Financial Report 2019

With figures that make every question answer

642 EUR m
Investitionen
(exclusive financial investments)

299 EUR m
Profit before tax

31.2%
Equity ratio

11,413 EUR m
Asset values

3,028 EUR m
Revenue

WIENER STADTWERKE

Contents

Reporting period 2019

Standards and guidelines

All data and bases of calculation in this operating review are in accordance with international accounting standards (the International Financial Reporting Standards, IFRS). Monetary values are presented in millions of euros (EUR m). Disclosures in millions of euros may be subject to rounding differences. In some cases, meaningful year-on-year comparison of items and indicators (both financial and non-financial) may only be possible to a limited extent due to the changeover to IFRS reporting (2018: Austrian Business Code, UGB).

Group operating and financial review

2019

Contents

Group operating and financial review

1. Operating activities

The Wiener Stadtwerke Group is a modern infrastructure service provider, and is one of Austria's largest conglomerates, investors and employers. Its business operations are broken down into Energy, Energy Grids, Transport, Funeral Services and Cemeteries, and Car Parks divisions. The Energy and Energy Grids divisions are made up of Generation, Distribution and Grid Operation departments which have the prime function of maintaining secure electricity, gas and district heating and cooling supplies. Wiener Stadtwerke also provides comprehensive public transport (Wiener Linien and Wiener Lokalbahnen), funeral and cemetery management, and car park services (WIPARK). The quality, reliability and safety of the Group's services plays a major part in Vienna's internationally acclaimed quality of life, which is attested to by independent studies.

ENERGY

Wien Energie GmbH is Austria's largest regional energy supplier, and provides over two million people, some 230,000 small and medium-sized businesses, industrial plants and public buildings, and around 4,500 agricultural enterprises in Vienna, Lower Austria and Burgenland with electricity, natural gas, district heating and cooling, and innovative energy services. Wien Energie generates electricity and heat from renewable energy sources, energy from waste plants, and high-efficiency combined heat and power (CHP) plants. It is also active in the telecommunications sector, and provides other energy and infrastructure-related services.

ENERGY GRIDS

Wiener Netze GmbH is Austria's largest combined system operator. It runs Vienna's electricity, gas and district heating distribution grids, and a telecommunication network. It delivers reliable energy transportation services around the clock, 365 days a year. With 99.99% reliability, it is one of the best and most secure providers anywhere in the world. Wiener Netze and its approximately 2,300 employees ensure that 2.1 million customers in Vienna and the surrounding area have uninterrupted access to energy round the clock.

Provision of reliable supplies for households and businesses is among its core tasks. Wiener Netze is also responsible for grid strategy and grid planning, as well as the changeover to smart metering in Vienna and the surrounding area. Going forward, the company will be looking to extend its energy supply leadership – particularly in its role as a key driver of the energy transformation – by pursuing sustainable policies and innovative ideas.

TRANSPORT

Wiener Linien GmbH & Co KG is Vienna's leading transport operator, and reports directly to the City of Vienna on public transport matters. Besides operating underground, tram and bus lines, it carries out a wide range of traffic management functions including service and interval scheduling, route and stop planning for all transport modes, sales and marketing, and operational control. In addition, it provides the infrastructure and vehicle fleets required for services, and is responsible for their maintenance.

This remit enables the company to provide an integrated public transport network in Vienna, making contemporary, urban transport solutions as straightforward and attractive as possible.

At the same time, it is tasked with offering passengers good value for money whilst maintaining and enhancing service quality. Major focus areas for the coming years are construction of the U2/U5 intersection, introduction of driverless underground trains and expanding the tram network. It is also set to move still further towards evolving into an integrated mobility service provider.

The Wiener Lokalbahnen Group runs a double-track, fully electrified railway line between Vienna and Baden. Integrated into Verkehrsverbund Ostregion (Eastern Region Transport Association, VOR), the Badner Bahn covers one of the most important commuter links in southern Vienna and the surrounding area. Services on the Badner Bahn route are operated on behalf of the Austrian government and the provinces of Vienna and Lower Austria. Inside the city limits it partly shares the Wiener Linien track network.

Wiener Lokalbahnen GmbH (WLB) also runs passenger services outside its core route, three regional bus routes serving Mödling and Baden and three local bus routes in Baden.
Wiener Lokalbahnen also operates transport and private travel services for people with restricted mobility through Wiener Lokalbahnen Verkehrsdienste GmbH (WLV). Wiener Lokalbahnen Cargo GmbH (WLC) organises intermodal block train

shipments across Europe, as well as international block train transports of conventional wagonload freight.

FUNERAL SERVICES AND CEMETERIES

Bestattung Wien GmbH is the largest business of its kind in Austria, and one of the biggest in Europe. Since its formation in 1907 it has conducted over two million funerals and organised repatriations from locations all over the world. Bestattung Wien operates 15 funeral homes in Vienna. The company's specially trained staff provide thorough advice, and arrange fitting customised funeral services in accordance with the wishes of the bereaved. Their wealth of experience and high customer service standards are reflected in ISO 9001 quality certification.

Bestattung Wien GmbH's services range from comprehensive support for arranging burials, providing assistance with official formalities and financial planning, to ensuring that friends and relatives have as little as possible left to do following the death of a loved one. It also offers special services including memorial diamonds, traditional horse-drawn hearses, death masks, natural burials, burials at sea and memorial urns.

Friedhöfe Wien GmbH administers 46 cemeteries in the city, with over 550,000 graves. The firm also has cemetery gardening and memorial masonry businesses. With an area of about 2.5 square kilometres and some 330,000 graves, Vienna's Central Cemetery is the city's largest and Europe's second-largest.

CAR PARKS

WIPARK Garagen GmbH operates and manages multi-storey and open-air car parks of all kinds, as well as planning and executing projects related to parking space management and the construction of multi-storey car parks.

2. Corporate strategy

The Wiener Stadtwerke Group is a cornerstone of Vienna's regional economy, and an attractive employer for a workforce of about 14,888. It makes a key contribution to the city's quality of life, economic performance and attractiveness as a business location. Wiener Stadtwerke carries out its responsibilities a corporate citizen with a clear focus on economic effectiveness and efficiency. Only a financially sound business can deliver energy supply security, provide the people of Vienna with sustainable, high-quality products and services, and make far-sighted investments in future-proof infrastructure.

As a highly diversified group, Wiener Stadtwerke is in part confronted with widely diverging legal and trading environments. Because of this it manages its subsidiaries according to targets and performance indicators that are tailored to each individual operation.

To help meet these requirements, long-term financial stability and support for Vienna on the road to becoming a smart city are enshrined in the Wiener Stadtwerke Group's corporate strategy as central goals. Meeting these goals will both lay the groundwork for essential investments in energy, networks, transport, funeral services and cemeteries, and car parks, and play a major part in increasing the – already outstanding – quality of life in Vienna. In particular, Wiener Stadtwerke will seek to implement the City of Vienna's Smart City framework strategy by acting to upgrade urban infrastructure, combat climate change and promote innovation.

The Group's corporate strategy places customers' needs at the heart of all its efforts. The Wiener Stadtwerke businesses are all geared to the Group's common aim of acting as a one-stop provider of infrastructure services in Vienna. This function as a central point of contact and single-source service provider in the greater Vienna area is being reinforced by closer cooperation and leveraging synergies within the Group, optimisation of internal processes and efficiency, and efforts to embed a performance-driven ethos in the corporate and leadership culture.

Wiener Stadtwerke intends to remain an attractive employer, and together with its workforce it means to play a pivotal role in building a smarter Vienna, and act as an innovative and stable partner that the entire population can rely on to provide urban infrastructure and services.

3. Legal and economic environment

Economic environment

The Austrian economy grew by 0.3% quarter on quarter in the final three months of 2019. This was a marked slowdown following a period of strong growth that began in spring 2018. The drop-off in industrial growth from the start of 2019 onwards was particularly pronounced. Domestic demand and foreign trade both contributed to GDP growth in the fourth quarter. Full-year growth in 2019 was 1.7%. The labour market benefited from the strong expansion. The unemployment rate fell to 7.4% in 2019 (down by 0.3 percentage points year on year), although this was still higher than before the financial and economic crisis.[1]

Austrian CPI inflation was 1.4% in December – slightly lower than the eurozone average. The prices of energy, food and services all rose, as did housing costs. The core annual inflation rate in December was 1.5%.[2]

The US Federal Reserve cut its key rate several times in 2019 (from 2.13% in Q1 to 1.63% in Q4), but the European Central Bank (ECB) maintained its highly expansionary monetary stance, which was aimed at lifting inflation to the price stability target of 2%. In order to reach this target, the ECB cut its policy rate to 0% in March 2016. There has been no change since then, and at the same time the ECB's public sector securities purchase programme has been extended and expanded.[3]

This economic backdrop, together with new suppliers and generators on the liberalised energy market, and ambitious climate and energy targets, poses tough tests for Wiener Stadtwerke. These challenges can only be met by working relentlessly to develop innovative new services and products, providing optimum care for existing customers, and constantly boosting efficiency.

In most cases, Group companies must compete in liberalised and/or regulated markets. For example, the sales markets of Wien Energie GmbH and its subsidiary Wien Energie Vertrieb GmbH & Co KG are fully exposed to competition, but Wiener Netze's electricity and gas network tariffs are set by the national regulator, E-Control Austria (ECA).

1) Sources for GDP and employment: Austrian Institute of Economic Research (WIFO) and Austrian Public Employment Service (AMS)
2) Sources for inflation: WIFO and Austrian Federal Economic Chamber (WKO)
3) Source for key interest rates: www.finanzen.net/leitzins (German only)

Legal environment

General Data Protection Regulation

The Wiener Stadtwerke Group began working on the organisational and technical measures needed to implement the General Data Protection Regulation (GDPR) in 2017, and has put data protection structures and the necessary processes in place. The Group-wide data protection committees (the data protection working group and the cross-company data protection committee) have also continued their efforts to promote the sharing of knowledge between the Group companies. Matters related to data protection which concern several Group companies are addressed in these bodies in order to develop uniform quality standards. The Group companies are responsible for ensuring that records of processing procedures and overviews of contracts concluded with third-party processors are regularly updated, and that data protection-related documentation is reviewed as required. In 2019 the Group's websites were assessed in terms of their compliance with the GDPR and adapted accordingly. At present, the Group is examining the possibility of using the software provided by WienIT for the processing procedure records at all of the Group companies. In future, the Group will keep a centralised and standardised record of all declarations of consent and withdrawals of consent received, which will enable automated evaluation of such declarations. Twice a year, each Group company management board and the Group Management Board receive reports on measures taken in connection with data protection, training courses held, requests received for access to or erasure of data, and any data breaches.

Divisional operating environments

ENERGY

EU energy and climate policy

The Paris Agreement signed at the United Nations Climate Change Conference (COP21) in December 2015 is central to topics related to energy policy and energy legislation at EU level. The agreement establishes an obligation to reduce greenhouse gas emissions by at least 40% compared with 1990 levels, in order to achieve the international target of limiting global warming to below 2°C.[4] The "Fridays for Future" movement is currently another driver of climate-protection efforts.

The European Commission set out its strategic long-term vision for 2050 under the title 'A Clean Planet for All'. This outlines pathways for achieving climate neutrality which bring together various policy areas.[5]

Clean Energy Package

The legislative process for implementation of the 'Clean energy for all Europeans package' continued in 2019.[6] This will require transposition into national law, as well as national implementing measures over the coming years. The conditions for capacity payments to CO_2-emitting power plants will depend on the future structure of the electricity market. The overall distribution of power station capacity in Europe will play a particularly important part in ensuring security of supply, especially in light of Germany's planned exit from coal-fired generation.

EU climate strategy from 2020: A European Green Deal

The future energy policy framework will depend heavily on the European Union's climate strategy. Before taking office on 1 November 2019, the new Commission President announced ambitious EU energy and climate targets, most notably a further cut in greenhouse gas emissions by 2030, from the current 40% compared with 1990 to at least 50% and towards 55%.[7] The aim is to achieve this by means of higher EU targets for the growth in renewable energy and the extension of the Emissions Trading System. A strategy paper has been announced that is intended to clarify how far and in what way the legal framework will actually be adapted. The question of financing also still needs to be addressed.

Austrian energy and climate policy

Energy policy and the legal environment in Austria is set out in the government's #mission2030[8] Climate and Energy Strategy, which was adopted in May 2018.[9]

From an energy-policy perspective, 2019 was a year of interim solutions. Due to political developments, including the swearing in of a transitional government, the legislative moves aimed at creating the framework and incentives for essential infrastructure measures and investment were not initiated. These relate mainly to the expansion of renewables as well as measures designed to ensure fail-safe electricity supply, in particular securing supplies from thermal generating stations including CHP plants, and suitable storage technologies. In terms of green power, initiatives were limited to minor legislative amendments passed in October 2019.[10] This was essentially a transitional solution that will allow waiting lists for renewable energy to be processed, and also sets subsequent tariffs, including for biomass plants.

The new People's Party-Green Party coalition government presented its policy programme for 2020-2024 at the end of 2019.[11] The chapter on climate change and energy referred to European and international efforts to combat climate change under the Paris Agreement and the EU's Green Deal, and also contained policy declarations and commitments to expand renewable power generation.

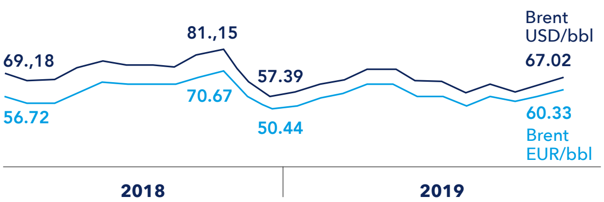
4) Source: https://www.consilium.europa.eu/en/press/press-releases/2015/09/18/counclusions-un-climate-change-conference-paris-2015/
5) Source: https://www.consilium.europa.eu/en/press/press-releases/2019/05/22/clean-energy-for-all-council-adopts-remaining-files-on-electricity-market-and-agency-for-the-cooperation-of-energy-regulators/
6) Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (recast), OJ L 158/125, 14.6.2019; Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast), OJ L 158/54, 14.6.2019; Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC, OJ L 158/1, 14.6.2019; Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (recast), OJ L 158/22, 14.06.2019
7) Source: https://mk0positionencfuw60h.kinstacdn.com/wp-content/uploads/2019/12/european-green-deal-communication_en.pdf
8) https://mission2030.info/, accessed on 13 Jan. 2019.
9) https://mission2030.info/, accessed on 13 Jan. 2019.
10) Änderung des Ökostromgesetzes 2012 (ÖSG 2012) (Amendments to the Green Electricity Act 2012), FLG I 2019/97
11) Aus Verantwortung für Österreich, Regierungsprogramm 2020 – 2024 ("Taking Responsibility for Austria – Government Programme 2020-2024"), https://www.wienerzeitung.at/_em_daten/_wzo/2020/01/02/200102-1510_regierungsprogramm_2020_gesamt.pdf, accessed 7 Jan. 2019 (German only)

Weather conditions

2019 was an extremely warm year, continuing the trend of recent years. According to the preliminary annual climate report by the Austrian Central Institute of Meteorology and Geodynamics (ZAMG), 2019 was the third-warmest in the Institute's history, which goes back over 250 years. Temperatures in 2019 were around 1.6°C higher than the climatological mean for 1981-2010. Temperatures were above average in all months in 2019 except January and May, and Austria had its warmest June on record, with temperatures 4.7°C above the climatological mean. The number of hours of sunlight in Austria was 6% higher than in an average year, while precipitation in the country as a whole was around the average, although there were some significant regional differences.[12] During the reporting period, total heating degrees – the metric normally used in the energy sector for temperature-driven energy demand – in Wien Energie's supply area were 12.4% below the average for the past 30 years.

Demand and price trends

CRUDE OIL PRICE MOVEMENTS USD/bbl and EUR/bbl

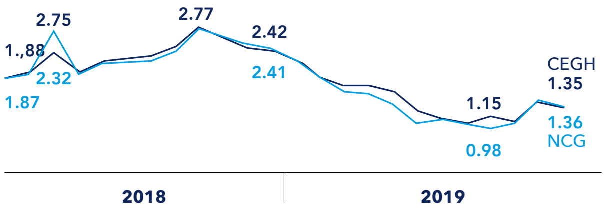


Source: Thomson Reuters (ICE monthly average)

Oil prices climbed to around USD 81 per barrel (bbl) in autumn 2018 – the high point in 2018/2019. The rise was mainly driven by the upturn in the global economy. In addition, US sanctions against Iran sparked geopolitical uncertainty, pushing oil prices to new highs. Amid fears that the world economy would start to cool off sharply, there was a significant price correction at the beginning of October 2018, and by December 2018 oil prices had slumped to an average of USD 57/bbl. Prices recovered slightly in the course of 2019, standing at just over USD 67/bbl at the end of December. OPEC's decision to rein in supply has not yet had an impact on prices.

12) https://www.zamg.ac.at/cms/de/klima/news/2019-eines-der-drei-waermsten-jahre-der-messgeschichte (German only)

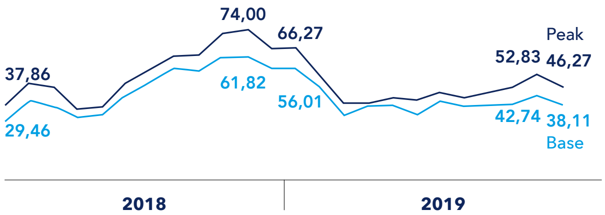
NATURAL GAS PRICE MOVEMENTS EUR ct/kWh



Source: Thomson Reuters (EEX NCG) and Wien Energie Energiewirtschaft

The start of 2018 saw sharp price increases. The cold snap in February 2018 and the resulting demand for energy caused spot gas prices to jump as high as 10ct/kWh for a short period. Subsequent injections into storage caused prices to rise to 2.77ct/kWh (EEX monthly average price) by September 2018. As a result of the high prices seen in 2018, large quantities of liquefied natural gas (LNG) were imported into Europe up to the start of July 2019. The current low prices are an indication of gas oversupply. Due to this, as well as the mild weather in December, Europe's gas storage facilities are well stocked. In parallel, high coal prices are leading to a switch from coal-fired to gas-powered electricity generation, which in turn has sparked stronger demand for gas. The agreement on gas transit between Russia and Ukraine helped to calm uncertainty on the market.

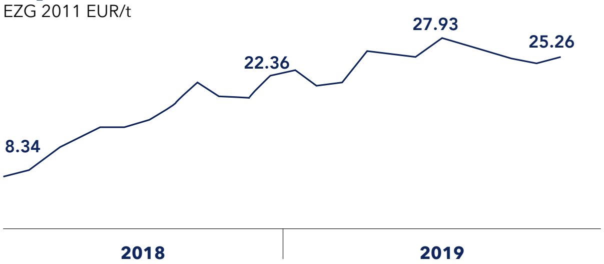
ELECTRICITY PRICE MOVEMENTS EUR/MWh



Source: Base/Peak (EEX market price monthly average)

Electricity base load contract prices stood at about EUR 56/MWh and peak contracts at EUR 66/MWh at the beginning of 2019. The separation of the Austrian and German bidding zones had an impact on prices again during the reporting period; however, prices in the two zones converged more frequently in 2019 than in the previous year. Average prices in Austria were EUR 3.40/MWh higher than those in Germany. Although electricity prices dropped during 2019, they remained within the range seen since October 2018. In December 2019, electricity base load contract prices were EUR 38/MWh, with peak contracts at EUR 46/MWh. The combination of high CO_2 prices and low gas prices played a significant part in prompting electricity generators to switch fuels from coal to natural gas. In general, gas-fired generation results in higher electricity prices.

CO_2 EMISSION ALLOWANCE PRICE MOVEMENTS
EZG 2011 EUR/t



Source: Thomas Reuters (ICE monthly average)

CO_2 prices climbed from EUR 8/tonne (t) to EUR 22/t in 2018. This was due to enhanced legal certainty in phase 4 of the EU ETS (2021-2030 trading period), as well as the Market Stability Reserve, and rising demand for emission allowances. Prices continued trending upwards during the reporting period, reaching around EUR 25/t in December 2019. Carbon prices are a key driver of electricity prices and gas demand; this has remained the case against the backdrop of the fuel switch described above. Future price trends will depend heavily on political factors, not least the impact of Brexit and Germany's exit from coal-fired generation, as well as the "Fridays for Future" movement.

ENERGY GRIDS

Wiener Elektrizitätswirtschaftsgesetz (Vienna Electricity Industry and Organisation Act) 2005

The effective date of the 2018 amendment to the definition of a metering point was changed. Under the amendment to section 7(1)(83) Electricity Act set out in the Green Electricity (Amendment) Act 2017, the consolidation of metering points at facilities subject to the Strassenbahnverordnung (Tram Order) was deemed to be permissible from 2 March 2011.

Biomasseförderung-Grundsatzgesetz (Biomass Support Enabling Act) (FLG I No. 43/2019, 28 May 2019)

This act amended the modalities for the offtake of and compensation for energy produced from biomass, which was previously regulated directly under Austrian federal law. This matter is now subject to an enabling act, with implementation delegated to the federal provinces. In addition, distribution system operators (DSOs) will be obliged to withdraw and market the energy produced. However, DSOs also have the option to enlist third parties to meet this obligation. The provincial legislatures in Vienna and Lower Austria have already implemented the act, while Burgenland is still to pass the implementing legislation. Like all other distribution system operators subject to the act, Wiener Netze has commissioned OeMAG to handle withdrawal and compensation.

Electricity system charges – appeals against cost review notices

Wiener Netze GmbH lodged appeals against the electricity cost review notices for 2014-2018. The dispute relates to its treatment in the benchmarking exercise, as well as the capital structure regarding the non-influenceability of pension obligations. The appeals regarding the 2014, 2015, 2016 and 2017 tariff years were dismissed by the Federal Administrative Court. A similar decision is expected regarding the appeal against the 2018 notice. This verdict will not have an effect on past or future electricity tariffs, as accounting and budgeting were carried out in accordance with the principle of prudence. None of the disputed points are part of the cost review notices from 2019 onwards, so there are no legal proceedings outstanding. Wiener Netze filed a final complaint against the verdicts with the Supreme Administrative Court (an ordinary final complaint is permitted).

TRANSPORT

A number of topics of importance for Wiener Linien GmbH & Co. KG were dealt with at EU level. Over the coming years, the new European Commission will focus on three core topics: climate protection, digitalisation and economic stimulus. In addition, at the end of 2019 the Commission unveiled its Green Deal, which aims to make the EU climate-neutral by 2050. By summer 2020, the Commission will publish another plan which is believed to include a new target for reducing CO_2 emissions: a cut of at least 50% and up to 55% (compared with 1990 levels) by 2030. This means that the transport sector will also be deeply affected by the Green Deal.

In the lead-up to the publication of the Green Deal, Wiener Linien GmbH & Co. KG and Wiener Stadtwerke raised the point several times – both through its representative body, the UITP[13], and in its direct communication with the Commission – that public transport will be one of the keys to reducing CO_2 emissions, and must therefore be supported and subsidised.

The EU Directive on the promotion of clean and energy-efficient road transport vehicles (Directive [EU] 2019/1161), also known as the Clean Vehicles Directive (CVD), came into effect on 2 August 2019. The legislation sets minimum procurement targets for the proportion of clean cars, light commercial vehicles, trucks and buses, which must be met under public contracts awarded between 2 August 2021 and 31 December 2025 (first reference period) and between 1 January 2026 and 31 December 2030 (second reference period). Following the amendment of this directive, in the next few years Wiener Linien GmbH & Co. KG will increasingly and, ultimately, primarily have to use buses powered by alternative fuels, as well as zero-emission buses. This is reflected in the company's commitment to use more hydrogen-powered and electric buses over the coming years. The directive must be transposed into national law within two years.

Representative office in Brussels

Wiener Linien made submissions to the bodies and institutions concerned through the Wiener Stadtwerke office in Brussels, and through its representative association at EU level, the UITP. The Group is also in close contact with the responsible national bodies. In November 2019, the EU Committee of the Austrian Federal Economic Chamber (WKÖ) staged an event at the European Parliament in Brussels, which was designed to give MEPs and the Commission an insight into the importance of rail transport and public transport in Austria.

13) International Association of Public Transport

FUNERAL SERVICES AND CEMETERIES

The Austrian funeral direction market was liberalised back in 2002. In 2010 the Funeral Services and Cemeteries Division was reorganised in order to separate the area of operations that is exposed to competition (funeral services) from the infrastructure side (cemeteries). As before, cemetery activities are virtually untouched by the influence of the economic environment, and depend on the number of deceased.

Mortality rates in Vienna have fallen sharply over the past few decades, and Statistics Austria predicts that death rates in the capital will stabilise in the coming years. Negative factors include the long-term decline in the importance attached to end-of-life ceremonies and practices, and the increasing range of alternative services that can be offered in view of the growing number of cremations (e.g. people taking urns home, forest burials outside Vienna, and scattering ashes in rivers). The Funeral Services and Cemeteries Division currently has about 30 competitors in Vienna.

CAR PARKS

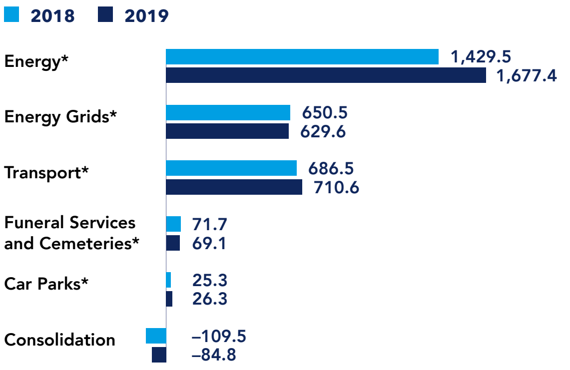
The parking habits of WIPARK customers partly reflect the economic climate. However, Vienna's urban transport policies and their impact on its public transport are also a highly significant factor. These include the charges for park and ride facilities and other subsidised car parks, as well as public transport fares (e.g. the price of annual season tickets for the Vienna public transport system). The design of short-stay parking and pedestrian zones, and the introduction of local residents' parking zones have a particularly strong influence on personal transport.

4. Business developments, and financial and non-financial performance indicators

SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR m	2019	2018	Year-on-year change	Year-on-year change %
Revenue	**3,028.1**	**2,754.0**	**+274.1**	**+10%**
Other income	553.4	512.5	+40.9	+8%
Raw material and consumables used	-1,332.5	-1,100.1	-232.3	-21%
Personnel expenses	-1,067.0	-1,036.6	-30.4	-3%
Other expenses	-702.5	-659.3	-43.2	-7%
Share of profit of companies accounted for using the equity method (operating)	64.4	64.1	+0.2	+0%
EBITDA before reversals of internal interest rates and construction subsidies	**543.9**	**534.6**	**+9.3**	**+2%**
Depreciation and amortisation expense	-270.9	-255.5	-15.4	-6%
Effects of impairment tests, non-current assets excl. financial assets	75.6	23.9	+51.7	+216%
Operating profit (EBIT)	**348.6**	**302.8**	**+45.8**	**+15%**
Finance income	52.8	72.1	-19.3	-27%
Finance costs	-101.4	-162.3	+60.9	+38%
Net finance costs	**-48.7**	-90.2	+41.6	+46%
Earnings before tax (EBT)	300.0	212.6	+87.3	+41%
Profit for the year	**299.4**	**208.4**	**+91.0**	**+44%**

REVENUE BREAKDOWN, EUR m



* Divisional breakdown before consolidation

Revenue

ENERGY

Energy accounts for the lion's share of the Wiener Stadtwerke Group's revenue. The increase in revenue was primarily attributable to higher proceeds from electricity and gas sales. Growth in electricity revenue was chiefly accounted for by sales to the German market for hedging purposes, as well as increased output. Higher gas revenue was due to a rise in reselling.

ENERGY GRIDS

Wiener Netze's revenue in its role as system operator is calculated in line with regulatory requirements. The year-on-year decline in revenue was primarily due to the recognition of over-/undersupply in the Gas Department's 2019 regulatory deferral account, increased overall discounts and the prior period adjustment for the Electricity Department's 2018 regulatory deferral account.

TRANSPORT

At Wiener Linien, the main factor behind the rise in transport revenue was the continued growth in demand for annual season tickets, which continued to be fuelled by the product's attractiveness and reasonable price. Subsequent charging for the Top-Jugendticket youth pass for the last school year also increased revenue.

The Wiener Lokalbahnen Group reported higher revenue from its travel service agreement and from tariffs for the Badner Bahn and bus lines. WLC won an additional transport contract, while WLV reported an increase in journey numbers alongside a rise in revenue.

FUNERAL SERVICES AND CEMETERIES

Bestattung Wien GmbH's revenue was significantly influenced by another decline in the number of funerals. Although average revenue per service is up on a year earlier, this increase only partially offset the decline in the total number of services. At Friedhöfe Wien GmbH, revenue from the reversal of accrued grave charges, revenue from burial, gardening and masonry services was below that of the previous year due to the lower number of burials.

CAR PARKS

The opening of two of the three facilities in Neu Leopoldau was among the most important developments in 2019. The 73-space car park on plot K entered into service in July 2019, with a 225-space car park on plot Q following in December 2019.

Revenue for 2019 was up significantly on the previous year, with the bulk of the increase delivered by garages owned by the Division that are not subject to tariff restrictions, such as Weihburggasse, Gerhard-Bronner-Strasse and the TownTown underground car park. Leased car parks also generated higher revenue, with the facility at Hauptbahnhof, Vienna's central station, accounting for the majority of the increase.

Raw material and consumables used

As with revenue, energy accounts for the bulk of the Wiener Stadtwerke Group's material costs. Raw material costs increased year on year. This was largely driven by electricity repurchasing on the German market, greater output from CHP stations, higher expenses for gas storage, increased gas purchases for reselling, and adjustment of the provision for impending losses related to unfavourable agreements for electricity procurement rights abroad.

The Energy Grids Division also reported an increase in material costs, due to higher expenses related to the upstream APG electricity grid and to system losses.

Personnel expenses

The increase in personnel expenses stems largely from the Transport Division. This was primarily due to pay increases, the effects of the new collective agreement which entered into force on 1 November 2019, as well as increased employee benefit provisions.

Operating profit (EBIT)

The Group posted an operating profit of EUR 348.6m in 2019, up from EUR 302.8m a year earlier. The year-on-year improvement mainly relates to the energy business and write-ups of property, plant and equipment following impairment tests.

Net finance costs

Lower interest expense for long-term employee benefit provisions and positive measurement effects – particularly from the fund companies – led to an improvement in net finance costs compared with 2018. However, this was partly offset by a drop in income from investments and lower interest income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR m	2019	2018	Year-on-year change	Year-on-year change %
Non-current assets	**9,546.9**	**8,574.2**	**+972.7**	**+11%**
Property, plant and equipment	4,091.4	3,906.7	+184.7	+5%
Intangible assets	158.3	144.7	+13.7	+9%
Investments accounted for using the equity method	166.4	378.7	-212.3	-56%
Non-current financial assets	3,499.7	2,625.8	+874.0	+33%
Other non-current assets	414.9	240.4	+174.4	+73%
Non-current regulatory assets	1,216.2	1,278.0	-61.8	-5%
Current assets	**1,865.6**	**1,750.3**	**+115.3**	**+7%**
Inventories	228.6	201.9	+26.8	+13%
Trade receivables	242.9	299.3	-56.4	-19%
Current financial assets	581.7	408.1	+173.6	+43%
Other current assets	299.7	158.2	+141.5	+89%
Current regulatory assets	63.1	71.4	-8.3	-12%
Cash and cash equivalents	449.5	611.4	-161.9	-26%
Total assets	**11,412.5**	**10,324.5**	**+1,088.0**	**+11%**
Equity	**3,555.3**	**3,356.3**	**+199.0**	**+6%**
Non-current liabilities	**6,347.6**	**5,637.3**	**+710.4**	**+13%**
Long-term borrowings	411.4	425.3	-13.9	-3%
Employee benefit provisions	4,636.9	4,075.6	+561.2	+14%
Other long-term provisions	392.7	267.1	+125.6	+47%
Other non-current liabilities	804.1	800.0	+4.2	+1%
Deferred tax liabilities	102.5	69.3	+33.3	+48%
Current liabilities	**1,509.6**	1,330.9	+178.7	+13%
Short-term borrowings	215.7	151.2	+64.6	+43%
Trade payables	362.9	434.8	-71.9	-17%
Other short-term provisions	40.6	42.9	-2.3	-5%
Other current liabilities	890.3	702.1	+188.2	+27%
Total liabilities	**11,412.5**	**10,324.5**	**+1,088.0**	**+11%**

The Group's total assets rose by around 11% in 2019, to EUR 11,412.5m. As is to be expected for an infrastructure service provider like Wiener Stadtwerke, property, plant and equipment is the largest asset item; at the end of the reporting period this item amounted to EUR 4,091.4m, around 5% higher year on year. Property, plant and equipment represents 36% of total assets. In addition to property, plant and equipment, non-current assets (which account for 84% of total assets) largely relate to investments as well as receivables from third parties falling due in more than one year.

Wiener Stadtwerke is wholly owned by the City of Vienna. In 2019 the Group's capital and reserves advanced by 6% to EUR 3,555.3m.

Employee benefit provisions were EUR 4,636.9m, or 41% of total assets, up by 14% on the previous year. Most of the provisions are for pension obligations. Under the Wiener Stadtwerke – Zuweisungsgesetz (Vienna Public Enterprises Secondment Act) the Group must reimburse Vienna City Council in full for the pension expenses incurred for employees assigned by it to Wiener Stadtwerke, with the exception of Wiener Linien staff. This gives rise to an indirect pension obligation on the part of the Group.

In 2019 the Group invested a total of EUR 1,094.5m, of which EUR 594.5m or 54% was spent on property, plant and equipment. A further 41% was accounted for by financial assets. Investments in financial assets in 2019 also included reallocations within the WStW funds portfolio.

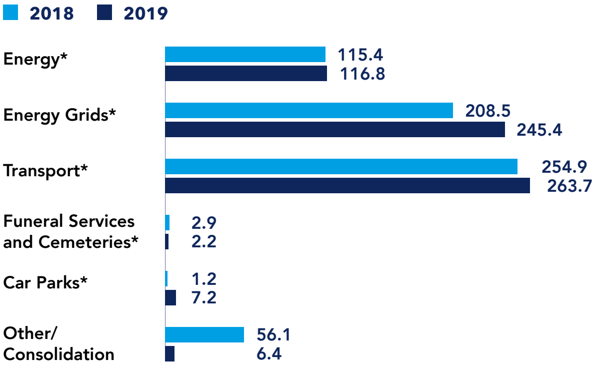
Due to the drop in investment in property, plant and equipment, coupled with the rise in revenue, the capex ratio fell to 21% from 23% in 2018.

INVESTMENTS

EUR m	2019	2018	Year-on-year change	Year-on-year change %
Property, plant and equipment	594.5	603.7	-9.2	-2%
Intangible assets	47.3	35.3	+12.0	+34%
Total non-current assets	**641.9**	**639.0**	**+2.8**	+0%
Total financial assets	**452.6**	**1,477.0**	**-1,024.4**	-69%
Total gross investment	**1,094.5**	**2,116.0**	**-1,021.6**	-48%
Grants (IAS 20)	-248.7	-290.1	+41.4	+14%
Total net investment	**845.8**	**1,825.9**	**-980.1**	**-54%**
Capex ratio	**21%**	**23%**	**-2.0**	**-9%**

Performance data from Wien Energie GmbH incl. proportionate interests.

INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, EUR m



* Divisional breakdown before consolidation

ENERGY

The year-on-year increase in investment in intangible assets was attributable to investment in software development and usage rights for telecommunications networks. Higher investment compared with 2018 was mainly connected with IT projects (Customer Process Harmonisation & IT and Digitalisation Programme).

