Laying the groundwork for a secure future

That's what we do.

Financial Report
2020

WIENER LINIEN | WIEN ENERGIE | WIENER NETZE | WIENER LOKALBAHNEN | WIPARK | WIEN IT
BESTATTUNG WIEN | FRIEDHÖFE WIEN | UPSTREAM MOBILITY | FACILITYCOMFORT | GWSG
WIENER STADTWERKE GROUP

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WIENER STADTWERKE AT A GLANCE

PERFORMANCE INDICATORS

EUR m	2019	2020	Change in %
Revenue	3,028.1	**3,144.2**	+3.8
Adjusted EBITDA*	569.5	**615.6**	+8.1
Adjusted profit for the year**	247.2	**283.4**	+14.6
Investments	1,094.5	**1,757.4**	+60.6
in property, plant and equipment and intangible assets	641.9	**647.6**	+0.9
in financial assets	452.6	**1,109.8**	+145.2
Capex ratio	21.2	**20.6**	-0.6 pp
Planned investments in property, plant and equipment and intangible assets from 2021 to 2025		**5,593.7**	
in climate-friendly investments		**4,252.3**	
Total assets as at 31 Dec.	11,412.5	**13,868.6**	+21.5
Non-current assets as at 31 Dec.	9,546.9	**12,264.4**	+28.5
Capital and reserves as at 31 Dec.	3,555.3	**5,028.4**	+41.4
Equity ratio as at 31 Dec. in %	31.2	**36.2**	+5.0 pp
Headcount, avg. FTE	14,529	**14,755**	+1.6
Apprentices	359	**376**	+4.7

* Adjusted for a foreign procurement right and other one-off or rare expenses and income
** Additionally adjusted for effects of impairment tests

+3.8 %
Revenue increased

EUR 423.7 m
Investments in climate-friendly projects

+1.6 %
More **employees** despite crisis

EUR +1.5 bn
Capital increased

Foreword

The Management Board in the new WIENER STADTWERKE service point.

Dear Shareholders,

Despite the extraordinary challenges facing the economy and thus also the WIENER STADTWERKE Group last year, we can report positive business development for 2020. As in previous years, the Group's key figures continued to improve with revenue rising by almost 4% to EUR 3.14bn, and EBITDA even increasing by more than 8% to EUR 615.6m after adjustment for special effects. This is a great success, which can be attributed to a sustainable strategy and very well implemented efficiency measures.

The main contribution to this growth came from our largest division, Energy, with a 16% increase in revenue. In addition to higher revenues from gas sales, sales of services and telecommunications increased noticeably. The Energy Grids division also grew again by 8% after the negative special effects of regulation in the past year. As expected, the Transport (-17%) and Car Parks (-15%) divisions declined significantly. The pandemic saw the mobility of the regional population, as well as tourism, decrease noticeably. One of the reasons these figures did not fall even further was the stable revenue level from annual tickets and Top-Jugendticket youth passes. Against the backdrop of a slight excess of mortality, revenues in the Funeral Services and Cemeteries division increased by 3%.

Operating profit (EBIT) of EUR 665.4m was recorded in the 2020 reporting period, following EUR 348.6m in the previous year. The operating profit includes increased revenue, positive one-off effects in personnel expenses, and effects from asset valuation. Improvements in expenses were also recorded for the Energy and Energy Grids divisions. At EUR 283.4m, the resulting profit for the year, adjusted for special effects, was up on the prior-year value by 15%.

With investments in property, plant and equipment and intangible assets amounting to EUR 647.6m, we again used a very high proportion of our funds last year to strengthen our future and performance capabilities. The central themes were digitalisation, innovation and climate protection. 72% of our investments in property, plant and equipment went into climate-friendly projects. In addition, we took over a share package of more than 28% in EVN AG from the German EnBW Trust e. V. last August, following approval by the competition authorities. For us, this financial investment is an attractive investment in the rock-solid business of an Austrian company and a sensible addition to our portfolio.

The stable economic foundation gives us every opportunity for the current financial year to successfully continue on our path in the service of the citizens of our city. The pandemic and difficult energy conditions will remain challenges for the time being. We are countering this by improving our efficiency and intensifying our innovative activities. Special attention is being paid to climate protection, and by 2025 we will invest EUR 4.25bn in climate-friendly projects.

We would like to thank our business partners and the representatives of the City of Vienna for the successful cooperation in the past year. We are also looking forward to the challenges that we will overcome together in 2021 for the benefit of the people in our city.

Vienna, June 2021

Martin Krajcsir
Chief Executive Officer

Peter Weinelt
Deputy Chief Executive Officer

Group operating and financial review

Financial Year 2020

Standards and guidelines

All data and bases of calculation in this operating review are in accordance with international accounting standards (the International Financial Reporting Standards, IFRS).

Monetary values are presented in millions of euros (EUR m). Disclosures in millions of euros may be subject to rounding differences.

1 Operating activities

The WIENER STADTWERKE Group is a modern infrastructure service provider and a major player in terms of climate protection in Vienna and the surrounding area. It is one of Austria's biggest conglomerates and employers, of major significance for the Austrian economy. Its business operations cover the divisions Energy, Energy Grids, Transport, Funeral Services and Cemeteries, and Car Parks. The Energy and Energy Grids divisions are made up of Generation, Distribution and Grid Operation departments which ensure reliable electricity, gas and district heating and cooling supplies. WIENER STADTWERKE services also include public transport (WIENER LINIEN and WIENER LOKALBAHNEN), funeral and cemetery management, and car park services (WIPARK). These reliable services help to maintain the high quality of life offered by the City of Vienna, which has been confirmed in various studies.

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

ENERGY

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

ENERGY GRIDS

WIENER NETZE GmbH is Austria's largest combined system operator. It runs Vienna's electricity, gas and district heating distribution grids, and a telecommunication network. It delivers reliable energy transportation services around the clock, 365 days a year. With 99.99% reliability, the company is one of the most secure providers in this regard anywhere in the world. WIENER NETZE and its approximately 2,400 employees ensure that 2.1 million customers in Vienna and the surrounding area have uninterrupted access to energy round the clock.

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

TRANSPORT

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

This remit enables the company to provide an integrated public transport network in Vienna, making contemporary, urban transport solutions as straightforward and attractive as possible. At the same time, it is tasked with offering passengers good value for money whilst maintaining and enhancing service quality. The expansion of the service at WienMobil stations[1] aims to create new convenient ways to combine public transport with various services and transport sharing options. Future areas of focus will be on the construction of the U2xU5 underground hub, the use of self-driving underground trains and the expansion of the tram infrastructure, but also on the more sustainable and energy-efficient planning and use of existing green spaces and structures. This advances WIENER LINIEN GmbH & Co KG's evolution from integrated mobility service provider to pioneer within a climate-friendly future as a "Green Line" for the achievement of the climate and sustainability targets set by the City of Vienna.

WIENER LOKALBAHNEN GmbH is the operator of a fully electrified railway line that links the city centres of Vienna and Baden. Integrated into Verkehrsverbund Ost-Region (Eastern Region Transport Association, VOR), the Badner Bahn railway covers one of the most important commuter links to the south of Vienna. Services on the Badner Bahn route are operated on behalf of the Austrian government and the provinces of Vienna and Lower Austria. Since December 2020, the service has been expanded considerably, now offering trains linking Vienna's State Opera House and Wiener Neudorf every 7.5 minutes on working days. This aims to get even more passengers to make the switch to public transport, thus making a considerable contribution towards protecting the climate. Travelling from Baden to Vienna, every single commuter favouring the Badner Bahn over a car can save 1,620 kg of CO_2. Over the course of a year, this corresponds to the amount of CO_2 in over 600 litres of diesel. Inside the city limits, it partly shares the WIENER LINIEN track network. WIENER LOKALBAHNEN also operates bus routes in Baden and on behalf of WIENER LINIEN, as well as passenger services on third-party rail infrastructure. The WIENER LOKALBAHNEN division also operates transport and private travel services for people with restricted mobility through the subsidiary WIENER LOKALBAHNEN VERKEHRSDIENSTE GmbH (WLV). WLV is also active as a mobility service provider in the field of urban logistics, as well as the operator of on-call bus services on behalf of WIENER LINIEN. WIENER LOKALBAHNEN CARGO (WLC), also a subsidiary of WIENER LOKALBAHNEN, organises intermodal block train shipments across Europe.

FUNERAL SERVICES AND CEMETERIES

Founded in 1907, BESTATTUNG WIEN GmbH is Austria's largest funeral home and one of the largest in Europe. Since its founding, the company has organised around two million burials and repatriations all around the world. It currently offers around 18,500 funeral services every year. BESTATTUNG WIEN GmbH manages 17 customer service centres in Vienna. The wide range of services extends from organising funerals and providing assistance with administrative issues to the ideal consultation for making funeral provisions that are tailored to the individual's wishes. The range also includes historic funeral carriages, the preparation of death masks, green funerals, as well as burial at sea and woodland burials. Their wealth of experience and high customer service standards are reflected in ISO 9001 quality certification.

FRIEDHÖFE WIEN GmbH manages over 550,000 graves at 46 cemeteries in Vienna. It gives all citizens of Vienna a dignified burial site regardless of their religion or ethnicity. In addition, FRIEDHÖFE WIEN GmbH also maintains paths and roads, green spaces and trees, chapels and churches, memorial sites and cemetery crosses, historic buildings and cultural monuments. Cemeteries are cultural sites and part of the city's history. The FRIEDHÖFE WIEN GmbH cemetery gardening company offers a wide range of services, from funeral floristry and decorations for weddings to greening for companies. The FRIEDHÖFE

1 WIENER LINIEN's WienMobil stations conveniently combine public transport with various services and vehicle sharing options, such as bike sharing, scooter sharing, moped sharing, car sharing, bike servicing points, electric charging stations and cargo bikes.

WIEN GmbH masonry company is the perfect place to go for engravings, grave borders and respectable gravestones. These companies draw on their many years of experience in the design and restoration of crypts and mausoleums. SARGLOGISTIK WIEN manufactures and sells metal caskets. It is also a logistics service provider for funeral homes. KREMATORIUM WIEN was founded back in 1922 and is the largest crematorium in Austria. Over 6,500 cremations are carried out every year. Since 2018, SARGLOGISTIK WIEN GmbH and KREMATORIUM WIEN GmbH have joined forces under the new name BFW BESTATTUNGSSERVICE WIEN GmbH.

CAR PARKS

WIPARK Garagen GmbH is not only the oldest but also the largest car park management company in Vienna. It constructs underground car parks, multi-storey car parks, open-air car parks and currently manages 80 sites with approximately 24,000 parking spaces. These help to maintain the vitality of the city by leaving space for greenery, play parks, pedestrian zones and revitalised historic squares, thus restoring living space to the residents of Vienna.

2 Corporate strategy

The WIENER STADTWERKE Group is a cornerstone of the Viennese economy, and an attractive employer for a workforce of about 15,000. The company makes a significant contribution towards the economic development of Vienna and helps to safeguard the city's high quality of life. WIENER STADTWERKE carries out its responsibilities as a corporate citizen with a clear focus on economic effectiveness and efficiency. Only a financially sound business can deliver energy supply security, provide the people of Vienna with sustainable, high-quality products and services, and make far-sighted investments in future-proof infrastructure.

As a diversified group, WIENER STADTWERKE is in part subject to highly challenging legal and trading environments. Because of this, it manages its subsidiaries according to targets and performance indicators that are tailored to each individual operation.

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

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

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

3 Legal and economic environment

Economic environment

Austria experienced an economic downturn of historic proportions in 2020. Economic trends are largely determined by Covid-19 infection rates and the measures implemented in order to contain the coronavirus.[2]

At -7.3%, the year-on-year drop in Austrian GDP was less dramatic than the circumstances had indicated – with several lockdowns of varying intensity during 2020.[3]

The measures to contain the coronavirus pandemic resulted in a huge drop in consumer demand. This was reflected in the loss of value added in the tourism, transport, retail, personal services and art, entertainment and leisure industries. In a reflection of the international environment, Austrian industry and exports also collapsed.[4]

The unemployment rate increased significantly in 2020 from 7.4% to 9.9%. According to an analysis by the institutes, furloughed working hours prevented an even more dramatic increase.[5]

Despite the recession caused by the coronavirus pandemic, inflation (CPI) remained stable in Austria in 2020, remaining at a moderate 1.4% and slightly down on the previous year.[6] This continues the trend of low inflation rates seen in recent years. Contrary to expectations, prices in the restaurant trade and for foodstuffs continued to climb. By contrast, the global market for crude oil resulted in lower prices for fuel and heating oil.[7]

The US Federal Reserve cut its key rate to under 1% in 2020 (Q2: 0.13%)[8], but the European Central Bank (ECB) maintained its highly expansionary monetary stance, which was aimed at lifting inflation to the price stability target of 2%.[9]

At the same time, Europe's monetary authorities implemented rescue packages worth billions in order to lessen the economic impact of the second wave of the coronavirus pandemic. The emergency purchase of government bonds and company securities is being massively expanded and the highly flexible PEPP (Pandemic Emergency Purchase Programme) had its volume almost doubled. The key interest rate in the eurozone has been at a record low of zero per cent for nearly five years. As of mid-June 2014, banks have also had to pay interest when parking money in the central bank. For several years now, the ECB has also been making major purchases of securities, particularly government bonds, via other programmes. In this way, the ECB aims to boost the economy and get closer to its aim of achieving a stable price level with inflation of just under 2% over the medium term.[10]

This economic backdrop, together with new suppliers and generators on the liberalised energy market, and

2 https://news.wko.at/news/steiermark/Die-Weltwirtschaft-im-Jahr-2020:-Das-Virus-der-Rezession-.html, accessed on 20 January 2021
3 https://www.wifo.ac.at/jart/prj3/wifo/widat/Wirtschaftsdaten/d/4.1_d_out.pdf?r=3cpm, accessed on 20 January 2021
4 https://www.wifo.ac.at/news/covid-19-pandemie_verursacht_historischen_einbruch_der_wirtschaftsleistung_im_ii_quartal_2020, accessed on 20 January 2021
5 https://wko.at/statistik/prognose/text-PDF.pdf?_ga=2.141814642.1721047269.1611176704-1656282457.1592329743, accessed on 20 January 2021
6 https://www.wifo.ac.at/jart/prj3/wifo/widat/Wirtschaftsdaten/d/1.4_d_out.pdf?r=tcGS, accessed on 20 January 2021
7 https://www.statistik.at/web_de/presse/125192.html, accessed on 20 January 2021
8 https://www.finanzen.net/zinsen/leitzins/historisch/usa, accessed on 20 January 2021
9 https://www.finanzen.net/nachricht/zinsen/geldpolitik-ezb-entscheid-pandemiekaufprogramm-fuer-anleihen-wird-erhoeht-leitzins-weiter-auf-rekordtief-lagarde-schliesst-weitere-zinssenkung-nicht-aus-9599356, accessed on 20 January 2021
10 https://www.finanzen.net/nachricht/zinsen/geldpolitik-ezb-entscheid-pandemiekaufprogramm-fuer-anleihen-wird-erhoeht-leitzins-weiter-auf-rekordtief-lagarde-schliesst-weitere-zinssenkung-nicht-aus-9599356, accessed on 20 January 2021

ambitious climate and energy targets, poses tough tests for WIENER STADTWERKE. These challenges can be overcome by working relentlessly to develop innovative new services and products, providing optimum care for existing customers, and constantly boosting efficiency.

Legal environment

Coronavirus legislation

In March 2020, the Austrian government approved a comprehensive package of measures to combat the spread of coronavirus, which was categorised as a pandemic by the World Health Organization (WHO). On the basis of the legislation on measures to control Covid-19, several regulations were approved in order to contain the pandemic. Existing laws were also amended (such as the Law on Epidemics). Special laws came into force in many other areas in order to implement the measures announced by the Federal government (such as the Covid-19 crisis management fund [Covid-19-FondsG], the law on investment premiums [Investitionsprämiengesetz] and corporate law regarding Covid-19 [Gesellschaftsrechtliches COVID-19-Gesetz]).

The directives enacted by the Federal Ministry of Social Affairs, Health, Care and Consumer Protection ruled, for example, that workplaces should preferably only be visited if this was essential for professional reasons and only if it can be ensured that people in the workplace can maintain social distancing of at least one metre, provided the risk of infection cannot be minimised by the relevant protective measures. As a result, all employees in the WIENER STADTWERKE Group who did not have to travel to their usual workplace in order to carry out their duties were able to work from home, in line with the legal requirements. In terms of critical infrastructure, continuous operations were maintained thanks to the implementation of various hygiene concepts. Due to the corporate law regarding Covid-19 [Gesellschaftsrechtliches COVID-19-Gesetz] and corporate directive regarding Covid-19 [Gesellschaftsrechtliche COVID-19-Verordnung], which expressly provided for the option of holding legally valid corporate meetings in the form of virtual conferences, most of the legally valid corporate meetings within the WIENER STADTWERKE Group that were held during the reporting period were held as video conferences wherever possible.

Despite the rulings to ease the measures to contain the Covid-19 pandemic in the summer (COVID-19-Lockerungsverordnung), Austria was once again under lockdown at the end of the year as a result of the second directive on emergency measures to contain Covid-19 [2. COVID-19-Notmaßnahmenverordnung].

Data privacy

Data privacy is an important topic for WIENER STADTWERKE. A data protection organisation was created in 2018 as a result of the Group guidelines pertaining to the data protection organisation of the WIENER STADTWERKE Group. It establishes the principles for processing personal data within the Group. As part of the ongoing regular updates to the data protection organisation, several items in the existing Group guidelines were revised in 2020, which were also supplemented with a process for handling any data breaches of relevance to the Group. Furthermore, a framework agreement was also concluded for data processing and data transfer. It will replace bilateral order processing contracts and governs responsibilities in the context of joint processing activities in accordance with Section 26 GDPR. In line with the development of data protection requirements, the revision of the Group-wide deletion strategy was initiated last year and a project launched for the Group-wide coordination of deletion deadlines at an app/process level. Over the next few months, the Group should see the consistent roll-out of the M365 Sensitivity Labels. In doing so, the relevant confidentiality level (public, internal, confidential, strictly confidential) will be established by the users when processing data, along with authorisations for accessing documents created. Data protection topics that affect several Group companies will be coordinated regularly by the data protection officers within the Group companies.

Operating environment and impact of Covid-19 on the divisions

ENERGY

EU energy and climate policy
Globally, 2020 was characterised, both in terms of health policy and economics, by the coronavirus pandemic. However, a new course was set in terms of economics and energy policy for both the medium and long term. In December 2020, the European Council[11] agreed on the long-term EU budget for the years 2021 to 2027[12] and the coronavirus recovery package known as "Next Generation EU".

In order for the EU to become climate-neutral by 2050 in accordance with the Paris Convention[13], in December 2020 the European Council endorsed the new binding target of reducing greenhouse gas emissions by at least 55% as compared with 1990 levels by 2030. The European Commission should evaluate options for how this target can be achieved in a range of different industries – such as through strengthening the emissions trading system and through innovative climate-neutral technologies.

Austrian energy and climate policy
At a national level, the day-to-day political landscape was also defined by the Covid-19 pandemic. As part of the implementation of the Austrian federal government's climate and energy strategy (#mission2030) and of the 2020–2024 Austrian government programme[14], the draft laws on the Renewable Energy Expansion Act [Erneuerbaren-Ausbau-Gesetz] and the Federal Energy Efficiency Act [Bundes-Energieeffizienzgesetz] in particular were expected in 2020. However, no new legal framework has been established to date. The draft[15] of the Renewable Energy Expansion Act legislative package (EAG) leaves many issues unresolved. The exact wording of the text is still pending. In order to implement the EU requirements, the existing Federal Energy Efficiency Act[16] will need to be fundamentally amended in 2021 and a new system will have to be established for the period up to 2030. Here, too, we are still awaiting the final legal framework.

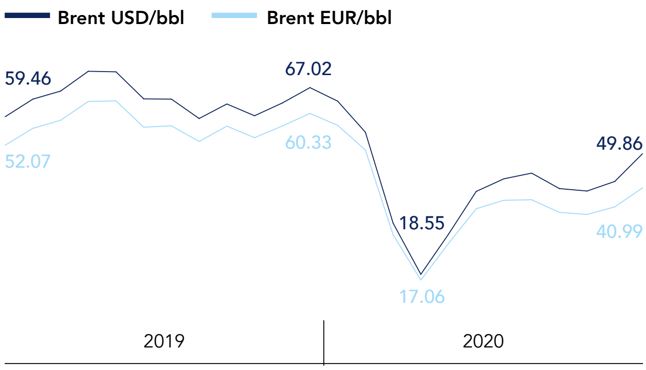
Due to the delay in the adoption of the EAG, the new regulation of the grid reserves was agreed at a federal level in late December 2020 and announced in early 2021.[17] This means that there is a new legal framework for grid reserves. The actual arrangement of the tenders pending since early 2021 by the control area managers remains to be seen.

Weather conditions
The year 2020 was one of the warmest in the Austrian Central Institute of Meteorology and Geodynamics' (ZAMG) history, which goes back over 250 years. According to the preliminary annual climate report, it was the fifth hottest year. The deviation from the climatological mean for 1981–2010 was around +1.2°C higher over the course of the year as a whole. Apart from May 2020, which showed a decrease on the climatological mean (-0.7°C) as was the case in the previous year, every single month in 2020 experienced above-average conditions, with February and April of particular note at +4.1°C and +2.1°C respectively. 2020 was also one of the ten sunniest years since Austrian records began measuring sunshine hours in 1925. In 2020, the sun shone for 9% longer than in an average year in the climate period from 1981 to 2010. Precipitation was 10% up on average levels in 2020.[18] 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 9.9% below the average for the past 30 years.

11 https://www.consilium.europa.eu/de/policies/coronavirus/, accessed on 19 January 2021
12 Directive (EU, Euratom) 2020/2093 of the European Council of 17 December 2020 to establish the multi-annual financial framework for the years 2021 to 2027, OJ L 433 I/11 dated 22 December 2020
13 https://www.consilium.europa.eu/de/policies/climate-change/paris-agreement/, accessed on 19 January 2021
14 Aus Verantwortung für Österreich, Regierungsprogramm 2020–2024 ("Taking Responsibility for Austria – Government Programme 2020–2024"), https://www.wienerzeitung.at/_em_daten/_wzo/2020/01/02/200102-1510_regierungsprogramm_2020_gesamt.pdf, accessed on 7 January 2019 (German only)
15 https://www.oesterreich.gv.at/Gesetzliche-Neuerungen/Begutachtungsentwurf/eag-paket.html
16 FLG I I No. 68/2020
17 Änderung des Elektrizitätswirtschafts- und -organisationsgesetz 2010 (Amendments to the Electricity Act 2010), FLG I 2021/17
18 https://www.zamg.ac.at/cms/de/klima/news/2020-war-sehr-warm-nass-und-sonnig

Demand and price trends

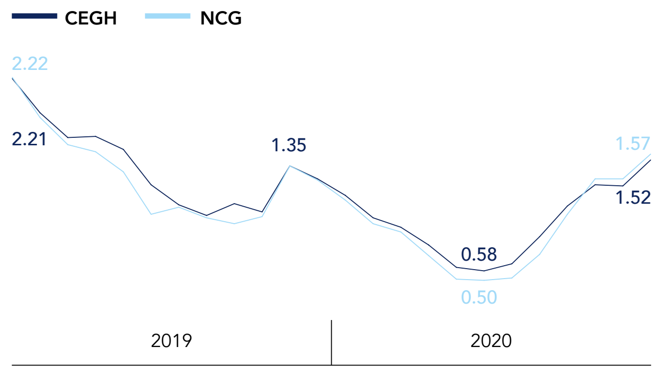
Crude oil price movements (USD/bbl and in EUR/bbl)



Source: Thomson Reuters (ICE monthly average)

While the oil price remained highly consistent in 2019 at around USD 64.30 per barrel (USD/bbl), the Covid-19 crisis triggered a price slump in February 2020. The lowest point was reached in April 2020 with USD 17.06/bbl, with negative oil prices recorded for the first time for individual products. Over the summer, the oil price recovered a little before dropping again slightly in September 2020 with the start of another coronavirus lockdown. On average, the oil price dropped by 35.2% as compared with the previous year. In the meantime, the USA has been succeeded by Russia as the world's biggest oil producer. More profitable production facilities in the US may return to the market when prices reach USD 40–45/bbl again. The International Energy Agency predicts that it will take at least until summer 2021 for a Covid-19 vaccine to have a positive impact on the demand for oil. Until then, high coronavirus infection rates may continue to impede economic development and traffic volume.

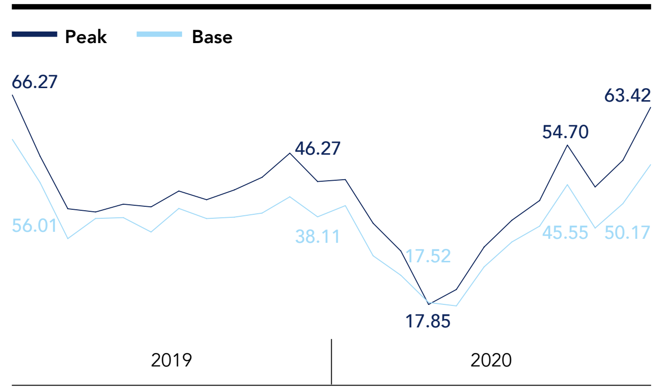
Natural gas price movements (EUR ct/kWh)



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

The oversupply of gas and, in particular, liquefied natural gas (LNG), has resulted in a consistent price drop since early 2019. The Covid-19 crisis, the subsequent reduction in demand and the mild winter in 2019/2020 forced the gas price on the Austrian Central European Gas Hub (CEGH) trading platform down to under EUR 0.6 ct/kWh. As a result of the global LNG oversupply, the gas price remained at the same low level worldwide. Due to the low price, gas producers cancelled LNG orders, which reduced pipeline flows. The gas price in Europe then increased to the level of short-term marginal costs but remained significantly under the price level of 2019 – on average, the price remained 32.4% lower. The European natural gas storage facility was filled to 74% at the end of 2020, a significantly lower level than in the previous year (88%).

