

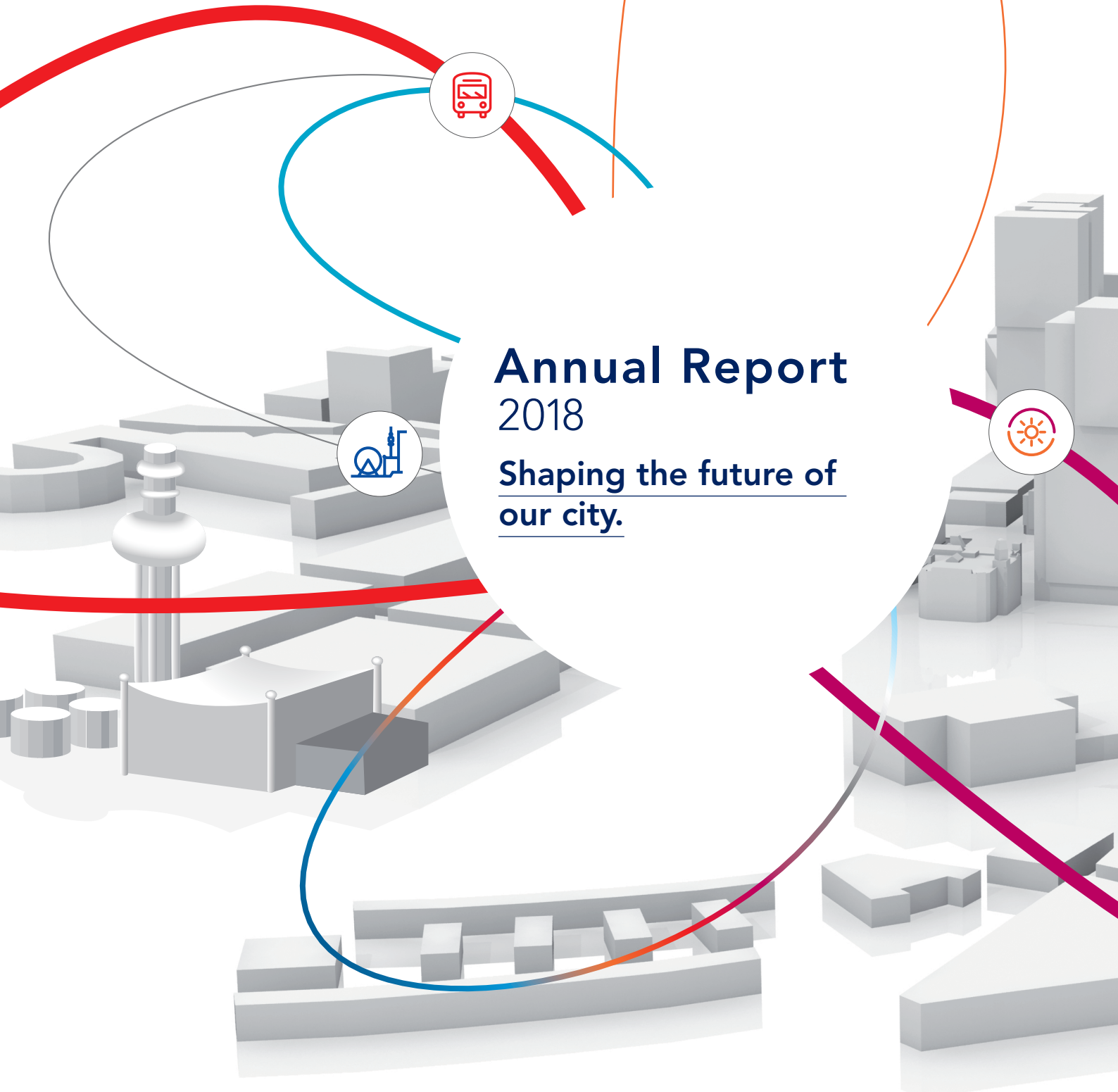


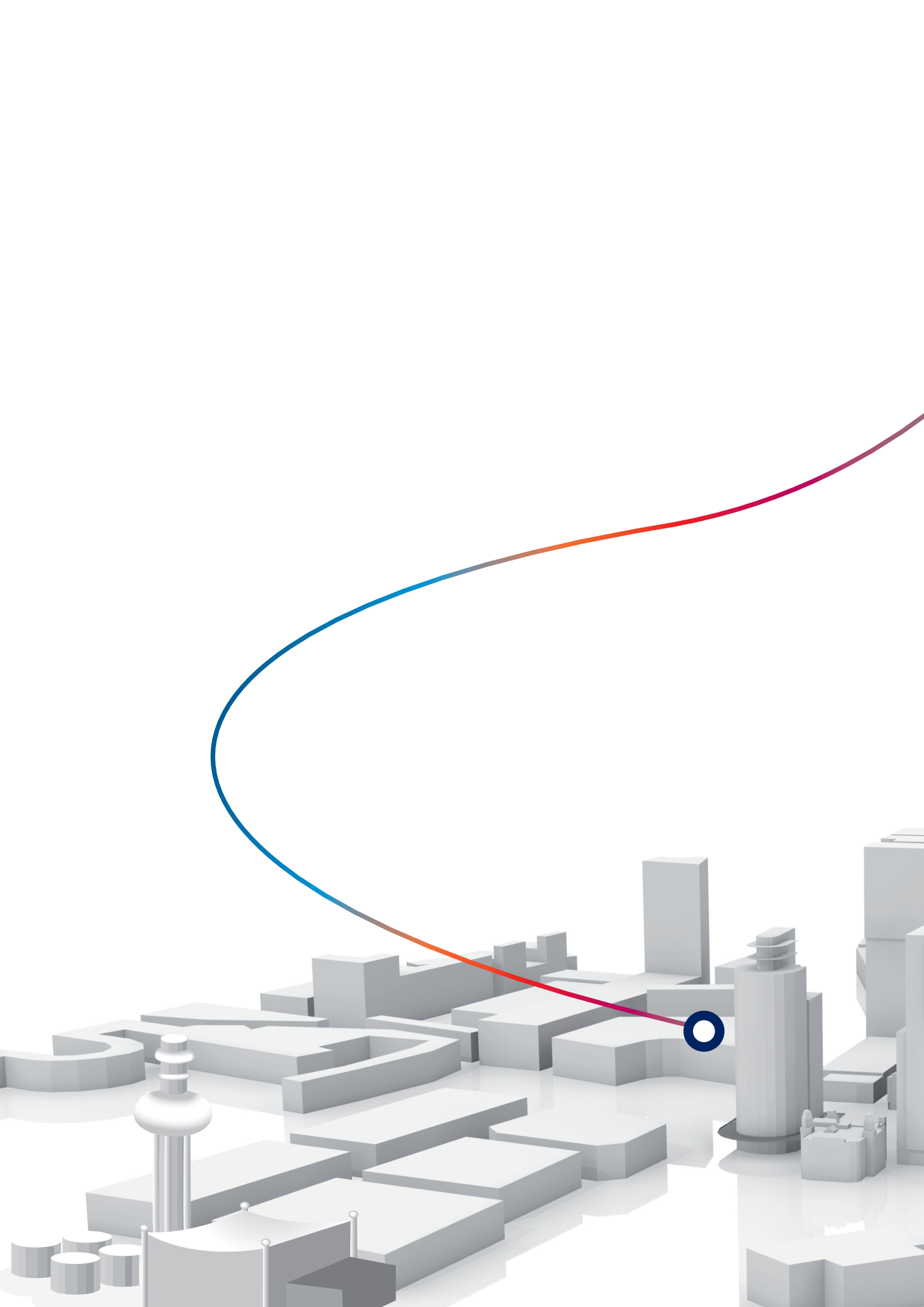
**WIENER  
STADTWERKE**



# Annual Report 2018

Shaping the future of  
our city.

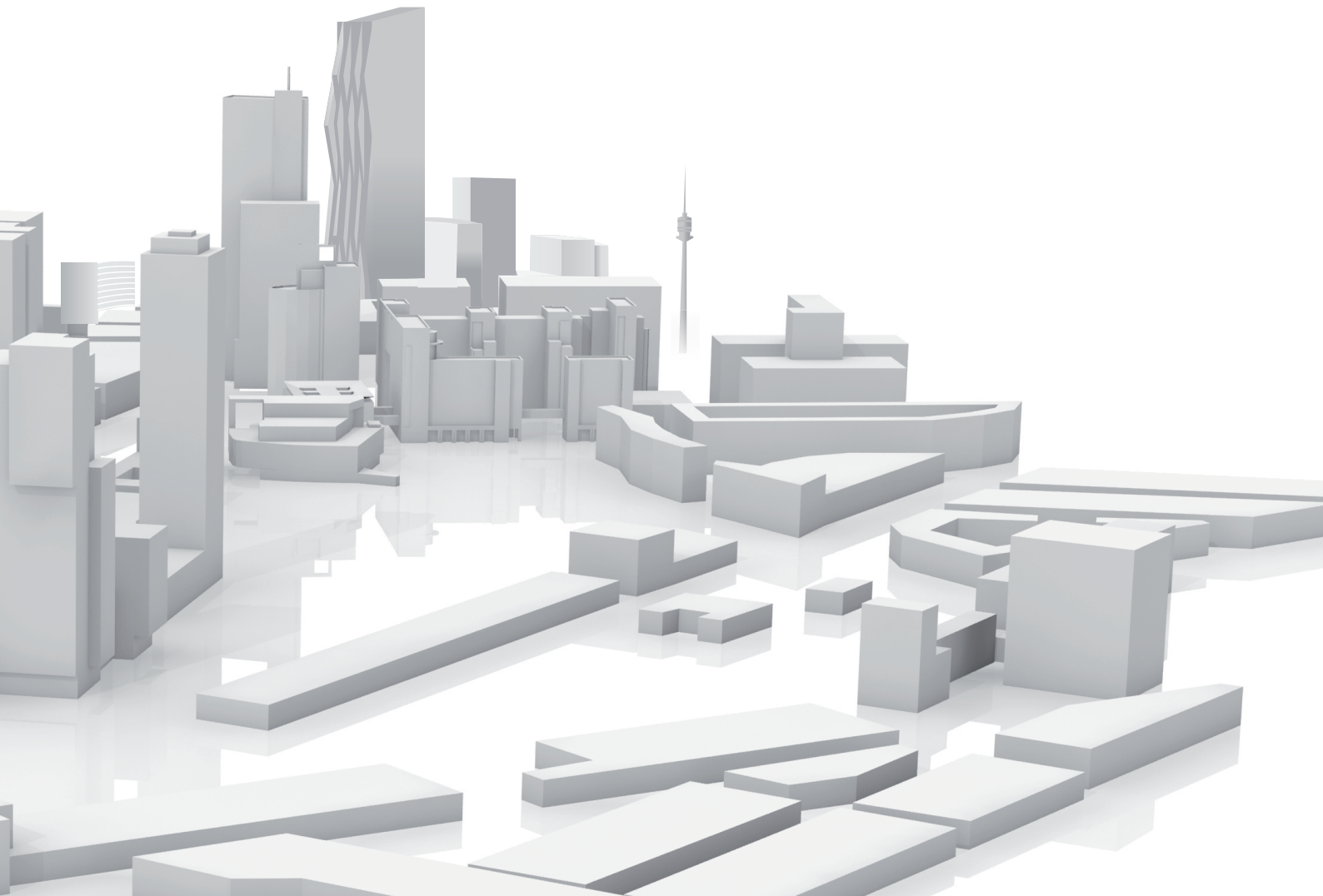






# Annual Report 2018

Shaping the future of our city.



# Contents.



## Foreword


Management Board	6
Executive City Councillor Ulli Sima	8
Chief Executive Director Erich Hechtner	10

## 1. Group operating and financial review

1.1 Operating review	14
1.2 Corporate strategy	15
1.3 Legal and economic environment	16
1.4 Business developments, and financial and non-financial performance indicators	21
1.5 Employees	28
1.6 Environment	30
1.7 Research and development	32
1.8 Internal control and risk management system	33
1.9 Outlook	35

## 2. Consolidated financial statements

2.1 Consolidated statement of financial position	40
2.2 Consolidated statement of cash flows	42
2.3 Consolidated income statement	43
2.4 Consolidated statement of changes in equity	44
2.5 Fixed assets movement schedule	46



<b>3. Notes to the consolidated financial statements</b>	
3.1 General information	50
3.2 Corporate profile	50
3.3 Principal accounting policies	51
3.4 Scope of consolidation	55
3.5 Basis of consolidation	56
3.6 Notes to the consolidated statement of financial position	57
3.7 Notes to the consolidated income statement	68
3.8 Supplementary information	72
3.9 Other notes	72
<b>4. Auditor's report</b>	<b>73</b>
<b>5. Subsidiaries and associates</b>	<b>76</b>
<b>6. Glossary</b>	<b>81</b>
Publication details	84



# Foreword.

## Management Board.

Wiener Stadtwerke is one of Austria's largest infrastructure groups.

Together with its subsidiaries, it has long been responsible for ensuring that Vienna's vital arteries can be relied on to function. And it gets the job done.



Vienna's infrastructure keeps on improving, and explains the top slots claimed by the city in rankings like the Mercer Quality of Living survey. The latter has named the Austrian capital the world's most liveable city for the past ten years in a row. Behind the city's outstanding quality of life is a lot of hard work and dedication – not least from our Group's 15,000 employees.

In 2018 Wiener Stadtwerke was again one of the key investors in the greater Vienna area. Spending on Vienna's infrastructure benefits the entire population. At the same time it creates tens of thousands of jobs within our Group and at outside partners, safeguarding the futures of

generations to come. Our business poured hundreds of millions of euros into the expansion and upkeep of Vienna's infrastructure – from the construction of the U2/U5 intersection through to a sharp increase in investment in renewable energy generation.

The difficult trade-offs between security of supply, competitiveness, quality assurance and sustainability constantly pose new tests for us. On top of these come digitalisation, which is transforming almost all of our services, and the central challenge to the planet from climate change. Wiener Stadtwerke is aware of its responsibilities, and took groundbreaking decisions in the

interests of future generations in the course of 2018.

Productivity has risen sharply over the past few years. An increased capacity for innovation, lean structures and a high level of efficiency across all operations will be the main drivers of our continued ability to help shape the future of our city.

This will remain the platform for our successful strategy.



**Martin Krajcsir**  
Chief Executive Officer



**Peter Weinelt**  
Deputy Chief Executive Officer

# Foreword.

Executive City Councillor Ulli Sima.







Vienna is one of the world's most beautiful and liveable cities. To stay that way, it needs a reliable infrastructure partner like Wiener Stadtwerke. Year after year, the Group ploughs almost EUR 1 billion into extending the underground system, purchasing new rolling stock and expanding renewable energy use. These are investments in the future of the city that yield palpable benefits for the entire population.

My portfolio brings together all the basic utilities, from waste disposal and drinking water through to energy supplies and public transport. This creates powerful synergies that we can exploit in the interests of everyone in our growing city, and those of an intact environment. It is to be welcomed that all of these assets are owned by the City of Vienna.

The efficiency drive mounted in the past few years has left the Group well placed for the future. Wiener Stadtwerke has been converted from a public limited company into a private

limited company, bringing it closer to the city administration again. This protects it from possible privatisations – which is unquestionably in line with the wishes of the local population. All in all, Wiener Stadtwerke is in excellent shape and well prepared for the many tasks that lie ahead of it.

I would like to thank the workforce for the valuable work they perform every day, round the clock, for the people of our city. It is reassuring to show Wiener Stadtwerke is there.

*Ulli Sima*

**Ulli Sima**

Executive City Councillor  
for the Environment and  
Wiener Stadtwerke

# Foreword.

Chief Executive Director Erich Hechtner

Chairman of the Supervisory Board.



Vienna has topped the global Quality of Living ranking ten times running. Thanks to the Mercer survey, over the past decade we have also increasingly been on the radar of other international city rankings, and have frequently figured among their top three places, too. We are delighted about that, and it is a spur to focus still more strongly on Vienna's services of general interest. With its wide array of urban infrastructure services, Wiener Stadtwerke is particularly critical to our city's essential services and quality of life.

The city government must aim to maintain and enhance Vienna's world-famous quality of life, in the interests of all its citizens. As a "smart city", Europe's best-run city and municipal administration, and a city famed for its quality of life, we have always put people at the heart of everything we do. This is the touchstone for all the measures taken to ensure that coming generations will continue to enjoy a secure and liveable future. It goes without

saying that the need to plan for and safeguard the future also applies to a successful local business like Wiener Stadtwerke.

Here, we need to remember that everything depends on the highly motivated and well trained employees who are at work every day operating, maintaining and renewing Vienna's infrastructure. And it is our 15,000-strong workforce who can claim credit for our excellent operating result for 2018. I would like to highlight their contribution and thank them for it.

I hope that we will stay true to this recipe for success, and not allow ourselves to be knocked off course from our "Vienna model". We knew what we were doing when we opted for it. Offering all current Vienna residents and future generations an assurance of comprehensive essential services – from housing to high social welfare standards and the vital services provided by Wiener Stadtwerke – calls for investment, and sometimes for swimming

against the tide, for instance when it comes to privatisation.

Addressing the challenges of the present and the future means investing both in our workforce, and in our location, products and services. For Vienna, this falls under the heading of "safeguarding the future", just as a century ago building council estates was justified in terms of the quality of the location; lately they have enjoyed still greater international esteem.

Today, many nearby cities – in Germany, for instance – look up to us because they can see the value of our concern for the welfare of coming generations, and are now committing to remunicipalisation. This may be a matter of course to us, but we need to keep drawing attention to these advantages: Vienna must stay what it is – lively, liveable and loveable! We all have a part to play in ensuring that Vienna remains a top location. Wiener Stadtwerke is the main guarantee that the city can boast top-class

infrastructure and services. As the Chairman of the Supervisory Board, on behalf of the City of Vienna I would like to thank all concerned for an excellent year's work.



**Chief Executive Director**  
**Erich Hechtner**  
Chairman of the  
Supervisory Board



# 1

## Group operating and financial review.

1.1 OPERATING REVIEW

1.2 CORPORATE STRATEGY

1.3 LEGAL AND ECONOMIC ENVIRONMENT

1.4 BUSINESS DEVELOPMENTS, AND FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

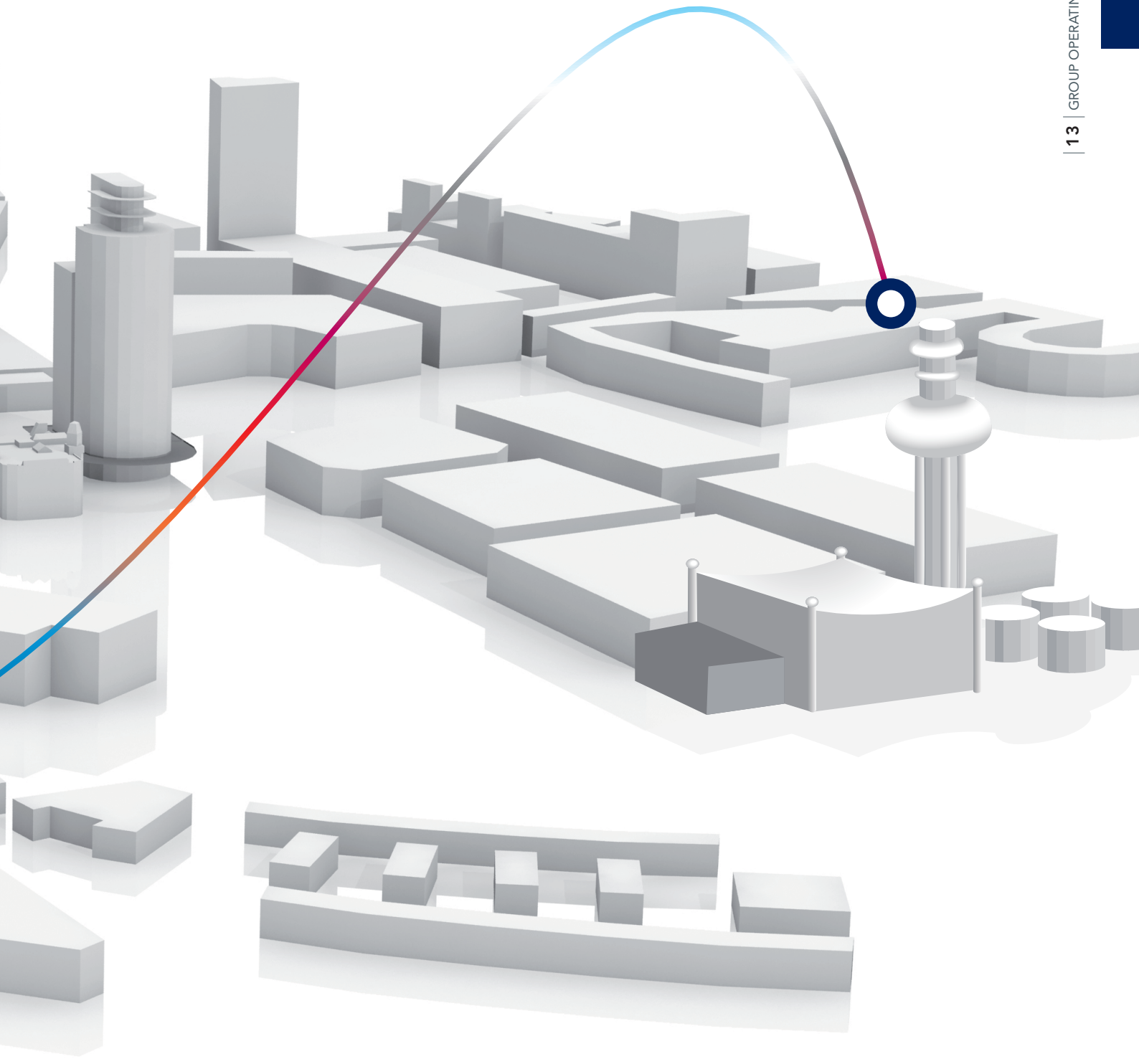
1.5 EMPLOYEES

1.6 ENVIRONMENT

1.7 RESEARCH AND DEVELOPMENT

1.8 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

1.9 OUTLOOK



## 1.1 Operating review.

**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, Transport, Funeral Services and Cemeteries, and Car Parks divisions. The Energy Division is 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. 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 incineration plants, and high-efficiency combined heat and power (CHP) plants. It is also active in the telecommunications sector, and provides other 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. Over 1.2 million customers in Vienna and parts of Lower Austria and Burgenland enjoy top supply quality. Wiener Netze is a modern and highly efficient multi-utility company, offering outstanding supply

security underpinned by sound long-term investment. To maintain service quality, the company is investing over EUR 1bn in innovative network upgrading up to and including 2020. Its networks form vital arteries in Vienna and surrounding areas, and are crucial to the city's quality of life and economic success. Wiener Netze's energy grids are among the world's best and most reliable, boasting 99.99% system availability. 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 pioneering 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, whilst focusing strongly on maximising efficiency and making the most of any room for improvement. At the same time it is tasked with offering passengers good value for money whilst maintaining and enhancing service quality.

Wiener Linien is also increasingly providing wide-ranging information and coordination services so as to make modern urban transport as simple and attractive as possible for its customers. 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. Inside the city it partly shares the Wiener Linien track network. It also owns and operates three bus lines; the licences are lent to Verkehrsverbund Ostregion (VOR) which pays a mileage charge in return. In addition, Wiener Lokalbahnen operates three city bus lines for Baden town council, under contract to VOR.

The Wiener Lokalbahnen Group is also involved in pan-European rail freight transport activities and in transport services for the mobility-impaired.

## 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 customised advice, and arrange funeral services reflecting the individuality of the deceased, in accordance with the wishes of the bereaved. Their wealth of experience and high customer service standards are reflected in ISO 9001 quality certification.

Friedhöfe Wien GmbH administers 46 cemeteries in the city, with over 550,000 graves. The firm also has cemetery gardening and memorial masons 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.

## 1.2 Corporate strategy.

**The Wiener Stadtwerke Group is a cornerstone of Vienna's regional economy, and an attractive employer for a workforce of about 15,300. It makes a key contribution to the city's quality of life, economic performance and attractiveness as a business location.**

To fulfil this mission, Wiener Stadtwerke must also be efficient and commercially viable. 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.

In order to meet these demands, the Group's strategy

was recast in 2016. Two objectives are central to the revised strategy: long-term financial stability and support for Vienna on the road to becoming a smart city. 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 within the Group, improvements to 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.

