

Management Report

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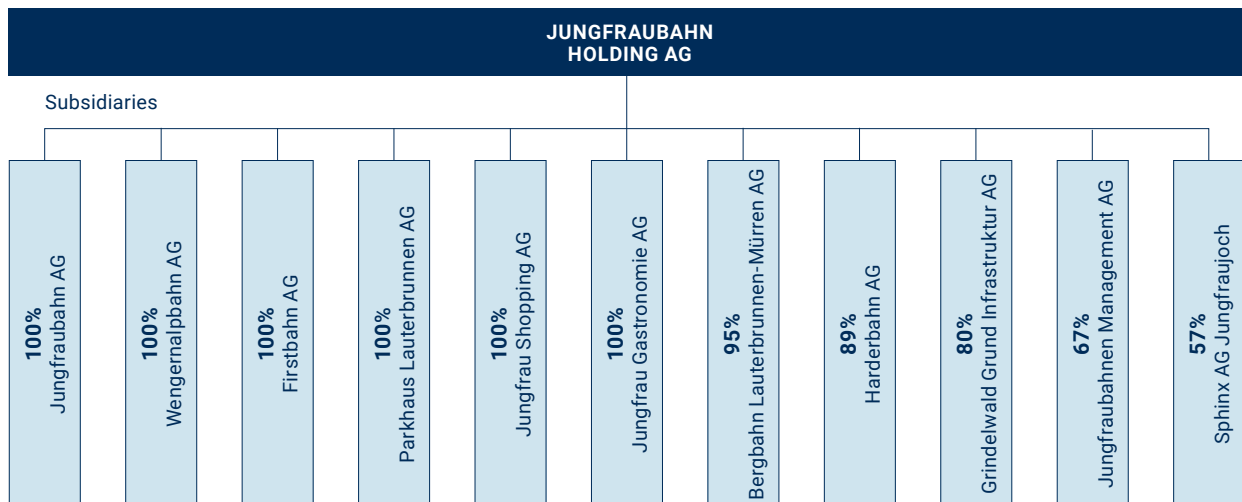


Business model

Corporate structure

The current corporate structure originated in 1994 through the merger of the Jungfrau railway and the Wengernalp railway into Jungfraubahn Holding AG. The initial public offering took place in 1997, and the management company Jungfraubahnen Management AG was founded in 2000. In 2004, Bergbahnen Grindelwald-First AG was merged with Jungfraubahn Holding AG.

The subsidiaries of Jungfraubahn Holding AG cooperate closely with Berner Oberland-Bahnen AG. Collectively, the companies involved operate under the name Jungfrau Railways and under the registered trademark Jungfrau – Top of Europe. The cooperation is ensured by Jungfraubahnen Management AG (shares: Jungfraubahn Holding AG 67%, Berner Oberland-Bahnen AG 33%).



Jungfraubahn Holding AG (parent company)

Jungfraubahn Holding AG is a holding company without any operations. Its business model is defined by tax and financial policy considerations. The holding company holds majority interests in 11 subsidiaries; the registered shares are listed at the SIX Swiss Exchange. The Board of Directors consists of the Chairman and five members that are elected by the General Meeting at yearly intervals.

Jungfraubahnen Management AG

The management company provides the Executive Board elected by Jungfraubahn Holding AG and the Berner Oberland-Bahnen AG with a management infrastructure, including personnel (managers, specialists), which is qualified to manage the Jungfrau Railway Group and to competently exercise management mandates for other affiliated companies, e.g. the Jungfrau Ski Region. Berner Oberland-Bahnen AG has also transferred its management to Jungfraubahnen Management AG under the terms of the mandate. This mandate is exercised with due regard to the interests of Berner Oberland-Bahnen AG and its independence in accordance with the instructions of the Board of Directors and the organisational regulations of Berner Oberland-Bahnen AG. The Board of Directors of Jungfraubahnen Management AG consists of the Chairpersons and Vice-Chairpersons of Jungfraubahn Holding AG and Berner Oberland-Bahnen AG.

The operating consortium benefits from the best possible utilisation of the management resources (personnel, skills, tools) that the management company establishes, maintains and develops for all its clients. Insofar as it coordinates its approach with clients in order to strive for the greatest possible synergies – particularly in marketing, customer service, insurance, quality assurance, compliance management, procurement and IT – it does so as a full-function joint venture of the companies involved.

Jungfraubahn AG

Jungfraubahn AG intends to operate the world-famous cogwheel railway from Kleine Scheidegg to Jungfrau-joch – Top of Europe. Moreover, it operates the Top of Europe shops, which offer a wide range of souvenirs. As of 1 January 2023, it handed over this business area to Jungfrau Shopping AG. The restaurants on Jungfrau-joch and Eigergletscher have been rented to the affiliate Jungfrau Gastronomie AG. The hydroelectric power plant in Lütschental, which is managed by Jungfraubahn AG, produces electricity and performs services in the field of energy supply. The Board of Directors consists of the six members of the Executive Board of the Jungfrau Railway Group.

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	1,200
Catering (leased)	5 Restaurants Jungfrau-joch (seats in total)	730
	3 Restaurants Eiger Glacier (seats in total)	320
Shopping area Top of Europe Shops	Jungfrau-joch	140 m ²
	Flagship Store Interlaken	290 m ²
	Grindelwald Terminal	162 m ²
	Grindelwald First	60 m ²

Wengernalpbahn AG

With the world's longest cogwheel railway, Wengernalpbahn AG serves as a gateway to the excursion and winter sports area of Kleine Scheidegg and as a shuttle service to the world-famous destination of Jungfrauoch – Top of Europe. In the field 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, which have a total of eight chairlifts, and the Eiger Express tricable gondola, which was commissioned in December 2020. The Board of Directors consists of the six members of the Executive Board of the Jungfrau Railway Group.