Investments in property, plant and equipment largely relate to the expansion of regenerative generating plants (particularly photovoltaic systems), district cooling plants, district heating connections and existing plants.

The decline in investment in financial assets resulted from the reallocation of surplus cash and cash equivalents to WStW fund VI in 2018 and their investment in securities bearing better rates of interest.

ENERGY GRIDS

In 2019, investment in property, plant and equipment was directed to the Electricity, Gas and Heating departments, and administration. Investments in financial assets principally concerned a purchase by the WSTW funds and the investment in Aspern Smart City Research, an R&D company.

TRANSPORT

During the reporting period, about 40% of Wiener Linien's total investment (excluding financial assets) was accounted for by expansion of the underground network. In 2019, investment focused on the extension of the U2 to Matzleinsdorfer Platz, the replacement of buses that had come to the end of their useful lives and of obsolete trams (replaced by Flexity rolling stock), modernisation of the U4 and track renewal on the tram network.

The current financial structure is based on the public transport services agreement between the City of Vienna and Wiener Linien GmbH & Co KG, which came into effect on 1 January 2017. Under these arrangements, investment finance takes the form of capital grants, and the remainder of the money required for operations is covered by compensation from the City of Vienna to the company for its public service obligations. The capital grants include amounts received by the City of Vienna from the Austrian federal government as subsidies for underground construction projects and as allocations for investment in public transport (section 20 Finanzausgleichsgesetz [Austrian Fiscal Equalisation Act]). In addition, income from payroll taxes is transferred to the company in the form of capital grants for underground line construction.

At Wiener Lokalbahnen another advance payment for the new TW500 locomotive was made in 2019. Other major investments include remodelling the Schönbrunner Allee stop and track construction in Traiskirchen; both investments were fully subsidised. Wiener Lokalbahnen also invested in the SAP S4/Hana and HCM IT systems as well as easymobil. WLC made the final payments related to the acquisition of e-locomotives, while WLV invested in the acquisition of new vehicles (chiefly buses).

Investment grants pursuant to the Austrian

Fiscal Equalisation Act (for the Badner Bahn) and from the medium-term investment programme (for infrastructure projects) are paid to WLB in their entirety.

FUNERAL SERVICES AND CEMETERIES

The focus of investment in 2019 was on routine replacement and renewal of property, plant and equipment at all companies in the Division, as well as digital grave software at Friedhöfe Wien GmbH.

CAR PARKS

Investment was down significantly year on year. This was mainly due to investment in financial assets in the shape of WIPARK's prior-year acquisition of the remaining 56% interest in TownTown Tiefgaragen GmbH and TownTown Tiefgaragen GmbH & Co. KG from STC-Swiss Town Consult AG and a capital injection to repay the outstanding debt. A large part of the spending on property, plant and equipment in 2019 related to the Neu Leopoldau car park project. Here, additional part payments were made for the parking facilities on plots Q and S. The car park for Plot K was built in 2019. The upgrade programme for parking control systems at various garages was continued in 2019.

OTHER/CONSOLIDATION

This category of the segment reporting captures Group companies not assigned to divisions, as well as eliminations of intra-Group investments. The latter primarily relate to investments in equity interests and securities by Wiener Stadtwerke GmbH in the previous financial year.

STATEMENT OF CASH FLOWS (SUMMARY VERSION)

EUR m	2019	2018	Year-on-year change	Year-on-year change %
Cash flow before changes in working capital	587.6	548.1	+39.5	+7%
Change in working capital	-80.1	-85.6	+5.5	+6%
Cash flows from operating activities	**507.5**	**462.5**	**+45.0**	**+10%**
Cash flows from investing activities	**-501.8**	**-418.9**	**-82.9**	**-20%**
Cash flows from financing activities	**-43.4**	**-75.8**	**+32.5**	**+43%**
Total cash flows	**-37.7**	**-32.3**	**-5.4**	**-17%**

Cash flow before changes in working capital was higher year on year, as cash accounted for a larger proportion of operating profit. However, this was partially offset by the lower dividends received. The change in working capital in 2019 resulted in net cash outflows, which chiefly reflected a decrease in both current and non-current liabilities and an increase in inventories.

Overall, the Group recorded net cash inflows from operating activities of EUR 507.5m – a year-on-year improvement of around EUR 45.0m or 10%.

The net cash outflows from investing activities were the result of substantial investment by Wiener Stadtwerke. The Wiener Stadtwerke Group finances its investments from cash flow from operating activities and state investment grants, which mostly go to the Transport Division. These investment grants are reported under cash flows from investing activities, and have the effect of reducing cash outflows from investment activities. The increased cash outflows compared with the previous year were primarily due to higher investment in property, plant and equipment and intangible assets.

Cash flows from financing activities mainly include outflows relating to financial liabilities from the cash pooling arrangement and lease liabilities as well as dividend payments to the City of Vienna.

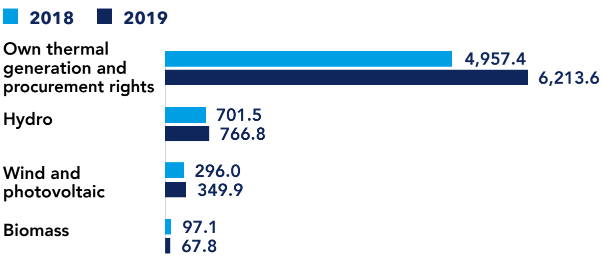
NON-FINANCIAL PERFORMANCE INDICATORS: ENERGY

Generation GWh	2019	2018	±	±%
Electricity	7,398.0	6,052.0	+1,346.0	+22.2
Heat	5,275.3	5,319.1	-43.9	-0.8
Total generation	**12,673.3**	**11,371.2**	**+1,302.1**	**+11.5**

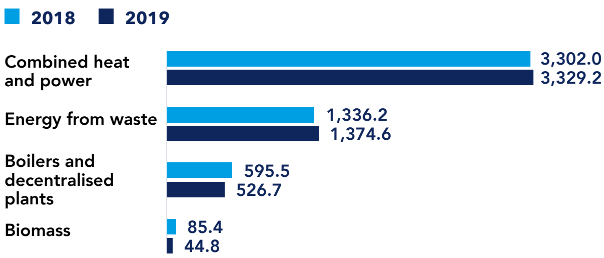
Sales GWh	2019	2018	±	±%
Electricity	9,426.8	8,788.3	+638.6	+7.3
Natural gas	5,645.4	6,135.5	-490.1	-8.0
Heat	5,850.1	5,868.3	-18.2	-0.3
Total sales	**20,922.4**	**20,792.1**	**+130.3**	**+0.6**

Performance data from Wien Energie GmbH incl. proportionate interests

ELECTRICITY GENERATION BY SOURCE GWh



HEAT GENERATION BY SOURCE GWh



Thermal electricity generation was up on the previous year due to the favourable specific clean spark spread. Hydro power output was slightly higher than the previous year's level, mainly as a result of unfavourable water conditions during the first half.

Wind power output increased by 17.9% year on year, due to more favourable wind conditions in the first half of the year. Solar output climbed by 23.3% year on year due to the commissioning of a large number of photovoltaic systems.

Non-consolidated subsidiary Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG generated around 30.1% less electricity than in 2018 as the power station was taken offline in the summer when support tariffs came to an end.

Total heating degrees were 0.7% up on 2018. District heating sales went down, in spite of the lower temperatures. The use of peak-load boilers fell due to the reduced need for heating. CHP output decreased after the biomass power station was taken offline.

ENERGY GRIDS

Regulated transmission GWh	2019	2018	Change	Change, %
Electricity	11,197.7	11,259.5	-61.8	-0.5
Natural gas	22,598.5	20,764.2	+1,834.3	+8.8
Total transmission	**33,796.2**	**32,023.7**	**+1,772.5**	**+5.5**

Electricity transmission

Grid withdrawals were virtually unchanged year on year at all grid levels. Lower transmission volumes mainly reflected lower transmission volumes to large consumers.

Gas transmission

Gas transmission advanced year on year, chiefly as a result of higher transit to Wien Energie power stations.

TRANSPORT

Million passengers	2019	2018	Change	Change, %
Wiener Linien	960.7	965.9	-5.2	-0.5
Wiener Lokalbahnen (rail)	13.4	12.7	+0.7	+5.5
Total	**974.1**	**978.6**	**-4.5**	**-0.5**

Million seat kilometres	2019	2018	Change	Change, %
Wiener Linien	20,850.2	20,729.8	+120.4	+0.6
Wiener Lokalbahnen	536.4	535.0	+1.4	+0.3
Total	**21,386.6**	**21,264.8**	**+121.8**	**+0.6**

Rounding differences not eliminated

Passengers

Due to the lower population growth in Vienna, Wiener Linien was not able to achieve its ambitious targets for passenger numbers despite measures to increase and improve its offering (increased proportion of low-floor trams, replacement service during U4 closure). Passenger numbers were down by 0.5% year on year.

The number of annual season ticket holders climbed by around 30,000 (up 3.7%) year on year to roughly 852,000. This includes around 162,000 senior annual season tickets. The higher proportion of revenue from short-term network tickets is mainly due to a combination of strong tourist numbers and the tariff changes introduced a year earlier.

Passenger volumes on Wiener Lokalbahnen services continued to grow in 2019. The main factor behind this was an increase in inner-city passenger numbers. In 2019 the Badner Bahn completed 80,000 return journeys between the State Opera House in Vienna and Josefsplatz in Baden. More than half of passengers are commuters who use the Badner Bahn to get to work each day. With respect to the total number of passengers, it should be noted that the figure for Wiener Lokalbahnen is confined to light rail traffic as there are only rough estimates for the bus operations.

Seat kilometres

During the year under review the Transport Division recorded about 21,386.6m seat kilometres – a year-on-year gain of about 0.6% (2018: 21,264.8m). Some 17,511.5m of the total was accounted for by rail traffic, underground trains and trams (2018: 17,477.0m). The year-on-year rise in seat kilometres is mainly due to the introduction of supplementary services on the U2 and U3 during the closure of the U4, and the decision to postpone shortening the route of the U2 (Seestadt-Schottenring) until 2021.

Modal split

The share of public transport in the modal split remains unchanged at 38%. This means that, by a considerable distance, residents of Vienna complete most of their journeys using public transport.

FUNERAL SERVICES WIEN GMBH

Funeral services	2019	2018	Change	Change, %
Burials	4,550	4,859	-309.0	-6.4
Cremations	3,131	3,217	-86.0	-2.7
Public health funerals	897	890	+7.0	+0.8
Third-party services	2,670	2,707	-37.0	-1.4

Cemetery services	2019	2018	±	±%
Coffin burials	7,922	8,463	-541.0	-6.4
Urn burials	4,128	4,139	-11.0	-0.3
Grave tenure renewals	31,204	30,003	+1,201.0	+4.0

Cemetery gardening services	2019	2018	±	±%
Grave care services	27,483	28,056	-573.0	-2.0
Flowers and wreaths	4,207	3,929	+278.0	+7.1

Funeral services

Bestattung Wien's "main case" service category – burials and cremations – registered a year-on-year decrease of 395 ceremonies or 4.9% to 7,681 (2018: 8,076). The number of service packages provided on behalf of third-party funeral directors dropped by 37 or 1.4%, to 2,670 (2018: 2,707).

Cemetery services

In 2019 the number of grave tenure renewals was up by 4%, even though coffin and urn burials declined slightly.

CAR PARKS

	2019	2018	Change	Change, %
Multi-storey car parks owned and leased	52	51	+1.0	+2.0
Parking spaces owned and leased	13,923	13,676	+247.0	+1.8
Multi-storey car parks under management	29	29	0.0	0.0
Parking spaces under management	9,993	10,560	-567.0	-5.4

The number of parking spaces in the Group's own car parks increased as two of the three facilities in Neu Leopoldau entered into service in 2019. At the start of the year, the car park on Langobardenstrasse changed from a lease agreement to an operating agreement.

The decline in the number of spaces covered by an operating agreement chiefly relates to the expiry of such agreements for the City X (Katharinengasse) and IZD Tower (Wagramerstrasse) car parks.

5. Employees

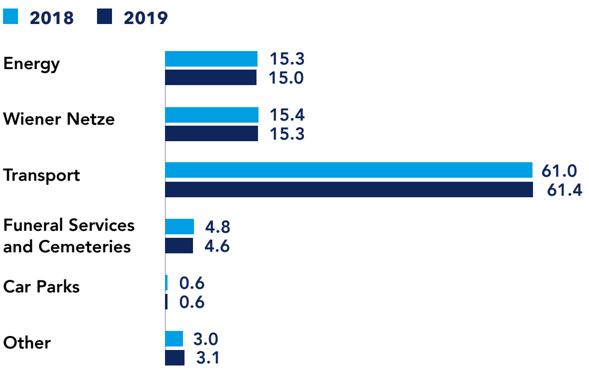
The Wiener Stadtwerke Group's 14,888 employees make a vital contribution to safeguarding Vienna's high quality of life.

HEADCOUNT

Ø FTE	2019	2018	Change	Change, %
Vienna City Council employees (permanent civil servants and contract staff)	5,880	6,303	-424	-7%
Employees of Group companies (subject to collective agreements)	8,650	8,413	+237	+3%
Wiener Stadtwerke Group*	14,529	14,716	-187	-1%
Apprentices	359	362	-3	-1%
Total Wiener Stadtwerke Group* headcount	**14,888**	**15,078**	**-190**	**-1%**
Women as % of workforce	18.1	17.7	+0.4	+2%
Staff turnover**, %	6.6	6.6	+0.1	+1%
Accident rate (accidents per 1,000 employees)	21	21	+0	+0%
In-service training days (excl. apprentices)	61,056	57,708	+3,347	+6%

* Excl. staff on parental leave, and military and civilian national service
** WSTW overall staff turnover (incl. employees subject to collective agreements, permanent civil servants, contract staff and apprentices)
Rounding differences not eliminated

HEADCOUNT %



Apprentice training

The Wiener Stadtwerke Group is training a total of 359 apprentices in 11 different trades, making it one of Vienna's largest providers of apprenticeship training.

The Group's policies include a commitment to giving young people sound, comprehensive professional and personal training, which improves their prospects on the job market. Many apprentices stay with the Group after completing their training.

As part of its equal opportunities policies, Wiener Stadtwerke places a particular emphasis on helping female apprentices to make their way in craft and technical occupations. Female apprentices in technical professions take centre stage in public relations related to the Group's apprentice management activities, and every year Wiener Stadtwerke takes part in the Wiener Töchtertag (Vienna Daughters Day) – an event designed to spark young women's and girls' interest in traditionally male-dominated occupations.

Wiener Stadtwerke is especially proud to have received Great Start! certification in recognition of its outstanding apprenticeship culture. This certification is a particular honour because it not only comprises an evaluation of the Group's training programmes; comments from apprentices also feed into the assessment of training quality. This means that Wiener Stadtwerke is one of Austria's leading apprenticeship providers.

Staff development

Wiener Stadtwerke's staff development function deals with all the training, and staff and organisational development activities planned, implemented and evaluated by the Group and Group companies.

This creates the conditions required to offer Group employees of all ages an attractive working environment that enables them to make the most of their personal development potential. The function's work is geared to the four career phases that employees typically pass through.

6. Sustainability and the environment

Health and safety

Protecting employee health and safety is one of Wiener Stadtwerke's core objectives. In some cases the wide-ranging action taken on workplace health and safety goes far beyond the statutory requirements. The Group sees this primarily as an aspect of its social responsibility. At the same time, it reflects the belief that a healthy and well protected workforce makes a substantial contribution to the Group's commercial success.

2019/2020 staff survey

Employees across the Group were surveyed in November 2019. In addition to the topics of employee commitment, the Group's attractiveness as an employer, and management, as well as the extent to which the working environment promotes productivity, employees were asked for the first time to give a subjective perception of their own health (personal health perception index). Staff also answered questions on the Group-wide health promotion programme.

An analysis and appraisal of the interplay between health and corporate culture will be one of the Group's focuses in 2020.

Sustainability is a core part of the corporate strategy of the Wiener Stadtwerke Group and its subsidiaries. In line with clearly structured and efficient sustainability management practices, all of the Group's business units are involved in achieving Group-wide sustainability targets. The goal of the Wiener Stadtwerke Group is to reduce emissions of greenhouse gases (including CO_2) as well as air pollutants such as fine particulates.

Power and heat generation at the Group's gas-fired (and to a minor extent also oil-fired) power stations give rise to CO_2 emissions. CO_2 emissions also arise from energy from waste (EfW) plants, as well as domestic and foreign rights to procure electricity from other power plants.

At the same time, expansion of renewables as a source of power and heat is helping to reduce Wiener Stadtwerke's carbon emissions. Low-emission technologies (including at CHP plants, thermal power stations, heating stations and EfW plants) have helped to cut emissions of air pollutants.

For the Group's climate policy actions to have the desired effect, it is essential to take a joined-up view of Vienna's energy use and emissions. The Wiener Stadtwerke Group plays a major part in reducing emissions through its energy efficiency policies, both in its generation operations, and in its own consumption and that of its customers, as well as continuous expansion of the public transport offering. By steadily expanding services that prevent emissions elsewhere, Wiener Stadtwerke is also doing a lot to maintain and improve air quality in Vienna in the future.

See the "Committed to the environment" section of the 2019 Wiener Stadtwerke Sustainability Report for further details (German only).

ENERGY

Environmental protection is enshrined in Wien Energie's business model. At present, the company delivers carbon savings of around three million tonnes a year, a figure that is rising all the time. To this end, Wien Energie is committed to innovation and is constantly working on new ways of increasing energy efficiency across the board. Wien Energie mainly benefits the environment and combats climate change by conserving fossil fuels and increasingly using renewable energy sources, resulting in lower emissions of greenhouse gases and air pollutants.

In 2019 Wien Energie expanded photovoltaic capacity as much as it had in the previous ten years. Wien Energie has set a new standard in the design of photovoltaic farms with the construction of Austria's first agrivoltaic system. This innovative concept allows agricultural land to serve a dual purpose, and to be used around 60% more efficiently.

The company's innovative district heating and cooling technology, using heat pumps, is designed to maximise energy efficiency. Wien Energie installed three new heat pumps at Vienna International Centre (VIC). For the first time, private customers were also given access to district cooling at the Althan Park residential project which was completed in summer 2019.

In order to improve the infrastructure for electric vehicles and expand Wien Energie's service offering for them, the number of charging points was raised to 1,384 by the end of 2019 (2018: 917). Working in close cooperation with Vienna International Airport, Wien Energie installed the world's first charging station with flywheel energy storage technology. While the charging point is powered by a 40 kW connection, this innovative technology has the potential to fully recharge e-vehicles in just 20 minutes at 100 kW.

ENERGY GRIDS

Sustainability and the continuous monitoring and improvement of environmental performance across all business operations, in accordance with the ISO 14001 environmental management system, are integral to Wiener Netze's corporate strategy, as is the embedding of sustainability in its values. This commitment to responsible behaviour towards mankind, resources and the environment is reflected in decisions such as the company's resource-efficient transport concept, the merging of sites in order to reduce trips and emissions, the construction of a headquarters building that meets near-passive house standards, and the far-sighted planning of Vienna's power grid to prepare it for the energy transformation. 2019 saw the successful implementation of the first district cooling project using polyethylene[14]. In terms of material, excavation, cost and time savings delivered when tapping into this environmentally-friendly method of cooling, this innovation is fully in line with the principles of sustainability.

After implementing the Wiener Netze transport blueprint and reducing the size of the company's vehicle fleet accordingly, in 2019 the focus shifted to the changeover to alternative powertrain solutions. At the end of 2019, there were 24 electric cars in service at Wiener Netze. Measures to combine the Wiener Stadtwerke and Wiener Netze vehicle fleets initiated in 2019 will generate additional synergies.

The EU's climate protection goals have been significantly accelerated under the Green Deal. Reworking the Smart City Vienna Framework Strategy in 2019 in partnership with Wiener Netze saw the City of Vienna's targets realigned to the international 2005 baseline for comparability. The strategy formulates specific targets for 2030 (50% reduction in per capita carbon emissions, 30% drop in local energy use, 30% share for renewables) and 2050 (85% reduction in per capita carbon emissions, 50% drop in local energy use, 70% share for renewables). Similar targets are in place for per capita material consumption footprint and the transport sector. Various energy efficiency and material reduction projects at Wiener Netze GmbH are dedicated to reaching these targets.

TRANSPORT

Wiener Linien has a significant role to play in improving air quality in Vienna and climate protection. Provision of blanket public transport coverage based on low-emission technology makes a significant contribution to cutting air pollution. Continuous expansion of public transport services also helps to reduce emissions from private motor vehicles (particularly CO_2, fine particulates and NO_x).

The Group's approaches to waste, remediation of contaminated sites, water use, and discharge of cooling water and wastewater are the principle factors in its environmental impact. All bus, tram and underground washing facilities have their own wastewater treatment equipment which allows around 90% of the water used in the process to be recovered.

At the vehicle procurement stage, care is taken to ensure that the majority of materials can be recycled, in line with the principle of a circular economy. Energy-efficient Type V underground trains are 90% recyclable at the end of their useful lives. The new generation Flexity trams are also designed with environmental considerations in mind, meaning they can easily be recycled once they are decommissioned after several decades: a recycling concept simplifies the process of separating materials at the end of useful life.

Fluorescent tube lighting in rolling stock and stations is being systematically replaced with LED lights to save electricity. Around 22,000 fluorescent lights have already been replaced in stations, cutting electricity use in half while delivering the same degree of lighting. This move equates to annual savings of 1.5 GWh a year for Wiener Linien.

14 Polyethylene (PE) is a durable plastic used to make pipes and packaging.

With the support of Interreg Central Europe programme, the first photovoltaic panels are being tested on the roof of Ottakring underground station. The system covers around 360 square meters and has a capacity 60.3 kilowatt-peak (kWp), generating around 62,000 kilowatt hours of solar electricity a year, which is used at the station to power lighting, escalators and lifts and helps reduce carbon emissions by around 21 tonnes a year.

And Wiener Lokalbahnen's services enable many commuters to park their cars outside Vienna, likewise easing environmental pressures in the city. The Badner Bahn is emission-free thanks to electric traction. To add to the attraction of this interregional link between Vienna and Baden, Wiener Lokalbahnen is constantly investing in track replacement and barrier-free stops. The new stops have LED lighting, which both improves illumination and saves electricity.

FUNERAL SERVICES AND CEMETERIES

The environmental aspects of this division mainly come down to biodiversity (cemeteries) and climate change adaptation/microclimates. Cemeteries can be a big help to the urban microclimate by acting as part of fresh air corridors and cold air source areas, as well as by offering a refuge for flora and fauna in urban areas. For example, deer, badgers, hamsters, owls, bats and many bee colonies live in Vienna's Central Cemetery. A number of landscape gardening measures have been taken at the model "green" cemetery in Neustift to enlarge animal habitats. There are tracts that cater to the needs of bats, reptiles, songbirds, butterflies and the Viennese emperor moth respectively. These areas have now been signposted and made explorable using educational nature trails which were opened to the public in June 2019. Friedhöfe Wien has launched an environmental initiative to raise awareness regarding conserving water for plants and waste separation.

Electric hearses have long been used to avoid disturbing the peace of the cemeteries. These vehicles are both energy-efficient and emission-free.

The administration building and the building used by funeral services use heat recovered from the crematorium. Phased introduction of power-saving LED lighting in the mortuaries began in 2012. Hietzing cemetery has a photovoltaic system. A water conservation programme has been in place at the South-West cemetery since 2011.

CAR PARKS

With 23,916 spaces under management at 81 locations in Vienna, WIPARK helps relieve the pressure on street parking in the city. Electric vehicles already play a significant role in the personal transport market, and this is set to expand in future, particularly in large cities. Installation of the 200th charging point in WIPARK garages in Vienna demonstrated WIPARK's commitment to promoting sustainable vehicle ownership. The charging points are always located at the entrance to the garage, for added convenience for owners of electric vehicles. These facilities also help to alleviate the burden placed on public charging points and free up outdoor spaces for green areas, playground and pedestrianised zones. WIPARK plants to install further charging points in 2020 as it continues its sustainability drive.

7. Research and development

In 2019, Wiener Stadtwerke remained committed to its goal of helping to maintain Vienna's outstanding quality of life through investment and innovations. Over the next five years, the Group will make sustainable investments totalling over EUR 4bn geared towards keeping infrastructure fit for the future and promoting innovation. Innovation and research activities were further intensified in 2019, and progress was made on a variety of innovative projects across the Group – from everyday solutions and innovative services to large-scale technology projects.

Creating a fertile breeding ground for innovation

Work continued on establishing conditions conducive to innovation within the Group, with new initiatives aimed at building an open corporate culture. Trend monitoring is now firmly established throughout the Group, which allows for early identification of relevant challenges and opportunities, and enables Wiener Stadtwerke to draw effective conclusions and – in the best case – develop innovations. The Group's Innovation Academy, a training initiative designed to promote the development of innovation-related and methods-based skills, was also enhanced. A new, state-of-the-art idea management software tool was rolled out across the Group. This ideation workshop enables employees to bring to life their ideas for the Group's development even more easily. The increasing level of cooperation with external organisations is another pleasing development. Besides collaboration with start-ups and research partners, the Group is driving forward strategic partnerships with the academic and science sector.

Numerous cutting-edge projects supported

Launched in 2012, Wiener Stadtwerke's innovation fund (FTI fund) aims to support and accelerate innovative projects, as well as providing start-up financing. As in the previous year, EUR 2.0m was allocated to the FTI fund in 2019, which was channelled to a range of cutting-edge projects and research activities within the Group. In both years, virtually all of the financing in the FTI fund was utilised.

Other highlights

Wiener Stadtwerke continues to see digitalisation as an opportunity to develop new business models and boost efficiency. The Group-wide internet of things (IoT) project launched in 2018 progressed during the reporting period. Various related pilot projects (applications) were implemented in conjunction with Group companies, and research was performed into the technology. Key matters such as the functionality of sensors, data transmission and interfaces, IT security and collaboration were also addressed. In 2019, an IoT platform was created, an IoT strategy including governance structures was drawn up, and an IoT security concept prepared.

As part of Smarter Together (www.smarter-together.at), a research project funded by the European Commission, over the past three years new approaches to sustainable urban development have been trialled in a neighbourhood in Vienna's Simmering district, and innovative technological solutions related to energy, mobility and building renovation have been integrated. Around 21,000 people live in the area, and they are seeing the benefits of this successful project. Wiener Stadtwerke is playing a central role thanks to its Group companies' new mobility and energy efficiency projects.

During the reporting period, Wiener Stadtwerke partnered the Sustainability Challenge, analysing the topic of diversity together with students over two semesters. This interdisciplinary and transdisciplinary lecture series offers students of the University of Vienna, TU Wien, the Vienna University of Economics and Business, and the University of Natural Resources and Life Sciences, Vienna insights into sustainable development.

In order to raise its profile as an attractive, forward-looking employer among young technology specialists, the Group also staged the Future Work Challenge in collaboration with FH Campus Wien – a university of applied sciences – and Spenglergasse higher technical college. This multi-level competition and further education programme comprised an idea contest, a four-day academy and a demo day. The participating pupils and students analysed the question of what the future world of work will look like. They came up

WIENER STADTWERKE INNOVATION FUND

	2019	2018	Change	Change, %
FTI fund budget (EUR m)	2.0	2.0	0	0%
Number of FTI fund projects approved	22	14	+8	+57%

with some excellent ideas, which were then analysed by the Group and implemented as effectively as possible.

The research partnership between Wiener Stadtwerke and TU Wien is scheduled to run until 2022. The organisations cooperate to identify new research topics and implement related projects. In 2019, the focus was on the digital transformation of the world of work.

Titled 'University Meets Industry', Wiener Stadtwerke's research collaboration with the University of Vienna centred on the topic of complexity. Discursive learning courses, an annual event and an annual report covered topics ranging from big data and the economic potential of large volumes of data, to complexity management and strategies aimed at handling dynamic situations and unpredictability.

The Group is also partnering the WIVA P&G hydrogen demonstration region supported by the Climate and Energy Fund. The energy demonstration region is an association that promotes research and development work on application, grid and storage technologies for hydrogen and renewable gas. As a result of Wiener Stadtwerke's involvement, the Group has enhanced its expertise in relation to the strategically significant subject of hydrogen, while the Group has helped the association to implement various measures.

8. Internal control and risk management system

The Wiener Stadtwerke Group has implemented a comprehensive risk management system that allows for early identification of opportunities and risks, which are defined as the possibility of positive and negative deviations from expected profit or loss for the period. The internal control system (ICS) comprises all measures implemented to ensure the reliability, effectiveness and economic viability of important processes, while compliance is concerned with adherence to external and internal regulations. The Internal Audit Department evaluates the execution of business processes, as well as the internal control and risk management system, in accordance with the annual audit programme approved by the Management Board.

The risk management process follows the internationally accepted framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Ongoing surveying, identification and assessment of the risks to which the Group is exposed lays the foundations for regular risk reporting. A fundamental distinction is drawn between qualitatively and quantitatively assessed risks.

Reporting on quantitatively assessed risks is embedded in the financial reporting, which is performed by the management control function (integrated reporting). Confidence intervals for future movements in key financial indicators, known as ranges, are derived from the risk management system and included in the management control reporting. Determining the risk-bearing capacity of individual Group companies is a key objective. An annual risk and opportunity review is carried out as part of the budget/actual comparison. The original risk and opportunity assessments from the previous year, which were also the basis of the corporate planning, are compared with the actual values. The insights gained feed into the adjustment of the risk catalogue to changed circumstances. The updated risk catalogue is one of the cornerstones of the business planning.

Discussion and coordination of the main opportunities and risks also forms part of the annual business planning retreat at each Group company. The aim is to take an all-round view of the risks and opportunities that are to be expected in coming years, so as to take proper account of them in the corporate planning. This gives rise to action plans, and closer monitoring of the budget items concerned.

Responsibility for ensuring adherence to the risk management process lies with the risk controllers at each Group company, who report directly to management on an ongoing basis, and the Group risk management function, which reports to the Wiener Stadtwerke GmbH Management Board.

The risk landscape for Wiener Stadtwerke is divided into seven risk groups. The most significant risks in these groups are as follows:

Finance/investment/property, plant and equipment:
from the perspective of Group Treasury and non-current financial assets

This risk class mainly comprises risks related to short-term and long-term financial investments. Short-term liquidity management is optimised by means of a Group cash pooling arrangement. A conservative approach is taken to long-term financial investments, in line with the pension fund regulations. The underlying business process is reviewed annually by an independent auditor. Corresponding risk indicators are measured on a regular basis. Limits have been put in place to ensure that timely corrective measures can be taken. Exposure to the default risk of banks, as indicated by their ratings, is curtailed by diversification based on set limits. Risks arising from the US lease transactions are kept under constant observation.

Investment risk encompasses all the risks arising from equity holdings, such as the danger of dividends being lower than expected and of a decline in the value of an investment. Continuous monitoring prevents unwelcome surprises.

Plant and operational safety:
minimising risks by means of regular maintenance and investment programmes

The extremely high reliability of technical infrastructure is critical to Wiener Stadtwerke's business success. Therefore, the Group takes steps to ensure that it conforms to very high technical standards as well as precisely defined maintenance and quality checks. Redundancy is maintained in critical areas. In addition, risks are transferred to insurance contracts.

Market and procurement:
minimising risks by developing new products and services, and by means of hedging

Market risks include price and competition risk in retail markets. Wiener Stadtwerke counters these risks by developing new products and services, by maintaining an active, customer-centred sales strategy, and by means of partnerships and cooperation agreements.

The Group's procurement activities take into account the effects of fluctuations in the prices of oil, gas, coal, CO_2 emission allowances and electricity. In the interests of professional risk management, the Wiener Stadtwerke Group manages these risks by entering into appropriate hedging transactions such as derivative purchases on the procurement and sales markets. These include forwards, futures, options and swaps.

Strategy/operating environment:
minimising risks through constant market monitoring

Strategic risks are considered in the strategy development process. The political and legal environments are the main concerns in terms of the changing setting in which Wiener Stadtwerke operates. Both are continuously monitored, in order to enable the Group to respond appropriately and as quickly as possible.

Human resources/organisation:
minimising risks through integrated employee development

As a responsible employer, Wiener Stadtwerke attaches particular importance to monitoring human resources risk. The Group-wide integrated employee development programme includes a range of activities, such as performance reviews, designed to optimise staff development and maximise employee satisfaction.

IT:
ensuring high availability

Reliable IT support for business processes is assured by taking steps to achieve high IT availability (including a back-up computer centre).

Legal/data protection:
focus on protecting personal data and avoiding legal risks

As a responsible business, Wiener Stadtwerke pays close attention to the topic of data protection. The data protection officers at the Group companies work with the relevant divisions to ensure that data protection breaches are avoided. The various legal departments also place an emphasis on minimising legal risks.

The ICS encompasses all the key features of the process-related monitoring measures across the various organisations. It ensures that the main risks associated with the relevant processes are systematically captured and analysed, and minimised by carrying out periodic checks, and that the key documentation is kept and responsibilities are recorded transparently. The minimum standards for compliance with the ICS are laid down by a Group directive which also clearly defines the roles and remits within the system's control processes. The ICS has a decentralised structure, with the Group companies responsible for assigning management control responsibilities and ensuring that transparent documentation is kept. The duty to report to the various management boards and the Group ICS coordinator at regular intervals ensures that the ICS conforms to the standards. Continued refinement of the ICS is the job of the bodies tasked with liaising with Group companies, as well as the risk management and compliance functions.

Compliance with the statutory regulations relevant to the Group is monitored and controlled. The reliability of the financial reporting is assured, as the accounting processes at Wiener Stadtwerke are governed by Group-wide directives and standards.

Compliance

As a state-owned company, the Wiener Stadtwerke Group has a duty to uphold the values of integrity, reliability, transparency and a sense of responsibility. With this in mind, a Group-wide compliance management system (CMS) was implemented several years ago. The CMS is evaluated at regular intervals by the Chief Compliance Officer in consultation with the compliance officers, and constantly developed and improved. The system is also subject to regular independent audits of its effectiveness. The Management Board and Supervisory Board receive written compliance reports, as well as verbal reports on a case-by-case basis as required. A Group-wide whistleblowing system that meets all of the legal requirements has been set up, and it is used by employees, customers and suppliers. In 2019 around 3,000 Wiener Stadtwerke Group employees attended compliance training. Fine-tuning of the CMS was also a focus of activities during the reporting period. Compliance with the statutory regulations relevant to the Group is monitored and controlled by the compliance function in cooperation with other relevant departments.

Summary

As at 31 December 2019 there were no identifiable risks that, individually or in combination with other risks, could pose a threat to the Wiener Stadtwerke Group's capacity to continue operating as a going concern.

9. Outlook

The Wiener Stadtwerke Group will continue to face a rapidly changing operating environment, and to actively meet these challenges, following a clear corporate strategy. In the face of persistently harsh conditions in the energy sector, the Group will maintain its efforts to leverage efficiencies, so as to ensure it remains on a healthy financial footing. Thanks to clear priorities, the Group's ability to advance major growth and innovation projects will be undiminished.

The following major Group-wide initiatives are worthy of mention:

One-Stop Shop

The One-Stop Shop will give our customers a single, central point of access – online and offline – for the services and products offered by all Wiener Stadtwerke companies, with an emphasis on convenience and quality of experience. Used by all of the Group companies, the joint service portal is due to be fully operational by the end of 2025. The opening of a "flagship store" at Spittelau in September 2020 will be the first milestone in the project. At this new, modern service centre, customers will be able to find answers to any questions on energy supply matters, buy their Wiener Linien annual season ticket, rent WIPARK parking spaces, and receive advice on funeral and cemetery services.