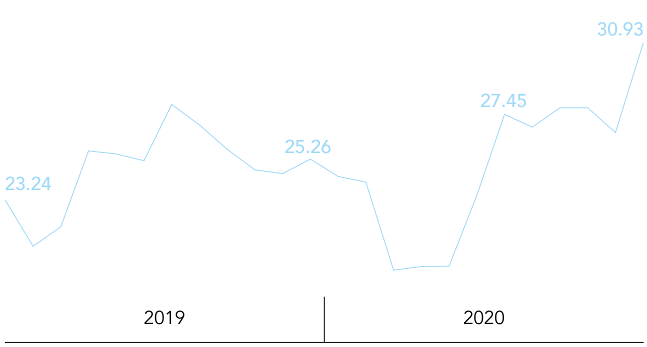
Electricity price movements (EUR/MWh)



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

The price movements on the electricity market were also determined by the Covid-19 crisis and the drop in economic activity. In addition, a very mild winter – with record input from wind energy in February – was followed by an unusually sunny spring. The electricity price reached its lowest point in April/May 2020 at around EUR 17–18/MWh for peak and base rates. The reason was primarily the drop in demand as a result of the lockdown. Over the course of summer 2020, the electricity price recovered, ending the year on EUR 50.17/MWh (base) and EUR 63.42/MWh (peak). In a year-on-year comparison, the base rate dropped an average of 17.4% and the peak rate dropped by 14.1%. The cheapest primary energy sources still continue to have a material influence on the electricity price. With Germany's decision to phase out coal, the relevance of the gas price is gaining significance. Fears that the lockdowns in autumn and winter 2020 could have a similar impact on the electricity price as was seen in the spring turned out to be unfounded.

Price movements of carbon emission allowances (EZG 2011 in EUR/t)



Source: Thomson Reuters (ICE monthly average)

In contrast to the fuel prices, the CO_2 price remained stable during the Covid-19 crisis and did not record any significant drops. The upward trend of recent years has levelled off, however. Despite the fall in carbon emissions brought about by the coronavirus pandemic, buying interest was maintained. In December 2020, the CO_2 price came to EUR 30.93/t. The yearly average was EUR 24.90/t, thus roughly reflecting last year's level of EUR 24.81/t. In addition to the economic recovery, discussions about ambitious emissions targets by the EU Commission played a key role in the price increase that started in summer 2020. New carbon tax systems to supplement the EU's emissions trading system (ETS), such as Germany's carbon tax, for example, gave further impetus to the upward trend.

ENERGY GRIDS

A whole range of legal provisions and directives were passed in connection with Covid-19 that had an impact on WIENER NETZE. Legal regulations to maintain the electricity and gas supply were not needed. Together with the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK), Oesterreichs Energie and the FGW (Association of Gas and District Heating Supply Companies) made a voluntary agreement in early 2020 to secure the supply of households and small business with electricity and gas during the Covid-19 lockdowns and to avoid cutting off supplies in the cases of payment default due to financial hardship. During this period, the Austrian energy companies came up with instalment plans and deferred payment plans and there were no court proceedings for the collection of outstanding payments.

EAG package (Renewable Energy Expansion Act legislative package)
The EAG package was submitted for appraisal by the BMK in mid-September 2020. This package primarily aims to implement the Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 to promote the use of energy from renewable sources.

In addition to the completely new EAG, the 2012 Ökostromgesetz [Green Electricity Act], the 2010 Elektrizitätswirtschafts- und -organisationsgesetz [ElWOG, Electricity Act], the 2011 Gaswirtschaftsgesetz [GWG, Natural Gas Act], the 2012 Energielenkungsgesetz [Energy Management Act], the Energie-Control-Gesetz [Energy Control Act], the Bundesgesetz zur Festlegung einheitlicher Standards beim Infrastrukturaufbau für alternative Kraftstoffe [Federal Act to Establish Consistent Standards in the Infrastructure Development for Alternative Fuels], the Wärme- und Kälteleitungsausbaugesetz [Act to Expand District Heating and Cooling Lines], the Starkstromwegegesetz [High Voltage Power Lines Act] and the Federal Act of 6 February 1968 on electrical circuit systems that do not cover two or more Austrian provinces are to be amended. The key content of the EAG includes the new regime for promoting green electricity, primarily based on variable technology-specific market premiums and investment grants, including the supply and management of the funds, the introduction of renewable energy communities and the grid infrastructure plan.

Electricity system charges – appeals against cost review notices
WIENER NETZE GmbH lodged appeals against the electricity cost review notices for 2014–2018. The dispute relates to its treatment in the benchmarking exercise, as well as the capital structure regarding the non-influenceability of pension obligations. The appeals regarding the 2014, 2015, 2016 and 2017 tariff years were dismissed by the Federal Administrative Court. The ruling for 2018 is still pending. These verdicts will not have an effect on past or future electricity tariffs, as accounting was carried out in accordance with the principle of prudence. None of the disputed points are part of the cost review notices from 2019 onwards, so there are no legal proceedings outstanding. The appeal submitted by WIENER NETZE the previous year to the Supreme Administrative Court regarding the decision is still pending.

TRANSPORT

The measures taken by the Austrian federal government to contain the coronavirus pandemic affected WIENER LINIEN GmbH & Co KG and its services. Due to the significant drop in passenger numbers, timetables were adjusted temporarily. Some of the first obvious protective measures included the automatic opening of vehicle doors, daily cleaning of vehicles and spaces, as well as, at an internal level, suspending business trips and the organisational restructuring of work activities (such as mobile working). Since March 2020, it has also been mandatory to wear a face mask in vehicles and on platforms. In autumn, this requirement was expanded to include all WIENER LINIEN GmbH & Co KG buildings, from the point of entering the building. The front doors remained closed on trams and buses in order to protect the drivers. All vehicles and spaces were and are subjected to thorough cleaning every day. The Vienna Ring Tram temporarily ceased its service. In autumn, the second step of the three-step catalogue of measures came into force within WIENER LINIEN GmbH & Co KG, which covered the increased use of mobile working, staggered break times and minimum social distancing of two metres. Through regular meetings by the WIENER LINIEN GmbH & Co KG coronavirus task force, new requirements and measures put in place by the government could be implemented quickly and flexibly.

This year was also defined by the Covid-19 pandemic at an EU level. The European Commission (EC) is aware of how hard hit the public transport sector has been by the pandemic and has already presented several initiatives to support it. One initiative of note is the EC's Recovery and Resilience Facility, which was published on 27 May 2020 as the cornerstone of Next Generation EU – an instrument for rebuilding the European economy and for remedying the direct economic and social consequences of the coronavirus pandemic using EU funds.

The EC launched the major evaluation and initiative package in autumn 2020. Directive 2010/40/EU, which details the launch of smart transport systems and is of major significance to WIENER LINIEN GmbH & Co KG, will be evaluated as part of this. The EC sets great store by an EU-wide multimodal and integrated information and ticketing system. One essential matter for WIENER LINIEN GmbH & Co KG and also the EU association UITP is the creation of interfaces between existing systems (bottom-up) and not the development of a new EU-wide system (top-down). How mobility platform operators are integrated into this is also important – not only from the public sphere (such as WIENER LINIEN GmbH & Co KG) but also from the private sector (e.g. Google). The topic of digitalisation is represented well in the EC's sustainable and smart mobility strategy, published on 9 December 2020. The most important aim for the EC in this regard is the reduction of carbon emissions.

WIENER LOKALBAHNEN GmbH had to deal with the financial fall-out of the Covid-19 crisis in 2020. Apart from a few isolated cancellations, the Badner Bahn service was fully maintained. In addition to Covid-19, 2020 presented us with several unique challenges.

New transport services agreement

The previous transport services agreement expired in mid-December 2020. As of 13 December 2020 (2020 timetable change), the new transport services agreement (VDV Neu) applies, with the Verkehrsverbund Ost-Region (VOR) as the contractual partner. What is new for WIENER LOKALBAHNEN GmbH is the fact that services are ordered on a gross-cost contract basis, meaning the client bears the risk in respect of tariff receipts and all costs are settled on a per-kilometre basis. The new 2020 timetable will include services between Vienna's State Opera House and Wiener Neudorf every 7.5 minutes throughout the day; previously, services only ran this frequently during the morning and evening rush hours.

The impact of the coronavirus crisis on Group companies WLC and WLV is described on page 19 under revenue/ transport.

FUNERAL SERVICES AND CEMETERIES

The Austrian funeral direction market was liberalised back in 2002. In 2010, the Funeral Services and Cemeteries Division was reorganised in order to separate the area of operations that is exposed to competition (funeral services) from the infrastructure side (cemeteries).

The range of services offered by BESTATTUNG WIEN GmbH covers both upstream areas (e.g. funeral planning) and downstream areas (support for surviving relatives). In this context, the company offers a service to unsubscribe the deceased from memberships, along with free grief seminars for relatives. The company has always made every effort to maintain high quality standards within the industry. At the same time, the topic of death should be freed of any taboos through education, campaigns and respectful PR work while maintaining the significance of saying goodbye.

The legal framework surrounding coronavirus has affected the services that can even be performed at funerals. For a brief time, chapels of rest in Vienna were not accessible and funerals could only be held outdoors. The number of mourners was limited to five for a time. This was later increased to 20 and, most recently, to 50 people. This meant that the average turnover per event (own and third-party services) was significantly reduced. Average turnover resumed its usual levels with the easing of lockdown measures in the middle of the year.

The number of deaths was higher than in previous years in late November and December. The ability of the company to function as part of the critical infrastructure was not in jeopardy at any time.

CAR PARKS

WIPARK got off to a good start in 2020. The upward trend of the last quarter of 2019 continued into the subsequent year. However, this positive development came to an abrupt end with the spread of the coronavirus and the first lockdown in mid-March. Turnover from short-stay parking dropped to a minimum during this time. Car parks that usually benefit from retail, the restaurant trade, cultural activities and tourism were hardest hit and recorded massive drops in turnover. This period was defined by losses of around 95% and more as compared to the same period of the previous year. Turnover from short-stay parking recovered from week to week with the first steps towards reopening in mid-April. When restaurants and cafés opened up again, about a month later, this led to further increases in turnover. In the summer months from July to September, turnover was lower than in the previous year but still at a stable level. In the last quarter, the next set of measures to contain the coronavirus pandemic resulted in losses once again. Turnover during the second lockdown was significantly higher than in the comparative period in March. However, the fourth quarter is when WIPARK registers its highest turnover so, in absolute terms, the turnover losses were similar to in the first lockdown.

In addition to the income from short-stay parking, revenue from long-term parking, letting and leaseholds, and fees for operational management were other major sources of income. The coronavirus pandemic shows that these areas are relatively resistant to turbulent times. Demand for long-stay parking in particular remained constant.

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

Acquisition of EVN

In the 2020 financial year, WIENER STADTWERKE acquired a stake of around 28.35% in EVN AG and holds a financial stake of around 28.36% in EVN AG as of 31 December 2020. The acquisition of the share block in EVN AG as agreed between WIENER STADTWERKE and the German company EnBW Trust e.V. was finalised on 5 August 2020, after the closing of the transaction was approved by the Austrian and German competition authorities. The contractual parties WIENER STADTWERKE and EnBW Trust e.V. have agreed to keep the details of the purchase agreement confidential.

WIENER STADTWERKE sees this acquisition as an attractive and long-term investment opportunity in the rock-solid business of an Austrian company, thus making it a logical expansion of its own portfolio. The investment guarantees EVN a financially stable Austrian shareholder. Overall, the domestic energy market is gaining stability and opportunities for an environmentally friendly future.

Furthermore, the WIENER STADTWERKE Group sees the acquisition of a stake in EVN as a financial investment to secure pensions outside of the plan assets or fund structure of WIENER STADTWERKE.

For more information, see notes 7.1 and 11.3.

Employer contribution

With regard to the employer contribution to the Family Burden Equalisation Fund (FLAF), there was a dispute concerning the question of whether WIENER STADTWERKE and its subsidiaries or Vienna City Council had an obligation to pay the employer contribution between 1999 and May 2008. In 2019, the Federal Fiscal Court (BFG) admitted WIENER STADTWERKE's and Vienna City Council's complaints in individual cases. However, the tax authorities have lodged appeals and extraordinary appeals with the Supreme Administrative Court against the decisions of the Federal Fiscal Court. The Supreme Administrative Court dismissed all appeals by the tax authorities by writ in the period from February 2020 to June 2020.

Because legally binding decisions have been made by the Supreme Administrative Court with regard to the employer contribution and the payments have also been received, the employer contributions amounting to EUR 177.8m paid and credited to taxpayer accounts can be recognised in profit or loss for 2020.

For more information, see notes 8.8, 9.6 and 10.1.

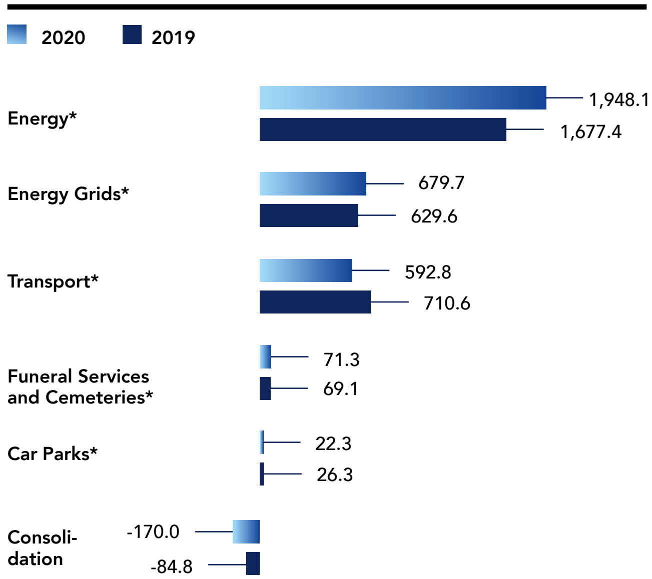
Consolidated statement of profit or loss (summary)

EUR m	Actual 2019	Actual 2020	Year-on-year change +/-	Year-on-year change +/- %
Revenue	**3,028.1**	**3,144.2**	**+116.0**	**+4**
Other income	553.4	629.7	+76.3	+14
Raw material and consumables used	-1,332.5	-1,424.3	-91.8	-7
Personnel expenses	-1,067.0	-918.5	+148.5	+14
Other expenses	-702.5	-580.6	+121.8	+17
Share of profit of companies accounted for using the equity method (operating)	64.4	38.0	-26.4	-41
EBITDA	**543.9**	**888.4**	**+344.5**	**+63**
Depreciation and amortisation expense	-270.9	-306.8	-35.9	-13
Impairment losses and reversals	75.6	83.8	+8.2	+11
Operating profit (EBIT)	**348.6**	**665.4**	**+316.8**	**+91**
Finance income	52.8	60.9	+8.1	+15
Finance costs	-101.4	-85.4	+16.1	+16
Financial result	**-48.7**	**-24.5**	**+24.1**	**+50**
Earnings before tax (EBT)	300.0	640.9	+340.9	+114
Profit for the year	**299.4**	**640.2**	**+340.7**	**+114**
Adjusted EBITDA*	**569.5**	**615.6**	**+46.1**	**+8**
Adjusted profit for the year**	**247.2**	**283.4**	**+36.2**	**+15**

Rounding differences not eliminated

* Adjusted for a foreign procurement right and other one-off or rare expenses and income
** In addition to adjusted EBITDA effects, adjusted for effects of impairment tests and other one-off or rare financial expenses and income

Revenue breakdown (EUR m)



* Divisional breakdown before consolidation

Revenue

ENERGY

Energy accounts for the lion's share of the WIENER STADTWERKE Group's revenue.

The significant year-on-year increase is primarily due to higher proceeds from gas sales. These resulted from changes in the procurement strategy but, at the same time, highly volatile prices led to increased trading activity. Revenue from services and telecommunications was also increased. By contrast, electricity revenues declined, primarily as a result of lower demand from congestion management. Furthermore, heating revenue remained lower than in the previous year due to lower gas prices and the resulting decline in district heating tariffs.

ENERGY GRIDS

WIENER NETZE's revenue in its role as system operator is calculated in line with regulatory requirements. The improvement on the previous year primarily results from a higher recognition of capex costs (capital expenditure) as well as from a one-off negative effect in 2019 (recalculation of oversupply/undersupply).

TRANSPORT

For WIENER LINIEN, the decrease in revenue is due to the global coronavirus pandemic. The biggest drops in revenue were observed for tickets for short journeys and individual journeys paid for in advance, largely due to the absence of tourists visiting the city. The impact on annual travel passes and Top-Jugendticket youth passes was much less pronounced. Revenue from these two categories remained stable despite the pandemic.

As a result of the shorter intervals between trains, WIENER LOKALBAHNEN (WLB) was able to generate higher revenue from travel service agreements as of December 2020. The Covid-19 crisis had a significant impact on the income from tariffs for the Badner Bahn, however, which faced a decrease of over 40%. The coronavirus pandemic had few effects on bus services, which were almost completely maintained and whose costs are based on a per-kilometre scale.

WIENER LOKALBAHNEN CARGO (WLC) was able to continue to increase its transport volumes in Austria and Germany as compared to the previous year despite the coronavirus pandemic and the resulting drop in turnover. Additional new routes and circuits were able to be put into place for existing customers in particular. Revenue from both cargo traffic and logistics routes were increased.

WIENER LOKALBAHNEN VERKEHRSDIENSTE (WLV) had to deal with a year-on-year loss of transport revenue of around 40% as a result of the lockdowns and the resulting closures of schools, institutions, workplaces and various restrictions on movement and curfews. New revenue was generated via the takeover of bus routes and on-call bus services by WIENER LINIEN.

FUNERAL SERVICES AND CEMETERIES

For both BESTATTUNG WIEN GmbH and FRIEDHÖFE WIEN GmbH, revenue was affected by the coronavirus pandemic that had been spreading rapidly since the start of the year. Firstly, mortality rates had increased, especially towards the end of the year, and secondly, the revenue per case increased, although significant drops in revenue were registered particularly during the first lockdown in March/April 2020 because chapels of rest could only be used to a limited degree.

According to Statistik Austria, while excess mortality that could be due to the pandemic can be primarily observed among the elderly population, the increase in the numbers of people who died from Covid-19 infections is partially offset by a decrease in deaths from other causes.

CAR PARKS

Revenue for 2020 is significantly down on the previous year, with the drop in revenue primarily due to the effects of the coronavirus pandemic. Revenue from short-stay parking plunged dramatically from mid-March onwards as a result of the pandemic and the measures implemented by the government in order to control it. The figures recovered during the summer from July to September but this effect was cut short by the new lockdown in November. Retail closures, the loss of tourism and closed restaurants and cafés all contributed to the loss of revenue, along with more people working from home. The biggest losses in revenue from short-stay parking as compared with the previous year were registered at Vienna Central Station and in the city centre car parks, such as Freyung and the Parkring-Garage. The park-and-ride site at Siebenhirten also registered significant losses.

By contrast, turnover from long-stay parking remained very constant and even increased slightly in comparison to the previous year. The increases are partly due to the car parks in Neu Leopoldau, which went into operation in 2019.

Raw material and consumables used

As with revenue, energy accounts for the bulk of the WIENER STADTWERKE Group's material costs. Raw material costs increased year-on-year. This is primarily due to higher figures for gas purchased for resale. This was offset by the decrease in gas consumption due to lower electricity generation and the lower gas price. Furthermore, there was a partial reversal of the provision for impending losses for electricity procurement rights abroad, which had received an allocation during the previous year.

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

Personnel expenses

The improvement in personnel expenses as compared with the previous year is primarily due to the effect of the credit item owing to the employer contribution within the WIENER STADTWERKE Group. This was slightly offset by pay increases, adjustments in line with collective wage agreements and expenses resulting from employee benefit provisions.

Other expenses

Other expenses experienced a more positive effect, primarily due to delaying maintenance work to subsequent years and the bad debt allowance from the Transport division. The positive deviation from the Energy Grids division resulted from the change (according to the new chart of accounts) to the regulatory deferral account for electricity and gas, taking into account extraordinary pension obligations. This item was recognised as revenue in the previous year.

Operating profit (EBIT)

The Group posted an operating profit of EUR 665.4m in 2020, up from EUR 348.6m a year earlier. The improved figures are primarily due to the Energy division. As compared with the previous year, higher revenue, lower personnel expenses due to the employer contribution, write-ups of property, plant and equipment following impairment tests and lower other expenses in combination with maintenance work being delayed to subsequent years due to the coronavirus and lower expenses in the regulatory deferral account had a positive effect on profit or loss.

Financial result

Lower interest expenses for long-term employee benefit provisions and higher dividend income had a positive effect on the financial result as compared with the previous year.

Adjusted profit for the year

The profit for the year adjusted for extraordinary effects improved by 15% on the previous year. Material one-off expenses/income were adjusted with regard to the employer contribution in the WIENER STADTWERKE Group, along with effects from asset valuation, effects relating to the provision for impending losses for electricity procurement rights abroad and resulting from the sale of property and land.

Consolidated statement of financial position

Consolidated statement of financial position

EUR m	Actual 2019	Actual 2020	Year-on-year change +/-	Year-on-year change +/- %
Property, plant and equipment	4,091.4	4,309.1	+217.7	+5
Intangible assets	158.3	173.6	+15.3	+10
Investments accounted for using the equity method	166.4	279.3	+112.9	+68
Non-current financial assets	3,499.7	5,722.8	+2,223.0	+64
Other non-current assets	414.9	597.0	+182.1	+44
Non-current regulatory assets	1,216.2	1,182.6	-33.6	-3
Non-current assets	**9,546.9**	**12,264.4**	**+2,717.4**	**+28**
Inventories	228.6	245.3	+16.7	+7
Trade receivables	242.9	268.6	+25.7	+11
Other current financial assets	581.7	421.6	-160.1	-28
Other current assets	299.7	213.4	-86.3	-29
Current regulatory assets	63.1	73.9	+10.7	+17
Cash and cash equivalents	449.5	381.5	-68.0	-15
Current assets	1,865.6	**1,604.2**	-261.4	-14
ASSETS	**11,412.5**	**13,868.6**	**+2,456.1**	**+22**
Equity	**3,555.3**	**5,028.4**	**+1,473.1**	**+41**
Long-term borrowings	411.4	944.9	+533.6	+130
Employee benefit provisions	4,636.9	5,135.5	+498.7	+11
Other long-term provisions	392.7	8.4	-384.3	-98
Other non-current liabilities	804.1	811.4	+7.3	+1
Deferred tax liabilities	102.5	180.2	+77.7	+76
Non-current liabilities	**6,347.6**	**7,080.5**	**+732.9**	**+12**
Current financial liabilities	215.7	333.6	+117.9	+55
Trade payables	362.9	536.3	+173.4	+48
Other short-term provisions	40.6	42.1	+1.5	+4
Other current liabilities	890.3	847.6	-42.7	-5
Current liabilities	**1,509.6**	**1,759.6**	**+250.0**	**+17**
EQUITY AND LIABILITIES	**11,412.5**	**13,868.6**	**+2,456.1**	**+22**

Rounding differences not eliminated

The Group's total assets rose by around 22% in 2020, to EUR 13,868.6m. As is to be expected for an infrastructure service provider like WIENER STADTWERKE, property, plant and equipment is the largest asset item; at the end of the reporting period this item amounted to EUR 4,309.1m, around +5% higher year-on-year. Property, plant and equipment represents 31% of total assets. In addition to property, plant and equipment, non-current assets (which account for 88% of total assets) largely relate to shareholdings and investments falling due in more than one year. For non-current financial assets, the increase results primarily from the acquisition of the stake in EVN, as well as the measurement of shareholdings in Verbund. Under other non-current assets, there was an increase in the claim to reimbursement for the plan assets. Other current assets shows the cash outflows resulting from the acquisition of the stake in EVN. Other current assets shows a decrease in other receivables from third parties.

WIENER STADTWERKE is wholly owned by the City of Vienna. In 2020, the Group's capital and reserves advanced by +41% to EUR 5,028.4m, primarily as a result of the OCI measurement of shareholdings in Verbund.

Long-term borrowings recorded the outside financing of part of the purchase price of the share block in EVN.

Employee benefit provisions were EUR 5,135.5m, or 37% of total assets, up by +11% on the previous year. Most of the provisions are for pension obligations. Under the Wiener Stadtwerke – Zuweisungsgesetz (Vienna Public Enterprises Secondment Act), the Group must reimburse Vienna City Council in full for the pension expenses incurred for employees assigned by it to Wiener Stadtwerke, with the exception of WIENER LINIEN staff. This gives rise to an indirect pension obligation on the part of the Group.

The deviation in other long-term provisions results from the use or reversal of the provision for impending losses for electricity procurement rights abroad and the reversal of the provision for a dispute with the tax authorities, regarding employer contributions paid in the past. See note 9.6 for further information.

The increase in trade payables primarily results from the Energy division and is due to higher liabilities due to third parties, as a result of the sale of electricity procurement rights abroad and the residual payment to EVN AG scheduled for 2021.

Investments

Investments

EUR m	Actual 2019	Actual 2020	Year-on-year change +/-	Year-on-year change +/- %
Property, plant and equipment	594.5	592.2	-2.3	-0
Intangible assets	47.3	55.3	+8.0	+17
Total non-current assets	**641.9**	**647.6**	**+5.7**	**+1**
Total financial assets	**452.6**	**1,109.8**	**+657.2**	**+145**
Total gross investment	**1,094.5**	**1,757.4**	**+662.9**	**+61**
Grants (IAS 20)	-248.7	-212.3	+36.3	+15
Total net investment	**845.8**	**1,545.0**	**+699.3**	**+83**
Capex ratio in %	21.2	20.6	-0.6	pp

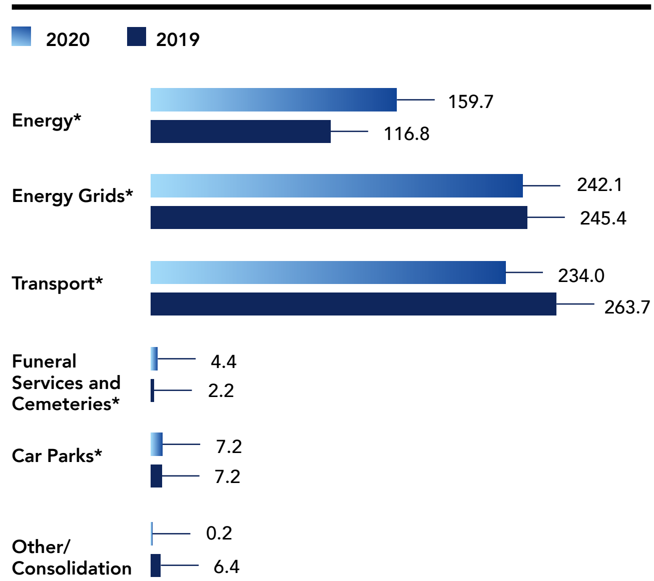
Rounding differences not eliminated
Capex ratio = (intangible assets + property, plant and equipment) / revenue x 100

In 2020, the Group invested a total of EUR 1,757.4m, of which EUR 592.2m or 34% was spent on property, plant and equipment. A further 63% was accounted for by financial assets. This included a stake of around 28.35% that was acquired in EVN AG in 2020.