Company data

Route	Route length (all rack)	19.2 km
	Stations	10
Most important rolling stock	Panorama trains	10
	Double carriage	4
Conveying capacity per hour	Lauterbrunnen (seats/standing places)	512/176
	Grindelwald (seats/standing places)	490/200
	Total	1,378
Eiger Express (tricable aerial cableway)	Conveying capacity	2,200 p/h
	Seats per cabin	26
	Track length	6,483 m
	Altitude difference	1,391 m
Winter sports	Chairlifts	8
	Slope vehicles	11
Catering, accommodation (leased)	2 restaurants (number of seats in total)	550
	Dormitory (number of beds)	90

Firstbahn AG

Firstbahn AG operates the gondola lift from Grindelwald to First – Top of Adventure. Visitors to the excursion mountain, can combine the mountain vista with a spectacular tour of 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. With its five winter sports facilities, half-pipe and the Grindelwald-First Snowpark, the sunniest ski area of the Jungfrau region is popular in winter with locals, freestylers and holidaymakers from all over the world. On First, Firstbahn AG rents out the mountain house with catering offerings and a tourist accommodation centre. The Board of Directors consists of three members of the Executive Board of the Jungfrau Railway Group and two representatives of the mountain community.

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
	Trottibikes (vehicles)	120
Catering, accommodation (leased)	2 restaurants (number of seats in total)	790
	Dormitory (number of beds)	90

Parkhaus Lauterbrunnen AG

Parkhaus Lauterbrunnen AG operates two multi-storey car parks. Thanks to its location at the railway station, the Lauterbrunnen multi-storey car park with its 940 parking spaces and bus terminal is the central transfer point between family-owned transport and the car-free resorts of Mürren and Wengen. On 5 December 2020, the new multi-storey car park belonging to Grindelwald Grund Infrastruktur AG was opened, with 1,000 parking spaces. Parkhaus Lauterbrunnen AG operates this facility in Grindelwald Grund on an agent basis. The Board of Directors consists of three members of the Executive Board of the Jungfrau Railway Group.

Company data

Parkhaus Lauterbrunnen	Parking spaces	940
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Jungfrau Shopping AG

In the 2022 financial year, Jungfrau Shopping AG had not yet launched its operations. As of 1 January 2023, it will take over the business area of the Top of Europe shops from JungfrauBahn AG. The Board of Directors consists of three members of the Executive Board of the Jungfrau Railway Group.

Jungfrau Gastronomie AG

Jungfrau Gastronomie AG operates catering businesses along the main traffic axis to the Jungfraujoch – Top of Europe. The mountain restaurant Kleine Scheidegg was the first business to open on 1 December 2017 in the railway station on Kleine Scheidegg. This was followed by restaurants on the Eigergletscher and Jungfraujoch in November 2019. On 5 December 2020, the production kitchen, the bistro and the e-tron energy bar in the new terminal in Grindelwald Grund as well as the café-bar in the new mountain station Eigergletscher of the 3S Eiger Express gondola were opened. The production kitchen and all restaurants are rented by Jungfrau Gastronomie AG via its sister companies and run under central management based on a holistic concept.

The Board of Directors consists of three members of the Executive Board of the Jungfrau Railway Group.

Company data

Catering (rented)	Restaurants Jungfraujoch (seats in total)	730
	Restaurants Eigergletscher (seats in total)	320
	Restaurants Kleine Scheidegg (seats in total)	550
	Tourist accommodation Kleine Scheidegg (Anzahl Betten)	90
	e-tron energy bar and Bistro (Terminal) (seats in total)	180
Production kitchen (rented)	Size	550m ²

Bergbahn Lauterbrunnen-Mürren AG

Bergbahn Lauterbrunnen-Mürren AG operates an aerial cableway from Lauterbrunnen to Grütschalp and an adhesion railway from Grütschalp to Mürren. The cableway and railway are part of the public transport network ordered by the Canton of Berne and financed by compensation. They connect 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 also leases a restaurant of the same name. The Board of Directors consists of three members of the Executive Board of the Jungfrau Railway Group.

Company data

Lauterbrunnen-Grütschalp cable car	Track length	1,432 m
	Altitude difference	686 m
	Cable car cabin (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

Harderbahn AG

Harderbahn AG operates a cable car from Interlaken to the local mountain Harder Kulm – Top of Interlaken. The entertaining trip, the breath-taking view from an exposed vantage platform over Lake Brienz and Lake Thun as well as the panorama of the three peaks of Eiger, Mönch and Jungfrau all help to create a special experience. A wide range of dishes in the Harder Kulm restaurant complement the offering. The Board of Directors consists of three members of the Executive Board of the Jungfrau Railway Group.

Company data

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

Grindelwald Grund Infrastruktur AG

Grindelwald Grund Infrastruktur AG is the owner of infrastructure built for the V-Cableway project in Grindelwald Grund (terminal and multi-storey car park). It maintains, manages and rents out these facilities. In addition, it has a mandate to provide services for Gondelbahn Grindelwald-Männlichen AG and Wengernalpbahn AG. This includes personnel management, cleaning and operational control as well as the operational management of Gondelbahn Grindelwald-Männlichen AG. Grindelwald Grund Infrastruktur AG is also responsible for the care of the station facilities at the terminal of Berner Oberland-Bahnen AG and for controlling private traffic with respect to parking at Grindelwald Grund. The Board of Directors consists of the three members of the Executive Board of the Jungfrau Railway Group and two members of the Board of Directors of Gondelbahn Grindelwald-Männlichen AG.