WIENER STADTWERKE goes S/4HANA

Implementation of the new SAP solution S/4HANA will mark a significant step forward in the ongoing digitalisation of Wiener Stadtwerke's businesses. The 'Wiener Stadtwerke goes S/4HANA' programme is coordinating all of the activities necessary to make the transition as smooth as possible for the Group companies. There is a particular focus on two aspects:

With regard to technical migration, all of the necessary measures, together with the Group companies' implementation projects, are being planned and implemented in three stages – preparation and conceptualisation, implementation, and follow-up – in order to carry out the transition to the new platform and subsequent stabilisation as efficiently and effectively as possible. Any major SAP project is both an organisational and a technical undertaking. Therefore, the second focal point is organisation, and processes in particular. S/4HANA opens up a range of opportunities to optimise applications and processes, and tailor them more precisely to organisational needs and the needs of the market. While the specific processes in each implementation project will be analysed to highlight the potential for optimisation, the programme will also analyse so-called "One FIT" processes. The goal here is to identify ERP processes that Group companies have in common, harmonise them, and implement them so as to exploit synergies.

WIENER STADTWERKE climate fund

Climate protection and energy efficiency have always been a priority for Wiener Stadtwerke, and remain so. In this regard, the services provided by our Energy and Transport divisions in particular play their part in helping to protect the environment. Our visions and the key issues in this connection are well known: expansion of public transportation, promoting e-mobility, implementing energy efficiency measures, increasing the share of renewable power generation, and deploying alternative drive systems, to name just a few.

Wiener Stadtwerke is boosting its climate protection efforts by investing in relevant programmes. In 2020 the Group will make the first allocation, of EUR 500,000, to its new climate fund. The aim of the fund is to support smaller initiatives that benefit the environment, as a complement to the Group's major projects. The Wiener Stadtwerke climate fund is directed at measures that reduce emissions of CO_2 and other pollutants, improve the microclimate and air quality, and thereby support the Group's strategic sustainability objectives and make a contribution to the United Nations Sustainable Development Goals (SDGs).

Key projects and targets in the Group's various divisions are discussed below:

ENERGY

Digitalisation, price volatility and stiffer competition are likely to be the defining factors of the European energy market again in 2020. Decarbonisation and the related need to move closer to achieving the targets set by the energy and climate strategies of the EU, Austria and the City of Vienna will also have a significant influence on the Group's business policies.

Another important factor will be the growth of the city itself. The population of Vienna is set to continue rising rapidly up to 2030. New districts are springing up, and increased use is being made of electric vehicles, car sharing, bicycles and public transport. Because of this, issues like energy, mobility and CO_2 neutrality are also central to the City of Vienna's "smart city" strategy.

Wien Energie will make an important contribution to achieving these goals. By playing an active part in urban planning, society will draw long-term benefits from the city's growth. A focus on innovation, digitalisation and the application of new technologies will help Wien Energie to meet its targets in relation to renewable energy, security of supply, electric vehicles and telecommunications. In this way, the company will remain competitive in a fast-moving market, and its products and services will make a vital contribution to Vienna retaining its position as the world's most liveable city.

ENERGY GRIDS

Smart metering

In line with the rest of Europe, Vienna is paving the way for an energy-efficient, climate-conscious future by introducing new electronic electricity meters. Smart meters are a key element in the expansion and modernisation of smart power grids, and Wiener Netze is already putting in place the infrastructure for the energy supplies of the future. Installation of the first new electricity meters began in November 2018, in parts of Vienna's Donaustadt, Meidling and Favoriten districts, and in the Neufeld district of Burgenland. 75,000 next-generation electronic meters had been installed for Wiener Netze customers by the end of 2019. The company aims to replace a total of 1.6 million meters in its supply area by the end of 2022.

Electricity grid

A number of long-term projects – including upgrades of old medium- and high-voltage systems, the modernisation of substations based on older safety standards, and adaptation and optimisation measures in accordance with the target network plan – are currently going ahead at full steam. Substations are steadily being automated (with installation of remote monitoring and control) in order to maintain the current high level of supply security and quality. As a result, disturbances and various other types of non-availability can be rectified by rapid switching, enabling supply to be quickly restored (the ASIDI project). System monitoring is continuing in order to meet legislative and regulatory requirements.

Low-impedance neutral earthing was successfully implemented at three substations in 2018; completion of the rollout to 29 substations is scheduled for the end of 2027. A three-year framework agreement, arranged in collaboration with the Purchasing Department, offered the most cost-effective option for supply of the 75 low-impedance neutral earthing resistors required. Before delivery of the first batch, a thermal resistance test had to be carried out by the Austrian Institute of Technology, as well as an electromechanical field test. Due to the lengthy ordering process, these tests could not take place until the end of the year; in addition, major defects were identified in the prototype during the field test. As a result, no substations switched to low-impedance neutral earthing in 2019. However, as the supplier has corrected the defects, and preparations connected with protective installations at the substations are already complete, the conversions can be carried out rapidly in 2020. In order to maintain progress towards the 2027 target, four substations will be converted over the next three years instead of just three. The changeover will result in greater supply security.

Gas grid

Based on current developments on the heating market, the objective is that new urban development areas will largely be supplied by renewable energy and district heating. Vienna has identified initial energy development planning zones, which will be developed in line with the principle of energy-efficient, carbon-neutral heating.

Parallel connections to the gas grid will remain a possibility for urban growth areas that cannot be supplied with district heating due to their geographical location. However, developers must incorporate a minimum proportion of renewable energy (e.g. photovoltaic or thermal solar installations) into construction plans. Gas comes into its own when high temperatures are required in manufacturing, trade and industry. New production sites and capacity expansions still require corresponding new gas connections or adaptations in line with the grid code.

Alongside expansion of the network, safeguarding security of supply and the performance of the existing grid both require investment in order to maintain quality. The main focus is on strategic and condition-based maintenance. As digitalisation progresses, Wiener Netze has initiated a pilot project for automated, real-time collection of metering and operational data from gas and high-pressure installations that are in continuous operation. This will make it possible to respond more quickly and appropriately to changes in network status and when corrections are needed in order to efficiently allocate supply quantities.

Looking ahead, a key topic for research and for the future is the use of hydrogen, biogas and synthetic gas as primary energy sources.

District heating grid

Wiener Netze is responsible for the installation and maintenance of the district heating grid. The ongoing expansion of the network is mainly driven by population growth and the resultant demand for housing and associated educational and service facilities. Accordingly, moves to open up new areas, increases in the density of existing parts of the network, and expansions in step with new housing are undertaken at strategic interconnection points.

To ensure sustainable supply of district heating, investments must also be made in existing grid infrastructure (transmission networks). Construction of the Donauleitung pump station is expected to be completed by the beginning of 2022. The project will allow heat capacity to be transported from the generating plant in Simmering to northern districts of Vienna, which are growing rapidly, at a higher flow rate and with greater efficiency.

In view of the age of some sections of the grid, the rate of replacement will be further increased in the coming years.

The aim is to make optimal use of the existing gas and district heating grids, and to avoid further expansion of duplicate infrastructure that has been built up in the past, in the interest of cost efficiency.

TRANSPORT

In 2020 Wiener Linien will put an emphasis on investment in the underground network. Work will continue on the preparations for the U2/U5 intersection, along the entire route. Tendering processes for the extensive engineering and tunnelling works will be conducted into autumn 2020, after which construction will begin at all of the stations.

As far as the modernisation of the U4 line between Hütteldorf and Heiligenstadt is concerned, Pilgramgasse station will remain closed as planned until the end of January 2020, while extensive preparation and adaptation works are carried out for the future connection to the U2 extension. Installation and replacement of tunnel roof linings along the Friedensbrücke and Resselpark sections will also be carried out during the year.

Delivery of the new X-Wagen trains is scheduled for the second half of 2020. In the test phase, individual X-Wagen trains will run on Vienna's underground network from 2021, albeit without passengers. Once the operating licence has been issued, X-Wagen trains could be in operation as early as 2022 – initially with drivers – carrying passengers on the U1, U2, U3 and U4 lines.

Lift refurbishments will be carried out in 2020, including for ten lifts at six stations on the U1 and U4 lines. Karlsplatz and Kagran will be the first two stations to benefit from these modernisation works.

Other key areas of investment are tram purchases (under the Flexity project), track renovation on the tram network, and alterations to various stations in preparation for next-generation trains (the Remisen 2.0 project).

Wiener Lokalbahnen signed a new 15-year transport services agreement with the Eastern Region Transport Association on 3 December 2019. The agreement governs operation of the Badner Bahn from December 2020, when a new timetable will be introduced. A new feature of the agreement for WLB is that services are ordered on a gross-cost contract basis, meaning the client bears the risk in respect of tariff receipts. The new 2020 timetable will include services between Vienna's State Opera House and Wiener Neudorf every 7.5 minutes throughout the day; currently, services only run this frequently during the morning and evening rush hours. When fully implemented (from December 2027, after completion of the third phase of expansion), the changes will bring about a 70% increase in total distance covered in comparison with the 2019 timetable. This means that the new transport services agreement needs to be implemented in 2020, and all of the preparations put in place for the timetable expansion in December. The up-front costs involved will have an impact on profits in 2020. Regarding infrastructure, the transitional MIP for 2020 and the new MIP for the following years will be drawn up during the coming year.

TW500 locomotives ordered from Bombardier Transportation will go into operation in 2021, as scheduled. The new vehicles will enhance passenger comfort with modern passenger information systems, air conditioning as standard, and step-free access.

FUNERAL SERVICES AND CEMETERIES

Current plans and forecasts suggest that activity in this division (number of ceremonies, grave tenure renewals, etc.) is likely to remain stable or decline slightly. Revenue is also expected to hold broadly steady. In line with the current Group strategy, further progress with efficiency measures, quality improvements and additions to the product and service portfolios will be made in 2020.

CAR PARKS

Revenue growth is expected in the next few years, particularly as a result of the Neu Leopoldau car park project (plots K and Q commissioned in 2019, plot S in February 2020). Occupancy rates at most of the existing car parks are expected to remain relatively stable, with revenue edging up due to the annual index-linked adjustment of parking fees. The Division will create an attractive product for parking customers, with the aim of increasing customer loyalty and optimising customer service. And in a further effort to enhance the customer offering, e-vehicle charging infrastructure is being expanded.

WIPARK will continue to follow the strategy of concentrating on facility ownership, as this is seen as holding stronger potential for increased profitability. Besides the Neu Leopoldau project, Wipark will be looking to build more new self-owned car parks. Nevertheless, new leasehold agreements may also open up growth opportunities. New car park management contracts will not be actively sought, although exceptions are conceivable for car parks in strategic locations.

Events after the reporting period

As described in note 9.6 to the consolidated financial statements, the Supreme Administrative Court's verdicts on the employer contribution were still pending at the end of the reporting period. Several complaints and extraordinary final complaints submitted to the Court by the tax authorities with regard to payment of the employer contribution by the Wiener Stadtwerke Group were dismissed by the Court by writ on 26 February 2020. The proceedings still before the Supreme Administrative Court or other courts, i.e. the Federal Finance Court, which had been suspended pending the Supreme Administrative Court's decision on the complaints, must also be settled in accordance with the latter's writs. As there was not a high probability that income would be recognised at the reporting date, and a change in this view was only justified following the aforementioned decision, this matter is not considered in the consolidated financial statements for the year ended 31 December 2019, and income of EUR 178.9m is expected to be recognised in the 2020 accounts.

Wiener Stadtwerke GmbH has concluded an agreement to purchase 28.35% of the shares in Lower Austrian energy and environmental services company EVN AG. Performance of the contract is subject to approval by the Austrian and German competition authorities. In the view of Wiener Stadtwerke GmbH, this represents an investment with the expectation of regular dividend income. As this will be a minority interest, Wiener Stadtwerke will have no influence on the conduct of EVN's business.

The coronavirus (Covid-19) outbreak and the related measures taken to contain it will have an adverse effect on global economic growth, lead to downturns and volatility on financial and goods markets, and have a corresponding impact on economic activity. At present, it is not possible to assess the potential impacts on Wiener Stadtwerke, and they are not included in the outlook presented above.

The Group has taken organisational and staff-related measures in connection with Covid-19. Internal crisis teams have been set up which meet regularly and liaise with the City of Vienna's crisis team. Separate teams have been created for important systemic facilities. All training courses and events scheduled to take place up to the end of June have been cancelled and, wherever possible, staff have been instructed to work from home.

In the Energy Division, disruption services were maintained and maintenance shifts were separated. This included isolation of 53 plant staff for four weeks. A further measure was to cancel all disconnections and payment reminder procedures. However, important construction projects continued during the crisis. Staff were provided with personal protective equipment, and additional safety measures were introduced.

Wiener Netze's response included suspending major projects. Smart meter readings and meter replacements were cancelled, while construction work was reduced to a minimum. Employees were also equipped with face masks, and staff at system-critical operations were divided into isolated teams. After Easter, routine operations returned to full pace and construction works recommenced. Other parts of Wiener Netze remain in crisis mode.

In the Transport Division, Wiener Linien responded to the 80% fall in passenger numbers by adapting timetables (running a Saturday timetable on weekdays), suspending night-time underground services and prioritising construction work. All vehicles and surfaces with which passengers come into contact were cleaned daily, and driver working spaces disinfected. Driver compartments and areas were sealed off and staff were equipped with protective face masks. A gradual return to full operation began after Easter, with the frequency of services being increased step by step in order to provide more space for passengers. Face masks were made compulsory throughout the public transport network. Workshops, control rooms and customer service centres were reopened in phases.

Wiener Lokalbahnen passenger numbers fell by as much as 70%. Service intervals of 7.5 minutes were maintained during peak times. The presence of security staff on trains was maintained, in order to ensure that passengers continued to feel safe. In contrast, the frequency of bus services in Baden was reduced, while the regional bus service kept to its regular timetable. In order to reduce physical contact to a minimum, all doors on Badner Bahn trains opened automatically to allow passengers to board and alight. Face masks are now compulsory for all passengers and staff. Just as for Wiener Linien services, vehicle workspaces are disinfected daily. Wiener Lokalbahnen Cargo and Wiener Lokalbahnen Verkehrsdienste staff have been given individual disinfection kits. The number of people per vehicle on WLV services was limited to four. WLC, which operates in a competitive market, has faced a 20% reduction in cargo volumes. This was due to the cancellation of shipments to and from neighbouring countries (in particular Italy) due to border closures and traffic congestion. Additional costs have been incurred for transporting drivers to trains. Capacity utilisation at WLV plummeted by more than 90% due to the lockdown restrictions and the closure of schools, institutions and workshops. The overall situation is expected to improve as schools reopen. In order to cushion the financial impact on WLC and WLV, reduced working hours were introduced for WLC employees and WLV bus drivers. In consultation with the Eastern Region Transport Association, Wiener Lokalbahnen train and bus services resumed regular operations after Easter.

The Funeral Services and Cemeteries Division was confronted with a significant rise in the number of deaths. However, in order handle this increase in mortality, crisis teams and additional shifts were introduced in critical areas. The coffin store was replenished and additional refrigeration capacity was arranged. Funeral restrictions were introduced, with attendance at burials limited to close family members only and processions starting outside the mortuary. In the case of cremation, funeral ceremonies can be conducted at a later date. In order to maintain our services for mourners, live streaming of funerals is being offered, as are candle services. In customer services, funeral direction offices were kept open by prior appointment where service by telephone or using the web-based funeral configurator were not possible. Digital ordering was made compulsory for gardening and stonemasonry services. Staff were provided with face masks and special protective clothing for home collections where the deceased had died from Covid-19. Further measures may be introduced if the death rate increases.

The Car Parks Division reported substantial losses from the day that lockdown restrictions were introduced in an effort to combat the Covid-19 pandemic. To avoid direct contact with customers, car parks are currently operating without staff present. The only exception is the car park at Vienna General Hospital. The valet parking service for hotels was completely suspended. Short-time working was introduced for part of the workforce in order to secure jobs. Staff were instructed to work from home where possible, and face masks were provided for those unable to do so.

In total, short-time working was introduced for approximately 3% of Wiener Stadtwerke employees. Other human resource-related measures comprised home working, consumption of remaining annual leave and overtime balances, and increasing the flexibility of working time models. Shift plans were adapted to the circumstances, and a mental health support hotline was made available. In addition, steps are being taken throughout the Group to protect at-risk groups.

The pandemic is not expected to have substantial economic impacts on the Group's key Energy and Energy Grids divisions. In the Energy Division, the effects of the Covid-19 outbreak have been recognised in the forecast for 2020, in the shape of a lower contribution margin from the energy business and lower earnings at Wien Energie Vertrieb. Performance in the Energy Grids Division will be balanced out using the regulatory deferral account, so only a relatively small decline in revenue is expected. Many initiatives and construction projects have been temporarily suspended or postponed, but investment has continued.

As described above, the transportation sector was temporarily severely affected by the Covid-19 crisis. Declines in revenue in the Group's Transport and Car Parks divisions reflect the collapse in the numbers of passengers and short-stay parkers respectively. Revenue and earnings will be affected in the Transport Division, principally at Wiener Linien. The impact will be cushioned by mechanisms in the funding agreement with the City of Vienna.

The Group currently expects these events to have a material effect on its results for the year. The general situation is expected to improve from July. The Wiener Stadtwerke Group will emerge from the Covid-19 crisis stable and secure, and will continue to keep Vienna running.

Vienna, 19 May 2020

THE MANAGEMENT BOARD

MARTIN KRAJCSIR

Chief Executive Officer

PETER WEINELT

Deputy
Chief Executive Officer

Consolidated financial statements

for the year ended 31 December 2019

in accordance with IFRS

Wiener Stadtwerke GmbH

1 Consolidated statement of profit or loss

1 STATEMENT OF PROFIT OR LOSS

EUR m	Notes	2019	2018
Revenue	8.1	3,028	2,754
Other income	8.2	553	512
Raw material, consumables and services used	8.3	-1,332	-1,100
Personnel expenses	10.1	-1,067	-1,037
Other expenses	8.4	-702	-659
Net gains on investments accounted for using the equity method	7.3	64	64
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**544**	**535**
Depreciation and amortisation	9.4	-271	-255
Effects from impairment tests	9.5	76	24
Operating profit (EBIT)		**349**	**303**
Interest income	11.1	14	21
Other finance income	11.1	39	52
Interest expense	11.1	-98	-114
Other finance costs	11.1	-3	-48
Financial result		**-49**	**-90**
Profit before tax		**300**	**213**
Income tax expense	13	-1	-4
Profit for the year from continuing operations		**299**	**208**
Profit for the year		**299**	**208**

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME EUR m	Notes	2019	2018
Profit for the year		**299**	**208**
Remeasurements of employee benefit provisions	10.2	-425	58
Net gain or loss on measurement of equity instruments	11	532	821
Other comprehensive income from investments accounted for using the equity method		-1	-
Items that will not be reclassified to profit or loss		**106**	**878**
Measurement of debt instruments	11	10	**-10**
Measurement of cash flow hedges	11.6	42	-24
Other comprehensive income from investments accounted for using the equity method	12	-215	69
Items that will be reclassified to profit or loss		**-163**	**36**
Other comprehensive income before tax		**-57**	**914**
Income tax relating to items that will not be reclassified to profit or loss	13	-33	-51
Income tax relating to items that will be reclassified to profit or loss	13	-1	3
Tax effects relating to components of other comprehensive income		**-35**	**-48**
Other comprehensive income for the year, net of tax		**-92**	**867**
Total comprehensive income for the year		**208**	**1,075**

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR m	Notes	31 Dec. 2019	31 Dec. 2018	1 Jan. 2018
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ASSETS				
Property, plant and equipment	9.1	4,091	3,907	3,787
Intangible assets	9.2	158	145	142
Investments accounted for using the equity method	7.3	166	379	314
Non-current financial assets	11.3	3,500	2,626	2,373
Other non-current assets	8.8	415	240	201
Non-current regulatory assets	8.5	1,216	1,278	1,345
Non-current assets		**9,547**	**8,574**	**8,162**
Inventories	8.6	229	202	109
Trade receivables	8.7	243	299	368
Current financial assets	11.3	582	408	558
Other current assets	8.8	300	158	147
Current regulatory assets	8.5	63	71	75
Cash and cash equivalents	11.2	450	611	663
Current assets		**1,866**	**1,750**	**1,920**
TOTAL ASSETS		**11,413**	**10,325**	**10,083**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION EQUITY AND LIABILITIES				
Equity	**12**	**3,555**	**3,356**	**2,289**
Long-term borrowings	11.4	411	425	375
Employee benefit provisions	10.2	4,637	4,076	5,074
Other long-term provisions	9.6	393	267	230
Other non-current liabilities	8.10	804	800	797
Deferred tax liabilities	13	103	69	18
Total non-current liabilities		**6,348**	**5,637**	**6,493**
Short-term borrowings	11.4	216	151	202
Trade payables	8.9	363	435	392
Other short-term provisions	9.6	41	43	67
Other current liabilities	**8.10**	**890**	**702**	**639**
Total current liabilities		**1,510**	**1,331**	**1,300**
TOTAL EQUITY AND LIABILITIES		**11,413**	**10,325**	**10,083**

4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR m	Share capital and contributions	Capital reserves	Employee benefit provision reserve	Cash Flow Hedge reserve	Valuation reserve for financial instruments	Reserve for investments accounted for using the equity method	Retained earnings	Total
1 Jan. 2018	500	2,327	-	-	10	1	-549	2,289
Profit for the year	-	-	-	-	-	-	208	208
Other comprehensive income	-	-	58	-24	760	73	-	867
Total comprehensive income for the year	**500**	**2,327**	**58**	**-24**	**770**	**74**	**-340**	**3,364**
Dividends	-	-	-	-	-	-	-8	-8
Transfers	-	-	-	-	3	-	-3	-
31 Dec. 2018	**500**	**2,327**	**58**	**-24**	**773**	**74**	**-351**	**3,356**
1 Jan. 2019	500	2,327	58	-24	773	74	-351	3,356
Profit for the year	-	-	-	-	-	-	299	299
Other comprehensive income	-	-	-425	42	508	-216	-	-90
Total comprehensive income for the year	**500**	**2,327**	**-367**	**18**	**1,281**	**-142**	**-52**	**3,565**
Dividends	-	-	-	-	-	-	-10	-10
31 Dec. 2019	**500**	**2,327**	**-367**	**18**	**1,281**	**-142**	**-62**	**3,555**

5 CONSOLIDATED STATEMENT OF CASH FLOWS

EUR m	Notes	2019	2018
Operating profit (EBIT)		349	303
Depreciation, amortisation and impairment/write-ups of intangible assets, property, plant and equipment, and right-of-use assets	11.4/11.5	195	232
Non-cash income from investment accounted for using the equity method	7.3	-64	-64
Net gains on disposal of non-current assets		-26	-7
Change in long-term provisions	9.6	-56	-85
Other non-cash expenses and income		110	75
Interest received	11.1	5	16
Dividends received	11.1	85	94
Interest paid	11.1	-12	-13
Taxes paid	13	2	-2
Cash flow before changes in working capital		**588**	**548**
Change in inventories	8.6	-27	-93
Change in trade and other receivables	8.7/8.8	-20	72
Change in trade payables and other liabilities	8.9/8.10	-41	-48
Change in short-term provisions and accruals for employee benefit obligations	9.6	8	-17
Cash flows from operating activities		**507**	**462**
Cash outflows for investments in intangible assets and property, plant and equipment	9.1/9.2	-244	-176
Cash inflows from disposals of intangible assets and property, plant and equipment	9.1/9.2	14	13
Cash outflows for investments in long term securities and loans	11.3	-435	-1,203
Cash inflows from disposals of long-term securities and loans	11.3	69	943
Cash outflows for equity investments and investments in subsidiaries, less cash and cash equivalents received	11.3/7.1	-26	-35
Cash inflows from/outflows for investments in other short-term securities and financial instruments, and investments with maturities of less than three months under the cash pooling arrangement	11.3	-4	116
Change in liquid funds not included in cash and cash equivalents	11.2	124	-76
Cash flows from investing activities		**-502**	**-419**
Capital contributions and repayment of capital contributions		-	-
Cash inflows from assumption of long-term financial liabilities	11.4	5	5
Cash outflows from repayment of long-term financial liabilities	11.4	-38	-73
Dividends paid	11.4	-10	-8
Cash flows from financing activities		**-43**	**-76**
Change in cash and cash equivalents		**-38**	**-32**
Cash and cash equivalents as at 1 Jan.	11.2	397	429
Change in cash and cash equivalents		-38	-32
Cash and cash equivalents as at 31 Dec.	11.2	**360**	**397**

6 Accounting policies

6.1 General principles

Wiener Stadtwerke GmbH (WSTW GmbH), the parent company of the Wiener Stadtwerke Group, is registered in the register of companies at Vienna Commercial Court, Austria under FN 127783t. The address of the registered company is Thomas-Klestil-Platz 13, 1030 Vienna.

The consolidated financial statements relate to Wiener Stadtwerke GmbH and its subsidiaries (referred to below as "the Wiener Stadtwerke Group", "the WSTW Group" or "the Group"). The Wiener Stadtwerke Group plays a vital part in keeping the city of Vienna running. The Group is responsible for providing reliable, environmentally friendly energy supplies and efficient public transport. Other areas of Group operations are funeral services and cemeteries, as well as multi-storey car parks.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU, and also meet the additional requirements of section 245a Unternehmensgesetzbuch (Austrian Business Code).

The Wiener Stadtwerke Group's consolidated financial statements for all financial years up to 31 December 2018 were prepared in accordance with local accounting standards (Austrian Business Code). The consolidated financial statements for the year ended 31 December 2019 were the first to be drawn up in accordance with IFRS as adopted in the European Union. In addition to the comparative information on the preceding reporting period, due to the first-time application of IFRS an additional, opening statement of financial position as at 1 January 2018 was prepared.

The consolidated financial statements were finalised on 19 May 2020 and approved for forwarding to the Supervisory Board, which is responsible for checking and approving them.

The items in the financial statements are generally stated at cost, with the exception of the financial instruments recognised at fair value, as well as some plots of land, which were recognised at the market value as at 1 January 2018, in accordance with IFRS 1.

Details of the accounting policies applied can be found in the relevant notes.

In the interests of providing clear and meaningful information, some items in the statements of profit or loss and financial position have been aggregated. These items are broken down and explanatory details provided in the notes. The statement of profit or loss is prepared using the nature of expense method. All amounts are reported in millions of euros (EUR m), unless stated otherwise. Totals of rounded amounts and percentages may be affected by rounding differences caused by software.

6.2 Significant judgements, assumptions and estimates

In the course of preparing the consolidated financial statements, management is obliged to make judgements, estimates and assumptions that influence the value of the assets, liabilities, income and expenses recognised. Although these are best estimates and assumptions based on up-to-date information, the inherent uncertainty associated with them means that deviations from actual events cannot be excluded. This can result in significant adjustments to the carrying amounts concerned. Assumptions and estimates are regularly assessed and adjusted prospectively where necessary.

Judgements, estimation uncertainties and assumptions that have a significant influence and entail material risks may necessitate adjustments of carrying amounts in the following year. These are explained in the notes or in the explanations of the recognition and measurement of the items in question.

Judgements are made with regard to the following:

- The scope of consolidation
  see note 7.2
- Decision on whether revenue is recognised over time or at a given point in time
  see note 8.1
- Decision on whether the criteria for capitalisation of internally generated intangible assets are fulfilled
  see note 9.2
- Distinction between operating and finance leases for the lessor
  see note 9.3
- Deferred tax
  see note 13

Estimates are made in relation to the following:

- Determination of revenue on an accruals basis
  see note 8.1
- Net realisable value of inventories
  see note 8.6
- The useful lives of property, plant and equipment, and intangible assets
  see notes 9.1 and 9.2
- Impairment testing
  see note 9.5
- Provisions
  see note 9.6
- Parameters for employee benefit provisions
  see note 10.2
- The fair value of financial instruments
  see note 11.5
- Risk of default and impairment gains or losses on financial assets
  see note 14

6.3 Changes in significant accounting policies

These consolidated financial statements are the first to be drawn up by the WSTW Group in accordance with IFRS. IFRS 1 was applied, meaning that all standards mandatorily applicable in the European Union as of 1 January 2019 were applied retrospectively with effect from 1 January 2018 (the date of the opening statement of financial position). Consequently, no new accounting standards became mandatorily applicable in 2019.

The effects of the change from the Austrian Business Code to IFRS are described in note 15.3.

Published standards not yet applied

New or amended standards and interpretations that had been published by the IASB as of the date of preparation of the financial statements, but were not mandatorily applicable in the EU as of 1 January 2019 were generally not voluntarily applied. The Wiener Stadtwerke Group will apply such standards as soon as they become mandatory. Information on standards which are not yet applicable is provided in the table below. However, these standards are not expected to have a material effect on the consolidated financial statements. In terms of early application, the IASB Conceptual Framework, which only became mandatory on 1 January 2020, is an exception – it was voluntarily applied as of 1 January 2018. Further information is given in note 8.5

Standard/interpretation	Amendment	Publication by the IASB/IFRS IC	Date of mandatory application for the WSTW Group	Material effect on the consolidated financial statements
IFRS 17	Insurance Contracts – new standard	18 May 2017	1 Jan. 2021	No material effect
IAS 1	Classification of Liabilities as Current or Non-current	23 Jan. 2020	1 Jan. 2023	The amendments are being evaluated and their effect is not yet foreseeable
IFRS 3	Definition of a Business	22 Oct. 2018	1 Jan. 2020	This could lead to changes in the treatment of share deals, e.g. for power stations and wind parks. These could possibly be classified as asset purchases.
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	26 Sep. 2019	1 Jan. 2020	The amendments are mainly concerned with providing relief on specific aspects of hedge accounting within reporting periods (IBOR reform) and will not have a material effect on the Group's consolidated financial statements.
IAS 1 and IAS 8	Definition of Material	31 Oct. 2018	1 Jan. 2020	No material effect
Amendments to References to the Conceptual Framework in IFRS Standards	Amendments to the IASB Conceptual Framework	29 Mar. 2018	1 Jan. 2020	Amendments to the Conceptual Framework have been applied in these consolidated financial statements, ahead of the mandatory application date.

7 The Wiener Stadtwerke Group

7.1 Changes in the scope of consolidation

The consolidated financial statements of Wiener Stadtwerke GmbH include those companies that are material to presenting a true and fair view of the Group's assets, liabilities, financial position and profit or loss. Changes in the scope of consolidation are presented in the following table:

	Consolidated subsidiaries	Investments accounted for using the equity method
1 Jan. 2018	**28**	**3**
Initial consolidation in the reporting period	3	-
Deconsolidation in the reporting period	-4	-
31 Dec. 2018	**27**	**3**
Initial consolidation in the reporting period	2	-
Mergers in the reporting period	-1	-
31 Dec. 2019	**28**	**3**

Mergers

In 2019 Druckerei Lischkar & Co. Gesellschaft m.b.H., a Group company previously not included in the scope of consolidation due to immateriality, was merged into B&F Wien – Bestattung und Friedhöfe GmbH.

In 2018 Group company Wiencom Werbeberatungs GmbH, which likewise had not been included in consolidation due to immateriality, was merged into WienIT GmbH.

Acquisitions

Norske Skog Hydro GmbH was merged into Wien Energie GmbH in 2019 following acquisition of 100% of the company's share capital under a share purchase agreement. The purchase price of EUR 9.7m was paid in cash. No significant debt was assumed. Hidden reserves of EUR 9.4m were disclosed when determining the purchase price; however, goodwill was not recognised.

In 2018, Wiener Linien GmbH & Co KG acquired 90% and Wiener Linien Verkehrsprojekte GmbH 10% of the shares in Wiener Linien Direktionsgebäude GmbH at a total purchase price of EUR 29.3m. The principal asset acquired was a building complex at Wien Erdberg with a fair value of EUR 29.3m. Liabilities amounting to EUR 28.5m were assumed (including EUR 13.6m in loan repayments and a security deposit of EUR 13.6m of Wiener Linien GmbH & Co KG). The company makes no material contribution to the Group's revenue or profit, since it has only intra-Group earnings. Wiener Linien Direktionsgebäude GmbH was initially consolidated at 31 December 2018. A small positive difference arising on consolidation was immediately recognised in other expenses due to immateriality.

WIPARK Garagen GmbH, which already held a 44% stake in each of TownTown Tiefgaragen GmbH and TownTown Tiefgaragen GmbH & Co KG, acquired the remaining 56% of the shares in both companies in 2018 for EUR 5.1m, assuming debt of EUR 14.5m. The companies were merged into WIPARK Garagen GmbH, and no material difference arose.

Öko Kraftwerk Water GmbH was also acquired by Wien Energie GmbH in 2018; the company was merged into Wien Energie GmbH in the same year. The purchase price was EUR 1.6m and debts totalling EUR 0.5m were assumed. Again, no material difference arose.

WSTW funds

WSTW fund VII, which invests in bonds with the aim of holding them to maturity, was included in the scope of consolidation for the first time in 2019. WSTW VII is designed as a conservative investment vehicle for a period of around five years.

The newly formed WSTW fund VI was also included in the consolidated financial statements for the first time in 2018. WSTW funds I, II, III and V were recognised as plan assets in 2018, and reported under pension provisions and deconsolidated.