Due to the slight drop in investment in property, plant and equipment, coupled with the rise in revenue, the capex ratio fell by -0.6 percentage points in 2020.

During that year, nearly 72% of investments in fixed assets were used for environmentally friendly projects.

Investment in property, plant and equipment and intangible assets (EUR m)



* Divisional breakdown before consolidation

ENERGY

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

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

ENERGY GRIDS

In 2020, investment in property, plant and equipment was primarily directed to the Electricity, Gas and Heating departments, and administration. Investments in financial assets pertain to the research and development company Aspern Smart City Research and the newly founded Wiener Wasserstoff GmbH.

TRANSPORT

During the reporting period, about one third of WIENER LINIEN's total investment (excluding financial assets) was accounted for by expansion of the underground network. This included the extension of the U2 line to Matzleinsdorfer Platz, the modernisation of the U4, the replacement of obsolete trams (Flexity), tramline renewal on the tram network, the Remisen 2.0 project, the extension of the O line and the reconstruction of the U5 station Frankhplatz Mittel.

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

The biggest investments for WIENER LOKALBAHNEN relate to prepayments for the TW500, new track in the Vienna area, a second rectifier in Baden, buses and the Maria Enzersdorf station. Investments were also made in the development of the ticketing app easy-mobil and other software in order to meet the requirements of the transport services agreement.

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

FUNERAL SERVICES AND CEMETERIES

The focus of investment in 2020 was on the usual routine replacement and renewal of property, plant and equipment at all companies in the division, as well as in intangible assets such as the funeral planner, customer service app, the new grief portal and the new Liferay software.

CAR PARKS

Investments in 2020 were at roughly the same level as in the previous year. The purchase of the Oberlaa plot, An der Kuhtrift, is having an effect on property, plant and equipment, as are the residual payments for the car park on plot S in Neu Leopoldau. Additional investments in 2020 included the single-space detection in the Town-Town underground car park, as well as fire detection systems at the car parks at Kühnplatz and Simmeringer Hauptstraße 108.

The modernisation of the control station, as well as the virtualisation of the intercom and video intercom systems, is reflected under intangible assets. Some of these funds were also used for the implementation of the WIPARK short-stay parking ticket in the ParkingHQ system in 2020.

Other/Consolidation

This item includes eliminations of intra-Group investments.

Statement of cash flows

Statement of cash flows (summary)

EUR m	Actual 2019	Actual 2020	Year-on-year change +/-	Year-on-year change +/- %
Cash flow before changes in working capital	587.6	733.9	+146.3	+25
Change in working capital	-80.1	-215.1	-135.0	-169
Cash flows from operating activities	**507.5**	**518.8**	**+11.3**	**+2**
Cash flows from investing activities	**-501.8**	**-1,136.2**	**-634.4**	**-126**
Cash flows from financing activities	**-43.4**	**519.0**	**+562.3**	**+1,297**
Total cash flows	-37.7	-98.4	-60.7	-161

Cash flow before changes in working capital was higher year-on-year, as cash accounted for a larger proportion of operating profit. The most significant one-off effect is the reversal in connection with the employer contribution. The change in working capital in 2020 resulted in net cash outflows, which chiefly reflected an increase in receivables and the expiration of the contract regarding electricity procurement rights abroad.

Overall, the Group recorded net cash inflows from operating activities of EUR 518.8m – a year-on-year improvement of around EUR 11.3m or around +2%.

The net cash outflows from investing activities were the result of substantial investment by WIENER STADTWERKE. The WIENER STADTWERKE Group finances its investments in property, plant and equipment from cash flow from operating activities and government investment grants, which mostly go to the Transport division. These investment grants are reported under cash flows from investing activities, and have the effect of reducing cash outflows from investment activities. The increased cash outflows compared with the previous year were primarily due to the acquisition of the stake in EVN AG.

Cash flows from financing activities mainly include inflows from borrowing in connection with the acquisition of the stake in EVN AG. These were partially offset by outflows connected with financial liabilities and lease liabilities as well as dividend payments to the City of Vienna.

Non-financial performance indicators

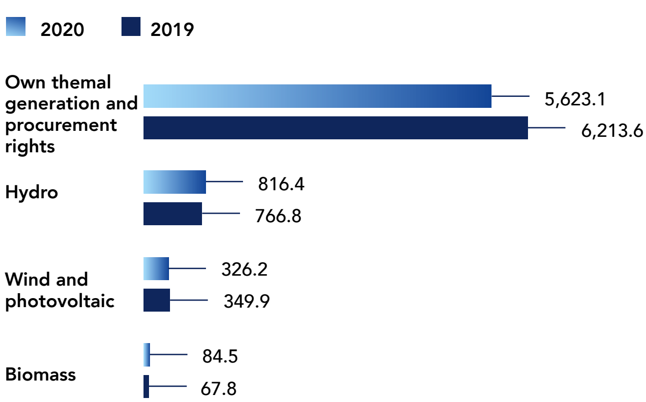
ENERGY

ENERGY – generation and distribution

EUR m	2019	2020	+/-	+/- %
Generation in GWh				
Electricity	7,398.0	6,850.2	-547.8	-7.4
Heat	5,275.3	5,394.0	+118.8	+2.3
Total generation	**12,673.3**	**12,244.2**	**-429.1**	**-3.4**
Sales in GWh				
Electricity	9,426.8	9,452.5	+25.7	+0.3
Natural gas	5,645.4	5,391.5	-253.9	-4.5
Heat	5,850.1	5,960.3	+110.2	+1.9
Total sales	**20,922.4**	**20,804.3**	**-118.0**	**-0.6**

Performance data from Wien Energie GmbH incl. proportionate interests.

Electricity generation (in GWh)



Thermal electricity generation was down on the previous year primarily due to lower demand from congestion management.

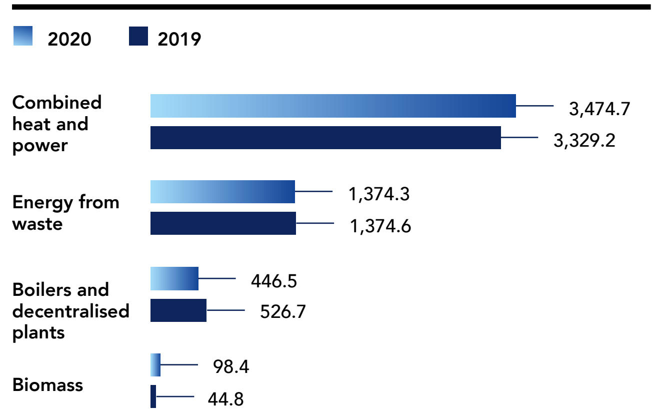
Electricity generated from hydropower was slightly up on last year's level. This was mainly influenced by the acquisition of additional hydroelectric plants.

Electricity generated from wind power decreased year-on-year by 11.2% as a result of unfavourable wind conditions.

Solar output climbed by 77.4% year-on-year due to the commissioning of a large number of photovoltaic systems.

Non-consolidated subsidiary WIEN ENERGIE Bundesforste Biomasse Kraftwerk GmbH & Co KG generated around 24.6% more electricity than in the previous year. The power station was taken offline in summer 2019 after the support tariffs came to an end. However, it was able to resume operations again in February 2020 with new subsidy structures in place.

Heat generation (in GWh)



Total heating degrees were 2.5% up on 2020. District heating sales went up as a result of lower temperatures. Increased demand was met with the reduced use of peak-load boilers through increased CHP output from CHP stations, the resumption of operations by the biomass power station and through heat pumps.

ENERGY GRIDS

Regulated transmission (in GWh)	2019	2020	+/-	+/- %
Electricity	11,197.7	10,767.4	-430.3	-3.8
Natural gas	22,598.5	21,966.4	-632.0	-2.8
Total transmission	**33,796.2**	**32,733.8**	**-1,062.3**	**-3.1**

Electricity transmission

During the 2020 financial year, electricity transmission in grid levels 3–6 remained below the previous year's level due to the measures to combat the coronavirus pandemic. Electricity transmission in grid level 7 (primarily households) remains stable, partly as a result of the increased number of people working from home.

Natural gas conveyance

The natural gas volume conveyed to WIEN ENERGIE power stations and to boilers and waste (EfW) plants is mainly determined by WIEN ENERGIE's power plant deployment planning. Natural gas conveyed to third parties was slightly up on last year's level.

TRANSPORT

	2019	2020	+/-	+/- %
Million passengers				
Wiener Linien	960.7	574.0	-386.7	-40.3
Wiener Lokalbahnen (rail)	13.4	9.3	-4.1	-30.8
Total	**974.1**	**583.3**	**-390.9**	**-40.1**
Million seat kilometres				
Wiener Linien	20,850.2	20,367.0	-483.2	-2.3
Wiener Lokalbahnen	536.4	532.2	-4.3	-0.8
Total	**21,386.6**	**20,899.2**	**-487.4**	**-2.3**

Rounding differences not eliminated

Passengers

The number of annual travel pass holders and the number of passengers dropped in 2020, which was due to the coronavirus pandemic. While the number of passengers fell dramatically (see above), the number of annual travel pass holders only dropped by around 3.9%.

Seat kilometres

Seat kilometres for WIENER LINIEN also dropped by 2.3% year-on-year. In total, 20,367.0m seat kilometres were recorded, with 17,072.2m seat kilometres of these attributable to rail transport. The decrease was primarily due to the adjustments to timetables between mid-March and mid-May as a result of the coronavirus pandemic, as well as the cancellation of night-time underground train services at the weekends since the first lockdown, as a result of which the night bus experienced higher passenger volumes. As shown, the service was only moderately adjusted in order to ensure that passengers were able to maintain social distancing.

Modal split

The reasons for using public transport shifted in 2020. Many of the journeys that had previously generally been made with public transport ceased entirely. Schools and universities switched their teaching to distance learning, while many companies reduced their staff working hours or enabled their employees to work from home. Meanwhile, leisure activities were severely restricted. All of this affected the modal split.

In the past year, around 27% of people used public transport for their day-to-day travel. As in 2019, car usage remained at 27%. As a result of the restrictions on movements, more journeys were made on foot or by bicycle in 2020.[19]

FUNERAL SERVICES AND CEMETERIES

	2019	2020	+/-	+/- %
Funeral services				
Burials	4,550	4,411	-139	-3.1
Cremations	3,131	3,314	+183	+5.8
Public health funerals	897	979	+82	+9.1
Third-party services	2,670	2,809	+139	+5.2
Cemetery services				
Coffin burials	7,922	8,132	+210	+2.7
Urn burials	4,128	4,546	+418	+10.1
Grave tenure renewals	31,204	31,934	+730	+2.3
Cemetery gardening services				
Grave care services	27,483	27,161	-322	-1.2
Flowers and wreaths	4,207	4,331	+124	+2.9

Funeral services

BESTATTUNG WIEN GmbH's "main case" service category – burials and cremations – registered a year-on-year increase of 44 ceremonies or 0.6% to 7,725 (previous year: 7,681). The number of service packages provided on behalf of third-party funeral directors rose by 139 or 5.2%, to 2,809 (previous year: 2,670).

Cemetery services

The deaths caused by the Covid-19 pandemic resulted in higher mortality figures and thus a higher number of burials at Vienna's cemeteries. The measures to contain coronavirus at the start of the year led to uncertainty in the way that funerals are usually held. This resulted in more cremations being held and also to more urn burials.

19 At the time of going to print, the final report on the 2020 mobility survey had not yet been issued. The precision of the preliminary modal split information may therefore vary by +/– 3 percentage points.

In the performance data, the number of grave tenure renewals increased year-on-year by around +2.3%. The increase is explained by the availability of new tenure renewal periods.

CAR PARKS

	2019	2020	+/-	+/- %
Multi-storey car parks owned and leased	52	53	+1	+1.9
Parking spaces owned and leased	13,923	14,403	+480	+3.4
Multi-storey car parks under management	29	27	-2	-6.9
Parking spaces under management	9,993	9,913	-80	-0.8

The number of parking spaces in the Group's own car parks increased as the third facility, the multi-storey car park in Neu Leopoldau at site S with 480 parking spaces, entered into service. There were no other changes to the car park portfolio among the Group's own car parks or leased car parks in 2020.

The decline in the number of spaces covered by an operating agreement relates to the expiry of such agreements for the Langobardenstraße and Sobotagasse car parks.

5 Employees

The WIENER STADTWERKE Group's 15,131 employees (FTEs as an annual average) make a vital contribution to safeguarding Vienna's high quality of life.

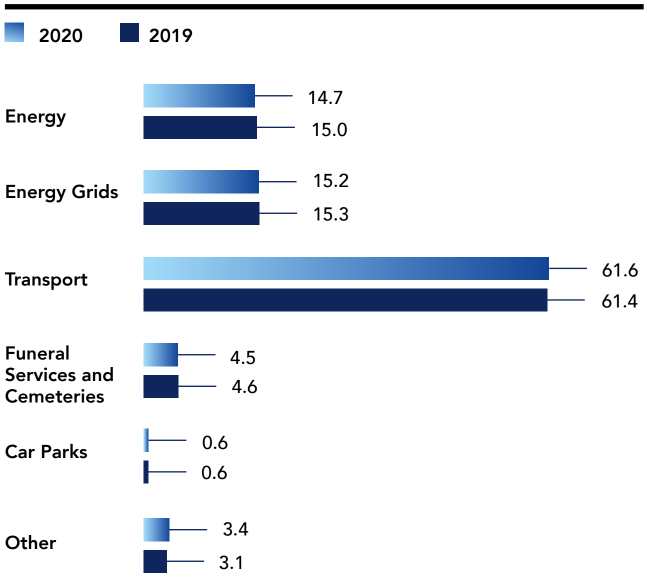
Headcount

avg. FTE	2019	2020	+/-	+/- %
Vienna City Council employees (permanent civil servants and contract staff)	5,880	5,580	-300	-5
Employees of Group companies (subject to collective agreements)	8,650	9,175	+525	+6
Wiener Stadtwerke Group*	**14,529**	**14,755**	**+226**	**+2**
Apprentices	359	376	+18	+5
Total Wiener Stadtwerke Group* headcount	**14,888**	**15,131**	**+243**	**+2**
Women as % of workforce	18.1	18.6	+0,5	+3
Staff turnover**, %	6.6	6.0	-0,6	-10
Accident frequency (reportable accidents per 1,000 employees)	17	16	-1	-8

Rounding differences not eliminated

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

Headcount (in %)



Apprentice training

The WIENER STADTWERKE Group is training a total of 480 apprentices (average number of FTEs in 2020: 376) in 12 different trades, making it one of Vienna's largest providers of apprenticeship training. The Group's policies include a commitment to giving young people sound, comprehensive, professional and personal training, which improves their prospects on the job market. This enables the Group to secure itself the highly qualified staff it needs because a large proportion of them are employed by the Group after completing their apprenticeships.

WIENER STADTWERKE sets great store by promoting the role of women in the manual and technical trades. As a result, female apprentices in the technical trades are at the heart of the internal and external apprentice management campaigns. The focus is, in particular, on launching projects and measures that awaken the interest of young women and girls for professions that have previously been dominated by men.

Despite the huge challenges presented by the coronavirus pandemic, WIENER STADTWERKE is particularly proud of the fact that it managed to maintain the exceptionally high level of its apprentice training programme thanks to the phenomenal efforts of its instructors – the results of the final apprenticeship exams are also proof of this. At the same time, it was also possible to switch the recruitment process over to a digital/hybrid format within a relatively short space of time – a major step towards driving forwards with the digitalisation of the WIENER STADTWERKE apprentice training programme.

Staff development

Throughout the entire HR strategy and in line with WIENER STADTWERKE's Vision 2025, the Group's staff development department is responsible for three closely related areas: staff development, recruitment and employer branding. The range of services includes measures to boost the appeal of the Group as an employer, the implementation of Group-wide staff marketing measures, central recruitment for management and expert positions while maintaining the highest quality standards and levels of transparency, the ongoing development of the Group recruitment tool, as well as the development of Group-wide staff development measures, such as intra-Group leadership development programmes, the expansion of the development track for specialists (including specialist careers) and skills development in order to establish new working approaches throughout the Group. All three areas are anchored within the Group companies and closely networked via communities, acting as a Group-wide hub for knowledge exchange and trend monitoring. The HR strategy to "find, employ, retain and develop the best staff" serves as the remit and focus of the Group staff development department.

Health and safety

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

In order to protect staff as effectively as possible during the coronavirus pandemic, mobile working arrangements were set up wherever feasible. With the Group-wide rollout of Microsoft Office 365 and My2ndDesk, it is possible to access almost all systems from home via company laptops. The children of staff classed as key workers were able to continue attending school and nursery but the staff still had to work. Furthermore, the Group companies made every effort to facilitate child care by enabling parents to swap shifts, use up flexitime and annual leave. In addition, WIENER STADTWERKE offers all of its staff psychological support for stressful situations – both in their professional and private lives. To supplement the company doctors and psychologists, the Health Consult advisory centre is also easily accessible by phone for all WIENER STADTWERKE staff. The service also provides advice to relatives living in the same household as a staff member and is available in German or English.

Our top priority remains protecting all of our staff from a coronavirus infection while taking into account the needs of our colleagues during this unusual situation. Staff are kept up to date with the latest information about the situation (intranet: Infopoint Coronavirus, emails, video messages).

Diversity and accessibility

Diversity and accessibility are important to WIENER STADTWERKE and are put into practice in projects, right from the initial concept to their implementation, with an equal focus on customers and staff alike. This attitude is particularly evident at the new Spittelau service point, where people with various disabilities and needs, as well as in different phases of their lives, can enjoy unrestricted access to the products and services offered by WIENER STADTWERKE. There are a range of accessibility features, including height-adjustable desks and a tactile floor guidance system for blind people to induction loop systems and wheelchair-accessible toilets. All staff are trained by the Austrian Association of Persons with Disabilities (ÖZIV) in how to use the features, as well as in helpful behaviour. All working spaces are fully accessible.

Diversity and inclusion have also been more fully represented in the training programme since 2020: not only in terms of content, but also in our own awareness-raising training and programmes, as well as seminars focussing on women. A more modern application process took place for the first time in 2020 as part of our cross-mentoring programme, which aims to encourage women to take leadership positions and strengthen their personal development. This programme, which is carried out in cooperation with ASFINAG (Autobahn and highway financing stock corporation) and ÖBB (Austrian national railway system), gives preference to women with technical training or experience.

With a view to the future, the aim of diversity and accessibility is to drive these issues forward within WIENER STADTWERKE and to help the organisation to grow over the long term.

6 Sustainability and the environment

Vienna has not only been leading the Mercer study's global rankings of the most liveable cities in the world for many years but was also crowned the winner in the consultancy agency's ranking of "The World's 10 Greenest Cities of 2020". The number of inhabitants continues to grow, which means that Vienna looks set to stay a highly dynamic conurbation. This is associated with major challenges in terms of energy supply, mobility and climate protection.

Sustainability is a core part of the corporate strategy of the Wiener Stadtwerke Group and its subsidiaries. In line with clearly structured and efficient sustainability management practices, all of the Group's business units are involved in achieving Group-wide sustainability targets.

All Group companies have always striven to minimise their negative impact on the environment and climate through responsible business practices, sustainable products and services. The goal of the WIENER STADTWERKE Group is to reduce emissions of greenhouse gases (including CO_2) as well as air pollutants (such as fine particulates) over the long term. As a result, we consistently strive to keep our environmental impact as low as possible when putting infrastructure into place, in compliance with legal requirements. Between 2020 and 2024, the WIENER STADTWERKE Group will be investing a total of EUR 4.7bn in the city's future. 72% of these projects are climate-friendly. Between 2021 and 2025, EUR 5.6bn will be invested. 76% of these investments, a total of EUR 4.2bn, will be directly attributable to climate protection – from the construction of an underground line to renewable fuels. WIEN ENERGIE and WIENER NETZE invest in the ongoing expansion of innovative services, such as solar power stations for citizens, photovoltaic systems the size of 600 football pitches, infrastructure for electromobility, the expansion of the district heating network and the roll-out of smart meters. As a result of the high modal split and the ongoing expansion of and modernisation of the Viennese public transport system, the "Green Lines" make a significant contribution towards protecting the climate – from the acquisition of new electric and hydrogen-powered buses to the expansion of the underground network. Thanks to the services offered by WIENER LOKALBAHNEN, many commuters are able to leave their cars at home, thus making a huge contribution to the good air quality that the City of Vienna enjoys.

The climate-relevant impact of numerous small initiatives within the Group also cannot be underestimated. The WIENER STADTWERKE climate fund, set up in 2020, promotes small climate protection investments by Group companies through funding and raising awareness. The focus is on projects that reduce carbon emissions and pollution while improving the microclimate and air quality. The WIENER STADTWERKE Group plays a major part in reducing emissions through its energy efficiency policies, both in its generation operations, and in its own consumption.

These various efforts make a significant contribution towards meeting the Group's strategic sustainability goals, the climate and smart city goals of the City of Vienna and the targets set by the Paris Convention. This helps to secure the WIENER STADTWERKE Group's position as being dedicated to regional climate protection over the longer term.

ENERGY

Environmental protection is enshrined in WIEN ENERGIE's business activities. To this end, WIEN ENERGIE is committed above all to innovation and is constantly working on new ways of increasing energy efficiency across the board. Through the relevant initiatives, projects and products, WIEN ENERGY helps to further boost the acceptance of renewable energy in Austria. In terms of its generation activities, WIEN ENERGIE relies on a diversified portfolio thanks to the expansion of renewable electricity, district heating and electromobility.

Expansion of renewable electricity
WIEN ENERGIE was able to accelerate the expansion of photovoltaics in 2020, setting up a new solar power station on average every week. Despite the coronavirus restrictions, 26 megawatts (MW) of photovoltaic output has been installed in the past year – a new annual record.

Solar power partnerships with Vienna's schools and nurseries, as well as with the city's healthcare, social and sports facilities aim to push ahead with the expansion of photovoltaics in the city, equipping all of their roofs – wherever viable – with solar power stations.

In early 2020, three highly attractive operational hydroelectric stations on the Mur and Mürz were integrated into the WIEN ENERGIE hydropower management system. The new systems produce green electricity for 11,000 households.

With the partial acquisition of the wind farm portfolio of wind and solar farm operator Encavis AG, WIEN ENERGIE is further expanding its renewable energy generation capacity in various regions of Austria. Through this investment, WIEN ENERGIE will be able to generate an additional 37 gigawatt-hours (GWh) of renewable energy, supplying around 14,800 homes in Vienna with carbon-free power.

Expansion of district heating and cooling
A new environmentally friendly power-to-heat system will be constructed at the Spittelau site by 2022. This system converts excess electricity from the grid into heat. Useful energy can be used in a sensible way, the power grid is stabilised and thousands of homes can be supplied with climate-friendly heat.

WIEN ENERGIE is also massively expanding the district cooling network – with an annual growth rate of between 10% and 15%. The new Stubenring district cooling headquarters are to go into operation in 2021. This is one of the biggest milestones in the expansion plan. A cooling ring is to be established around this area by 2025, which will enable all areas of the city centre to be connected to the system for environmentally friendly cooling. District cooling achieves energy savings of 70% and CO_2 savings of 50% as compared with standard air-conditioning units.

Electromobility: Expansion of infrastructure
By the end of 2020, there were a total of 1,833 charging points in operation (2019: 1,384). As part of the expansion of the public charging network in Vienna, 950 public charging points had already been set up by the end of 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 humankind, resources and the environment is reflected in decisions such as the company's resource-efficient and sustainable 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. Just as relevant are the direct emissions of primary air pollutants in the energy supply, the use of low-emission installation technologies, the selection of environmentally friendly transport solutions and drives, such as CNG (compressed natural gas), and electromobility – as a contribution towards improving Vienna's air quality. The Group's approaches to waste, remediation of contaminated sites, water use, and discharge of cooling water and wastewater are, of course, also principal factors in its environmental impact.

The expansion of the electric vehicle fleet was given a boost in 2020. This relates both to WIENER NETZE's own vehicles and vehicle fleets managed by the Group companies. WIENER NETZE is also highly integrated in the implementation of hydrogen infrastructure, which is essential to the pioneering and innovative upgrade of WIENER LINIEN.

The EU's climate protection goals have been significantly accelerated under the Green Deal. Greenhouse gases are to be reduced by 50–55% by 2030. Because 80% of the European population lives in cities and 75% of the energy is used in cities, urban areas bear the prime responsibility for attaining climate protection targets. Reworking the Smart City Vienna Framework Strategy in 2019 in partnership with WIENER NETZE saw the City of Vienna's targets realigned to the international 2005 baseline for comparability. The strategy formulates specific targets for 2030 (50% reduction in per capita carbon emissions, 30% drop in local energy use, 30% share for renewables) and 2050

(85% reduction in per capita carbon emissions, 50% drop in local energy use, 70% share for renewables).

TRANSPORT

WIENER LINIEN has a significant role to play in improving air quality in Vienna and climate protection. Provision of blanket public transport coverage based on low-emission technology makes a significant contribution to cutting air pollution. Continuous expansion of public transport services also helps to reduce emissions from private motor vehicles (particularly CO_2, particulates and NOx). All activities and measures by WIENER LINIEN GmbH & Co KG concerning the topic of climate and environmental protection, as well as sustainability, are bundled under the motto: "WIENER LINIEN sind Greener Linien" [WIENER LINIEN for a greener Vienna]. The resulting responsibility of WIENER LINIEN GmbH & Co KG as a public transport provider was put into greater focus in 2020 and supported with suitable measures.

In order to boost energy efficiency, all of the old fluorescent lighting in vehicles and stations was replaced by energy-saving LED lamps. This measure was concluded in 2020. The energy savings as compared with standard fluorescent lighting come to 1.6 GWh, which corresponds to the electricity consumption of more than 330 Viennese households.

The Brake Energy project also further boosted energy efficiency in the area of traction current. In this project, the brake energy of the underground train is not only made available to approaching trains but also fed into the internal A/C network. This enables escalators, lighting and lifts at the stations to be supplied with electricity. Both of the systems currently in place feed in around 3 GWh of energy per year. In 2020, Brake Energy was awarded the TÜV Austria Science Prize and construction of a third system was initiated.

