borne by the Company.

3.8 INFORMATION AND CONTROL INSTRUMENTS

The Management Board will be reported to in an open and timely manner (responsible: Chief Executive Officer). This takes the form of verbal orientations in Management Board meetings (standard notes for CEO and CFO) and the special reporting for large projects (annual project status and project settlement at closing). 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 Chief Executive Officer shall communicate and advise each

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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.

Jungfrau Railways has an MIS system, which contains key figures on the course of business, finance, development goals (personnel, homepage access, KVP etc.) and framework conditions. This is tracked weekly. Reports to the Management Board include the most important key figures. The Management Board members are supplied with original data from the MIS at any time upon request.

[18]

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

Remuneration and Corporate Governance

4. EXECUTIVE BOARD

4.1 MEMBERS OF THE EXECUTIVE BOARD (INCL. FIGURE 4.2 OTHER ACTIVITIES AND INTERESTS)

The following information [19] on the Executive Board refers to 31 December 2017. Jürg Lauper left Jungfrau Railways on 31 May 2017 and has retired. You will find continuously updated information online at <http://www.jungfrau.ch/de-ch/corporate/ueber-uns/management/>.

Urs Kessler (1962, CH)

1 Qualified at Advanced College of Commerce - operational management - qualified sales trainer - diploma as Marketing Planner - Federal ETH 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 Chairman of the Executive Board Jungfrau Railways 4 Chairman of the Board of Directors of subsidiaries (WAB, JB, FB, PHL, BLM, HB, MB, GGI, JGA) 5 None 6 Management Board Congress Centre Kursaal Interlaken AG 7 Board of Trade and Industry Union of the canton of Bern; Board Member of Interlaken Tourismus (TOI), RAILplus 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 in 1987; 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

Christoph Schläppi (1959, CH)

1 Lawyer; Management for the Legal Profession HSG 2 Lawyer in Interlaken; 1996 Joined Jungfrau Railways 3 Member of the Executive Board Jungfraubahnen 4 Management Board of subsidiaries (WAB, JB, PHL, FB, SPX, BLM, HB, MB, GGI, JGA) 5 None 6 Member of the Board of Trustees of the Jungfrau Railways Pension Fund; Vice-Chairman of the Management Board of Gondelbahn Grindelwald-Männlichen AG; Member of the pension committee Gondelbahn Grindelwald-Männlichen AG; Member of the Administration Cooperative Mönchsjochehütte, Secretary; Member of the Management Board Bank EKI; Chairman of the Audit Committee Bank EKI 7 Representative of the VöV on the Board of Trustees Swiss Accident Prevention Commission for Snowsports Runs (SKUS) 8 None 9 Corporate Secretary 10 Admission as Management Secretary (later Head of the Management Department) and Secretary of the Board of Directors, 1998 Member of the Executive Board

Christoph Seiler (1969, CH)

1 lic. rer. pol. 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, JGA) 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 None 9 Head of Finance & Controlling Department (CFO) 10 None

Remuneration and Corporate Governance

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.

[19]

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 Management Board and Executive Board, 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 Management Board and Executive Board:

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

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6. SHAREHOLDERS' 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 AGM

The statutes of Jungfraubahn Holding AG comply with the statutory regulations for convening the AGM. The Swiss Commercial Gazette is established as the publication organ. The Management Board 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 AGM and also the dates of the deadlines pursuant to sections 6.4 and 6.5 below are published online under <http://www.jungfrau.ch/de-ch/corporate/investor-relations/kalender/> and are sent to the

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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 Management Board 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 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 2017 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 2017 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 consolidated entity and audits in connection with railway regulations in 2017, amount to CHF 146,300.

8.3 ADDITIONAL FEES

KPMG AG, Gümligen-Bern, has received a fee of CHF 12,000 for additional services.

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 Management Board. 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 Executive Board 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

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