7.2 Subsidiaries

The following companies were included in the scope of consolidation as at 31 December 2019:

Interest (%)	31 Dec. 2019	31 Dec. 2018	
Wiener Stadtwerke GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100%	100%	
Wien Energie GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	
Wiener Netze GmbH, Erdbergstrasse 236, 1110 Vienna	100%	100%	
Wiener Linien GmbH, Erdbergstrasse 202, 1030 Vienna	100%	100%	
Wiener Linien GmbH & Co KG, Erdbergstrasse 202, 1030 Vienna	100%	100%	
Wiener Linien Verkehrsprojekte GmbH, Erdbergstrasse 202, 1030 Vienna	100%	100%	
Wiener Linien Direktionsgebäude GmbH, Erdbergstrasse 202, 1030 Vienna	100%	100%	
Friedhöfe Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100%	100%	
B&F Wien - Bestattung und Friedhöfe GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100%	100%	
BFW Bestattungsservice Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100%	100%	1)
BFW Gebäudeerrichtungs- und Vermietungs GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100%	100%	
BFW Gebäudeerrichtungs- und Vermietungs GmbH & Co KG, Simmeringer Hauptstrasse 339, 1110 Vienna	100%	100%	
Bestattung Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100%	100%	
Wiener Lokalbahnen GmbH, Purkytgasse 1B, 1230 Vienna	100%	100%	
Wiener Lokalbahnen Cargo GmbH, Freudenauer Hafenstrasse 8-10, 1020 Vienna	100%	100%	
Wiener Lokalbahnen Verkehrsdienste GmbH, Haidequerstrasse 6, 1110 Vienna	100%	100%	
WIPARK Garagen GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100%	100%	
WienIT GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100%	100%	
Wiener Erdgasspeicher GmbH, Erdbergstrasse 236, 1110 Vienna	100%	100%	
Wien Energie TownTown GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	
Wien Energie TownTown GmbH & Co Energy Tower KG, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	2)
WSTW TownTown GmbH & Co Residenz KG, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	
Wiener Stadtwerke Vermögensverwaltung GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100%	100%	
Wiener Stadtwerke Finanzierungs-Services GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100%	100%	
Beteiligungsmanagement IWS Verwaltungs GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100%	100%	
WSTW fund IV	100%	100%	
WSTW fund VI	100%	100%	
WSTW fund VII	100%	-	

1 Merger of Sarglogistik Wien GmbH and Krematorium Wien GmbH
2 Formerly WSTW TownTown GmbH & Co Stationsturm KG

The following 24 (2018: 22) companies were not included in the scope of consolidation due to immateriality:

Interest (%)	31 Dec. 2019	31 Dec. 2018	
Facilitycomfort Energie- und Gebäudemanagement GmbH, Spittelauer Lände 45, 1090 Vienna	100%	100%	
Gemeinnützige Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H., Erdbergstrasse 236, 1110 Vienna	100%	100%	
TownTown Infra GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	70%	70%	
Vienna Energy Természeti Erö Kft., Aradi utca 16, HU-1062 Budapest	100%	100%	
Hauscomfort GmbH, Spittelauer Lände 45, 1090 Vienna	100%	100%	
Upstream - next level mobility GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100%	100%	
Bestattung PAX GmbH, Simmeringer Hauptstrasse 281/1, 1110 Vienna	100%	100%	
Vienna Energy forta naturala S.R.L., Strada Sfanta Vineri 29, Cladirea Bectro Center, RO-030203 Bucharest	100%	100%	
Energy Eastern Europe Hydro Power GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	
EMK d.o.o., Jane Sandanski 113-12, 1000 Skopje	100%	100%	1)
ERS d.o.o. male hidroelektrane, Akademika Petra Mandicá 11c, 71123 Istočno Sarajevo	100%	100%	1)
EBH d.o.o., Zmaja od Bosne 7-7a, 71000 Sarajevo	100%	100%	1)
KW Sallabach Gesellschaft mbH, Thomas-Klestil-Platz 14, 1030 Vienna	85%	85%	
KW Sallabach Gesellschaft mbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	85%	85%	
Tierfriedhof Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	70%	70%	
Neu Leopoldau Entwicklungs GmbH, Messeplatz 1, 1021 Vienna	51%	51%	
Wien Energie Bundesforste Biomasse Kraftwerk GmbH, Haidequerstrasse 1, 1110 Vienna	66.67%	66.67%	
Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG, Haidequerstrasse 1, 1110 Vienna	66.67%	66.67%	
Kraftwerk-Gulling GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	
Kraftwerke-Gulling GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	
Wiener Stadtwerke Planvermögen GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	99.8%	99.8%	2)
Smartworks Innovation GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	3)
Smartworks Innovation GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100%	-	
Wasserkraftwerk Rantenbach GmbH, Krakauschatten 42, 8854 Krakauschatten	100%	-	

1 Wholly-owned subsidiary of Energy Eastern Europe Hydro Power GmbH
2 An interest of 0.2% is held by a fiduciary
3 Formerly WIENSTROM Naturkraft GmbH & Co KG

Recognition and measurement

Subsidiaries and acquisitions

All material entities in respect of which WSTW GmbH has direct or indirect control over financial and business policies (subsidiaries) are included in the consolidated financial statements. WSTW GmbH is deemed to have control over a company in which it holds an interest when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

As a rule, this applies when the interest amounts to more than 50% of voting rights, but can also derive from existing de facto control over the activities of an investee which entitles WSTW GmbH to the majority of economic benefits or exposes it to risks. Companies are included in consolidation from the date WSTW GmbH obtains control, and are deconsolidated when it loses control.

In the case of acquisitions, assets and liabilities (including contingent liabilities) are recognised at their fair values, independently of any non-controlling interests acquired, in accordance with IFRS 3. Non-controlling interests in subsidiaries are measured according to the proportionate share in net assets (excluding the proportionate share in goodwill). Intangible assets are recognised separately from goodwill if they are separable from the acquiree or arise from contractual or other legal rights. A remaining positive difference that compensates the seller for market opportunities or development potential that cannot be individually identified are recognised as goodwill. If there is a negative difference, following a new assessment of the value of the identified assets and liabilities (including contingent liabilities) of the acquiree, and of the compensation transferred, the difference is recognised in profit or loss. The difference between fair value and the carrying amount are carried forward in accordance with the related assets and liabilities during the subsequent consolidation. A change in the interest held in a consolidated subsidiary is recognised as an equity transaction without recognition in profit or loss.

Intra-Group transactions

Material intra-Group receivables and interim profits or losses are eliminated. The income tax effects of any amounts recognised in profit or loss on consolidation are accounted for, and deferred tax assets and liabilities are recognised as the case may be. Capital consolidation is based on offsetting the transferred consideration against the fair value of the assumed assets and liabilities.

Functional and reporting currency

The euro is the functional currency of Wiener Stadtwerke GmbH and the Group's reporting currency, and the functional currency of all consolidated subsidiaries as well as all investments accounted for using the equity method.

Management's judgements

§ Various Group companies are not included in the scope of consolidation as consolidated companies or investments accounted for using the equity method. These are carried at amortised cost less any impairment losses, under other assets. Inclusion of these companies is immaterial to presenting a true and fair view of the Group's assets, liabilities, financial position and profit or loss. The subsidiaries not included as fully consolidated companies are mostly companies with minimal trading volume, which together account for less than 2% of the Group's total assets.

7.3 Investments accounted for using the equity method

The Group's investments accounted for using the equity method comprise investments in associates and joint ventures.

EUR m	31 Dec. 2019	31 Dec. 2018
Holdings in associates	139.6	138.5
Holdings in joint ventures	26.8	240.2
Total	**166.4**	**378.7**

The following associates and joint ventures were accounted for using the equity method at the reporting date:

Interest (%)	31 Dec. 2019	31 Dec. 2018	
Energieallianz Austria GmbH, Wienerbergstrasse 11, 1100 Vienna	45%	45%	
Wien Energie Vertrieb GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100%	100%	
Naturkraft Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	45%	45%	*
Switch Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	45%	45%	*
EAA 24x7 GmbH (under liquidation), Wienerbergstrasse 11, Twin Tower Ost, Top 11, 1100 Vienna	45%	45%	*
Verbund Innkraftwerke GmbH, Innwerkkanal, 84513 Töging	13%	13%	

* Wholly-owned subsidiary of Energieallianz Austria GmbH

§ Wien Energie GmbH is a limited partner in, and participates fully in the assets and profits of Wien Energie Vertrieb GmbH & Co KG. Energie Allianz Austria GmbH is a general partner without investment. On the basis of the agreements applying to Energieallianz Austria GmbH, Wien Energie Vertrieb GmbH & Co KG is under joint control. In accordance with IFRS 11, the latter is therefore accounted for using the equity method. In addition, due to contractual agreements, Energie Allianz Austria GmbH is a joint arrangement in the meaning of IFRS 11 and is also accounted for using the equity method. Both companies' reporting date is 30 September; Energie Allianz Austria GmbH is included in the consolidated financial statements on the basis of IFRS financial statements as at 30 September, and Wien Energie Vertrieb GmbH & Co KG is included on the basis of IFRS financial statements as at 31 December.

Wien Energie GmbH's 13% interest (unchanged from the previous year) in Verbund Innkraftwerke is accounted for using the equity method due to contractual arrangements that mean Wien Energie GmbH is able to exercise significant influence over the investee.

The following investments were not accounted for using the equity method as at 31 December 2019 due to immateriality:

Interest (%)	31 Dec. 2019	31 Dec. 2018
e&i EDV Dienstleistungsgesellschaft m.b.H., Thomas-Klestil-Platz 13, 1030 Vienna	50%	50%
Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH, Am Hof 6a, 1010 Vienna	33.33%	33.33%
Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH & Co KG, Am Hof 6a, 1010 Vienna	33.33%	33.33%
EVN-Wien Energie Windparkentwicklungs- und Betriebs GmbH, Thomas-Klestil-Platz 14, 1 030 Vienna	50%	50%
EVN-Wien Energie Windparkentwicklungs- und Betriebs GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	50%	50%
PAMA-GOLS Windkraftanlagenbetriebs GmbH, Kasernenstrasse 9, 7000 Eisenstadt	50%	50%
PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	50%	50%
Bestatterakademie GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	49%	49%
EPZ Energieprojekt Zurndorf GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	42.4%	42.4%
EP Zurndorf GmbH, Kasernenstrasse 9, 7000 Eisenstadt	42.4%	42.4%
Aspern Smart City Research GmbH, Seestadtstrasse 27/2, 1220 Vienna	49.95%	49.95%
Aspern Smart City Research GmbH & Co KG, Seestadtstrasse 27/2, 1220 Vienna	49.95%	49.95%
ARGE Parkplatz Verteilerkreis Favoriten, Verteilerkreis Favoriten, 1100 Vienna	50%	50%
Telereal Telekommunikationsanlagen GmbH, Mollardgasse 8/19, 1060 Vienna	25%	25%
Diggers Research GmbH, Peterdorf 49, 8842 St. Peter am Kammersberg	20%	-

The following overview shows summary financial information on the associates and joint ventures included in the Group's consolidated financial statements; Verbund-Innkraftwerke GmbH is classified as an associate, and Wien Energie Vertrieb GmbH & Co and Energieallianz Austria GmbH are classified as joint ventures.

STATEMENT OF FINANCIAL POSITION

EUR m	Energieallianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Innkraftwerke GmbH	Energieallianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Innkraftwerke GmbH
	30 Sep. 2019	31 Dec. 2019	31 Dec. 2019	30 Sep. 2018	31 Dec. 2018	31 Dec. 2018
Non-current assets	5.9	5.2	1,094.1	4.3	50.2	1,054.7
Current assets (excl. cash and cash equivalents)	241.7	169.0	40.7	264.5	315.2	49.2
Cash and cash equivalents	21.8	0.9	-	63.3	0.8	-
Non-current liabilities	9.8	16.4	45.6	38.0	12.1	25.9
Current liabilities	214.4	152.3	15.2	251.9	133.0	12.5
Net assets (100%)	**45.2**	**6.5**	**1,074.0**	**42.2**	**221.2**	**1,065.5**
Group share of net assets	45%	100%	13%	45%	100%	13%
Goodwill	-	-	-	-	-	-
Carrying amount of investments accounted for using the equity method	**20.3**	**6.5**	**139.6**	**19.0**	**221.2**	**138.5**

STATEMENT OF PROFIT OR LOSS

EUR m	Energieallianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Innkraftwerke GmbH	Energieallianz Austria GmbH	Wien Energie Vertrieb GmbH & Co KG	Verbund Innkraftwerke GmbH
	30 Sep. 2019	31 Dec. 2019	31 Dec. 2019	30 Sep. 2018	31 Dec. 2018	31 Dec. 2018
Revenue	1,011.7	603.5	93.0	1,981.1	657.0	72.6
Depreciation and amortisation expense	-0.6	-0.1	-23.7	-0.5	-0.1	-27.5
Interest income	-	0.2	0.2	0.2	0.3	0.2
Interest expense	-0.4	-0.1	-0.1	-0.2	-0.1	-0.1
Income tax expense	-0.7	-	-10.0	-0.2	-	-3.7
Profit after tax	2.7	59.4	26.4	0.8	62.5	9.6
Other comprehensive income	-0.4	-214.8	-7.9	1.7	68.6	1.2
Total comprehensive income for the year	**2.3**	**-155.4**	**18.5**	**2.5**	**131.1**	**10.8**
Dividend distributions	-	59.3	10.0	4.0	66.0	10.0

Recognition and measurement

Joint arrangements are consolidated depending on the rights and obligations of the parties to the joint arrangement arising from the contract. If the Group only has rights to the net assets of the jointly controlled arrangement, the arrangement is classified as a joint venture in accordance with IFRS 11 and accounted for using the equity method. In the case of a joint operation, the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The joint operators recognise assets, liabilities, income and expense in relation to their interest in the joint operation. An associate is an entity over which the Group has significant influence, but not control or joint control over financial and business policies.

Investments in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, including transaction costs. Following initial recognition, the carrying amount is adjusted to reflect changes in the associate's or joint venture's equity, based on the Group's proportionate interest. An impairment test is carried out if there is an indication of possible impairment.

7.4 Related parties

Related parties

According to IAS 24, a person or entity is a related party if they have direct or indirect control of, joint control of, or significant influence over the affiliate Group. Key management personnel are also related parties. Close members of the families of persons who are related parties are also considered related parties.

On this basis, related parties to the Wiener Stadtwerke Group include all subsidiaries not included in the scope of consolidation, all associates and joint ventures, and key management personnel.

Key management personnel comprise the members of the Management Boards and Supervisory Boards of Wiener Stadtwerke GmbH, Wien Energie GmbH, Wiener Netze GmbH and Wiener Linien GmbH.

The City of Vienna is the sole owner of Wiener Stadtwerke GmbH. Therefore, the City of Vienna and the entities over which it has control or significant influence are also related parties to the Wiener Stadtwerke Group. As the City of Vienna is a public authority, the Group applies the exemption under paragraph 25 IAS 24, whereby immaterial related party transactions and outstanding balances with a government need not be disclosed if the public authority has control or joint control of, or significant influence over the reporting entity.

Transactions with entities controlled or significantly influenced by the City of Vienna mainly relate to electricity, gas, energy grid and facility management services.

Compensation of key management personnel

Compensation paid to the members of the Management Boards and Supervisory Boards includes salaries, termination benefits, pensions and payments for Supervisory Board duties.

The following table shows the compensation for current key management personnel, and for the Management Board of the Group's parent, Wiener Stadtwerke GmbH.

	31 Dec. 2019		31 Dec. 2018	
EUR m	Key management personnel	Thereof members of the Wiener Stadtwerke GmbH Management Board	Key management personnel	Thereof members of the Wiener Stadtwerke GmbH Management Board
Short-term benefits	3.13	0.80	3.38	1.16
Post-employment benefits	0.12	0.04	0.14	0.06
Total	**3.25**	**0.84**	**3.52**	**1.22**

	31 Dec. 2019		31 Dec. 2018	
EUR m	Supervisory Board members in key management positions	Thereof members of the Wiener Stadtwerke GmbH Supervisory Board	Supervisory Board members in key management positions	Thereof members of the Wiener Stadtwerke GmbH Supervisory Board
Total supervisory board compensation	**0.13**	**0.06**	**0.13**	**0.06**

No loans were granted or paid to key management personnel in the reporting period. Pension expenses include ongoing pension payments to former members of the Wiener Stadtwerke GmbH Management Board amounting to EUR 0.6m (2018: EUR 0.7m).

Related party transactions

The following table presents an overview of transactions with related parties, which comprised purchases and sales of goods and services, and loans:

31 Dec. 2019 EUR m	Income	Expenses	Receivables	Liabilities
City of Vienna and its subsidiaries*	174.2	-86.7	15.7	-9.3
Non-consolidated subsidiaries and associates	5.2	-25.2	14.1	-22.7
Investments accounted for using the equity method (Wien Energie Vertrieb GmbH & Co KG, Energieallianz Austria GmbH, Verbund Innkraftwerke GmbH)	506.3	-40.8	62.1	-45.1
Total	**685.7**	**-152.7**	**91.9**	**-77.1**

* The figures relate to material transactions only, as the Group has made use of the exemption under paragraph 25 IAS 24, as outlined above.

31 Dec. 2018

EUR m	Income	Expenses	Receivables	Liabilities
City of Vienna and its subsidiaries*	141.8	-78.7	17.2	-8.0
Non-consolidated subsidiaries and associates	6.3	-10.0	10.0	-37.4
Investments accounted for using the equity method (Wien Energie Vertrieb GmbH & Co KG, Energieallianz Austria GmbH, Verbund Innkraftwerke GmbH)	403.8	-30.5	73.3	-52.3
Total	**551.9**	**-119.2**	**100.5**	**-97.7**

* The figures relate to material transactions only, as the Group has made use of the exemption under paragraph 25 IAS 24, as outlined above.

All receivables from related parties are regarded as recoverable, and as a result no impairment losses were recognised in the reporting period or the previous year.

Details of significant transactions presented in the table above are found below.

City of Vienna and its subsidiaries: the Group has contracts with the City of Vienna and its municipal departments, and with Wiener Wohnen (social housing management) concerning the supply of district heating and purchase of refuse from Municipal Department 48 for heat generation. These transactions resulted in revenue of EUR 156.2m (2018: EUR 121.6m) and expenses of EUR 39.5m (2018: EUR 28.8m). Levies paid to the City of Vienna for public transportation operations totalled EUR 36.2m (2018: EUR 37.8m), and amounts due to the Eastern Region Transport Association (VOR) were EUR 2.7m (2018: EUR 5.9m). Proceeds of EUR 6.5m from the sale of a property to Wiener Hafen were recognised in the reporting period, and proceeds of EUR 8.5m from the sale of a property to Wohnfonds Wien and Gesiba were reported in 2018. Both transactions were concluded on an arm's length basis.

Non-consolidated subsidiaries: the net liabilities are largely due to a Group cash pooling arrangement that is also used by non-consolidated subsidiaries and associates. Receivables relate to two loans to non-consolidated subsidiaries. Expenses are mainly attributable to the provision of facility management services to the Wiener Stadtwerke Group by Facilitycomfort and Hauscomfort.

Associates: significant transactions with associates include a contract for services under which Wien Energie GmbH invoices electricity and gas supplies in the name of and for the account of Wien Energie Vertrieb GmbH & Co KG. In addition, the staff working at Wien Energie Vertrieb GmbH & Co KG are assigned from Wien Energie GmbH. Wien Energie Vertrieb GmbH & Co KG has the authority to direct these employees. The related net income amounted to EUR 96.1m (2018: EUR 71.2m). Wien Energie GmbH only engages in electricity trading to a very limited extent. As Energieallianz Austria GmbH also markets electricity generated by Wien Energie GmbH, trading is largely conducted by the former. Energieallianz Austria GmbH also processed coal futures contracts for Wien Energie in 2019. Additionally, Energieallianz Austria GmbH carries out trading in guarantees of origin for electricity supplies. Related income, including for grid services provided by Wiener Netze GmbH, amounted to EUR 399.1m (2018: EUR 322.6m). These transactions also account for most of the stated receivables from Wien Energie Vertrieb GmbH & Co KG and Energieallianz Austria GmbH, which totalled EUR 60.6m (2018: EUR 71.3m).

8 Group business performance

8.1 Revenue

The Group draws revenue from the following business divisions:

EUR m	2019	2018
Revenue in accordance with IFRS 15	**2,990.5**	**2,716.3**
Energy and Energy Grids	2,199.3	1,932.9
Transport	696.9	673.5
Funeral Services	52.4	53.5
Car Parks	24.1	23.1
Other	17.8	33.4
Revenue in accordance with IFRS 16	**37.7**	**37.7**
Energy and Energy Grids	5.2	5.2
Transport	14.0	12.6
Funeral Services	16.1	17.1
Car Parks	1.8	1.7
Other	0.6	1.1
Total	**3,028.1**	**2,754.0**

With the exception of the income from funeral services, all the revenue is recognised over time, in line with IFRS 15.

The tables below show the changes in contract assets and liabilities over time.

CONTRACT ASSETS, OVER TIME

EUR m	2019	2018
1 Jan.	**5.6**	**4.2**
Assets recognised	0.8	1.4
Change in payments received	-2.4	-
31 Dec.	**4.0**	**5.6**

CONTRACT LIABILITIES, OVER TIME

EUR m	2019	2018
1 Jan.	**619.3**	**595.3**
Progress	-50.2	-39.5
Additions to consolidation	13.5	11.3
Effects of deconsolidation	-6,0	-5,9
Change in payments received	64.9	58.0
31 Dec.	**641.6**	**619.3**

The contract liabilities largely concern the customer contributions to construction costs collected by Wiener Netze and Wien Energie (see the remarks below).

During the reporting period EUR 118.8m in revenue (2018: EUR 112.0m), forming part of the contract liabilities as at the end of the previous reporting period, was recognised.

PERFORMANCE OBLIGATIONS NOT YET SATISFIED

EUR m	2019	2018
Due in less than 1 year	134.5	126.1
Due in 1-5 years	217.3	208.4
Due after more than 5 years	466.2	481.7
Total	**818.0**	**816.2**

There is no consideration due under customer contracts that does not form part the above revenue.

Recognition and measurement

General

The bulk of the revenue derives from customer contracts, and is recognised in accordance with IFRS 15. This standard provides for a five-stage model for revenue realisation. The first step is to identify the contracts with customers so as to locate the separate performance obligations contained in them. The transaction price must then be determined and allocated to the performance obligations identified. The final step is determination of the form of reve nue recognition (over time or at a point in time). Revenue is realised when the customer obtains control of the services rendered or goods sold.

Energy and Energy Grids

Most of the revenue is accounted for by the Energy Division. The main area of activity of the Group companies in the Wien Energie sub-group is the supply of heating or cooling services to its customers. The latter include large customers like cooperatives, property developers or owners, and the hospital association, as well as private individuals who obtain heating and/or cooling services from the Group.

Contracts for the provision of heating or cooling are basically broken down into two price components: a base rate or capacity charge, and a unit rate.

The supply of heating and/or cooling services under a district heating or cooling contract is governed by a supply contract, meaning that the customer receives as much heating or cooling as required. The price per kWh, i.e. the unit rate, corresponds to the stand-alone selling price. This means that every unit of heating or cooling (measured in kWh) called off should be regarded as a separate performance obligation. The allocation of the consideration is on the basis of the kWh rate and the quantity of heat or cold actually consumed.

§ Revenue recognition is over time, as the customer receives the benefits of the heating or cooling in the course of performance.

Another distinct performance component is the provision of access to the district heating and/or cooling network. During the minimum duration of the contract, the customer is entitled to the agreed heating or cooling capacity at all times, and Wien Energie must be prepared to meet call-off orders for this capacity. The customer must pay a base rate or capacity charge, irrespective of actual use, for the provision of this capacity.

§ Here, too, revenue is realised over time.

If necessary, Wien Energie lays the power or gas connection from the boundary line to the property, or installs the district heating/cooling building substation and system. This work is performed on the customer's land. Wien Energie's performance thus results in the creation of an asset, over which the customer obtains control during its construction. The performance obligation is thus normally satisfied over time, as specified by paragraph 35b IFRS 15. Due to the brief construction times involved, in conformity with paragraph 63 IFRS 15 no adjustment is made for the potential effects of a financing component. In the interests of simplicity, revenue is realised upon handover of the completed installations to the customer.

Wien Energie also generates revenue from the recycling of waste and sewage sludge. The latter is delivered by the waste disposal companies and incinerated to produce heat. Revenue realisation is over time as the waste materials are accepted continuously, as they arise. The entire consideration paid comprises both annual fixed amounts and volume-dependent variable components. The billing period is a calendar year and invoicing is on the basis of the quantity of waste actually incinerated. As these remuneration components are not known until the end of the accounting period, invoicing of the variable components is in accordance with the actual waste arising during the billing period concerned.

In the case of the proceeds of electricity and gas sales, the performance obligation consists of the supply of a quantity of electricity or natural gas specified in the agreement.

§ Revenue recognition is over time as the benefits of the electricity or gas supplied accrue to the customer in the course of performance. In conformity with paragraph B16 IFRS 15, revenue is realised in the amount of the right to invoice for it, as this amount reflects the performance rendered to the customer.

Wiener Netze's revenue largely consists of use of system charges pertaining to electricity, gas and district heating/cooling supplies, as well as the proceeds of the reversal of customer contributions to construction costs.

Wiener Netze creates new network connections for customers or, where a connection is already in place, connects new customers to the network. Wiener Netze is responsible for operating and maintaining the grid for the duration of the use of system agreement, in order to safeguard network readiness, and thus the customer's ability to withdraw energy from the system, at all times. These performances should be seen as part of a single performance obligation.

The system charges for the use of the electricity and gas grids, and the district heating and/or cooling grids, are made up of different components. Energie-Control Austria sets the charges by order. They are fixed prices and cannot be changed.

§ The customer simultaneously receives and consumes the benefits conferred by Wiener Netze's performance. The performance obligation is thus satisfied and revenue accordingly recognised over time, in accordance with paragraph 35a IFRS 15.

For the correct timing of recognition of the revenue derived from the district heating and cooling, electricity and gas supplies, and use of system charges (which vary with the amount of energy supplied), the quantities sold must be determined and valued. As not all customers have been invoiced by the time that the consolidated financial statements are drawn up, the revenue must be estimated and accrued. Particularly in the case of rolling billing, customers' meter reading dates are spread over the entire year. Where customers' meters are not read on a monthly basis, the consumption data for the period between the last invoice and the end of the reporting period are missing. They are determined using the individual process, in which all of the contracts are individually analysed. An invoicing simulation is performed for uninvoiced contracts. The individual process has the advantage that any changes in tariffs, rates, readings, meters, etc. can be incorporated into the calculation with maximum accuracy.

Taxes and levies are also collected as part of the system charges for which Wiener Netze acts as an agent because, for price components:

- another party (a public or government authority) is involved in the supply of goods or services
- Wiener Netze has no control over these performances
- it does not provide a significant service of integrating
- it bears no inventory risk, and
- it does not have any discretion in the determination of the taxes and levies contained in the system revenues

Under IFRS 15 this leads to the netting of the taxes and levies contained in the system revenues.

The contributions to construction costs from customers and project partners are one-time contributions for the maintenance and installation of network connections. The contributions to construction costs collected by Wiener Netze by way of system admission and system provision charges are a regulated area, meaning that Wiener Netze's charges can only be set in accordance with the applicable legislation and the regulator's rulings. Contributions to construction costs received are accrued as contract liabilities and reversed over the useful life of the investments made, via revenue, in accordance with IFRS 15. An annual financing component is calculated for Wien Energie, but is not recognised due to immateriality. No financing components were recognised for Wiener Netze.

Transport

The Transport Division consists of Wiener Linien and Wiener Lokalbahnen. These companies provide local public transport in the greater Vienna area, as well as other transport services on a small scale.

In the case of season tickets, revenue is realised over the duration of the transport agreement – one week, one month or one year. The fare represents a fixed consideration and is governed by the current tariff regulations.

The proceeds of single, multi-journey and limited time, single-route tickets are recognised at the time of sale, even if they are not validated until later. This approach does not result in distorted presentation as it concerns a shift in accounting periods which is compensated for over time. The additional income received by Wiener Linien from fare dodgers is accounted for using the cash method of accounting.

There are no variable price components or non-cash considerations. Advance payments by customers do not qualify for treatment as financing components as they are only made for periods of one year.

Funeral Services

Unlike the rest of the Group's revenue, funeral direction revenue is largely realised at a point in time. The revenue generated by all the promised goods and services is realised upon performance. The date of performance is that of the funeral.

Car Parks

Car park revenue relates to both short-stay and long-stay parkers. It is chiefly recognised in accordance with IFRS 15, not IFRS 16, as the customers have no right to a particular parking space and the revenue is realised over time.

Other

Revenue attributable to the Other segment relates, inter alia, to income from staff posting.

Revenue in accordance with IFRS 16 Leases

The revenue governed by IFRS 16 concerns letting and leaseholds, and largely arises from the cemeteries' income, as well as Wiener Linien's rental charges for advertising and retail space (see note 9.3). In return for the payment of a grave charge, the cemeteries provide the "purchasers" with a limited-term right to use a given plot (usually for ten or more years). The charge is normally paid in advance on commencement of the contract, and is recognised in other liabilities. The revenue from the use of graves is recognised by means of straight line distribution of the payment received over the contract duration (see note 8.10).

8.2 Other income

Other income is made up as follows:

EUR m	2019	2018
Income from government grants as defined by IAS 20	385.7	373.0
Proceeds of the disposal of non-current assets other than financial assets	26.6	10.5
Change in inventories	-1.7	0.9
Other work performed by the entity and capitalised	73.3	67.3
Sundry other income	69.5	60.7
Total	**553.4**	**512.5**

Income from government grants as defined by IAS 20 includes performance-based grants. Most of these relate to Wiener Linien.

Sundry other income is largely composed of income from the revaluation of investments in non-consolidated subsidiaries and of associates carried at cost, amounting to EUR 33.3m (2018: EUR 13.2m).

Recognition and measurement

Income from government grants as defined by IAS 20 is mainly made up of the grants received by Wiener Linien from the City of Vienna under the revised local public transport and funding agreement (ÖPNV-Neu) which entered into force on 1 January 2017. The agreement was drawn up in order to safeguard operations and ensure the continued growth of local public transport in Vienna after the spin-off of Wiener Stadtwerke from the City of Vienna. In accordance with IAS 20, the grants made by the City of Vienna under this agreement are treated as "related to income", applying the gross method.

This financial compensation is aimed at meeting expenses connected with Wiener Linien's public-service obligations with regard to optimum integrated transport services, and hence the offer of an alternative to private motor vehicle traffic in Vienna, which also have a favourable economic impact. Wiener Linien's activities to this end include the operation of all of the city's underground, tram and bus lines, as well as transport management such as route and stop planning, service and interval scheduling, road cleaning and winter services, and oversight and control of railway installations. As in many other cities, paying for these services calls for mixed funding, consisting of operating income and public money for services of general interest. The City of Vienna therefore provides financial compensation to ensure that the financing of general-interest services is sufficient in terms of their quantity and quality. The amount of the subsidy is calculated as the difference between the cost of providing services of general interest and the receipts derived from so doing. It is, however, contractually agreed that, as the operator, Wiener Linien bears the operating risk, which should assure compliance with the relevant EU directives.

8.3 Raw material, consumables and services used

The cost of raw material, consumables and services used was as follows:

EUR m	2019	2018
Gas	605.3	536.4
Electricity	299.8	196.2
CO_2 emission allowances	53.3	23.1
Parts and materials for railway vehicles and trams	23.5	24.5
Other raw material and consumables used	78.4	17.0
Total raw material and consumables used	**1,060.3**	**797.2**
System charges	80.8	78.5
Third-party transport services	64.7	60.4
Other expenses arising from services used	126.7	164.1
Total cost of services used	**272.2**	**303.0**
Total	**1,332.5**	**1,100.1**

The “Gas” item includes both gas for power generation and gas purchased for resale. The “Electricity” item largely consists of third-party supplies obtained through procurement rights.

For details of the accounting for CO_2 emission allowances, see note 8.6.

8.4 Other expenses

Other expenses were as follows:

EUR m	2019	2018
Maintenance expense	258.0	231.9
Regulated expenses	81.9	75.8
Other third-party transport services	6.7	7.4
Other taxes	63.5	63.8
Cleaning expense	44.1	41.9
Rental and lease expense	41.7	37.8
Legal, consultancy and audit expense	22.6	24.7
Marketing and PR expense	16.4	15.9
Communication expense	13.6	15.3
Insurance expense	12.3	12.2
Fees	28.5	11.6
Bad debt allowance	24.3	10.7
Sundry other expenses	88.8	110.3
Total	**702.5**	**659.3**

Sundry other expenses mainly relate to EUR 14.7m in IT expenses (2018: EUR 9.4m), as well as EUR 10.6m in writedowns of other assets (2018: EUR 4.8m).

The Group audit expenses contained in other expenses were made up as follows:

EUR m	2019	2018
Auditing services	0.1	0.1
Other auditing services	0.5	0.4
Other services	2.0	2.0
Total	**2.7**	**2.6**

8.5 Regulated items

The table below shows the regulated income and expenses:

EUR m	2019	2018
Income from rate-regulated business activities during the reporting period:	6.2	7.6
which will lead to increased income in future	*4.9*	*3.6*
resulting from past increases in income	*1.3*	*4.0*
Expenses incurred by rate-regulated business activities during the reporting period	-88.2	-83.6
which will lead to reduced income in future	*-10.8*	*-4.3*
resulting from past reductions in income	*-77.3*	*-79.3*
Net interest income/expense	0.1	0.1
Total	**-81.9**	**-75.8**

Income from rate-regulated business activities arises from additions to regulatory assets or disposals of regulatory liabilities. Meanwhile, disposals of regulatory assets and additions to regulatory liabilities result in expenses due to rate-regulated business activities.

The regulatory assets due to exceptional expenses arise from the remeasurement of Wiener Netze GmbH's pension provisions in connection with the transfer of these obligations to Wiener Stadtwerke GmbH.

The tables below show the composition of the regulatory assets and liabilities, and their evolution during the reporting period and the previous year.

REGULATORY ASSETS

EUR m	31 Dec. 2019	31 Dec. 2018
Electricity	846.2	897.4
Reductions in income	*4.9*	*11.8*
Exceptional expenses	*841.2*	*885.5*
Gas	433.2	452.0
Exceptional expenses	*433.2*	*452.0*
Total	**1,279.3**	**1,349.4**

REGULATORY LIABILITIES

EUR m	31 Dec. 2019	31 Dec. 2018
Electricity	1.1	0,0
Reductions in income	*1.1*	*0,0*
Gas	22.3	11.6
Reductions in income	*22.3*	*11.6*
Total	**23.5**	**11.6**

REGULATORY ASSETS

EUR m	Electricity	Gas	Total
1 Jan. 2018	949.9	470.8	1,420.7
Additions	4.0	-	4.0
Disposals	-56.5	-18.8	-75.4
31 Dec. 2018	897.4	452.0	1,349.4
Additions	4.9	-	4.9
Disposals	-56.1	-18.8	-75.0
31 Dec. 2019	**846.2**	**433.2**	**1,279.3**

REGULATORY LIABILITIES

EUR m	Electricity	Gas	Total
1 Jan. 2018	-	7.1	7.1
Additions	-	8.2	8.2
Disposals	-	-3.7	-3.7
31 Dec. 2018	-	11.6	11.6
Additions	1.1	12.0	13.1
Disposals	-	-1.3	-1.3
31 Dec. 2019	**1.1**	**22.3**	**23.5**

The maturities of the regulatory assets and liabilities are as follows:

EUR m	Carrying amount 31 Dec. 2019	< 1 year	1-5 years	> 5 years
Regulatory assets	1,279.3	**63.1**	**257.3**	**958.9**
Regulatory liabilities	23.5	8.0	15.5	-

EUR m	Carrying amount 31 Dec. 2018	< 1 year	1-5 years	> 5 years
Regulatory assets	1,349.4	**71.4**	**256.0**	**1,022.0**
Regulatory liabilities	11.6	7.3	4.3	-

Recognition and measurement

The introduction of regulatory deferral accounts by the Elektrizitätswirtschafts- und -organisationsgesetz (Electricity Act) 2010 and the Gaswirtschaftsgesetz (Natural Gas Act) 2011 established a new form of ex-post revenue adjustment. The regulatory deferral account is used to respond to circumstances that could not be taken into consideration in the previous procedure for determining costs and system charges.

The IASB has hitherto only dealt with issues affecting companies operating in the regulated market that are first-time adopters of IFRS 14 Regulatory Deferral Accounts. Due to the limitation of eligibility to apply the standard to first-time adopters of IFRS, in October 2015 the European Commission decided not to propose IFRS 14 for endorsement by the EU.

Irrespective of the failure of IFRS 14 to be adopted as European law, the IASB has always seen it as an interim standard, and its Rate-regulated Activities project is now looking at how to account for rate-regulated business activities. This project aims to create standard rules for the reporting and measurement of assets and liabilities related to rate-regulated business activities on the basis of the Conceptual Framework, which became mandatory on 1 January 2020. A draft of the new standard is expected to appear during the second half of 2020.

Wiener Stadtwerke's consolidated financial statements for the year ended 31 December 2019 are the first to be drawn up on an IFRS basis. Because of this, an accounting treatment based on the Conceptual Framework, which the Group adopted early, was developed for regulatory assets and liabilities. This is almost entirely drawn from previous pronouncements of the IASB and the recommendations of the IASB staff members engaged in the Rate-regulated Activities project. This approach is designed to reflect the effects of accounting for regulatory assets and liabilities in the first IFRS consolidated statements, as dispensing with their recognition would give an incomplete picture of the finances and earnings of rate-regulated businesses, as well as leading to artificial volatility in their results.

The regulatory assets and liabilities recognised by the Group relate to the rate-regulated operations of Wiener Netze. As the system operator of the electricity and gas grids in Vienna, Wiener Netze provides services with prices set by a regulator – in this case E-Control – which are binding for both sides. The legislation behind this rate setting – the Electricity and Natural Gas acts – governs the recognition of differences between the revenue actually generated, and that underlying the prior cost and charge determination procedure, as well as the recognition of exceptional expenses and income in connection with the regulatory deferral account, and the treatment of differences that arise from the delay in compensation for the costs on which the charges are based, due to the regulatory system created by the system charges.