Covering an area of around 360 m², the photovoltaic films on the roof of the Ottakring underground station, implemented in 2019 with the support of the Interreg Central Europe programme, have been generating around 62,000 kilowatt-hours of solar power annually since early 2020. The electricity generated is used on site to operate lighting, escalators and lifts. The system thus saves around 21 tonnes of CO_2 every year. The accompanying research project will continue until 2022.

In addition, the stage was set for the further expansion of the low-emission bus fleet with the electric and hydrogen bus concept. In order to test hydrogen as a new drive type, there are plans to create our own electric bus depot in Siebenhirten, as well as a hydrogen refuelling point in the Leopoldau car park. Furthermore, the first hydrogen bus was field-tested in June 2020.

In 2020, WIENER LINIEN GmbH & Co KG constructed a completely new, greened bus shelter in front of the parliament building. For the first time, the roof, too, was planted with colourful flowers – a total of 16 different plant species are now in place to delight both people and insects in the heart of Vienna. Great attention was also paid to accessibility. The project is based on a joint market survey with the IÖB (innovative public procurement), where creative greening models are sought out for newly constructed tram stops.

At the end of 2020, the U4 station Spittelau received a vertical flower meadow. Facades in Spittelau station were greened above the station exit towards Josef-Holaubek-Platz, featuring a combination of shrubs, perennials and herbs, which aim to provide more greenery and a more pleasant microclimate. Pollutants are also filtered out of the air and the greening prevents the formation of heat islands. In this way, it makes another contribution towards protecting the climate.

At the underground station Erdberg and in the Vienna Transport Museum Remise, 60 climate-protecting, native trees were planted that were donated by WIENER STADTWERKE GmbH to mark its 70th anniversary.

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

FUNERAL SERVICES AND CEMETERIES

The environmental aspects of this division mainly come down to biodiversity (cemeteries) and climate change adaptation/microclimates. Cemeteries are 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. This area has been made more visible and appealing as a nature trail.

Water and energy consumption are still major topics at Vienna's cemeteries. The expansion of wastewater systems has been completed following an initial review of the options available. Inzersdorf was the last cemetery to be equipped with a wastewater system. Smart meters were installed at the Simmering cemetery as part of a pilot project for the early detection of water losses due to burst pipes, for example. The relevant environmental topics (water, waste, air and noise) were covered in the "Gemeinsam.Sorgsam." [Taking Care – Together] communication campaign, which was publicised at the cemeteries in April 2020. On park benches and bins and at taps and organic waste collection points, signs call upon all visitors and tradespeople to remember their active contribution to protecting the environment within the cemeteries – specifically regarding waste, water and noise.

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

CAR PARKS

The past few years have been shaped by even better modal splits between public transport and private motor vehicles. Park and ride systems and the construction of cheaper collective residential car parks in urban development areas ensure that the largest amount of above-ground space possible can be allocated for various uses. In this way, these car parks help to alleviate the burden on public space and free up outdoor spaces for green areas, playgrounds and pedestrianised zones.

Greened facades have a positive effect on the urban climate and are one of the passive measures that can be employed to help slow the progress of climate change. Greening measures such as greened facades are therefore a major component in combatting climate change in cities. Through its efforts to make a contribution towards a more sustainable and climate-neutral Vienna, WIPARK has decided to green its car park facades. As a result, the multi-storey car park in Viktoriagasse was greened in 2020 and is now contributing to a more positive urban climate.

For WIPARK, the topic of electromobility is also a major aspect of sustainability and the environment. Electric vehicles already play a significant role in the personal transport market, and this is set to expand in future, particularly in large cities. Over 220 charging points in its car parks in Vienna demonstrate WIPARK's commitment to promoting sustainable vehicle ownership. The charging points are always located at the entrance to the garage, for added convenience for owners of electric vehicles.

7 Research and innovation

Innovation as a response to challenges

As a result of the coronavirus pandemic, 2020 was shaped by numerous challenges. In addition to the pandemic, the WIENER STADTWERKE Group focussed in particular on climate change and the digital revolution. Despite, or perhaps because of, these challenges, the Group continues to pursue its vision and, through investments and innovations, made a significant contribution towards maintaining Vienna's high quality of life. Seeing challenges and crises as opportunities and using courage as the fuel to try something new is the proactive response of WIENER STADTWERKE to challenging times. This courage resulted in various research and innovation projects. New topics and technologies were actively researched, taking the form of augmented reality, blockchain, 3D printing, renewable energies, the Internet of Things, hydrogen, self-driving vehicles, climate protection, robotics, drones, smart grids/smart meters, platform, data analytics, energy storage and resource efficiency. The Group is investing over EUR 4bn in the coming five years in infrastructure and innovations, accompanying the City of Vienna on its path to becoming a smart city as a strong partner.

Creating a fertile breeding ground for innovation

Within the Group, new incentives are being sparked in order for innovations to develop as effectively as possible. Over 100 research and innovation projects were initiated this year by all Group companies. Almost half of these relate to the future topic of digitalisation. At the WIENER STADTWERKE headquarters (Thomas-Klestil-Platz), the ORBI Tower is now home to a modern and creative "Innovation Area" that covers a space of 400 m² as a place of collaboration and communication. It will be opened in 2021. Trend scouting was also established and developed in 2020 throughout the Group. With active, systematic trend scouting, we are able to identify, evaluate and draw on relevant developments outside of the Group as inspiration for innovative products and services. The "Innovation Academy", a Group training initiative for promoting innovation-related and methods-based skills, has been expanded with new training seminars in customer orientation. Besides collaboration with start-ups and research partners, the Group is also driving forward strategic partnerships with the academic and science sector.

Record in internally financed projects

Launched in 2012, WIENER STADTWERKE's innovation fund (FTI fund) aims to support and accelerate innovative and/or research-intensive projects, as well as providing start-up financing. As in the year before, it was furnished with a total of EUR 2.0m in 2020. Despite the coronavirus pandemic, a total of 24 projects were submitted and approved – more than ever before. Demand this high has not been experienced since the internal financial instrument was set up and required funds to be increased by EUR 2.3m to a total of EUR 4.3m.

WIENER STADTWERKE innovation fund

	2019	2020	+/-	+/- %
FTI fund budget (EUR m)	2.0	4.3	+2.3	+115
Number of FTI fund projects approved	22	24	+2	+9

Other highlights

In 2020, WIENER STADTWERKE joined the Industry 4.0 platform and is now benefitting from a cross-state, cross-industry and cross-platform solution for knowledge sharing on future-related topics.

WIENER STADTWERKE is working on having an internally developed artificial intelligence (AI) application ethically certified by the renowned international standards body the Institute of Electrical and Electronics Engineers (IEEE). As one of the first institutes worldwide to do so, it will undergo the IEEE's newly developed ECPAIS (Ethics Certification Program for Autonomous and Intelligent Systems) certification programme. The certification of algorithms from an ethical perspective aims to ensure that they do not violate any ethical principles. The increased use of AI is a major feature of the digital economy. The project ensures that this occurs in line with humanistic values.

Additive manufacturing is a key technology within Industry 4.0 that facilitates decentralised production and the optimisation of the supply chain for replacement parts. In a Group-wide project, 3D printing technology is implemented and a vast wealth of expertise developed, disseminated and anchored throughout the Group over the long term via a range of measures. The focus is primarily on the printing of non-critical and critical components, as well as on plastic and metal printing.

WIENER LINIEN road-tested a hydrogen bus made by Solaris on line 39A for the first time in 2020. Part of the Group-wide H2 strategy, this was a joint project involving several Group companies. A total of ten hydrogen buses are to be used on line 39A from 2023 onwards. In addition to test drives, the relevant infrastructure and expertise is also required. The refuelling point necessary for the test drive is being provided by WIENER LINIEN at the Leopoldau bus depot.

In 2019/2020, the "University Meets Industry" research partnership between WIENER STADTWERKE and the University of Vienna centred on the topic of "Digital Humanism". Through discursive learning formats, the annual event and annual publication, the range of topics addressed included "Exploring the digital environment", "Employment law 4.0" and "Digital health".

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

The “One-Stop Shop” programme was also launched in early 2020, and is set to run for five years. The One-Stop Shop will give customers a single, central point of access – online and offline – for the services and products offered by the Group, with an emphasis on convenience and quality of experience. By making the digital presence of the companies consistent with one another, customers will in future be able to benefit from even more convenient access to the products and services of WIENER STADTWERKE and should also be able to benefit from bundled products online, too. One initial measure in this process is the WIENER STADTWERKE service point opened in 2020. Consultation and services from WIENER LINIEN, WIEN ENERGIE, WIENER NETZE, WIPARK, WIENER LOKALBAHNEN and BESTATTUNG WIEN are now all offered under one roof at the Spittelau site. The new service point covers an area of around 1,000 m² and employs over 30 staff, who address the various needs of their customers and offer services and products relating to energy supply, network and grid connections, annual travel passes for WIENER LINIEN, tickets for the Badner Bahn and orders for parking passes, as well as funeral planning.

8 Internal control and risk management system

The WIENER STADTWERKE Group has implemented a comprehensive risk management system that permits early identification of opportunities and risks. These are defined as the possibility of positive and negative deviations from the expected profit or loss for the period. The internal control system (ICS) comprises all measures implemented to ensure the reliability, effectiveness and economic viability of important processes, while compliance is concerned with adherence to external and internal regulations. The Internal Audit Department evaluates the execution of business processes, as well as the internal control and risk management system, in accordance with 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 cornerstones of the business planning.

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

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

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

Finance/investment/property, plant and equipment:

From the perspective of Group Treasury and non-current financial assets

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

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

Plant and operational safety:

Minimising risks by means of regular maintenance and investment programmes

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

Market and procurement:

Minimising risks by developing new products and services, and by means of hedging

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

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

Strategy/operating environment:

Minimising risks through constant market monitoring

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

Human resources/organisation:

Minimising risks through integrated employee development

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

IT:

Ensuring high availability

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

Legal/data protection:

Focus on protecting personal data and avoiding legal risks

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

Covid-19 and its impact on risk management

The global coronavirus pandemic has of course had an impact on the WIENER STADTWERKE Group. As a result, this topic is addressed in depth in the Group-wide risk management strategy. In terms of planning the following financial year, across all Group companies there is the assumption that there will be another one-month lockdown in the spring. This assumption affects the measurement of various risks that directly affect the contribution margin for the individual Group companies. Furthermore, coronavirus itself has been included in the risk landscape in order to be able to reflect the effects of the pandemic that cannot be directly attributed to an existing risk.

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

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

Compliance

As a state-owned company, the WIENER STADTWERKE Group has a duty to uphold the values of integrity, reliability, transparency and a sense of responsibility. With this in mind, a Group-wide compliance management system (CMS) was implemented several years ago. The CMS is evaluated at regular intervals by the Chief Compliance Officer in consultation with the compliance officers, and constantly developed and improved. The system is also subject to regular independent audits of its effectiveness. The Management Board and Supervisory Board receive written compliance reports, as well as verbal reports on a case-by-case basis as required. A Group-wide whistleblowing system that meets all of the legal requirements has been set up, and it is used by employees, customers and suppliers. In 2020 around 3,500 WIENER STADTWERKE Group employees attended compliance training. Fine-tuning of the CMS was also a focus of activities during the reporting period. Compliance with the statutory regulations relevant to the Group is monitored and controlled by the compliance function in cooperation with other relevant departments.

Summary

As at 31 December 2020, even in light of the effects of the coronavirus pandemic, there were no identifiable risks that, individually or in combination with other risks, could pose a threat to the WIENER STADTWERKE Group's capacity to continue operating as a going concern.

9 Outlook

The WIENER STADTWERKE Group will continue to be confronted by highly dynamic conditions in the future, too. The challenges associated with this will be actively countered by a clear corporate strategy. In the face of persistently harsh conditions in the energy sector, the Group will maintain its efforts to leverage efficiencies, so as to remain on a healthy financial footing. The Group is also continually building up its service character and is relying more heavily on digitalisation and climate protection. Thanks to clear priorities, the Group's ability to advance major growth and innovation projects will be undiminished.

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

SAP S/4HANA

In the digital age, it is enormously important for us as a company to continually review our own business processes. This applies in particular for SAP processes as they will have to be more agile than ever in future. WIENER STADTWERKE has already run the tests and has already entered the implementation stage. A programme to switch over to SAP S/4HANA was launched in January. This enterprise resource planning platform, or ERP system for short, will replace the old SAP R/3 system throughout the Group by the end of 2025 for key business processes such as procurement, maintenance and finance.

One-Stop Shop

The strengthening of WIENER STADTWERKE's service character aims to provide low-threshold access to services for its customers. The service point opened in 2020 is leading the way by example and now offers services from six Group companies (WIENER LINIEN, WIENER LOKALBAHNEN, WIENER NETZE, WIPARK, WIEN ENERGIE and BESTATTUNG & FRIEDHÖFE WIEN) under a single roof, while offering barrier-free access for all customers. The service point is the first milestone in the "One-Stop Shop" programme, which also focusses on simplifying digital services and products at the same time. In future, customers should be able to access all WIENER STADTWERKE services not only via the existing channels but also centrally via a single platform.

Research and innovation – the WIENER STADTWERKE FTI fund

The FTI fund was set up in 2012 and is continuing its success story. By 2020, more than 100 projects had been implemented and the funds have been more than doubled for this year – from EUR 2.0m to EUR 4.3m. One exemplary project will see the construction during 2021 of a 400 m² modern and creative innovation area within the ORBI Tower as a place of collaboration and communication. The Innovation Academy, a Group training initiative for promoting innovation-related and methods-based skills, has been expanded with new training seminars on customer orientation.

The WIENER STADTWERKE climate fund

In 2020, WIENER STADTWERKE set up another important fund that is entirely dedicated to climate protection. From the restoration of land permeability, planting new trees in urban areas and greened facades, this fund is used to finance projects that will improve the urban microclimate and boost sustainability.

Hydrogen as a future technology

The pilot project involving our own hydrogen-powered bus successfully got on the road in 2020. In terms of alternative energy, the WIENER STADTWERKE Group offers everything from a single source: The hydrogen generated and supplied by WIEN ENERGIE is used by WIENER NETZE to fuel a new WIENER LINIEN hydrogen-powered bus. In this way, the Group is able to cover all processes along the value chain and aims to become a pioneer throughout eastern Austria when it comes to hydrogen technology.

WIENER STADTWERKE as a climate protection partner and economic powerhouse for Vienna

Between 2021 and 2025, the Group will be investing around EUR 5.6bn in infrastructure projects for the city of the future. We are a major climate protection partner of the City of Vienna, which has set itself the aim of being climate-neutral by 2040. Our investments not only contribute towards a more climate-friendly future but also strengthen the regional economy. WIENER STADTWERKE contributes around EUR 4.9bn annually to the city's GDP. 37,900 external jobs are secured via the direct and indirect added value within the Group, as confirmed by a study by the Vienna University of Technology in 2020.

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

ENERGY

Since the outbreak of the coronavirus pandemic and the associated measures to control it, global economic development has been massively hindered and many companies are faced with major challenges. While WIEN ENERGIE cannot escape the realities of this situation, it has managed to keep the impact of the crisis on the company – with regard to its business operations, supply mandate and financial result – relatively low and has, so far, weathered the coronavirus crisis well thanks to consistent preventive measures, the use of digital technologies and the personal commitment of all of its staff. Even if future developments in the situation remain hard to gauge, WIEN ENERGIE continues to aim to draw on the opportunities and clearer trends resulting from the coronavirus pandemic.

In 2021, the European energy market will be shaped by increased digitalisation, rising competition and the unwavering trend towards sustainability – including within the context of the coronavirus pandemic. Social pressure with regard to climate change is increasingly shaping political decisions and is leading to business activity becoming defined to a large degree by decarbonisation and the associated targets resulting from the energy and climate policies of the EU, Austria and the City of Vienna. In addition to the European Green Deal, on a domestic level the Renewable Energy Expansion Act [EAG, Erneuerbaren-Ausbau-Gesetz], which aims to cover 100% of electricity consumption with renewables by 2030, the Renewable Heating Act [Erneuerbare-Wärme-Gesetz] and the targets of the City of Vienna (climate-neutral by 2040, smart city strategy) have a major influence on the future strategic direction of WIEN ENERGIE.

In addition to the regulatory and legal requirements, technological trends will also shape the development of the energy economy in the years to come. Considerable attention is now being paid to the sustainable production of hydrogen and with the technical means to boost efficiency and economies of scale, together with the expansion of renewable energy sources in Europe, the cost of green hydrogen has dropped by 50% since 2015. Costs are expected to fall by a further 30% by 2025, with the expectation that green hydrogen will be a competitor to hydrogen produced by standard means by 2030.

WIEN ENERGIE is Austria's largest operator of solar farms and is driving the expansion of renewable energy. This position will be maintained and strengthened in the next few years. For this reason, one area of focus for its investing activities is on the expansion of photovoltaic systems. WIEN ENERGIE will significantly boost solar power capacity by 2030, thus making photovoltaics the biggest source of renewable energy within Vienna and making WIEN ENERGIE synonymous with solar power in Austria. In addition to the expansion of photovoltaics, the development of the wind power and hydro power portfolio is a major cornerstone for WIEN ENERGIE and the City of Vienna in their mission to achieve climate targets. The aim of these measures is not only to safeguard security of supply in a growing city but also to boost the amount of electricity and heat generated from renewable sources.

It is WIEN ENERGIE's aim to not only defend its status as Austria's biggest energy provider but also to continue to grow and develop. In doing so, the company relies on customer focus, sustainability, innovation, digitalisation and the use of new technologies. The investment plan reflects the Group's strategic alignment. Over the next five years, WIEN ENERGIE is planning to invest over EUR 1.2bn in climate protection, supply security and innovation and digitalisation. Around 90% of these investments will go towards climate-neutral technologies. The basis for its future growth will be maintaining a stable and positive profit for the year at a high level that enables us to continually expand on the equity ratio over the course of the next few years.

The impact of the ongoing coronavirus pandemic remains hard to predict. WIEN ENERGIE has, however, shown its resilience over the past financial year and is confident that it will not only keep the negative impact of the crisis on the business and financial result as low as possible but will also aim to benefit from the new trends and opportunities it presents.

ENERGY GRIDS

Smart metering

In line with the rest of Europe, Vienna is paving the way for an energy-efficient, climate-conscious future by introducing new electronic electricity meters. Smart meters are a key element in the expansion and modernisation of smart power grids. Intensive system testing was conducted in 2020, although the roll-out was interrupted by the pandemic. Around 176,000 next-generation electricity meters had been installed for WIENER NETZE customers by the end of 2020. This corresponds to 11% of the total number of meters to be replaced.

Electricity grid

Long-term projects – including upgrades of old medium- and high-voltage systems, the modernisation of substations based on older safety standards, and adaptation and optimisation measures in accordance with the target network plan – are currently going ahead at full steam. Digitalisation is starting to fall into place with the aim of maintaining consistently high supply security and quality for its customers. Ongoing adaptations in the form of the automation of transformer substations (with installation of remote monitoring and control) and the Internet of Things in the overhead power line system (overcurrent indicators that can be monitored remotely) are being implemented and are part of the smart grid initiative. Six battery storage units that serve the grid have also gone into operation. The storage battery units in particular are highly innovative as the first storage units to be fully owned by WIENER NETZE. The storage units enable the company to balance out regional deviations in current quality, help to avoid cables and transformers from becoming overloaded and in the collection of readings in real time. Disruptions and other types of non-availability are quickly rectified by rapid switching, enabling supply to be quickly restored (the ASIDI project).

Low-impedance neutral earthing was successfully implemented at three substations in 2018. This was followed by four further substations in 2020. By 2027, 29 substations will have made the switch. The restructuring of the neutral point connection increases supply security due to its ability to rapidly restore the power following outages.

Gas grid

Based on current developments on the heating market, the objective is that new urban development areas will largely be supplied by renewable energy and district heating. In Vienna, energy development planning zones were established in June 2020, which will reflect the principle of energy-efficient, carbon-neutral heating. Parallel connections to the gas grid will remain a possibility for urban growth areas without district heating infrastructure – even if this is to a slightly lower degree because alternative energy systems (such as heat pumps and ground-source heat pumps) are increasingly being used for new housing.

Alongside expansion of the network, safeguarding security of supply and the performance of the existing grid both require investment in order to maintain quality. The main focus is on strategic, condition-based maintenance.

As part of this, findings from regular grid inspections (deficiency data) are used along with data on the existing network as the basis for asset management.

With regard to climate protection measures, WIENER NETZE is reviewing the gas grid with a view to potentially focussing on and adjusting the infrastructure to accommodate the use of hydrogen, as well as synthetic and biogenic gases.

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

Investments in upstream network infrastructure (transport networks) are essential in order to ensure a sustainable supply of district heating. Current projects include the construction of the "Donauleitung" pump station, due for completion in 2022, the completion of the "Atzgersdorf" district heating circuit, due for completion in 2021, and the new "Donaufeld Ost" grid.

TRANSPORT

In 2021, the coronavirus pandemic and measures implemented by the Austrian government to contain it will not only impact revenue and earnings, but will continue to define the day-to-day lives of the passengers and employees of WIENER LINIEN GmbH & Co KG. Austria has once again been under lockdown since the start of 2021. From 25 January 2021, people using any public transport are required to wear an FFP2 mask.

In 2021, WIENER LINIEN GmbH & Co KG will put an emphasis on making significant investments in the underground network. The ground-breaking ceremony for Vienna's biggest climate protection project – the U2xU5 hub – took place in January 2021. The first measures after setting up the construction zones and the initial diversion routes include establishing the piles in all future shafts. After this, the shafts are excavated, one trainload at a time. Sections of the U2 line will be out of service for around 26 months from the end of May. The delivery of a second X-Wagen train is also scheduled, along with a test phase without passengers. The first passengers should be able to travel on the new underground train on lines U1 to U4 by 2022.

With regard to trams, existing platforms are to be moved and renovated in early 2021 in preparation for the construction of station structures for the U2xU5 hub. Weekend services are likely to be disrupted as a result. Furthermore, an additional 18 Flexity type D low-floor carriages are to be delivered by the end of 2021.

The implementation of the Clean Vehicles Directive (CVD) will be initiated in 2021. The CVD, passed by the EU Parliament, stipulates the public procurement of clean and energy-efficient road vehicles and includes binding quotas for the procurement of buses using alternative drive forms. Once the directive has been adopted into national law by 2 August 2021, at least 45% of new buses procured for the WIENER LINIEN GmbH & Co KG fleet must be powered by alternative drive systems by the end of 2025. In order to fulfil the initial quota, a tender for 62 electric buses and ten hydrogen-powered buses is scheduled for 2021. A further tender is expected for 2024 for the electric minibuses in use on lines 2A and 3A since 2013. Passengers should be able to travel on the first emission-free buses from 2023. Ten hydrogen-powered buses are to be used on line 39A.

Initial signs of recovery are expected for 2021 in terms of passenger numbers and revenue due to the increased attractiveness of the services available, population growth in Vienna and increasing climate protection measures. However, we do not expect to see a complete recovery in travel pass sales, particularly for short-term travel passes (tourists) in 2021. The resulting reduction in income and the avoidance of tariff changes have required the City of Vienna to provide higher financial compensation to the Group for public service obligations. In light of these investments, the assumption is that projects will be carried out as scheduled.

After the Group division WIENER LOKALBAHNEN experienced a year of upheaval in 2020 with numerous challenges, a new course will be laid in 2021, with numerous new projects due to be launched.

After the new transport services agreement (VDV) came into force on 13 December 2020 and the Badner Bahn underwent a massive timetable expansion (+21% on the 2019/2020 timetable), 2021 is to be the year for stabilising operations and setting the course for modernisation and the further expansion of the Badner Bahn timetable. With the new VDV coming into force, the revenue structure has now been switched over to a gross-contract basis. With regard to the ongoing development of the coronavirus pandemic, this is helpful because we can assume stable revenue levels for the Badner Bahn.

The first TW500 locomotives are due to be field-tested with passengers in 2021 and they will then gradually replace the TW100 model, one train at a time. The new vehicles will enhance passenger comfort with modern passenger information systems, air conditioning as standard, and step-free access. Furthermore, the TW400 will also be equipped with a new air-conditioning system by summer 2022.

In addition to the vehicle improvements, investments are also being made in the operational infrastructure. A new depot is planned for Baden-Leesdorf. Construction is slated to begin in 2021 and it is due for completion in late 2022. In terms of infrastructure, the ninth medium-term investment programme (MIP) is due for conclusion in early 2021. This programme aims to boost the available funds in order to expand and modernise the infrastructure on the Schedifkaplatz–Baden line.

FUNERAL SERVICES AND CEMETERIES

Current plans and forecasts and the principle of business prudence suggest that activity in this division is likely to remain stable or decline slightly. The ongoing impact of the coronavirus pandemic cannot yet be evaluated but we do not expect to see any material financial effects.

In line with the current Group strategy, further progress with efficiency measures, quality improvements and additions to the product and service portfolios will be continued and promoted. The expansion of the crematorium and a new central refrigeration system, due to go into operation in 2023, at Vienna's Central Cemetery aim to safeguard business success over the long term.

In the Cemeteries division, business operations depend on the number of deaths, as well as general willingness to maintain graves. The mortality rate is likely to remain stable over the medium term, which, to a large degree determines the business performance of the division. We expect to see an increase in the number of deaths from 2025 due to increasing population growth and demographic trends in Vienna. In order to be prepared for any unexpected increases in the number of deaths, extensive measures are being implemented both in terms of refrigeration infrastructure and in terms of staffing. The digitalisation options are being used for cemeteries in order to facilitate an appealing service that reflects increasing mobility and urbanisation: the Digital Grave and Digital Memorial services allow existing physical graves to be visited from anywhere and at any time. New sources of income are being tapped into via additional services offered by the Digital Grave.

CAR PARKS

In terms of long-stay parking, WIPARK is attempting to boost revenue with targeted client acquisition and the optimisation of tariffs. The division also wants to create an attractive product for short-stay parking customers, with the aim of increasing customer loyalty and optimising customer service. In order to ensure the quality of its car parks, the focus in the next few years will be on renovation projects. WIPARK will continue to follow the strategy of concentrating on facility ownership and leased car parks, as this is seen as holding stronger potential for boosting income and profitability. One of the next projects will be the Oberlaa, An der Kuhtrift, development, where WIPARK has secured its participation in the further development of the project through the acquisition of the plot of land. Nevertheless, new leasehold agreements may also open up growth opportunities. New car park management contracts will not be actively sought, although exceptions are conceivable for car parks in strategic locations.