## 1.3 Legal and economic environment.

**The Austrian economy grew by 0.4% quarter on quarter in the fourth quarter of 2018. After a robust upturn in the first half, the economy steadily lost steam over the rest of 2018.**

The slowdown in industrial growth from mid-2018 onwards was particularly marked. Both domestic demand and foreign trade contributed to GDP growth in the fourth quarter. Overall growth in 2018 was 2.7%. Employment benefited from the strong expansion. The unemployment rate for 2018 fell to 7.7% (down by 0.8 percentage points on 2017) – still higher than before the financial and economic crisis.<sup>1</sup>

Austrian CPI inflation was 2.1% in December – marginally higher than the eurozone average. Sharp price increases were recorded for food, hospitality services, rents and – surprisingly – some industrial goods. The core annual inflation rate in December was 1.9%.<sup>2</sup> While the US Federal Reserve repeatedly raised its key rate in 2018 (from 1.63% in Q1 to 2.38% in Q4), the European Central Bank (ECB) maintained its highly expansionary monetary stance, designed to lift inflation to the price stability target of 2%. In order to reach this target the Bank's policy rate was cut to 0% in March 2016, since when there has been no further change, and at the same time its public sector securities purchase programme was extended and expanded.<sup>3</sup>

This economic setting, 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, by providing optimum care for existing customers, and by constantly boosting efficiency.

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

### **General Data Protection Regulation**

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation [GDPR], OJ L 119 of 4 May 2016, p.1) entered into force on 25 May 2018. It was transposed by the Federal Act amending the Data Protection Act 2000 (Data Protection [Amendment] Act 2018, Federal Law Gazette I 2017/120 of 31 July 2017) which has brought far-reaching changes to Austrian data protection law. All companies that process personal data are affected.

The GDPR is aimed at encouraging companies to take more responsibility for data protection, and at deterring abuse by means of heavy penalties. Instead of reporting data applications to the Data Protection Authority, companies are now obliged to maintain records of their data processing activities. Before launching a new data processing system, in cases where there is a high risk to the rights of natural persons, a data protection impact assessment must be carried out. In certain cases prescribed by the GDPR, a data protection officer must be appointed. Since 2017 the Wiener Stadtwerke Group has been working hard on the organisational and technical measures needed to implement the GDPR, and has put data protection structures and the necessary processes in place. The Group companies' approaches to their documentation and websites have been reworked in terms of data protection conformity, staff training and the conclusion of GDPR-compliant contracts with third-party processors. Very close attention continues to be paid to adherence to the data protection legislation, and practice with regard to data protection issues is constantly harmonised across the Group.

### **ENERGY**

#### **EU energy and climate policy**

Austria held the presidency of the Council of the European Union in the second half of 2018. The motto of the presidency was "A Europe that protects". Activities focused on security and the fight against illegal migration, securing prosperity and competitiveness through digitalisation, stability in neighbouring EU countries, and the strengthening of the subsidiarity principle.<sup>4</sup> Although energy and climate policy were hence not explicit priorities of the Austrian presidency, decisions on key issues of energy policy and law were taken at European level.



### Clean Energy Package

The Council, EU Parliament and Commission reached a preliminary agreement on new rules for the internal electricity market in the run-up to the EU Energy Council (TTE Council) meeting on 19 December 2018. This meant that all eight legislative proposals put forward in 2016 as part of the Clean Energy Package were politically endorsed or adopted.

### **Austrian energy and climate policy**

#### #mission2030 Austrian Climate and Energy Strategy

Energy policy and the legal environment at national level is shaped by the Austrian government's #mission2030 Climate and Energy Strategy, adopted in May 2018.<sup>5</sup> The strategy is aimed at bringing the country's sustainability targets for 2030 with regard to greenhouse gas (GHG) reduction, renewable energy and energy efficiency into line with the European Union's goals. Energy supply security, competitiveness, affordability and research and development (R&D) all form part of the target system. This strategy is the basis of Austria's national energy and climate plan as required by the Governance Regulation, and is designed to provide the medium-to-long-term framework for the transformation of the energy system called for by the Paris Agreement on climate change.<sup>6</sup>

### Electricity price zone break-up

The liberalisation of the wholesale electricity market was accompanied by the creation of a common Austro-German market area in which power trading was unrestricted in the absence of congestion prob-

lems. This created a common price zone where electricity could be offered and procured at the same wholesale prices. The price zone was split up on 1 October 2018. Behind this move were major imbalances due to oversupply in northern Germany, mainly as a result of wind power generation, at the same time as heavy demand in the industrialised south of the country. These imbalances led to congestion on the power grid, prompting action to stabilise it at high cost. The European energy regulator ACER expects the division of the markets to lead to a harmonisation of the physical and financial flows. Economic scenarios all point to higher equilibrium prices than in the former Austro-German power price zone.

### **Weather conditions**

According to the preliminary annual climate report for 2018 by the Austrian Central Institute of Meteorology and Geodynamics (ZAMG), the year was the warmest in the Institute's history, which goes back over 250 years. Apart from February and March every month was unusually warm, and January, April, May, June, August and October were in the top ten of their respective time series. Moreover, the number of hours of sunlight in Austria was 11% higher than in an average year, making 2018 one of the eight sunniest years since the start of sunshine measurements in 1925. Precipitation was 10% below the overall Austrian long-term average. 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 13.4% under the 30-year average.<sup>7</sup>

<sup>1</sup> Sources for GDP and employment: Austrian Institute of Economic Research (WIFO) and Austrian Public Employment Service (AMS)

<sup>2</sup> Sources for inflation: WIFO and Austrian Federal Economic Chamber (WKO)

<sup>3</sup> Source for key interest rates: [www.finanzen.net/leitzins](http://www.finanzen.net/leitzins) (German only)

<sup>4</sup> <https://www.eu2018.at/en/latest-news/news/21-21-The-Austrian-Presidency-of-the-Council-of-the-EU--Accomplishments-and-challenges.html>, 13 Jan 2019

<sup>5</sup> <https://mission2030.info/>, accessed on 13 Jan 2019 (German only)

<sup>6</sup> Draft Austrian integrated national energy and climate plan, December 2018, section A.1.1.1.ii, page 7.

<sup>7</sup> Wien Energie, Energiewirtschaft

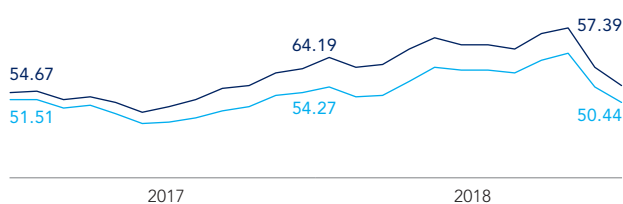
## Demand and price trends

### CRUDE OIL PRICE MOVEMENTS

USD/bbl and EUR/bbl

■ Brent USD/bbl ■ Brent EUR/bbl

Source: Thomson Reuters (ICE monthly average)



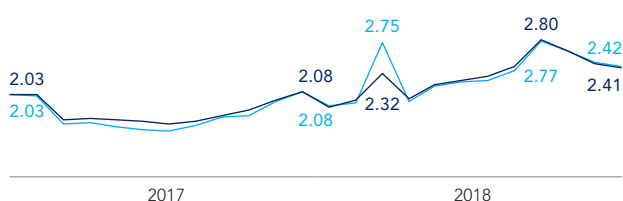
The steady run-up in oil prices witnessed in 2017 continued at the beginning of 2018. Brent crude entered the year at almost USD 70 per barrel (bbl), hitting just over USD 85/bbl at the end of September 2018. The global economic upturn was the main factor behind the medium-term price rise that set in during the summer of 2017. In addition, US sanctions against Iran stoked geopolitical uncertainty that sent oil prices to new highs. A sharp correction began at the start of October, on fears of a marked slowdown in the global economy, and by December Brent had slumped to an average of USD 57/bbl.

### NATURAL GAS PRICE MOVEMENTS

EUR ct/kWh

■ CEGH ■ NCG

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



The start of 2018 saw unprecedented volatility and some panic-driven price spikes. At the end of February there was an unexpected cold snap lasting about ten days, and this wrong-footed the European gas market.

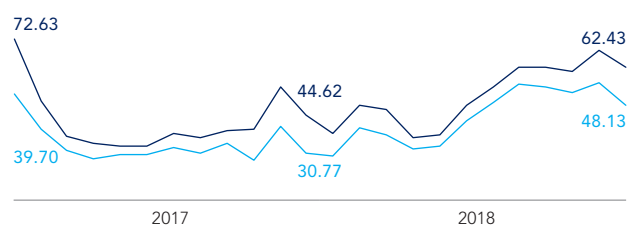
Due to the cold weather and high levels of power and heat generation, gas prices briefly escalated to highs of 10 eurocent per kilowatt hour (ct/kWh), only to subside to a normal level of about 2.2 ct/kWh a few days later. Prices stabilised at the start of the second quarter. With the storage facilities unusually empty after the cold spell, gas injection was stepped up during the second quarter, and this was accompanied by an increase in prices to an average of 2.8 ct/kWh by September. Firming oil prices also buoyed gas prices until the end of the third quarter. From the start of October onwards, prices eased in step with oil, to end the year on an average of 2.4 ct/kWh.

### ELECTRICITY PRICE MOVEMENTS

EUR/MWh

■ Peak ■ Base

Source: Base/peak (EEX market prices, monthly average)

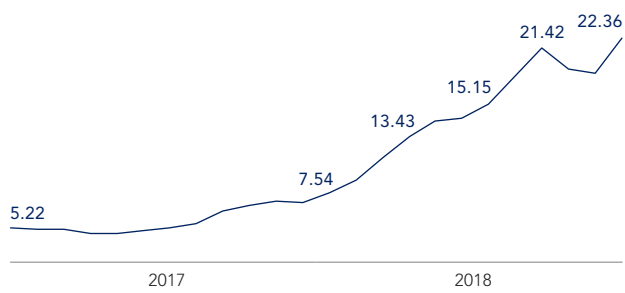


Electricity base load contract prices entered 2018 on about EUR 30/MWh and peak contracts on EUR 38/MWh. In February low temperatures and empty gas storage took average power prices to about EUR 40/MWh for the base load and EUR 48/MWh for the peak contract. After falling back somewhat in the second quarter, electricity prices gained ground up to September along with the other energy contracts to average around EUR 55/MWh for the base load product and EUR 62/MWh for peak. As with oil prices, the end of the year saw a modest recovery. The average base load price ended the 2018 trading year on EUR 48/MWh and the average peak price on EUR 62/MWh.

## CO<sub>2</sub> EMISSION ALLOWANCE PRICE MOVEMENTS

EUR/t

Source: Thomson Reuters (ICE monthly average)



From the beginning of 2018 on, emission trading outperformed all other energy markets, with political measures having the desired effect. The CO<sub>2</sub> price almost doubled, from about EUR 7.70/tonne (t) at the start of January to over EUR 13/t at the end of March. It continued to firm in the second quarter. The carbon price reached just over EUR 15/t in June, and posted further strong gains in the third quarter to average over EUR 21/t in September. After a brief lull in the fourth quarter, a year-end rally began and CO<sub>2</sub> averaged about EUR 22/t in December. At the political level, the rules for the new trading period (2021-2030) were established after long and tough negotiations in late 2017 and early 2018. The introduction of the Market Stability Reserve in January 2019 is the main factor behind the current surge in allowances prices.

## ENERGY GRIDS

### System charges – appeals against cost review notices

The appeal against the 2013 electricity cost review notice is still pending, and it was necessary to complain to the Federal Administrative Court about the electricity cost review notices for 2014, 2015, 2016 and 2017 on the same grounds. This had no suspensive effect with regard to the enactment of the Strom-Systemnutzungs-entgelte-Verordnung (Electricity System Charges Order). The cost review for the next regulation period cited by the 2018 electricity notice is no longer subject to the reasons for the previous complaints and was therefore not contested. There were no significant legislative changes in 2018.

## TRANSPORT

The following issues of importance to Wiener Linien GmbH & Co. KG were addressed at EU level. In April 2018 the European Commission published the third part of its Data Package, which includes the following proposed amendment of relevance to Wiener Linien:

### Public sector data sharing

Commission proposal to amend the directive on the re-use of public sector information (PSI Directive): the amendments would oblige public undertakings like Wiener Linien GmbH & Co KG to provide third parties with access to their data – mostly free of charge – for re-use. After a relatively brief decision-making process, in which the Austrian presidency played a key role, on 22 January 2019 agreement was reached in the second trialogue, under the Romanian presidency. The outcome of the negotiations between the European Parliament and the Council is a slight improvement on the Commission's proposals. For example, there are exemptions for public undertakings that are exposed to competition from third parties or are granted a special exemption from the procurement rules (e.g. in Austria: electricity generation, but not trading and marketing). The Parliament's demand for the scope of the directive to be extended to private undertakings was not accepted during the trialogue negotiations with the Council.

### High procurement targets for buses with alternative drive systems

Amendment to Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles: as part of the Second Mobility Package, on 8 November 2017 the European Commission published amendments to the directive on the procurement of clean road transport vehicles. Besides extending the scope of the directive, the proposed revision included a new, very narrow definition of a clean vehicle which ruled out Euro 6-compliant diesel buses and biofuels. At the same time it set very high national minimum targets for the procurement of clean vehicles. The minimum targets for the Austrian share of clean buses are 50% by 2025 and 75% by 2030. These proposals were the subject of intensive negotiations in the European Parliament and the Council in 2018. Through its representative office Wiener Stadtwerke demanded a reduction in the procurement targets and realistic transitional arrangements, as the technology for buses with alternative drive systems is not yet very highly developed and procurement would be extremely costly. The agreement between the Parliament and the

Council reached in the trilogue on 11 February 2019 largely upheld the Commission's proposals and only led to very minor improvements. Among other things, the bus procurement target was somewhat reduced. This outcome will pose a major challenge for Wiener Linien with regard to future bus purchases.

### **Liberalisation of the long-distance bus market and impact on municipal operators**

Amendment of Regulation (EC) No 1073/2009 on common rules for access to the international market for coach and bus services: the arrangements for the approval of international and national carriage of passengers and cabotage (transport services within a country that are provided by foreign transport companies) under the proposed amendments are unclear, and their formulation is disadvantageous to Wiener Linien. These rules lead to greater legal uncertainty and – if unfavourably interpreted – to a potential threat to a public service mandate like that of Wiener Linien, due to the potential authorisation of foreign competition. In particular, the retention of the exemption for urban transport with regard to cabotage is absolutely essential. The European Parliament voted on its position on 14 February 2019, and accepted important demands of the public transport operators. Negotiations are still under way in the Council, and as no general approach has emerged, the talks on the dossier will not resume until after the elections to the Parliament in May 2019. The Group is continuing to watch these developments closely.

### **Representative office in Brussels**

In close cooperation with the Wiener Stadtwerke office in Brussels, Wiener Linien made submissions to the offices and institutions concerned, and also played an active part in the decision-making process via EU associations. There were direct discussions with members of the European Parliament and Commission on all the relevant dossiers. The Group also maintained close contact with the responsible national bodies and their permanent representations in Brussels. The progress of all these dossiers was kept under constant observation, and the interests of Wiener Linien were represented.

### **FUNERAL SERVICES AND CEMETERIES**

The Austrian funeral direction market was liberalised back in 2002. In 2010 the Funeral Services and Cemeteries Division was reorganised to separate the area of operations that is exposed to competition (funeral

services) from the infrastructure area (cemeteries). As before, the cemetery activities remain virtually untouched by the influence of the economic environment, and depend on the number of deceased. According to the preliminary figures from Statistics Austria, as in 2016 and 2017, mortality in Vienna in 2018 was again below the average for the previous period. Statistics Austria anticipates a marginal increase in mortality in Vienna. A negative factor is the long-term decline in the importance attached to coming to terms with death. The number of grave tenure renewals has declined slightly. At present the Funeral Services and Cemeteries Division has about 25 competitors in the Vienna funeral services business.

### **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. Stand-out developments for Wipark during the past financial year were the impact of full-year operation of the extension of the U1 underground line and the expansion of the short-stay parking zone in the centre of the 11th district.

## 1.4. Business developments, and financial and non-financial performance indicators.

SUMMARY INCOME STATEMENT	2018	2017	CHANGE	CHANGE, %
<b>Summary income statement, EUR m</b>				
Revenue	3,422.5	3,451.8	-29.3	-0.8
Changes in inventories and own work capitalised	62.9	54.2	8.7	16.1
Other operating income	623.1	603.2	19.9	3.3
Total installed capacity	4,108.5	4,109.2	-0.6	-
Raw materials and consumables	-1,612.4	-1,553.7	-58.6	-3.8
Staff costs	-1,309.7	-1,233.7	-75.9	-6.2
Depreciation, amortisation and impairment	-583.8	-575.5	-8.3	-1.4
Other operating expenses	-662.9	-667.3	4.4	0.7
Group operating profit	-60.2	78.9	-139.1	-176.3
Group net finance income	-93.2	-132.6	39.4	29.7
<b>Group profit before tax</b>	<b>-153.5</b>	<b>-53.7</b>	<b>-99.8</b>	<b>-186.0</b>
Group loss after non-controlling interests	-152.7	-50.0	-102.7	-205.4
<b>Consolidated profit/loss for the financial year</b>	<b>28.2</b>	<b>95.8</b>	<b>-67.6</b>	<b>-70.6</b>

*Rounding differences not eliminated.*

### REVENUE STRUCTURE

EUR m

■ 2018 ■ 2017

Energy*	2,122.7	2,214.3
Energy Grids*	724.1	721.1
Transport*	718.5	666.9
Funeral Services and Cemeteries*	71.1	72.4
Car Parks*	25.3	23.7
Consolidation	-239.1	-246.6

*\*Segmental breakdown prior to consolidation*

### REVENUE

#### Energy

Energy accounts for the lion's share of the Wiener Stadtwerke Group's revenue. The decline in revenue as compared to the previous year was chiefly due to first-time netting of the trades recorded in EAA's order

book. Another reason is a credit from Wiener Netze GmbH in respect of the district heating commission fee, arising from demerger effects, which was considerably higher in 2017 than in 2018.

#### Energy Grids

The revenue increase stemmed mainly from the system and metered charges, and the service charges.

#### Transport

The main factor behind the revenue increase of about 7.7% was the subsequent charging for the Top-Jugendticket youth pass for the last four years, but it was also due to the continued growth in demand for annual season tickets, driven by the product's attractiveness and reasonable price. Average revenue per passenger was up by about 8% to 59.26 cents (2017: 54.89 cents).

#### Funeral Services and Cemeteries

The year-on-year decrease in revenue from funeral services and cemeteries was largely caused by the lower number of funerals and purchases of burial rights.

#### Car Parks

Revenue rose sharply year on year in 2018, chiefly as a result of the jump in parking income due to the full acquisition of TownTown Tiefgaragen GmbH & Co. KG.

As of 20 March 2018, Wipark acquired the remaining 56% interest in TownTown Tiefgaragen GmbH and TownTown Tiefgaragen GmbH & Co. KG from STC-Swiss Town Consult AG, making it the sole owner of the two companies. TownTown Tiefgaragen GmbH was then merged with Wipark with retroactive effect from 1 January 2018, meaning that TownTown Tiefgaragen GmbH & Co. KG likewise ceased to exist and its entire assets passed to Wipark (also retroactively).

## RAW MATERIALS AND CONSUMABLES

As with revenue, energy accounts for the bulk of the Wiener Stadtwerke Group's material costs. Despite the reduction due to the first-time net presentation of EAA's trading business (see Revenue), raw materials and consumables were slightly up on the previous year. The main reason was the allocation of funds to a provision for impending losses related to foreign electricity procurement rights.

The increase also originated in the Energy Grids Division, and arose from higher system charges and system losses charged on by the upstream system operator, APG-Stromnetz. In addition, escalating

traction power costs led to a rise in raw materials and consumables in the Transport Division.

## STAFF COSTS

Staff costs were elevated by the effects on pension obligations of the application of a new mortality table and a changed discount rate.

## GROUP OPERATING PROFIT

The Group posted an operating loss of EUR 60.2m in 2018, following a profit of EUR 78.9m in the previous period. The deterioration in earnings resulted from falling revenue, rising raw materials and consumables, and mounting staff costs (partly because of provisions for employee benefits).

## GROUP NET FINANCE INCOME

Net finance income improved year on year due to lower impairments of equity investments and interest expense arising from financial investments (principally the interest component of the pension provisions).

STATEMENT OF FINANCIAL POSITION	31 DEC 2018		31 DEC 2017	
	EUR m	% of total assets	EUR m	% of total assets
Fixed assets	12,864.1	88.3	12,565.4	88.5
of which property, plant and equipment	10,013.8	68.8	9,949.3	70.1
Current assets	1,631.3	11.2	1,566.1	11.0
Accrued and deferred assets	65.7	0.5	64.8	0.5
Deferred tax assets	0.3	-	0.1	-
<b>Total assets</b>	<b>14,561.3</b>	<b>100.0</b>	<b>14,196.3</b>	<b>100.0</b>
Equity	4,626.0	31.8	4,696.3	33.1
Provisions	4,502.9	30.9	4,234.4	29.8
Liabilities	1,428.9	9.8	1,303.3	9.2
Accrued and deferred liabilities	4,003.5	27.5	3,962.4	27.9
<b>Total equity and liabilities</b>	<b>14,561.3</b>	<b>100.0</b>	<b>14,196.3</b>	<b>100.0</b>

*Rounding differences not eliminated.*

The Group's total assets rose by around 2.6% in 2018, to stand at EUR 14,561.3m. For an infrastructure service provider like Wiener Stadtwerke, property, plant and equipment is inevitably by far the largest asset item; at the

end of the 2018 reporting period it amounted to EUR 10,013.8m, around 0.6% higher year on year. Property, plant and equipment represents 68.8% of total assets. Current assets mainly comprise receivables and other assets.

Wiener Stadtwerke is wholly owned by the City of Vienna. In 2018 the Group's capital and reserves edged down by 1.5% to EUR 4,626.0m.

Provisions were EUR 4,502.9m, equal to 30.9% of total assets, and up by 6.3% on the previous year. Most of the provisions are for pension obligations. Under the Wiener Stadtwerke – Zuweisungsgesetz (Vienna Public Enterprises Allocation Act) the Group must reimburse the City of Vienna 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 2018 liabilities were up year on year, to EUR 1,428.9m. Accrued and deferred liabilities were higher than in 2017, at EUR 4,003.5m.

This item largely consists of EUR 3,248.4m in investment grants and EUR 512.9m in construction subsidies which are recognised as fixed assets. The construction subsidies primarily concern payments of system provision and system admission charges received from customers. These represent future income which will be reversed in parallel with the depreciation of the assets for which the subsidies were granted, which will partially offset depreciation expense.

GROUP KEY PERFORMANCE INDICATORS	2018	2017	CHANGE	CHANGE, %
<b>%</b>				
Equity ratio	31.8	33.1	-1.3	-4.0
Fixed assets ratio	88.3	88.5	-0.2	-0.2

*Equity ratio = (equity/total capital and payments received on account of orders) \* 100*

*Fixed assets ratio = (fixed assets/total assets) \* 100*

INVESTMENT, DEPRECIATION, AMORTISATION AND IMPAIRMENT	2018	2017	CHANGE	CHANGE, %
<b>EUR m</b>				
Investments in intangible assets	33.3	22.5	10.8	48.0
Investments in property, plant and equipment	540.1	476.8	63.3	13.3
Investments in financial assets	419.5	280.0	139.5	49.8
<b>Total investments</b>	<b>992.9</b>	<b>779.3</b>	<b>213.6</b>	<b>27.4</b>
Investments other than in financial assets	573.4	499.3	74.1	14.8
Capex ratio, %	16.8	14.5	2.3	15.9

*Rounding differences not eliminated.*

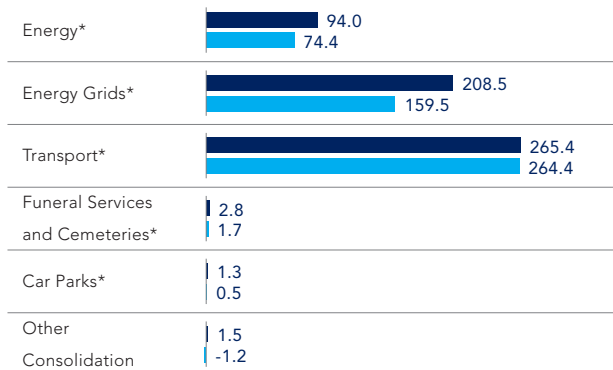
In 2018 the Group invested a total of EUR 992.9m, of which EUR 540.1m or 54.4% was spent on property, plant and equipment. A further 42.3% went to financial assets, with more investment directed to WSTW funds.

Due to the marked increase in investment in property, plant and equipment, and slight decline in revenue in 2018, the capex ratio advanced to 16.8% from 14.5% in the previous year.