Company data

Sales areas (rented)	Total sales areas (thereof 757m ² let within the Group)	2,375m ²
Multi-storey car park Terminal	Parking spaces	1,000

Sphinx AG Jungfrauoch

On Jungfrauoch, Sphinx AG Jungfrauoch owns the plot with the sphinx building and the passenger lift in this building. It intends to have this property used for research purposes by High Altitude Research Station Jungfrauoch and for tourism purposes by Jungfrauabahn AG. The Board of Directors consists of two members of the Executive Board of the Jungfrau Railway Group and the Director of the High Altitude Research Stations Jungfrauoch and Gornergrat International Foundation.

Company data

Sphinx research building	Size	330m ²
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Jungfrau Railway Group

The Jungfrauabahn Group consists of Jungfrauabahn Holding AG and its eleven subsidiaries. Its most important offering is the trip on the unique train to Jungfrauoch – Top of Europe, at 3,454 m above sea level. The main guiding principle is focus on the customer, as part of a broader orientation towards sustainability. In so doing, the Jungfrau Railway Group achieves an attractive positioning in the market for tourists and investors. Moreover, the Group is an important player in the regional economy. In cooperation with other tourism companies and under consideration of the interests of the population, the Jungfrau Railway Group promotes the further development of the Jungfrau region.

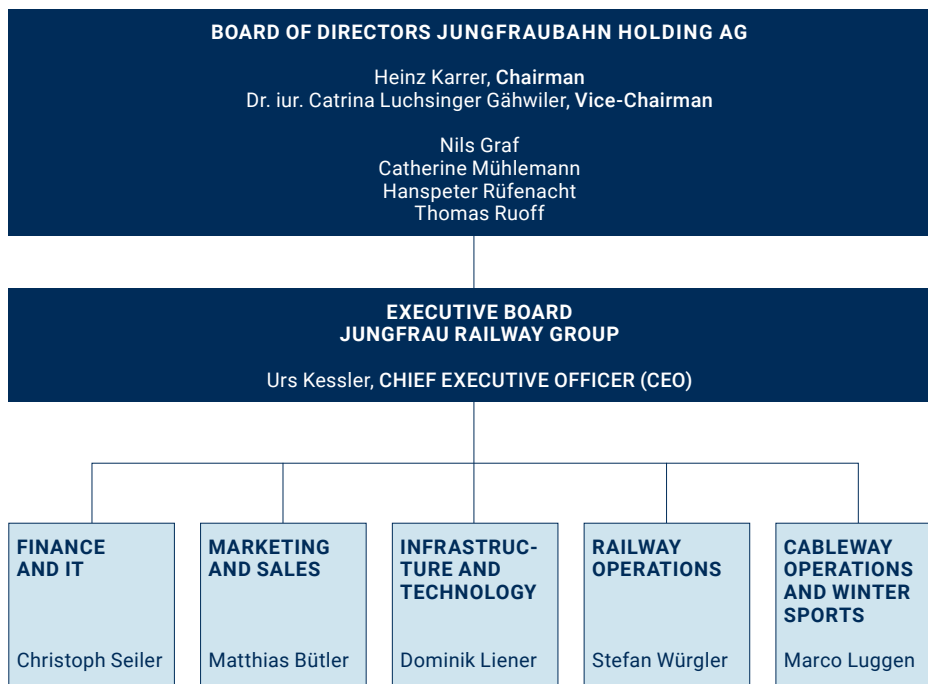
As a leading Swiss tourism business and the largest mountain railway group, it is developing into an integrated recreation and service company. In this context, it draws on

- its entrepreneurial tradition of more than 120 years;
- the vision of its founder to make the unique alpine landscape accessible to the wider population and international tourists;
- its roots in the Jungfrau region; and
- its brand and excellence in service and technology, developed over generations.

Organisation

The Board of Directors of Jungfraubahn Holding AG is the supreme decision-making body. It is responsible for the strategic planning for the entire Group, which it implements throughout the subsidiaries within the scope of legal and real-world feasibility. The Chairman and five members of the Board of Directors are elected General Meeting once a year.

The Executive Board of the Jungfrau Railway Group is employed by Jungfraubahnen Management AG in accordance with the provisions of the Board of Directors of Jungfraubahn Holding AG and the total remuneration framework approved by the General Meeting of Jungfraubahn Holding AG. Since 1 January 2021, the Executive Board has consisted of six members. Personal information on the Board of Directors and Executive Board and their remuneration as at 31 December 2022 can be found in the **remuneration report** and in the **corporate governance** section of this annual report.



Segments of the Jungfrau Railway Group

The business activity of the Jungfrau Railway Group is divided into three segments and other ancillary business fields. In terms of the markets they address, the main segments Jungfrauoch – Top of Europe, Winter Sports and Experience Mountains are basically autonomous providers. The only difference is the international cross-marketing (Jungfrauoch – Top of Europe and Experience Mountains), which enables synergy effects.

Jungfrauoch – Top of Europe segment

The Jungfrauoch – Top of Europe segment is the company's strategic core. The main attraction is the highest railway station in Europe. It is located at 3,454 m above sea level, within the UNESCO World Heritage Swiss Alps Jungfrau-Aletsch. Here, guests can experience a high-Alpine world amidst imposing mountain peaks, glaciers and snow. The cogwheel railway takes visitors from the world over from Lauterbrunnen and Grindelwald to the high-Alpine meeting point at Kleine Scheidegg; the Jungfrau railway takes them on through the massifs of Eiger up to Switzerland's main tourist attraction, Jungfrauoch – Top of Europe. With the Eiger Express tricable gondola, guests can travel from the Grindelwald terminal to the Eigergletscher in only 15 minutes, from where they can directly switch to the Jungfrau Railway. This segment also comprises the catering businesses along the main axis to Jungfrauoch – Top of Europe, the operation of the Top of Europe shops and the letting of the facilities in Grindelwald Grund.