Summary and outlook:

The the impact of the coronavirus pandemic on the WIENER STADTWERKE Group

At WIENER STADTWERKE, very few employees had their hours shortened during the crisis year of 2020. Other human resource-related measures encouraged mobile working, the use of annual leave and flexitime accrued, and increasing the flexibility of working time models. Shift plans were adapted to the circumstances, and a mental health support hotline was made available. In addition, steps are being taken throughout the Group to protect at-risk groups.

The pandemic is not expected to have substantial economic impacts on the Group's key Energy and Energy Grids divisions. In the Energy division, we expect to see a stable, positive annual result at a high level. Performance in the Energy Grids division will be balanced out using the regulatory deferral account, so only a relatively small decline in revenue is expected. Many initiatives and construction projects have been temporarily suspended or postponed, but investment has continued.

The Mobility division was hit comparatively hard by the coronavirus pandemic. Declines in revenue in the Group's Transport and Car Parks divisions reflect the collapse in the numbers of passengers and short-stay parkers respectively. Revenue will be affected in the Transport division, principally at WIENER LINIEN. The impact will also be cushioned by mechanisms in the funding agreement with the City of Vienna. For WIENER LOKALBAHNEN, the risk of lost tariff income, which has been restructured as a new transport services agreement on a gross-cost contract basis as of December 2020, will be borne by the client.

The Group expects these events to have a material effect on its results for 2021. The WIENER STADTWERKE Group will remain strong and stable throughout the Covid-19 crisis. We will continue to keep the City of Vienna running reliably.

Vienna, 30 March 2021

The Management Board

Martin Krajcsir Chief Executive Officer	Peter Weinelt Deputy Chief Executive Officer

Consolidated financial statements

Financial Year 2020

1 Consolidated statement of profit or loss

EUR m	Notes	2019	2020
Revenue	8.1	3,028	3,144
Other income	8.2	553	630
Raw material, consumables and services used	8.3	-1,332	-1,424
Personnel expenses	10.1	-1,067	-919
Other expenses	8.4	-702	-581
Net gains on investments accounted for using the equity method	7.3	64	38
EBITDA		**544**	**888**
Depreciation and amortisation	9.4	-271	-307
Impairment losses and reversals	9.5	76	84
Operating profit (EBIT)		**349**	**665**
Interest income	11.1	14	7
Other finance income	11.1	39	54
Interest expense	11.1	-98	-78
Other finance costs	11.1	-3	-8
Financial result		**-49**	**-25**
Profit before tax		**300**	**641**
Current tax expense	13	-1	-1
Profit for the year from continuing operations		**299**	**640**
Profit for the year		**299**	**640**

2 Consolidated statement of comprehensive income

EUR m	Notes	2019	2020
Profit for the year		**299**	**640**
Remeasurements of employee benefit provisions	10.2	-425	-389
Net gain or loss on measurement of equity instruments	11	532	1,245
Other comprehensive income from investments accounted for using the equity method		-1	0
Items that will not be reclassified to profit or loss		**106**	**856**
Measurement of debt instruments	11	10	11
Measurement of cash flow hedges	11.6	42	-45
Other comprehensive income from investments accounted for using the equity method	12	-215	107
Items that will be reclassified to profit or loss		**-163**	**73**
Other comprehensive income before tax		**-57**	**929**
Income tax relating to items that will not be reclassified to profit or loss	13	-33	-78
Income tax relating to items that will be reclassified to profit or loss	13	-1	0
Tax effects relating to components of other comprehensive income		**-35**	**-78**
Other comprehensive income for the year, net of tax		**-92**	**852**
Total comprehensive income for the year		**208**	**1,492**

3 Consolidated statement of financial position

EUR m	Notes	31 Dec. 2019	31 Dec. 2020
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ASSETS			
Property, plant and equipment	9.1	4,091	4,309
Intangible assets	9.2	158	174
Investments accounted for using the equity method	7.3	166	279
Non-current financial assets	11.3	3,500	5,723
Other non-current assets	8.8	415	597
Non-current regulatory assets	8.5	1,216	1,183
Non-current assets		**9,547**	**12,264**
Inventories	8.6	229	245
Trade receivables	8.7	243	269
Current financial assets	11.3	582	422
Other current assets	8.8	300	213
Current regulatory assets	8.5	63	74
Cash and cash equivalents	11.2	450	382
Current assets		**1,866**	**1,604**
Total equity and liabilities		**11,413**	**13,869**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION LIABILITIES			
Equity	12	**3,555**	**5,028**
Long-term borrowings	11.4	411	945
Employee benefit provisions	10.2	4,637	5,136
Other long-term provisions	9.6	393	8
Other non-current liabilities	8.10	804	811
Deferred tax liabilities	13	103	180
Total non-current liabilities		**6,348**	**7,081**
Current financial liabilities	11.4	216	334
Trade payables	8.9	363	536
Other short-term provisions	9.6	41	42
Other current liabilities	8.10	890	848
Total current liabilities		**1,510**	**1,760**
Total equity and liabilities		**11,413**	**13,869**

4 Consolidated statement of changes in equity

EUR m	Share capital and shareholder contri-butions	Capital reserves	Employee benefit provision reserve	Cash flow hedge reserve	Valuation reserve for financial instruments	Reserve from other results from companies valued according to the equity method	Retained earnings	Total
1 Jan. 2019	**500**	**2,327**	**58**	**-23**	**775**	**70**	**-351**	**3,356**
Profit for the year	0	0	0	0	0	0	299	299
Other earnings	0	0	-425	42	506	-214	0	-90
Total comprehensive income for the year	**500**	**2,327**	**-367**	**19**	**1,281**	**-143**	**-52**	**3,565**
Dividends	0	0	0	0	0	0	-10	-10
31 Dec. 2019	**500**	**2,327**	**-367**	**19**	**1,281**	**-143**	**-62**	**3,555**
1 Jan. 2020	**500**	**2,327**	**-367**	**19**	**1,281**	**-143**	**-62**	**3,555**
Profit for the year	0	0	0	0	0	0	640	640
Other earnings	0	0	-389	-42	1,174	104	4	852
Total comprehensive income for the year	**500**	**2,327**	**-756**	**-22**	**2,455**	**-39**	**582**	**5,047**
Dividends	0	0	0	0	0	0	-16	-16
Other	0	0	0	0	0	0	-3	-3
31 Dec. 2020	**500**	**2,327**	**-756**	**-22**	**2,455**	**-39**	**564**	**5,028**

5 Consolidated statement of cash flows

EUR m	Notes	2019	2020
Operating profit (EBIT)		349	665
Depreciation, amortisation and impairment/write-ups of intangible assets, property, plant and equipment, and right-of-use assets	11.4/11.5	195	223
Non-cash income from investments accounted for using the equity method	7.3	-64	-38
Net gains on disposal of non-current assets		-26	-3
Change in long-term provisions	9.6	-56	-224
Other non-cash expenses and income		110	28
Interest received	11.1	5	17
Dividends received	11.1	85	75
Interest paid	11.1	-12	-13
Taxes paid	13	2	3
Cash flow before changes in working capital		**588**	**734**
Change in inventories	8.6	-27	-17
Change in trade and other receivables	8.7/8.8	-20	-64
Change in trade payables and other liabilities	8.9/8.10	-41	-152
Change in short-term provisions and accruals for employee benefit obligations	9.6	8	18
Cash flows from operating activities		**507**	**519**
Cash outflows for investments in intangible assets and property, plant and equipment	8.11	-244	-381
Cash inflows from disposals of intangible assets and property, plant and equipment	8.11	14	25
Cash outflows for investments in long-term securities and loans	11.3	-435	-200
Cash inflows from disposals of long-term securities and loans	11.3	69	160
Cash outflows for equity investments and investments in subsidiaries, less cash and cash equivalents received	11.3/7.1	-26	-909
Cash inflows/outflows for investments in other securities and financial instruments <1 year and investment related to the cash pooling arrangement >3 months	11.3	-4	199
Change in liquid funds not included in cash and cash equivalents	11.2	124	-30
Cash flows from investing activities		**-502**	**-1,136**
Cash inflows from assumption of long-term financial liabilities	8.11/11.4	5	559
Cash outflows from repayment of long-term financial liabilities	8.11/11.4	-38	-24
Dividends paid	11.4	-10	-16
Cash flows from financing activities		**-43**	**519**
Change in cash and cash equivalents		**-38**	**-98**
Cash and cash equivalents as at 1 Jan.	8.11/11.2	397	360
Change in cash and cash equivalents		-38	-98
Cash and cash equivalents as at 31 Dec.	8.11/11.2	**360**	**262**

6 Accounting policies

6.1 Principles

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

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

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

The consolidated financial statements were finalised on 30 March 2021 and approved for forwarding to the Supervisory Board, which is responsible for checking and approving them.

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

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

6.2 Significant judgements, assumptions and estimates

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

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

Judgements are made with regard to the following:

- Definition of the scope of consolidation – see note 7.2
- Definition of key items related to the Group's related parties – see note 7.4
- Definition of key criteria relating to impairment testing and delineation of CGUs – see note 9.5
- Selection regarding the valuation method of expected future losses of trade receivables – see note 14

Estimates are made in relation to the following:

- Estimates in relation to the accrual-based determination of revenue – see note 8.1
- Estimates of net realisable value of inventories – see note 8.6
- Estimates of the useful lives of property, plant and equipment and intangible assets – see notes 9.1 and 9.2
- Estimates related to impairment testing – see note 9.5
- Estimates related to provisions – see notes 9.6 and 15.2
- Estimates of parameters for personnel provisions – see note 10.2
- Estimates in connection with the determination of the fair value of financial instruments – see note 11.5
- Estimates in connection with the measurement of deferred taxes – see note 13
- Estimates of credit risks and valuation allowances for financial assets – see note 14

6.3 Changes in significant accounting policies

New standards and interpretations

New or amended standards and interpretations that had been published by the IASB as of the date of preparation of the financial statements, but were not mandatorily applicable in the EU as of 1 January 2020, were generally not voluntarily applied. The WIENER STADTWERKE Group will apply such standards as soon as they become mandatory. Information on standards which are not yet applicable is provided in the table below. However, these standards are not expected to have a material effect on the consolidated financial statements.

The following standards and interpretations have been mandatory since the last annual financial statements. The “Amendments to References to the Conceptual Framework in IFRS Standards” had already been applied voluntarily in the last consolidated financial statements. The newly applied standards did not result in any significant changes in accounting.

Standards adopted by the EU and newly applied in the 2020 financial year

Standard/interpretation	Amendment	Publication by the IASB/IFRS IC	Date of mandatory application for the WSTW Group	Material effect on the consolidated financial statements
IFRS 16	Accounting/relief IFRS 16 contracts due to Covid-19 pandemic	28 May 2020	1 Jun. 2020	There were no transactions in the Group to which the relief was applied.
IFRS 3	Definition of a Business	22 Oct. 2018	1 Jan. 2020	There were no changes in the treatment of share deals, e.g. for power stations and wind parks. These could possibly be classified as asset purchases.
IFRS 9, IAS 39, IFRS 7	Reform of the reference interest rates	26 Sept. 2019	1 Jan. 2020	The amendments are mainly concerned with providing relief on specific aspects of hedge accounting within reporting periods before the change (IBOR reform) and will not have a material effect on the Group’s consolidated financial statements.
IAS 1, IAS 8	Definition of “materiality”	31 Oct. 2018	1 Jan. 2020	No material effect
Amendments to references of the framework to individual IFRS standards	Changes in the IASB framework	29 Mar. 2018	1 Jan. 2020	Amendments to the conceptual framework have been applied in these consolidated financial statements, ahead of the mandatory application date.

Standards and interpretations not yet applicable and not yet adopted by the EU

Standard/interpretation	Amendment	Publication by the IASB/IFRS IC	Date of mandatory application for the WSTW Group	Material effect on the consolidated financial statements
IFRS 9, IAS 39, IFRS7, IFRS 4 and IFRS 16	**Reform of the reference interest rates – Phase 2**	**27 Aug. 2020**	**1 Jan. 2021**	**No material effect expected**
IFRS 4	Extension of the temporary exemption from IFRS 9	25 Jun. 2020	1 Jan. 2021	No material effect expected
IAS 8	Definition of estimates and their change	12 Feb. 2021	1 Jan. 2023	The amendments are being evaluated and their effect is not yet foreseeable.
IAS 1	Disclosure of accounting policies	12 Feb. 2021	1 Jan. 2023	No material effect expected
IFRS 3	Reference to framework concept	14 May 2020	1 Jan. 2022	No material effect expected
IAS 16	Revenue before intended use	14 May 2020	1 Jan. 2022	No material effect expected
IAS 37	Costs for the performance of a contract	14 May 2020	1 Jan. 2022	No material effect expected
IAS 1	Classification of liabilities as current or non-current	15 Jun. 2020	1 Jan. 2023	The amendments are being evaluated and their effect is not yet foreseeable.
IFRS 17	Insurance contracts	25 Jun. 2020	1 Jan. 2023	No material effect expected
Various	Annual improvements 2018–2020	14 May 2020	1 Jan. 2022	No material effect expected

6.4 Impact of the Covid-19 crisis

Since the outbreak of the Covid-19 pandemic and the related containment measures, global economic development has been significantly affected and many companies are facing major challenges. Through consistent preventive measures at the Group's operating sites and locations, the use of digital options and the personal commitment of all employees, WIENER STADTWERKE has so far come through the coronavirus crisis well.

WIENER STADTWERKE cannot escape the economic environment, but has been able to minimise the impact of the crisis on the financial result. The Energy and Energy Grids divisions were able to report increases in revenue and did not suffer any direct significant losses in revenue from the lockdowns. In the Transport business unit, there were revenue losses due to the lockdowns, but these were partially compensated by higher operating subsidies (see notes 8.1 and 8.2). In order to minimise the financial impact, government support measures were also taken up by the WIENER STADTWERKE Group. Essentially, the full amount of the AWS investment premium was applied for and approved. In addition, a very small amount of work was furloughed in individual areas of the WIENER STADTWERKE Group. For a detailed description of the effects of the Covid-19 pandemic, please refer to the comments in the group operating and financial review.

WIENER STADTWERKE is closely monitoring the further development of the Covid-19 pandemic and assessing the effects on the individual business areas of the Group as well as the risks derived from it. Even though the future situation remains difficult to assess, WIENER STADTWERKE is confident that it will continue to keep the negative effects of the crisis on the business and the economic result to a minimum.

7 WIENER STADTWERKE Group

7.1 Changes in the scope of consolidation

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

	Consolidated subsidiaries	Investments accounted for using the equity method
1 Jan. 2019	**27**	**3**
Initial consolidation in the reporting period	2	0
Mergers in the reporting period	-1	0
31 Dec. 2019	**28**	**3**
Initial consolidation in the reporting period	0	0
Mergers in the reporting period	0	0
31 Dec. 2020	**28**	**3**

Mergers

WIEN ENERGIE GmbH acquired 100% of the voting shares in Hydro Energy RADMERBACH GmbH on 31 March 2020. This was subsequently merged into WIEN ENERGIE GmbH. Hydro Energy RADMERBACH GmbH operates a hydropower plant located in the municipality of Radmer/District of Liezen in Styria. WIEN ENERGIE GmbH acquired this company in order to increase its share in electricity generation from hydropower.

The fair values of the identifiable assets and liabilities of Hydro Energy RADMERBACH GmbH at the acquisition date are shown below:

	31 Mar. 2020
Property, plant and equipment	5.6
Intangible assets	0.1
Trade receivables	0.0
Assets	**5.7**
Financial liabilities	2.2
Liabilities	**2.2**
Total identifiable net assets at fair value	**3.5**
Consideration transferred	**3.5**

The purchase price of EUR 3.5m was paid in cash. After the merger with WIEN ENERGIE GmbH, a bank liability of EUR 2.2m was repaid. Since the acquisition date, Hydro Energy RADMERBACH GmbH has contributed EUR 0.4m to the Group's revenue and EUR 0.1m to the Group's profit from continuing operations before tax.

In 2019, the affiliated company Druckerei Lischkar & Co. Gesellschaft m.b.H., which had previously not been consolidated due to immateriality, was merged into B&F Wien – Bestattung und Friedhöfe GmbH.

Acquisitions and start-ups in 2020

WIENER STADTWERKE GmbH acquired a block of shares in EVN AG of 51,000,000 from EnBW Trust e.V. in the past financial year. This corresponds to a shareholding in EVN AG of around 28.35%. Together with the shares already held indirectly, WIENER STADTWERKE GmbH has a stake of around 28.36% in EVN AG. Although a significant influence could be assumed on the basis of the shareholding, the analysis of the indicators listed in IAS 28.6 led to the conclusion that WIENER STADTWERKE GmbH cannot exercise a significant influence on EVN AG in accordance with IAS 28. It is therefore reported under non-current financial assets measured at FVOCI (see chapter 11.3).

In the 2020 financial year, WIEN ENERGIE GmbH acquired 100% of the shares in the Ratschfeld GmbH hydropower plant. Furthermore, WIEN ENERGIE GmbH purchased three wind farms (for details see chapter 7.3) at 49% each.

Wiener Wasserstoff GmbH and Smart Inspection GmbH were founded in the 2020 financial year.

Acquisitions in 2019

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

WSTW funds

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

7.2 Subsidiaries

The following companies were included in the scope of consolidation as at 31 December 2020:

Interest (%)	31 Dec. 2019	31 Dec. 2020
WIENER STADTWERKE GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	100
WIEN ENERGIE GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	100
WIENER NETZE GmbH, Erdbergstrasse 236, 1110 Vienna	100	100
WIENER LINIEN GmbH, Erdbergstrasse 202, 1030 Vienna	100	100
WIENER LINIEN GmbH & Co KG, Erdbergstrasse 202, 1030 Vienna	100	100
WIENER LINIEN Verkehrsprojekte GmbH, Erdbergstrasse 202, 1030 Vienna	100	100
WIENER LINIEN Direktionsgebäude GmbH, Erdbergstrasse 202, 1030 Vienna	100	100
FRIEDHÖFE Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	100
B&F Wien – Bestattung und Friedhöfe GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	100
BFW Bestattungsservice Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	100
BFW Gebäudeerrichtungs- und Vermietungs GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	100
BFW Gebäudeerrichtungs- und Vermietungs GmbH & Co KG, Simmeringer Hauptstrasse 339, 1110 Vienna	100	100
BESTATTUNG Wien GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	100	100
WIENER LOKALBAHNEN GmbH, Purkytgasse 1B, 1230 Vienna	100	100
Wiener Lokalbahnen Cargo GmbH, Freudenauer Hafenstrasse 8-10, 1020 Vienna	100	100
Wiener Lokalbahnen Verkehrsdienste GmbH, 7. Haidequerstrasse 6, 1110 Vienna	100	100
WIPARK Garagen GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	100
WienIT GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	100
Wiener Erdgasspeicher GmbH, Erdbergstrasse 236, 1110 Vienna	100	100
WIEN ENERGIE TownTown GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	100
WIEN ENERGIE TownTown GmbH & Co Energy Tower KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	100
WSTW TownTown GmbH & Co Residenz KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	100
WIENER STADTWERKE Vermögensverwaltung GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	100
WIENER STADTWERKE Finanzierungs-Services GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	100
Beteiligungsmanagement IWS Verwaltungs GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	100
WSTW fund IV	100	100
WSTW fund VI	100	100
WSTW fund VII	100	100

The following 27 (previous year: 24) companies were not included in the scope of consolidation due to immateriality:

Interest (%)	31 Dec. 2019	31 Dec. 2020	
FACILITYCOMFORT Energie- und Gebäudemanagement GmbH, Spittelauer Lände 45, 1090 Vienna	100	100	
Gemeinnützige Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H., Erdbergstrasse 236, 1110 Vienna	100	100	
TownTown Infra GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	70	70	
Vienna Energy Természeti Erö Kft., Aradi utca 16, 1062 Budapest	100	100	
HAUSCOMFORT GmbH, Spittelauer Lände 45, 1090 Vienna	100	100	
Upstream – next level mobility GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	100	100	
Bestattung PAX GmbH, Simmeringer Hauptstrasse 281/1, 1110 Vienna	100	100	
Vienna Energy forta naturala S.R.L., Strada Sfanta Vineri 29, Cladirea Bectro Center, 030203 Bucharest	100	100	
Energy Eastern Europe Hydro Power GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	100	
EMK d.o.o., Jane Sandanski 113-12, 1000 Skopje	100	100	1)
ERS d.o.o. male hidroelektrane, Akademika Petra Mandicá 11c, 71123 Istočno Sarajevo	100	100	1)
EBH d.o.o., Zmaja od Bosne 7-7a, 71000 Sarajevo	100	100	1)
KW Sallabach Gesellschaft mbH, Thomas-Klestil-Platz 14, 1030 Vienna	85	85	
KW Sallabach Gesellschaft mbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	85	85	
Tierfriedhof Wien GmbH, Anton-Mayer-Gasse 5, 1110 Vienna	70	85	
Neu Leopoldau Entwicklungs GmbH, Messeplatz 1, 1021 Vienna	51	51	
WIEN ENERGIE Bundesforste Biomasse Kraftwerk GmbH, 1. Haidequerstrasse 1, 1110 Vienna	66.67	66.67	
WIEN ENERGIE Bundesforste Biomasse Kraftwerk GmbH & Co KG, 1. Haidequerstrasse 1, 1110 Vienna	66.67	66.67	
Kraftwerk-Gulling GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	100	
Kraftwerke-Gulling GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	100	
WIENER STADTWERKE Planvermögen GmbH, Thomas-Klestil-Platz 13, 1030 Vienna	99.8	99.8	2)
Smartworks Innovation GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	100	100	
Smartworks Innovation GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	100	
Wasserkraftwerk Rantenbach GmbH, Krakauschatten 42, 8854 Krakauschatten	100	100	
Smart Inspection GmbH, Praterstrasse 1, Space 15, 1020 Vienna	–	100	
Wasserkraftwerk Ratschfeld GmbH, Marktstrasse 54, 5611 Grossarl	–	100	
Wiener Erdgasspeicher GmbH, Erdbergstrasse 236, 1110 Vienna	–	100	

1) Wholly owned subsidiary of Energy Eastern Europe Hydro Power GmbH
2) An interest of 0.2% is held by a fiduciary

Recognition and measurement

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

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

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

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

Functional and reporting currency
The reporting currency of the WIENER STADTWERKE Group is the euro. The functional currency of all consolidated subsidiaries as well as all investments accounted for using the equity method is also the euro.

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

7.3 Investments accounted for using the equity method

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

EUR m	31 Dec. 2019	31 Dec. 2020
Holdings in associates	139.6	141.7
Holdings in joint ventures	26.8	137.6
Total	**166.4**	**279.3**

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

Interest (%)	31 Dec. 2019	31 Dec. 2020	
ENERGIEALLIANZ Austria GmbH, Wienerbergstrasse 11, 1100 Vienna	45	45	
WIEN ENERGIE Vertrieb GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	100	100	
Naturkraft Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	45	45	1)
SWITCH Energievertriebsgesellschaft m.b.H., Wienerbergstrasse 11, 1100 Vienna	45	45	1)
EAA 24x7 GmbH (under liquidation), Wienerbergstrasse 11, Twin Tower Ost, Top 11, 1100 Vienna	45	45	1)
Verbund Innkraftwerke GmbH, Innwerkkanal, 84513 Töging	13	13	

1) Wholly owned subsidiary of ENERGIEALLIANZ Austria GmbH

As a limited partner, WIEN ENERGIE GmbH holds a 100% interest in the assets and earnings of WIEN ENERGIE Vertrieb GmbH & Co KG, which specialises in the distribution of electricity and gas. The general partner without asset contribution is ENERGIEALLIANZ Austria GmbH, whose field of activity concerns electricity trading. WIEN ENERGIE Vertrieb GmbH & Co KG is managed jointly, as the contracts between WIEN ENERGIE GmbH and ENERGIEALLIANZ Austria GmbH mean that WIEN ENERGIE GmbH cannot decide on the main activities on its own. In accordance with IFRS 11, this joint venture is therefore presented at equity in the consolidated financial statements.

ENERGIEALLIANZ Austria GmbH is a joint venture within the meaning of IFRS 11 due to existing agreements between EVN AG, Energie Burgenland AG and WIEN ENERGIE GmbH, which provide for the joint management of ENERGIEALLIANZ Austria GmbH, and is also included in the consolidated financial statements at equity. Both companies' reporting date is 30 September. Due to the insignificant volatility of equity and earnings, ENERGIEALLIANZ Austria GmbH is included on the basis of an IFRS package as at 30 September. WIEN ENERGIE Vertrieb GmbH & Co KG is included in the consolidated financial statements on the basis of an IFRS package as at 31 December.

Wien Energie GmbH holds an unchanged capital share of 13% in Verbund Innkraftwerke GmbH (IKW), which is active in the field of electricity generation. Within the framework of the company agreement, WIEN ENERGIE GmbH was granted rights that go considerably beyond the influence normally associated with a voting share of 13%. Due to these opportunities to influence the financial and business policy decisions of IKW, it is included in the consolidated financial statements as an associated company using the equity method.