The arrangements arising from the Electricity and Natural Gas acts are also the reason for carrying the regulatory assets and liabilities in the IFRS consolidated financial statements. However, the elective rights of recognition contained in the Electricity and Natural Gas acts must be so exercised that a given approach follows, as this is the only way to give a complete picture of Wiener Netze's financial and earnings positions in the rate-regulated market.

The first-time recognition of regulatory assets and liabilities is at historical cost. This normally corresponds to the present value of the future rights and obligations recognised in the regulatory deferral account (and to be recognised when exercising all the elective rights under the Electricity and Natural Gas acts). Calculation of the present value is generally based on the discount rate applied by the regulator. Discounting only takes place at a rate set by the regulated company if the discount rate set by the regulator is regarded as inappropriate and the difference from an appropriate rate is attributable to an identifiable transaction or other event. As the regulator sets an appropriate discount rate, discounting is not necessary, and the regulatory assets and liabilities are carried in the amounts shown in the regulatory deferral accounts for electricity and gas or those established by the notices in question.

The reversal of the amounts recognised for regulatory assets and liabilities takes account of the sums cited in the tarification procedure.

8.6 Inventories

The breakdown of the inventories is as follows:

EUR m	31 Dec. 2019	31 Dec. 2018
CO_2 emission allowances	100.8	70.7
Gas	45.2	50.0
Heating oil	12.1	12.1
Parts and materials for railway vehicles and trams	25.2	24.4
Other raw material and consumables used	35.1	34.3
Total raw material and consumables used	**218.3**	**191.6**
Finished goods	0.1	0.1
Merchandise	10.1	10.2
Total	**228.6**	**201.8**

During the reporting period EUR 15.4m in impairments were recognised in profit or loss (2018: EUR 2.6m). No inventories have been pledged.

Recognition and measurement

Inventories are measured at the cost of purchase and/or conversion. The net realisable value at the reporting date is recognised if it is lower, for instance due to falls in exchange, market or sales prices.

The net realisable value is the estimated selling price less the costs of completion and the costs necessary to make the sale. Appropriate impairments are recognised for inventory risk due to the length of storage or reduced marketability.

The cost of inventories is measured using the moving average cost method. Other methods, such as the weighted average cost formula, are only applied in the case of immaterial inventories. The costs of conversion of inventories include costs directly related to production (parts, materials and wages), an allocation of material and production overheads assuming full capacity utilisation (which corresponds to current normal capacity utilisation), and a reasonable allocation to production overheads at normal capacity, as well as expenses for voluntary employee benefits and company pension obligations. Interest on debt is not capitalised due to immateriality.

CO_2 emission allowances

CO_2 emission allowances are recognised on the date of allocation or purchase. Allowances allocated free of charge are measured in accordance with the net method (IAS 20) and are thus carried at zero. Those acquired for consideration are carried at cost under raw material and consumables used. If the fair value of the allowances is below cost at the reporting date, they are measured at the former. In the event of CO_2 emissions, a provison for the obligation to return the allowances is recognised under raw material and consumables. The provision is measured at the carrying amount (average price) of the CO_2 emission allowances purchased and shown under other provisions. In the event of underfunding, an additional provision is recognised; this is measured at fair value as at the reporting date.

8.7 Short-term trade receivables

An analysis of the short-term trade receivables is shown below:

EUR m	31 Dec. 2019	31 Dec. 2018
Short-term trade receivables (gross)	205.3	242.9
Current trade receivables from associates (gross)	66.9	85.2
Impairment losses	-29.3	-28.8
Total	**242.9**	**299.3**

The table below shows the impairments, broken down by time bands:

	31 Dec. 2019			31 Dec. 2018		
EUR m	Gross carrying amount	Impairment allowance	Net carrying amount	Gross carrying amount	Impairment allowance	Net carrying amount
Not overdue	156.1	-0.4	155.7	212.7	-0.1	212.6
30 days overdue	49.0	-0.3	48.7	40.2	-0.3	39.9
31-60 days overdue	17.4	-0.1	17.2	18.2	-0.1	18.0
61-90 days overdue	4.8	-0.1	4.8	3.8	-0.5	3.2
More than 90 days overdue	44.9	-28.3	16.6	53.3	-27.7	25.6
Total	**272.2**	**-29.3**	**242.9**	**328.1**	**-28.8**	**299.3**

Movements in impairments of short-term trade receivables were as follows:

EUR m	31 Dec. 2019	31 Dec. 2018
1 Jan.	**28.8**	**70.3**
Additions	3.5	4.8
Utilisation	-1.5	-0.1
Reversals	-1.5	-46.1
31 Dec.	**29.3**	**28.8**

The change in impairment losses in 2018 mainly reflected the sale of receivables from Wiener Linien annual season tickets to a collection agency. The associated impairment losses were derecognised together with the receivables.

Recognition and measurement

Trade receivables are measured at the transaction price and recognised at the point in time when they arise. Trade receivables are held under a business model aimed at holding financial assets in order to collect the contractual cash flows. Measurement is at amortised cost. Details of the estimation of impairments can be found in note 14.

8.8 Other assets and contract assets

The other current and non-current assets are disclosed in the tables below:

OTHER NON-CURRENT ASSETS

EUR m	31 Dec. 2019	31 Dec. 2018
Investment property	47.1	47.5
Non-current trade receivables	12.9	13.6
Prepayments towards non-current assets	21.1	26.4
Other receivables – third parties	31.1	35.2
Other assets	117.8	105.2
Entitlement to plan assets	184.8	12.5
Total	**414.9**	**240.4**

OTHER CURRENT ASSETS

EUR m	31 Dec. 2019	31 Dec. 2018
Contract asset items (IFRS 15)	4.0	5.6
Other assets	295.7	152.6
Total	**299.7**	**158.2**

The other assets largely relate to prepayments for inventories and other tax receivables.

IFRS 15 Revenue from Contracts with Customers

Accrued revenue from contracts with customers must be stated separately from other income sources. Such revenue is recognised as contract asset items under other assets, or as a contract liability under other liabilities.

A contract asset represents the right to subsequent consideration (e.g. the right to future collection of a higher base rate due to the delivery of a product) and is thus the precursor to a receivable. It results in the realisation of revenue. A contract asset item becomes a receivable when an unconditional right to consideration comes into being.

A contract liability arises from the obligation of an entity to transfer goods or services for which it has received or will receive consideration to a customer.

Entitlement to plan assets

The other assets include a receivable, arising from a right to a refund from the plan assets, of EUR 184.8m (2018: EUR 12.5m).

As described in note 10.2 Employee benefit provisions, in 2018 part of the fund assets were transferred to the trust company Wiener Stadtwerke Planvermögen GmbH as security for its duty to compensate employees in the event of the loss of their pension rights.

Under IAS 19, part of the plan assets may be earmarked for use as reimbursement for benefits already paid to persons with pension entitlements without endangering the assets' status as plan assets. The entitlement to reimbursement created in this way reduces the value of the existing plan assets. It is recognised in this amount as a claim against the plan assets. Pursuant to IAS 19, measurement is at fair value, which is normally the nominal amount due to the fact that it is repayable on demand.

Although this means that some of the assets held as plan assets no longer exist exclusively to fund employee benefits, the income generated by the part of the plan assets that is devoted to meeting the claim to reimbursement continues to be earmarked for the plan assets. Consequently, until the entitlement is actually exercised, the reimbursement right has no influence on the amount carried as income from the plan assets. As usual, the latter are recognised in other comprehensive income, net of interest income. As required by IAS 19, any impairments are recognised in other comprehensive income and not in profit or loss.

Investment property

The evolution of investment property, which is reported under non-current assets in the statement of financial position, was as follows:

EUR m	31.12.2019	31.12.2018
1 Jan.	**47.5**	**42.9**
Depreciation	-0.4	-0.4
Disposal of accumulated depreciation	0.6	-
Disposal of carrying amount	-0.6	-
Transfers	-	5.1
31 Dec.	**47.1**	**47.5**

The cost of purchasing and converting investment property is presented net of government grants (net method). These amounted to EUR 9.4m (2018: EUR 9.5m). This had the effect of reducing depreciation by EUR 0.1m in 2019 (2018: EUR 0.1m).

The fair value of the Group's investment property is EUR 89.2m (2018: EUR 113.9m). In 2019, rental income totalled EUR 18.9m (2018: EUR 17.5m) and the operating expenses of rental property were EUR 4.7m (2018: EUR 4.0m).

Recognition and measurement

The investment property consists of property held to earn rentals or for capital appreciation, and not for use in the supply of services or for administrative purposes, or for sale in the ordinary course of business. This item is measured in accordance with the cost model, meaning that the assets are recognised and measured as property, plant and equipment (see note 9.1).

The Group applies the following methods to measure the fair value of real estate:

- the capitalized income value method, and
- the asset value method

The Group principally uses the capitalized income value method. Here, the value is determined on the basis of the future income from the property (Level 3). The asset value method is mainly used for vacant sites. The value is determined on the basis of comparable transactions (Level 2).

Other current assets

The other current assets reflect the recognition of an impaired tax credit arising from the supplementary employer-contribution surcharge. The Federal Finance Court ruling of 15 October 2015 entitles Wiener Stadtwerke to claim repayment of the employer-contribution surcharge for permanent civil servants and contract staff assigned to the Group under the Wiener Stadtwerke Zuweisungsgesetz (Vienna Public Enterprises Secondment Act); the Company has paid the contributions since 1999. Since 2015 they have partly been recognised as a tax credit. Due to the objections currently raised by the authorities, as well as the criteria for recognition of receivables, all of the receivables of EUR 22.1m carried in the 2019 statements are impaired. Where receivables are concerned, it is normally assumed that a court will be able to enforce its decisions. With regard to the supplementary employer contribution up to the verdict on the objections and the related final decisions, this cannot be taken for granted. A provision has been recognised for the amounts already credited (see note 9.6).

8.9 Trade payables

Trade payables were as follows:

EUR m	31 Dec. 2019	31 Dec. 2018
Trade payables	348.4	412.5
Trade payables to associates	14.5	22.2
Total	**362.9**	**434.8**

8.10 Other liabilities

Current and non-current other liabilities were as follows:

OTHER NON-CURRENT LIABILITIES

EUR m	31 Dec. 2019	31 Dec. 2018
Contract liabilities (IFRS 15)	502.7	488.7
Regulatory liabilities	15.5	4.3
Other liabilities	286.0	307.0
Total	**804.1**	**800.0**

OTHER CURRENT LIABILITIES

EUR m	31 Dec. 2019	31 Dec. 2018
Contract liabilities (IFRS 15)	139.0	130.7
Regulatory liabilities	8.0	7.3
Other liabilities	743.4	564.1
Total	**890.3**	**702.1**

The contract liabilities are mainly made up of customer contributions to construction costs collected by Wiener Netze and Wien Energie. Detailed notes on the contract liabilities can be found in note 8.1 Revenue and note 8.8 Other assets and contract assets.

Further information on current and non-current regulatory liabilities is given in note 8.5.

Other liabilities chiefly concerns amounts due to the City of Vienna tax office. These show temporary financing surpluses. Other non-current liabilities include accruals of prepayments of grave use fees to the cemeteries (see note 8.1).

9 Non-current assets and liabilities

9.1 Property, plant and equipment

Changes in property, plant and equipment were as follows:

HISTORICAL COST

EUR m	Land and leasehold rights	Buildings, incl. on third-party land	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Right-of-use assets	Total
1 Jan. 2018	**299.1**	**2,118.7**	**7,843.7**	**388.8**	**130.1**	**104.0**	**10,884.5**
Additions	-2.0	11.8	123.0	23.4	140.4	20.7	317.2
Disposals	-0.1	-5.7	-24.0	-15.1	-0.1	-6.7	-51.6
Transfers	-0.7	11.1	61.1	8.0	-83.3	-	-3.8
Changes in scope of consolidation	1.6	22.0	0.6	0.1	-	-	24.4
31 Dec. 2018	**298.0**	**2,157.8**	**8,004.4**	**405.4**	**187.2**	**118.0**	**11,170.7**
Additions	0.9	12.4	176.9	24.6	129.7	6.5	351.1
Disposals	-1.0	-10.4	-30.4	-11.2	-0.2	-4.5	-57.6
Transfers	0.2	2.0	109.0	7.8	-118.9	-	0.2
Changes in scope of consolidation	-	3.9	5.5	-	-	-	9.4
Stand am 31.12.2019	**298,1**	**2.165,8**	**8.265,4**	**426,7**	**197,8**	**120,0**	**11.473,8**
Accumulated depreciation, amortisation and impairment							
1 Jan. 2018	**-**	**-1,167.0**	**-5,665.4**	**-265.5**	**-**	**-**	**-7,097.8**
Depreciation and amortisation	-	-31.7	-167.3	-23.7	-	-10.0	-232.7
Impairment losses	-	-0.8	-9.2	-	-	-	-10.0
Write-ups	-	17.3	15.9	0.9	-	-	34.1
Transfers	-	-	-	-	-	-	-
Disposals	-	2.5	23.5	14.7	-	1.7	42.4
Changes in scope of consolidation	-	-	-	-	-	-	-
31 Dec. 2018	**-**	**-1,179.7**	**-5,802.4**	**-273.7**	**-**	**-8.3**	**-7,264.1**
Depreciation and amortisation	-	-33.1	-178.1	-25.2	-	-9.7	-246.1
Impairment losses	-	-1.2	-	-	-	-0.5	-1.7
Write-ups	-	26.4	49.9	-	-	0.9	77.3
Transfers	-	0.8	-	-0.8	-	-	-
Disposals	-	8.8	30.3	10.8	-	2.2	52.2
Changes in scope of consolidation	-	-	-	-	-	-	-
31 Dec. 2019	**-**	**-1,177.8**	**-5,900.3**	**-288.9**	**-**	**-15.4**	**-7,382.5**
Carrying amounts							
Carrying amount at 1 Jan. 2018	299.1	951.7	2,178.4	123.4	130.1	104.0	3,786.7
Carrying amount at 31 Dec. 2018	298.0	978.2	2,202.0	131.7	187.2	109.6	3,906.7
Carrying amount at 31 Dec. 2019	**298.1**	**988.0**	**2,365.1**	**137.8**	**197.8**	**104.6**	**4,091.4**

Investment grants

Historical costs of the assets presented above are net of investment grants, which amounted to EUR 6,328.9m as at 31 December 2019 (31 Dec. 2018: EUR 6,411.6m). This had the effect of reducing depreciation by EUR 318.8m in 2019 (2018: EUR 324.0m).

Pledged property, plant and equipment, and other collaterals or restricted assets

The carrying amount of property, plant and equipment pledged as collateral was EUR 14.7m (2018: EUR 16.0m). The carrying amount of other restricted property, plant and equipment was EUR 11.5m (2018: EUR 28.4m).

Property, plant and equipment under construction

The carrying amount of property, plant and equipment under construction was EUR 197.8m (2018: EUR 187.2m). The majority of this is attributable to Wiener Netze GmbH (EUR 127.1m; 2018: EUR 129.4m).

Changes in the scope of consolidation

See note 7.1 regarding changes in the scope of consolidation in 2019 and 2018.

Cash flows from investing activities

Investments are presented in the statement of cash flows net of investment grants received. Grants received for which no investments have yet been made are deducted from cash outflows for investments in property, plant and equipment. Investment grants received totalled EUR 351.3m in 2019 (of which EUR 343.1m was for property, plant and equipment), and EUR 355.5m in 2018 (of which EUR 347.9m was for property, plant and equipment).

In connection with the additions to intangible assets and property, plant and equipment, outstanding items amounting to EUR 37.6m (2018: EUR 82.9m) were recognised under current liabilities. Disposals of plant and equipment for which payment was not yet due amounted to EUR 16.5m (2018: EU 0.2m).

Recognition and measurement

On recognition, items of property, plant and equipment are measured at cost, including attributable borrowing costs. No borrowing costs in the meaning of IAS 23 were recognised in the consolidated financial statements in 2018 or 2019. After recognition, assets are measured at cost less any accumulated depreciation and accumulated impairment losses, using the cost model.

Subsequent costs are recognised if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably. Expenses for repairs and maintenance that do not represent a significant investment in replacement parts are recognised in profit or loss in the period in which they are incurred. Regular major inspections are treated as replacements and depreciated over the inspection interval. In this case, the costs of the inspection are recognised.

Investment grants are mostly received from the City of Vienna and the Austrian federal government. These are classified as government grants in accordance with IAS 20, which applies when accounting for them. Government grants are presented as a reduction in the cost of the assets for which they are intended to compensate. They are recognised as soon as there is reasonable assurance that the Group will comply with the conditions attaching to them.

Depreciable items of property, plant and equipment are depreciated or amortised on a straight-line basis according to their useful lives. If there is an indication that an asset may be impaired and its carrying amount exceeds the present value of future cash flows, an impairment loss is recognised, reducing the asset's carrying amount to its recoverable amount, in accordance with IAS 36. If an impairment loss recognised in a prior period no longer exists, a reversal is recognised in profit or loss. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

As in 2018, the following useful lives were applied for depreciation of property, plant and equipment:

	Years
Division-specific property, plant and equipment	
Major construction projects (e.g. tunnels, concrete channels, etc.)	40-80
Energy supply equipment	15-25
Supply infrastructure (grids, power lines, etc.)	5-50
Telecommunication networks	10-30
Vehicles (trams, buses, etc.)	6-30
Other property, plant and equipment	
Production and office buildings	10-100
Other technical equipment	2-35
Fixtures and fittings	2-30

Methods of depreciation, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary. Land is not depreciated.

Impairment of property, plant and equipment

See note 9.5 for information on the assessment of assets for impairment testing purposes in accordance with IAS 36.

9.2 Intangible assets

Changes in intangible assets were as follows:

Historical cost

EUR m	Concessions, including rights	Software and licences	Intangible assets under development	Goodwill	Total
1 Jan. 2018	**270.6**	**132.3**	**12.4**	**15.8**	**431.2**
Additions	1.1	7.4	19.3	-	27.8
Disposals	-2.1	-3.9	0.0	-	-6.0
Transfers	2.8	3.9	-7.9	-	-1.2
Changes in scope of consolidation	0.1	-	-	-	0.1
31 Dec. 2018	**272.5**	**139.7**	**23.9**	**15.8**	**451.9**
Additions	-1.1	25.4	15.0	-	39.3
Disposals	-3.0	-5.3	-0.1	-1.1	-9.5
Transfers	3.3	13.6	-17.0	-	-0.2
31 Dec. 2019	**271.7**	**173.4**	**21.8**	**14.7**	**481.6**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
1 Jan. 2018	**-180.2**	**-102.0**	-	**-6.6**	**-288.8**
Amortisation	-8.3	-14.0	-	-	-22.3
Impairment losses	-	-0.1	-	-	-0.1
Transfers	-2.3	2.3	-	-	-
Disposals	0.1	3.9	-	-	4.0
31 Dec. 2018	**-190.7**	**-110.0**	-	**-6.6**	**-307.3**
Amortisation	-8.0	-16.3	-	-	-24.3
Transfers	-0.1	0.1	-	-	-
Disposals	3.0	5.3	-	-	8.3
31 Dec. 2019	**-195.8**	**-120.9**	-	**-6.6**	**-323.3**
Carrying amounts					
Carrying amount at 1 Jan. 2018	90.4	30.3	12.4	9.2	142.4
Carrying amount at 31 Dec. 2018	81.8	29.7	23.9	9.2	144.7
Carrying amount at 31 Dec. 2019	**75.8**	**52.5**	**21.8**	**8.2**	**158.3**

Historical costs of the intangible assets presented above are net of investment grants, which amounted to EUR 50.2m (2018: EUR 45.1m). In 2019 this reduced amortisation by EUR 3.3m (2018: EUR 2.4m).

Concessions include easements with a carrying amount before grants of EUR 30.7m (2018: EUR 28.7m), which have an indefinite useful life. In addition this mainly comprises electricity procurement rights and similar energy use rights.

EUR 16.4m in development expenditure was capitalised (2018: EUR 14.7m) and research costs of EUR 3.1m were recognised as expenses (2018: EUR 5.1m) during the reporting period.

Recognition and measurement

Intangible assets with finite useful lives are recognised at cost less accumulated amortisation and impairment losses. No borrowing costs in the meaning of IAS 23 were recognised in 2018 or 2019. See note 9.5 for information on the assessment of assets for impairment testing purposes in accordance with IAS 36.

As in 2018, the following useful lives were applied for amortisation of intangible assets:

	Years
Concessions, licences, etc.	2-40 or term of contract
Electricity procurement rights and energy use rights	20-40
Software	3-5
Easements	15-25 or indefinite

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary. Easements subject to a one-off acquisition cost are recognised as intangible assets. Easements related to energy supply equipment are amortised over their useful lives. In contrast, easements attributable to Wiener Linien have indefinite useful lives, as they relate to land and are usually entered in the land register.

Goodwill

See note 9.5 for details on the measurement of goodwill as well as impairment testing.

Recognition of development expenditure

Research expenditure is recognised in profit or loss when it is incurred.

In accordance with IAS 38, an intangible asset arising from development is only recognised if costs attributable to the intangible asset during its development can be reliably measured, the product or process is technically and commercially feasible, it will generate probable future economic benefits, and the Group intends to complete the intangible asset and use or sell it, and has the ability to do so. Other development expenses are recognised in profit or loss when they are incurred. Intangible assets arising from development are recognised at cost less accumulated amortisation and impairment losses. The Group's assets of this type principally comprise own-produced software.

Subsequent expenditure

Subsequent expenditure is only added to the carrying amount of an intangible asset if it increases the future economic benefits of the asset in question. All other expenses, including for internally generated goodwill and brands, are recognised in profit or loss when they are incurred.

9.3 Leases

Lessee disclosures

The following table shows the carrying amounts of right-of-use assets:

EUR m	31 Dec. 2019	31 Dec. 2018
Land and buildings	105.6	110.3
Plant and machinery	11.0	12.2
Other equipment	1.1	0.7
Less grants for right-of-use assets	-13.0	-13.6
Total	**104.6**	**109.6**

Changes in right-of-use assets are presented under property, plant and equipment (note 9.1).

For reasons of materiality, the table above does not include rights of use for construction management offices that are rented during the construction of sections of the Vienna underground network, as depreciation is included in full in the cost of the asset recognised under property, plant and equipment. The carrying amount of EUR 5.7m (2018: EUR 7.0m) is included in assets under construction (see note 9.1). The useful lives of these rights of use range from one to nine years.

The following amounts were recognised in profit or loss for the reporting period:

EUR m	2019	2018
Interest expense on lease liabilities	-2.2	-1.8
Expense relating to variable lease payments not included in measurement of lease liabilities	-2.7	-2.8
Income from subleasing right-of-use assets	0.2	0.1
Expense relating to short-term leases (incl. expense relating to leases of low-value assets)	-27.5	-26.8

Cash outflows for leases amounting to EUR 9.4m (2018: EUR 10.5m) in the reporting period are recognised in the statement of cash flows. Most of the expenses relating to short-term leases or leases of low-value assets relate to short-term leases in the Wiener Lokalbahnen Group.

See also note 11.4 for details of lease liabilities. A summary of future cash outflows of contractual lease payments can be found in note 14 Risk management.

Disclosures on material lease contracts

Rights of use for land and buildings mainly comprise tenancy agreements for office space, other buildings (e.g. Wiener Linien stations) and WIPARK's car park leaseholds and tenancy agreements. Many of the latter contain revenue-based rent components, which are included in expenses for variable lease payments.

Rights of use for plant and machinery principally comprise electric locomotives used by Wiener Lokalbahnen Cargo to offer transportation services.

Rights of use for other equipment mainly comprise cars leased for use by staff. Some of these contracts include variable payments based on the distance driven. The contracts do not contain residual value guarantees that would need to be included in the lease liability in case of expected payments.

Recognition and measurement

Lease contracts grant the Wiener Stadtwerke Group the right to control and use an asset for a specified period of time in exchange for a specific consideration. Rights of use for intangible assets are not recognised as leases.

Rights of use and lease liabilities

From the date of commencement of a lease, a right-of-use asset reflecting the right to use the underlying asset for the term of the lease, and a lease liability are recognised in the statement of financial position.

The lease liability represents the present value of the lease payments. Because lease contracts are a form of financing contract, lease liabilities are presented under financial liabilities and the effective interest method is used for subsequent measurement. Lease payments therefore represent repayment of the lease liability.

The cost of the right-of-use asset comprises the amount of the lease liability as well as any initial direct costs incurred, any lease incentives received, and any costs recognised as a restoration provision (see note 9.6). Right-of-use assets are measured in the same way as property, plant and equipment, and depreciated on a straight-line basis over the lease term; in case of impairment, an impairment loss is recognised.

Lease payments

Lease payments comprise fixed payments, semi-fixed payments, the exercise price of any purchase option and penalties for terminating the lease if the Group is reasonably certain to exercise such options, as well as any amounts expected to be payable under residual value guarantees. Adjustments based on the consumer price index and other price increases are recognised only when they become applicable. In case of amendments to the contract or a change in the lease term, the lease liability is reassessed and the right-of-use asset is adjusted accordingly. Use-based or revenue-based payments are not included in the lease liability, but are recognised in other expenses.

For materiality reasons, very small payments that are regularly due in relation to rights of use for land are also recognised in other expenses.

Discount rate

The discount rate for lease payments is an Intercompany incremental borrowing rate, as Wiener Stadtwerke is financed at Group level. Negative rates are not used, since they would not be applied even if Wiener Stadtwerke took out refinancing. A discount rate is determined for the term of each lease.

For initial application, the following discount rates are applied on recognition of right-of-use assets:

Discount rates applied in connection with lease terms	1 Jan. 2018
1 year	0.00%
5 years	0.29%
10 years	1.29%
20 years	2.13%
30 years	2.37%

Term

The lease term is estimated considering on the periods of extension or termination options, depending on whether the Group is reasonably certain to exercise such options.

The following is applied in case of leases with indefinite terms: for undeveloped land, the lease term is 40 years, for reasons of materiality. For built-up land, the lease term is based on the remaining useful life of the building, and for plant and machinery it is based on the remaining useful life of the equipment. These methods provide guidance if there is no other way to determine useful life. Lease terms are regularly reviewed and adjusted as necessary.

Depreciation

The right-of-use asset is depreciated over the lease term. In 2019, depreciation of rights of use amounted to EUR 9.7m (2018: EUR 10.0m).

Practical expedients

Wiener Stadtwerke applies the following practical expedients to simplify lease accounting:

- Payments for leases with a term of less than 12 months and for leases of low-value assets (approx. under EUR 5,000) are recognised in other expenses. This mainly relates to the rental of mobile phones, laptops, photocopiers and coffee machines.
- Any service components included in lease payments are not accounted for separately, but as part of the lease payment.

Lessor disclosures

Wiener Stadtwerke Group is also a lessor. All lease contracts are classified as operating leases. The majority of lease income is made up of income from cemeteries, and rental fees paid to Wiener Linien for advertising and retail space. Cemetery income from grave lease extensions is paid in advance for the full term and reversed annually. A more detailed breakdown and information on accounting and measurement methods can be found in note 8.1.

EUR m	2019	2018
Lease income	36.5	36.0
Income from variable lease payments not dependent on an index or (interest) rate	1.1	1.7

The table below shows the minimum gross lease payments.

EUR m	31 Dec. 2019	31 Dec. 2018
Due in 2020	11.5	9.8
Due in 2021	8.1	7.8
Due in 2022	7.9	7.4
Due in 2023	7.8	7.3
Due in 2024	7.7	7.2
Due after 2024	19.4	26.2
Total	**62.4**	**65.7**

Recognition and measurement

Classification

§ On inception date of the contract, each lease is classified as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset from Wiener Stadtwerke to the lessee. For example, this is the case when the lease term extends over the material useful life of the underlying asset, when the lessee has the option to purchase the underlying asset at a favourable price, when the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset, or when the underlying asset is of a specialised nature.

Wiener Stadtwerke Group is not party to any finance leases.

Recognition of operating leases

Lease payments from operating leases must be recognised as income on a straight-line basis or another systematic basis, if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished – regardless of when rental/lease payments are received. Costs incurred in earning the lease income, including depreciation, are recognised as an expense. The underlying asset continues to be recognised under property, plant and equipment, or in the case of real estate under investment property, and is measured accordingly.

9.4 Depreciation and amortisation

Depreciation and amortisation were as follows:

EUR m	2019	2018
Amortisation of intangible assets	24.3	22.3
Depreciation of property, plant and equipment	236.9	223.1
Depreciation of right-of-use assets	9.7	10.0
Total	**270.9**	**255.5**

9.5 Impairment losses and reversals

General approach

§ Property, plant and equipment and intangible assets, including goodwill, are tested for impairment if there is an indication that an impairment loss may have occurred. Goodwill, and intangible assets with an indefinite useful life, are tested for impairment at least annually. At the Wiener Stadtwerke Group, possible indications of impairment mainly arise from changes in parameters (changes in costs or revenue) or changes due to regulatory and supply policy decisions.

An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal, and value in use (the present value of future cash flows). If the carrying amount exceeds the recoverable amount, the difference is recognised in profit or loss as an impairment loss. When there is an indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist, a write-up is applied to the asset's carrying amount. This reversal of the impairment loss is recognised in profit or loss.

If an impairment loss is recognised for a cash-generating unit (CGU), the reduction in the carrying amount is applied first to any goodwill. If the impairment loss exceeds the carrying amount of goodwill, the difference is allocated to the carrying amounts of other assets of the CGU on a pro rata basis. The effects of impairment tests on CGUs are presented separately in the statement of profit or loss.

If there is an indication that a specific asset may be impaired, an impairment test is carried out for that asset only. Any impairment loss is recognised in operating profit or loss, or in case of a restructuring, in the related restructuring expenses.

When measuring value in use, estimates of future cash flows for the CGU in question are carried out in accordance with IAS 36. Business planning principally comprises a detailed five-year budget. For individual CGUs, including goodwill, this is supplemented by rough planning for the remainder of the contract term or useful life. A perpetuity is then assumed, or – if shorter – the cash flow over the remaining contract term or useful life. A fixed growth rate is not applied, but budget parameters are indexed in line with a consumer price index.

A discount rate based on the weighted average cost of capital (WACC) is applied. The cost of equity in the WACC comprises the risk-free rate of interest, a country premium and a risk premium incorporating the market risk premium and the beta factor based on peer group capital market data. The cost of debt comprises the base rate of interest, a potential country premium and a risk premium dependent on credit rating. Market values are used to determine the weighting of debt and equity, using an adequate capital structure for the CGU in question based on peer group data. The resulting WACC is used to discount the projected future cash flows for the CGU or asset. The composition of the peer group is reviewed annually and adjusted as necessary by the Group. Impairment testing is carried out and documented using the Group's WACC tool.

Definition of CGUs

The key criterion for definition of a CGU is technical and economic independence in generating cash inflows. For Wiener Stadtwerke, this applies to Wien Energie's district heating system, power generation fleet (combined heat and power, and boilers), hydroelectric plants, wind farms and electricity procurement rights; WIPARK's car parks/car park conglomerates; Wiener Netze's electricity and gas grid; and, if no other differentiation is possible, individual companies that contain profit-generating assets (individual businesses in the Wiener Lokalbahnen Group, Wiener Linien, and the Funeral Services and Cemeteries division).

All of the Group's reported CGUs (except for an electricity procurement right abroad) are located in Austria.

Wien Energie

Wien Energie calculates value in use in order to determine any impairment.

For the Pottendorf wind farm, which includes goodwill, forecasts to 2035 have been made and the WACC is 3.56%. The recoverable amount is EUR 6.3m higher than the carrying amount. Only an increase in the WACC to around 5% would bring the carrying amount to the same level as the value in use.

WIPARK

WIPARK calculates value in use for all CGUs when there is an indication of impairment. Cash flow projections are limited to the remaining useful life of the car park or car park conglomerate, or the remaining contract term in the case of other rights.

Wiener Netze

The current regulatory framework ensures that Wiener Netze's gas and electricity grid assets are recognised in full when determining tariffs. As this guarantees that assets are fully accounted for, there is currently no indication of impairment of gas and electricity grid assets.

Wiener Linien

Based on the local public transport and funding agreement, the City of Vienna provides Wiener Linien with the necessary funding for the acquisition or creation of assets required to perform the services it provides. In accordance with IAS 20, assets are netted against government grants (net presentation). Impairment tests are carried out for other assets when there is an indication that they may be impaired. There were no such indications in the current reporting period.

Wiener Lokalbahnen

Cash flow return on investment (CFROI) is used to determine whether there is an indication that assets in the Wiener Lokalbahnen Group may be impaired. The CFROI shows the internal rate of return that would be achieved if (gross) capital was invested now and the return earned through net cash from operating activities flows over the useful life of the investment. If the return is higher than the cost of capital, invested capital is covered and there is no indication of impairment. The cost of capital is based on that for the regulated electricity and gas networks, which have comparable opportunity and risk profiles (due to incentive regulation). There were no indications that assets may be impaired in the reporting period.

Funeral Services and Cemeteries

Impairment tests are not carried out at companies in the Funeral Services and Cemeteries division unless there is an indication of impairment.

Value in use is determined for all companies when carrying out impairment tests.

Impairment losses and reversals were as follows:

EUR m	2019	2018
Impairment losses on intangible assets (incl. goodwill)	-	-0.1
Impairment losses on property, plant and equipment	-1.7	-10.0
Reversals on property, plant and equipment	77.3	34.1
Total	**75.6**	**23.9**

Material amounts relate to the following CGUs:

Wien Energie CGUs

Reversals were recognised for the Simmering 1 (EUR 34.9m) and Donaustadt (EUR 39.0m) power plants in 2019. The recoverable amount for the Donaustadt power plant of EUR 103.6m was estimated on the basis of value in use, and exceeded the carrying amount. The carrying amount for Simmering 1 was written up to the recoverable amount. The WACC was 3.63%. The reversals were due to changes in electricity prices and cost optimisation measures at the power plants.

In 2018, impairment losses of EUR 9.1m were recognised at Wien Energie for the Donaustadt power plant. Reversals related to the Simmering 1 (EUR 7.5m) and Simmering 3 (EUR 24.3m) power plants. The write-ups reflected a recovery in electricity prices, as well as cost reductions.

Other impairment losses and reversals

There were no significant impairment losses for other CGUs in 2019. Reversals of EUR 1.9m were recognised for CGUs in the WIPARK Division. These write-ups were mainly due to changes in the WACC.

There were also no significant impairment losses in 2018. Reversals of EUR 2.3m principally related to WIPARK CGUs. These were mainly attributable to improved utilisation of individual car parks and changes in parameters for calculation of the WACC.