Winter Sports segment

The winter sports facilities around Kleine Scheidegg-Männlichen, Grindelwald-First and Mürren-Schilthorn are part of the Jungfrau Ski Region fare network. With its facilities, Jungfrau Railway Group holds an interest of more than 60% in these. Together with the partner companies, it manages and operates one of the most important ski resorts in Switzerland. The Jungfrau Ski Region earns approximately half of its winter sports income from visitors who spend their winter holidays in the area. The region's breath-taking nature and diversified range of slopes with a variety of long valley runs are renowned around the globe. The ski areas are directly accessible from the historic holiday resorts of Grindelwald, Wengen and Mürren. The region also features a superb winter hiking and sledging offering. In view of the growing demand, this offering has been continually expanded. Day-trippers account for the other half of the winter sports customers and are more focused on sporting activities. This results in a need to ensure the quality of the slopes and the capacity of the access and transport routes (e.g. parking).

Experience Mountains segment

The Experience Mountains are a strategic ancillary offering. The mountain railways and the adventure worlds – some of which were created and are maintained by the mountain railways – form a solid basis for the local tourism industry and the agriculture networked with it. They create added value for the entire region by delivering a reason to stay longer in the area, to stay overnight or to take a traditional sports and hiking holiday in the region. In the effectively strengthened, intact and vibrant environment, our main attraction Jungfrauoch – Top of Europe, too, can be positioned more successfully.

The Experience Mountains segment includes the following attractions:

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

These excursion destinations enhance the regional experience and allow for interesting combinations such as holiday passes and cross-marketing.

Other segments

Power station

The power plant produces about 60 GWh of electricity a year and performs services in the field of energy supply. In this way, it supports the long-term independence of the Jungfrau Railway Group with regard to one of the most important and scarce resources – energy.

Multi-storey car park Lauterbrunnen/multi-storey car park Grindelwald Terminal

Thanks to its location at the railway junction, the Lauterbrunnen multi-storey car park with its capacity of 940 parking spaces is the central hub for transfers between individual transport and the car-free resorts of Mürren and Wengen. The multi-storey car park Grindelwald Grund is directly connected to the terminal. It offers more than 1,000 parking spaces as well as charging points for electric vehicles.

Jungfraubahnen Management AG

The employees of the management and the central services are organised under Jungfraubahnen Management AG. Apart from the operational management of all companies of the Jungfrau Railway Group, Jungfraubahnen Management AG is also responsible for the management of Berner Oberland-Bahnen AG and supervises the office of the Jungfrau Ski Region. The company also owns and operates the central IT systems of the Jungfrau Railways. This company also increasingly generates commission income from online sales, especially of tickets.

Strategic alignment

Integrated leisure and service company

The strategic goal of the Jungfrau Railway Group is to develop from a pure transportation company into an integrated leisure and service company. The demand for tourist offerings that deliver a great variety of experiences in the shortest time possible is on the rise. Therefore, the integration of the service chain is becoming increasingly important. Coordinated services and order processes provides a much easier way of planning and organising a holiday trip for both the tour operator and the individual traveller. The one-stop combination of offerings enables attractive pricing and services/products offered. In this way, the integrated company can make the most of the potential of its customer base. Moreover, the company can independently ensure customer satisfaction and optimise customer benefits more effectively on the basis of a defined quality standard.

Thanks to its various segments, the diversity of the Experience Mountains that it has given access to and its growing integration, the Jungfrau Railway Group is well positioned to offer comprehensive leisure experiences. The integration of the shopping and catering offerings, in particular, contributes to the expansion of the service chain. Jungfrau Gastronomie AG has taken over the restaurants en route to Jungfraujoch – Top of Europe, i.e. on Kleine Scheidegg, Eigergletscher and Jungfraujoch. In the V-Cableway terminal, a bistro, the e-tron energy bar and a production kitchen at a logistically ideal location are in operation to increase the catering efficiency in the main business. In the established shopping segment, the presence is being expanded with shops along the tourist routes, and the range of products is being widened out, e.g. with a cosmetics line.

Any remaining gaps with regard to integration are being closed through cooperation with reliable partners, preferably those based in the region. As far as the catering spaces at various destinations and in Grindelwald Grund are concerned, the Jungfrau Railway Group continues to cooperate with leaseholders. This strategy boosts value creation and results in diversification and broader support of the business by means of an offering that is available all year round.

Market trends/market development and digitisation

The shift from travel groups towards more FITs (= foreign individual/independent traveller) had already started prior to the corona virus pandemic. The pandemic accelerated this trend. To duly address this development, the Jungfrau Railway Group has prepared a FIT strategy from which measures can be derived in order to take this shift into account. The demand for combined offerings that cover the various needs of travellers from different cultures has greatly increased. Moreover, sustainability has become a key criterion for the choice of holiday and excursion destinations. Collaboration with agencies located directly in the markets enables the Jungfrau Railway Group to learn of such changes in the market directly and immediately.

Digitisation plays an increasingly important role to quickly act in line with new inputs and reach these FITs. The booking systems, which serve as an instrument to deliver sufficient capacity, are subject to ongoing optimisation. The website [jungfrau.ch](https://www.jungfrau.ch) addresses FITs who would like to directly book their excursions online. Moreover, independent travel agencies have direct access to the relevant information and offerings to cover enquiries of individual and group travellers to Jungfraujoch – Top of Europe.