## INVESTMENT

EUR m

■ 2018 ■ 2017



\*Segmental breakdown prior to consolidation

### Energy

Investments in intangible assets include telecommunication network use rights and capitalisation of software developments. The IT projects investment category registered the strongest year-on-year growth. Investments in property, plant and equipment mainly relate to additions resulting from modernisation of the Simmering 1 CHP plant, new district heating connections, district cooling stations, the GeoTief Wien geothermal project, as well as photovoltaic systems. The increase compared with 2017 was due to renewables, thermal generation, and heating and cooling schemes. Investment in financial assets was almost unchanged from 2017. It largely concerned the allocation of unneeded liquid funds from the cash pool to the WSTW VI fund.

### Energy Grids

During the reporting period the Division invested in intangible assets (mainly smart meter technology). The investment in property, plant and equipment was directed to the Electricity, Gas and Heating departments and administration. The investment in financial assets principally concerned a purchase of fund units (WSTW VI fund).

### Transport

Wiener Linien's current financial structure is based on the Vienna City Council resolution of 19 November 1979, which was amended by the resolutions of 24 June and 17 December 1998 to carry it over to Wiener Linien's new legal form, and on the public transport services agreement between the City of Vienna and Wiener Linien, 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 obliga-

tions. 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. During the reporting period, about 48% of Wiener Linien's total investment (excluding financial assets) was accounted for by expansion of the underground network. Investment was also devoted to modernisation of the U4 underground line, replacement of buses scheduled for retirement, replacement of obsolete trams (by Flexity rolling stock), track renewal on the tram network, the Remisen 2.0 depot upgrading programme, and comprehensive refurbishment of U6 underground stations. Expenditure on intangible assets at Wiener Lokalbahnen increased due to software purchases (e.g. SAP) and the implementation of a mobile ticketing application. Investment in property, plant and equipment has traditionally included heavy spending on infrastructure. In 2018 this featured stop modernisation in Griesfeld and Schöpfwerk, rebuilding of the Maria Enzersdorf stop, alterations to railway crossings, and preliminary planning of double-track operation in Baden. Other items were the first payment for TW500 vehicles and the final investments in the Inzersdorf headquarters building.

### Funeral Services and Cemeteries

In 2018 the main spending focus was on investment and reinvestment in WSTW funds (III, IV and VI). In addition, an online funerals planner was launched. Routine replacement and renewal investments were also made. These included purchases of barriers and locking systems, various types of vehicles and machinery, as well as office and operating equipment.

### Car Parks

Total investment in 2018 was significantly higher year on year. This was mainly due to investment in financial assets in the shape of Wipark's acquisition of the remaining 56% interest in TownTown Tiefgaragen GmbH and TownTown Tiefgaragen GmbH & Co. KG from STC-Swiss Town Consult AG. A large part of the spending on property, plant and equipment related to the Neu Leopoldau car park project. Other items included the installation of new parking control systems at the Freyung and Stiftgasse car parks, and new ticket machines at the Liesing park and ride facility.

### 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.



<b>SUMMARY STATEMENT OF CASH FLOWS</b>	<b>2018</b>	<b>2017</b>	<b>CHANGE</b>	<b>CHANGE, %</b>
<b>EUR m</b>				
Cash flow before changes in working capital (before tax)	463.0	500.0	-37.0	-7.4
Change in working capital and long-term operations	64.7	-3.3	67.9	n/a
Cash inflows/outflows from income taxes	-3.0	-0.3	-2.7	n/a
Cash flows from operating activities	524.7	496.5	28.2	5.7
Cash flows from investing activities	-674.8	-325.6	-349.2	-107.2
Cash flows from financing activities	45.6	54.4	-8.8	-16.2
<b>Total cash flows</b>	<b>-104.5</b>	<b>225.3</b>	<b>-329.8</b>	<b>-146.4</b>
Cash and cash equivalents* at 31 Dec	781.5	886.0	-104.5	-11.8

*Rounding differences not eliminated.*

\* Cash and cash equivalents comprise cash in hand and at bank, and receivables and payables arising from the cash pooling arrangement with non-consolidated subsidiaries.

Cash flow before changes in working capital was lower year on year, as cash accounted for a smaller proportion of profit for the year. The changes in working capital and in long-term operations in 2018 resulted in net cash inflows, which chiefly reflected an increase in short-term and long-term liabilities. These were partly offset by an upturn in short-term receivables classed as working capital. In 2018 tax cash flow showed net cash outflows.

Overall, the Group recorded net cash inflows of EUR 524.7m – a year-on-year improvement of approx. EUR 28.2m or 5.7%. The net cash outflows from investing activities reflect substantial investment by Wiener Stadtwerke, which was partly offset by inflows in the form of investment and construction subsidies. The increased cash outflows compared with the previous year were primarily due to

higher investment in financial assets and cash outflows for additions to property, plant and equipment.

Cash flows from financing activities were mainly driven by the investment grants received from the Group's owner. The outflows under this item principally related to the repayment of loans, as well as dividend distributions.

The Wiener Stadtwerke Group finances its investments from operating cash flow and state investment grants, which mostly go to the Transport Division. Investment grants not received from the Group's owner are recognised under accrued and deferred liabilities, and reversed over the useful lives of the assets procured with this funding. However, investment grants from the owner are reported as capital increases, under equity.

## NON-FINANCIAL PERFORMANCE INDICATORS

<b>ENERGY – GENERATION AND DISTRIBUTION</b>	<b>2018</b>	<b>2017</b>	<b>CHANGE</b>	<b>CHANGE, %</b>
<b>Generation, GWh</b>				
Electricity	5,972.2	5,968.7	3.5	0.1
Heat	5,356.4	5,467.2	-110.8	-2.0
<b>Total generation</b>	<b>11,328.6</b>	<b>11,435.9</b>	<b>-107.3</b>	<b>-0.9</b>
<i>Incl. associates</i>				
<b>Sales, GWh</b>				
Electricity	8,757.0	9,242.3	-485.3	-5.3
Natural gas	5,985.2	6,527.8	-542.6	-8.3
Heat	5,868.3	6,133.6	-265.3	-4.3
<b>Total sales</b>	<b>20,610.5</b>	<b>21,903.7</b>	<b>-1,293.2</b>	<b>-5.9</b>

*Consolidated subsidiaries*

## ELECTRICITY GENERATION

GWh

■ 2018 ■ 2017

Own thermal generation and procurement rights	4,957.4	4,829.4
Hydro power	620.3	676.3
Wind power and photovoltaic	248.9	301.5
Biomass	145.5	161.6

In 2018 thermal generation output rose year on year, lifted by the positive spread trend in the fourth quarter, which was influenced by the electricity price zone split. Group company Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG generated 9.9% less electricity than in 2017 because of an extended technical breakdown-related shutdown.

Hydro power output was somewhat below the previous year's level, mainly as a result of unfavourable water conditions during the second half. Wind power output slid by 14.2% year on year, hit by poorer wind conditions throughout 2018. Solar output expanded by 6.4% year on year due to the commissioning of a large number of photovoltaic systems.

## HEAT GENERATION

GWh

■ 2018 ■ 2017

Combined heat and power	3,302.0	3,308.8
Energy from waste	1,336.2	1,312.1
Boilers and decentralised plants	590.2	716.5
Biomass	128.0	129.8

Total heating degrees were 9.5% down on 2017. Higher temperatures translated into lower district heating sales. The reduced need for heating mainly affected external procurement. Due to the fall in operating hours at the biomass power station, CHP output decreased somewhat.

## ENERGY GRIDS

2018

2017

CHANGE

CHANGE %

### Regulated transmission, GWh

Electricity	11,259.5	11,128.4	131.2	1.2
Natural gas	20,764.2	20,885.1	-120.9	-0.6
<b>Total transmission</b>	<b>32,023.7</b>	<b>32,013.5</b>	<b>10.2</b>	<b>-</b>

### Electricity transmission

During the reporting period, grid withdrawal was unchanged year on year. The higher volume of electricity transmitted on grid level 3 came mainly from increased supplies to major customer Borealis.

### Gas transmission

Gas transmission edged down from its level in 2017, chiefly as a consequence of a weather-related decline in transit to third parties and district heating stations.

## TRANSPORT

2018

2017

CHANGE

CHANGE %

### Million passengers

Wiener Linien	965.9	961.7	4.2	0.4
Wiener Lokalbahnen (rail)	12.7	12.4	0.3	2.4
<b>Total</b>	<b>978.6</b>	<b>974.1</b>	<b>4.5</b>	<b>0.5</b>

### Million seat kilometres

Wiener Linien	20,729.8	20,234.8	495.0	2.4
Wiener Lokalbahnen	535.0	535.0	-	-
<b>Total</b>	<b>21,264.8</b>	<b>20,769.8</b>	<b>495.0</b>	<b>2.4</b>

*Rounding differences not eliminated.*

### Passengers

Wiener Linien recorded a year-on-year increase of 0.4% in passenger numbers in 2018. Some 966m passengers were carried on regular services (integrated transport system tariff). The growth is partly attributable to rising sales of season tickets and enhanced special offers. However, bus passenger numbers including night services shrank again.

Passenger volume on Wiener Lokalbahnen services grew in 2018. The main factor behind this was an increase in inner-city passenger numbers.

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.

The number of annual season ticket holders climbed by around 44,000 (5.7%) year on year to roughly 822,000. This total includes around 156,000 senior annual season tickets. The higher share of school-children's and students' tickets is mainly explained by a catch-up payment related to the Top-Jugendticket youth pass.

### Seat kilometres

During the year under review Wiener Linien recorded about 20,729.8m seat kilometres; this was a year-on-year gain of about 2.4% (2017: 20,234.8m). Some 17,477.0m of the total was accounted for by rail traffic (2017: 17,032.0m).

The increase in the number of seat kilometres was driven by full-year operation of the extension of the U1 underground line to Oberlaa, as well as greater use of low-floor vehicles, which have higher passenger capacities.

FUNERAL SERVICES AND CEMETERIES	2018	2017	CHANGE	CHANGE, %
<b>Funeral services</b>				
Burials	4,859	5,259	-400	-7.6
Cremations	3,217	3,155	62	2.0
Public health funerals	890	843	47	5.6
Third-party services	2,707	2,804	-97	-3.5
<b>Cemetery services</b>				
Coffin burials	8,463	8,558	-95	-1.1
Urn burials	4,139	3,920	219	5.6
Grave tenure renewals	30,003	30,586	-583	-1.9
<b>Cemetery gardening services</b>				
Grave care services	28,056	29,048	-992	-3.4
Flowers and wreaths	3,929	4,089	-160	-3.9

### Funeral services

Bestattung Wien's "main business" service category – burials and cremations – registered a year-on-year decrease of 338 ceremonies or 4.0% to 8,076 (2017: 8,414). The number of service packages provided on behalf of third-party funeral directors dropped by 97 or 3.46%, to 2,707 (2017: 2,804).

### Cemetery services

In 2018 the number of grave tenure renewals diminished by 1.91% (2017: fall of 5.92%), whereas coffin and urn burials rose slightly.

CAR PARKS	2018	2017	CHANGE	CHANGE, %
<b>Number</b>				
Multi-storey car parks owned and leased	51	50	1	2.0
Parking spaces owned and leased	13,676	13,194	482	3.7
Multi-storey car parks under management	29	32	-3	-9.4
Parking spaces under management	10,560	11,369	-809	-7.1

The number of parking spaces in the Group's own car parks increased as a result of the transfer of third-party interests in the TownTown underground car park to Wipark's ownership. One of the leaseholds, the Heiligenstädter Lände multi-storey car park, was terminated at the start of the year under review. During the summer the Johannitergasse car park was added to the portfolio. The TownTown underground car park deal has expanded the numbers of both short- and long-stay parkers.

However, the termination of the lease on the Heiligenstädter Lände car park has had the opposite effect as far as long-stay parkers are concerned. There have also been falls in the numbers of short-stay and long-stay parkers using the car park at the Franz-Josefs-Bahnhof station, and in the number of short-stay users of the Mödling and Westbahnhof station car parks. Meanwhile, the number of long-stay parkers using the Seestadt car parks (D10 and D12) grew.

## 1.5 Employees.

The Wiener Stadtwerke Group's workforce of just over 15,300 employees play a major part in maintaining Vienna's high quality of life.

EMPLOYEES	2018	2017	CHANGE	CHANGE, %
<b>Ave. FTE</b>				
Council employees (permanent and contract staff)	6,303	6,806	-503	-7.4
Employees of Group companies (under collective agreements)	8,665	8,367	298	3.6
Apprentices	368	369	-2	-0.5
<b>Total Wiener Stadtwerke Group* employees</b>	<b>15,336</b>	<b>15,543</b>	<b>-207</b>	<b>-1.3</b>
Women as % of workforce	18	17	-	1.8
Staff turnover, %	7	5	1	28.7
Accident rate (accidents per 1,000 employees)	21	21	-1	-4.2
In-service training days (excl. apprentices)	57,708	53,539	4,170	7.8

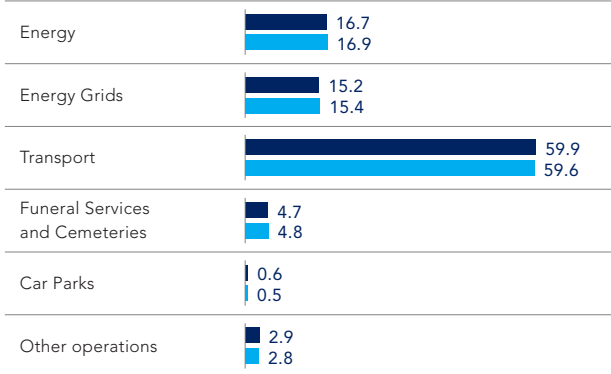
*Rounding differences not eliminated.*

\* Excl. staff on parental leave, and military and civilian national service

## EMPLOYEES

% of total workforce

■ 2018 ■ 2017



### Apprentice training

A total of 368 apprentices are being trained in 13 different trades, making the Wiener Stadtwerke Group one of Vienna's largest providers of apprenticeship training.

The Group is committed to giving young people sound training, thereby improving their prospects on the job market. Many of our apprentices are employed by the Group after completing their training.

As part of its equal opportunities policies, the Group sets great store by helping female apprentices to make their way in craft and technical occupations. For instance, every year Wiener Stadtwerke takes part in the Wiener Töchertag (Vienna Daughters' Day) – an event designed to spark young women's and girls' interest in traditionally male-dominated occupations.

### 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.

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

### Health and safety

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

## 1.6 Environment.

**Sustainability-related principles were taken into account when developing the corporate strategies of the Wiener Stadtwerke Group and its subsidiaries. The Group strategy centres on three clusters, adopted in November 2017, that set out the basic sustainability goals in detail.**

The sustainability programme, which is updated and adopted by the Management Board each year, sets out the objectives and related action plans for the entire Group. In line with its clearly structured and efficient sustainability management practices, all the Group's business units are involved in the sustainability process. Every year, progress towards implementing specific policies is evaluated and published.

Power and heat generation at the gas-fired (and to a minor extent also oil-fired) power stations operated by Wien Energie gives rise to CO<sub>2</sub> emissions. CO<sub>2</sub> emissions also arise from other predominantly fossil-fuel-fired power stations and energy from waste (EfW) plants, as well as domestic and foreign rights to procure electricity from other stations. At the same time, however, expanded use of renewable energy sources to provide power and heat is helping to reduce Wiener Stadtwerke's direct carbon emissions. Besides the Energy Division, the transport business also adds to the Group's CO<sub>2</sub> emissions, though to a far lesser extent. 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 makes a significant contribution towards 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 the expansion of public transport.

Another key aspect of environmental performance is direct emissions of primary air pollutants. Both low-emission technologies (e.g. at thermal power stations, heating stations and EfW plants) and the end of the use of heavy heating oil have helped cut the Energy Division's emissions of air pollutants. By steadily expanding services that prevent emissions elsewhere (especially fine particulates and nitrogen oxide [NO<sub>x</sub>] from stand-alone central heating boilers

and cars), Wiener Stadtwerke also does much to improve air quality in Vienna.

The Group's approach to waste, the remediation of contaminated sites, water use, and the discharge of cooling water and wastewater all affect the environment. The efforts of the subsidiaries to mitigate these burdens on the environment vary according to the nature of their business operations.

### ENERGY

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. Reliance on CHP calls for significantly lower primary energy inputs than separate firing.

Wien Energie has set itself the goal of generating at least 35% of its power from renewables by 2030, and it is targeting a renewable share of about 40% in the district heating business. In order to expand photovoltaic use in the company's supply area, business and finance models developed in 2012 have been extended in response to the excellent take-up. Citizen-owned power schemes are funded by private individuals' investments.

Another contribution to climate action is the roll-out of Wien Energie's district cooling technology, which is an energy-efficient form of air conditioning. The company's innovative district heating and cooling technology, using heat pumps, is designed to maximise energy efficiency.

In order to improve the infrastructure for electric vehicles and expand Wien Energie's service offering for them, the total number of charging points was raised to 920 by the end of 2018. Austria's first ultra-fast charging station (350 kW), a joint venture, which is located at the Verteilerkreis roundabout in Vienna's Favoriten district, went into operation during the year.

### 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 human kind, 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.

## TRANSPORT

Wiener Linien is Vienna's leading public transport provider. In tandem with the City of Vienna, it is pursuing ambitious targets, including those set by the KliP I and II Climate Protection Programmes, the 2003/2008 transport master plan and the 2025 urban development plan. The sizeable 38% share of total traffic volume (modal split) in Vienna accounted for by public transport makes Wiener Linien a major contributor to climate action and to the good air quality in the city.

And Wiener Lokalbahnen's services enable many commuters to park their cars outside Vienna, likewise easing environmental pressures in the city. About 35,000 passengers per day use the Badner Bahn, which is emission-free thanks to electric traction. To add to the attractions of this interregional link between Vienna and Baden, Wiener Lokalbahnen is spending EUR 40m on track replacement and barrier-free stops under a five-year investment programme. 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 are now signposted and made explorable by educational nature trails which were opened to the public in

June 2019. An information board on the protection of hamsters was put up at Meidling cemetery during the reporting period.

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

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 about 24,200 spaces under management at 80 locations in Vienna, Wipark helps relieve the pressure on street parking in the city. The multi-storey car parks make room for green spaces, playgrounds, pedestrian precincts and revitalised historic squares.

## 1.7 Research and development.

**In 2018 Wiener Stadtwerke GmbH again worked proactively to maintain and improve the quality of life in Vienna, and to develop groundbreaking solutions that will make urban living significantly easier for its customers.**

The Group drove forward a large number of R&D projects related to selected aspects of the future, as well as giving strong backing to alliances and exploring new technologies. Wiener Stadtwerke's innovative and sustainable products and services are playing a pivotal role in hitting Vienna's "smart city" targets and meeting the United Nations Sustainable Development Goals. The Group is operating in an increasingly dynamic and digital environment, in which flexibility, agility, boldness, speed and customer focus are key success factors. Digital technologies are a particularly prolific source of new opportunities for Wiener Stadtwerke to exploit. A crucial factor in the transformation process that the Group is currently undergoing is a highly motivated workforce, with skills and an open mindset that are central to its success.

### **Innovation management – a key success driver**

In 2016 Wiener Stadtwerke implemented the organisational structures required to harness existing creativity more effectively, in the shape of a Group-wide Innovation Management Department. This is a key central corporate function, dedicated to creating the conditions for successful innovation. Working in tandem with the innovative areas of the subsidiaries, the Innovation Management Department is driving efforts to actively shape the future of the Wiener Stadtwerke Group. The department pursues and coordinates cross-cutting research topics, networks the main players involved, and accelerates research and development projects around the Group by means of a structured approach, raising their profile in the process. The overriding goal is to create a lively, innovation-friendly climate, so as to ensure that Wiener Stadtwerke remains a far-sighted and sustainable business.

### **Many cutting edge projects supported**

In 2018 a total of EUR 2.0m was allocated to Wiener Stadtwerke's FTI (research, technology and innovation) fund; gratifyingly the money was almost entirely disbursed. The Group's management and Group companies again submitted many pioneering project proposals which were fast-tracked by the FTI fund. An encouraging development was an increase in the number of strategic large-scale projects submitted.

<b>WIENER STADTWERKE INNOVATION FUND</b>	<b>2018</b>	<b>2017</b>	<b>CHANGE</b>	<b>CHANGE, %</b>
FTI fund budget (EUR m)	2.0	1.4	0.6	42.9
Number of FTI fund projects approved	14	19	-5.0	-26.3

### **Other highlights**

During the reporting period Wiener Stadtwerke focused strongly on digitalisation and new technologies. The year saw the launch of a Group-wide project devoted to the internet of things (IoT). A variety of related pilot projects (applications) were implemented, and research into the technology performed, in conjunction with Group companies. The Group aims to minimise costs and resource use through automation and the application of modern sensors, and to derive new business models from IoT-sourced data. A long-term goal is digital modelling of the Group's infrastructure, so as to create opportunities for optimised operation, maintenance and plant planning by simulating future developments.

As part of Smarter Together (<http://smartertogether.at/>), a research project funded by the European Commission, new approaches to sustainable urban development are being tried out in Simmering. Vienna's Smarter Together urban renewal area is flanked by Simmeringer Hauptstrasse and the Ostbahn (eastern railway) area (Geiselberg and Enkplatz). A total of 21,000 Vienna residents will benefit from smart renovation, energy, transport, and information and communication technology (ICT) solutions. Wiener Stadtwerke is playing a central role thanks to its subsidiaries' new mobility and energy efficiency projects. One of these schemes is the Wien Mobil Station mobility point on Simmeringer Platz. This caters for e-car and e-bike sharing, e-vehicle charging and secure bike locking, among other things.



The Group is also partnering the WIVA P&G hydrogen demonstration region supported by the Climate and Energy Fund. Following a pilot project, in July 2017 this initiative responded to an Austrian Research Promotion Agency (FFG) call for proposals for energy demonstration regions with a suggestion for the WIVA P&G region, which received a funding commitment. In 2018 Wiener Stadtwerke conducted a power-to-gas feasibility study in the greater Vienna area. The study, carried out in conjunction with the Energy Institute at Johannes Kepler University Linz, looked at the potential for the introduction of power-to-gas technology in Vienna.

During the reporting period Wiener Stadtwerke decided to partner the Sustainability Challenge. This is an interdisciplinary and transdisciplinary lecture series that 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 an understanding of sustainable development. Wiener Stadtwerke worked on diversity management with a group of students for two semesters.

The long-term cooperative research agreement between Wiener Stadtwerke and TU Wien runs until 2022. This work will build on the results of the previous cooperation and existing developments. New research topics and projects are being jointly staked out and pursued. One of the outcomes of the collaboration to date is prototype software for modelling urban energy and transport infrastructure. This was implemented at Wiener Netze in the course of the URBEM-live project, and is being used there as a digital planning and decision-support tool to assist in the future development of infrastructure.

## 1.8. Internal control and risk management system.

**The Wiener Stadtwerke Group has put in place a comprehensive risk management system that permits early identification of opportunities and risks.**

Opportunities and risks 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 underpin the reliability, effectiveness and economic viability of important processes, whereas 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.

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 foundations 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 adherence to the risk management process lies with the risk controller at each Group company, who reports directly to management on an ongoing basis, and the Group risk management function, which

reports to the Wiener Stadtwerke Management Board.

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

**Financial risk: viewed in the light of Group treasury and long-term financial assets**

This risk class mainly comprises risks related to short- and long-term financial investments. Short-term liquidity management is optimised by means of Group-wide cash pooling. A conservative approach, aligned with the pension fund regulations, is taken to long-term financial investments. The underlying business process is subject to annual review by an independent auditor. Corresponding risk indicators are measured on a regular basis. Limits are established 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.

**Fixed asset risks: minimised by regular maintenance and investment programmes**

The extremely high reliability of technical infrastructure is critical to Wiener Stadtwerke's business success. Care is therefore taken to conform 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. Reliable IT support for business processes is assured by taking steps to attain high IT availability (including a back-up computer centre).

**Price risk in respect of primary energy and electricity: minimised by hedging**

This risk category comprises the impact of oil, gas, coal, carbon and electricity price movements. In the interests of professional risk management, the Wiener Stadtwerke Group counters 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.

**Market risk: minimised by developing new products and services**

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-centric sales strategy, and by working through partnerships and cooperation agreements.

**Investment risk: minimised by regular impairment testing**

This 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 the investment. Continuous monitoring prevents unwelcome surprises.

**Business environment risks: minimised by constant market monitoring**

The political and legal environments are the main concern with regard to the setting in which Wiener Stadtwerke operates. They are constantly monitored to permit the fastest and most effective response possible.

**Organisational and human resources risk: minimised by integrated employee development**

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

The ICS encompasses all the salient 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 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 delineates the roles and remits within the system's control processes. The ICS has a decentralised structure.

Group companies are responsible for assigning management control responsibilities and ensuring that transparent documentation is kept. The duty to report to the managements 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.

**Summary**

As at 31 December 2018 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.