9.6 Other provisions

Changes in provisions were as follows:

EUR m	Guarantees, warranties and product liability	Contingent losses and other contin-gencies	Legal disputes	Restoration	Other provisions	Total
1 Jan. 2018	**0.1**	**227.7**	**4.5**	**15.3**	**49.2**	**296.8**
Allocations	0.1	40.1	23.3	-	7.3	70.7
Utilisation	-	-17.5	-3.0	-0.5	-24.8	-45.7
Reversals	-	-	-0.2	-	-11.7	-11.9
Discounting	-	-	-	-	0.1	0.1
31 Dec. 2018	**0.1**	**250.4**	**24.6**	**14.8**	**20.1**	**310.0**
Allocations	-	70.7	1.5	4.9	78.5	155.5
Utilisation	-	-16.7	-0.6	-3.9	-5.3	-26.4
Reversals	-	-0.2	-0.4	-	-5.2	-5.8
31 Dec. 2019	**0.1**	**304.0**	**25.2**	**15.8**	**88.1**	**433.4**
Short-term provisions at 1 Jan. 2018	0.1	17.5	3.8	2.0	43.8	67.2
Long-term provisions at 1 Jan. 2018	-	210.3	0.7	13.3	5.4	229.6
Short-term provisions at 31 Dec. 2018	0.1	17.8	4.2	3.0	17.8	42.9
Long-term provisions at 31 Dec. 2018	-	232.5	20.4	11.8	2.4	267.1
Short-term provisions at 31 Dec. 2019	0.1	18.2	4.8	4.0	13.4	40.6
Long-term provisions at 31 Dec. 2019	-	285.8	20.4	11.8	74.7	392.7

Provisions for contingent losses and other contingencies principally comprise a provision relating to the marketing of electricity from a right of procurement abroad. Restoration provisions relate mainly to power plant decommissioning obligations.

Energie Control Austria initiated market abuse proceedings relating to the billing of system charges in connection with the netting of metering points for traction power. As it is expected that the Group will have to pay the corresponding environmental levies, a provision of EUR 20.4m was recognised in 2018, and remained unchanged in 2019. The payment of environmental levies is also the subject of legal action brought by OeMAG Abwicklungsstelle für Ökostrom AG against Wiener Netze on 29 March 2019.

Other provisions include a provision of EUR 65.7m for a dispute with the tax authorities, regarding employer contributions paid in the past (the Employer Contribution to the Family Compensation Fund, hereinafter "employer contribution"). The dispute concerns the question of whether Wiener Stadtwerke and its subsidiaries or Vienna City Council had an obligation to pay the employer contribution between 1999 to May 2008. During 2019, the Federal Fiscal Court admitted Wiener Stadtwerke's and Vienna City Council's complaints in individual cases. However, the tax authorities have lodged appeals and extraordinary appeals with the Supreme Administrative Court against the decisions of the Federal Fiscal Court. No receivables were recognised in the 2019 annual financial statements for repayment by the tax authorities of employer contributions paid, since where receivables are concerned it is normally assumed that a court will be able to enforce claims. However, this cannot be taken for granted in the case of the employer contribution, until a verdict is reached on the appeals and extraordinary appeals submitted by the tax authorities, and the related final verdicts are handed down. As the case before the Supreme Administrative Court had not been concluded as at the reporting date, Wiener Stadtwerke assumed there is not a high probability that it will not be obliged to repay the amounts already credited to taxpayer accounts as a result of the Federal Fiscal Court decisions. The provision of EUR 65.7m was recognised for this reason, and no income is reported in relation to the matter. See note 15.5 for further information.

Furthermore, with regard to the supplementary employer contribution, pending a verdict on the related complaints and corresponding final decisions, a provision amounting to EUR 3.0m has been recognised for the supplementary employer contributions due for the 2016-2018 financial years but not yet paid. Further legal action will be taken to counter the authorities' objections, but the outcome is currently uncertain.

Other provisions also include a provision of EUR 21.8m related to prior service recognition. In light of rulings by the Supreme Administrative Court and the European Court of Justice, the City of Vienna will have to revise the current rules for recognition of prior service for permanent civil servants and contract staff. Under the new ruling, the City of Vienna must address the process through official channels, so a large number of employees are affected. Therefore, it is expected that it will take a number of years before the process is concluded.

Recognition and measurement

A provision is recognised in accordance with IAS 37 when the Group has a legal or constructive obligation to a third party based on a past transaction or event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the latter can be reliably estimated. All identifiable risks are taken into account when determining the amount of the provision, and any possible rights of recourse are excluded.

For long-term provisions, future cash flow estimates are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Since future cash flow estimates are adjusted for risks, a risk-free discount rate is applied.

Provisions for restoration are recognised as part of the cost of the asset in question and depreciated. Any new estimates that result in a change to the amount for which a provision is recognised are also included in the carrying amount of the asset.

10 Employees

10.1 Personnel expenses

The table below provides an analysis of the Group's personnel expenses.

EUR m	2019	2018
Wages	200.8	202.5
Salaries	606.4	578.8
Expenses for statutory social security contributions	*181.3*	*172.1*
Expenses for pension obligations	*61.9*	*66.8*
Expenses for termination benefits	*11.6*	*10.1*
Other social security contributions and expenses	*5.0*	*6.3*
Total social security expenses	259.8	255.2
Total	**1,067.0**	**1,036.6**

Social security expenses include EUR 32.0m (2018: EUR 25.0m) in spending on defined contribution pension plans, as well as EUR 5.5m (2018: EUR 4.8m) in contributions to the employee fund ("new" termination benefits). See note 7.4 for disclosures pursuant to IAS 24.

The Group's average head count (FTE), excluding employees on parental leave, as well as conscripts and community service workers, was as follows:

	2019	2018
Local government employees (permanent civil servants and contract staff)	5,879.6	6,303.1
Employees of Group companies (subject to collective agreements)	8,649.9	8,412.9
Wiener Stadtwerke Group	**14,529.5**	**14,716.0**
Apprentices	358.7	362.0
Total Wiener Stadtwerke Group headcount	**14,888.2**	**15,078.0**

10.2 Employee benefit provisions

The table below shows a breakdown of the employee benefit provisions:

EUR m	31 Dec. 2019	31 Dec. 2018
Pension provisions	4,365.4	3,828.2
Provisions for termination benefits	122.7	106.4
Provisions for payments in kind	45.3	47.8
Provisions for jubilee benefits	78.3	71.1
Provisions for anniversary bonuses	25.1	22.1
Total	**4,636.9**	**4,075.6**

Movements in defined benefit pension obligation and plan assets were as follows:

	Gross pension provision		Fair value of plan assets	
EUR m	2019	2018	2019	2018
1 Jan.	**4,742.0**	**4,823.5**	**927.0**	**-**
Service cost/additions to plan assets	47.4	53.2	-	926.2
Interest expense	93.9	91.4	-	-
Interest income	-	-	18.7	-
Payments to pensioners	-183.4	-179.6	-	-
Employee contributions	10.6	11.5	-	-
Remeasurement of defined benefit obligation/plan assets	484.7	-57.8	68.9	-
Effects of changes in demographic assumptions	18.2	-13.5	-	-
Effects of changes in actuarial assumptions	446.8	-72.4	-	-
Effects of experience adjustments	19.7	28.0	-	-
31 Dec.	**5,195.2**	**4,742.0**	**1,014.6**	**926.2**
Less fair value of plan assets/right to reimbursement	-829.8	-913.7	-184.8	-12.5
Net pension provisions/net plan assets at 31 Dec.	**4,365.4**	**3,828.2**	**829.8**	**913.7**

See note 8.8 for an explanation of the right to reimbursement.

Pension payments are expected to total EUR 174.5m in 2020.

The average maturity of the pension obligation (average capital commitment period) is 17.57 years (2018: 17.38 years).

The table below gives a breakdown of the plan assets:

EUR m	31 Dec. 2019	31 Dec. 2018
Shares	199.9	141.6
Bonds	762.4	661.6
Money market investments	43.3	111.6
Other	9.0	11.4
Total	**1,014.6**	**926.2**

The pension provisions were calculated on the basis of the following actuarial assumptions:

Actuarial assumptions with regard to pension obligation	31 Dec. 2019	31 Dec. 2018
Discount rate	1.49%	2.02%
Future wage and salary increases	3.00%/1.50%	3.00%/1.50%
Future pension increases	1.50%	1.50%
Expected staff turnover	0.00%	0.00%
Retirement age of women/men (years)	65	65
Life expectancy	AVÖ 2018 - P	AVÖ 2018 - P

The sensitivity analysis below sets out the effects of changes in forward-looking assumptions on the carrying amount of the gross pension provision.

Sensitivity analysis of pension obligations	31 Dec. 2019	31 Dec. 2018
Discount rate		
Increase of 0.1% in the discount rate	-1.72%	-1.57%
Reduction of 0.1% in the discount rate	1.76%	1.79%
Future wage and salary increases		
Increase of 0.1% in wage and salary increases	0.31%	0.31%
Reduction of 0.1% in wage and salary increases	-0.30%	-0.29%
Future pension increases		
Increase of 0.1% in pension increases	1.44%	1.45%
Reduction of 0.1% in pension increases	-1.41%	-1.31%

Movements in the **termination benefit** obligation are as follows:

EUR m	31 Dec. 2019	31 Dec. 2018
1 Jan.	**106.4**	**103.8**
Service cost	4.6	4.6
Intra-Group transfers	-	-0.1
Interest expense	2.1	2.0
Payments made	-2.3	-5.1
Remeasurement of defined benefit obligation	12.0	1.1
Effects of changes in actuarial assumptions	*13.7*	*-1.3*
Effects of experience adjustments	*-1.8*	*2.4*
Other effects	-	-
31 Dec.	**122.7**	**106.4**

Termination benefits are expected to total EUR 2.8m in 2020.

The average maturity of the termination benefit obligation (average capital commitment period) is 13.63 years (2018: 13.49 years).

The termination benefit provisions were calculated on the basis of the actuarial assumptions below:

Actuarial assumptions with regard to termination benefit obligation	31 Dec. 2019	31 Dec. 2018
Discount rate	1.12%	2.02%
Future wage and salary increases	3.00%	3.00%
Expected staff turnover	0.00%	0.00%
Retirement age of women/men (years)	60-65 / 65	60-65 / 65

The sensitivity analysis below sets out the effects of changes in forward-looking assumptions on the carrying amount of the termination benefit obligation.

Sensitivity analysis of termination benefit obligation	31 Dec. 2019	31 Dec. 2018
Discount rate		
Increase of 0.1% in the discount rate	-1.34%	-1.27%
Reduction of 0.1% in the discount rate	1.36%	1.39%
Future wage and salary increases		
Increase of 0.1% in wage and salary increases	1.33%	1.37%
Reduction of 0.1% in wage and salary increases	-1.30%	-1.26%

Changes in the provision for **payments in kind** were as follows:

EUR m	31 Dec. 2019	31 Dec. 2018
1 Jan.	**47.8**	**48.4**
Service cost	0.4	0.5
Interest expense	0.9	0.9
Payments made	-1.6	-1.3
Remeasurement of defined benefit obligation	-2.3	-0.7
Effects of changes in actuarial assumptions	*3.9*	*-0.7*
Effects of experience adjustments	*-6.2*	-
Other effects	-	-
31 Dec.	**45.3**	**47.8**

Payments in kind are expected to amount to EUR 1.6m in 2020.

The average maturity of the payment-in-kind obligation (average capital commitment period) is 17.51 years (2018: 17.83 years).

The payment-in-kind obligation was calculated on the basis of the following actuarial assumptions:

Actuarial assumptions with regard to payment-in-kind obligation	31 Dec. 2019	31 Dec. 2018
Discount rate	1.49%	2.02%
Future wage and salary increases	1.00%	1.00%
Expected staff turnover	0.00%	0.00%

Sensitivity

The above sensitivity analyses show the effects of hypothetical changes in the key parameters on the present value of the obligations that are reasonably possible at the end of the reporting period. The calculation of the obligation on the basis of changed parameters mirrored that of the obligation reported in the statement of financial position. One parameter at a time was changed while the others were kept constant. As a result, no account could be taken of any interactions between individual actuarial parameters. However, in reality it is probable that changes in key parameters would also bring about shifts in other parameters.

Recognition and measurement

IAS 19 defines employee benefits as all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The standard thus applies to all employee benefits, in particular those provided under formal plans or other formal agreements with employees or their representatives, including the employer's social security contributions applicable to such benefits.

The Group has defined benefit obligations arising from pension plans, statutory termination benefits, jubilee benefits and provisions for anniversary bonuses, and payments in kind.

Pensions

Defined contribution pension plans

Due to the existence of works agreements, there are defined contribution pension commitments, for which the Group makes contributions to a pension fund. These are recognised as personnel expenses. Prepaid contributions are recorded as assets if there is an entitlement to the reimbursement or reduction of future payments.

Defined benefit pension plans

The amount of the obligations arising from defined benefit plans is computed using the projected unit credit method. The calculation is performed annually by a certified actuary. The fair value of plan assets is always deducted from the pension obligation in order to arrive at the provision shown in the statement of financial position. However, rights to reimbursements paid for out of plan assets are shown under other assets.

Service cost, comprising current and past service cost, as well as gains and losses on plan curtailments and non-routine settlements, are reported as personnel expenses. Past service cost is recognised as personnel expenses, in profit or loss, at the earliest of the following dates: when a plan amendment or curtailment occurs, or when the Group recognises related restructuring costs.

Net interest is determined by applying the discount rate to the balance of defined benefit obligation and the plan assets held in connection with the defined benefit plan. Net interest expense or income are reported under net finance costs.

Remeasurements of the net pension obligation are shown under other comprehensive income, in the reserve for employee benefit provisions. They are reclassified to profit or loss in subsequent periods. They comprise actuarial gains and losses, any effects of an asset ceiling, and income and expense arising from the measurement of plan assets, other than interest, which is recognised in net finance costs.

Main pension plans and pension entitlements vis-à-vis Vienna City Council

The corporatisation of the Wiener Stadtwerke Group companies in 1999 led to the assignment of the workforce to the hived-off operations without their employment contracts with Vienna City Council being terminated or amended. The pension entitlements of the employees concerned vis-à-vis Vienna City Council are unchanged.

Under the Vienna Public Enterprises Secondment Act, the Group companies are obliged to bear the pension expenditure on behalf of the employees assigned to them (duty to replace pensions). This duty extends both to current pension payments and future pension expense. Due to the assumption of the duty to replace the pensions of assigned staff members, the Group companies concerned have indirect pension obligations. Commitments are made to pay individual employees benefits in given amounts. These pension obligations should therefore be treated as defined benefit obligations according to IAS 19.

Under IFRS the Group companies affected have a duty to recognise pension provisions for the future benefits. The current salary and pension payments are made directly by Wiener Stadtwerke, even if plan assets exist. Where the latter is the case, this gives rise to a right to reimbursement chargeable against the plan assets. This entitlement is presented as a receivable, under other non-current assets.

Wiener Linien is unaffected as it is not obliged to recognise a provision, owing to the existence of a net pension spending cap agreement with Vienna City Council. Instead, ongoing payments are made to the City of Vienna; these are treated as personnel expenses.

In the course of the integration of Friedhöfe Wien GmbH with Wiener Stadtwerke, a special agreement on the former's permanent civil servants was made with the City of Vienna, under which Wiener Stadtwerke no longer bears any risk and hence it is not necessary to recognise a provision. Friedhöfe Wien GmbH made a one-time payment, shown under accrued and deferred income, and reversed under personnel expenses over the remaining active service of the civil servants concerned.

Plan assets

In 2018 some Wiener Stadtwerke Group companies (Wien Energie GmbH, Wiener Stadtwerke GmbH and Bestattung und Friedhöfe GmbH [B&F Wien]) transferred part of their holdings of fund units to a trustee – Wiener Stadtwerke Planvermögen GmbH, a newly established company set up to perform fiduciary management of the funds – as security for their pension obligations. A long-term investment strategy designed to ensure coverage of future pension payments is pursued with regard to plan assets.

The trust company Wiener Stadtwerke Planvermögen GmbH is the civil-law owner of the WSTW funds transferred to it, while the Group companies remain the beneficial owners.

These assets are earmarked as backing for the duty to replace pensions, and are offset by the defined benefit obligation of the Wiener Stadtwerke Group. They are classified as plan assets in the meaning of IAS 19. The assets designated as plan assets are not shown on the assets side of the statement of financial position, but are offset against the pension provisions.

The ongoing administrative expenses and tax liability charged against the plan assets reduce the income from the latter, and must be recognised as part of the remeasurements of net liabilities, and accordingly carried in other comprehensive income.

Any additional rights to reimbursement reduce the gross value of the plan assets (see section 8.8).

Termination benefits

Depending on their length of service, Austrian employees may have a statutory right to a one-time payment on retirement or termination by the employer ("old" termination benefit). Provisions for termination benefits are recognised to meet this future obligation. The latter arises from a defined benefit plan as defined by IAS 19, which is accounted for in a similar manner to the defined benefit pension plans. There are no plan assets.

For Austrian employees whose employment began after 31 December 2002, employers make a monthly contribution of 1.53% of the gross salary to a pension fund. The latter is a defined benefit plan in the meaning of IAS 19. The employer's payments are recognised as personnel expenses.

Payments in kind

In addition to the above plans, some civil servants are entitled to allotments of energy supplies both during their employment and in retirement. The benefits received during these employees' active service are stated as salary expense. A provision is recognised for post-retirement benefits. As this is inherently a defined benefit plan, the provision is accounted for and measured in the same way as such plans.

Jubilee and provisions for anniversary bonuses

Some Group employees have entitlements to jubilee and provisions for anniversary bonuses due to their length of service. Provisions are recognised for these obligations in accordance with the project unit credit method. Measurement is essentially the same as with the defined benefit pension plans. However, actuarial gains and losses are taken to profit or loss, not other comprehensive income.

11 Financial instruments

11.1 Effect of financial instruments on earnings

Finance income is broken down as follows:

EUR m	2019	2018
Income from investments	27.6	24.4
Equity instruments measured at fair value through other comprehensive income (FVOCI)	*27.6*	*24.4*
Interest and similar income measured using the effective interest method	13.7	20.5
Financial assets measured at amortised cost (AC)	*2.1*	*2.3*
Financial assets measured at FVOCI	*11.5*	*18.2*
Gains from derecognition	2.1	6.8
Financial assets measured at FVOCI (recycling)	-	*5.6*
Financial assets measured at AC	*2.0*	*1.2*
Net change in fair value, measured at fair value through profit or loss (FVPL)	9.3	11.7
Financial assets mandatorily measured at FVPL (held for trading)	*0.9*	-
Financial assets mandatorily measured at FVPL (other)	*8.4*	*11.7*
Net gains on foreign currency translation	0.1	8.7
Total	**52.8**	**72.1**

The net change in the value of financial assets mandatorily measured at FVPL was predominantly related to holdings in investment funds. Besides changes in fair value, this item also includes dividends paid by the investment funds and dividend equivalents, amounting to EUR 3.1m (2018: EUR 3.7m).

The breakdown of finance costs was as follows:

EUR m	2019	2018
Interest expense	98.0	114.4
Net debt from defined benefit plans	*80.1*	*95.5*
Financial liabilities measured at AC	*15.7*	*17.1*
Lease liabilities	*2.2*	*1.8*
Net change in fair value, measured at FVPL	3.5	48.0
Financial assets mandatorily measured at FVPL (held for trading)	-	*19.4*
Financial assets mandatorily measured at FVPL (other)	*3.5*	*28.5*
Total	**101.4**	**162.3**

Net gains on financial instruments

Net gains on financial instruments during the reporting period and in the previous period are shown below.

EUR m	Interest and dividends	Fair value measurement	Currency translation	Net gains on disposals	Total at 31 Dec. 2019
Equity instruments					
FVOCI	27.6	532.0	-	-2.0	557.6
Debt instruments					
FVPL	-	4.9	-	-	4.9
FVOCI	11.5	9.5	0.1	-	21.2
AC	2.1	-	-	2.0	4.2
Derivatives					
FVPL	-	0.9	-	-	0.9
Hedging	-	41.4	-	-	41.4
Liabilities					
AC	-15.7	-	-	0.7	-15.1
Total	**25.6**	**588.7**	**0.1**	**0.7**	**615.0**

EUR m	Interest and dividends	Fair value measurement	Currency translation	Net gains on disposals	Total at 31 Dec. 2018
Equity instruments					
FVOCI	24.4	820.6	-	-	845.0
Debt instruments					
FVPL	-	-16.8	-	-	-16.8
FVOCI	18.2	-9.7	6.9	5.6	21.0
AC	2.3	-	1.8	1.2	5.3
Derivatives					
FVPL	-	-19.4	-	-	-19.4
Hedging	-	-23.6	-	-	-23.6
Liabilities					
AC	-17.1	-	-	-	-17.1
Total	**27.8**	**751.0**	**8.7**	**6.8**	**794.3**

11.2 Cash and cash equivalents

This item includes cheques, cash on hand, demand deposits, and short-term investments with fixed maturities of less than three months which are recognised at nominal value.

EUR m	31 Dec. 2019	31 Dec. 2018
Cash on hand	3.0	3.5
Demand deposits	94.2	250.2
Cash equivalents	352.3	357.7
Cash and cash equivalents	**449.5**	**611.4**
*Not included in cash and cash equivalents**	89.9	214.2
Cash and cash equivalents recognised in the statement of cash flows	**359.6**	**397.2**

* Classified as restricted cash

Cash and cash equivalents include amounts held in controlled investment funds. The Group does not have direct immediate access to these amounts. However, the commitment period for these funds may not exceed three months at the time of investment. The remaining cash and cash equivalents are short-term investments related to the cash pooling arrangement, which also have maturities of less than three months.

11.3 Financial assets

The following tables provide an overview of current and non-current financial assets and their classification.

NON-CURRENT FINANCIAL ASSETS

EUR m	31 Dec. 2019	31 Dec. 2018
Equity investments (FVOCI)	2,452.9	1,947.7
Loans	46.0	47.7
Other financial assets	996.2	629.4
Investment fund units (FVPL)	*92.0*	*78.0*
Shares (FVOCI)	*146.9*	*100.3*
Bonds (FVOCI)	*754.1*	*447.7*
Other securities	*3.3*	*3.4*
Derivative financial instruments	4.6	0.9
Designated as hedging instruments	*4.3*	*0.8*
Other derivative financial instruments	*0.3*	*0.1*
Total	**3,499.7**	**2,625.8**

CURRENT FINANCIAL ASSETS

EUR m	31 Dec. 2019	31 Dec. 2018
Loans	37.9	36.3
Bonds (FVOCI)	55.9	8.7
Time deposits with banks	351.0	346.9
Derivative financial instruments	136.9	16.2
Designated as hedging instruments	*135.5*	*15.6*
Other derivative financial instruments	*1.4*	*0.6*
Total	**581.7**	**408.1**

Classification of financial assets

The table below shows the classification of financial assets for the reporting period and the previous period.

EUR m	Measured at AC	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Mandatorily measured at FVPL	Total at 31 Dec. 2019
Non-current financial assets	**36.8**	**740.2**	**2,599.8**	**123.0**	**3,499.7**
Equity instruments	-	-	2,599.8	-	2,599.8
Debt instruments	36.8	735.9	-	122.7	895.3
Derivative financial instruments	-	4.3	-	0.3	4.6
Current financial assets	**388.9**	**191.1**	**-**	**1.7**	**581.7**
Debt instruments	388.9	55.7	-	0.3	444.8
Derivative financial instruments	-	135.5	-	1.4	136.9
Trade receivables	**255.8**	**-**	**-**	**-**	**255.8**
Cash and cash equivalents	**449.5**	**-**	**-**	**-**	**449.5**
Total	**1,131.0**	**931.3**	**2,599.8**	**124.7**	**4,786.8**

EUR m	Measured at AC	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Mandatorily measured at FVPL	Total at 31 Dec. 2018
Non-current financial assets	**39.5**	**430.3**	**2,048.0**	**108.0**	**2,625.8**
Equity instruments	-	-	2,048.0	-	2,048.0
Debt instruments	39.5	429.5	-	107.9	576.9
Derivative financial instruments	-	0.8	-	0.1	0.9
Current financial assets	**383.2**	**24.1**	**-**	**0.8**	**408.1**
Debt instruments	383.2	8.5	-	0.3	391.9
Derivative financial instruments	-	15.6	-	0.6	16.2
Trade receivables	**312.9**	**-**	**-**	**-**	**312.9**
Cash and cash equivalents	**611.4**	**-**	**-**	**-**	**611.4**
Total	**1,347.0**	**454.4**	**2,048.0**	**108.8**	**3,958.2**

Supplementary disclosures on investments in equity instruments recognised at fair value outside profit or loss

As of 31 December 2019, Wiener Stadtwerke had investments in equity instruments for which it irrevocably elected to present subsequent changes in fair value in other comprehensive income, in accordance with IFRS 9. The breakdown of these equity instruments is described below.

Other investments (FVOCI)

Wiener Stadtwerke holds an interest of 13.42% in Verbund AG. This is a strategic investment. The fair value of the investment at 31 December 2019 was EUR 2,085.9m (2018: EUR 1,736.3m). In 2019, the Group received dividends totalling EUR 19.6m (2018: EUR 19.4m) from the investment.

Wiener Stadtwerke owns a 2.80% interest in Verbund Hydro Power AG through Wien Energie. This is also a strategic investment and its fair value at year-end 2019 was EUR 350.9m (2018: EUR 196.7m). Dividends of EUR 4.2m (2018: EUR 4.2m) were received in respect of this investment during the reporting period.

Wiener Stadtwerke holds a 6.59% stake in Burgenland Holding AG, also for strategic purposes. The fair value of this investment at 31 December 2019 was EUR 15.6m (2018: EUR 14.4m). In 2019, total dividends received from this investment amounted to EUR 0.7m (2018: EUR 0.7m).

In addition to the aforementioned investments, the Group holds other, smaller investments with fair values of less than EUR 0.5m. Dividends and other distributions paid to the Group in 2019 in connection with these investments totalled EUR 0.1m (2018: EUR 0.1m).

Shares (FVOCI)

As at 31 December 2019, Wiener Stadtwerke held securities in the form of long-term investments in a total of seven special funds. At the end of 2018, special funds WSTW I, II, III and V were designated as plan assets in accordance with IAS 19. The remaining special funds IV, VI and VII will continue to be recognised in Wiener Stadtwerke's consolidated financial statements at 31 December 2019, in accordance with IFRS 10.

Equity instruments account for a part of the investments held through the special funds. The management of these equity instruments is aimed at replicating a global share index. As the investment strategy is geared towards long-term capital preservation as opposed to achieving short-term profit from changes in share prices, all of the equity instruments held by the Group are classified as measured at fair value, outside profit or loss. However, from a management perspective, reallocations can be made within the portfolio.

At 31 December 2019, 136 shares (2018: 134) were designated as investments measured at fair value outside profit or loss, and their fair value amounted to EUR 148.1m (2018: EUR 100.3m). The breakdown of the investments by region/country in 2018 and 2019 was as follows:

Region	Country	31 Dec. 2019 Proportion (%)	31 Dec. 2018 Proportion (%)
Americas (developed)	USA	49.5	47.6
	Canada	2.1	2.6
Americas (emerging)	Brazil	0.5	1.2
	Mexico	0.5	0.4
	Peru	0.5	0.4
Europe (developed)	United Kingdom	6.1	7.7
	France	3.0	3.1
	Germany	1.6	1.8
	Austria	-	-
	Netherlands	1.9	1.7
	Ireland	1.8	0.8
	Norway	1.4	1.7
	Sweden	1.3	1.8
	Denmark	0.9	1.7
	Spain	0.6	0.9
	Switzerland	2.7	2.5
Europe (emerging)	Hungary	-	0.4
	Russia	1.6	1.2
Middle East & Africa (emerging)	South Africa	1.1	1.1
	Egypt	0.5	-
Asia/Pacific (developed)	Japan	10.0	10.4
	Hong Kong	1.9	1.9
	Australia	0.8	-
Asia/Pacific (emerging)	China	6.4	6.3
	India	1.0	0.8
	Indonesia	-	0.4
	South Korea	1.1	1.0
	Taiwan	1.3	0.6
Total		100.0	100.0

In preparation for the designation of special funds WSTW I, III and V as plan assets, in November 2018 Wiener Stadtwerke carried out reallocations within these funds in order to attain the desired fund structures. In this regard, significant equity investments were made at the end of November 2018, and derecognised with effect from 31 December 2018 following their designation as plan assets. At the time of derecognition, the fair value of these investments in equity instruments – which were measured at fair value through other comprehensive income and not in profit or loss – stood at EUR 64.8m. The redesignation as plan assets resulted in an aggregate loss of EUR 3.0m.

In 2019, dividends received from shares (FVOCI) totalled EUR 3.1m (2018: nil). These relate entirely to financial instruments held at 31 December 2019.

Recognition and measurement

Financial assets recognised in accordance with IFRS 9 Financial Instruments are initially recognised on the trading date when the Group becomes a contracting party under the contractual terms of the instrument.

A financial asset is carried at fair value on initial recognition. Transaction costs arising directly from the purchase or disposal of the assets concerned are included in all items not measured at FVPL.

For the purpose of subsequent measurement, a financial asset is allocated to one of the following measurement categories, depending on the business model within which the asset is held and the nature of the contractual cash flows for the asset:
- Measured at AC
- Debt instruments measured at FVOCI
- Equity instruments measured at FVOCI
- Measured at FVPL

With regard to other investments recognised in accordance with IFRS 9 as well as special funds operated within the Group, use was made of the option to recognise subsequent changes in fair value in other comprehensive income. These equity instruments include investments that the Group intends to hold in the long term, as well as investments in shares and share-like instruments held by the special funds for the purpose of achieving long-term increases in value.

Interests in non-consolidated subsidiaries and associates are not covered by IFRS 9. They are included in other assets and are recognised at amortised cost, and impairment losses are recognised where necessary.

Loans and short-term investments are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. These financial assets are therefore measured at amortised cost using the effective interest method. However, if the contractual cash flows do not solely represent payments of principal and interest under the terms of the contract, measurement at amortised cost is no longer permitted, regardless of the business model within which the assets are held. In this case, the assets are measured at fair value through profit or loss.

Bonds and other debt instruments within the special funds are held in accordance with a business model whose purpose is to collect contractual cash flows and to sell financial assets. Therefore, the assets are measured at fair value through other comprehensive income, not in profit or loss, provided that the contractual terms give rise to cash flows that solely represent payments of principal and interest. If this criterion is not met, measurement is at fair value through profit or loss. For this reason, investment fund units are allocated to the FVPL category.

Financial assets are not reclassified after initial recognition, unless the Group changes the business model under which the assets are managed. As in 2018, no changes were made to the Group's business model during the reporting period.

Under IFRS 9, derivative financial instruments are always measured at fair value through profit or loss. If financial instruments are used as hedging instruments in a hedging relationship in accordance with IFRS 9, the gains or losses from instruments used as fair value hedges are recognised either in profit or loss, or in other comprehensive income, depending on the underlying. In the case of instruments used as cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness and is recognised in profit or loss.

With effect from 31 December 2018, the Group designated some of the special funds as plan assets in order to hedge its pension obligations. The Group has no control over plan assets. However, under IAS 19 repayments to the company that bears the pension obligation, for the purpose of reimbursing employee benefits already paid by the company, can be recognised as assets. This entitlement to plan assets recognised under non-current financial assets represent receivables from plan assets for benefits already paid to employees, until it is actually exercised by the Group. These receivables are not covered by IFRS 9, and they are recognised in other comprehensive income, not in profit or loss, in accordance with IAS 19. Only the interest income determined by discounting the pension obligation is recognised in profit or loss.

11.4 Borrowings

The tables below show the Group's current and non-current financial liabilities and their classification.

LONG-TERM BORROWINGS

EUR m	31 Dec. 2019	31 Dec. 2018
Promissory note bond	166.6	176.6
Bank loans	71.6	72.1
Lease liabilities	115.6	123.3
Derivative liabilities	4.5	1.6
Hedging instruments	*3.8*	*1.6*
Other derivative financial instruments	*0.7*	-
Other financial liabilities	53.1	51.7
Total	**411.4**	**425.3**

CURRENT FINANCIAL LIABILITIES

EUR m	31 Dec. 2019	31 Dec. 2018
Bonds	12.8	2.8
Bank loans	0.8	0.4
Lease liabilities	11.8	10.8
Derivative liabilities	118.8	42.0
Hedging instruments	*117.4*	*37.8*
Other derivative financial instruments	*1.4*	*4.2*
Other financial liabilities	71.6	95.2
Total	**215.7**	**151.2**

Other current financial liabilities mainly include liabilities of EUR 63.2m (2018: EUR 88.3m) to non-consolidated Group companies, associates and joint ventures related to the cash pooling arrangement.

Classification of financial liabilities

The classification of financial liabilities in 2018 and 2019 is shown in the tables below:

EUR m	Measured at AC	Mandatorily measured at FVPL	IFRS 16	31 Dec. 2019 Total
Long-term borrowings	**291.3**	**4.5**	**115.6**	**411.4**
Bonded loans and bonds	166.6	-	-	166.6
Bank loans	71.6	-	-	71.6
Lease liabilities	-	-	115.6	115.6
Derivative financial instruments	-	4.5	-	4.5
Other financial liabilities	53.1	-	-	53.1
Current financial liabilities	**85.1**	**118.8**	**11.8**	**215.7**
Bonded loans and bonds	12.8	-	-	12.8
Bank loans	0.8	-	-	0.8
Lease liabilities	-	-	11.8	11.8
Derivative financial instruments	-	118.8	-	118.8
Other financial liabilities	71.6	-	-	71.6
Total	**376.4**	**123.3**	**127.4**	**627.1**

EUR m	Measured at AC	Mandatorily measured at FVPL	IFRS 16	31 Dec. 2018 Total
Long-term borrowings	**300.3**	**1.6**	**123.3**	**425.3**
Bonded loans and bonds	176.6	-	-	176.6
Bank loans	72.1	-	-	72.1
Lease liabilities	-	-	123.3	123.3
Derivative financial instruments	-	1.6	-	1.6
Other financial liabilities	51.7	-	-	51.7
Current financial liabilities	**98.4**	**42.0**	**10.8**	**151.2**
Bonded loans and bonds	2.8	-	-	2.8
Bank loans	0.4	-	-	0.4
Lease liabilities	-	-	10.8	10.8
Derivative financial instruments	-	42.0	-	42.0
Other financial liabilities	95.2	-	-	95.2
Total	**398.8**	**43.6**	**134.1**	**576.5**

The following tables show the changes in liabilities during the reporting period and in the previous period:

EUR m	Promissory note bonds and bonds	Bank loans	Lease liabilities	Other non-current financial liabilities	Other current financial liabilities	Total
1 Jan. 2019	**179.4**	**72.5**	**134.1**	**53.3**	**137.1**	**576.5**
Cash inflows from long-term loans	-	0.3	-	4.2	-	4.6
Cash outflows for repayment of long-term loans	-	-	-13.7	-2.7	-	-16.4
Interest on long-term loans paid	-5.3	-2.1	-	-	-	-7.4
Changes in current liabilities	-	-0.4	-	-	-23.6	-24.0
Non-cash assumption of liabilities	-	-	6.8	0.2	-	7.0
Effects of exchange rate changes	-	-	-	0.7	-1.3	-0.7
Changes in fair value	-	-	-	2.2	78.2	80.4
Other changes in the statement of profit or loss	-	-	0.4	-	-	0.4
Increase due to accrued interest	5.3	2.1	2.2	-	-	9.6
Other changes	-	-	-2.4	-0.4	-	-2.8
31 Dec. 2019	**179.4**	**72.4**	**127.4**	**57.5**	**190.4**	**627.1**

EUR m	Promissory note bonds and bonds	Bank loans	Lease liabilities	Other non-current financial liabilities	Other current financial liabilities	Total
1 Jan. 2018	**202.5**	**73.0**	**122.5**	**15.2**	**163.7**	**576.9**
Cash inflows from long-term loans	-	-	-	5.0	-	5.0
Cash outflows for repayment of long-term loans	-23.0	-12.5	-14.0	1.3	-	-48.2
Interest on long-term loans paid	-5.6	-2.1	-	-	-	-7.6
Changes in current liabilities	-	-0.5	-	-	-25.7	-26.1
Non-cash assumption of liabilities	-	-	26.3	0.3	-	26.7
Changes resulting from the acquisition or disposal of subsidiaries or other operations	-	12.5	-	-	-	12.5
Changes in fair value	-	-	-	0.6	29.9	30.5
Increase due to accrued interest	5.5	2.1	1.8	-	-	9.4
Reclassifications	-	-	-	30.9	-30.9	-
Other changes	-	-	-2.6	-	-	-2.6
31 Dec. 2018	**179.4**	**72.5**	**134.1**	**53.3**	**137.1**	**576.5**

Cash flows from financing activities

Non-cash transactions of EUR -6.7m (2018: EUR inflows of EUR 11.6m) related to lease liabilities were reclassified out of cash flows from financing activities. With regard to current and non-current lease liabilities, the non-cash financing transactions amounted to EUR -6.9m (2018: EUR -25.6m).