The marketing is mainly based on the global direct and individual accessibility of potential customers via the Internet. This creates new opportunities and new ways, especially in the fields of brand management, distribution, customer loyalty and experience design. Especially in social media, the Jungfrau Railway Group is a top player in the tourism industry. On a daily basis, the content on Facebook, Instagram and TikTok is consumed, liked and shared by thousands of people. As digitisation progresses, more agility is possible in product offerings and pricing. Digitised communication and distribution enable rapid implementation of marketing measures introduced at short notice.

The IT concept associated with the keyword "digitisation" aims at the digitised integration of all services that customers use during their journey. The strategy of the integrated leisure and service company is also consistently pursued under the motto "One journey, one ticket".

Brand management

Jungfraubahnen Management AG is the owner of the registered trademarks of the Jungfrau Railway Group. The brand “Jungfrau – Top of Europe” forms the core of the brand strategy. This brand has developed over generations, is known around the globe, and enjoys an excellent reputation in connection with its Swissness. This is the result of the ongoing brand management and reinforcement, which have always played a significant role in the strategy of the Jungfrau Railway Group. This value is preserved even in times of crisis and represents an important basis for marketing the offering around the globe.

Additionally, there are other brands fashioned according to the same pattern (Harder – Top of Interlaken, First – Top of Adventure) plus the mascot Lily, which are registered and protected both in the Swiss trademark register and internationally. Currently, the trademark “Jungfrau – Top of Beauty”, which is used for the new cosmetics line, is being registered in several countries.

Key factors that help increase brand awareness include the cooperation with key sector players, e.g. with Switzerland Tourism, Made in Bern AG, Jungfrau Region Tourismus AG and Interlaken Tourismus (TOI), as well as exclusive partnerships, e.g. with the Swatch Group, Coop, Victorinox and Lindt & Sprüngli.

A group with regional roots

As an integrated and cooperative company, the Jungfrau Railway Group is an important driver of the economic development in the Jungfrau region and generates value for its immediate environment. Its regional roots make it possible to take the interests of the population, the communities and other regional stakeholders into consideration.

In the field of transportation services, the focus is on fulfilling the respective cantonal and federal mandates. The development of tourist traffic contributes to these efforts, enabling a comprehensive offering from which the local population also benefits.

The company constantly endeavours to balance its regional roots with international appeal. However, these two poles strengthen and back each other and support the success of the Jungfrau Railway Group. After all, the further development of the Jungfrau Railway Group is closely linked to the further development of the region.

Sustainability

A sound environment is a precondition for the sustainability of the business model of the Jungfrau Railway Group, which aims at offering visitors a unique mountain experience. Other important aspects include the regional culture and the social integration of the company. The Jungfrau Railway Group takes into account the interests of the stakeholders, develops its employees and always keeps environmental interests in mind since nature is an important resource for the tourism industry. In line with the vision of the founder of Jungfrau Railways, nature is to be preserved and kept accessible for future generations.

To make sure that the goals of the sustainability strategy – which was elaborated by the Executive Board and approved by the Board of Directors – are reached and the sustainability strategy is further developed, the sustainability manager position was newly established. The sustainability strategy of the Jungfrau Railway Group comprises the gradual implementation of the reporting on sustainability measures according to the standards of the Global Reporting Initiative by 2024. Further information on the sustainability measures taken is presented in the **sustainability report**.

Innovation through key strategic projects

A special strength of the Jungfrau Railway Group is a broad spectrum of products and services in a very small space. Customers with a limited travel budget can be addressed with the Experience Mountains. Furthermore, longer stays can be supplemented in a meaningful way, e.g. with excursions to JungfrauJoch – Top of Europe (cross-marketing). Moreover, the rollout of the innovative V-Cableway project has improved competitiveness thanks to shorter travel times. Guests are offered more space, more pleasant visitor guidance and a better overall travel experience. Active, digitally supported guest management is more convenient and helps save time. Railways are able to actively reduce mass gatherings and congestion and make the best possible use of existing capacities. In the modern tourism business, time is a key quality factor. Adventure seekers have just as little appreciation for long transfers with no entertainment value as skiers do for long queues waiting for the ski lift, which take up a valuable part of their skiing day. Speed, capacity and optimum utilisation are among the production factors that have represented a legacy weakness of the mountain railways since their early days. The Jungfrau Railway Group pays special attention to this area and has steadily made improvements, e.g. through more powerful traction units, track upgrades or booking and boarding systems. In the medium and long term, the V-Cableway will ensure a successful future for the entire Jungfrau region as an important year-round destination in Swiss tourism, thereby also securing the livelihood of the local population. Another positive factor for future generations is that, since the V-Cableway is connected to the railway network, it encourages the use of public transportation.

The offerings of the Experience Mountains are especially popular among young Swiss guests and families. The offerings have been upgraded with software adventure options, and the outdoor facilities have been equipped with special features such as a panorama platform or an attractive playground in order to duly accommodate the expectations of these guests.

Most importantly, our services depend on the employees, which are always ready to operate, maintain and clean the facilities on a daily basis. They welcome the guests, give information and provide assistance in the event of emergencies. As courteous hosts, they are the ones who define the company's external image.

One large project in the Jungfrau Railway Group is the upgrade of the adhesion railway of the Lauterbrunnen-Mürren mountain railway. The project comprises the replacement of the rolling stock, the track renewal, the expansion of the Grütschalp station and workshop and the renewal of the Winteregg station and the Mürren railway station. Due to the ending concessions, upcoming innovative projects are the renewal of the First aerial cableway and the repair and modernisation of the public facilities on JungfrauJoch.

Opportunities and risks

Over the last two years, the Jungfrau Railway Group aligned its operations with the three phases of the corona virus pandemic, though it was not possible to predict how long they would actually take. Now that the third and last phase has been reached and tourism has normalised, though with certain structural changes, the Jungfrau Railway Group is set to get used to a “new normal” from 2023, with fewer groups, but more individual guests. Furthermore, guests are increasingly paying attention to quality, especially in terms of accommodations and nature and under consideration of various sustainability criteria.