The following investments were not accounted for using the equity method as at 31 December 2020 due to immateriality:

Interest (%)	31 Dec. 2019	31 Dec. 2020
e&i EDV Dienstleistungsgesellschaft m.b.H., Thomas-Klestil-Platz 13, 1030 Vienna	50	50
Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH, Am Hof 6a, 1010 Vienna	33.33	33.33
Kraftwerk Nussdorf Errichtungs- und Betriebs GmbH & Co KG, Am Hof 6a, 1010 Vienna	33.33	33.33
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH, Thomas-Klestil-Platz 14, 1030 Vienna	50	50
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG, Thomas-Klestil-Platz 14, 1030 Vienna	50	50
PAMA-GOLS Windkraftanlagenbetriebs GmbH, Kasernenstrasse 9, 7000 Eisenstadt	50	50
PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	50	50
Bestatterakademie GmbH, Simmeringer Hauptstrasse 339, 1110 Vienna	49	49
Wiener Tierkrematorium GmbH, Alberner Hafenzufahrtsstrasse 8, 1110 Vienna	15	49
EPZ Energieprojekt Zurndorf GmbH & Co KG, Kasernenstrasse 9, 7000 Eisenstadt	42.4	42.4
EP Zurndorf GmbH, Kasernenstrasse 9, 7000 Eisenstadt	42.4	42.4
Aspern Smart City Research GmbH, Wangari-Maathai-Platz 3, 1220 Vienna	49.95	49.95
Aspern Smart City Research GmbH & Co KG, Wangari-Maathai-Platz 3, 1220 Vienna	49.95	49.95
ARGE Parkplatz Verteilerkreis Favoriten, Verteilerkreis Favoriten, 1100 Vienna	50	50
TELEREAL Telekommunikationsanlagen GmbH, Mollardgasse 8/19, 1060 Vienna	25	25
DIGGERS RESEARCH GmbH, Peterdorf 49, 8842 St. Peter am Kammersberg	20	20
Windpark Pongratzer Kogel GmbH, Boerhaavegasse 6, 1030 Vienna	–	49
Windpark Zagersdorf GmbH, Boerhaavegasse 6, 1030 Vienna	–	49
Windpark Herrenstein GmbH, Boerhaavegasse 6, 1030 Vienna	–	49

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

Statement of financial position

EUR m	ENERGIE-ALLIANZ Austria GmbH 30 Sept. 2019	WIEN ENERGIE Vertrieb GmbH & Co KG 31 Dec. 2019	Verbund Inn-kraftwerke GmbH 31 Dec. 2019	ENERGIE-ALLIANZ Austria GmbH 30 Sept. 2020	WIEN ENERGIE Vertrieb GmbH & Co KG 31 Dec. 2020	Verbund Inn-kraftwerke GmbH 31 Dec. 2020
Non-current assets	5.9	5.2	1,094.1	7.1	13.8	1,146.6
Current assets (excl. cash and cash equivalents)	241.7	169.0	40.7	282.6	196.1	20.4
Cash and cash equivalents	21.8	0.9	0.0	19.7	1.1	0.0
Total non-current liabilities	9.8	16.4	45.6	5.7	2.1	56.4
Total current liabilities	214.4	152.3	15.2	266.7	87.9	20.7
Net assets (100%)	**45.2**	**6.5**	**1,074.0**	**36.9**	**121.0**	**1,089.9**
Group share of net assets	45%	100%	13%	45%	100%	13%
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Carrying amount of investments accounted for using the equity method	**20.3**	**6.5**	**139.6**	**16.6**	**121.0**	**141.7**

Statement of profit or loss

EUR m	ENERGIE-ALLIANZ Austria GmbH 30 Sept. 2019	WIEN ENERGIE Vertrieb GmbH & Co KG 31 Dec. 2019	Verbund Inn-kraftwerke GmbH 31 Dec. 2019	ENERGIE-ALLIANZ Austria GmbH 30 Sept. 2020	WIEN ENERGIE Vertrieb GmbH & Co KG 31 Dec. 2020	Verbund Inn-kraftwerke GmbH 31 Dec. 2020
Revenue	1,011.7	603.5	93.0	955.3	562.6	94.1
Depreciation and amortisation expense	-0.6	-0.1	-23.7	-0.8	0.0	-22.9
Interest income	0.0	0.2	0.2	0.1	0.4	2.1
Interest expense	-0.4	-0.1	-0.1	-0.6	0.0	0.0
Income tax expense	-0.7	0.0	-10.0	0.2	0.0	-9.1
Profit after tax	2.7	59.4	26.4	-7.7	38.3	23.9
Other comprehensive income	-0.4	-214.8	-7.9	-0.7	107.0	2.1
Total comprehensive income for the year	**2.3**	**-155.4**	**18.5**	**-8.4**	**145.3**	**25.9**
Proportionate dividend distribution	0.0	59.3	1.3	0.0	30.7	1.3

Recognition and measurement

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

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

7.4 Related parties

Related parties

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

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

§ Key management personnel comprise the members of the Management Boards and Supervisory Boards of WIENER STADTWERKE GmbH, WIEN ENERGIE GmbH, WIENER NETZE GmbH and WIENER LINIEN GmbH.

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

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

Compensation of key management personnel

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

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

EUR m	Key management personnel	Thereof members of the WIENER STADTWERKE GmbH Management Board	Key management personnel	Thereof members of the WIENER STADTWERKE GmbH Management Board
		31 Dec. 2019		31 Dec. 2020
Short-term benefits	3.13	0.80	2.96	0.83
Post-employment benefits	0.12	0.04	0.11	0.04
Total	**3.25**	**0.84**	**3.07**	**0.86**

EUR m	Supervisory Board members in key management positions	Thereof members of the WIENER STADTWERKE GmbH Supervisory Board	Supervisory Board members in key management positions	Thereof members of the WIENER STADTWERKE GmbH Supervisory Board
		31 Dec. 2019		31 Dec. 2020
Total supervisory board compensation	**0.13**	**0.06**	**0.15**	**0.07**

As in previous periods, no loans were granted or paid to key management personnel in the reporting period. Pension expenses include ongoing pension payments to former members of the WIENER STADTWERKE GmbH Management Board amounting to EUR 0.7m (previous year: EUR 0.6m).

Related party transactions

The following table provides an overview of business transactions with related parties. This involves the purchase/sale of goods and services as well as financing:

EUR m	Expenses	Earnings	Liabilities	Trade receivables
31 Dec. 2020				
City of Vienna and its subsidiaries*	-44.6	159.2	-1.8	10.8
Non-consolidated subsidiaries and associates	-28.9	11.2	-24.2	14.3
Investments accounted for using the equity method (WIEN ENERGIE Vertrieb GmbH & Co KG, ENERGIEALLIANZ Austria GmbH, Verbund Innkraftwerke GmbH)	-294.5	660.9	-132.6	57.4
Joint ventures in which the entity is a partner company	0.0	0.7	0.0	0.0
Total	**-367.9**	**832.0**	**-158.6**	**82.5**

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

EUR m	Expenses	Earnings	Liabilities	Trade receivables
31 Dec. 2019				
City of Vienna and its subsidiaries*	-86.7	174.2	-9.3	15.7
Non-consolidated subsidiaries and associates	-25.2	5.2	-22.7	14.1
Investments accounted for using the equity method (WIEN ENERGIE Vertrieb GmbH & Co KG, ENERGIEALLIANZ Austria GmbH, Verbund Innkraftwerke GmbH)	-259.5**	725.0**	-45.1	62.1
Total	**-371.4**	**904.4**	**-77.1**	**91.9**

* The figures relate to material transactions only, as the Group has made use of the exemption under paragraph 25 IAS 24, as outlined above.
** The amounts due from WIEN ENERGIE Vertrieb GmbH & Co KG and ENERGIEALLIANZ Austria GmbH were netted in the previous year's financial statements.

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

Significant transactions shown in the table are explained below:

City of Vienna and its subsidiaries: The Group has contracts with the City of Vienna and its municipal departments, and with Wiener Wohnen (social housing management) concerning the supply of district heating and purchase of refuse from Municipal Department 48 for heat generation. These transactions resulted in revenue of EUR 141.1m (previous year: EUR 156.2m) and expenses of EUR 29.5m (previous year: EUR 39.5m). In addition, there are still significant levies to the City of Vienna (accounting and taxation, Municipal Department 6) amounting to EUR 9.3m (previous year: EUR 10.5m).

Non-consolidated subsidiaries: The net liabilities are largely due to a Group cash pooling arrangement that is also used by non-consolidated subsidiaries and associates. Receivables relate to two loans to non-consolidated subsidiaries. Expenses were mainly attributable to IT services (license fees) and the provision of facility management services to the WIENER STADTWERKE Group by FACILITYCOMFORT and HAUSCOMFORT.

Associates: Significant transactions with associates include a contract for services under which WIEN ENERGIE GmbH invoices electricity and gas supplies in the name of and for the account of WIEN ENERGIE Vertrieb GmbH & Co KG. In addition, the staff working at WIEN ENERGIE Vertrieb GmbH & Co KG are assigned from WIEN ENERGIE GmbH. WIEN ENERGIE Vertrieb GmbH & Co KG has the authority to direct these employees. The related income amounted to EUR 208.0m (previous year: EUR 157.4m). The resulting expenses amounted to EUR 152.7m (previous year: EUR 61.3m). WIEN ENERGIE GmbH only engages in electricity trading to a very limited extent. As ENERGIEALLIANZ Austria GmbH also markets electricity generated by WIEN ENERGIE GmbH, trading is largely conducted by the former. ENERGIEALLIANZ Austria GmbH also processed coal futures contracts for WIEN ENERGIE GmbH in 2020. Additionally, ENERGIE-ALLIANZ Austria GmbH carries out trading in guarantees of origin for electricity supplies. Revenues, including network services for WIENER NETZE GmbH, amounted to EUR 439.9m (previous year: EUR 556.4m) and expenses to EUR 99.9m (previous year: EUR 157.4m). These transactions also account for most of the stated receivables from WIEN ENERGIE Vertrieb GmbH & Co KG and ENERGIEALLIANZ Austria GmbH, which totalled EUR 56.0m (previous year: EUR 60.6m). The high liability balance is explained by the cash pooling liability to WIEN ENERGIE Vertrieb GmbH & Co KG of EUR 118.7m.

8 Business performance of WIENER STADTWERKE

8.1 Revenue

The Group draws revenue from the following business divisions:

EUR m	2019			2020		
Date of revenue recognition	**Period-related**	**Time-related**	**Total**	**Period-related**	**Time-related**	**Total**
Revenue in accordance with IFRS 15	**2,008.5**	**982.0**	**2,990.5**	**1,893.0**	**1,209.6**	**3,102.6**
Energy and Energy Grids	1,152.4	782.5	1,934.9	1,096.1	1,080.0	2,176.1
Transport	569.7	127.2	696.9	516.8	56.6	573.5
Funeral Services	4.6	47.8	52.4	5.0	45.0	50.0
Car Parks	24.1	0.0	24.1	20.0	0.0	20.0
Other	257.7	24.4	282.2	255.1	27.9	283.0
Revenue in accordance with IFRS 16	**37.7**	**0.0**	**37.7**	**41.6**	**0.0**	**41.6**
Energy and Energy Grids	4.3	0.0	4.3	4.2	0.0	4.2
Transport	14.0	0.0	14.0	17.3	0.0	17.3
Funeral Services	16.1	0.0	16.1	16.2	0.0	16.2
Other	3.2	0.0	3.2	3.9	0.0	3.9
Total	**2,046.2**	**982.0**	**3,028.1**	**1,934.6**	**1,209.6**	**3,144.2**

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

Contract assets, over time

EUR m	2019	2020
1 Jan.	**5.6**	**4.0**
Assets recognised	0.8	0.0
Amortisation (-)	0.0	-0.6
Payments received	-2.4	0.0
31 Dec.	**4.0**	**3.5**

Contract liabilities, over time

EUR m	2019	2020
1 Jan.	**619.3**	**641.6**
Progress	-50.2	-58.4
Additions to consolidation	13.5	0.0
Effects of deconsolidation	-6.0	0.0
Payments received	64.9	70.0
31 Dec.	**641.6**	**653.3**

The contract liabilities largely concern the customer contributions to construction costs collected by WIENER NETZE and WIEN ENERGIE (see the remarks below).

During the reporting period EUR 125.7m in revenue (previous year: EUR 118.8m), forming part of the contract liabilities as at the end of the previous reporting period, was recognised.

Performance obligations not yet satisfied

EUR m	2019	2020
Due in less than 1 year	134.5	126.4
Due in 1 or 5 years	217.3	214.5
Due after more than 5 years	466.2	444.2
Total	**818.0**	**785.0**

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

Recognition and measurement

General

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

ENERGY and ENERGY GRIDS

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

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

The supply of heating and/or cooling services under a district heating or cooling contract is governed by a supply contract, meaning that the customer receives as much heating or cooling as required. The price per kWh, i.e. the unit rate, corresponds to the stand-alone selling price. This means that every unit of heating or cooling (measured in kWh) called off should be regarded as a separate performance obligation. The service is provided when the heat/cold is called off. The allocation of the consideration is on the basis of the kWh rate and the quantity of heat or cold actually consumed. Revenue recognition is over time, as the customer receives the benefits of the heating or cooling in the course of performance. The customers settle the claims afterwards mainly by means of a monthly payment based on an advance payment. Once a year, a final invoice is issued in which the actual quantities consumed are compared with the payments made, and credit balances or additional payments are determined and offset.

Another distinct performance component is the provision of access to the district heating and/or cooling network. During the minimum duration of the contract, the customer is entitled to the agreed heating or cooling capacity at all times, and WIEN ENERGIE must be prepared to meet call-off orders for this capacity. The service provision of WIEN ENERGIE therefore takes place during the contract term. The customer must pay a base rate or capacity charge, irrespective of actual use, for the provision of this capacity. The payment is essentially made at the beginning of the contract or before the start of construction and the revenue is recognised on a time-period basis.

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

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

In the case of the proceeds of electricity and gas sales, the performance obligation consists of the supply of a quantity of electricity or natural gas specified in the agreement. Revenue recognition is over time as the benefits of the electricity or gas supplied accrue to the customer in the course of performance. In conformity with paragraph B16 IFRS 15, revenue is realised in the amount of the right to invoice for it, as this amount reflects the performance rendered to the customer.

WIENER NETZE's sales revenues mainly consist of system charges for electricity and gas, as well as provision fees for the district heating/cooling network and revenue from the reversal of contributions to construction costs for network access and network provision.

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

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

The customer simultaneously receives and consumes the benefits for the duration of the use of system agreement. The performance obligation is thus satisfied and revenue accordingly recognised over time, in accordance with paragraph 35a IFRS 15. The customer's payment is made monthly.

The primary district heating network owned by WIENER NETZE is operated on the basis of a commission contract with WIEN ENERGIE. As the principal, WIENER NETZE is responsible for the operation, maintenance and expansion of the network, while the sale of district heating to the end customer is carried out exclusively by WIEN ENERGIE as the commission agent. In return, WIENER NETZE receives a commission fee from WIEN ENERGIE that depends on the maintenance expenditure and expansion volume and is included in WIENER NETZE's revenue.

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

Taxes and levies for which WIENER NETZE acts as an agent are also levied as part of the grid price because, for price components:

- another party (a public or government authority) is involved in the supply of goods or services,
- WIENER NETZE has no control over these services,
- nor does it provide any significant integration services,
- it bears no inventory risk,
- nor it does it have any discretion in the determination of the taxes and levies contained in the system revenues.

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

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

TRANSPORT

The Transport Division consists of **WIENER LINIEN** and **WIENER LOKALBAHNEN**. These companies provide local public transport in the greater Vienna area, as well as other transport services on a small scale.

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

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

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

FUNERAL SERVICES

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

CAR PARKS

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

Other

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

Revenue in accordance with IFRS 16 Leases

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

8.2 Other income

Other income is made up as follows:

EUR m	2019	2020
Income from government grants as defined by IAS 20	385.7	472.0
Proceeds of the disposal of non-current assets other than financial assets	26.6	4.7
Change in inventories	-1.7	-0.7
Other work performed by the entity and capitalised	73.3	75.2
Sundry other income	69.5	78.5
Total	**553.4**	**629.7**

Income from government grants as defined by IAS 20 includes performance-based grants. Much of this relates to WIENER LINIEN, which has increased as a result of lower revenues due to the 2020 Covid-19 pandemic.

Sundry other income is largely composed of income from the revaluation of investments in non-consolidated subsidiaries and of associates carried at cost, amounting to EUR 18.1m (previous year: EUR 33.3m).

Recognition and measurement

Income from government grants as defined by IAS 20 is mainly made up of those grants received by WIENER LINIEN from the City of Vienna under the revised local public transport and funding agreement (ÖPNV-Neu) which entered into force on 1 January 2017. The agreement was drawn up in order to safeguard operations and ensure the continued growth of local public transport in Vienna after the spin-off of WIENER STADTWERKE from the City of Vienna. As before, the City of Vienna assumes the obligation to finance the annual cash deficit of the company. The required funds are made available to the company in the form of financial compensation for public service obligations. In accordance with IAS 20, the grants made by the City of Vienna under this agreement are treated as "related to income", applying the gross method.

8.3 Raw material, consumables and services used

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

EUR m	2019	2020
Gas	605.3	736.1
Electricity	299.8	193.4
CO_2 emission allowances	53.3	52.9
Parts and materials for railway vehicles and trams	23.5	22.9
Other expense incl. raw material and consumables used	78.4	127.0
Total raw material and consumables used	**1,060.3**	**1,132.3**
System charges	80.8	66.8
Third-party transport services	64.7	65.2
Other expenses arising from services used	126.7	159.9
Total cost of services used	**272.2**	**292.0**
Total	**1,332.5**	**1,424.3**

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

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

8.4 Other expenses

Other expenses were as follows:

EUR m	2019	2020
Maintenance expense	258.0	231.0
Regulated expenses	81.9	13.4
Other taxes	63.5	57.0
Cleaning expense	44.1	43.2
Rental and lease expense	41.7	35.7
Legal, consultancy and audit expense	22.6	28.9
Fees	28.5	24.6
Communication expense	13.6	15.7
Marketing and PR expense	16.4	13.2
Bad debt allowance	24.3	12.8
Insurance expense	12.3	12.6
Other third-party transport services	6.7	5.8
Sundry other expenses	88.8	86.7
Total	**702.5**	**580.6**

Sundry other expenses mainly relate to EUR 18.7m in IT expenses (previous year: EUR 14.7m), as well as EUR 8.3m in write-downs of other assets (previous year: EUR 10.6m).

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

EUR m	2019	2020
Auditing services	0.1	0.1
Other auditing services	0.5	0.6
Other services	2.0	2.2
Total	**2.7**	**2.9**

8.5 Regulated items

The table below shows the regulated income and expenses:

EUR m	2019	2020
Income from rate-regulated business activities during the reporting period	6.2	49.7
which will lead to increased income in future	4.9	34.5
resulting from past increases in income	1.3	15.2
Expenses incurred by rate-regulated business activities during the reporting period	-88.2	-63.1
which will lead to reduced income in future	-10.8	0.0
resulting from past reductions in income	-77.3	-63.1
Net interest income/expense	0.1	0.0
Total	**-81.9**	**-13.4**

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

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

Regulatory assets

EUR m	31 Dec. 2019	31 Dec. 2020
Electricity	846.2	837.9
Reductions in income	4.9	41.0
Exceptional expenses	841.2	797.0
Gas	433.2	418.6
Reductions in income	0.0	4.2
Exceptional expenses	433.2	414.3
Total	**1,279.3**	**1,256.5**

Regulatory liabilities

EUR m	31 Dec. 2019	31 Dec. 2020
Electricity	1.1	0.0
Reductions in income	1.1	0.0
Gas	22.3	14.0
Reductions in income	22.3	14.0
Total	**23.5**	**14.0**

Regulatory liabilities

EUR m	Electricity	Gas	Total
1 Jan. 2019	0.0	11.6	11.6
Additions	1.1	12.0	13.1
Disposals	0.0	-1.3	-1.3
31 Dec. 2019	1.1	22.3	23.5
Disposals	-1.1	-8.3	-9.4
31 Dec. 2020	**0.0**	**14.0**	**14.0**

Regulatory assets

EUR m	Electricity	Gas	Total
1 Jan. 2019	897.4	452.0	1,349.4
Additions	4.9	0.0	4.9
Disposals	-56.1	-18.8	-74.9
31 Dec. 2019	846.2	433.2	1,279.3
Additions	41.0	4.2	45.2
Disposals	-49.2	-18.8	-68.0
31 Dec. 2020	**837.9**	**418.6**	**1,256.5**

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

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

EUR m	Carrying amount 31 Dec. 2020	<1 year	1–5 years	>5 years
Regulatory assets	1,256.5	73.9	286.9	895.8
Regulatory liabilities	14.0	4.6	9.4	0.0

EUR m	Carrying amount 31 Dec. 2019	<1 year	1–5 years	>5 years
Regulatory assets	1,279.3	63.1	257.3	958.9
Regulatory liabilities	23.5	8.0	15.5	0.0

Recognition and measurement

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

The IASB has hitherto only dealt with issues affecting companies operating in the regulated market that are first-time adopters of IFRS 14 Regulatory Deferral Accounts. Due to the limitation of eligibility to apply the standard to first-time adopters of IFRS, in October 2015 the European

Commission decided not to propose IFRS 14 for endorsement by the EU.

Irrespective of the failure of IFRS 14 to be adopted as European law, the IASB has always seen it as an interim standard, and its Rate-regulated Activities project is now looking at how to account for rate-regulated business activities. This project aims to create standard rules for the reporting and measurement of assets and liabilities related to rate-regulated business activities on the basis of the Conceptual Framework, which became mandatory on 1 January 2020. A draft of the new standard was published at the beginning of 2021. The application of this standard has no effect on the recognition or amount of the regulatory items currently recognised in the Group. The presentation of regulatory income and expenses in the consolidated statement of profit or loss will remain unchanged from the previous year for reasons of consistency. The presentation required by the draft of the new standard will not be adopted for the time being.

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

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

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

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

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

8.6 Inventories

The breakdown of the inventories is as follows:

EUR m	31 Dec. 2019	31 Dec. 2020
CO_2 emission allowances	100.8	125.9
Gas	45.2	30.1
Heating oil	12.1	10.6
Parts and materials for railway vehicles and trams	25.2	25.2
Other raw material and consumables used	35.1	43.1
Total raw material and consumables used	**218.3**	**234.9**
Finished goods	0.1	0.1
Merchandise	10.1	10.2
Total	**228.6**	**245.3**

During the reporting period EUR 2.0m in impairments were recognised in profit or loss (previous year: EUR 15.4m). No inventories have been pledged.

Recognition and measurement

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

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

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

CO_2 emission allowances

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

8.7 Current trade receivables

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

EUR m	31 Dec. 2019	31 Dec. 2020
Short-term trade receivables (gross)	205.3	224.7
Current trade receivables from associates (gross)	66.9	62.8
Impairment losses	-29.3	-19.0
Total	**242.9**	**268.6**

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

EUR m		31 Dec. 2019			31 Dec. 2020	
Date of revenue recognition	**Gross carrying amount**	**Impair-ment**	**Net carrying amount**	**Gross carrying amount**	**Impair-ment**	**Net carrying amount**
Not overdue	156.1	-0.4	155.7	188.6	-1.4	187.2
30 days overdue	49.0	-0.3	48.7	56.5	-0.1	56.3
31-60 days overdue	17.4	-0.1	17.2	8.1	-0.3	7.8
61-90 days overdue	4.8	-0.1	4.8	6.7	-2.5	4.2
More than 90 days overdue	44.9	-28.4	16.6	27.6	-14.6	12.9
Total	**272.2**	**-29.3**	**242.9**	**287.5**	**-19.0**	**268.6**

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

EUR m	31 Dec. 2019	31 Dec. 2020
1 Jan.	**28.8**	**29.3**
Additions	3.5	4.6
Utilisation	-1.5	-0.2
Offsetting	0.0	-8.7
Reversals	-1.5	-6.0
31 Dec.	**29.3**	**19.0**

The change in the value adjustment is mainly due to a release of a value adjustment due to a settlement in the amount of EUR 3.9m at WIENER Netzen as well as a net presentation of value adjustments with receivables at WIENER LINIEN.

Recognition and measurement

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

8.8 Other assets and contract assets

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

Other non-current assets

EUR m	31 Dec. 2019	31 Dec. 2020
Investment property	47.1	46.7
Prepayments towards non-current assets	21.1	28.1
Other receivables – third parties	31.1	32.6
Entitlement to plan assets	184.8	357.3
Other assets	130.7	132.3
Total	**414.9**	**597.0**

In the previous year, the non-current trade receivables were shown under other non-current assets. These will be reported under non-current financial assets from 2020 onwards (see note 11.3).

Other current assets

EUR m	31 Dec. 2019	31 Dec. 2020
Contract assets (IFRS 15)	4.0	3.5
Other assets	295.7	210.0
Total	**299.7**	**213.4**

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

Contract assets and liabilities (IFRS 15)
Accrued revenue from contracts with customers must be stated separately from other income sources. Such revenue is recognised as contract asset items under other assets, or as a contract liability under other liabilities.

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

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

Entitlement to plan assets
The other assets include a receivable, arising from a right to a refund from the plan assets, of EUR 357.3m (previous year: EUR 184.8m).

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

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

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

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

EUR m	31 Dec. 2019	31 Dec. 2020
1 Jan.	**47.5**	**47.1**
Additions	0.0	0.1
Depreciation	-0.4	-0.4
Disposal of accumulated depreciation	0.6	0.0
Disposal of carrying amount	-0.6	0.0
31 Dec.	**47.1**	**46.7**

The cost of purchasing and converting investment property is presented net of government grants (net method). These amounted to EUR 9.3m (previous year: EUR 9.4m). This had the effect of reducing depreciation by EUR 0.1m in 2020 (previous year: EUR 0.1m).

The fair value of the Group's investment property is EUR 148.5m (previous year: EUR 89.2m). The lower fair value in the 2019 financial year was influenced by a one-off effect in the funeral sector. Rental income totalled EUR 19.4m (previous year: EUR 18.9m) and the operating expenses of rental property were EUR 3.6m (previous year: EUR 4.7m).

Recognition and measurement

The investment property consists of property held to earn rentals or for capital appreciation, and not for use in the supply of services or for administrative purposes, or for sale in the ordinary course of business. This item is valued according to the cost model. Thus, they are accounted for and valued like property, plant and equipment (see note 9.1).

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

- the capitalised income value method, and
- the asset value method.

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

Other current assets
The other current assets reflect the recognition of an impaired tax credit arising from the supplementary employer contribution surcharge. The Federal Finance Court ruling of 15 October 2015 entitles WIENER STADTWERKE to claim repayment of the employer contribution surcharge for permanent civil servants and contract staff assigned to the Group under the WIENER STADTWERKE Zuweisungsgesetz (Vienna Public Enterprises Secondment Act); the Company has paid the contributions since 1999. Since 2015 they have partly been recognised as a tax credit. Due to the objections raised by the authorities, as well as the criteria for recognition of receivables, all of the receivables of EUR 22.1m carried in the 2020 statements are reported as impaired. Where receivables are concerned, it is normally assumed that a court will be able to enforce its decisions. With regard to the supplementary employer contribution up to the verdict on the objections and the related final decisions, this cannot be taken for granted. Provisions have been recognised for the supplementary employer contributions due for the 2016-2018 financial years but not yet paid (see chapter 9.6).

8.9 Trade payables

Trade payables were as follows:

EUR m	31 Dec. 2019	31 Dec. 2020
Trade payables	348.4	522.5
Trade payables to associates	14.5	13.8
Total	**362.9**	**536.3**

The increase in trade payables is mainly due to the utilisation of a provision for impending losses for a foreign electricity purchase right. The portion that will not be paid until 2021 increases the trade payables (see note 9.6).