Recognition and measurement

Initial recognition of financial liabilities takes place on the trading date when the Group becomes a contracting party under the contractual terms of the instrument.

Financial liabilities are classified either as measured at amortised cost or as measured at FVPL. Financial liabilities are classified as FVPL if they are held for trading, if they are derivatives, or if they are designated as such on initial recognition.

FVPL financial liabilities are measured at fair value, and net gains or losses including interest expense are recognised in profit or loss.

The effective interest method is used to subsequently measure other financial liabilities at amortised cost. Interest expense and exchange differences are taken to profit or loss. Gains or losses from derecognition are also recognised in profit or loss.

With the exception of derivative financial liabilities mandatorily measured at FVPL, financial liabilities are recognised at amortised cost.

11.5 Fair value disclosures

The determination of the fair values of financial instruments at the Wiener Stadtwerke Group is explained below. Financial instruments are allocated to one of the three levels in the fair value hierarchy specified by IFRS. These provide information on the reliability of the inputs used to measure fair value.

- **Level 1:** this category includes assets and liabilities traded in active markets; their fair value corresponds to the quoted price at the measurement date.
- **Level 2:** this refers to financial instruments for which there is no active market, meaning that the fair value is determined using measurement techniques. Financial instruments are classified as **Level 2** if all of the necessary significant inputs are observable.
- **Level 3:** If one or more significant inputs are unobservable, the financial instrument in question is allocated to Level 3.

Transfers between and out of the different levels in the fair value hierarchy are carried out at the end of the reporting period.

No transfers took place during the reporting period or during the previous period.

Classifications and fair values of financial instruments

The carrying amounts and fair values of financial assets and liabilities measured at fair value, including their allocation within the fair value hierarchy, in 2019 and 2018 can be found below:

EUR m	31 Dec. 2019 Carrying amount	31 Dec. 2019 Fair value	Level 1	Level 2	Level 3
Equity instruments	**2,599.8**	**2,599.8**	**2,248.6**	**-**	**351.1**
Equity investments	2,452.9	2,452.9	2,101.8	-	351.1
Shares	146.9	146.9	146.9	-	-
Debt instruments	**914.5**	**914.5**	**813.3**	**92.0**	**9.2**
Investment funds	92.0	92.0	-	92.0	-
Bonds	809.7	809.7	809.7	-	-
Other securities (measured at FV)	3.5	3.5	3.5	-	-
Loans (measured at FV)	9.2	9.2	-	-	9.2
Derivative financial instruments	**18.2**	**18.2**	**-21.6**	**39.8**	**-**
Receivables from other derivative financial instruments	141.5	141.5	7.8	133.7	-
Liabilities from other derivative financial instruments	-123.3	-123.3	-29.3	-94.0	-

EUR m	31 Dec. 2018 Carrying amount	31 Dec. 2018 Fair value	Level 1	Level 2	Level 3
Equity instruments	**2,048.0**	**2,048.0**	**1,851.1**	**-**	**196.9**
Equity investments	1,947.7	1,947.7	1,750.8	-	196.9
Shares	100.3	100.3	100.3	-	-
Debt instruments	**545.9**	**545.9**	**459.6**	**78.0**	**8.3**
Investment funds	78.0	78.0	-	78.0	-
Bonds	456.2	456.2	456.2	-	-
Other securities (measured at FV)	3.4	3.4	3.4	-	-
Loans (measured at FV)	8.3	8.3	-	-	8.3
Derivative financial instruments	**-26.5**	**-26.5**	**0.6**	**-27.2**	**-**
Receivables from other derivative financial instruments	17.1	17.1	4.3	12.7	-
Liabilities from other derivative financial instruments	-43.6	-43.6	-3.7	-39.9	-

Financial instruments not measured at fair value

The following tables list the financial instruments held by the Group which were not measured at fair value during the reporting period and in the previous period:

EUR m	31 Dec. 2019 Carrying amount	31 Dec. 2019 Fair value	Level 1	Level 2	Level 3
Loans (at cost)	74.7	77.1	-	57.2	19.9
Bonded loans and bonds	-179.4	-176.8	-	-	-176.8
Bank loans	-72.4	-71.5	-	-1.2	-70.3

EUR m	31 Dec. 2018 Carrying amount	31 Dec. 2018 Fair value	Level 1	Level 2	Level 3
Loans (at cost)	75.7	75.7	-	61.8	14.0
Bonded loans and bonds	-179.4	-177.5	-	-	-177.5
Bank loans	-72.5	-71.8	-	-1.6	-70.2

Time deposits and trade receivables are not included in the tables, as the carrying amount of these items corresponds to the fair value owing to their short-term nature.

The following table outlines the measurement methods and inputs used to determine the fair values of financial instruments:

Level	Financial instruments	Measurement method	Inputs
1	Other equity investments in Verbund AG, Burgenland Holding AG and sundry other equity investments	Market value-based	Market price
3	Equity investment in Verbund Hydro Power AG and sundry other equity investments	Net present value-based	Payments associated with the financial instruments, weighted average cost of capital
1	Shares purchased as investments by the special funds	Market value-based	Market price
2	Investments by the special funds in investment fund units	Market value-based	Market value calculated on the basis of market prices of the investments held
1	Bonds purchased as investments by the special funds	Market value-based	Market price
1	Other securities (measured at FV)	Market value-based	Market price
3	Loans (measured at FV)	Net present value-based	Payments associated with the financial instruments, yield curve
1	Energy forwards and futures (gas and electricity)	Market value-based	Settlement prices on the exchange
2	Receivables and liabilities arising from derivative financial instruments	Market value-based	Derived from market prices, yield curve, contractual partner's credit risk
3	Loans (at cost)		Cost of taking out loans as best estimate of fair value
1, 2	Bank loans		Payments associated with the financial instruments, yield curve
-	Time deposits with banks		Carrying amounts as best estimate of fair value
-	Trade receivables and payables, cash and cash equivalents		Carrying amounts as best estimate of fair value

In the case of other investments (FVOCI) for which neither the fair value nor the inputs required for measurement are observable on an active market, and which are thus allocated to Level 3 of the fair value hierarchy, a discounted cash flow approach is used in order to determine the present value of the expected benefit from the investments. The main parameters for this approach are the weighted average cost of capital (WACC), calculated on the basis of the capital asset pricing model, of 3.56% (2018: 3.96%), and the expected revenue growth rates, which are mainly dependent on forecast changes in electricity prices.

Viewed in isolation, a 10% increase in the WACC would lead to a 10% fall (2018: 11%) in fair value, while a 10% decrease in the WACC would result in a 12% rise (2018: 12%) in fair value.

Likewise viewed in isolation, a 10% increase in expected electricity prices would bring about a 20% increase (2018: 24%) in fair value, while a 10% decrease in expected electricity prices would cause fair value to drop by 20% (2018: 24%).

In both 2019 and 2018 the change in the fair value of unlisted equity instruments allocated to Level 3 of the fair value hierarchy resulted entirely in gains, which are recognised in other comprehensive income.

11.6 Derivative financial instruments and hedge accounting

The Group requires gas mainly for use at its thermal power plants and district heating boilers. In order to ensure the supply of gas around the clock, the Group also operates and actively manages gas storage facilities.

In view of the volatility of gas prices, the Group hedges fluctuations in market prices by means of various strategies which are brought together in the energy trading operations of Wien Energie GmbH. The company collates the required quantities reported by the various divisions and places the necessary orders, taking into account the market transactions concluded with Wien Energie Vertriebs GmbH & Co. KG in connection with the latter's gas delivery obligations to its customers.

This hedging strategy ensures that the reported quantities of gas required in the future can be secured, thereby avoiding the need to cover significant shortfalls or put excess quantities on the market.

Both forwards and futures are used as hedging instruments, and product transactions can be concluded at the CEGH, NCG and TTF trading points. It is permitted to initially conclude agreements for products on the most liquid market, then sell the hedged quantity as liquidity increases and fulfil requirements once more at the trading point in question. Transactions are also used to manage counterparty limits.

Hedge ineffectiveness can arise in particular from the fact that at the time the hedge is concluded, products may only be available on the market for delivery in months different to that specified in the order, so the delivery months must be adjusted in line with actual requirements. Ineffectiveness may also result from differences between the requirements reported by the individual divisions and the batch sizes available on the market. The strategy of concluding agreements for products on the most liquid market wherever possible can also be a source of ineffectiveness.

The Group also hedges sales of electricity produced at its power plants. Hedges are concluded as part of Wien Energie GmbH's energy trading activities, based on the production volumes budgeted by Portfolio Management. As with gas prices, hedging of electricity prices forms part of the hedging strategy implemented by Wien Energie Vertriebs GmbH & Co KG in connection with its electricity supply obligations to customers.

Exchange-listed futures and over-the-counter (OTC) forwards are used as hedging instruments. These instruments are generally not covered by the exception under IFRS 9 for what are known as own use contracts, and therefore must be recognised as derivative financial instruments.

The conclusion of hedges through Energie Allianz Austria GmbH can give rise to ineffectiveness, as only standard volumes and products can be hedged. Proxy hedges are concluded on the German electricity market owing to the higher level of liquidity there. Ineffectiveness may also result from differences in price for identical quantities on the Austrian and German markets.

At 31 December 2019, the Group held the following instruments as hedges against gas and electricity price risks:

GAS FORWARDS AND FUTURES

Portfolio	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Total	5,643,022.4	-103.8	18.0	-22.6
2020	*5,653,385.9*	*-104.1*	*18.0*	*-22.5*
After 2020	*-10,363.5*	*0.4*	*18.6*	*-0.1*

ELECTRICITY FORWARDS AND FUTURES

Portfolio	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Total	-4,574,020.7	240.1	49.3	41.2
2020	*-4,341,514.3*	*227.9*	*49.2*	*40.0*
After 2020	*-232,506.4*	*12.3*	*49.9*	*1.2*

The Group held the following instruments as hedges against gas and electricity price risks at 31 December 2018:

GAS FORWARDS AND FUTURES

Portfolio	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Total	4,383,228.3	-97.4	22.9	-4.7
2019	*4,483,218.1*	*-99.9*	*23.0*	*-4.7*
After 2019	*-99,989.7*	*2.4*	*21.4*	-

ELECTRICITY FORWARDS AND FUTURES

Portfolio	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Total	-3,170,583.0	173.5	53.8	-18.2
2019	*-2,970,858.0*	*161.5*	*52.7*	*-17.4*
After 2019	*-199,725.0*	*12.0*	*60.2*	*-0.8*

The amounts shown in the table below were related to items designated as hedged underlyings as at 31 December 2019:

	31 Dec. 2019		31 Dec. 2018	
EUR m	Change in value as basis for calculating hedge ineffectiveness	Cash flow hedge reserve	Change in value as basis for calculating hedge ineffectiveness	Cash flow hedge reserve
Gas purchases	23.1	22.5	6.5	5.7
Electricity sales	-42.7	-40.9	17.9	17.9

The tables below shows the amounts related to items designated as hedging instruments, as well as the related hedge ineffectiveness:

GAS FORWARDS AND FUTURES

Carrying amount at 31 Dec. 2019 EUR m		Change in 2019 EUR m		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
81.5	-104.1	22.5	1.3	-5.7

Carrying amount at 31 Dec. 2018 EUR m		Change in 2018 EUR m		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
13.8	-18.5	5.7	-0.8	-

ELECTRICITY FORWARDS AND FUTURES

Carrying amount at 31 Dec. 2019 EUR m		Change in 2019 EUR m		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
58.3	-17.1	-41.7	-1.0	-17.1

Carrying amount at 31 Dec. 2018 EUR m		Change in 2018 EUR m		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
2.6	-20.9	17.9	-	-

Hedging instruments are reported in the consolidated statement of financial position under the "Derivative financial instruments – designated as hedging instrument" items on the assets and liabilities sides (broken down into current and non-current assets and liabilities). Ineffectiveness is recognised under raw material, consumables and services used in the consolidated statement of profit or loss.

The changes in the cash flow hedge reserve were as follows:

EUR m	Gas	Electricity	Total
1 Jan. 2018	**-**	**-**	**-**
Change in fair value	5.7	17.9	23.6
31 Dec. 2018	**5.7**	**17.9**	**23.6**
Change in fair value	22.5	-41.7	-19.2
Items subsequently reclassified to profit or loss – raw material and consumables used	-5.7	-17.1	-22.8
31 Dec. 2019	**22.5**	**-40.9**	**-18.4**

12 Equity and debt capital

The Company's share capital and shareholder contributions total EUR 500.0m (2018: EUR 500.0m). The capital reserves include contributions from the owner.

The items presented under other comprehensive income account for certain changes in equity and related deferred taxation that are not recognised in profit or loss. Examples are unrealised gains and losses on the fair value measurement of financial instruments, the effective portion of the change in the fair value of hedges, and all remeasurements in accordance with IAS 19. The Group's share of the valuation reserves of investments accounted for using the equity method is also credited to this item.

Movements in these reserves were as follows:

EUR m	1 Jan. 2019	OCI before tax	Tax effects	31 Dec. 2019
Employee benefit provision reserve	57.7	-424.7	-	-367.1
Cash flow hedge reserve	-23.6	42.0	-	18.4
Financial instruments measurement reserve – equity instruments	-	532.0	-33.3	498.8
Financial instruments measurement reserve – debt instruments	776.3	9.5	-	785.8
Reserve for investments accounted for using the equity method	70.7	-216.0	-	-145.2
Total	**881.1**	**-57.2**	**-33.3**	**790.6**

EUR m	1 Jan. 2018	OCI before tax	Tax effects	31 Dec. 2018
Employee benefit provision reserve	-	57.7	-	57.7
Cash flow hedge reserve	-	-23.6	-	-23.6
Financial instruments measurement reserve – equity instruments	-	823.6	-51.2	772.4
Financial instruments measurement reserve – debt instruments	10.4	-9.7	-	0.7
Reserve for investments accounted for using the equity method	0.9	69.5	3.5	73.9
Total	**11.3**	**917.4**	**-47.7**	**881.1**

Capital management

In 2019 the Wiener Stadtwerke Group's equity rose by 5.9%, to EUR 3,555.3m (2018: EUR 3,356.3m). The Group's management aims for a stable equity ratio, and therefore keeps this metric under constant observation. The equity ratio registered a slight year-on-year decrease to stand at 31.2% at the end of the reporting period (31 Dec. 2018: 32.5%).

13 Taxation

Tax expense is as follows:

EUR m	2019	2018
Current tax expense	0.6	0.4
Deferred tax expense	-	3.8
Total	**0.6**	**4.2**

The table below shows a reconciliation between accounting tax expense and overall tax expense recognised in profit or loss in accordance with IFRS:

EUR m	2019	2018
Earnings before tax (EBT)	300.0	212.6
Tax rate	25%	25%
Expected tax expense	**-75.2**	**-53.2**
Effects of deferred tax assets not recognised	99.1	51.8
Non-recognition of tax loss carryforwards	-27.1	-6.5
Other effects	2.5	3.6
Total tax expense	**-0.7**	**-4.3**

Deferred tax

Deferred tax assets and liabilities are as follows:

EUR m	31 Dec. 2019 Deferred tax assets	31 Dec. 2019 Deferred tax liabilities	31 Dec. 2018 Deferred tax assets	31 Dec. 2018 Deferred tax iabilities
Assets				
Property, plant and equipment	-	-82.3	0.2	-68.5
Investment property	-	-2.4	-	-2.4
Intangible assets	0.1	-2.5	0.1	-2.4
Right-of-use assets (IFRS 16)	-	-26.2	-	-27.6
Interests in investments accounted for using the equity method	0.1	-	14.5	-
Other non-current financial assets	35.6	-179.4	20.7	-162.4
Other non-current assets	6.8	-318.9	9.6	-339.1
Non-current contract asset items (IFRS 15)	1.1	-0.1	-	-
Other current assets	-	-1.7	-	-0.3
Other current financial assets and cash equivalents	0.1	-37.6	-	-4.5
Capitalised loss carryforwards	307.6	-	207.8	-
	351.3	**-651.0**	**253.0**	**-607.1**
Liabilities				
Non-current lease liabilities	13.8	-	23.2	-
Employee benefit provisions	182.0	-	217.0	-
Other long-term provisions	0.1	-6.4	1.8	-0.6
Other long-term borrowings	0.9	-2.2	0.3	-2.4
Other non-current liabilities	24.2	-4.4	41.9	-9.7
Non-current contract liabilities (IFRS 15)	0.7	-	0.1	-
Contributions to construction costs and government grants received	0.1	-0.3	1.9	-
Current lease liabilities	1.4	-	2.0	-
Other short-term borrowings	14.7	-30.1	7.9	-
Other current liabilities	3.6	-0.8	2.0	-0.8
Current contract liabilities (IFRS 15)	-	-0.2	0.1	-
	241.6	**-44.6**	**298.4**	**-13.6**
Offsetting	-592.9	592.9	-551.4	551.4
Total	**-**	**-102.6**	**-**	**-69.3**

The table below shows movements in deferred tax liabilities:

EUR m	31 Dec. 2019	31 Dec. 2018
Deferred tax (net) as at 1 Jan.	**-69.3**	**-17.8**
Deferred tax recognised in the consolidated statement of profit or loss	-	-3.8
Deferred tax recognised in other comprehensive income	-33.3	-47.7
Deferred tax (net) as at 31 Dec.	**-102.5**	**-69.3**

Recognition and measurement

Deferred tax is determined in accordance with IAS 12. This means that probable future tax savings and charges are recognised for temporary differences between the carrying amounts in the consolidated financial statements and the tax bases of assets and liabilities. Expected tax savings from the use of tax loss carryforwards that are judged to be realisable in future are capitalised.

Deferred tax assets arising from deductible temporary differences and tax loss carryforwards in excess of the deferred tax arising from taxable temporary differences are only recognised to the extent that it is probable that sufficient taxable income will be generated to allow the realisation of the benefit concerned.

Deferred tax assets and liabilities are offset if they are with the same taxation authority and relate to the same taxable entity or a group of different taxable entities that are assessed together.

Disclosures regarding the tax group

The main companies included in the consolidated financial statements of Wiener Stadtwerke form a group as defined by section 9 Körperschaftsteuergesetz (Corporation Tax Act).

The tax group parent is Wiener Stadtwerke GmbH. There is a tax allocation agreement between the group members and the group parent. This prescribes that the tax allocation to be paid by individual group members shall be 25% of the income that would lead to a pooled profit on the part of the parent company. Group members are obliged to pay the parent a tax allocation of 2.5% of the part of their income flowing into a pooled group loss in recompense for the tax relief gained through group membership. If the parent directly or indirectly holds an interest of less than 95% of the share capital of a group member the tax allocation is 12.5%, rather than 2.5%.

These percentages are derived from the applicable rate under section 22(1) Körperschaftsteuergesetz (Corporation Tax Act).

In the event that group members post tax losses this does not result in a negative allocation. However, a record must be kept of the losses attributed to the parent by the members, and these losses are offset against members' profits attributed to the parent in subsequent years.

The tax loss carryforwards recognised were capitalised and offset against deferred tax liabilities arising on the measurement of financial instruments. These deferred tax liabilities do not take effect until the financial instruments concerned are sold. As these are held as long-term investments, and there is no prospect of disposal and therefore of taxable gains, offsetting against deferred tax assets arising from temporary differences is not possible.

The Group has not recognised tax loss carryforwards of EUR 8,001.9m (2018: EUR 7,832.4m). These can be carried forward for an unlimited period. In addition, no deferred tax assets have been recognised in respect of deductible temporary differences of EUR 190.2m (2018: EUR 139.3m).

Deferred tax liabilities arising from interests in subsidiaries - so-called "outside basis differences" - are not recognised as the Group can control their reversal, and the latter is unlikely for the foreseeable future. In consequence deferred tax liabilities were not recognised in respect of temporary differences of EUR 1,045.2m (2018: EUR 1,032.2m).

14 Risk management

Risk management principles

The Wiener Stadtwerke Group has implemented a comprehensive risk management system that permits early identification of opportunities and risks. These are defined as the possibility of positive and negative deviations from the expected profit or loss for the period. The internal control system (ICS) comprises all measures implemented to ensure the reliability, effectiveness and economic viability of important processes. Compliance is concerned with adherence to external and internal regulations. The Internal Audit Department evaluates the execution of business processes, as well as the internal control and risk management system, in accordance with an annual audit programme approved by the Management Board.

The risk management process follows the internationally accepted framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Ongoing surveying, identification and assessment of the risks to which the Group is exposed lays the groundwork for the regular risk reporting. A fundamental distinction is drawn between qualitatively and quantitatively assessed risks. In the information provided below, the focus is on quantitative reporting. For details of qualitative risks, please consult the operational and financial review.

Reporting on quantitatively assessed risks is embedded in the financial reporting, which is performed by the management control function (integrated reporting). Confidence intervals for future movements in key financial indicators, known as ranges, are derived from the risk management system and included in the management control reporting. A key objective is determining the risk-bearing capacity of individual Group companies. An annual risk and opportunity review is carried out as part of the budget/actual comparison. The original risk and opportunity assessments from the previous year, which were also the basis of the corporate planning, are compared with the actual values. The insights gained feed into the adjustment of the risk catalogue to changed circumstances. The updated risk catalogue is one of the cornerstones of the business planning.

Discussion and coordination of the main opportunities and risks also forms part of the annual business planning retreat at each Group company. The aim is to take a holistic view of the risks and opportunities that are to be expected in coming years, so that they can be properly taken into account in the corporate planning. This gives rise to action plans, and closer monitoring of the budget items concerned.

Responsibility for ensuring adherence to the risk management process lies with the risk controllers at each Group company, who report directly to management on an ongoing basis, and the Group risk management function, which reports to the Wiener Stadtwerke GmbH Management Board.

The ICS encompasses all the salient features of the process-related monitoring measures across the various organisations. It ensures that the material risks associated with the relevant processes are systematically captured and analysed, and minimised by performing periodic checks, and that the key documentation is kept and responsibilities transparently recorded. The minimum standards for compliance with the ICS are laid down by a Group directive which also clearly defines the roles and remits within the system's control processes. The ICS has a decentralised structure, under which the Group companies are responsible for assigning management control responsibilities and ensuring that transparent documentation is kept. The duty to report to the various Management Boards and the Group ICS coordinator at regular intervals ensures that the ICS conforms to the standards. Continued refinement of the ICS is the job of the bodies tasked with liaising with Group companies, as well as the risk management and compliance functions.

Compliance with the statutory regulations relevant to the Group is monitored and controlled. The reliability of the financial reporting is assured, as the accounting processes at Wiener Stadtwerke are governed by Group-wide directives and standards.

Wiener Stadtwerke's risk landscape is divided into the following risk groups:

Liquidity risk

Liquidity risk refers to the risk that the Group may be unable to settle its financial liabilities using cash and cash equivalents or other financial assets. The Group's liquidity management processes are designed to ensure that, wherever possible, sufficient liquid funds are available at all times so that the Group is able to meet its payment obligations when they fall due under both normal and strained conditions, without suffering contractual losses or damage to the Group's reputation.

The tables below show the obligations arising from contractual cash flows in the current and the previous reporting period which will fall due within one year, over the next one to five years, and after more than five years.

EUR m	Carrying amount 31 Dec. 2019	Contractual cash flows	< 1 year	1-5 years	> 5 years
Bonded loans and bonds	179.4	210.6	15.3	88.1	107.3
Bank loans	72.4	84.9	2.6	9.1	73.1
Trade payables	394.7	394.7	392.2	2.5	-
Lease liabilities	127.4	151.8	14.0	51.3	86.5
Other financial liabilities and liabilities from associates	757.0	760.6	501.3	31.3	228.0
Liabilities from other derivative financial instruments	123.3	123.3	118.8	4.5	-

EUR m	Carrying amount 31 Dec. 2018	Contractual cash flows	< 1 year	1-5 years	> 5 years
Bonded loans and bonds	179.4	215.9	5.3	100.4	110.2
Bank loans	72.5	87.3	2.5	9.6	75.2
Trade payables	466.8	466.7	465.8	0.9	-
Lease liabilities	134.1	158.8	13.0	49.9	95.9
Other financial liabilities and liabilities from associates	641.6	643.4	383.6	28.7	231.1
Liabilities from derivative financial instruments	43.6	43.6	42.0	1.6	-

Default risk

This relates to the risk of financial losses resulting from the inability of a customer or party to a contract for a financial instrument to meet its contractual obligations. Default risk is mainly concerned with trade receivables and contract assets, as well as bonds and loans held as investments. Bank balances and time deposits are also exposed to default risk.

The carrying amounts of financial assets and contract assets correspond to the maximum default risk.

IFRS 9 requires entities to recognise loss allowances not only for actual losses but also expected credit losses for financial assets measured at fair value outside profit or loss, such as trade receivables and bonds, as well as for contract assets and lease receivables. The risk exposure as at the end of the reporting period must be determined for each risk group, and provisions recognised on the basis of this exposure, irrespective of whether a loss is actually incurred. The Group uses the simplified approach to determine impairment allowances and lifetime expected credit losses for trade receivables and contract assets. Expected losses for all other financial assets are calculated on the basis of the 12-month expected credit losses. When there is a significant increase in default risk, the lifetime expected credit losses and impairment allowances are adjusted accordingly. Forward-looking, market-related information is taken into account when determining default risk.

The following table gives an overview of the gross carrying amounts of financial assets in the reporting period and in the previous reporting period, broken down by risk category.

EUR m	Equivalent Moody's rating/time bands for trade receivables	Bonds (OCI)	Loans (at cost)	Trade receivables*	Cash and time deposits	Total
Risk exposure class A	Up to Aa3/not overdue or 30 days overdue	197.8	-	218.0	801.5	1,217.3
Risk exposure class B	up to A3/31-60 days overdue	227.9	-	17.4	-	245.3
Risk exposure class C	up to Baa3/61-90 days overdue	271.3	-	4.8	-	276.1
Risk exposure class D	Below Baa3/more than 90 days overdue	10.0	-	44.9	-	54.9
Unrated		84.4	76.6	-	-	161.1
Gross carrying amount		**791.5**	**76.6**	**285.1**	**801.5**	**1,954.7**
Impairment allowances for 12-month expected credit losses (Stage 1)		-	-	-	-	-
Impairment allowances for lifetime expected credit losses (Stage 2)		-	-	-	-	-
Individual impairment allowances (Stage 3)		-	-	-10.6	-	-10.6
Simplified impairment approach		-	-	-19.1	-	-19.1
Carrying amount at 31 Dec. 2019		**791.5**	**76.6**	**255.5**	**801.5**	**1,925.0**

* The trade receivables shown here include non-current trade receivables of EUR 12.9m which are recognised as other assets (see note 8.8).

EUR m	Equivalent Moody's rating/time bands for trade receivables	Bonds (OCI)	Loans (at cost)	Trade receivables*	Cash and time deposits	Total
Risk exposure class A	Up to Aa3/not overdue or 30 days overdue	213.3	-	266.5	958.4	1,438.1
Risk exposure class B	Up to A3/31-60 days overdue	70.4	-	18.2	-	88.6
Risk exposure class C	Up to Baa3/61-90 days overdue	152.9	-	3.8	-	156.7
Risk exposure class D	Below Baa3/more than 90 days overdue	1.4	-	53.3	-	54.7
Unrated		-	72.0	-	-	72.0
Gross carrying amount		**438.0**	**72.0**	**341.7**	**958.4**	**1,810.1**
Impairment allowances for 12-month expected credit losses (Stage 1)		-	-	-	-	-
Impairment allowances for lifetime expected credit losses (Stage 2)		-	-	-	-	-
Individual impairment allowances (Stage 3)		-	-	-10.4	-	-10.4
Simplified impairment approach		-	-	-18.4	-	-18.4
Carrying amount at 31 Dec. 2018		**438.0**	**72.0**	**312.9**	**958.4**	**1,781.2**

* The trade receivables shown here include non-current trade receivables of EUR 13.6m, which are recognised as other assets (see note 8.8).

Allocation to the various risk exposure classes is based on the equivalent Moody's rating and the time bands for trade receivables.

The change in impairment allowances for trade receivables was as follows:

EUR m	Individual impairment allowances (Stage 3)	Simplified impairment approach	Total
1 Jan. 2018	**23.1**	**47.2**	**70.3**
Additions	4.3	1.0	5.3
Utilisation	-0.1	-0.6	-0.7
Reversals	-16.9	-29.2	-46.1
31 Dec. 2018	**10.4**	**18.4**	**28.8**
Additions	1.2	3.1	4.4
Utilisation	-0.4	-1.2	-1.6
Reversals	-0.4	-1.1	-1.5
Transfers	-	-0.2	-0.2
Change in scope of consolidation	-0.2	-	-0.2
31 Dec. 2019	**10.7**	**19.1**	**29.8**

For reasons of materiality, no impairment allowances are recognised for bonds and overnight deposits.

Interest rate risk

Such risk can result from changes in the fair value of fixed-interest instruments and in cash flows from variable-rate instruments. The Group is also exposed to reinvestment risk due to its reinvestment of funds from maturing bonds and time deposits, as a result of fluctuations in market interest rates.

Financial assets and liabilities broken down by the type of interest as at 31 December 2019 are shown in the table below.

EUR m	Carrying amount Fixed-interest instruments	Carrying amount Variable-interest instruments
Financial assets	1,214.1	477.3
Financial liabilities	-440.2	-63.5
	773.9	**413.8**

Financial assets and liabilities broken down by the type of interest as at 31 December 2018 are presented below.

EUR m	Carrying amount Fixed-interest instruments	Carrying amount Variable-interest instruments
Financial assets	847.8	638.7
Financial liabilities	-444.4	-88.3
	403.4	**550.4**

The majority of the bonds and loans held by the Group have fixed interest rates. Bonds are measured at fair value through other comprehensive income, not in profit or loss, while loans extended are reported at amortised cost. Therefore, only the bonds held by the WSTW investment funds are exposed to the risk of changes in fair value due to fluctuations in market interest rates.

Bond investments are primarily made in euro-denominated bonds, with a focus on the Euro investment-grade bond market. Interest rate risk is determined by the average bond duration on the capital market concerned. At year-end 2019, the average duration was 7.2 years on the euro-denominated market and 7.3 years on the US dollar market. Around one-quarter of the Group's portfolio is not exposed to interest rate risk (e.g. liquid funds and shares), resulting in a portfolio duration of around five years.

A 100 basis point (bp) shift in interest rates would result in a pre-tax increase or decrease in equity of EUR 14.4m (2018: EUR 10.4m) due to the resulting change in the fair values of bonds. This assumes that all other variables, and in particular exchange rates, remain unchanged.

Time deposits are usually short-term, fixed-interest investments. As they are measured at amortised cost, changes in market interest rates do not have an impact on equity, or on profit or loss.

In general, long-term financial liabilities are fixed-interest obligations. Financial liabilities are mainly recognised at amortised cost, so fluctuations in market interest rates that lead to a change in the fair values of fixed-rate financial liabilities do not have any effect on equity or on profit or loss.

Variable-interest financial assets and liabilities are predominantly receivables from the cash pooling arrangement with non-consolidated Group companies, associates and joint ventures, and the associated liabilities. A change of 100 bp in interest rates at the end of the reporting period, which is a reasonable assumption, would therefore only have a minor effect on equity and profit or loss.

Foreign exchange risk

The Group is exposed to foreign exchange risk mainly in connection with the securities held by the WSTW investment funds.

In line with the Group's strategic targets, the holdings of cash and bonds in the funds' diversified portfolios are subject to strict tolerance thresholds, meaning that the associated foreign exchange risk is low. Most of the Group's foreign-currency positions are denominated in Japanese yen and US dollars, with a small proportion in other currencies, in particular Swiss francs.

Investments in shares are mainly based on the benchmark MSCI All Country World Index (ACWI), which contains the world's largest listed companies. As a rule, these securities are listed in the currency of the exchange located in the domicile of the company concerned. Accordingly, the bulk of the Group's global share portfolio is not denominated in euros, and due to the specific characteristics of the stock market the Group does not take out any currency hedges against the euro. About 57% of the shares in the MSCI ACWI are denominated in USD, 10% in EUR and the remaining 33% in other currencies.

Wiener Linien holds interest-bearing securities denominated in US dollars in connection with its US lease transactions. These are hedged by means of currency swaps. In this case, hedge accounting is not applied. For further details, see note 15.2 Cross-border lease.

The tables below list the assets with carrying amounts denominated partly in foreign currencies.

EUR m	Carrying amount 31 Dec. 2019	Carrying amount in EUR if nominal value in USD	Carrying amount in EUR if nominal value in JPY	Carrying amount in EUR if nominal value in CHF	Carrying amount in EUR if nominal value in EUR
Loans (measured at fair value)	9.2	8.1	-	-	1.1
Other financial assets	996.2	90.6	14.7	3.9	887.0
Bonds (FVOCI)	55.9	29.1	-	-	26.9
Cash and cash equivalents	449,5	2,2	0,4	0,2	446,7

EUR m	Carrying amount 31 Dec. 2018	Carrying amount in EUR if nominal value in USD	Carrying amount in EUR if nominal value in JPY	Carrying amount in EUR if nominal value in CHF	Carrying amount in EUR if nominal value in EUR
Loans (measured at fair value)	8.3	7.4	-	-	0.8
Other financial assets	629.4	57.0	10.5	2.6	559.4
Bonds (FVOCI)	8.7	-	-	-	8.7
Cash and cash equivalents	611.4	14.2	3.0	-	594.3

The Group has no foreign-currency liabilities, with the exception of derivatives (currency swaps – see note 11.6).

The following exchange rates were applied at 31 December 2019 and 31 December 2018:

	31 Dec. 2019	31 Dec. 2018
USD	1.1234	1.145
JPY	121.94	125.85
CHF	1.0854	1.1269

A possible appreciation or depreciation of the US dollar, Japanese yen or Swiss franc against the euro could influence the measurement of financial instruments denominated in foreign currencies. The resulting effects on equity and profit or loss are shown below. It is assumed that all other factors – notably interest rates – remain constant.

	Profit or loss		Equity before tax	
31 Dec. 2019 Effects, EUR m	Appreciation	Depreciation	Appreciation	Depreciation
USD (5% change)	2.1	-1.9	6.8	-6.2
JPY (5% change)	-	-	0.8	-0.7
CHF (5% change)	-	-	0.2	-0.2

	Profit or loss		Equity before tax	
31.12.2018 Effects, EUR m	Appreciation	Depreciation	Appreciation	Depreciation
USD (5% change)	-16.7	-18.8	-47.3	-55.1
JPY (5% change)	2.8	2.5	-0.9	-2.2
CHF (5% change)	-0.2	-0.2	-1.4	-1.6

Raw material price risk

The only division exposed to raw material price risk is Energy. The energy business is subject to risks related to value drivers such as oil, gas, electricity and CO_2 prices, which can have a significant impact on profit. Price risks are minimised by means of forwards and futures, as well as other derivative financial instruments such as swaps and delivery contracts with performance options, which are used exclusively for hedging purposes.