Opportunities

The Jungfrau Railway Group endeavours to identify and make use of existing opportunities. Currently, the group pursues innovative projects that make good use of the potential for quality improvement in the individual segments. Moreover, the group concentrates on projects that are as holistic as possible, which are planned under consideration of long-term visions for the future. In this way, erratic investments that could turn out to be unsuccessful or superfluous are avoided.

As a result of the pandemic, the guests’ enthusiasm for nature has further increased. The group satisfies this need with a unique offering and the matchless location of Jungfraujoch – Top of Europe in the middle of the UNESCO World Heritage Site Swiss Alps Jungfrau-Aletsch and the breath-taking mountain landscape comprising the Eiger, Mönch and Jungfrau mountains. To preserve this heritage for future generations, a sustainability strategy has been developed, under which necessary measures are continually taken.

Digitisation has made it possible to directly and individually address potential customers worldwide via the Internet. These new approaches are used and expanded especially in the fields of brand management, distribution, customer loyalty and experience design.

Financial and business risks

Financially, the Jungfrau Railway Group is affected especially by exchange rates, which could impair the demand, and higher inflation rates. The cost structure could also be impaired by the performance of energy and raw material prices.

The most effective antidote for demand slumps is a top product, supported by a good brand image. Therefore, brand management is always an important element of marketing efforts. Careful, proactive purchasing can help to counteract energy and raw material cost increases.

Thanks to the long-term financing policy that is geared to equity financing, the Jungfrau Railway Group is rather resilient to interest rate changes. Moreover, equity financing ensures independence even in times of economic hardship.

The volatility of the tourism sector is a central risk for the Jungfrau Railway Group. The tourist demand is greatly affected by external factors such as pandemics, geopolitical security issues as well as exchange rate fluctuations. To protect itself from the volatility of the market, the Jungfrau Railway Group pursues the strategy of broad support in three different segments, supplemented by ancillary businesses. The portfolio is structured in such a way that the diversified businesses support each other. This reduces economic risks and independence is strengthened. This is vital especially in view of the current market situation and will also continue to play a key role in the future.

Business performance

For two years from March 2020, the business of the Jungfrau Group had suffered massively from the negative impact of the coronavirus pandemic. After the last restrictions had been lifted, the situation gradually returned to normal starting from the second half of 2022.

Details of individual segments

JungfrauJoch – Top of Europe

The business success of JungfrauJoch – Top of Europe, the most important segment, directly depends on the number of visitors. In the last years prior to the pandemic, JungfrauJoch – Top of Europe recorded more than one million guests a year, many of them being group travellers from various Asian countries. From March 2020, this demand stopped entirely. However, thanks to active marketing efforts in Switzerland and neighbouring countries, about 360,000 visitors a year were recorded in 2020 and in 2021.

The demand from intercontinental markets remained below pre-crisis level in the first quarter of 2022. Starting from the second quarter, it gradually recovered. Thanks to the return of individual travellers from the Asian source markets in the second half of the year and the first group travellers in the last quarter, the shortfall compared to the pre-crisis level dropped continually. In December 2022, the number of guests who visited JungfrauJoch – Top of Europe was again the same as before the crisis. In total, 625,000 visitors were counted in the year under review, about 40% fewer than before the crisis.

In view of the performance in the second half of 2022, the management is full of optimism for the future. Thanks to the new access route with the Eiger Express, excursions to JungfrauJoch – Top of Europe have become even more attractive. This is clearly shown by the guest feedback from all markets. The pandemic has accelerated the shift from group travelling to individual travelling. The investments made by Jungfrau Railways in new sales systems and the connection of new sales channels have already started yielding beneficial returns. The JungfrauJoch – Top of Europe segment generated sales of CHF 128.2 million and EBITDA of CHF 47.3 million.

Experience Mountains

In 2022, the business performance of the Experience Mountains was extremely successful: While the Lauterbrunnen-Mürren mountain railway returned to pre-crisis levels, both the First aerial cableway and the Harder railway achieved record figures.

As a result of the clear positioning established over the years, a very high number of individual travellers from abroad visited the Experience Mountains from May 2022. Apart from high frequencies on the railways, this also resulted in higher average income from tickets and higher sales in the catering businesses rented out. Record sales were recorded for the soft adventure offerings on Grindelwald-First. The Experience Mountains generated sales of CHF 37.4 million and EBITDA of CHF 23.8 million.

Winter Sports

Thanks to the abundance of snow in the winter of 2021/2022 and the persistently good weather from February 2022 until the end of the season, the winter sports conditions were perfect, and the demand of winter sports guests was high. After the winter sports activities had suffered from the pandemic-related restrictions in the catering sector, there was a noticeable need to catch up. These factors as well as the novelty effect of the state-of-the-art V-Cableway facilities enabled the company to gain market shares and reach the levels of the record season 2007/2008.

The situation was quite different at the beginning of the winter season 2022/2023. The winter sports regions suffered from the heat and the lack of snow. The start into the season was also impaired by the highly critical media reporting, which was overshadowed by the energy crisis. Thanks to the well-developed snowmaking systems and the V-Cableway, the year-on-year decline in ski visits was moderate.

In terms of the calendar year, Winter Sports achieved its highest transportation revenue ever: CHF 30.4 million. It is also noteworthy that more than 33,000 Top4 ski passes were sold for the 2022/2023 season. In 2022, the Winter Sports segment generated sales of CHF 42.1 million and EBITDA of CHF 11.7 million.