8.10 Other liabilities

Current and non-current other liabilities were as follows:

Other non-current liabilities

EUR m	31 Dec. 2019	31 Dec. 2020
Contract liabilities (IFRS 15)	502.7	519.7
Non-current regulatory liabilities	15.5	9.4
Other liabilities	286.0	282.3
Total	**804.1**	**811.4**

Other current liabilities

EUR m	31 Dec. 2019	31 Dec. 2020
Contract liabilities (IFRS 15)	139.0	133.5
Current regulatory liabilities	8.0	4.6
Other liabilities	743.4	709.5
Total	**890.3**	**847.6**

The contract liabilities are mainly made up of customer contributions to construction costs collected by WIENER NETZE and WIEN ENERGIE. Detailed notes on the contract liabilities can be found in note 8.1 Revenue and note 8.8 Other assets and contract assets.

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

Other current liabilities chiefly concern amounts due to the City of Vienna tax office. These show temporary financing surpluses as well as short-term accruals from Personnel. Other non-current liabilities include accruals of prepayments of grave use fees to the FRIEDHÖFE (cemeteries) (see note 8.1). Also included in the item other current liabilities is the accrual for prior service in the amount of EUR 24.6m (previous year: EUR 21.8m). In light of rulings by the Supreme Administrative Court and the European Court of Justice, the City of Vienna has revised the current rules for recognition of prior service for permanent civil servants and contract staff. Under the new ruling, the City of Vienna must address the process through official channels, so a large number of employees are affected. Therefore, it is expected that it will take a number of years before the process is concluded.

8.11 Notes to the consolidated statement of cash flows

The consolidated statement of cash flows shows the change in the Group's cash and cash equivalents during the reporting year as a result of cash inflows and outflows. Cash flows from earnings, operating activities, investing activities and financing activities are shown separately. The WIENER STADTWERKE Group uses the indirect method of presentation. Here, non-cash expenses and income are added to or deducted from the pre-tax result.

The composition of cash and cash equivalents can be found in chapter 11.2 Cash and cash equivalents.

Cash flows from investing activities

Investments are presented in the statement of cash flows net of investment grants received. Grants received for which no investments have yet been made are deducted from cash outflows for investments in non-current assets. Subsidies received in the 2020 financial year amount to EUR 218.5m (previous year: EUR 351.3m).

The non-cash additions to intangible assets and property, plant and equipment amounted to EUR 46.6m in 2020 (previous year: EUR 37.6m). In the 2020 financial year, an asset sale in the previous year led to a cash inflow of EUR 19.2m. In the previous year, non-cash asset disposals amounted to EUR 20.8m. These were offset by payments received from asset disposals made in 2018 amounting to EUR 4.3m.

Cash flows from financing activities

The cash flow from financing activities of EUR 519.0m includes EUR 480.0m from taking out loans to finance the acquisition of shares in EVN AG (see note 7.1).

With regard to current and non-current lease liabilities, the non-cash financing transactions amounted to EUR -18.6m (previous year: EUR -6.9m). Cash outflows for leases amounting to EUR 12.7m (previous year: EUR 9.4m) in the reporting period are recognised in the cash flow from financing.

9 Non-current assets and liabilities

9.1 Property, plant and equipment

Changes in property, plant and equipment were as follows:

	Land and leasehold rights	Buildings, incl. on third-party land	Technical plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Right-of-use assets	Total
Historical cost							
1 Jan. 2019	**298.0**	**2,157.8**	**8,004.4**	**405.4**	**187.2**	**118.0**	**11,170.7**
Additions	0.9	12.4	176.9	24.6	129.7	6.5	351.1
Disposals	-1.0	-10.4	-30.4	-11.2	-0.2	-4.5	-57.6
Transfers	0.2	2.0	109.0	7.8	-118.9	0.0	0.2
Addition from merger	0.0	3.9	5.5	0.0	0.0	0.0	9.4
31 Dec. 2019	**298.1**	**2,165.8**	**8,265.4**	**426.7**	**197.8**	**120.0**	**11,473.8**
Additions	4.8	27.0	156.5	29.4	169.0	18.2	404.8
Disposals	0.0	-1.5	-34.8	-18.2	0.0	-2.1	-56.6
Transfers	0.0	9.2	69.7	9.1	-87.9	0.0	0.1
Addition from merger	0.1	4.5	1.0	0.0	0.0	0.0	5.6
31 Dec. 2020	**303.0**	**2,205.0**	**8,457.7**	**447.0**	**279.0**	**136.1**	**11,827.8**
Accumulated depreciation, amortisation and impairment							
1 Jan. 2019	**0.0**	**-1,179.7**	**-5,802.4**	**-273.7**	**0.0**	**-8.3**	**-7,264.1**
Scheduled Depreciation	0.0	-33.1	-178.1	-25.2	0.0	-9.7	-246.1
Impairment losses	0.0	-1.2	0.0	0.0	0.0	-0.5	-1.7
Write-ups	0.0	26.4	49.9	0.0	0.0	0.9	77.3
Transfers	0.0	0.8	0.0	-0.8	0.0	0.0	0.0
Disposals	0.0	8.8	30.3	10.8	0.0	2.2	52.2
31 Dec. 2019	**0.0**	**-1,177.8**	**-5,900.3**	**-288.9**	**0.0**	**-15.4**	**-7,382.5**
Scheduled Depreciation	0.0	-34.9	-198.6	-28.1	0.0	-12.3	-273.9
Impairment losses	0.0	-0.9	0.0	-0.2	0.0	0.0	-1.1
Write-ups	0.0	12.5	72.3	0.0	0.0	0.0	84.8
Transfers	0.0	0.7	-2.3	1.8	0.0	0.0	0.2
Disposals	0.0	0.9	34.0	17.1	0.0	1.9	53.9
31 Dec. 2020	**0.0**	**-1,199.7**	**-5,994.9**	**-298.4**	**0.0**	**-25.7**	**-7,518.7**

	Land and leasehold rights	Buildings, incl. on third-party land	Technical plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Right-of-use assets	Total
Historical cost							
Carrying amount according to balance sheet at 31 Dec. 2019	**298.1**	**988.0**	**2,365.1**	**137.8**	**197.8**	**104.6**	**4,091.3**
Gross carrying amount at 31 Dec. 2019	401.4	4,942.9	4,241.5	209.7	507.0	117.6	10,420.3
grants included therein	103.3	3,955.0	1,876.5	72.0	309.2	13.0	6,328.9
Carrying amount according to balance sheet at 31 Dec. 2020	**302.9**	**1,005.3**	**2,462.9**	**148.6**	**279.0**	**110.4**	**4,309.1**
Gross carrying amount at 31 Dec. 2020	405.7	4,845.4	4,255.6	218.2	674.7	121.6	10,521.1
grants included therein	102.7	3,840.1	1,792.7	69.6	395.8	11.2	6,212.0

Investment grants
The cost of purchasing the balance sheet items listed above is presented net of government grants (net method). As of 31 December 2020 these amounted to EUR 6,212.0m (previous year: EUR 6,328.9m). In 2020, this reduced amortisation by EUR 317.8m (previous year: EUR 318.8m).

Pledged property, plant and equipment, and other collateral or restricted assets
The carrying amount of property, plant and equipment pledged as collateral was EUR 13.5m (previous year: EUR 14.7m). The carrying amount of other restricted property, plant and equipment was EUR 10.3m (previous year: EUR 11.5m).

Property, plant and equipment under construction
The carrying amount of property, plant and equipment under construction was EUR 279.0m (previous year: EUR 197.8m). The majority of this is attributable to WIENER NETZE GmbH (EUR 171.0m; previous year: EUR 127.1m).

Changes in the scope of consolidation
See note 7.1 regarding changes in the scope of consolidation in 2020 and in the previous year.

Recognition and measurement

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

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

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

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

The following useful lives were applied for depreciation of property, plant and equipment:

	Years
Division-specific property, plant and equipment	
Major construction projects (e.g. tunnels, concrete channels, etc.)	40–80
Energy supply equipment	15–25
Supply infrastructure (grids, power lines, etc.)	2–50
Telecommunication networks	5–33
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

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

Impairment of property, plant and equipment
See note 9.5 for information on the assessment of assets for impairment testing purposes in accordance with IAS 36.

9.2 Intangible assets

Changes in intangible assets were as follows:

	Concessions, including rights	Software and licences	Intangible assets under development	Goodwill	Total
Historical cost					
1 Jan. 2019	**272.5**	**139.7**	**23.9**	**15.8**	**451.9**
Additions	-1.1	25.4	15.0	0.0	39.3
Disposals	-3.0	-5.3	-0.1	-1.1	-9.5
Transfers	3.3	13.6	-17.0	0.0	-0.2
31 Dec. 2019	**271.7**	**173.4**	**21.8**	**14.7**	**481.6**
Additions	3.9	22.1	22.5	0.0	48.5
Disposals	-26.2	-3.7	-0.2	-0.2	-30.3
Transfers	0.3	5.8	-6.1	0.0	-0.1
31 Dec. 2020	**249.7**	**197.6**	**37.9**	**14.5**	**499.8**
Accumulated depreciation, amortisation and impairment					
1 Jan. 2019	**-190.7**	**-110.0**	**0.0**	**-6.6**	**-307.3**
Depreciation and amortisation	-8.0	-16.3	0.0	0.0	-24.3
Transfers	-0.1	0.1	0.0	0.0	0.0
Disposals	3.0	5.3	0.0	0.0	8.3
31 Dec. 2019	**-195.8**	**-120.9**	**0.0**	**-6.6**	**-323.3**
Depreciation and amortisation	-9.6	-22.8	0.0	0.0	-32.4
Transfers	0.0	-0.2	0.0	0.0	-0.2
Disposals	26.2	3.4	0.0	0.1	29.7
31 Dec. 2020	**-179.3**	**-140.4**	**0.0**	**-6.5**	**-326.2**
Carrying amount according to balance sheet at 31 Dec. 2019	**75.8**	**52.5**	**21.8**	**8.2**	**158.3**
Gross carrying amount at 31 Dec. 2019	110.8	57.7	31.9	8.2	208.5
subsidies included therein	34.9	5.1	10.1	0.0	50.2
Carrying amount according to balance sheet at 31 Dec. 2020	**70.4**	**57.2**	**37.9**	**8.0**	**173.6**
Gross carrying amount at 31 Dec. 2020	108.9	62.1	48.3	8.0	227.3
subsidies included therein	38.5	4.9	10.4	0.0	53.7

The cost of purchasing intangible assets is presented net of government grants (net method). These amounted to EUR 53.7m (previous year: EUR 50.2m). In 2020 this reduced amortisation by EUR 2.5m (previous year: EUR 3.3m).

Concessions include easements with a carrying amount before grants of EUR 34.8m (previous year: EUR 30.7m), which have an indefinite useful life. In addition this mainly comprises electricity procurement rights and similar energy use rights.

EUR 16.6m in development expenditure was capitalised (previous year: EUR 16.4m) and research costs of EUR 3.4m were recognised as expenses (previous year: EUR 3.1m) during the reporting period.

Recognition and measurement

Intangible assets with finite useful lives are recognised at cost less accumulated amortisation and impairment losses. No borrowing costs in the meaning of IAS 23 were recognised in 2020 or 2019. See note 9.5 for information on the assessment of assets for impairment testing purposes in accordance with IAS 36.

The following useful lives were applied for amortisation of intangible assets:

	Years
Concessions, licences, etc.	2–40 or term of contract
Electricity procurement rights and energy use rights	2–99
Software	3–10
Easements	15–25 or indefinite

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

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

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

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

9.3 Leases

Lessee disclosures

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

EUR m	31 Dec. 2019	31 Dec. 2020
Land and buildings	105.6	98.9
Plant and machinery	11.0	19.9
Other equipment	1.1	2.8
Less grants for right-of-use assets	-13.0	-11.2
Total	**104.6**	**110.4**

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

For reasons of materiality, the table above does not include rights of use for construction management offices that are rented during the construction of sections of the Vienna underground network, as depreciation is included in full in the cost of the assets recognised under property, plant and equipment. The carrying amount of EUR 7.5m (previous year: EUR 5.7m) is included in assets under construction (see note 9.1). The useful lives of these rights of use range from one to seven years.

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

EUR m	2019	2020
Interest expense on lease liabilities	-2.2	-2.0
Expense relating to variable lease payments not included in measurement of lease liabilities	-2.7	-1.9
Income from subleasing right-of-use assets	0.2	0.1
Expense relating to short-term leases	-27.5	-29.0
Expense relating to leases of low-value assets	0.0	-0.7

Most of the expenses relating to short-term leases or leases of low-value assets relate to short-term leases in the WIENER LOKALBAHNEN Group.

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

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

Rights of use for plant and machinery principally comprise electric locomotives used by Wiener Lokalbahnen Cargo to offer transportation services. Rights of use for other equipment mainly comprise cars leased for use by staff. Some of these contracts include variable payments based on the distance driven. The contracts do not contain residual value guarantees that would need to be included in the lease liability in case of expected payments.

Recognition and measurement

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

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

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

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

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

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

Discount rate

The discount rate for lease payments is an inter-company incremental borrowing rate, as WIENER STADTWERKE is financed at Group level. Negative rates are not used, since they would not be applied even if WIENER STADTWERKE took out refinancing. A discount rate is determined for the term of each lease. In principle, however, the marginal borrowing rate is only applied if the internal rate of return of the underlying leasing transaction is not known.

Term

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

Depreciation

The right-of-use asset is depreciated over the lease term. In the financial year, depreciation of rights of use amounted to EUR 12.3m (previous year: EUR 9.7m).

EUR m	2019	2020
Total amortisation of rights of use leases	9.7	12.3
of which land and buildings	8.4	8.4
of which plant and machinery	1.0	3.4
of which other fixtures and fittings, tools and equipment	0.3	0.5

Practical expedients

WIENER STADTWERKE applies the following practical expedients to simplify lease accounting:

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

Lessor disclosures

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

EUR m	2019	2020
Lease income	36.5	36.4
Income from variable lease payments not dependent on an index or (interest) rate	1.1	1.0

The table below shows the minimum gross lease payments.

EUR m	31 Dec. 2019	31 Dec. 2020
Due in financial year + 1 year	11.5	5.7
Due in financial year + 2 years	8.1	2.3
Due in financial year + 3 years	7.9	2.1
Due in financial year + 4 years	7.8	2.1
Due in financial year + 5 years	7.7	2.1
Due after financial year + 5 years	19.4	7.6
Total	**62.4**	**21.8**

The decreases in the gross minimum lease payments for the next few years are due to a WIENER LINIEN contract. Due to the Covid-19 situation and its effects, it can no longer be assumed that the agreed future gross minimum lease payments can be collected.

Recognition and measurement

Classification
On inception date of the contract, each lease is classified as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset from WIENER STADTWERKE to the lessee. For example, this is the case when the lease term extends over the material useful life of the underlying asset, when the lessee has the option to purchase the underlying asset at a favourable price, when the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset, or when the underlying asset is of a specialised nature. WIENER STADTWERKE Group is not party to any finance leases.

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

9.4 Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation and amortisation were as follows:

EUR m	2019	2020
Amortisation of intangible assets	24.3	32.4
Depreciation of property, plant and equipment	236.9	262.1
Depreciation of right-of-use assets	9.7	12.3
Total	**270.9**	**306.8**

9.5 Impairment losses and reversals

General approach

Property, plant and equipment and intangible assets, including goodwill, are tested for impairment if there is an indication that an impairment loss may have occurred. Goodwill, and intangible assets with an indefinite useful life, are tested for impairment at least annually.

§ At the WIENER STADTWERKE Group, possible indications of impairment mainly arise from changes in parameters (changes in costs or revenue) or changes due to regulatory and supply policy decisions.

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

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

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

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

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

Impairment testing is carried out and documented using the Group's WACC tool.

Definition of CGUs

§ The key criterion for definition of a CGU is technical and economic independence in generating cash inflows. For WIENER STADTWERKE, this applies to WIEN ENERGIE's district heating system, power generation fleet (combined heat and power, and boilers), hydroelectric plants, wind farms and electricity procurement rights; WIPARK's car parks/car park conglomerates; WIENER NETZE's electricity and gas grid; and, if no other differentiation is possible, individual companies that contain profit-generating assets (individual businesses in the WIENER LOKALBAHNEN Group, WIENER LINIEN, and individual businesses in the BESTATTUNG & FRIEDHÖFE Group). All of the Group's reported CGUs are located in Austria.

WIEN ENERGIE

WIEN ENERGIE calculates value in use in order to determine any impairment.

For the Pottendorf wind farm, which includes goodwill, forecasts to 2035 have been made and the WACC is 3.49%. The recoverable amount is EUR 6.7m higher than the carrying amount. Only an increase in the WACC to around 5.14% would bring the carrying amount to the same level as the value in use.

WIPARK

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

WIENER NETZE

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

WIENER LINIEN

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

WIENER LOKALBAHNEN

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

BESTATTUNG & FRIEDHÖFE

Impairment tests are not carried out at companies in the BESTATTUNG & FRIEDHÖFE Group unless there is an indication of impairment.

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

Impairment losses and reversals were as follows:

EUR m	2019	2020
Impairment losses on property, plant and equipment	-1.7	-1.0
Reversals on property, plant and equipment	77.3	84.8
Total	**75.6**	**83.8**

Material amounts relate to the following CGUs:

WIEN ENERGIE CGUs

Reversals were recognised for the Simmering 1 (EUR 84.2m) power plant in 2020. The carrying amount for Simmering 1 was written up to the recoverable amount. The WACC was 3.6%, slightly below that of the previous year (3.63%). The main driver for the write-ups is the higher margin (spark spread) in the electricity sector compared to previous years.

Other impairment losses and reversals

For the car parks of WIPARK, there is a total depreciation requirement of EUR 1.0m for 2020. This is mainly due to the higher WACC on the one hand and Covid-19 effects on the other.

Due to stable parking turnover, also in the area of short-stay parking, a slight upward trend is apparent in other car parks – despite the effects of Covid-19. This results in a need for write-ups totalling EUR 0.6m in the financial year.

9.6 Other provisions

Changes in provisions were as follows:

EUR m	Guarantees, warranties and product liability	Contingent losses and other contingencies	Legal disputes	Restoration	Other provisions	Total
1 Jan. 2019	**0.1**	**250.4**	**24.6**	**14.8**	**20.1**	**310.0**
Allocations	0.0	70.7	1.5	4.9	78.5	155.5
Utilisation	0.0	-16.7	-0.6	-3.9	-5.3	-26.4
Reversals	0.0	-0.2	-0.4	0.0	-5.2	-5.8
31 Dec. 2019	0.1	304.0	25.2	15.8	88.1	433.4
Allocations	0.0	0.0	2.2	0.0	3.1	5.3
Utilisation	0.0	-277.3	-1.8	-3.9	-11.2	-294.1
Reversals	0.0	-25.3	-2.3	0.0	-66.4	-94.0
31 Dec. 2020	**0.1**	**1.4**	**23.3**	**12.0**	**13.7**	**50.5**
Short-term provisions at 31 Dec. 2019	0.1	18.2	4.8	4.0	13.4	40.6
Long-term provisions at 31 Dec. 2019	0.0	285.8	20.4	11.8	74.7	392.7
Short-term provisions at 31 Dec. 2020	**0.1**	**1.0**	**23.3**	**5.0**	**12.8**	**42.1**
Long-term provisions at 31 Dec. 2020	**0.0**	**0.5**	**0.0**	**7.0**	**0.9**	**8.4**

The provision for impending losses for a foreign electricity purchase right included in previous years was used up or reversed in the current financial year, as the underlying agreement was terminated. Restoration provisions relate mainly to power plant decommissioning obligations.

Energie Control Austria initiated market abuse proceedings relating to the billing of system charges in connection with the netting of metering points for traction power. As it is expected that the Group will have to pay the corresponding environmental levies, a provision of EUR 20.4m was recognised in the 2019 financial year, and remained unchanged in the current financial year.

The provision of EUR 65.7m allocated to other provisions in the 2019 financial year from a dispute with the tax office regarding employer contributions paid in the past (employer contribution to the Family Equalisation Fund (FLAF) and subsequently employer contribution) was reversed in the 2020 financial year (see note 10.1).

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

Recognition and measurement

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

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

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

10 Employees

10.1 Personnel expenses

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

EUR m	2019	2020
Wages	200.8	189.2
Salaries	606.4	638.8
Total social security expenses	259.8	90.5
Expenses for statutory social security contributions	181.3	5.4
Expenses for pension obligations	61.9	69.6
Expenses for termination benefits	11.6	12.0
Other social security contributions and expenses	5.0	3.6
Total	**1,067.0**	**918.5**

Social security expenses include EUR 30.6m (previous year: EUR 32.0m) in spending on defined contribution pension plans, as well as EUR 5.9m (previous year: EUR 5.5m) in contributions to the employee pension fund ("new" termination benefits). See note 7.4 for disclosures pursuant to IAS 24.

The expenses for legally required social security contributions are reduced by the credits of EUR 177.8m recognised in profit or loss in the 2020 financial year from the disputed proceedings against the tax office regarding employer contributions paid in the past. The dispute concerned the question of whether WIENER STADTWERKE and its subsidiaries or Vienna City Council had an obligation to pay the employer contribution between 1999 and May 2008. In 2019, the Federal Fiscal Court admitted WIENER STADTWERKE'S and Vienna City Council's complaints in individual cases. However, the tax authorities have lodged appeals and extraordinary appeals with the Supreme Administrative Court against the decisions of the Federal Fiscal Court. The VwGH rejected all of the tax office's appeals in decisions from February 2020 to June 2020.

Since the tax office has not yet decided on the complaint regarding MD-PWS WIENER STADTWERKE GmbH and has not submitted it to the Federal Fiscal Court (BFG), the realisation of income in the amount of EUR 1.1m will be postponed until the proceedings have been finally settled.

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

Ø FTE	2019	2020
Local government employees (permanent civil servants and contract staff)	5,879.6	5,579.8
Employees of Group companies (subject to collective agreements)	8,649.9	9,175.3
WIENER STADTWERKE Group	**14,529.5**	**14,755.1**
Apprentices	358.7	376.3
Total WIENER STADTWERKE Group headcount	**14,888.2**	**15,131.3**

10.2 Employee benefit provisions

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

EUR m	31 Dec. 2019	31 Dec. 2020
Pension provisions	4,365.4	4,865.4
Provisions for termination benefits	122.7	123.6
Provisions for payments in kind	45.3	47.2
Provisions for jubilee benefits	78.3	74.7
Provisions for anniversary bonuses	25.1	24.5
Other personnel provisions	0.0	0.1
Total	**4,636.9**	**5,135.5**

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

	Gross pension provision		Fair value of plan assets	
EUR m	2019	2020	2019	2020
1 Jan.	**4,742.0**	**5,195.2**	**927.0**	**1,014.6**
Service cost/additions to plan assets	47.4	54.8	0.0	3.3
Interest expense	93.9	76.4	0.0	0.0
Interest income	0.0	0.0	18.7	15.1
Payments to pensioners	-183.4	-182.9	0.0	0.0
Employee contributions	10.6	10.7	0.0	0.0
Remeasurement of defined benefit obligation/plan assets	484.7	401.7	68.9	14.8
Effects of changes in demographic assumptions	18.2	-32.3	0.0	0.0
Effects of changes in actuarial assumptions	446.8	462.3	0.0	0.0
Effects of experience adjustments	19.7	-28.3	0.0	0.0
31 Dec.	**5,195.2**	**5,555.9**	**1,014.6**	**1,047.8**
Less fair value of plan assets/right to reimbursement	-829.8	-690.5	-184.8	-357.3
Net pension provisions/net plan assets at 31 Dec.	**4,365.4**	**4,865.4**	**829.8**	**690.5**

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

Pension payments are expected to total EUR 173.1m in 2021. The average maturity of the pension obligation (average capital commitment period) is 17.07 years (previous year: 17.57 years).

The table below gives a breakdown of the plan assets:

EUR m	31 Dec. 2019	31 Dec. 2020
Shares	199.9	199.6
Pensions	762.4	772.8
Money market investments	43.3	60.9
Other	9.0	14.5
Total	**1,014.6**	**1,047.8**

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

Actuarial assumptions with regard to pension obligations

	31 Dec. 2019	31 Dec. 2020
Discount rate (%)	1.49	1.01
Future wage and salary increases (%)	3.00/ 1.50*	3.00/ 1.55*
Future pension increases (%)	1.50	1.55
Expected staff turnover (%)	0.00	0.00
Retirement age of women/men (years)	65	65
Life expectancy	AVÖ 2018 – P	AVÖ 2018 – P

* In addition to future wage and salary increases, the death benefit is valorised at 1.55% (previous year: 1.50%).

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

Sensitivity analysis of pension obligations

in %	31 Dec. 2019	31 Dec. 2020
Discount rate		
Increase of 0.1% in the discount rate	-1.72	-1.74
Reduction of 0.1% in the discount rate	1.76	1.79
Future wage and salary increases		
Increase of 0.1% in wage and salary increases	0.31	0.28
Reduction of 0.1% in wage and salary increases	-0.30	-0.28
Future pension increases		
Increase of 0.1% in pension increases	1.44	1.49
Reduction of 0.1% in pension increases	-1.41	-1.46

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

EUR m	2019	2020
1 Jan.	**106.4**	**122.7**
Service cost	4.6	5.0
Interest expense	2.1	1.4
Payments made	-2.3	-5.2
Remeasurement of defined benefit obligation	12.0	-0.3
Effects of changes in actuarial assumptions	13.7	1.8
Effects of experience adjustments	-1.8	-2.1
31 Dec.	**122.7**	**123.6**

Termination benefits are expected to total EUR 3.9m in 2021. The average maturity of the termination benefit obligation (average capital commitment period) is 13.22 years (previous year: 13.63 years).

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

Actuarial assumptions with regard to termination benefit obligation

	31 Dec. 2019	31 Dec. 2020
Discount rate (%)	1.12	1.01
Future wage and salary increases (%)	3.00	3.00
Expected staff turnover (%)	0.00	0.00
Retirement age of women/men (years)	60–65/65	60–65/65

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

Sensitivity analysis of termination benefit obligation

in %	31 Dec. 2019	31 Dec. 2020
Discount rate		
Increase of 0.1% in the discount rate	-1.34	-1.30
Reduction of 0.1% in the discount rate	1.36	1.32
Future wage and salary increases		
Increase of 0.1% in wage and salary increases	1.33	1.29
Reduction of 0.1% in wage and salary increases	-1.30	-1.27

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

EUR m	31 Dec. 2019	31 Dec. 2020
1 Jan.	**47.8**	**45.3**
Service cost	0.4	0.5
Interest expense	0.9	0.7
Payments made	-1.6	-1.5
Remeasurement of defined benefit obligation	-2.3	2.3
Effects of changes in demographic assumptions	0.0	0.3
Effects of changes in actuarial assumptions	3.9	3.8
Effects of experience adjustments	-6.2	-1.8
31 Dec.	**45.3**	**47.2**

Payments in kind are expected to amount to EUR 1.5m in 2021. The average maturity of the payment-in-kind obligation (average capital commitment period) is 16.78 years (previous year: 17.51 years).