## 1.9 Outlook.

**The Wiener Stadtwerke Group is likely to continue to be confronted with a rapidly changing operating environment. The Group is responding to the resultant challenges actively, in line with a clear corporate strategy.**

In the face of persistently harsh conditions in the energy sector, the Group will continue to strive to leverage efficiencies, so as to ensure that it remains on a healthy financial footing. Thanks to its clear priorities, its ability to advance major growth and innovation projects should be undiminished.

We anticipate moderate revenue growth in 2019. Despite the expected fall in pension expense, the Group result for the financial year is likely to come in at about the same level as in 2018.

Wiener Stadtwerke is also pressing ahead with its long-term programme of investment in Vienna's infrastructure.

The key projects and targets of the various divisions are discussed below.

### ENERGY

#### Clear commitment to growth

In 2019 the European energy market is again likely to be hallmarked by digitalisation, price volatility and intensifying competition. 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 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<sub>2</sub> neutrality are also central to the City of Vienna's "smart city" strategy.

#### Solar city

Wien Energie is Austria's largest solar operator, and it aims to extend its lead over the next few years. Because of this, one of the main thrusts of investment activity will be expanding our photovoltaic capacity.

Other priorities are wind farm construction and expanding hydro power capacity. Wien Energie aims to raise its solar output to 600 MW by 2030. By then, with 20,000 solar panels on Vienna's roofs, solar will be the main renewable energy source, alongside wind and water, and Wien Energie will be a byword for it.

The aim is not just to safeguard security of supply in a growing city, but also to boost the renewable share in the energy mix. Wien Energie is targeting renewable shares of at least 35% of power generation and about 40% of district heating by 2030.

#### Driven by innovation

Wien Energie will continue to transform itself into a service provider, in order to capitalise on the opportunities offered by innovation and digitalisation. Its digitalisation strategy will ensure that the company can communicate with customers via a multiplicity of digital channels, and can provide them with a great purchasing and service experience. The aim is to go on bringing positive-emotion, bundled and innovative products and services to market, so as to generate value added for customers and gain their long-term loyalty as a result. To this end the Group is pressing ahead with alliances with strategic partners, start-ups and new market entrants, as well as creative customer solutions.

Meanwhile, the Aspern Smart City Research (ASCR) 2.0 R&D projects and the Urban Pioneers Community in the Viertel Zwei urban development zone are also trialling efficient, innovative and customer-led energy solutions. Leading-edge technologies such as blockchain are being tested, and vital expertise accumulated as a result.

#### Blazing a trail with telecommunications and e-vehicles

Wien Energie believes that energy, telecommunications and transport will merge into a single infrastructure. Because of this the company will not just be adapting its infrastructure to the energy transformation, it will also be rapidly expanding its electro-mobility offerings and its fibre optic network.

It will continue to roll out its telecommunication infrastructure in future urban development areas, and increase the density of the existing fibre optic network. In the interests of a comprehensive product range, over the next few years business and private customers will also be offered new ICT products and services.

E-mobility is another high-potential area of operations for Wien Energie. The company sees itself as a trail-

blazer when it comes to creating the necessary e-vehicle charging infrastructure. Wien Energie will install a further 1,000 public charging points in Vienna by 2020. And together with Wiener Stadtwerke it is working on a holistic mobility strategy, which involves developing new e-mobility services and implementation plans.

## **ENERGY GRIDS**

### **Smart metering**

The smart meter implementation (SMI) programme is the largest project in Wiener Netze's history, and currently the largest smart meter roll-out in a German-speaking country, with around 1.6 million meter replacements due.

The EU Electricity Directive and the Austrian Electricity Act, as well as the relevant subordinate legislation (Intelligente Messgeräte Anforderungen Verordnung [Requirements for Smart Meters Order], Intelligente Messgeräte Einführungs-Verordnung [Smart Meter Introduction Order] and Datenformat- und Verbrauchsdarstellungs-Verordnung [Data Format and Consumption Information Presentation Order] form the legally binding framework.

The main benefit of this strategically significant project for Wiener Netze as an electricity system operator, and for its customers, is the enhanced efficiency of the distribution system. Notable advantages are the increased automatability of customer-facing processes (meter reading and billing), improved network monitoring and system load modelling, and better outage and disturbance management. Intelligent meters also form an interface with smart grids that will become increasingly necessary for system load management as renewable generation capacity expands.

The roll-out is a highly complex undertaking, in both technical and organisational terms. Integrating a host of new systems, modifying existing ones, and retiring obsolete ones will require massive changes to processes and organisational structures. To underpin successful implementation of the SMI programme, a number of sub-projects were launched, each focusing on a separate activity. These addressed: the installation of central IT infrastructure; development of the necessary software applications and interfaces; the roll-out planning and control; transitioning of operations to the new system; and commercial and technical management. A total of around 500 employees are working on the programme.

### **Electricity grid**

A number of long-term projects, including the upgrade 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 stream. Substations are steadily being automated (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 (ASIDI project). System monitoring is continuing in order to meet the legislative and regulatory requirements. Thanks to the findings of the ASCR research project, Wiener Netze expects to be able to guarantee network-wide monitoring by installing metering equipment at strategic locations.

Low-impedance neutral earthing was successfully implemented at three substations in 2018. This modification will be carried out at a further three substations on the 10 kV network in 2019. The change-over is expected to result in an increase in supply security. Due to the drive to connect renewable power generating equipment to the low-voltage grid – particularly PV systems with or without storage – the grid needs to be adapted to the changed demands placed on it, and progress needs to be made towards automation at this grid level. Intelligent metering systems, e.g. smart meters, are vital for this. The related ICT infrastructure will be an essential component of grids that meet these requirements (smart grids).

### **Gas grid**

Current forecasts see Vienna's population continuing to grow in the next few years. For the gas network, this will mean connecting more residential developments, and building the related infrastructure. Housing developers are increasingly choosing combinations with renewable energy sources, such as eco-friendly solar thermal systems. This is mainly the case in urban growth areas that cannot be supplied with district heating because of their locations.

### **District heating grid**

Wiener Netze GmbH is responsible for the installation and maintenance of the district heating network. 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 net-

work, and expansions in step with new housing are undertaken at strategic interconnection points. Such new connections call for attention to ensuring adequate network capacity, and any follow-up developments when carrying out the initial planning.

## **TRANSPORT**

Some EUR 351.1m in investment, including about EUR 186.8m for underground rail construction, is planned for 2019. The main items are: modernisation of the U4 underground line from Hütteldorf to Heiligenstadt; alterations to various stations in preparation for next-generation trains (Remisen 2.0 programme); tram (Flexity) and bus purchases; the extension of the U2 line to Matzleinsdorfer Platz; construction of the new Frankhplatz U5 station; and modifications to the Erdberg control room.

In response to passengers' wishes, Wiener Linien is retrofitting the first-generation rolling stock on the U6 line with air conditioning. At present, 17 of the 36 U6 trains have air conditioning, and the remaining 19 will be equipped with it by the end of 2020. The first retrofitted carriages will be in use on the line by the summer of 2019. Ventilation louvres and window film have also been fitted to keep vehicles cool. A total of about EUR 4m will be spent on the retrofitting project.

## **FUNERAL SERVICES AND CEMETERIES**

In view of the currently available plans and forecasts, activity in this division (number of ceremonies, grave tenure renewals, etc.) is expected to be stable or slightly lower. Revenue is also expected to remain broadly stable. 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 2019.

## **CAR PARKS**

Revenue growth is expected over the next few years, particularly as a result of the car park projects in Neu Leopoldau (entry into operation scheduled for 2019, with sites K, Q and S to follow in 2020). Occupancy rates at existing car parks are mostly expected to remain relatively stable, with revenue edging up due to the annual index-linked adjustment of parking fees. Wipark is seeking to achieve further revenue growth by

means of carefully targeted customer acquisition campaigns and optimised tariff structures. In a bid to strengthen customer loyalty it is focusing on multi-site products such as the Park Unlimited and Parkcreditcard schemes. It is also pushing partnerships such as the Park & Entertain scheme. And in a further effort to enhance the customer offering it is expanding its e-vehicle charging infrastructure.

Of late, Wipark's growth has mainly been driven by car park management agreements, but in future it will concentrate on facility ownership, as this is seen as holding stronger potential for increased profitability. Besides the projects already under way in Neu Leopoldau, Wipark will be looking to build new self-owned car parks. It will no longer actively seek new car park management contracts, although exceptions are conceivable where car parks have strategic locations.

## **THE MANAGEMENT BOARD**

Vienna, 14 May 2019

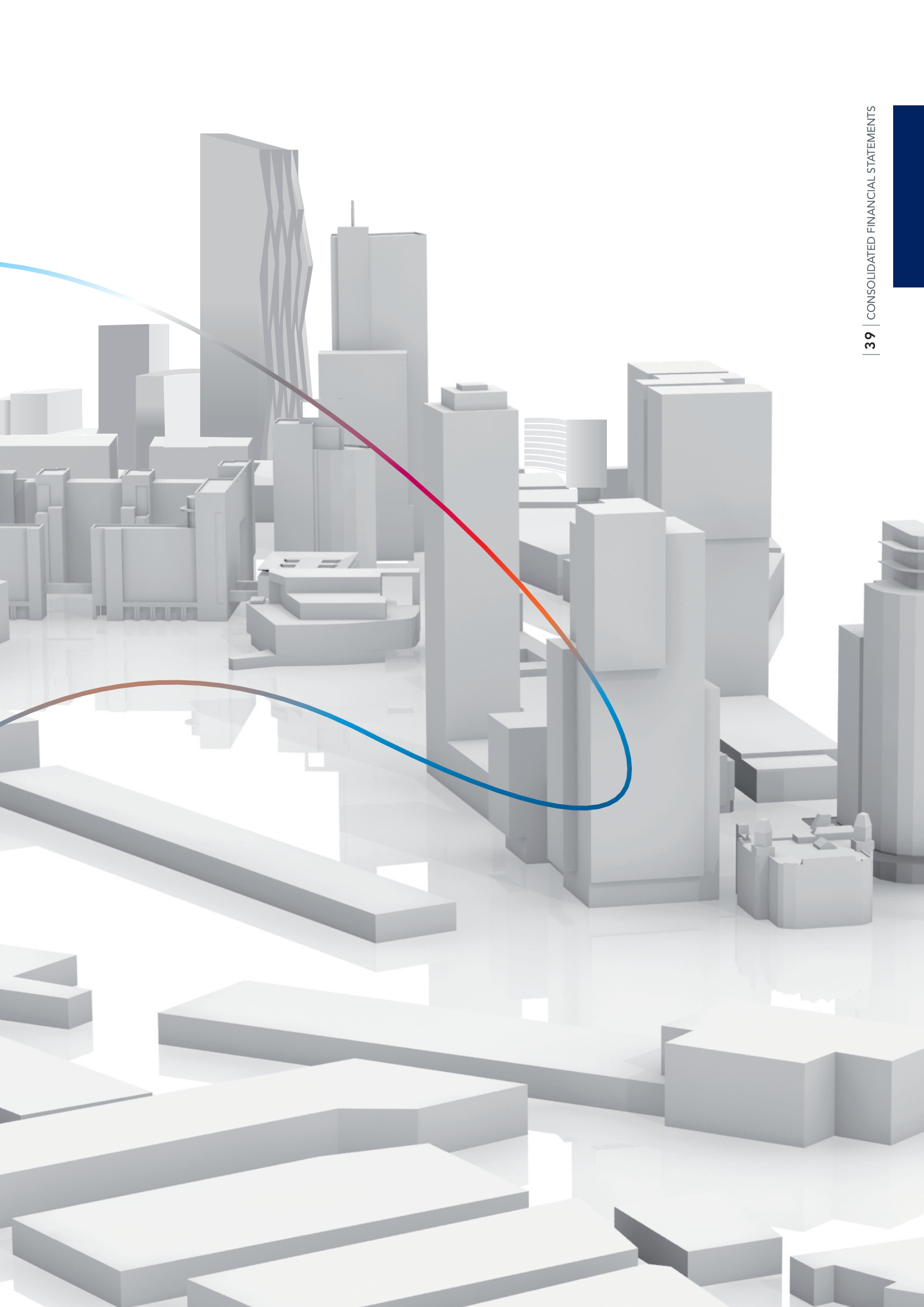
**Martin Krajcsir**  
Chief Executive Officer

**Peter Weinelt**  
Deputy Chief Executive Officer

# 2

## Consolidated financial statements.

- 2.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION.
- 2.2 CONSOLIDATED STATEMENT OF CASH FLOWS.
- 2.3 CONSOLIDATED INCOME STATEMENT.
- 2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.
- 2.5 FIXED ASSETS MOVEMENT SCHEDULE.



## 2.1 Consolidated statement of financial position.

ASSETS	31 DEC 2018	31 DEC 2017
<b>31 December 2018   EUR</b>		
<b>A. Fixed assets</b>		
I. Intangible assets	<b>184,466,366</b>	<b>174,573,718</b>
1. Concessions, industrial property rights and similar rights, and licences thereto	142,938,940	149,553,368
2. Goodwill	9,565,754	10,552,385
3. Prepayments	31,961,672	14,467,965
II. Property, plant and equipment	<b>10,013,829,695</b>	<b>9,949,330,124</b>
1. Land, leasehold rights and buildings, including buildings on third-party land	5,220,446,036	5,241,860,853
2. Plant and machinery	4,166,633,228	4,222,441,091
3. Other fixtures, fittings, tools and equipment	204,230,136	202,270,040
4. Prepayments and assets under construction	422,520,296	282,758,140
III. Financial assets	<b>2,665,797,412</b>	<b>2,441,490,155</b>
1. Investments in subsidiaries	82,469,304	43,924,382
2. Loans to subsidiaries	24,460,169	39,459,962
3. Investments in associates	3,836,832	3,536,951
4. Investments	813,813,018	807,513,658
5. Loans to associates	17,086,932	19,375,595
6. Securities and similar instruments held as fixed assets	1,677,505,253	1,411,972,388
7. Other loans	46,625,904	115,707,219
<b>Total fixed assets</b>	<b>12,864,093,474</b>	<b>12,565,393,997</b>
<b>B. Current assets</b>		
I. Inventories	<b>149,467,468</b>	<b>128,123,114</b>
1. Raw materials and consumables	119,813,743	96,158,346
2. Finished goods and goods for resale	22,851,108	27,656,697
3. Goods and services not yet invoiced	5,802,617	4,273,908
4. Prepayments	1,000,000	34,162
II. Receivables and other assets	<b>692,130,905</b>	<b>543,437,231</b>
1. Trade receivables Debtors due after more than one year: EUR 2,402,987 (2017: EUR 1,884,244)	403,154,617	360,025,750
2. Receivables from subsidiaries Debtors due after more than one year: EUR 36,222 (2017: EUR 34,421)	5,501,596	14,775,963
3. Receivables from associates Debtors due after more than one year: nil (2017: nil)	97,853	44,303
4. Other receivables and assets Debtors due after more than one year: EUR 55,777,092 (2017: EUR 37,315,880)	283,376,839	168,591,214
III. Cash and cash equivalents	<b>789,657,564</b>	<b>894,515,414</b>
<b>Total current assets</b>	<b>1,631,255,937</b>	<b>1,566,075,758</b>
<b>C. Accrued and deferred income</b>	<b>65,699,577</b>	<b>64,767,538</b>
<b>D. Deferred tax assets</b>	<b>264,247</b>	<b>108,200</b>
<b>TOTAL ASSETS</b>	<b>14,561,313,234</b>	<b>14,196,345,493</b>



EQUITY AND LIABILITIES	31 DEC 2018	31 DEC 2017
<b>31 December 2018   EUR</b>		
<b>A. Capital and reserves</b>		
I. Called-up and paid-up share capital Additional paid-in capital EUR 500,000,000 (2017: EUR 500,000,000)	500,000,000	500,000,000
II. Capital reserves	3,625,988,554	3,692,110,826
III. Revenue reserves	471,194,287	405,174,734
IV. Balancing item for non-controlling interests	699,981	3,183,113
V. Consolidated profit for the financial year	28,150,324	95,796,124
<b>Total shareholders' funds</b>	<b>4,626,033,146</b>	<b>4,696,264,798</b>
<b>B. Provisions</b>	<b>4,502,923,956</b>	<b>4,234,408,142</b>
1. Provisions for termination benefits	93,734,825	102,819,481
2. Provisions for pensions	3,811,333,430	3,530,970,201
3. Tax provisions	908,405	2,398,632
4. Other provisions	596,947,296	598,219,829
<b>C. Liabilities</b>	<b>1,428,905,836</b>	<b>1,303,267,675</b>
Creditors falling due within one year: EUR 988,306,976 (2017: EUR 915,211,707) Creditors falling due after more than one year: EUR 440,598,860 (2017: 388,055,969)		
1. Bank loans Creditors falling due within one year: EUR 430,907 (2017: EUR 2,096,428) Creditors falling due after more than one year: EUR 71,205,946 (2017: EUR 71,663,224)	71,636,853	73,759,652
2. Bonds Creditors falling due within one year: nil (2017: EUR 23,000,000) Creditors falling due after more than one year: EUR 177,000,000 (2017: EUR 177,000,000)	177,000,000	200,000,000
3. Payments received on account of orders Creditors falling due within one year: EUR 12,757,829 (2017: EUR 22,002,937) Creditors falling due after more than one year: nil (2017: nil)	12,757,829	22,002,937
4. Trade payables Creditors falling due within one year: EUR 518,956,115 (2017: EUR 380,085,550) Creditors falling due after more than one year: EUR 4,441,476 (2017: EUR 1,562,528)	523,397,591	381,648,078
5. Payables to subsidiary undertakings Creditors falling due within one year: EUR 11,283,968 (2017: EUR 12,726,733) Creditors falling due after more than one year: nil (2017: nil)	11,283,968	12,726,733
6. Payables to associates Creditors falling due in less than one year: EUR 27,064 (2017: EUR 770,163) Creditors falling due after more than one year: nil (2017: nil)	27,064	770,163
7. Other liabilities Creditors falling due within one year: EUR 444,851,093 (2017: EUR 474,529,896) Creditors falling due after more than one year: EUR 187,951,438 (2017: EUR 137,830,217)	632,802,531	612,360,112
Taxes Creditors falling due within one year: EUR 132,712,269 (2017: EUR 144,280,797) Creditors falling due after more than one year: nil (2017: nil)		
Social security payments Creditors falling due within one year: EUR 15,088,851 (2017: EUR 13,931,549) Creditors falling due after more than one year: nil (2017: nil)		
<b>Total liabilities</b>	<b>5,931,829,792</b>	<b>5,537,675,817</b>
<b>D. Accrued and deferred liabilities</b>	<b>4,003,450,295</b>	<b>3,962,404,878</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,561,313,234</b>	<b>14,196,345,493</b>

## 2.2 Consolidated statement of cash flows.

CONSOLIDATED STATEMENT OF CASH FLOWS	2018	2017
<b>2018   TEUR*</b>		
<b>1. Profit before taxation</b>	<b>-153,450</b>	<b>-53,663</b>
2. Amortisation/impairment and revaluations of investment assets	522,596	598,718
3. Gains/losses on disposal of investments	-29,605	-11,525
4. Other non-cash expenses/income not recognised in items 7-9	-199,819	-202,009
5. Allocation to/release of long-term provisions	323,257	168,484
<b>6. Operating cash flow before changes in working capital</b>	<b>462,979</b>	<b>500,004</b>
7. Increase/decrease in inventories, receivables and accrued and deferred income	-152,273	56,010
8. Allocation to/release of short-term provisions	-46,747	21,481
9. Increase/decrease in trade payables, other liabilities and accrued and deferred liabilities	235,785	-46,746
<b>10. Change in working capital</b>	<b>36,765</b>	<b>30,746</b>
11. Increase/decrease in long-term receivables and accrued and deferred assets	-16,128	475
12. Increase/decrease in long-term payables and accrued and deferred liabilities	44,029	-34,487
<b>13. Change in long-term operating cash flow</b>	<b>27,901</b>	<b>-34,012</b>
<b>14. Net cash flow before changes in working capital (before tax)</b>	<b>527,645</b>	<b>496,737</b>
15. Cash inflows from/outflows for income tax	-2,984	-280
<b>16. Net cash flows from operating activities</b>	<b>524,661</b>	<b>496,457</b>
17. Cash inflows from disposal of fixed assets (excl. financial assets)	14,684	31,653
18. Cash inflows from disposals of financial assets and other investments	147,732	164,802
19. Cash outflows for additions to fixed assets (excl. financial assets)	-647,196	-456,322
20. Cash outflows for additions to financial assets and other investments	-408,852	-271,729
21. Cash inflows from/outflows for securities held as current assets	-	-
22. Construction and investment subsidies received	218,269	205,332
23. Additions to cash and cash equivalents from merger	599	671
<b>24. Net cash flows from investing activities</b>	<b>-674,764</b>	<b>-325,592</b>
25. Capital contributions and repayment of capital contributions	85,383	59,171
26. Cash inflows from new loans/outflows for loan repayments	-39,766	-4,761
<b>27. Net cash flows from financing activities</b>	<b>45,617</b>	<b>54,411</b>
<b>28. Change in cash and cash equivalents (items 16, 24 and 27)</b>	<b>-104,486</b>	<b>225,276</b>
29. Cash and cash equivalents at start of period	885,960	660,684
30. Cash and cash equivalents at end of period	781,474	885,960
<b>31. Change in cash and cash equivalents</b>	<b>-104,486</b>	<b>225,276</b>

\*TEUR = EUR '000

## 2.3 Consolidated income statement.

CONSOLIDATED INCOME STATEMENT	2018	2017
<b>2018   EUR</b>		
1. Revenue	3,422,501,182	3,451,807,156
2. Changes in inventories of finished goods and work in progress, and goods and services not yet invoiced	967,420	242,611
3. Other own work capitalised	61,931,741	53,915,192
4. Other operating income	623,134,011	603,204,034
a) Gains on disposal and revaluation of fixed assets other than financial assets	77,047,555	21,892,703
b) Gains on release of provisions	17,526,320	51,821,426
c) Sundry other	528,560,136	529,489,905
5. Cost of raw materials, consumables and services	-1,612,363,703	-1,553,727,163
a) Raw materials and consumables	-691,153,507	-534,029,977
b) Services	-921,210,196	-1,019,697,185
6. Staff costs	-1,309,668,055	-1,233,745,855
a) Wages	-195,554,944	-364,158,089
b) Salaries	-588,022,940	-408,211,103
c) Social security costs Expenses for retirement benefits: EUR -345,075,505 (2017: EUR -270,694,512)  Expenses for termination benefits and payments to employee benefit funds: EUR -207,060 (2017: EUR -14,450,693)  Expenses for statutory social security contributions and other pay-related contributions: EUR -175,610,489 (2017: EUR -170,571,950)	-526,090,171	-461,376,662
7. Depreciation of property, plant and equipment and amortisation of intangible assets, and impairment Impairment of fixed assets in accordance with section 204(2) ABC: EUR -7,036,017 (2017: EUR -21,636,390)	-583,841,399	-575,510,445
8. Other operating expenses	-662,893,262	-667,279,216
a) Taxes other than income taxes	-63,507,761	-62,387,622
b) Sundry other	-599,385,501	-604,891,593
<b>9. Operating profit</b>	<b>-60,232,065</b>	<b>78,906,315</b>
10. Income from investments Subsidiaries: EUR 4,001,265 (2017: EUR 3,990,436)	30,706,899	47,807,797
11. Income from investments and loans held as fixed assets Subsidiaries: EUR 502,800 (2017: EUR 942,856)	7,621,614	9,779,204
12. Other interest and similar income Arising from subsidiaries: EUR 28,791 (2017: EUR 26,080)	2,179,492	2,710,563
13. Gains on disposal and revaluation of financial assets	27,375,694	15,930,093
14. Gains on investments in associates	661,510	416,044
15. Expenses arising from financial assets Amortisation: EUR -7,029,987 (2017: EUR -33,981,730) Expenses arising from subsidiaries: nil (2017: EUR -40,000)	-7,029,987	-47,183,966
16. Interest and similar expense Related to subsidiaries: EUR -2,042 (2017: EUR -6,310)	-154,733,643	-162,029,148
<b>17. Net finance costs</b>	<b>-93,218,420</b>	<b>-132,569,413</b>
<b>18. Loss before taxation</b>	<b>-153,450,486</b>	<b>-53,663,098</b>





CONSOLIDATED INCOME STATEMENT		2018	2017
<b>2018   EUR</b>			
19. Income tax expense		-208,978	-1,398,399
Deferred taxes: EUR 260,250 (2017: EUR 9,608)			
<b>20. Loss after taxation</b>		<b>-153,659,464</b>	<b>-55,061,497</b>
<b>21. Loss for the financial year</b>		<b>-153,659,464</b>	<b>-55,061,497</b>
22. Non-controlling interest in profit for the financial year		983,132	5,073,204
<b>23. Consolidated loss for the financial year</b>		<b>-152,676,332</b>	<b>-49,988,294</b>
24. Release of capital reserves		159,505,130	145,784,418
25. Release of revenue reserves		21,321,526	-
<b>27. Consolidated profit for the financial year</b>		<b>28,150,324</b>	<b>95,796,124</b>

## 2.4 Consolidated statement of changes in equity.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

#### 2017 | EUR

WSTW GROUP 2017	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES
<b>1 Jan 2017</b>	<b>500,000,000</b>	<b>3,769,593,246</b>	<b>692,470,437</b>
Profit/loss brought forward	-	-	-287,315,257
Profit/loss for the year	-	-	-
Dividend distribution	-	-	-
Change in scope of consolidation	-	-	-
Foreign exchange differences	-	-	19,554
Capital contribution by City of Vienna	-	68,301,998	-
Coverage of annual loss at Wiener Linien	-	-145,784,418	-
Movements in reserves	-	-	-
<b>31 Dec 2017</b>	<b>500,000,000</b>	<b>3,692,110,826</b>	<b>405,174,733</b>

#### 2018 | EUR

WSTW GROUP 2018	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES
<b>1 Jan 2018</b>	<b>500,000,000</b>	<b>3,692,110,826</b>	<b>405,174,733</b>
Profit/loss brought forward	-	-	87,796,124
Profit for the year	-	-	-
Dividend distribution	-	-	-
Change in scope of consolidation	-	-	-
Foreign exchange differences	-	-	-455,045
Capital contribution by City of Vienna	-	93,382,858	-
Coverage of annual loss at Wiener Linien*	-	-159,505,130	-
Movements in reserves	-	-	-21,321,526
<b>31 Dec 2018</b>	<b>500,000,000</b>	<b>3,625,988,554</b>	<b>471,194,286</b>

\*As in every year, the loss at Wiener Linien was covered by releasing capital reserves of the same amount (TEUR 159,505).