Implementing joint market access for the sales and generating businesses allows the Group to take advantage of synergies, and to centrally manage and monitor all the risks related to energy trading (e.g. market liquidity risk and counterparty risk). The Group has adequate fuel reserves. Fluctuations in temperatures result in higher or lower heating sales. Sophisticated portfolio management enables the Group to continually monitor the market situation and optimise generating operations accordingly. Sales contracts are also continuously monitored for signs of impairment. Counterparties in the energy business are assessed and monitored, and potential risks are managed using a limit system.

The following tables illustrate how concluding supply contracts at prices 10% higher or lower would have affected the results reported in the consolidated statement of profit or loss in 2019 and 2018.

Description	Raw material price per unit at the end of the reporting period (EUR)	Volumes in 2019 – purchases/(sales), MWh	Change in income due to 10% increase in raw material price (EUR m)	Change in income due to 10% decrease in raw material price (EUR m)
Gas	12.3	7,836,701.9	-15.8	15.8
Electricity	30.1	-11,459,825.4	61.9	-61.9
CO_2	26.6	3,104,000.0	-7.8	7.8

Description	Raw material price per unit at the end of the reporting period (EUR)	Volumes in 2019 – purchases/(sales), MWh	Change in income due to 10% increase in raw material price (EUR m)	Change in income due to 10% decrease in raw material price (EUR m)
Gas	22.0	6,158,467.4	-15.5	15.5
Electricity	52.5	-7,151,181.9	41.6	-41.6
CO_2	20.5	2,233,000.0	-6.4	6.4

As mentioned above, raw material price risks are managed by means of derivatives, and in some cases using hedges (which qualify for hedge accounting). The tables below show the changes in the fair values of these derivatives as at 31 December 2019 and 31 December 2018 in the event of a 10% rise or fall in raw material prices.

EUR m	Carrying amount at 31 Dec. 2019	Hedged volumes – purchases (TWh)	Hedged volumes – sales (TWh)	Change in fair value due to 10% increase in raw material price	Change in fair value due to 10% decrease in raw material price
Financial assets					
Electricity derivatives – hedge accounting (OCI)	58.3	0.4	7.5	24.6	-24.6
Gas derivatives – hedge accounting (OCI)	81.5	0.8	17.3	-21.5	21.5
Electricity derivatives – outside hedge accounting (FVPL)	1.7	-	0.1	-0.5	0.5
Financial liabilities					
Electricity derivatives – hedge accounting (OCI)	-17.1	2.8	-	10.3	-10.3
Gas derivatives – hedge accounting (OCI)	-104.1	22.6	0.4	29.6	-29.6

EUR m	Carrying amount at 31 Dec. 2018	Hedged volumes – purchases (TWh)	Hedged volumes – sales (TWh)	Change in fair value due to 10% increase in raw material price	Change in fair value due to 10% decrease in raw material price
Financial assets					
Electricity derivatives – hedge accounting (OCI)	2.6	-	0.8	4.4	-4.4
Gas derivatives – hedge accounting (OCI)	13.8	2.8	3.5	-3.0	3.0
Electricity derivatives – outside hedge accounting (FVPL)	0.2	-	0.1	-0.4	0.4
Financial liabilities					
Electricity derivatives – hedge accounting (OCI)	-20.9	-	2.5	-13.0	13.0
Gas derivatives – hedge accounting (OCI)	-18.5	6.8	1.7	13.1	-13.1
Electricity derivatives – outside hedge accounting (FVPL)	-1.3	-	0.2	-1.2	1.2

Details on hedge accounting are provided in note 11.6.

15 Supplementary information

15.1 Contingent liabilities and other financial obligations

Contingent liabilities amounted to EUR 52.1m (2018: EUR 43.0m) at the end of the reporting period. The majority relates to a contingent liability of EUR 39.8m to American International Group, Inc. (AIG) connected with the Wiener Linien cross-border leasing deal (see note 15.2). There are other material contingent liabilities of EUR 6.0m to Gemeinnützigen Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H (2018: nil), and a bank g uarantee of EUR 3.9m provided by Wiener Netze to Awista GmbH (2018: EUR 3.9m).

The Wiener Stadtwerke GmbH has contingent assets of EUR 6.0m from Gemeinnützigen Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H (2018: nil), while Wiener Netze has various contingent assets amounting to EUR 7.2m (2018: EUR 7.0m).

15.2 Cross Border Lease

Between 1998 and 2003, Wiener Linien concluded various leasing transactions in the United States. These involved lease agreements for underground trains and trams on a lease in, lease out basis. The vehicles were leased to a US trust administered by an American fiduciary under a head lease agreement. At the same time, Wiener Linien subleased the vehicles back from the trust. The US trust paid the full lease payment in advance. In order to finance this advance payment, the trust raised equity capital from an investor and debt financing from several banks. Wiener Linien used the US trust's lease payment to make allocations to an equity account and a debt account. The allocation to the equity account was identical to the equity portion of the lease payment, and the debt account allocation was equal to the financing provided by the banks. The lease payments to be made by Wiener Linien under the sublease were made using cash flows from the accounts. The difference between the lease payment received and the necessary allocations to the accounts is recognised as a net present value benefit under contract liabilities and reversed over the term of the lease. US leases VI and IIIa were still outstanding as at 1 January 2018.

Paragraph B2 IFRS 16 provides for the combination of two or more contracts if certain criteria are met. Several financially related transactions must be assessed in terms of their overall commercial objective and may, under certain circumstances, be treated as a single transaction. As all of the contracts connected with the US leases were negotiated as a package with a single overall commercial objective that cannot be understood without considering the contracts together, in accordance with IFRS 16 the transactions are accounted for as a single transaction. Therefore, a lease in the meaning of IFRS 16 has not been concluded, and the underground trains and trams that are the subject of the US leases will continue to be recognised as property, plant and equipment in the accounts of Wiener Linien GmbH & Co. KG., in accordance with IAS 16.

The following assets and liabilities related to the US cross-border leases were included in Wiener Stadtwerke's consolidated statement of financial position on the reporting date:

EUR m	31 Dec. 2019	31 Dec. 2018
Securities (FVOCI)	18.2	18.2
Other loans	8.1	7.5
Forward exchange transactions (outside hedge accounting)	-0.7	0.1
Provisions for contingent losses and other contingencies	0.7	0.8
Non-current contract liabilities arising from the cross-border lease	1.7	2.1
Current contract liabilities arising from the cross-border lease	0.4	0.4

Securities (FVOCI)

The securities (FVOCI) relate to the custody account for the furnishing of additional collateral. AIG provides insurance coverage against the potential risk of default by Wiener Linien on its obligations to the investor. If the rating falls below a certain minimum level, the contract requires furnishing of additional collateral. The opening of a custody account for this purpose became necessary following AIG's downgrade in 2008.

The custody account covers the difference between the termination value, i.e. the amount required to repay the equity portion in the event of termination of the contract, and the equity account, and the balance of the custody account is reduced over time. The custody account, which has been pledged to the investor, is allocated to the "hold to collect and sell" business model and is measured at fair value outside profit or loss.

Other loans

This item refers to a receivable from Bank Austria, which was initially recognised in March 2015. On maturity, the equity portion of the lease liability will be repaid by Bank Austria.

Forward exchange transactions (outside hedge accounting)

Forward exchange transactions were concluded in order to hedge the loans to Bank Austria, which are denominated in US dollars, against exchange rate fluctuations. The loan and the forward exchange transactions are not designated as items in a hedging relationship. The forward exchange transactions are measured at fair value through profit or loss.

The translation of the US dollar-denominated loan in the reporting period and in the previous year gave rise to the following foreign exchange gains:

EUR m	2019	2018
Other finance income	0.1	1.8

Provisions for contingent losses and other contingencies

With regard to the contractual parties for which there is no statutory guarantee liability, in the case of a significant deterioration in their credit ratings either impairment losses or provisions must be recognised for the residual default risk. A provision has been recognised in relation to this risk. In view of AIG's rating, in order to cover this risk it was necessary to recognise provisions for contingent losses and other contingencies at 31 December 2018 and at 31 December 2019.

Liabilities arising from the cross-border lease

As a result of the cross-border lease transactions described above, Wiener Linien recognised a net present value benefit resulting from the difference between the advance lease payments made by the US trust and the necessary allocations to the custody account used to cover Wiener Linien's discounted obligations under the sublease agreement. This net present value benefit is related to the tax benefit accruing to the investor over the term of the lease in question. As the benefit from the lease accrues to the investor continuously over the term of the agreement, the net present value benefit is realised over time. The benefit over the residual term is recognised as a contract liability and is reversed over the residual term of the agreement concerned on a straight-line basis. The evolution of the net present value benefit is presented below, in accordance with paragraph 116 IFRS 15:

EUR m	2019	2018
Contract liabilities from the cross-border lease at 1 Jan.	2.5	3.1
less revenue recognised	-0.4	-0.6
Contract liabilities from the cross-border lease at 31 Dec.	**2.1**	**2.5**

The net present value benefit will be reversed through profit or loss over time as follows:

EUR m	31 Dec. 2019	31 Dec. 2018
In the next year	0.4	0.4
In the next 5 years	1.8	1.9

The off-balance-sheet assets and liabilities as at 31 December 2019 are shown below:

EUR m	Assets	Liabilities
US lease IIIa	11.7	-11.7
US lease VI (R)	67.5	-67.5
US lease VI (AIG)	35.9	-35.9

The bonds related to US lease IIIa and US lease VI (R), and the loan related to US lease VI were offset against the associated liabilities.

15.3 Effects of first-time adoption of IFRS

These consolidated financial statements are the first to be prepared by the WSTW Group in accordance with IFRS. The statements for reporting periods ending on or before 31 December 2018 were prepared in line with the local accounting regulations contained in the Austrian Business Code (ABC). Consequently, the Group has also reported the comparative figures for the reporting period ended 31 December 2018 as well as the opening statement of financial position as at 1 January 2018 in accordance with IFRS. The date of transition to IFRSs is 1 January 2018 (see also note 6.1).

This note explains the material adjustments undertaken in order to make the transition to IFRS accounting. The "Changes in the scope of consolidation" column mainly reflects the effect of the change in the consolidation method applied to Wien Energie Vertrieb GmbH & Co KG and Energie Allianz Austria GmbH. These entities are joint ventures which are accounted for under IFRS using the equity method, but which are consolidated using the proportionate method under ABC.

The "FN" columns in the tables refer to the accompanying footnotes, which are presented below the tables.

The table below shows a reconciliation between the balance sheet prepared in accordance with ABC and the IFRS values as at 1 January 2018 and 31 December 2018:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ASSETS

EUR m	FN	ABC, 1 Jan. 2018	Changes in the scope of consolidation	Remeasurements/reclassifications	IFRS, 1 Jan. 2018	ABC, 31 Dec. 2018	Changes in the scope of consolidation	Remeasurements/reclassifications	IFRS, 31 Dec. 2018
Non-current assets		**12,542.4**	**68.4**	**-4,448.6**	**8,162.3**	**12,942.8**	**178.5**	**-4,547.1**	**8,574.2**
Property, plant and equipment	A	9,949.3	-22.8	-6,139.9	3,786.7	10,013.8	-14.2	-6,092.9	3,906.7
Intangible assets		174.6	-1.5	-30.7	142.4	184.5	-1.5	-38.3	144.7
Investments accounted for using the equity method	B	3.5	311.4	-0.8	314.1	3.8	378.7	-3.8	378.7
Non-current financial assets	C	2,347.0	-218.8	244.7	2,372.8	2,658.6	-184.2	151.3	2,625.8
Other non-current assets incl. regulatory assets	D	67.9	0.2	1,478.1	1,546.3	81.8	-	1,436.7	1,518.4
Deferred tax assets		0.1	-0.1	-	-	0.3	-0.3	-	-
Current assets		**1,653.9**	**224.3**	**42.1**	**1,920.2**	**1,618.5**	**28.2**	**103.6**	**1,750.3**
Inventories	F	128.1	-26.9	8.0	109.2	149.5	-23.2	75.6	201.9
Trade receivables	G	361.4	7.9	-1.1	368.2	403.4	-102.3	-1.8	299.3
Current financial assets	C	91.0	56.9	410.3	558.2	3.3	12.2	392.6	408.1
Other current assets incl. regulatory assets	H	178.9	-9.9	52.8	221.9	272.7	-42.0	-1.1	229.6
Cash and cash equivalents	E	894.5	196.3	-428.0	662.8	789.7	183.5	-361.7	611.4
TOTAL ASSETS		**14,196.3**	**292.7**	**-4,406.5**	**10,082.6**	**14,561.3**	**206.7**	**-4,443.5**	**10,324.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION LIABILITIES

EUR m	FN	ABC, 1 Jan. 2018	Changes in the scope of consolidation	Remeasure-ments/reclas-sifications	IFRS, 1 Jan. 2018	ABC, 31 Dec. 2018	Changes in the scope of consolidation	Remeasure-ments/reclas-sifications	IFRS, 31 Dec. 2018
Equity		**4,696.3**	**260.2**	**-2,667.2**	**2,289.2**	**4,626.0**	**283.4**	**-1,553.2**	**3,356.3**
Share capital and shareholder contributions		500.0	-	-	500.0	500.0	-	-	500.0
Capital reserves	I	3,692.1	-	-1,365.5	2,326.7	3,626.0	-	-1,299.3	2,326.7
Retained earnings	J	501.0	249.5	-1,299.2	-548.8	499.3	284.4	-1,135.1	-351.4
OCI reserves	K	-	13.9	-2.6	11.3	-	0.1	881.0	881.1
Non-controlling interests	L	3.2	-3.2	-	-	0.7	-1.0	0.3	-
Non-current liabilities		**8,341.9**	**-3.3**	**-1,845.4**	**6,493.3**	**8,755.2**	**-1.0**	**-3,116.9**	**5,637.3**
Contributions to construction costs and government grants received	A	3,726.8	-0.8	-3,724.1	1.8	3,761.2	-	-3,759.9	1.3
Long-term borrowings	O	248.7	-1.5	128.1	375.3	248.2	-	177.1	425.3
Employee benefit provisions	M	3,857.9	-1.1	1,218.6	5,075.5	4,123.4	-1.0	-45.4	4,077.0
Other long-term provisions		238.3	-	-10.2	228.1	302.3	-	-36.5	265.7
Other non-current liabilities	N	269.5	0.1	525.2	794.8	319.6	-	479.1	798.7
Deferred tax liabilities		0.7	-	17.1	17.8	0.6	-	68.7	69.3
Current liabilities		**1,158.2**	**36.1**	**105.8**	**1,300.1**	**1,180.0**	**-75.8**	**226.7**	**1,330.9**
Contributions to construction costs and government grants received		-	-	1.2	1.2	-	-	0.5	0.5
Short-term borrowings	O	34.0	104.1	63.5	201.6	8.9	82.3	60.0	151.2
Trade payables	P	384.3	-7.9	16.1	392.5	521.4	-80.8	-5.8	434.8
Other current liabilities incl. other short-term provisions	N	739.9	-60.3	25.2	704.8	649.7	-77.2	172.0	744.5
TOTAL EQUITY AND LIABILITIES		**14,196.3**	**292.7**	**-4,406.5**	**10,082.6**	**14,561.3**	**206.7**	**-4,443.5**	**10,324.5**

A reconciliation between the income statement prepared in accordance with ABC and the IFRS values for 2018 are presented below:

INCOME STATEMENT, 2018

EUR m	FN	ABC, 2018	Changes in the scope of consolidation	Remeasurements	IFRS, 2018
Revenue	R	3,422.5	-632.9	-35.6	2,754.0
Other income	Q	686.0	-19.9	-153.7	512.5
Raw material, consumables and services used	R	-1,612.4	645.7	-133.5	-1,100.1
Personnel expenses	M	-1,309.7	17.5	255.5	-1,036.6
Other expenses	R	-662.9	11.0	-7.4	-659.3
Net gains on investments accounted for using the equity method	B	0.7	64.1	-0.7	64.1
EBITDA		**524.3**	**21.6**	**-75.3**	**534.6**
Depreciation and amortisation	A	-576.8	9.1	312.3	-255.5
Impairment losses and reversals		-7.0	-	31.0	23.9
Operating profit (EBIT)		**-59.6**	**30.5**	**267.7**	**302.8**
Finance income	S	67.9	10.1	-5.9	72.1
Finance costs		-161.8	-41.3	40.7	-162.3
Net finance costs		**-93.9**	**-10.2**	**34.8**	**-90.2**
Profit before tax		**-153.5**	**20.3**	**302.5**	**212.6**
Income tax expense		-0.2	0.4	-4.4	-4.2
Profit for the year from continuing operations		**-153.7**	**20.7**	**298.1**	**208.4**
Profit for the year		**-153.7**	**20.7**	**298.1**	**208.4**
Profit for the year attributable to non-controlling interests	L	1.0	-1.0	0.0	0.0
Profit for the year attributable to owners of the parent		**-152.7**	**-11.1**	**298.1**	**208.4**

A reconciliation between the statement of cash flows in accordance with ABC and the IFRS values for 2018 is shown in the table below:

STATEMENT OF CASH FLOWS, 2018

EUR m	FN	ABC, 2018	Changes in the scope of consolidation	Remeasurements	IFRS, 2018
Cash flows from operating activities	CF	524.7	-15.1	-47.1	462.5
Cash flows from investing activities	CF	-674.8	19.1	236.7	-418.9
Cash flows from financing activities	CF	45.6	0.2	-121.7	-75.8
Change in cash and cash equivalents		**-104.5**	**4.2**	**68.0**	**-32.3**
Cash and cash equivalents at 1 Jan. 2018		**886**	**-41.3**	**-415.2**	**429.5**
Cash and cash equivalents at 31 Dec. 2018		**781.8**	**-37.0**	**-347.2**	**397.2**

Notes on the reconciliations between ABC and IFRS – values as at 31 Dec. 2018

A The remeasurement of property, plant and equipment mainly relates to effects arising from the netting of government investment grants (see note 9.1 Property, plant and equipment). Property, plant and equipment decreased by EUR 6,398.0m (opening statement of financial position: decrease of EUR 6,441.6m) as a result. This led to a reduction of EUR 321.8m in depreciation in 2018. The reclassification of property not used by the Group as investment property resulted in a EUR 47.5m decrease in property, plant and equipment (opening statement of financial position: decrease of EUR 42.9m). This was offset by write-ups of land, in accordance with revaluation options under IFRS 1, amounting to EUR 235.9m, and right-of-use assets of EUR 109.6m (opening statement of financial position: EUR 104.0m) recognised under IFRS. Depreciation in the statement of profit or loss increased by EUR 10.0m due to the capitalisation of rights of use for property, plant and equipment. Write-ups of EUR 31.8m on property, plant and equipment were the main remeasurement effect recognised in reversals.

B Investments accounted for using the equity method relate to interests in associates and joint ventures, investments in entities that were previously proportionately consolidated, as well as Verbund Innkraftwerke GmbH, which was previously not included in the scope of consolidation.

C This item includes changes in the scope of consolidation connected with the WSTW funds. The WSTW funds, which were reported as investments in accordance with ABC, are consolidated under IFRS, and are recognised in the form of a decrease in non-current financial assets of EUR 668.3m (opening statement of financial position: decrease of EUR 1,273.5m). The funds hold non-current financial assets amounting to EUR 607.8m (opening statement of financial position: EUR 1,192.1m). The difference between the amounts at 1 January 2018 and 31 December 2018 reflects the designation of WSTW funds I, II, III and V as plan assets during that year (see also note 10.2). As explained under footnote B above, Verbund Innkraftwerke GmbH is accounted for using the equity method under IFRS, resulting in a decrease of EUR 123.7m in non-current financial assets (opening statement of financial position: decrease of EUR 129.0m). The fair value measurement of other investments and equity instruments (see note 11.3) resulted in a remeasurement effect of EUR 1,255.5m (opening statement of financial position: EUR 356.8m). This was offset by the fact that immaterial investments, amounting to EUR 84.7m (opening statement of financial position: EUR 71.9m), are reported under other assets, in contrast to ABC accounting.

D This item includes EUR 1,278.0m (opening statement of financial position: EUR 1,345.5m) related to initial recognition of the regulatory deferral account (see also note 8.5 Regulated items).

E Reclassifications were made in view of the difference in the definition of cash and cash equivalents between ABC and IFRS. Due to the strict definition of cash equivalents under IFRS, investments with maturities of more than three months at 31 December 2018, which totalled EUR 347.2m (opening statement of financial position: EUR 415.2m), were reclassified as current financial assets. However, investments with maturities of less than three months held by the consolidated investment funds were reclassified as cash and cash equivalents.

F Remeasurement mainly relates to the reclassification of other receivables from CO_2 emission allowances totalling EUR 70.7m (opening statement of financial position: EUR 11.6m) as inventories.

G Due to the proportionate consolidation of Wien Energie Vertriebs GmbH & Co KG and Energie Allianz Austria GmbH in accordance with ABC, both of which are accounted for using the equity method under IFRS, the receivables and liabilities of these two entities, which amount to EUR 181.2m (opening statement of financial position: EUR 68.1m) are not included in the IFRS financial statements. However, other Group companies' receivables from and liabilities to these entities – a total of EUR 81.1m (opening statement of financial position: EUR 78.9m) – have been recognised.

H Remeasurement relates to the reclassification of other receivables from CO_2 emission allowances (decrease of EUR 70.7m; opening statement of financial position: decrease of EUR 11.6m); recognition of contract assets in accordance with IFRS 15 (EUR 5.6m; opening statement of financial position: EUR 4.2m); and remeasurement in relation to the breakdown of the maturities of assets in connection with the regulatory deferral account (EUR 71.4m; opening statement of financial position: EUR 75.3m).

I As a result of the recognition of investment grants from the City of Vienna as government grants, a total of EUR 3,376.9m (opening statement of financial position: EUR 3,492.8m) was reclassified from equity capital to debt capital and offset against non-current assets (see footnote A above). EUR 1,299.3m (opening statement of financial position: EUR 1,365.5) was allocated to investment projects as at 31 December 2018. The remainder was reclassified to reflect past reversals of capital reserves from retained earnings.

J The treatment of the WSTW funds as subsidiaries and subsequently as plan assets, coupled with the remeasurement gain on the assets held by the funds, resulted in an increase in retained earnings of EUR 168.9m (opening statement of financial position: increase of EUR 200.1m). The remaining effects were mainly attributable to first-time application of the equity method and the resulting consolidation effects.

Remeasurement gains and losses owing to the adoption of IFRS are included in retained earnings. These effects remain constant over time. Remeasurement gains mainly relate to the following:

- Gain of EUR 1,337.5m (opening statement of financial position: EUR 1,400.7m) due to full recognition of the regulatory deferral account at 31 December 2018.
- The EUR 356.8m write-up of financial assets at 1 January 2018 primarily relates to the interest in Verbund. Future changes in value will be recognised in other comprehensive income.
- The write-up of land, in accordance with revaluation options under IFRS 1, amounting to EUR 235.9m.

The following factors led to a reduction in retained earnings:

- Reduction of EUR 2,077.6m (opening statement of financial position: EUR 2,127.3m) due to reclassification of previously reversed capital reserves as government grants as at 31 December 2018.
- An allocation of EUR 1,304.7m to employee benefit provisions in line with the discount rate applicable at 1 January 2018, in accordance with IAS 19.

K The OCI reserve as at 1 January 2018 includes the effects of write-ups of debt instruments measured at FVOCI. This will result in recycling in future reporting periods. The value at 31 December 2018 illustrates the change in the OCI reserve over the year. The most significant effects are attributable to the write-up of financial assets recognised in OCI.

L Non-controlling interests outside the Group own a 33.33% stake in Wien Energie Bundesforste Biomasse Kraftwerk GmbH. However, this company is immaterial and is therefore no longer consolidated.

M Long-term employee benefit provisions include provisions for termination benefits and pensions, which under IFRS are measured using the projected unit credit method, in line with actuarial principles. The increase in the provisions compared to those in the ABC accounts is due to actuarial measurement using the discount rate as at the reporting date, compared to the average discount rate applied under ABC. This resulted in an allocation of EUR 1,304.7m to employee benefit provisions at 1 January 2018. Owing to the convergence of the discount rates applied under ABC and IFRS, as well as the classification of financial assets as plan assets (see note 10.2 Employee benefit provisions), the difference had become negative at 31 December 2018. Compared to accounting in accordance with the Austrian Business Code, the IFRS employee benefit provisions fell due to the reclassification of accruals for leave and time credits.

On the whole, the reduction in personnel expenses was due to actuarial effects, which are reported in other comprehensive income under IFRS.

N The remeasurement effects in this item mainly resulted from the contrasting presentation of maturities under ABC and IFRS. The primary measurement effects were as follows: accrued contributions to construction costs from customers, which amounted to EUR 488.7m (opening statement of financial position: EUR 470.6m), were reported under contributions to construction costs received in accordance with ABC; IFRS 15 requires these items to be recognised as contract liabilities, which in turn results in a rise in other non-current liabilities. Under IFRS, the accruals for leave and time credits of EUR 130.1m (opening statement of financial position: EUR 121.9m) are shown under other liabilities, while they formed part of the employee benefit provisions under ABC (see footnote M above). An additional EUR 6.5m (opening statement of financial position: EUR 42.2m) was reported under other financial liabilities in the IFRS financial statements.

O The long-term lease liabilities of EUR 123.3m (opening statement of financial position: EUR 110.6m) are the main component of the remeasurement in the long-term borrowings. The remaining EUR 53.8m (opening statement of financial position: EUR 17.5m) relates to reclassifications of maturities, as under ABC maturities are only presented in the notes to the accounts.

The short-term borrowings in the IFRS accounts include EUR 42.0m (opening statement of financial position: EUR 9.8m) in derivative liabilities. There was also a revaluation effect of EUR 10.8m (opening statement of financial position: EUR 11.9m) in relation to lease liabilities. Other financial liabilities of EUR 42.4m (opening statement of financial position: EUR 6.5m) were reported under sundry other liabilities in the ABC accounts.

Under IFRS, changes in the scope of consolidation led to an increase in liabilities arising from the cash pooling arrangement, as the arrangement with Wien Energie Vertriebs GmbH & Co KG, amounting to EUR 47.6m (opening statement of financial position: EUR 98.4m), remains within the scope of consolidation in the IFRS financial statements. The IFRS accounts also include liabilities of EUR 34.5m (opening statement of financial position: EUR 5.6m) arising from cash pooling arrangements with non-consolidated companies.

P Changes in the scope of consolidation resulted in a decrease of EUR 80.8m (opening statement of financial position: decrease of EUR 7.9m) in trade payables, which mainly relate to the aforementioned change in the consolidation method applied to Wien Energie Vertriebs GmbH & Co KG and Energie Allianz Austria GmbH. The remeasurements include individual reclassifications compared with the ABC accounts.

Q Remeasurement related to this item includes an amount of EUR 134.0m resulting from the netting of investment grants against non-current assets in the IFRS financial statements. As gross amounts are reported in ABC accounting, the reversal of investment grants is recognised in other income. This is not stated in the IFRS accounts, but leads to a reduction in depreciation due to netting against property, plant and equipment (see also footnote A above). The reversal of provisions in the IFRS accounts is allocated to the corresponding expense item, and not reported under other income as in accordance with ABC. This resulted in a decrease in other income of EUR 16.8m.

R The reduction in revenue and in raw material and consumables used was mainly due to a change in the consolidation method applied to Wien Energie Vertriebs GmbH & Co KG and Energie Allianz Austria GmbH (from proportionate consolidation to equity method accounting). The majority of the remeasurements are due to the difference in accounting treatment under ABC and IFRS, which has opposing effects on revenue and other expenses. For instance, third-party transport services provided to Wiener Linien GmbH & Co KG (EUR 60.3m) are accounted for in other expenses under IFRS, and no longer in raw material and consumables used. In contrast, remeasurement of the regulatory deferral account results in an increase of EUR 75.9m in other expenses.

S Changes in the scope of consolidation had a significant effect on finance costs and finance income due to the consolidation of the WSTW funds under IFRS. However, the EUR 42.2m reduction in interest expense reported under personnel expenses, and the lease-related interest expense of EUR 2.2m (in accordance with IFRS 16), which is not reported in the ABC accounts, had the opposite effect.

CF The difference in the definition of cash and cash equivalents under ABC and IFRS led to a decrease in cash and cash equivalents, by EUR 347.2m (opening statement of financial position: EUR 415.2m) The change in cash equivalents with maturities of more than three months contributed an additional EUR 68m to cash flows from investing activities. The other reclassifications between cash flows from financing, investing and operating activities are mainly due to differences in the presentation and accrual of government grants.

15.4 Governing bodies

The members of the Management Board are:

- **Martin Krajcsir**
  (Chief Executive Officer)

- **Peter Weinelt**
  (Deputy Chief Executive Officer)

The members of the Supervisory Board during the reporting period were:

- **Erich Hechtner**
  (Chairman)

- **Dietmar Griebler**
  (First Deputy Chairman)

- **Andrea Faast**
  (Second Deputy Chairwoman)

- **Andreas Bauer**

- **Michael Bauer**

- **Stefan Freytag**

- **Michael Holoubek**

- **Kurt Januschke**

- **Brigitte Jilka**

- **Maria Kubitschek**

- **Karin Rest**

- **Günther Schmalzer**

- **Michael Sprengnagl**

- **Andreas Staribacher**

- **Kurt Wessely**

No loans or advances have been granted to Management Board or Supervisory Board members.

15.5 Events after the reporting period

The following material events that would have brought about changes in the presentation of the Group's assets liabilities, financial position and profit or loss occurred after the end of the reporting period.

Employer contribution

As described in note 9.6, the Supreme Administrative Court's verdicts on the employer contribution were still pending at the end of the reporting period. Several appeals and extraordinary appeals submitted to the Court by the tax authorities with regard to payment of the employer contribution by the Wiener Stadtwerke Group were dismissed by the Court by writ on 26 February 2020. The proceedings still before the Supreme Administrative Court or other courts, i.e. the Federal Finance Court, which had been suspended pending the Supreme Administrative Court's decision on the appeals, must also be settled in accordance with the latter's writs. As there was not a high probability that income would be recognised at the reporting date, and a change in this view was only justified following the aforementioned decision, this matter is not considered in the consolidated financial statements for the year ended 31 December 2019, and income of EUR 178.9m is expected to be recognised in the 2020 accounts.

Purchase of EVN share block

Wiener Stadtwerke GmbH has concluded an agreement to purchase 28.35% of the shares in Lower Austrian energy and environmental services company EVN AG. Performance of the contract is subject to approval by the Austrian and German competition authorities. In the view of Wiener Stadtwerke GmbH, this represents an investment with the expectation of regular dividend income. As this will be a minority interest, Wiener Stadtwerke will have no influence on the conduct of EVN's business.

Covid-19

The coronavirus outbreak and the related measures taken to contain it will have an adverse effect on global economic growth, lead to downturns and volatility on financial and goods markets, and have a corresponding impact on economic activity. However, this is a material event after the reporting period which will have a significant impact on the Group's value, and which is not reflected in the statement of profit or loss or in the statement of financial position. Information on the effects of the pandemic are provided in chapter 9 of the operational and financial review.

Vienna, 19 May 2020

THE MANAGEMENT BOARD

MARTIN KRAJCSIR

Chief Executive Officer

PETER WEINELT

Deputy Chief Executive Officer

AUDITOR'S REPORT *

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

WIENER STADTWERKE GmbH, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31st, 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31st, 2019 and cashflows and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement
Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Vienna, May 19th, 2020

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Stefan Uher, mp Certified Public Accountant	Rosemarie König, mp Certified Public Accountant
Stefan Uher Certified Public Accountant	Rosemarie König Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Glossary

Biodiversity
Biodiversity (biological diversity) is the variety and variability of living organisms of all origins.

Bonded loan
Bonded loans are a form of long-term corporate debt. A loan is extended to a borrower by a large financial intermediary without recourse to the organised capital market. These instruments are only available to companies with impeccable credit ratings.

Capex ratio
The capex ratio is a measure of a company's propensity to invest. It indicates the percentage of revenue that an enterprise reinvests in intangible assets, and property, plant and equipment.

Cash flow
This is a measure of a company's financial strength and its ability to independently generate the resources required for dividend payments, debt service and investment spending.

CO_2 emission allowances
These entitle the holder to emit a given amount of CO_2. They are tradeable, and their price is determined by supply and demand.

Combined heat and power (CHP)
The simultaneous generation of electricity and heat (combined heat and power) maximises fuel efficiency.

District cooling
This refers to the delivery of a cooling medium used to air-condition buildings. Either a central district cooling station generates the cooling energy and it is transported to consumers via a heat-insulated network, or absorbers at distributed refrigeration centres are used to produce it from the hot water supplied via the district heating network.

EBIT
Earnings before interest and taxes

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization

Energy efficiency
Energy efficiency is the ratio of energy output to energy inputs. Power generation at power stations inevitably involves the transformation of a large part of the primary energy employed into heat. At CHP stations this heat is used for district heating.

Funeral services
The term "funeral services" encompasses all the services that Bestattung Wien provides and charges for. Entire burial and cremation packages make up most of these, but they also include smaller items.

GDPR
The General Data Protection Regulation (GDPR) is a European Union regulation that harmonises the rules for the processing of personal data by private entities and public authorities throughout the EU. It is aimed at protecting personal data within the EU and ensuring the free movement of data within the European single market.

Total heating degrees
The difference between a given room temperature (measured in degrees Celsius) and the average air temperature for a day is referred to as a degree day figure. The total of all the degree days for a year is the total heating degrees. This is a good indicator of heating demand during a year, and hence of energy suppliers' business performance.

IFRS
International Financial Reporting Standards (International Accounting Standards.).

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intragroup equity interests, interim results, receivables and payables and income and expenses are eliminated.

Modal split
This refers to the percentage breakdown of total traffic volume into the various transport modes.

NOx
NOx is the abbreviation for nitrogen oxide, which is the collective term for the gaseous oxides of nitrogen.

Photovoltaic system
This is a system that uses sunlight to produce electricity. If it produces heat it is called a solar thermal system.

Primary energy
This is energy captured from naturally occurring energy forms or sources which, unlike secondary energy, can be used without first being converted. Besides the fossil fuels – natural gas, oil, lignite and hard coal – this includes renewable energy sources including solar, geothermal, wind, hydro power and biomass.

PUC
The projected unit credit (PUC) method is an actuarial method for calculating company pension obligations.

Rating
A rating is an evaluation of the creditworthiness of a debtor (countries, companies and so on) often carried out by a specialised rating agency. The evaluation is expressed as a kind of grading. It is very similar to a school grading system. The rating systems of the agencies use different grading schemes and their own symbols.

Risk management
Risk management is the systematic recognition and evaluation of risk, and the management of responses to identified risks. This process has many areas of application, including the management of business, credit, financial investment, environmental, insurance and technical risk.

Seat kilometres
The seat kilometre is a unit employed in the public transport industry. It refers to the product of the seats offered by a transport company and the distance travelled by the means of transport concerned. It takes no account of whether the seats are occupied.

Smart city
The expression "smart city" refers to a city where information and communication technology, and resource-efficient technologies are systematically deployed in order to conserve resources, enhance citizens' quality of life and the competitiveness of the local economy, and ultimately increase the city's sustainability. At the very least, energy, transport, urban planning and governance are addressed.

Smart metering
Smart metering combines cutting-edge meter technology with information and communication technology to give consumers near-real-time updates on their power consumption, transmit meter readings to the system operator electronically, and price electricity according to current supply availabilities.

Imprint

Proprietor and publisher
Wiener Stadtwerke GmbH
Thomas-Klestil-Platz 13
1030 Vienna

Project management
Group Communications
Thomas Geiblinger
+43 (0)1 53123 73953
thomas.geiblinger@wienerstadtwerke.at

Press Officer
David Millmann, B.A.
+43 (0)1 53123 73953
david.millmann@wienerstadtwerke.at

Concept, copy and design
Mensalia Unternehmensberatung
www.mensalia.at