Notes to the consolidated financial statements

In 2022, the transportation revenue of the railways and cableways of the Jungfrau Railway Group amounted to CHF 139.2 million, representing a year-on-year increase of 77%. On a segment basis, JungfrauJoch – Top of Europe contributed CHF 81.8 million (+ 88%) to this result, the Experience Mountains CHF 27.0 million (+ 80%) and Winter Sports CHF 30.4 million (+ 50%).

The compensation received for the transport services ordered by the public sector on the Lauterbrunnen-Wengen and Lauterbrunnen-Mürren routes amounted to CHF 14 million, CHF 5.1 million more than in the previous year. The increase mainly resulted from the lower income expectations due to the pandemic years. However, in view of the rapid recovery of the demand in the reporting period 2022, the compensation will drop in the coming years.

The income from the sale of electricity increased by 9%, because more power was produced and sold. Thanks to the higher number of guests, the sales in the catering business and Top of Europe shops increased to CHF 12.4 million and CHF 8 million, respectively. Other types of income, too, were much higher than in the previous year. In total, the operating income amounted to CHF 214.1 million, representing an increase of CHF 83.4 million or 64% compared to the previous year.

Operating expenses went up by 18% to CHF 120.3 million compared to the previous year. Compared to the previous year, personnel expenses increased by 14% to CHF 63.9 million, mainly due to lower compensation received for short-time work. After two years of pandemic with a lot of short-time work throughout the company, this measure was cancelled in the last areas as of the end of the first quarter. Due to the sales increase in catering and in the Top of Europe shops, the cost of goods went up by CHF 3.3 million to CHF 6.4 million. Thanks to long-term energy supply contracts, the increase in energy purchases was kept low despite the energy crisis. Other operating expenses increased by CHF 6.4 million to CHF 46.8 million.

Compared to the previous year, EBITDA more than tripled to CHF 93.8 million. The depreciation and amortisation of CHF 42.3 million include one-time special depreciation of decommissioned rolling stock amounting to CHF 3.2 million. EBIT amounted to CHF 51.5 million. After taxes amounting to CHF 8.4 million and extraordinary income of CHF 1.6 million, which comprises short-time work compensation granted retroactively for the years 2020 and 2021 for leave and holidays shares of employees who receive monthly salary, the annual profit amounted to CHF 44.4 million.

The Jungfrau Railway Group was able to step up the cash flow from operating activities by CHF 47.3 million to CHF 87.3 million. In the year under review, investments amounted to CHF 28.9 million. Accordingly, the free cash flow amounted to CHF 58.4 million.

The largest ongoing investment project is the upgrade of the adhesion railway of the Lauterbrunnen-Mürren mountain railway. In 2022, a total of CHF 11.5 million were invested in this project, CHF 7.4 million of which were directly financed by the canton of Bern by way of increase of an interest-free investment loan. The Wengernalp railway invested CHF 6.0 million in new rolling stock for the Wengen shuttle, which will go live in December 2023. This investment, too, was directly financed by the ordering parties.

The high cash flow enabled Jungfrau Holding AG to fully pay back all non-project-related bank loans subject to interest. Moreover, cash and cash equivalents increased by CHF 23.5 million to CHF 41.3 million. With an equity financing ratio of 76% and equity of CHF 640 million, the balance sheet is very healthy.

The Jungfrau Railway Group quickly found its way back from the pandemic to normal operation. This is evident from a comparison of the figures of 2022 with those of 2019, the last year prior to the pandemic. For example, the transportation revenue in 2022 was only 14% or CHF 22.6 million below the level of 2019. The cost savings measures taken during the pandemic continued to have a positive effect in 2022. The operating expenses were the same as in 2019. Since then, the Jungfrau Railway Group has commissioned the Eiger Express, the Grindelwald terminal and multi-storey car park as well as core elements of the V-Cableway, and it has further developed its catering and souvenir business, thereby greatly expanding its business activity along the value chain. EBITDA was still 9% and the annual profit 17% under the record year of 2019.

By 31 December 2022, the Jungfrau Railway Group had fully paid back all interest-bearing advances for the financing of rolling stock in the amount of CHF 6.1 million, except for a bank loan of the Bergbahn Lauterbrunnen-Mürren AG. After two years of the pandemic and only two years after the go-live of the V-Cableway project, the largest investment project in the history of the Jungfrau Railways.

Financial goals

The strategic financial goals of the Jungfrau Railway Group reflect the long-term orientation of a value-oriented company. In the future, the Jungfrau Railway Group will continue to strive for development and financing based on solid results. Wherever possible, investments are to be financed from self-generated funds. Interest-bearing debt capital is only raised in a limited scope and only for operational investments. The Jungfrau Railway Group thus underlines its claim to be soundly financed and to be able to act independently of external lenders at all times. In addition, this expands the leeway for the payment of dividends.

Before the outbreak of the pandemic, the Board of Directors had adjusted the financial targets of the Jungfrau Railway Group for the period after the go-live of the V-Cableway.

Due to the dramatic financial slump as a result of the pandemic, the goals were not reached in the past two years. In the financial year 2022, however, the Jungfrau Railway Group was back on track

Key figure	Target	2022
Return on sales	≥ 18%	20.7%
EBITDA margin	≥ 40%	43.8%
Payout ratio ¹	35%–60%	48.2%
Cumulative free cash flow 2014–2023	≥ CHF 150 Mio.	–8.3 Mio.
Interest-bearing borrowed capital	≤ 10%	0.7%

¹ Based on the latest proposal for the appropriation of profits.