CONSOLIDATED PROFIT/LOSS FOR THE FINANCIAL YEAR	SUBTOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
-279,315,257	4,682,748,425	9,386,914	4,692,135,340
287,315,257	-	-	-
-49,988,294	-49,988,294	-5,073,204	-55,061,497
-8,000,000	-8,000,000	-1,130,597	-9,130,597
-	-	-	-
-	19,554	-	19,554
-	68,301,998	-	68,301,998
145,784,418	-	-	-
-	-	-	-
95,796,124	4,693,081,683	3,183,113	4,696,264,798

CONSOLIDATED PROFIT/LOSS FOR THE FINANCIAL YEAR	SUBTOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
95,796,124	4,693,081,683	3,183,113	4,696,264,798
-87,796,124	-	-	-
-152,676,332	-152,676,332	-983,132	-153,659,464
-8,000,000	-8,000,000	-1,500,000	-9,500,000
-	-	-	-
-	-455,045	-	-455,045
-	93,382,858	-	93,382,858
159,505,130	-	-	-
21,321,526	-	-	-
28,150,324	4,625,333,164	699,982	4,626,033,146

## 2.5 Fixed assets movement schedule.

### FIXED ASSETS MOVEMENT SCHEDULE

2018 | EUR

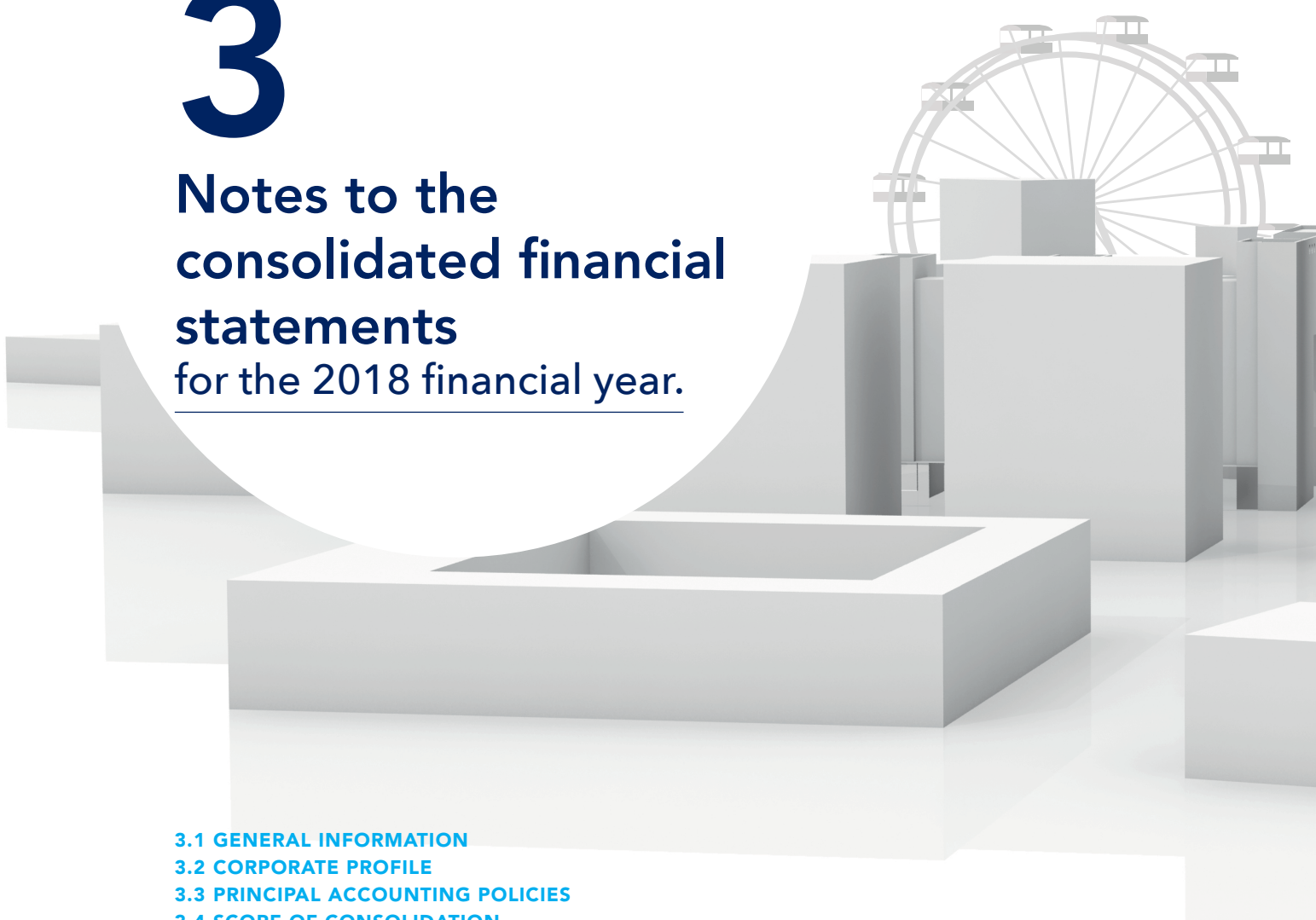
	AT COST						31 DEC 2018
	1 JAN 2018	FOREIGN EXCHANGE DIFFERENCES 2018	ADDITIONS 2018	ADDITION ON CONSOLIDATION 2018	DISPOSALS 2018	TRANSFERS 2018	
I. Intangible assets							
1. Concessions, industrial property rights and similar rights, and licences thereto	644,845,069	-	4,781,819	122,702	6,249,829	9,386,063	652,885,824
2. Goodwill	22,463,783	-	-	309,958	-	-	22,773,742
3. Prepayments	14,467,965	-	28,488,049	-	571,579	-10,422,763	31,961,672
<b>Total intangible assets</b>	<b>681,776,817</b>	<b>-</b>	<b>33,269,869</b>	<b>432,660</b>	<b>6,821,408</b>	<b>-1,036,700</b>	<b>707,621,238</b>
II. Property, plant and equipment							
1. Land, leasehold rights and buildings, including buildings on third-party land	9,217,202,453	-280,908	69,862,778	30,672,563	15,186,727	44,957,819	9,347,227,977
2. Plant and machinery	12,862,883,512	-616,356	170,339,511	635,506	91,714,427	77,441,187	13,018,968,932
3. Other fixtures, fittings, tools and equipment	848,142,367	-44	32,394,818	154,559	21,467,949	12,226,724	871,450,474
4. Prepayments and assets under construction	282,757,784	-	267,485,842	-	31,668	-127,692,018	422,519,939
<b>Total property, plant and equipment</b>	<b>23,210,986,116</b>	<b>-897,309</b>	<b>540,082,948</b>	<b>31,462,628</b>	<b>128,400,771</b>	<b>6,933,711</b>	<b>23,660,167,323</b>
III. Financial assets							
1. Investments in non-consolidated subsidiaries	98,361,131	-	33,275,662	-	7,286,764	11,971,358	136,321,387
2. Loans to non-consolidated subsidiaries	39,459,962	-	192,468	-	15,192,260	-	24,460,169
3. Investments in associates	39,984,393	-	661,510	-	361,629	-	40,284,273
4. Investments	884,150,409	-	35,579,965	-	23,317,783	-	896,412,591
5. Loans to undertakings with which the Group is associated by virtue of participating interests	20,064,195	-	-	-	2,977,263	-	17,086,932
6. Securities and similar instruments held as fixed assets	1,412,683,712	-	347,544,985	-	82,039,266	-	1,678,189,430
7. Other loans	115,707,219	-	2,272,035	-	53,484,981	-17,868,369	46,625,904
<b>Total financial assets</b>	<b>2,610,411,020</b>	<b>-</b>	<b>419,526,624</b>	<b>-</b>	<b>184,659,946</b>	<b>-5,897,011</b>	<b>2,839,380,687</b>
<b>Total fixed assets</b>	<b>26,503,173,952</b>	<b>-897,309</b>	<b>992,879,441</b>	<b>31,895,288</b>	<b>319,882,126</b>	<b>-</b>	<b>27,207,169,247</b>

ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT								CARRYING AMOUNT	
1 JAN 2018	FOREIGN EXCHANGE DIFFERENCES 2018	ADDITIONS/ DEPRECIATION 2018	ADDITION ON CONSOLIDATION 2018	REVALUATION 2018	DISPOSALS 2018	TRANSFERS 2018	31 DEC 2018	CARRYING AMOUNT 31.12.17	CARRYING AMOUNT 31 DEC 2018
495,291,701	-	24,543,138	-	5,649,225	4,238,062	667	509,946,884	149,553,368	142,938,940
11,911,398	-	1,296,589	-	-	-	-	13,207,988	10,552,385	9,565,754
-	-	-	-	-	-	-	-	14,467,965	31,961,672
<b>507,203,099</b>	<b>-</b>	<b>25,839,728</b>	<b>-</b>	<b>5,649,225</b>	<b>4,238,062</b>	<b>667</b>	<b>523,154,872</b>	<b>174,573,718</b>	<b>184,466,366</b>
3,975,341,600	139,782	177,774,310	7,041,150	22,276,496	10,958,689	151	4,126,781,941	5,241,860,853	5,220,446,036
8,640,442,421	306,734	337,897,595	-	37,700,000	87,997,577	-	8,852,335,704	4,222,441,091	4,166,633,228
645,872,326	44	42,329,767	14,570	33,347	20,963,753	-818	667,220,338	202,270,040	204,230,136
-356	-	-	-	-	-	-	-356	282,758,140	422,520,296
<b>13,261,655,992</b>	<b>446,560</b>	<b>558,001,672</b>	<b>7,055,720</b>	<b>60,009,843</b>	<b>119,920,020</b>	<b>-667</b>	<b>13,646,337,627</b>	<b>9,949,330,124</b>	<b>10,013,829,695</b>
54,436,749	-	-	-	-	584,666	-	53,852,083	43,924,382	82,469,304
-	-	-	-	-	-	-	-	39,459,962	24,460,169
36,447,441	-	-	-	-	-	-	36,447,441	3,536,951	3,836,832
76,636,751	-	7,029,513	-	-	1,066,691	-	82,599,573	807,513,658	813,813,018
688,600	-	-	-	-	688,600	-	-	19,375,595	17,086,932
711,323	-	474	-	-	27,620	-	684,178	1,411,972,388	1,677,505,253
-	-	-	-	-	-	-	-	115,707,219	46,625,904
<b>168,920,865</b>	<b>-</b>	<b>7,029,987</b>	<b>-</b>	<b>-</b>	<b>2,367,577</b>	<b>-</b>	<b>173,583,275</b>	<b>2,441,490,155</b>	<b>2,665,797,412</b>
<b>13,937,779,956</b>	<b>446,560</b>	<b>590,871,386</b>	<b>7,055,720</b>	<b>65,659,068</b>	<b>126,525,659</b>	<b>-</b>	<b>14,343,075,774</b>	<b>12,565,393,997</b>	<b>12,864,093,474</b>

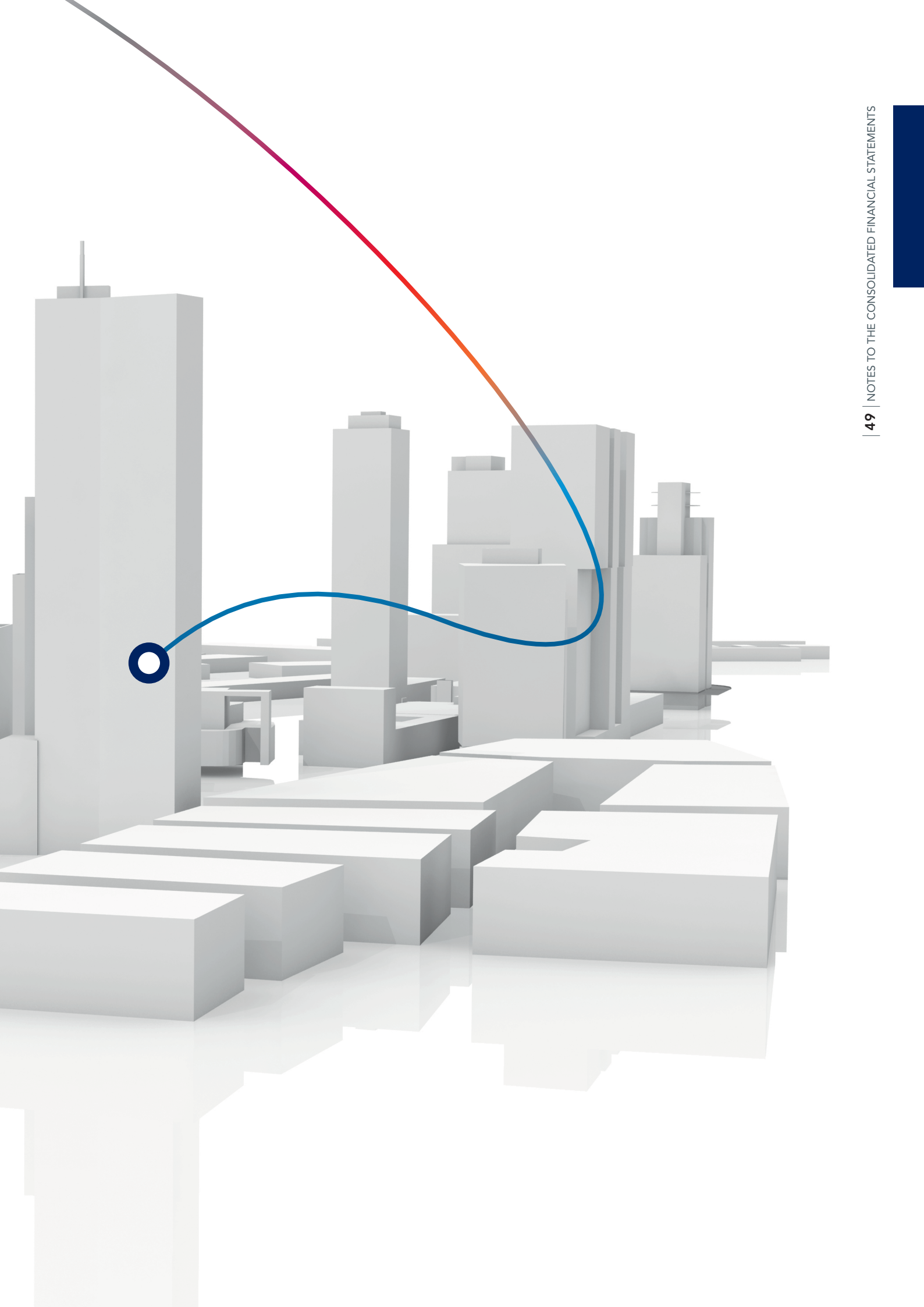


# 3

## Notes to the consolidated financial statements for the 2018 financial year.

- 
- [3.1 GENERAL INFORMATION](#)
  - [3.2 CORPORATE PROFILE](#)
  - [3.3 PRINCIPAL ACCOUNTING POLICIES](#)
  - [3.4 SCOPE OF CONSOLIDATION](#)
  - [3.5 BASIS OF CONSOLIDATION](#)
  - [3.6 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION](#)
  - [3.7 NOTES TO THE CONSOLIDATED INCOME STATEMENT](#)
  - [3.8 OTHER DISCLOSURES](#)
  - [3.9 OTHER NOTES](#)





## 3.1 General information.

Wiener Stadtwerke GmbH (hereinafter, Wiener Stadtwerke GmbH and its subsidiaries are referred to as the Wiener Stadtwerke Group, or the Group) is obliged to prepare consolidated financial statements for the 2018 financial year according to section 244 Unternehmensgesetzbuch (Austrian Business Code).

The consolidated financial statements have been prepared in accordance with the requirements of the Austrian Business Code. Consolidation was first carried out on 1 January 1999; as of this date, all subsidiaries and associates at the time were included in consolidation. All companies consolidated at a later date were included in consolidation from the time of acquisition or formation, as applicable.

Pursuant to section 252 Austrian Business Code, the reporting date for the consolidated financial statements is that of the parent company (31 December). The financial statements of the companies included in consolidation were prepared as at the reporting date of the consolidated financial statements (31 December 2018), with the exception of the following proportionately consolidated companies with the reporting date of 30 September 2018:

- Energieallianz Austria GmbH
- PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG

Wien Energie Vertrieb GmbH & Co KG (reporting date 30 September) was consolidated on the basis of interim financial statements prepared for the period and as at the reporting date (31 December) of the consolidated financial statements.

Investments accounted for using the equity method were recognised on a deferred basis, based on their financial statements as at 30 September 2017 or 31 December 2017.

## 3.2 Corporate profile.

The Wiener Stadtwerke Group is principally engaged in the following activities:

- Electricity generation, sales and system operation
- Gas sales and system operation
- District heating and cooling generation, sales and system operation
- Energy management
- Facility management
- Waste management and incineration
- Telecommunications
- Underground, tram and bus service operations
- Transport services for the disabled
- Freight transportation
- Funeral services
- Cemetery maintenance including cemetery nurseries and stonemasonry workshops
- Car park management
- Investment management
- Property management and development

All of these activities are primarily focused on Vienna and the surrounding area.

## 3.3 Principal accounting policies.

### 1. GENERAL PRINCIPLES

The financial statements of all companies included in consolidation are prepared on the basis of uniform accounting policies, which are documented in Group accounting guidelines and a Group accounting manual.

The consolidated financial statements are prepared in accordance with standard accounting practice and generally accepted accounting principles in order to present a true and fair view of the Group's assets, finances and earnings. The income statement is prepared using the nature of expense method. The principle of completeness is adhered to.

Unless otherwise stated, the valuation methods applied in preparing the parent company's annual financial statements are uniformly applied in the valuation of assets and liabilities of subsidiaries included in consolidation, in accordance with section 260 Austrian Business Code. The principle of individual recognition was applied to the valuation of individual assets and liabilities, as was the going concern principle.

### 2. FIXED ASSETS

With the entry into force of the Rechnungslegungsänderungsgesetz (Financial Reporting [Amendment] Act), from the 2016 financial year the elective right to revalue fixed assets under section 208(2) Austrian Business Code was annulled in full and replaced by the principle of mandatory revaluation of assets. Revaluations must be applied to fixed and current assets if the reasons for recognising impairment in the past cease to apply. Mandatory impairments do not apply to impairment of goodwill.

#### Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at cost less depreciation or amortisation and, where depreciable or amortisable, are generally depreciated or amortised on a straight-line basis according to their useful lives. Low-value assets with a cost of up to EUR 400 are written off in full in the year of acquisition.

In principle, a full year of depreciation is recognised for assets acquired in the first half of the year, and a half-year of depreciation is recognised for assets acquired in the second half of the year.

### INTANGIBLE ASSETS

#### Useful life, years

Intangible assets	
Concessions, licences, etc.	2-40 or term of contract
Electricity procurement rights and energy use rights	30-50
Goodwill	5-30
Software	3-5
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

Impairments as at the reporting date are recognised if the impairment is expected to be permanent.

If the reasons for impairment cease to apply partially or in full, owing to the principle of mandatory revaluation, a revaluation is recognised.

#### Financial assets

Investments in non-consolidated subsidiaries and other investments are recognised at cost less any necessary impairment.

Investments in associates are accounted for using the equity method, using the same valuation methods as for consolidated companies. Loans are recognised at the lower of cost or present value as at the reporting date.

The moderate lower of cost or market principle is applied to securities held as fixed assets. Impairments are recognised if they are expected to be permanent. For funds of funds, at present the strict lower of cost or market principle is applied, i.e. using the fair value at the reporting date.

Since the 2016 financial year, revaluation of assets – including financial assets – has been mandatory if an

impairment was recognised in the past and the reasons for the impairment no longer apply. With the entry into force of the Financial Reporting (Amendment) Act (applicable to financial years beginning after 31 December 2015), revaluations that were not applied under the previous legal framework must be recognised, in addition to current revaluations.

However, such retrospective revaluations (required on or before 31 December 2015) may be recognised as

accrued and deferred liabilities pursuant to business law, provided that a revaluation reserve is recognised for tax purposes. This must be set off against subsequent impairments recognised under business and tax regulations, and reversed on disposal of the assets at the latest. The transitional regulations for revaluations were applied in respect of the Wiener Stadtwerke funds, resulting in the following year-on-year changes (deferred liabilities were reversed as a result of disposals during the year under review):

ACCRUED AND DEFERRED LIABILITIES	ACCRUED AND DEFERRED LIABILITIES 31 DEC 2017	DEFERRAL 2018	+ ALLOCATIONS - REVERSALS 2018	ACCRUED AND DEFERRED LIABILITIES 31 DEC 2018
<b>EUR</b>				
WSTW I	4,093,870	-3,112,065	-21	981,783
WSTW II	11,942,200	-5,052,715	-1,160,906	5,728,579
WSTW III	50,466	1,619,634	-	1,670,100
WSTW IV	4,419,161	-1,864,395	-229,586	2,325,180
WSTW V	-	-	-	-
WSTW VI*	-	8,409,541	-	8,409,541
<b>Total</b>	<b>20,505,697</b>	<b>-</b>	<b>-1,390,514</b>	<b>19,115,183</b>

\*From the 2018 financial year

Under the current strategy, the Group manages six mixed investment funds of funds, for which differing investment targets have been defined. These targets are reflected in the different strategic weightings attributed to shares and bonds (in combination with money market assets).

### **Fiduciary management of funds/restructuring of plan assets**

In the year under review, individual Wiener Stadtwerke Group companies (Wien Energie GmbH, Wiener Stadtwerke GmbH and B&F Wien – Bestattung und Friedhöfe GmbH) transferred the title to their shares of the funds to a trustee – Wiener Stadtwerke Planvermögen GmbH, a newly established company set up to perform fiduciary management of the funds – in order to secure their pension obligations. The fiduciary company is the civil-law owner of the WSTW funds, and the Group companies remain the beneficial owners. The securities are therefore still recognised in the Group's accounts.

The creation of plan assets required the individual WSTW funds to be made homogeneous, i.e. to achieve separation of funds held exclusively by allocating

companies (those with pension obligations) and those held by companies that have no such obligations. This process involved reallocations between the various funds and transfers to a new WSTW fund. These reallocations were recognised at the carrying amounts in accordance with tax and commercial law, and no profits were realised.

### **3. CURRENT ASSETS**

Inventories are valued at the cost of acquisition or construction. The fair value at the reporting date is recognised if it is lower, for instance due to falls in stock exchange or market prices.

Construction cost only comprises directly attributable costs (manufacturing materials and labour), proportionate manufacturing materials and labour overheads assuming full capacity utilisation, and expenses for voluntary employee benefits and company pension obligations. The right to recognise interest on debt financing came into effect in 2016. General administrative expenses and sales and distribution costs cannot be included.

Calculation of the cost of acquisition or construction for assets of the same type is carried out using the weighted average price method or similar methods. Impairments are recognised for inventory risk resulting from the period of storage or reduced marketability.

Receivables and other assets are valued at cost. Valuation allowances are reported for recognisable risks.

Receivables includes Wiener Netze GmbH's regulatory account.

The introduction of the regulatory account, pursuant to the Elektrizitätswirtschafts- und -organisationsgesetz (Electricity Act) 2010 and the Gaswirtschaftsgesetz (Natural Gas Act) 2011, established a new form of ex-post revenue adjustment. In accordance with the legislation, the regulatory account is used to account for events that could not be taken into consideration in prior decisions establishing allowed costs and system charges. Differences – primarily volume-related – between actual revenue and revenue assumptions, and extraordinary expenses and revenue within a period, can then be taken into consideration in subsequent tariffication procedures, with these amounts – spread over a number of years – reflected in higher or lower system charges. Whilst differences between actual and assumed revenue must be recognised in financial statements, the regulatory account may only be used in the case of extraordinary revenue or expenses. The legislation makes the following provision in case of a delay in compensation for costs through the tariffication procedure: in accordance with section 59(8) Electricity Act 2010 and section 79(8) Natural Gas Act 2011, if the regulatory formula applied for regulatory periods of one or more years (pursuant to subsections 1-6) entails a time lag in compensation through system charges, any discrepancies may be recorded as assets or liabilities (provisions) in the annual financial statements. Valuation of the items must be carried out in line with the applicable accounting regulations. The regulatory account is recognised on the assets side, under other receivables. Purchased carbon dioxide (CO<sub>2</sub>) emission allowances are also recognised under other receivables and valued according to the strict lower of cost or market principle. Allowances allocated at no cost are not recognised.

#### 4. DEFERRED TAX ASSETS

Under section 198(9-10) Austrian Business Code, large and medium-sized corporations are obliged to recognise deferred tax assets and liabilities.

In principle, the Group has the option to recognise tax loss carryforwards; however, these are not recoverable and therefore not recognised.

#### 5. PROVISIONS

##### Provisions for termination benefits and similar obligations

In 2018, provisions for termination, jubilee and loyalty benefits were calculated on the basis of actuarial principles for the first time using the projected unit credit (PUC) method. As in previous years, a nominal interest rate has been applied when calculating the discount rate, based on a ten-year average, as for provisions for pensions. Depending on the duration, this results in the following discount rates:

TYPE OF PROVISION	DISCOUNT RATE	DURATION
Termination benefits	3.08%	13
Jubilee benefits	2.57%	8
Loyalty benefits	2.81%	10

A uniform discount rate of 3.68% was applied in the previous year.

As in 2017, a rate of 3% is applied for annual salary increases.

As in previous years, no reduction for staff turnover was applied, and a retirement age of 65 for men and between 60 and 65 for women was assumed, taking into account the transitional arrangements of section 115(i) Dienstordnung (Service Code) 1994 and the modified AVÖ 2018 mortality tables.

##### Provisions for pensions

In accordance with the Vienna Public Enterprises Allocation Act, State Law Gazette 17/1999, the companies owned by Vienna City Council (Wien Energie GmbH, Wiener Stadtwerke GmbH and B&F Wien – Bestattung und Friedhöfe GmbH) must cover the pension expenses for employees seconded to them. As a result, the companies have indirect pension obligations.

Pension provisions are calculated using the PUC method on the basis of a ten-year average discount rate, which was 3.24% in 2018 (2017: 3.68%). As in previous years, no reduction for staff turnover was

applied. A retirement age of 65 was assumed for men and women, taking into account the transitional arrangements under section 115i Service Code 1994, and the probability of early retirement. Starting in the year under review, the new AVÖ 2018-P mortality tables, as modified in line with Wiener Stadtwerke's staff structure, are applied. The Group applies the Override-Verordnung (Override Order) pursuant to Federal Law Gazette II No. 283, which states that the effect of a change in the mortality tables represents a change in the biometric calculation bases. As it is a material amount, the difference will be spread equally over five years beginning with the year in which the change was made, in order to present a true and fair view of the Group's assets, finances and earnings. As a result, provisions were recognised for only one-fifth of the effect in the reporting period, and the remainder will be recognised on a pro rata basis in the consolidated financial statements prepared in accordance with the Austrian Business Code for the following four financial years (i.e. up to and including 2022). According to the actuary's expert opinion, the residual difference (including reimbursements of gas and electricity costs to civil servants) arising from the change in the mortality tables amounts to TEUR 97,656. The entitlement of a widowed partner or orphan to a prescribed percentage of the most recent pension entitlement received by a beneficiary in case of death was taken into account. As in the previous year, Wiener Stadtwerke applied an entitlement of 51.26% in this regard. Assumptions regarding annual increases are also made under the PUC method, which applies a nominal growth rate – as in 2017, a rate of 3% was applied for salaries and 1.5% for current pension benefits. The annual pension entitlement on reaching retirement age as at 31 December 2018 was increased by 2.76% and the entitlement for ongoing benefits in retirement by 2.00% (2017: 2.33% and 1.6% respectively).

Starting in the year under review, all reimbursements of gas and electricity costs extended by the Group to civil servants are reported under other long-term provisions and no longer under pension provisions.

#### **Other provisions**

In accordance with the principle of prudence, this item includes provisions for all recognisable risks, and for contingent liabilities which are unforeseeable in terms of their amount or cause as at the reporting date.

Beginning in the year under review, all reimbursements of gas and electricity costs to civil servants calculated using actuarial principles are recognised in other long-term provisions; these were previously included in the

pension provisions. The provisions are calculated using the PUC method on the basis of a ten-year average discount rate, which was 3.24% in 2018 (2017: 3.68%). A retirement age of 65 was assumed for men and women, taking into account the transitional arrangements under section 115i Service Code 1994, and the probability of early retirement. Starting in the year under review, the new AVÖ 2018-P mortality tables, as modified in line with Wiener Stadtwerke's staff structure, are applied. Assumptions regarding annual increases are also made under the PUC method, which applies a nominal growth rate – as in the previous year, a rate of 1% was applied for salaries and current pension benefits.

Other provisions also include provisions for leave and time credits. The Group slightly reduced the number of productive working days used to calculate the provisions for leave and time credits, from 19 days to 18 and 17 days respectively.

## **6. LIABILITIES**

Liabilities are recognised at the settlement amount in accordance with the imparity principle.

## **7. ACCRUED AND DEFERRED LIABILITIES**

Investment subsidies are recognised under accrued and deferred liabilities and released according to the useful life of the asset for which the subsidy was received, as necessary in accordance with prudent commercial judgement.

Reversals of deferred increases in value, for which a revaluation reserve was recognised, are reported as accrued and deferred liabilities (see Note 2.2. Financial assets).

## **8. FOREIGN CURRENCY RECEIVABLES AND LIABILITIES**

Receivables and liabilities denominated in a foreign currency are valued at the exchange rate applying on the day they arise. If translation of a receivable at the exchange rate as at the reporting date results in a lower amount, or translation of a liability at the exchange rate as at the reporting date results in a higher amount, the exchange rate at the reporting date is used for valuation unless a foreign currency hedge has been concluded for the amount in question.

## 3.4 Scope of consolidation.

### 9. ESTIMATES

Estimates are sometimes required when preparing the consolidated financial statements. These relate to the useful lives of property, plant and equipment, impairment of receivables and inventories, values of financial assets and property, plant and equipment, forecasts of various forms of revenue from energy grid and energy operations, and provisions for contingent losses. Although these are best estimates based on up-to-date information, they can still deviate from actual events.

### 1. CONSOLIDATED COMPANIES

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, finances and earnings. The scope of consolidation is determined in accordance with section 247(1) Austrian Business Code. The number of fully and proportionately consolidated companies, and those accounted for using the equity method is disclosed below:

COMPANIES	CONSOLIDATED	PROPORTIONATE CONSOLIDATION	EQUITY METHOD
<b>Number of companies</b>			
31 Dec 2017	26	3	4
Initial consolidation in the reporting period	-	-	-
Deconsolidation in the reporting period	-	-	-
<b>31 Dec 2018</b>	<b>26</b>	<b>3</b>	<b>4</b>

An [overview](#) of fully and proportionately consolidated companies, and those accounted for using the equity method, as well as other investments can be found in the [list of subsidiaries and associates](#).

Wien Energie GmbH is a limited partner in, and participates fully in the assets and profits of Wien Energie Vertrieb GmbH & Co KG. Energieallianz 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 management. Pursuant to section 262(1) Austrian Business Code, Wien Energie Vertrieb GmbH & Co KG is proportionately consolidated to 100% in accordance with the Group's participation in the company's capital.

Various Group companies (see the list of subsidiaries and associates for details) are not included in the scope of consolidation as fully consolidated companies or investments accounted for using the equity method. Inclusion of these companies is immaterial to presenting a true and fair view of the Group's assets, finances and earnings (section 249[2] and section 263[2] Austrian Business Code). 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.

## 3.5 Basis of consolidation.

Pursuant to section 249(1) Austrian Business Code, Gemeinnützige Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke GmbH is not included in the scope of consolidation.

One company that reports in a foreign currency has been included in the consolidated financial statements since 2012, from which time foreign currency translation has been carried out.

A breakdown of holdings in Group companies is available at the parent company's registered office.

### **2. CHANGES IN CONSOLIDATION DURING THE REPORTING PERIOD**

There were no changes in consolidation during the period under review. Acquisitions and disposals of interests only took place in connection with retrospective mergers of entities into consolidated companies with effect from 1 January 2018, and with the merger of a non-consolidated company into a consolidated one.

#### Acquisition of the remaining shares in the TownTown Tiefgaragen companies and merger into Wipark

In 2018, Wipark Garagen GmbH acquired a 56% stake in both TownTown Tiefgaragen GmbH and TownTown Tiefgaragen GmbH & Co KG, which were then merged into Wipark Garagen GmbH with retrospective effect from 1 January 2018.

#### Merger of WIENCOM into WienIT

WIENCOM Werbeberatungs GmbH, a non-consolidated subsidiary, was merged into WienIT GmbH during the reporting period.

#### Acquisition of Öko Kraftwerk Water I and merger into Wien Energie

In 2018 Wien Energie GmbH acquired Öko Kraftwerk Water I GmbH; the company was merged into Wien Energie GmbH during the year.

Previously, the book value method was applied to capital consolidation, but since 1 January 2016 only the purchase method may be used. Up to and including the 2008 financial year, differences between the value of the investment and the share of equity in a subsidiary were offset in Group reserves. The amount was offset on initial consolidation of the subsidiary in the consolidated financial statements. The interests in the subsidiary's equity not attributable to the Group were recognised under the balancing item for non-controlling interests. After 2008, positive consolidation differences were recognised as goodwill, and negative differences offset in Group reserves. Pursuant to section 261(2) Austrian Business Code, negative consolidation differences that relate to a realised profit as at the reporting date are now reversed through profit or loss. A direct adjustment in reserves is no longer possible.

Elimination of intra-Group liabilities involves the offsetting of concessions, prepayments, loans, trade receivables, other receivables and accrued and deferred assets against the corresponding liabilities and provisions.

Elimination of intra-Group income and expenses on consolidation is carried out between the companies included in consolidation in accordance with section 257(1) Austrian Business Code. In the case of assets produced in the Group, the attributable revenue is reclassified as own work capitalised, provided that it relates to own work. Otherwise, the original expenses are reduced.

Intra-Group profits are eliminated in profit or loss, subject to the principle of materiality. Elimination of intra-Group profits is not carried out in relation to companies accounted for using the equity method, since the impact on the overall picture of intra-Group relationships is not material.

For companies accounted for using the equity method and proportionately consolidated companies, differences arising on capital consolidation are offset according to the same principles as for fully consolidated companies. Where possible and not immaterial, valuation is adjusted in line with the Group's uniform valuation policies.

To a certain degree, approximate calculations and assumptions must be made when preparing the consolidated financial statements, which influence the assets and liabilities recognised, other obligations as at the reporting date, and income and expenses during the reporting period. The actual amounts arising in the future may deviate from these estimates.



## 3.6 Notes to the consolidated statement of financial position.

### 1. FIXED ASSETS

The changes in individual items of the Group's fixed assets and the breakdown of depreciation, amortisation and impairment by item are presented in the fixed assets movement schedule for 2018.

The underlying value of land is TEUR 228,064 (2017: TEUR 222,587).

INTANGIBLE ASSETS	31 DEC 2018	31 DEC 2017
EUR		
1. Concessions, industrial property rights and similar rights, and licences thereto	142,938,940	149,553,368
2. Goodwill	9,565,754	10,552,385
3. Prepayments	31,961,672	14,467,965
<b>Intangible assets</b>	<b>184,466,366</b>	<b>174,573,718</b>

PROPERTY, PLANT AND EQUIPMENT	31 DEC 2018	31 DEC 2017
EUR		
1. Land, leasehold rights and buildings, including buildings on third-party land	5,220,446,036	5,241,860,853
2. Plant and machinery	4,166,633,228	4,222,441,091
3. Other fixtures and fittings, tools and equipment	204,230,136	202,270,040
4. Prepayments and assets under construction	422,520,296	282,758,140
<b>Property, plant and equipment</b>	<b>10,013,829,695</b>	<b>9,949,330,124</b>

FINANCIAL ASSETS	31 DEC 2018	31 DEC 2017
EUR		
1. Investments in non-consolidated subsidiaries*	82,469,304	43,924,382
2. Loans to non-consolidated subsidiaries*	24,460,169	39,459,962
3. Investments in associates*	3,836,832	3,536,951
4. Investments*	813,813,018	807,513,658
5. Loans to associates	17,086,932	19,375,595
6. Securities and similar instruments held as fixed assets	1,677,505,253	1,411,972,388
7. Other loans	46,625,904	115,707,219
<b>Financial assets</b>	<b>2,665,797,412</b>	<b>2,441,490,155</b>

\* For a detailed presentation, see the list of subsidiaries and associates, below.

<b>LOANS, 2018</b>	<b>31 DEC 2018</b>	<b>DUE WITHIN ONE YEAR</b>	<b>DUE AFTER MORE THAN ONE YEAR</b>
<b>EUR</b>			
Loans to non-consolidated subsidiaries	24,460,169	665,343	23,794,826
Loans to associates	17,086,932	1,372,835	15,714,097
Other loans	46,625,904	1,283,100	45,342,804
<b>Total</b>	<b>88,173,006</b>	<b>3,321,278</b>	<b>84,851,728</b>

Other loans include lease transactions concluded in the United States. Further details are shown in Note 8.1 Contingent liabilities/assets, below.

<b>LOANS, 2017</b>	<b>31 DEC 2017</b>	<b>DUE WITHIN ONE YEAR</b>	<b>DUE AFTER MORE THAN ONE YEAR</b>
<b>EUR</b>			
Loans to non-consolidated subsidiaries	39,459,962	18,210,775	21,249,186
Loans to associates	19,375,595	1,388,663	17,986,932
Other loans	115,707,219	71,353,350	44,353,869
<b>Total</b>	<b>174,542,776</b>	<b>90,952,788</b>	<b>83,589,987</b>

The following table shows the carrying amounts and fair values of securities held as fixed assets as at 31 December 2018:

<b>SECURITIES AND SIMILAR INSTRUMENTS HELD AS FIXED ASSETS</b>	<b>CARRYING AMOUNT AS AT 31 DEC 2018</b>	<b>FAIR VALUE AS AT 31 DEC 2018</b>	<b>DIFFERENCE, %</b>
<b>EUR</b>			
WSTW I-VI	1,580,117,879	1,758,127,743	11.3
Securities and equity interests	194,584	288,050	48.0
US lease custody accounts	93,663,640	93,663,640	-
Reinsurance for pension obligations	3,529,149	3,529,149	-
<b>Total</b>	<b>1,677,505,252</b>	<b>1,855,608,582</b>	<b>10.6</b>

Net asset values at the Group are higher than the carrying amounts.

In 2018, the capital-weighted performance of the WSTW funds, which are managed conservatively, was slightly negative at -2.03%, due to continued low interest rates and volatility on the financial markets.

#### **STRUCTURE OF THE WSTW FUND PORTFOLIO AS AT 31 DEC 2018**

<b>%</b>	
Money markets, term deposits with systemically important Austrian and European banks	19.42
Bonds	66.26
Shares	13.71
Other	0.61
<b>Total</b>	<b>100.00</b>

## 2. CURRENT ASSETS

INVENTORIES	31 DEC 2018	31 DEC 2017
<b>EUR</b>		
1. Raw materials and consumables	119,813,743	96,158,346
2. Finished goods and goods for resale	22,851,108	27,656,697
3. Goods and services not yet invoiced	5,802,617	4,273,908
4. Prepayments	1,000,000	34,162
<b>Inventories</b>	<b>149,467,468</b>	<b>128,123,114</b>

RECEIVABLES AND OTHER ASSETS	31 DEC 2018	DUE WITHIN ONE YEAR	DUE AFTER MORE THAN ONE YEAR	31 DEC 2017
<b>EUR</b>				
Trade receivables	403,154,617	400,751,630	2,402,987	360,025,750
Receivables from non-consolidated subsidiaries	5,501,596	5,465,374	36,222	14,775,963
Receivables from associates	97,853	97,853	-	44,303
Other receivables and assets	283,376,839	227,599,747	55,777,092	168,591,214
<b>Total</b>	<b>692,130,905</b>	<b>633,914,604</b>	<b>58,216,301</b>	<b>543,437,231</b>

In 2018 other receivables mainly related to those from the tax authorities, the Lower Austrian provincial government and the City of Vienna, as well as receivables from the regulatory account pursuant to the Electricity Act 2010 and the Natural Gas Act 2011 (see section 3. Current assets in the chapter on principal accounting policies).

Other receivables and assets includes gains of TEUR 69,540 (2017: TEUR 64,534), which will only be received in cash after the end of the reporting period.

General provisions of TEUR 32 (2017: TEUR 22) were recognised in this respect. Specific provisions for trade receivables and other receivables amounted to TEUR 65,792 (2017: 81,125) during the reporting period.

The Federal Fiscal Court ruling of 15 October 2015 entitles Wiener Stadtwerke to claim repayment of the supplementary employer's contribution for permanent civil servants and contract staff assigned to the Group under the Vienna Public Enterprises Allocation Act; the Company has paid the supplementary contribution since 1999. Since 2015 these repayments have been recognised as receivables from the tax authorities of TEUR 22,056.

As the ruling for the period from 1999 to May 2008 is legally enforceable following conclusion of the legal proceedings on the basis of the court's decision that the Group was not obliged to pay the supplementary employer's contribution, it can be assumed that the payments made during this period will be refunded. The Federal Fiscal Court has not reached a decision on the period from June 2008 to 2015. It can be assumed that the position regarding Wiener Stadtwerke's obligation to pay the supplementary employer's contribution is also correct in respect of this period, so it remains very likely that these payments will be refunded. Due to the objections raised by the authorities, as well as the criteria for recognition of receivables, and in accordance with the principle of prudence, receivables of around TEUR 13,000 for the period from 1999 to 2015 have been recognised in the 2018 financial statements. Legal action has been taken to counter the authorities' objections and the Group believes that a verdict in favour of Wiener Stadtwerke will also be delivered in this case.

### 3. ACCRUED AND DEFERRED ASSETS

This item mainly relates to prepayments for goods and services, and accruals for wages and salaries.

reserves of TEUR 49,606.

### 4. CONSOLIDATED EQUITY

The share capital was unchanged year on year at TEUR 500,000.

The revenue reserves include goodwill and negative goodwill arising on consolidation, as well as foreign exchange differences.

As with the parent company, Wiener Stadtwerke GmbH, capital and reserves includes appropriated capital reserves of TEUR 394 and statutory revenue

The previous year's profit of TEUR 8,000 was distributed in the form of a dividend to the sole owner, the City of Vienna.

The goodwill and negative goodwill recognised in equity as at 31 December 2018 were as follows:

<b>CONSOLIDATED SUBSIDIARIES</b>	<b>31 DEC 2018</b>	<b>31 DEC 2017</b>
<b>EUR</b>		
Wiener Netze GmbH	-243,387	-243,387
Wien Energie GmbH	90,435,610	90,435,610
Facilitycomfort Energie- und Gebäudemanagement GmbH	3,753,930	3,753,930
WienIT GmbH	-23	-23
Wiener Linien GmbH & Co. KG	126,380,113	126,380,113
Wiener Linien GmbH	-875	-875
Wiener Lokalbahnen GmbH	-676,500	-676,500
Wiener Lokalbahnen Verkehrsdienste GmbH	1,275,833	1,275,833
B&F Wien - Bestattung und Friedhöfe GmbH	350,968	350,968
Wiener Stadtwerke Vermögensverwaltung GmbH	-100,793	-100,793
Wiener Erdgasspeicher GmbH	2,458,756	2,458,756
Wipark Garagen GmbH	36,406	36,406
<b>TOTAL</b>	<b>223,670,037</b>	<b>223,670,037</b>

<b>COMPANIES CONSOLIDATED USING THE PROPORTIONATE METHOD</b>	<b>31 DEC 2018</b>	<b>31 DEC 2017</b>
<b>EUR</b>		
Energieallianz Austria GmbH	-29,726	-29,726
PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG	-8,745	-8,745
<b>TOTAL</b>	<b>-38,472</b>	<b>-38,472</b>

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	31 DEC 2018	31 DEC 2017
<b>EUR</b>		
e&i EDV Dienstleistungsgesellschaft m.b.H.	103,529	103,529
EPZ Energieprojekt Zurndorf GmbH & Co KG	-3,013,352	-3,013,352
Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH & Co KG	188,969	188,969
Telereal Telekommunikationsanlagen GmbH	-7	-7
<b>TOTAL</b>	<b>-2,720,861</b>	<b>-2,720,861</b>

## 5. PROVISIONS

PROVISIONS FOR	31 DEC 2018	31 DEC 2017
<b>EUR</b>		
Pensions	3,811,333,430	3,530,970,201
Termination benefits	93,734,825	102,819,481
Taxation	908,405	2,398,632
Other	596,947,296	598,219,829
<b>Total</b>	<b>4,502,923,956</b>	<b>4,234,408,142</b>

Information on the method used to calculate pension provisions is provided in the section on principal accounting policies, above.

The change in provisions for pensions is due to the annual allocations (entitlements and interest components), a change in the discount rate to 3.24% (2017: 3.68%), and the additional allocation of a fifth of the total allocation due to application of the new mortality tables.

The decrease in the provisions for termination benefits in spite of the lower discount rate compared to the previous year was primarily attributable to the switch from discounted cash flow to actuarial methods, and also reflected a fall in the number of employees.

### Other provisions

This item includes obligations relating to employees of TEUR 218,309 (2017: TEUR 224,121). Starting in the reporting period, all of the Group's provisions for reimbursements of gas and electricity costs to civil servants, which amounted to TEUR 38,194 (2017: TEUR 35,126) are reported under other provisions.

In light of a ruling by the Administrative Court of Appeal, the current rules for recognition of prior service for permanent civil servants and contract staff will have to be revised. As a draft amendment to public service legislation failed to materialise again in 2018, an additional allocation of TEUR 2,730 was made. The total provision for recognition of prior service totalled TEUR 19,110 at the end of the reporting period.

Other provisions also include a provision of TEUR 238,030 (2017: TEUR 218,044) in relation to the sale of electricity through subscription rights.

Energie Control Austria initiated market abuse proceedings relating to the billing of system charges in connection with the netting of metering points for traction current. As it is expected that the Group will have to pay the corresponding environmental levies, a provision of TEUR 20,400 (2017: nil) was recognised. 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.