Share information

Listing	SIX Swiss Exchange
Security number	1787578
ISIN code	CH0017875789
Ticker symbol	JFN
LEI (Legal Entity Identifier)	5067009MCPE99B3E4489
Shares with dividend entitlement	All, except treasury shares
Provisions concerning voting rights	All registered shareholders have full voting rights.
Major shareholders	See corporate governance report

Information per registered share

Information per share ¹ in CHF	2022	2021	2020	2019	2018
Nominal value	1.50	1.50	1.50	1.50	1.50
Voting rights	1	1	1	1	1
Net result ²	7.47	-0.08	-1.58	9.08	8.21
Dividends (2021: proposal) ³	3.60	0.00	0.00	0.00	2.80
Equity ²	108.88	101.51	101.63	103.31	96.90
Stock market price					
High	147.80	149.20	176.20	167.00	167.50
Low	107.40	126.40	99.40	130.50	123.50
Year-end price	124.00	134.20	137.20	165.00	125.50
Market capitalisation at year-end (in MCHF)	723.5	783.1	800.6	962.8	732.3
Key data¹					
Price/earnings ratio	16.60	-1,677.50	-86.76	18.17	15.28
Price/equity	113.9%	132.2%	135.0%	159.7%	129.5%
Payout ratio ³	48.2%	0.0%	0.0%	0.0%	34.1%
Dividend yield ³	2.9%	0.0%	0.0%	0.0%	2.2%

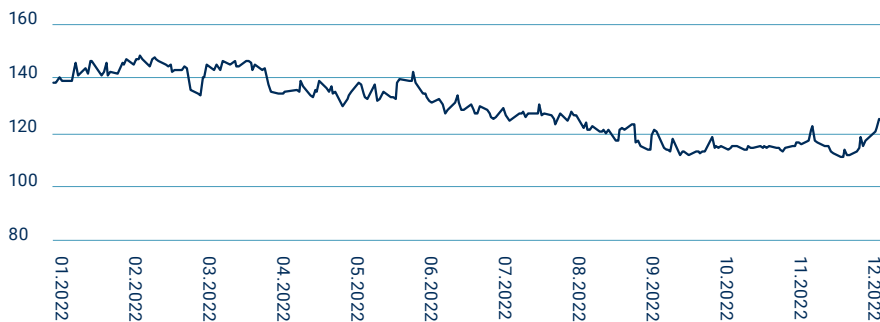
1 Based on year-end prices, calculated from the total portfolio of 5,835,000 issued shares.

2 Calculated on the share of the shareholders of Jungfraubahn Holding AG.

3 Based on the latest proposal for the appropriation of profits.

Share performance

in CHF



Dividend policy and dividend proposal

The Board of Directors has determined a dividend payout target of 35 to 60% of the respective consolidated profit. With its dividend proposal of CHF 3.60 per share, the Board of Directors takes into consideration both the defined dividend policy and the fact that due to the onset of the pandemic, no dividend was paid out in spring 2020 despite the record profit generated in 2019.

Calendar 2023

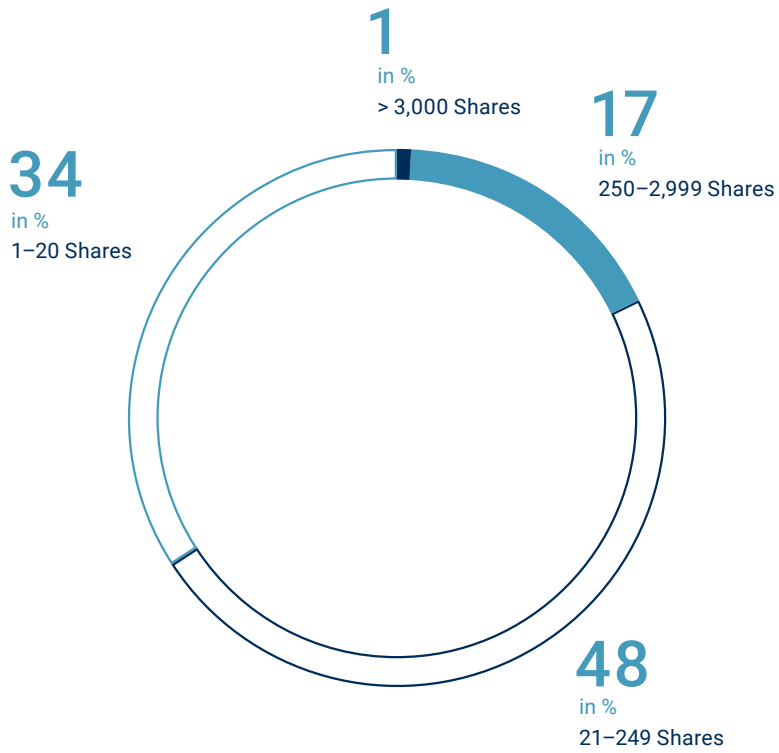
05.04.2023	Publication of the annual financial statements and annual report 2022
20.04.2023	Despatch of the documents for the Annual General Meeting
05.05.2023	Closure of the share register
15.05.2023	Annual General Meeting, Congress Centre Kursaal Interlaken (2 p.m.)
17.05.2023	Ex-dividend date
22.05.2023	Value date dividend
31.08.2023	Announcement of the semi-annual financial statements 2023

Shareholder offering and shareholders' club

All registered shareholders benefit from a yearly shareholder offering. In late February 2023, a voucher for a day ticket on the Lauterbrunnen-Mürren mountain railway was sent out.

All shareholders who hold at least 250 shares are part of the shareholders' club. Everybody who is listed in the share register of Jungfraubahn Holding AG with at least 250 shares as of the cut-off date (next date: 1 October 2023) automatically joins the club. The great trust that the shareholders place in the company is to be rewarded with special conditions that are announced on the Internet.

Shareholder structure (number)



Shareholder structure (capital)