## 6. LIABILITIES

Liabilities analysed by maturities are as follows:

<b>LIABILITIES, 2018</b>	<b>31 DEC 2018</b>	<b>DUE WITHIN ONE YEAR</b>	<b>DUE IN BETWEEN ONE AND FIVE YEARS</b>	<b>DUE AFTER MORE THAN FIVE YEARS</b>
<b>EUR</b>				
Bank loans	71,636,853	430,907	1,205,946	70,000,000
Bonds	177,000,000	-	80,000,000	97,000,000
Payments received on account of orders	12,757,829	12,757,829	-	-
Trade payables	523,397,591	518,956,115	4,441,476	-
Liabilities to non-consolidated subsidiaries	11,283,968	11,283,968	-	-
Liabilities to associates	27,064	27,064	-	-
Other liabilities	485,001,411	297,049,973	56,991,058	130,960,380
Other liabilities – taxation	132,712,269	132,712,269	-	-
Other liabilities – social security payments	15,088,851	15,088,851	-	-
<b>Total</b>	<b>1,428,905,836</b>	<b>988,306,976</b>	<b>142,638,480</b>	<b>297,960,380</b>

<b>LIABILITIES, 2017</b>	<b>31 DEC 2017</b>	<b>DUE WITHIN ONE YEAR</b>	<b>DUE IN BETWEEN ONE AND FIVE YEARS</b>	<b>DUE AFTER MORE THAN FIVE YEARS</b>
<b>EUR</b>				
Bank loans	73,759,652	2,096,428	1,663,224	70,000,000
Bonds	200,000,000	23,000,000	10,000,000	167,000,000
Payments received on account of orders	22,002,937	22,002,937	-	-
Trade payables	381,648,078	380,085,550	1,562,528	-
Liabilities to non-consolidated subsidiaries	12,726,733	12,726,733	-	-
Liabilities to associates	770,163	770,163	-	-
Other liabilities	454,147,766	316,317,550	20,558,026	117,272,191
Other liabilities – taxation	144,280,797	144,280,797	-	-
Other liabilities – social security payments	13,931,549	13,931,549	-	-
<b>Total</b>	<b>1,303,267,675</b>	<b>915,211,707</b>	<b>33,783,778</b>	<b>354,272,191</b>

In 2013, Wiener Stadtwerke GmbH raised TEUR 200,000 by issuing bonded loans and registered bonds on the capital market. In January 2014 the Group took out a 12-year, fixed-interest loan of TEUR 70,000, repayable at maturity, from the European Investment Bank (EIB). In 2018, TEUR 23,000 of the bonded loans were repaid, bringing the total outstanding bonded loans and registered bonds to TEUR 177,000. Other liabilities chiefly concern those arising from Wiener Linien GmbH & Co. KG's US lease transaction, those to the tax authorities and the City of Vienna, and those arising from citizen-owned solar power schemes. There were no liabilities secured by bills of exchange in the reporting period.

Other liabilities includes expenses of TEUR 59,363 (2017: TEUR 146,128) that will only be reflected in cash flow after the end of the reporting period.

#### Real collateral

There are liabilities of TEUR 3,188 (2017: TEUR 3,188) to the City of Vienna's Municipal Department 5 Financial Affairs, which are secured by a pledged building lease.

### 7. ACCRUED AND DEFERRED LIABILITIES

This item mainly comprises investment grants of TEUR 3,248,352 (2017: TEUR 3,228,527) and construction subsidies of TEUR 512,879 (2017: TEUR 496,562) relating to fixed assets. The construction subsidies primarily concern payments of system provision and system admission charges received from customers. These represent future income which will be reversed in parallel with the depreciation of the assets for which the subsidies were granted, which will partially offset depreciation expense.

State investment grants are made up as follows:

STATE INVESTMENT GRANTS	31 DEC 2018	31 DEC 2017
<b>EUR</b>		
Concessions, including rights	14,623,724	14,502,684
Prepayments – intangible fixed assets	4,309,330	485
<b>Total intangible assets</b>	<b>18,933,054</b>	<b>14,503,169</b>
Land and buildings	2,348,205,066	2,366,273,954
Plant and machinery	700,090,343	732,271,581
Other fixtures and fittings, tools and equipment	31,240,696	34,824,652
Prepayments and assets under construction	149,883,069	80,653,729
<b>Total property, plant and equipment</b>	<b>3,229,419,173</b>	<b>3,214,023,917</b>
<b>State investment grants</b>	<b>3,248,352,228</b>	<b>3,228,527,085</b>

Accrued and deferred liabilities also include the following revaluations:

REVALUATIONS INCLUDED IN ACCRUED AND DEFERRED LIABILITIES	ACCRUED AND DEFERRED LIABILITIES 31 DEC 2017	+ ALLOCATIONS - REVERSALS	ACCRUED AND DEFERRED LIABILITIES 31 DEC 2018
<b>EUR</b>			
Securities held as fixed assets	20,505,697	-1,390,514	19,115,183
Intangible fixed assets	23,896,606	-1,225,467	22,671,139
<b>Total</b>	<b>44,402,303</b>	<b>-2,615,981</b>	<b>41,786,322</b>

## 8. OFF-BALANCE-SHEET CONTINGENT LIABILITIES AND COMMITMENTS

### Contingent liabilities/assets

Contingent liabilities totalled TEUR 114,548 (2017: TEUR 196,869). There were contingent assets of TEUR 26,070 (2017: TEUR 109,419).

The contingent liabilities include US lease transactions concluded by Wiener Linien GmbH & Co. KG amounting to TEUR 26,070 (2017: TEUR 109,419). These are offset by rights of recourse of an equal amount on the assets side.

In 1998 Wiener Linien acquired underground trains and trams by way of lease transactions concluded in the USA on a lease in, lease out (LILo) basis. The vehicles were then leased to a US trust under a head lease agreement. At the same time, Wiener Linien subleased the vehicles back from the trust. The American trust made an advance lease payment to Wiener Linien. The amount of the payment was set with a view to making allocations to two custody accounts (the debt account and the equity account) in order to cover the liabilities arising from the sublease. The cash inflow in excess of the allocations to the accounts (net present value benefit) is recognised under accrued and deferred liabilities, and will be reversed under the "Other interest and similar income" item over the term of the lease agreements.

As a result of the assumption of payment obligations in respect of the debt capital portion of the sublease instalments by Bank Austria Leasing payment undertaking agreement, PUA, the debt account is offset by an identical liability due to US trusts and is not reported in the statement of financial position. However, as the company is still liable for the as yet unpaid sublease obligations, this amount is included in the "Contingent liabilities" item.

The securities in the equity account are intended to cover the remaining sublease fees to be paid by the company.

Other US lease transactions were concluded in the form of service contracts in 1999, 2001 and 2003. The obligations in question were assigned in full to financial institutions ("payment undertakers"), and the net cash inflow was initially reported under accrued and deferred liabilities in the statement of financial position. As with previous transactions, the amount was reversed under other interest and similar income

over the term of the lease agreements. The obligations assigned to the counterparties to the PUAs were originally reported as contingent liabilities.

The financial transactions were conducted in US dollars, and the amounts translated on the basis of the historical rates for such transactions. The USD-denominated receivables and liabilities outstanding at the end of the reporting period have matching maturities and can be seen as a hedged position.

As the obligations assigned to the counterparties to the PUAs represent a performance risk for Wiener Linien in the event of default by the counterparties, this is recognised in the annual financial statements as follows:

- With regard to the counterparties for which there is a subordinated statutory guarantee liability, the default risk is extremely low, meaning that in the Group's view there is no need to recognise a valuation adjustment in the annual financial statements.
- With regard to the counterparty AIG, owing to the risk of default – current Standard & Poor's rating below AA (A-) and no collateral as described above – contingent assets of around TEUR 47,323 were recognised under other loans and the corresponding amounts are reported as liabilities of an identical amount to US trusts. A value adjustment was recognised in the form of a provision. The amount of this provision was calculated on the basis of the historical probability of default, taking into account the counterparty's credit rating and the residual maturity of the transactions. As at the end of the reporting period, assigned obligations (discounted future payment obligations) amounted to TEUR 38,005 (2017: TEUR 49,016), for which a provision of TEUR 848 (2017: TEUR 455) has been recognised in the 2018 annual financial statements (allocation of TEUR 393 recognised in profit or loss).

### Special characteristics/events after conclusion of the contracts

- The transactions concluded in 1998 were restructured in December 2003. The parts of the transactions concluded with Bank of America (then Nations-Bank) on a LILo basis for underground trains and trams were replaced with service contracts, resulting in an additional net present value benefit for Wiener Linien.



The credit rating of collateral provider AIG was downgraded in 2008, meaning that additional collateral was required; this took the form of US treasury bonds. These securities are pledged to the investor, Bank of America. They qualified for hedge accounting when a foreign currency loan was taken out in February 2009. The collateral is tested for impairment on 15 January of each year. The securities purchased and the related foreign currency loan matured in 2014. Since then, Wiener Linien has made rolling purchases of one-year US treasury bonds each year, in amounts identical to the difference to be covered between the termination value and the equity custody account. This difference varies from year to year and tends to decline over the course of the transaction. At the same time, a forward foreign exchange swap is concluded each year, eliminating the exchange risk associated with converting the US dollar amounts that become available one year later. Under this approach, risk-free withdrawal from the transaction is possible (e.g. due to termination of the underlying CBL

transaction), as is the annual adjustment of the relevant collateral requirement.

- In March 2015, in connection with the third US lease transaction (trusts FB 1999-1 and 2), the equity PUA was exchanged for US treasury bonds from UniCredit Bank Austria's holdings. Under the contractual terms of this transaction, identical amounts were recognised as liabilities to the US trusts and as securities under the "Financial assets" item. Additionally, the payment obligation on the part of UniCredit Bank Austria was transferred from contingent assets to the "Other loans" item in the statement of financial position. In order to eliminate exchange risk, the contractually agreed payments were hedged with forward foreign exchange swaps. As a result, the conversion of US dollar amounts that become available is not subject to exchange risk.
- In 2018, the first tranche of the third US lease transaction (FB 1999-1) was completed after the right to early termination of the contract (early buyout) was exercised.

The consolidated statement of financial position includes the following items connected with the US lease transactions:

US LEASE TRANSACTIONS	31 DEC 2018	31 DEC 2017
<b>TEUR</b>		
<b>Securities held as fixed assets</b>		
Custody account for US lease I and R	63,936	60,592
Custody account for furnishing of additional collateral for US lease R	18,212	21,756
Custody account for US lease IIIa	11,516	52,374
<b>Total</b>	<b>93,664</b>	<b>134,722</b>
<b>Other loans</b>		
Prepayment instruments with BACA (US lease IIIa)	10,739	49,880
Prepayment instruments with AIG (US lease R)	35,043	47,323
<b>Total</b>	<b>45,782</b>	<b>97,203</b>
<b>Cash at bank</b> (from the PUA for US lease IV [Bank Austria UniCredit Group] State Street, Trust SS1998-2)	<b>1</b>	<b>1</b>
<b>Provisions</b>	<b>848</b>	<b>455</b>
<b>Other obligations to US trusts</b>	<b>110,495</b>	<b>160,289</b>
<b>Accrued and deferred liabilities</b> Accrued net present value benefit from US lease transactions	<b>2,460</b>	<b>3,114</b>
<b>Contingent liabilities = contingent assets</b>	<b>26,070</b>	<b>109,419</b>

The other contingent liabilities include contractual obligations to Verbund, as well as letters of comfort and guarantee bonds for OeMAG Abwicklungsstelle für Ökostrom AG, Wiener Lokalbahnen Cargo GmbH trains and the Glinzendorf wind park.

Partly restricted and partly unrestricted letters of comfort and guarantees have been issued jointly and severally for Energieallianz Austria GmbH. Taking into account the contracts concluded by Energieallianz Austria GmbH with the various trading partners, net liabilities amounted to TEUR 8,944 (2017: TEUR 5,663). If the guarantees and/or letters of comfort issued by Energieallianz Austria GmbH's trading partners are unilaterally withdrawn or enforced, Wien Energie GmbH is entitled to assert claims of TEUR 8,944 (2017: TEUR 4,929) against the other shareholders.

#### Other financial liabilities

Future commitments arising from the use of off-balance-sheet property, plant and equipment are as follows:

COMMITMENTS	2018	2017
EUR		
Falling due within one year	37,637,749	38,268,999
Falling due within the next five years	186,550,093	172,821,513

#### Financial instruments

Derivatives are used as hedges in the energy business. They are treated as anticipatory hedges and offset future underlying transactions.

The derivatives held by the companies concerned (Wien Energie GmbH, Wien Energie Vertrieb GmbH & Co KG and Energieallianz Austria GmbH) at the end of the reporting period were as follows (adjusted for intra-Group transactions):

FINANCIAL INSTRUMENTS	2018		2017	
	Nominal amount*	Fair value**	Nominal amount*	Fair value**
TEUR				
Forward electricity purchases	785,381	901,293	564,007	512,914
Forward electricity sales	519,004	712,207	335,253	382,918
Electricity financial swaps and futures				
1. Purchases	393,928	472,233	166,076	169,898
2. Sales	353,364	432,879	174,894	212,228
Oil swaps purchased	7,417	576	14,709	1,552
Forward gas purchases	275,842	66,063	109,071	29,808
Forward gas sales	101,089	73,613	22,929	28,372
Gas swaps purchased	-	-	83	90
CO <sub>2</sub> allowance purchases	18,747	42,207	15,498	19,035
CO <sub>2</sub> allowance sales	40,358	39,474	23,827	29,128
Coal swaps	13,166	6,289	5,727	936

\* The nominal amount corresponds to the value of the contract (agreed quantity x agreed price).

\*\* The fair value corresponds to the market value of the derivatives.

Pending transactions which are physically settled on a regular basis and therefore meet the requirements for the own-use exemption in accordance with AFRAC position paper 15 are not classified as derivative financial instruments and are thus not included in the table.

The fair values were calculated on the basis of market parameters (quantity, price and maturity date). In 2018 oil and coal swaps were used to hedge primary energy transactions.

The electricity futures are settled either by physical delivery or financially. With regard to the gas swaps, these are forwards which are settled financially.

Underlying collateral pledged for financial swaps and futures was TEUR 26,557 (2017: TEUR 11,062) at the end of the reporting period; this is stated as other receivables, and the profits (positive variation margins) from unrealised transactions of TEUR 38,831 (2017: TEUR 78,152) are reported under accrued and deferred assets.

Derivative agreements were concluded in the energy business as physical and primarily financial hedges for procurement to meet delivery obligations to customers.

These procurement hedges are matched by highly probable sales transactions on the customer side (clearly identifiable relationship between the hedge and the underlying, or a change in the value of hedges and future quasi-hedged underlyings). Because of this, forward transactions concluded before the reporting date and electricity sales effected after the end of the reporting period qualify for hedge accounting.

These accounting principles are based on the 2015 AFRAC position paper, *Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten* (Accounting for derivatives and hedging instruments in accordance with the Austrian Business Code), which was last updated in September 2017.

Starting in the 2017 financial year, accounting for financial instruments has been based on the IDW position paper, *Besonderheiten der Bilanzierung von Energiebeschaffungs- und Energieabsatzverträgen in handelsrechtlichen Abschlüssen von Energieversorgungsunternehmen* (Special features of accounting for energy procurement and sales contracts in energy supply companies' statutory financial statements; IDW RS ÖFA 3, dated 24 August 2015). As the various energy procurement and sales transactions are closely connected in financial terms, and individual valuation would result in contingent losses being recognised that would not actually be incurred, IDW RS ÖFA 3 permits justified deviation from the individual valuation principle and, under certain circumstances, the aggregation of energy procurement and sales contracts to form contract portfolios for accounting purposes. Portfolio-based accounting requires a substantive and time-based relationship between the underlying transactions (hedge effectiveness). The portfolio structure must be aligned with the internal control system, and a risk management system including contribution costing must be in place for each contract portfolio.

EAA-GmbH's trading activities are broken down into a procurement portfolio (order business), a portfolio for trading on own account (trading business) and a sales portfolio.

#### **Order business**

The order business includes all trades performed on behalf of associates and related parties. The orders are executed on the basis of bilateral agreements conclud-

ed with other traders (OTC forwards) and futures exchanges (futures products). Execution of an order by EAA-GmbH gives rise to simultaneous procurement and sales transactions.

#### **Trading business**

The trading business performs derivative transactions (electricity, emissions and primary energy futures) as part of a portfolio trading hedge in accordance with section 57 AFRAC position paper 15. These transactions are in line with clearly defined trading strategies, which are implemented in accordance with EAA-GmbH's trading and risk strategy as specified by management and set out in the company's rule book.

#### **Sales business**

EAA-GmbH has concluded forwards and futures (electricity forwards, financial futures and physical futures) as hedges for procurement to meet delivery obligations to customers. These procurement transactions are matched by quasi-hedged sales transactions on the customer side. The company uses forwards and futures to minimise the risk arising from undesirable fluctuations in wholesale market prices, which in turn safeguards future profitability.

## 3.7 Notes to the consolidated income statement.

### 1. REVENUE

REVENUE	2018	2017
EUR		
Energy	3,151,599,046	3,400,083,796
Transport	721,111,625	669,713,469
Funeral services	84,500,702	85,878,450
Car park group	25,302,197	23,720,407
Other	116,020,440	104,006,534
Intra-Group revenue	-676,032,829	-831,595,500
<b>Total</b>	<b>3,422,501,182</b>	<b>3,451,807,156</b>

The Wiener Stadtwerke Group generated revenue of TEUR 345,459 (2017: TEUR 373,932) abroad.

This year saw a change in reporting of trading revenue at Energieallianz Austria GmbH (in which the Group has a 45% interest), for which EAA-GmbH served exclusively as an agent from a financial perspective. Trading revenue is reported as a net amount for the first time in the period under review (see Note 8.3. Financial instruments – Order business). Without netting, trading revenue would be considerably higher, as would trading expenses (see Note 2. Cost of raw materials, consumables and services). This explains the year-on-year change of around TEUR 200,000 in both items.

OTHER OPERATING INCOME	2018	2017
EUR		
1. Gains on disposal and revaluation of fixed assets other than financial assets	77,047,555	21,892,703
2. Gains on reversals of provisions	17,526,320	51,821,426
3. Sundry other	528,560,136	529,489,905
<b>Other operating income</b>	<b>623,134,011</b>	<b>603,204,034</b>

Sundry other operating income includes proceeds of TEUR 137,258 (2017: TEUR 139,059) from the release of investment grants and of TEUR 48,580 (2017: TEUR 47,577) from the release of construction subsidies, as well as subsidies from the City of Vienna relating to Wiener Linien GmbH & Co. KG's operations, revaluations of intangible assets (procurement rights for Freudenu) and revaluations of power plants by Wien Energie GmbH;

these revaluations amounted to TEUR 64,024.

The gains on reversals of provisions include TEUR 8,185 from the full reversal of an asset replacement provision.

### 2. COST OF RAW MATERIALS, CONSUMABLES AND SERVICES

EXPENSES	2018	2017
EUR		
1. Raw materials and consumables	691,153,507	534,029,977
2. Cost of services	921,210,196	1,019,697,185
<b>Cost of raw materials, consumables and services</b>	<b>1,612,363,703</b>	<b>1,553,727,163</b>

The cost of services mainly relates to energy procurement.

### 3. STAFF COSTS

The interest components of the provisions for pensions, termination, jubilee and loyalty benefits and reimbursements of gas and electricity costs to civil servants are reported as interest expense under net finance income.

STAFF COSTS	2018	2017
EUR		
1. Wages	195,554,944	364,158,089
2. Salaries	588,022,940	408,211,103
3. Expenses for termination benefits and payments to employee benefit funds	-207,060	14,450,693
4. Expenses for pension obligations	345,075,505	270,694,512
5. Expenses for statutory social security contributions and other pay-related contributions	175,610,489	170,571,950
6. Other employee benefits	5,611,236	5,659,508
<b>Staff costs</b>	<b>1,309,668,055</b>	<b>1,233,745,855</b>

The fall in wages and the rise in salaries reflect the reclassification of manual workers as salaried employees; this is explained in the information on headcount.

The increase in the expenses for pension obligations is due to the changed parameters used to calculate pension provisions (greater decrease in the discount rate compared to the previous year, and new mortality tables).

Wages and salaries include gains of TEUR 17,726 (2017: TEUR 5,259) from the reversal of provisions for jubilee and loyalty benefits. The average headcount was as follows:

<b>EMPLOYEES AVERAGE, FTE</b>	<b>2018</b>	<b>2017</b>
<b>Ave. FTE</b>		
Manual workers	4,201	8,628
Salaried employees	10,767	6,546
Apprentices	368	369
<b>Total*</b>	<b>15,336</b>	<b>15,543</b>

\*Excl. staff on parental leave, military service and civilian national service

Starting in the current reporting period, manual workers covered by the Wiener Stadtwerke collective agreement are reported as salaried employees. Previously, a distinction was made based on the type of activity performed, and employees who carried out manual labour were classified as manual workers. As a result, 4,789 FTE staff were reported as salaried employees instead of manual workers compared with the previous year.

Employees of the proportionately consolidated subsidiary Energieallianz Austria GmbH are included in Group headcount on a pro rata basis. PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG has no employees of its own.

The expenses for termination benefits and pension obligations are broken down as follows:

<b>TERMINATION BENEFITS</b>	<b>2018</b>	<b>2017</b>
<b>EUR</b>		
Management Board	141,517	78,341
Senior management	23,126	123,566
Other employees	-371,702	14,248,785
<b>Termination benefits</b>	<b>-207,060</b>	<b>14,450,693</b>

<b>PENSION OBLIGATIONS</b>	<b>2018</b>	<b>2017</b>
<b>EUR</b>		
Management Board	651,846	189,481
Senior management	711,513	1,614,911
Other employees	343,712,145	268,890,120
<b>Termination benefits</b>	<b>345,075,505</b>	<b>270,694,512</b>

The expenses for termination benefits and pension obligations include allocations and reversals, as well as payouts of termination benefits and pensions.

Due to the switch from the discounted cash flow to the actuarial calculation method, expenses for termination benefits decreased (see Note 5.1. Provisions for termination benefits and similar obligations).

Expenses for termination benefits include TEUR 4,537 (2017: TEUR 4,036) in payments to employee benefit funds. Pension expenses increased due to effects arising from use of the new mortality tables and a change in the discount rate applied when calculating provisions (see Note 5.2. Provisions for pensions).

#### **4. DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

The breakdown of depreciation, amortisation and impairment of property, plant and equipment and intangible assets by individual items is shown in the fixed assets movement schedule.

<b>AMORTISATION AND IMPAIRMENT OF INTANGIBLE ASSETS</b>	<b>2018</b>	<b>2017</b>
<b>EUR</b>		
1. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	583,841,399	575,510,445
of which impairment of fixed assets in accordance with section 204(2) Austrian Business Code	7,036,017	21,636,390

## 5. OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES	2018	2017
EUR		
1. Taxes other than income taxes	63,507,761	62,387,622
2. Sundry other	599,385,501	604,891,593
<b>Other operating expenses</b>	<b>662,893,262</b>	<b>667,279,216</b>

Other operating expenses mainly comprise maintenance costs of TEUR 247,904 (2017: TEUR 236,724), transport costs of TEUR 67,817 (2017: TEUR 64,272), rent amounting to TEUR 50,522 (2017: TEUR 49,219), cleaning expenses of TEUR 36,108 (2017: TEUR 34,044), other advertising expenses totalling TEUR 11,956 (2017: 14,734), legal and consulting costs of TEUR

26,306 (2017: TEUR 22,101), and sundry other operating expenses of TEUR 54,679 (2017: TEUR 85,103).

### Auditor's fees

Auditor's fees totalled TEUR 2,513 (excluding energy grid companies) in 2018. These are broken down as follows:

AUDITOR'S FEES	2018	2017
EUR		
Auditing services	41,836	40,000
Other auditing services	441,298	392,000
Tax advice	-	-
Other services	2,029,558	1,331,912
<b>Total</b>	<b>2,512,692</b>	<b>1,763,912</b>

## 6. INCOME/EXPENSES FROM INVESTMENTS IN ASSOCIATES

Income or expenses from investments in associates recognised in the consolidated financial statements during the reporting period are shown below:

INCOME/EXPENSES FROM INVESTMENTS IN ASSOCIATES	1 JAN 2018	ADDITIONS	DISPOSALS	DECON-SOLIDATION	31 DEC 2018
EUR					
Total	3,536,951	661,510	361,629	-	3,836,832

## 7. EXPENSES ARISING FROM FINANCIAL ASSETS

EXPENSES ARISING FROM FINANCIAL ASSETS	2018	2017
<b>EUR</b>		
Expenses arising from financial assets held as current assets	7,029,987	47,183,966
of which amortisation and impairment	7,029,987	33,981,730

Amortisation and impairment primarily relates to impairments of investments in the energy business.

## 8. INCOME TAX EXPENSE

Income tax expense in the reporting period was TEUR 209 (2017: TEUR 1,398). This includes benefits of TEUR 143 (2017: TEUR 103) from tax allocations to non-consolidated Group companies.

This gave rise to a surplus of deferred tax assets within the Wiener Stadtwerke Group. However, these assets are not recognised for the tax group members, as the assets will not retain their value owing to expected future tax losses.

The recognised deferred taxes relate to companies that are not members of the Wiener Stadtwerke GmbH tax group or fall under a different tax jurisdiction. The tax assets relate to the Energieallianz Austria subgroup (tax rate of 25%) and amount to TEUR 264 (2017: TEUR 108). Deferred tax liabilities of TEUR 541 (2017: TEUR 668) concern the Hungarian company Vienna Energy Természeti Erő Kft. (tax rate of 9%).

## 9. MOVEMENTS IN RESERVES

Readers are referred to the consolidated statement of changes in equity for details of the movements in reserves.

## 3.8 Other disclosures.

### **Consolidated statement of cash flows**

Cash and cash equivalents comprise cash in hand and at bank, and receivables and payables arising from the cash pooling arrangement with non-consolidated subsidiaries. Cash flows are presented in accordance with the structure set out in the expert opinion of the Austrian Chamber of Accountants and Tax Consultants.

### **Events after the reporting period**

There were no events after the end of the reporting period that would have been material to the presentation of the Group's assets, finances and earnings.

### **Distribution of profits**

Wiener Stadtwerke GmbH plans to distribute a dividend of TEUR 10,000 to the sole shareholder (the City of Vienna).

### **Cash pooling**

In order to manage liquidity effectively and optimise interest expense, Wiener Stadtwerke has a Group-wide cash pooling arrangement.

Framework agreements have been concluded between Wiener Stadtwerke Finanzierungs-Services GmbH (the master company) and the pool members. The members (including Wiener Stadtwerke Finanzierungs-Services GmbH) have also signed associated agreements with the account holding bank, and Group guidelines have been implemented. The latter agreements and the guidelines govern the exchange of information, charging of fees and interest, the integration of new members and options for withdrawing from the cash pooling arrangement.

### **Governing bodies**

Management Board

- Martin Krajcsir (Chief Executive Officer)
- Peter Weinelt (Deputy Chief Executive Officer)
- Gabriele Domschitz (member of the Management Board until 31 Dec 2018)

The total remuneration of the members of the Management Board was TEUR 1,140 (2017: TEUR 1,237).

In the period under review, the members of the Supervisory Board were:

- Erich Hechtner (Chairman)
- Dietmar Griebler (First Deputy Chairman)
- Andrea Faast (Second Deputy Chairwoman)
- Andreas Bauer
- Michael Bauer
- Roland Boigner (until 14 June 2018)
- Stefan Freytag
- Michael Holoubek
- Kurt Januschke
- Brigitte Jilka
- Günter Koch (until 24 May 2018)
- Maria Kubitschek
- Karin Rest
- Günther Schmalzer
- Michael Sprengnagl (from 24 May 2018)
- Andreas Staribacher
- Kurt Wessely (from 14 June 2018)

The total remuneration of the members of the Supervisory Board amounted to TEUR 58 (2017: TEUR 58) in 2018.

## 3.9 Other notes.

### **Related parties**

No material transactions were concluded with related parties on a non-arm's-length basis during the reporting period.

### **THE MANAGEMENT BOARD**

Vienna, 14 May 2019

#### **Martin Krajcsir**

Chief Executive Officer

#### **Peter Weinelt**

Deputy Chief Executive Officer



# 4

## Auditor's report\*



\* The publication or dissemination of the consolidated financial statements including our audit report is only permissible in the version in which the statements were certified. This audit report relates exclusively to the full, German-language financial statements, including the German-language Group operating and financial review. For versions other than that certified, reference is made to the provisions of section 281(2) Austrian Business Code.

## **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OPINION**

We have audited the consolidated financial statements of Wiener Stadtwerke GmbH, Vienna, and its subsidiaries ("the Group") comprising the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements conform to the legal regulations to the maximum extent possible and give a true and fair view of the Group's assets and finances as at 31 December 2018, as well as its earnings and cash flows for the year then ended, in accordance with the applicable Austrian company law provisions.

## **BASIS FOR THE AUDIT OPINION**

We conducted our audit of the financial statements in accordance with the generally accepted auditing standards applicable in Austria. These standards require the application of International Standards on Auditing (ISA). Our responsibilities under these rules and standards are described in detail in the section 'Responsibility of the auditor for the audit of the consolidated financial statements' below.

We are independent of the Group as stipulated by Austrian company law and statutory professional standards, and have complied with our other professional duties in accordance with these requirements. We believe that we have obtained sufficient and suitable audit evidence so that our audit provides an adequate and reliable basis for our audit opinion.

## **RESPONSIBILITY OF THE COMPANY'S LEGAL REPRESENTATIVES AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

The Group's legal representatives are responsible for the preparation of the consolidated annual financial statements which, to the maximum extent possible, present a true and fair view of the Group's assets, finances and earnings in accordance with the Unternehmensgesetzbuch (Austrian Commercial Code). The Group's legal representatives are also responsible

for implementing an internal control system, to the extent that they deem this necessary for the preparation of consolidated annual financial statements that are free from material misstatement whether due to fraud or error.

When preparing the consolidated financial statements, the Group's legal representatives are responsible for assessing the Group's capacity to continue as a going concern, for disclosing information – where relevant – related to the Group's capacity to continue as a going concern, as well as for applying the going concern principle unless the legal representatives intend to dissolve the Group or cease business activities, and have no other realistic alternatives but to do so.

The Audit Committee is responsible for monitoring the Group's accounting processes.

## **RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance that the consolidated financial statements are free from material misstatement whether due to fraud or error, and to issue an audit certificate that contains our opinion. Reasonable assurance is a high degree of certainty, but not a guarantee, that an audit carried out in accordance with generally accepted auditing standards as applicable in Austria, which requires application of the ISA, will always reveal any material misstatements. Misstatements may result from fraudulent acts or from errors and are considered material if it can be reasonably assumed that they have an influence, either individually or collectively, on economic decisions taken by users on the basis of these consolidated financial statements.

In the course of an audit in accordance with the generally accepted auditing standards applicable in Austria, which requires application of the ISA, we exercise due discretion and maintain professional scepticism throughout the audit.

The following also applies:

- We identify and assess the risks of material – intentional or unintentional – misrepresentations in the financial statements, we plan audit activities in response to these risks, execute them and obtain audit evidence that is sufficient and suitable to serve as a reliable basis for our audit opinion. The risk that misrepresentations resulting from fraudulent actions

will not be discovered is higher than in the case of misrepresentations resulting from mistakes, because fraudulent actions may include collusion, falsifications, intentionally incomplete data, misleading presentations or the overriding of internal controls.

- We obtain an understanding of the internal control system to the extent that this is of relevance for the audit of the financial statements in order to plan the suitable audit activities under the given circumstances, but not to express an audit opinion on the effectiveness of the Group's internal control system.
- We assess the reasonableness of the accounting methods applied and of the estimates made by the Group's legal representatives in the accounts and the related notes.
- On the basis of the audit evidence obtained, we draw conclusions on the appropriateness of applying the going concern principle by the Group's legal representatives as well as if there is any material uncertainty in connection with the events or circumstances that may raise serious doubts as to the capacity of the Group to continue as a going concern. Should we reach the conclusion that there is material uncertainty, we are under the obligation to point out the relevant information in the consolidated financial statements in our audit certificate, or, if giving this information is not reasonable, we must modify our audit certificate. We base our conclusions on the audit evidence obtained up to the date of our audit certificate. However, future events or circumstances may affect the Group's capacity to continue as a going concern.
- We assess the overall presentation, the structure and the contents of the consolidated financial statements including the data and also whether the consolidated financial statements reflect the underlying transactions and events in such a manner so as to present a true and fair view of the Group.
- We obtain sufficient audit evidence on the financial information of the entities or business activities within the Group so as to be able to reach an audit opinion on the consolidated financial statements. We are responsible for managing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion.

We exchange views with the Supervisory Board regarding, among other things, the planned scope and the planned schedule of the audit of the financial statements as well as regarding major audit findings including any significant deficiencies in the internal control system we have discovered during our audit.

## OPINION ON THE GROUP OPERATING AND FINANCIAL REVIEW

According to the applicable regulations in Austria, the Group operating and financial review must be audited to ascertain whether it is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements. The Group's legal representatives are responsible for the preparation of the Group operating and financial review in accordance with the regulations applicable in Austria. We have conducted our audit of the Group operating and financial review in accordance with the relevant codes of professional conduct.

### Opinion

In our opinion, the Group operating and financial review has been prepared in accordance with the applicable legal requirements and is consistent with the consolidated financial statements.

### Declaration

Based on the findings of our audit of the consolidated financial statements and the understanding obtained of the Group and its operating environment, no material misstatements were identified in the Group operating and financial review.

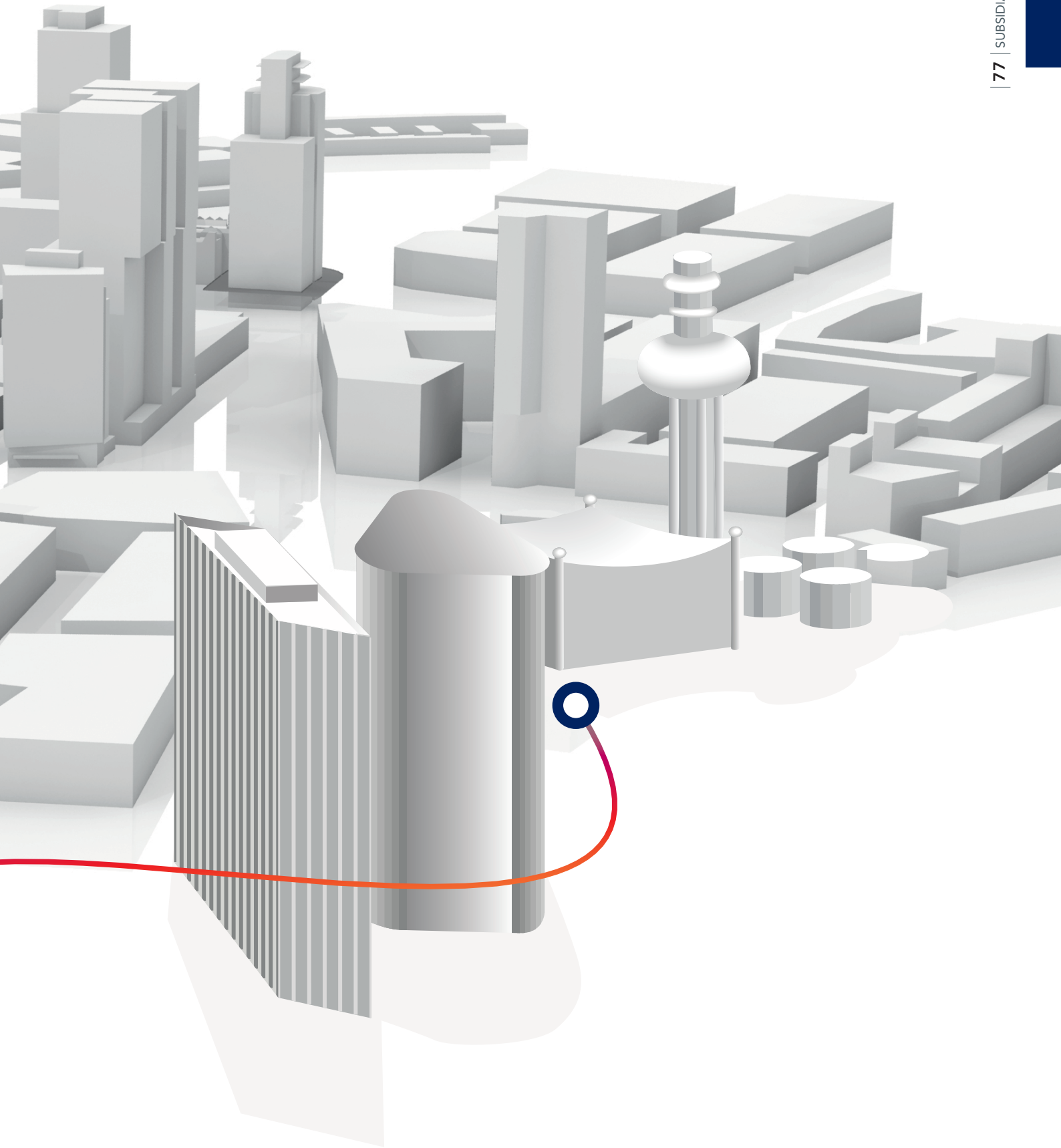
Vienna, 14 May 2019

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.  
Stefan Uher m.p., auditor  
Victoria Scherich m.p., auditor

A 3D architectural rendering of a cityscape with various grey buildings of different heights and shapes. A large white circle is overlaid on the left side of the image, containing the number '5' and the text 'Subsidiaries and associates.'. A curved line with a color gradient from red to blue starts from the bottom right and loops around the bottom of the white circle.

# 5

**Subsidiaries and  
associates.**



CONSOLIDATED SUBSIDIARIES	2018		2017	
	WSTW GmbH	WSTW Group	WSTW GmbH	WSTW Group
Interest (%)				
1. Wiener Stadtwerke GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100.00	100.00	100.00	100.00
2. Wien Energie GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100.00	100.00	100.00	100.00
3. Wiener Netze GmbH, Erdbergstrasse 236, 1110 Vienna	100.00	100.00	100.00	100.00
4. Facilitycomfort Energie- und Gebäudemanagement GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	0.00	100.00	0.00	100.00
5. Wiener Linien GmbH, Erdbergstrasse 202, 1030 Vienna	100.00	100.00	100.00	100.00
6. Wiener Linien GmbH & Co KG, Erdbergstrasse 202, 1030 Vienna	100.00	100.00	100.00	100.00
7. B&F Wien – Bestattung und Friedhöfe GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100.00	100.00	100.00	100.00
8. Friedhöfe Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	100.00	0.00	100.00
9. WienIT EDV Dienstleistungsgesellschaft mbH, Thomas-Klestil-Platz 13, 1030 Vienna	100.00	100.00	100.00	100.00
10. Wiener Stadtwerke GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	99.37	100.00	99.37	100.00
11. Wiener Lokalbahnen GmbH, Purkytgasse 1B, 1230 Vienna	99.94	100.00	99.94	100.00
12. Wiener Lokalbahnen Verkehrsdienste GmbH, 7. Haidequerstrasse 6, 1110 Vienna	0.00	100.00	0.00	100.00
13. Wiener Lokalbahnen Cargo GmbH, Freudenauer Hafenstrasse 8-10, 1020 Vienna	0.00	100.00	0.00	100.00
14. Wiener Stadtwerke Vermögensverwaltung GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100.00	100.00	100.00	100.00
15. Wiener Stadtwerke Finanzierungs-Services GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	0.00	100.00	0.00	100.00
16. Wien Energie TownTown GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00	0.00	100.00
17. WSTW TownTown GmbH & Co Residenz KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00	0.00	100.00
18. Wien Energie TownTown GmbH & Co Energy Tower KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00	0.00	100.00
19. Bestattung Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	100.00	0.00	100.00
20. BFW Gebäudeerrichtungs- u. Vermietungs GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	100.00	0.00	100.00
21. BFW Gebäudeerrichtungs- u. Vermietungs GmbH & Co KG, Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	100.00	0.00	100.00
22. Wien Energie Bundesforste Biomasse Kraftwerk GmbH, 1. Haidequerstrasse 1, 1110 Vienna	0.00	66.67	0.00	66.67
23. Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG, 1. Haidequerstrasse 1, 1110 Vienna	0.00	66.67	0.00	66.67
24. Wiener Erdgasspeicher GmbH, Erdbergstrasse 236, 1110 Vienna	0.00	100.00	0.00	100.00
25. Beteiligungsmanagement IWS Verwaltungs GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	0.00	100.00	0.00	100.00
26. Vienna Energy Természeti Erő KFT, Aradi utca 16, HU-1062 Budapest	0.00	100.00	0.00	100.00

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	2018		2017	
	WSTW GmbH	WSTW Group	WSTW GmbH	WSTW Group
Interest (%)				
1. e&i EDV Dienstleistungsgesellschaft m.b.H., Thomas-Klestil-Platz 13, 1030 Vienna	0.00	50.00	0.00	50.00
2. EPZ Energieprojekt Zurndorf GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	0.00	42.40	0.00	42.40
3. TELERREAL Telekommunikationsanlagen GmbH, Mollardgasse 8/Top 19, 1060 Vienna	0.00	25.00	0.00	25.00
4. Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH & Co KG, Am Hof 6a, 1010 Vienna	0.00	33.33	0.00	33.33

PROPORTIONATELY CONSOLIDATED COMPANIES	2018		2017		
	WSTW GmbH	WSTW Group	WSTW GmbH	WSTW Group	
Interest (%)					
1. Wien Energie Vertrieb GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00	0.00	100.00	
2. Energieallianz Austria GmbH, Wienerbergstrasse 11, 1100 Vienna	0.00	45.00	0.00	45.00	
Naturkraft Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	0.00	45.00	1	45.00	1
SWITCH Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	0.00	45.00	1	45.00	1
EAA 24x7 GmbH, Wienerbergstrasse 11, 1100 Vienna	0.00	45.00	1	45.00	1
3. PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	0.00	50.00	0.00	50.00	

COMPANIES NOT ACCOUNTED FOR USING THE EQUITY METHOD***	2018		2017	
	WSTW GmbH	WSTW Group	WSTW GmbH	WSTW Group
Interest (%)				
1. PAMA-GOLS Windkraftanlagenbetriebs GmbH, Kasernenstrasse 9, 7000 Eisenstadt	0.00	50.00	0.00	50.00
2. Bytkomfort s.r.o., SNP 9, SK-94060 Nové Zámky	0.00	0.00	2	49.00
3. TownTown Tiefgaragen GmbH, Würtzlerstrasse 3/8, 1030 Vienna	0.00	0.00	12	44.00
4. TownTown Tiefgaragen GmbH & Co. KG, Würtzlerstrasse 3/8, 1030 Vienna	0.00	0.00	12	44.00
5. Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH, Am Hof 6a, 1010 Vienna	0.00	33.33	0.00	33.33
6. EVN-Wien Energie Windparkentwicklungs- und Betriebs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	50.00	0.00	50.00
7. EVN-Wien Energie Windparkentwicklungs- und Betriebs GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	50.00	0.00	50.00
8. Aspern Smart City Research GmbH, Seestadtstrasse 27, 1220 Vienna	0.00	49.95	0.00	49.95
9. Aspern Smart City Research GmbH & Co KG, Seestadtstrasse 27, 1220 Vienna	0.00	49.95	0.00	49.95
10. Bestatterakademie GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	49.00	0.00	49.00
11. EP Zurndorf GmbH, Kasernenstrasse 9, 7000 Eisenstadt	0.00	42.40	0.00	42.40
12. ARGE Parkplatz Verteilerkreis Favoriten, Verteilerkreis Favoriten, 1100 Vienna	0.00	50.00	0.00	0.00

NON-CONSOLIDATED COMPANIES*/**		2018		2017	
		WSTW GmbH	WSTW Group	WSTW GmbH	WSTW Group
Interest (%)					
1.	Wienstrom Naturkraft GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00		100.00
3.	Serviskomfort s.r.o., Volgogradská 88, SK-08001 Prešov	0.00	0.00	2	100.00
4.	Vienna Energy forta naturala S.R.L., Sfanta Vineri Street no.29, Bectro-Center, RO-030203 Bucharest	0.00	100.00		100.00
5.	Hauscomfort GmbH, Spittelauer Lände 45, 1090 Vienna	0.00	100.00		100.00
6.	Energiecomfort Hungary Energetik, Régi Várház tér 12, HU-9200 Mosonmagyaróvár	0.00	0.00	2	100.00
7.	Gemeinnützige Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H., Nelkengasse 6/6, 1060 Vienna	100.00	100.00		100.00
8.	R.H. pro domo Servicegesellschaft m.b.H., Nelkengasse 6/6, 1060 Vienna	0.00	0.00	3	100.00
9.	Wiencom Werbeberatungs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	0.00	4	100.00
10.	Sarglogistik Vienna GmbH, Anton-Mayer-Gasse 3, 1110 Vienna	0.00	0.00	5	100.00
11.	pax diebestattung GmbH, Landstrasser Hauptstrasse 39, 1030 Vienna	0.00	100.00		100.00
12.	BFW Bestattungsservice Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	100.00		100.00
13.	Tierfriedhof Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	70.00		70.00
14.	Druckerei Lischkar & Co. Gesellschaft m.b.H., Simmeringer Hauptstrasse 339, 1110 Vienna	0.00	100.00		100.00
15.	Spravbytkomfort a.s., Volgogradská 88, SK-08001 Prešov	0.00	0.00	6	55.00
16.	Neu Leopoldau Entwicklungs GmbH, Messeplatz 1, 1021 Vienna	0.00	51.00		51.00
17.	MHC Calinesti Rau S.R.L., Sfanta Vineri Street no.29, Bectro-Center, RO-030203 Bucharest	0.00	0.00	7	100.00
18.	PTGwsg GmbH, Nelkengasse 6/6, 1060 Vienna	0.00	0.00	3	100.00
19.	Energy Eastern Europe Hydro Power GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00		100.00
	ERS d.o.o. Male Hidroelektrane, Akademika Petra Mandica 11c, 71 123 Istočno Sarajevo	0.00	100.00	8	100.00
	EBH d.o.o., Zmaja od Bosne 7-7a, 33 000 Sarajevo	0.00	100.00	8	100.00
	EMK d.o.o., Jane Sandanski 113-12, 1000 Skopje	0.00	100.00	8	100.00
	ECG d.o.o. Male Hidroelektrane, Marka Miljanova 27, 81 000 Podgorica	0.00	0.00	3	100.00
20.	Upstream - next level mobility GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	49.00	100.00		100.00
21.	Wiener Linien Verkehrsprojekte GmbH, Erdbergstrasse 202, 1030 Vienna	0.00	100.00		100.00
22.	TownTown Infra GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	0.00	70.00		70.00
23.	TownTown Immobiliendevlopment GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	0.00	0.00	9	70.00
24.	IWS TownTown AG & Co OG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	0.00	10	70.00
25.	Kraftwerk-Gulling GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00		100.00
26.	Kraftwerk-Gulling GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	100.00		100.00
27.	Wiener Linien Direktionsgebäude GmbH, Erdbergstrasse 202, 1030 Vienna	0.00	100.00		0.00
28.	Wiener Stadtwerke Planvermögen GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	99.80	99.80	11	0.00
29.	KW Sallabach GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	85.00		0.00
30.	KW Sallabach GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	0.00	85.00		0.00

\* Excluded pursuant to section 249(2) Austrian Business Code

\*\* Details of capital and reserves and of profit for the year are not presented, as the companies concerned are immaterial to presenting a true and fair view of the Group's assets, finances and earnings

\*\*\* Excluded pursuant to section 263(2) Austrian Business Code

1 Fully-owned subsidiary of Energieallianz Austria GmbH

2 Disposed of in 2018

3 Liquidated in 2017 and removed from the register of companies following completion of liquidation in 2018

4 Merged with WienIT EDV Dienstleistungsgesellschaft mbH in 2018

5 Merged with BFW Bestattungsservice Wien GmbH (formerly KREMATORIUM Wien GmbH) in 2018

6 Disposed of in 2018

7 Merged with Vienna Energy forta naturala S.R.L. in 2018

8 Fully-owned subsidiary of Energy Eastern Europe Hydro Power GmbH

9 Liquidated and removed from the register of companies following completion of liquidation in 2018

10 Assets transferred to TownTown Infra GmbH in 2018

11 An interest of 0.2% is held by a fiduciary

12 Merged with Wipark Garagen GmbH in 2018



# 6

## Glossary.



## TECHNICAL AND INDUSTRY-SPECIFIC TERMS

### **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<sub>2</sub> emission allowances**

These entitle the holder to emit a given amount of CO<sub>2</sub>. 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.

### **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.

### **Equity ratio**

(Equity/total capital less government grants and prepayments on account of orders) x 100

### **Financial Reporting (Amendment) Act 2014**

The Rechnungslegungsänderungsgesetz (Financial Reporting [Amendment] Act) 2014 is applicable to financial years beginning after 31 December 2015.

### **Fixed assets ratio**

(Fixed assets/total assets) x 100

### **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.

### **Modal split**

This refers to the percentage breakdown of total traffic volume into the various transport modes.

### **NO<sub>x</sub>**

NO<sub>x</sub> 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.

**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.

**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.

**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 grid**

A smart grid is an intelligent power network, capable of the (communications) networking and control of power generators, storage equipment and consumers, and operators of transmission and distribution network resources. The aim is to connect distributed generating stations and plants with volatile output (e.g. from renewable sources such as photovoltaic, wind and biogas plants) to the grid without compromising network stability, underpinning efficient and reliable system operation as well as security of supply.

**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.

**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.

**URBEM**

This is a joint research project implemented by Wiener Stadtwerke and TU Wien. Ten doctoral students are developing and visualising innovative energy and transport scenarios for Vienna’s infrastructure that resemble a real-life version of the computer game SimCity.

## **PUBLICATION DETAILS**

### **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@wienersstadtwerke.at

### **Design:**

The Skills Group GmbH  
Margaretenstrasse 70, 1050 Vienna  
+43 (0)1 505 26 25  
www.skills.at

## **PHOTOS**

Cover picture: eugeneseergeev/iStock  
Pages 2/3, 12/13, 42/43, 52/53, 79, 82/83 and 87:  
eugeneseergeev/iStock; illustrations: Tom Mackinger  
Page 6: Ian Ehm  
Pages 8 and 10: PID