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

Actuarial assumptions with regard to payment-in-kind obligations

in %	31 Dec. 2019	31 Dec. 2020
Discount rate	1.49	1.01
Future wage and salary increases	1.00	1.00
Expected staff turnover	0.00	0.00

Sensitivity

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

Recognition and measurement

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

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

Pensions

Defined contribution pension plans

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

Defined benefit pension plans

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

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

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

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

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

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

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

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

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

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

Plan assets

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

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

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

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

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

Termination benefits

Depending on their length of service, Austrian employees may have a statutory right to a one-time payment on retirement or termination by the employer ("old" termination benefit). Provisions for termination benefits are recognised to meet this future obligation. The latter arises from a defined benefit plan as defined by IAS 19, which is accounted for in a similar manner to the defined benefit pension plans. There are no plan assets. For Austrian employees whose employment began after 31 December 2002, employers make a monthly contribution of 1.53% of the gross salary to a pension insurance fund. The latter is a defined benefit plan in the meaning of IAS 19. The employer's payments are recognised as personnel expenses.

Payments in kind

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

Jubilee and provisions for anniversary bonuses

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

11 Financial instruments

11.1 Effect of financial instruments on earnings

Finance income is broken down as follows:

EUR m	2019	2020
Income from investments	27.6	43.4
Equity instruments measured at fair value through other comprehensive income (FVOCI)	27.6	43.4
Interest and similar income measured using the effective interest method	13.7	6.6
Financial assets measured at AC	2.1	2.9
Financial assets measured at FVOCI	11.5	3.7
Gains from derecognition	2.1	0.0
Financial assets measured at AC	2.1	0.0
Net change in fair value, measured at FVPL	9.3	10.8
Financial assets mandatorily measured at FVPL (held for trading)	0.9	2.1
Financial assets mandatorily measured at FVPL (other)	8.4	8.5
Net gains on foreign currency translation	0.1	0.0
Total	**52.8**	**60.9**

The net change in the value of financial assets mandatorily measured at FVPL was predominantly related to holdings in investment funds. Besides changes in fair value, this item also includes dividends paid by the investment funds and dividend equivalents, amounting to EUR 0.2m (previous year: EUR 3.1m).

The breakdown of finance costs was as follows:

EUR m	2019	2020
Interest expense	98.0	77.7
Net debt from defined benefit plans	80.1	64.5
Financial liabilities measured at AC	15.7	11.1
Lease liabilities	2.2	2.0
Net change in fair value, measured at FVPL	3.5	0.2
Financial assets mandatorily measured at FVPL (held for trading)	0.0	0.2
Financial assets mandatorily measured at FVPL (other)	3.5	0.0
Losses from the disposal of financial assets	0.0	6.7
Net losses on foreign currency translation	0.0	0.7
Total	**101.4**	**85.4**

The decrease in interest and similar income as well as interest expenses in the 2020 financial year compared to the previous year is due to netting in connection with WIENER LINIEN's cross-border lease. For details, see chapter 15.2.

Net result from financial instruments

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

EUR m	Interest and dividends	Fair value measurement	Foreign currency translation	Net gains on disposals	Total at 31 Dec. 2020
Equity instruments					
FVOCI	43.4	1,244.9	0.0	0.0	1,288.3
Debt instruments					
FVPL	1.9	8.6	0.0	0.0	10.6
FVOCI	1.8	11.0	0.0	-6.7	6.1
AC	2.9	0.0	-0.7	0.0	2.2
Derivatives					
FVPL	0.0	1.9	0.0	0.0	1.9
Hedging OCI	0.0	-44.0	0.0	0.0	-44.0
Liabilities					
AC	-11.1	0.0	0.0	-0.1	-11.2
Total	**38.9**	**1,222.4**	**-0.7**	**-6.8**	**1,253.8**

EUR m	Interest and dividends	Fair value measurement	Foreign currency translation	Net gains on disposals	Total at 31 Dec. 2019
Equity instruments					
FVOCI	27.6	532.0	0.0	-2.0	557.6
Debt instruments					
FVPL	0.0	4.9	0.0	0.0	4.9
FVOCI	11.5	9.5	0.1	0.0	21.2
AC	2.1	0.0	0.0	2.0	4.2
Derivatives					
FVPL	0.0	0.9	0.0	0.0	0.9
Hedging OCI	0.0	41.4	0.0	0.0	41.4
Liabilities					
AC	-15.7	0.0	0.0	0.7	-15.1
Total	**25.6**	**588.6**	**0.1**	**0.7**	**615.1**

11.2 Cash and cash equivalents

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

EUR m	31 Dec. 2019	31 Dec. 2020
Cash on hand	3.0	1.6
Demand deposits	446.6	379.9
Cash and cash equivalents	**449.5**	**381.5**
Not included in cash and cash equivalents*	89.9	120.3
Cash and cash equivalents recognised in the statement of cash flows	**359.6**	**261.2**

* Classified as restricted cash

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

11.3 Financial assets

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

Non-current financial assets

EUR m	31 Dec. 2019	31 Dec. 2020
Equity investments (FVOCI)	2,452.9	4,584.3
Loans	46.0	47.7
Other financial assets	996.2	1,044.6
Investment fund units (FVPL)	92.0	109.9
Shares (FVOCI)	146.9	151.9
Bonds (FVOCI)	754.1	782.7
Other securities	3.3	0.1
Derivative financial instruments	4.6	34.0
Designated as hedging instruments	4.3	34.0
Other derivative financial instruments	0.3	0.0
Other financial assets	0.0	12.1
Total	**3,499.7**	**5,722.8**

In the previous year, non-current receivables of EUR 12.9m were shown under other non-current assets. These will be reported under other non-current financial assets from 2020 onwards.

Current financial assets

EUR m	31 Dec. 2019	31 Dec. 2020
Loans	37.9	62.7
Bonds (FVOCI)	55.9	51.4
Time deposits with banks	351.0	152.0
Derivative financial instruments	136.9	155.5
Designated as hedging instruments	135.5	154.2
Other derivative financial instruments	1.4	1.4
Trade receivables	242.9	268.6
Total	**824.6**	**690.1**

Classification of financial assets

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

EUR m	Measured at AC	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Mandatorily measured at FVPL	Total at 31 Dec. 2020
Non-current financial assets	**46.8**	**816.7**	**4,736.2**	**111.0**	**5,710.7**
Equity instruments	0.0	0.0	4,736.2	0.0	4,736.2
Debt instruments	46.8	782.7	0.0	111.0	940.4
Derivative financial instruments	0.0	34.0	0.0	0.0	34.0
Current financial assets	**214.7**	**205.5**	**0.0**	**1.4**	**421.6**
Debt instruments	214.7	51.4	0.0	0.0	266.0
Derivative financial instruments	0.0	154.2	0.0	1.4	155.5
Trade receivables	**280.7**	**0.0**	**0.0**	**0.0**	**280.7**
Cash and cash equivalents	**381.5**	**0.0**	**0.0**	**0.0**	**381.5**
Total	**923.6**	**1,022.2**	**4,736.2**	**112.4**	**6,794.4**

EUR m	Measured at AC	Debt instruments measured at FVOCI	Equity instruments measured at FVOCI	Mandatorily measured at FVPL	Total at 31 Dec. 2019
Non-current financial assets	**36.8**	**740.2**	**2,599.8**	**123.0**	**3,499.7**
Equity instruments	0.0	0.0	2,599.8	0.0	2,599.8
Debt instruments	36.8	735.9	0.0	122.7	895.3
Derivative financial instruments	0.0	4.3	0.0	0.3	4.6
Current financial assets	**388.9**	**191.1**	**0.0**	**1.7**	**581.7**
Debt instruments	388.9	55.7	0.0	0.3	444.8
Derivative financial instruments	0.0	135.5	0.0	1.4	136.9
Trade receivables	**255.8**	**0.0**	**0.0**	**0.0**	**255.8**
Cash and cash equivalents	**449.5**	**0.0**	**0.0**	**0.0**	**449.5**
Total	**1,131.0**	**931.3**	**2,599.8**	**124.7**	**4,786.8**

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

As of 31 December 2020, WIENER STADTWERKE had investments in equity instruments for which, due to the long-term holding intention, it irrevocably elected to present subsequent changes in fair value in other comprehensive income, in accordance with IFRS 9. The breakdown of these equity instruments is described below.

Other investments (FVOCI)
WIENER STADTWERKE holds an interest of 13.44% (previous year: 13.42%) in Verbund AG. This is a strategic investment. The fair value of the investment at 31 December 2020 was EUR 3,260.9m (previous year: EUR 2,085.9m). In 2020, the Group received dividends totalling EUR 32.2m (previous year: EUR 19.6m) from the investment.

WIENER STADTWERKE acquired a stake in EVN AG of approximately 28.35% in the 2020 financial year and now holds a total of approximately 28.36% in EVN AG as at 31 December 2020. The Group views this acquisition as a long-term investment and as a financial investment. The fair value of this investment at 31 December 2020 was EUR 912.1m (previous year: EUR 0.2m). In the 2020 financial year, dividends totalling EUR 0.0m (previous year: EUR 0.0m) were received from this investment.

WIENER STADTWERKE owns a 2.80% interest in Verbund Hydro Power AG through WIEN ENERGIE GmbH. This is also a strategic investment and its fair value at 31 December 2020 was EUR 394.8m (previous year: EUR 350.9m). In 2020, the Group received dividends totalling EUR 7.0m (previous year: EUR 4.2m) from the investment.

WIENER STADTWERKE holds a 6.59% stake in Burgenland Holding AG through WIEN ENERGIE GmbH, also for strategic purposes. The fair value of the investment at 31 December 2020 was EUR 16.3m (previous year: EUR 15.6m). In 2020, total dividends received from this investment amounted to EUR 0.6m (previous year: EUR 0.7m).

In addition to the aforementioned investments, the Group holds other, smaller investments with fair values of less than EUR 0.5m. Dividends and other distributions paid to the Group in 2020 in connection with these investments totalled EUR 0.1m (previous year: EUR 0.1m).

Shares (FVOCI)

As at 31 December 2020, WIENER STADTWERKE held securities in the form of long-term investments in a total of seven special funds. At the end of 2018, special funds WSTW I, II, III and V were designated as plan assets in accordance with IAS 19. The remaining special funds IV, VI and VII will continue to be recognised in WIENER STADTWERKE's consolidated financial statements at 31 December 2020, in accordance with IFRS 10.

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

At 31 December 2020, 145 shares (previous year: 136) were designated as investments measured at fair value outside profit or loss, and their fair value amounted to EUR 113.4m (previous year: EUR 148.1m). The breakdown of the investments by region/country in 2019 and 2020 was as follows:

		31 Dec. 2019	31 Dec. 2020
Region	**Land**	**Share in %**	**Share in %**
Americas (developed)	USA	49.5	44.2
	Canada	2.1	3.4
Americas (emerging)	Brazil	0.5	0.4
	Mexico	0.5	0.8
	Peru	0.5	0.4
Europe (developed)	United Kingdom	6.1	5.9
	France	3.0	2.9
	Germany	1.6	2.4
	Austria	0.0	0.0
	Netherlands	1.9	2.1
	Ireland	1.8	0.4
	Norway	1.4	1.7
	Sweden	1.3	1.7
	Denmark	0.9	1.9
	Spain	0.6	1.3
	Switzerland	2.7	3.5
Europe (emerging)	Russia	1.6	0.5
Middle East & Africa (developed)	Israel	0.0	0.5
Middle East & Africa (emerging)	South Africa	1.1	1.5
	Egypt	0.5	0.2
Asia/Pacific (developed)	Japan	10.0	10.3
	Hong Kong	1.9	0.9
	Australia	0.8	0.2
	Caiman Islands	0.0	0.8
Asia/Pacific (emerging)	China	6.4	6.0
	India	1.0	2.1
	South Korea	1.1	1.9
	Taiwan	1.3	2.2
Total		**100.0**	**100.0**

In 2020, dividends received from shares (FVOCI) totalled EUR 3.5m (previous year: EUR 3.1m). These relate entirely to financial instruments held at 31 December 2020.

Recognition and measurement

Financial assets recognised in accordance with IFRS 9 Financial Instruments are initially recognised on the trading date when the Group becomes a contracting party under the contractual terms of the instrument. A financial asset is carried at fair value on initial recognition. Transaction costs arising directly from the purchase or disposal of the assets concerned are included in all items not measured at FVPL.

For the purpose of subsequent measurement, a financial asset is allocated to one of the following measurement categories, depending on the business model within which the asset is held and the nature of the contractual cash flows for the asset:

- Measured at AC
- Debt instruments measured at FVOCI
- Equity instruments measured at FVOCI
- Measured at FVPL

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

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

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

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

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

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

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

11.4 Financial liabilities

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

Non-current financial liabilities

EUR m	31 Dec. 2019	31 Dec. 2020
Bonds	166.6	166.7
Bank loans	71.6	550.2
Lease liabilities	115.6	116.6
Derivative liabilities	4.5	46.7
Hedging instruments	3.8	46.3
Other derivative financial instruments	0.7	0.4
Other financial liabilities	53.1	64.6
Total	**411.4**	**944.9**

Current financial liabilities

EUR m	31 Dec. 2019	31 Dec. 2020
Bonds	12.8	2.7
Bank loans	0.8	1.6
Lease liabilities	11.8	16.8
Derivative liabilities	118.8	167.8
Hedging instruments	117.4	167.7
Other derivative financial instruments	1.4	0.2
Trade payables	362.9	536.3
Other financial liabilities	71.6	144.7
Total	**578.6**	**869.9**

Other non-current financial liabilities include non-current liabilities of EUR 5.7m, which were reported under other non-current liabilities in the previous year.

Other current financial liabilities mainly include liabilities of EUR 136.7m (previous year: EUR 63.2m) to non-consolidated Group companies, associates and joint ventures related to the cash pooling arrangement.

Classification of financial liabilities

The classification of financial liabilities for the financial year and the previous year:

EUR m	Measured at AC	Mandatorily measured at FV	IFRS 16	Total at 31 Dec. 2020
Long-term borrowings	**781.5**	**46.7**	**116.6**	**944.9**
Bonded loans and bonds	166.7	0.0	0.0	166.7
Bank loans	550.2	0.0	0.0	550.2
Lease liabilities	0.0	0.0	116.6	116.6
Derivative financial instruments	0.0	46.7	0.0	46.7
Other financial liabilities	58.9	0.0	0.0	58.9
Trade payables	5.7	0.0	0.0	5.7
Current financial liabilities	**685.3**	**167.8**	**16.8**	**869.9**
Bonded loans and bonds	2.7	0.0	0.0	2.7
Bank loans	1.6	0.0	0.0	1.6
Lease liabilities	0.0	0.0	16.8	16.8
Derivative financial instruments	0.0	167.8	0.0	167.8
Other financial liabilities	144.7	0.0	0.0	144.7
Trade payables	536.3	0.0	0.0	536.3
Total	**1,466.9**	**214.6**	**133.4**	**1,814.9**

EUR m	Measured at AC	Mandatorily measured at FV	IFRS 16	Total at 31 Dec. 2019
Long-term borrowings	**291.3**	**4.5**	**115.6**	**411.4**
Bonded loans and bonds	166.6	0.0	0.0	166.6
Bank loans	71.6	0.0	0.0	71.6
Lease liabilities	0.0	0.0	115.6	115.6
Derivative financial instruments	0.0	4.5	0.0	4.5
Other financial liabilities	53.1	0.0	0.0	53.1
Current financial liabilities	**448.0**	**118.8**	**11.8**	**578.6**
Bonded loans and bonds	12.8	0.0	0.0	12.8
Bank loans	0.8	0.0	0.0	0.8
Lease liabilities	0.0	0.0	11.8	11.8
Derivative financial instruments	0.0	118.8	0.0	118.8
Other financial liabilities	71.6	0.0	0.0	71.6
Trade payables	362.9	0.0	0.0	362.9
Total	**739.3**	**123.3**	**127.4**	**990.0**

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

EUR m	Debentures and bonds	Bank loans	Lease liabilities	Other non-current financial liabilities	Other current financial liabilities	Total
1 Jan. 2020	**179.4**	**72.4**	**127.4**	**60.1**	**553.3**	**992.5**
Cash inflows from long-term loans	0.0	480.0	0.0	4.9	0.0	484.9
Repayment of long-term loans	-10.0	0.0	-16.7	-0.5	0.0	-27.2
Interest on long-term loans paid	-5.3	-3.6	0.0	0.4	0.0	-8.5
Changes in current liabilities	0.0	-0.8	0.0	0.0	249.6	248.8
Non-cash assumption of liabilities	0.0	0.0	20.6	2.9	-0.6	22.8
Effects of exchange rate changes	0.0	0.0	0.0	-0.2	-0.9	-1.1
Changes in fair value	0.0	0.0	0.0	42.5	49.9	92.4
Other changes in the statement of profit or loss	0.0	0.0	0.0	-0.9	-0.4	-1.3
Increase due to accrued interest	5.3	3.8	2.0	0.3	0.0	11.4
Reclassifications	0.0	0.0	0.0	2.0	-2.0	0.0
Other changes (from contract modifications)	0.0	0.0	0.1	0.0	0.0	0.1
31 Dec. 2020	**169.4**	**551.8**	**133.4**	**111.4**	**848.9**	**1,814.9**

EUR m	Debentures and bonds	Bank loans	Lease liabilities	Other non-current financial liabilities	Other current financial liabilities	Total
1 Jan. 2019	**179.4**	**72.5**	**134.1**	**57.1**	**571.9**	**1,015.0**
Cash inflows from long-term loans	0.0	0.3	0.0	4.2	0.0	4.6
Repayment of long-term loans	0.0	0.0	-13.7	-2.7	0.0	-16.4
Interest on long-term loans paid	-5.3	-2.1	0.0	0.0	0.0	-7.4
Changes in current liabilities	0.0	-0.4	0.0	0.0	-95.5	-95.9
Non-cash assumption of liabilities	0.0	0.0	6.8	0.2	0.0	7.0
Effects of exchange rate changes	0.0	0.0	0.0	0.7	-1.3	-0.7
Changes in fair value	0.0	0.0	0.0	2.2	78.2	80.4
Other changes in the statement of profit or loss	0.0	0.0	0.4	0.0	0.0	0.4
Increase due to accrued interest	5.3	2.1	2.2	0.0	0.0	9.6
Other changes (from contract modifications)	0.0	0.0	-2.4	-1.6	0.0	-4.0
31 Dec. 2019	**179.4**	**72.4**	**127.4**	**60.1**	**553.3**	**992.5**

Recognition and measurement

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

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

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

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

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

11.5 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented as a net amount in accordance with IAS 32 if there is also a legally enforceable right to offset the recognised amounts at the present time and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In the Energy division in particular, various global netting agreements are concluded in the normal course of business which do not require offsetting in the balance sheet, as the criteria of IAS 32 have not been met.

The following tables show the carrying amounts of financial assets and financial liabilities that are subject to netting agreements and the net amounts that would result if all netting rights were exercised:

EUR m	Financial instruments (gross)	Balanced amounts in the balance sheet	Financial instruments in the balance sheet (net)	Liabilities with offsetting rights (not netted)	Net 31 Dec. 2020
Offsetting of financial assets					
Derivative financial instruments	188.6	0.0	188.6	-136.5	52.1
Trade receivables	299.6	0.0	299.6	-59.7	239.9
Other offsettable assets	117.5	0.0	117.5	-76.4	41.1
Total	**605.7**	**0.0**	**605.7**	**-272.6**	**333.1**
Offsetting of financial liabilities					
Derivative financial instruments	214.2	0.0	214.2	-210.8	3.4
Trade payables	542.0	0.0	542.0	-59.7	482.2
Other offsettable liabilities	19.1	0.0	19.1	-2.1	17.0
Total	**775.2**	**0.0**	**775.2**	**-272.6**	**502.6**

EUR m	Financial instruments (gross)	Balanced amounts in the balance sheet	Financial instruments in the balance sheet (net)	Liabilities with offsetting rights (not netted)	Net 31 Dec. 2019
Offsetting of financial assets					
Derivative financial instruments	139.8	0.0	139.8	-75.6	64.2
Trade receivables	272.2	0.0	272.2	-21.5	250.7
Other offsettable assets	90.7	0.0	90.7	-44.0	46.7
Total	**502.7**	**0.0**	**502.7**	**-141.1**	**361.6**
Offsetting of financial liabilities					
Derivative financial instruments	121.7	0.0	121.7	-115.0	6.7
Trade payables	362.9	0.0	362.9	-21.5	341.4
Other offsettable liabilities	24.1	0.0	24.1	-4.6	19.5
Total	**508.7**	**0.0**	**508.7**	**-141.1**	**367.6**

11.6 Fair value disclosures

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

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

Transfers between and out of the different levels in the fair value hierarchy are carried out at the end of the reporting period. No transfers took place during the reporting period or during the previous period.

Classifications and fair values of financial instruments

The carrying amounts and fair values of financial assets and liabilities measured at fair value, including their allocation within the fair value hierarchy, in the financial year and the previous year:

EUR m	31 Dec. 2020 Carrying amount	31 Dec. 2020 Fair value	Level 1	Level 2	Level 3
Equity instruments	**4,736.2**	**4,736.2**	**4,341.2**	**0.0**	**395.0**
Equity investments	4,584.3	4,584.3	4,189.3	0.0	395.0
Shares	151.9	151.9	151.9	0.0	0.0
Debt instruments	**945.3**	**945.3**	**834.1**	**109.9**	**1.2**
Investment funds	109.9	109.9	0.0	109.9	0.0
Bonds	834.0	834.0	834.0	0.0	0.0
Other securities (measured at FV)	0.1	0.1	0.1	0.0	0.0
Loans (measured at FV)	1.2	1.2	0.0	0.0	1.2
Derivative financial instruments	**-26.7**	**-26.7**	**9.6**	**-36.4**	**0.0**
Receivables from other derivative financial instruments	189.5	189.5	22.4	167.1	0.0
Liabilities from derivative financial instruments	-216.3	-216.3	-12.8	-203.5	0.0

EUR m	31 Dec. 2019 Carrying amount	31 Dec. 2019 Fair value	Level 1	Level 2	Level 3
Equity instruments	**2,599.8**	**2,599.8**	**2,248.6**	**0.0**	**351.1**
Equity investments	2,452.9	2,452.9	2,101.8	0.0	351.1
Shares	146.9	146.9	146.9	0.0	0.0
Debt instruments	**914.5**	**914.5**	**813.3**	**92.0**	**9.2**
Investment funds	92.0	92.0	0.0	92.0	0.0
Bonds	809.7	809.7	809.7	0.0	0.0
Other securities (measured at FV)	3.5	3.5	3.5	0.0	0.0
Loans (measured at FV)	9.2	9.2	0.0	0.0	9.2
Derivative financial instruments	**18.2**	**18.2**	**-21.6**	**39.8**	**0.0**
Receivables from other derivative financial instruments	141.5	141.5	7.8	133.7	0.0
Liabilities from other derivative financial instruments	-123.3	-123.3	-29.3	-94.0	0.0

Financial instruments not measured at fair value

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

EUR m	31 Dec. 2020 Carrying amount	31 Dec. 2020 Fair value	Level 1	Level 2	Level 3
Loans (at cost)	109.2	109.2	0.1	82.5	26.7
Bonded loans and bonds	-169.4	-166.7	0.0	0.0	-166.7
Bank loans	-551.8	-550.7	0.0	-0.7	-550.0

EUR m	31 Dec. 2019 Carrying amount	31 Dec. 2019 Fair value	Level 1	Level 2	Level 3
Loans (at cost)	74.4	77.1	0.0	57.2	19.9
Bonded loans and bonds	-179.4	-176.8	0.0	0.0	-176.8
Bank loans	-72.4	-71.5	0.0	-1.2	-70.3

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

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

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

In the case of other investments (FVOCI) for which neither the fair value nor the inputs required for measurement are observable on an active market, and which are thus allocated to Level 3 of the fair value hierarchy, a discounted cash flow approach is used in order to determine the present value of the expected benefit from the investments. The main parameters for this approach are the weighted average cost of capital (WACC), calculated on the basis of the capital asset pricing model, of 3.49% (previous year: 3.56%), and the expected revenue growth rates, which are mainly dependent on forecast changes in electricity prices.

Viewed in isolation, a 10% increase in the WACC would lead to a 10% fall (previous year: 10%) in fair value, while a 10% decrease in the WACC would result in a 12% rise (previous year: 12%) in fair value. Viewed in isolation, a 10% increase (decrease) in expected electricity prices would bring about a 19% (previous year: 20%) increase (decrease) in fair value.

In both 2020 and 2019, the change in the fair value of unlisted equity instruments allocated to Level 3 of the fair value hierarchy resulted entirely in measurement results, which were recognised in other comprehensive income and result from the different results of the discounted cash flow methods from period to period.

11.7 Derivative financial instruments and hedge accounting

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

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

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

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

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

The Group also hedges sales of electricity produced at its power plants. Hedges are concluded as part of WIEN ENERGIE GmbH's energy trading activities, based on the production volumes budgeted by Portfolio Management. As with gas price hedging, the transactions concluded by WIEN ENERGIE Vertrieb GmbH & Co KG in connection with its electricity supply obligations to customers are also included in the hedging strategy for electricity price hedging.

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

Hedge ineffectiveness can arise in particular from the fact that at the time the hedge is concluded, products may only be available on the market for delivery in months different to that specified in the order, so the delivery months must be adjusted in line with actual requirements. Ineffectiveness may also result from differences between the requirements reported by the individual divisions and the batch sizes available on the market. Proxy hedges are concluded on the German electricity market owing to the higher level of liquidity there. Ineffectiveness may also result from differences in price for identical quantities on the Austrian and German markets.

At 31 December 2020, the Group held the following instruments as hedges against gas and electricity price risks:

	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Balance of gas forwards and futures at 31 Dec. 2020				
Total	14,263,556.5	-205.4	14.1	39.0
2021	8,688,113.0	-120.9	13.6	30.7
After 2021	5,575,443.5	-84.5	15.3	8.3
Balance of electricity forwards and futures at 31 Dec. 2020				
Total	-8,878,232.1	393.2	43.9	-64.9
2021	-5,574,211.6	243.8	43.4	-44.3
After 2021	-3,304,020.5	149.4	45.0	-20.6

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

	MWh	Nominal value (EUR m)	Average exercise price EUR/MWh	Net carrying amount (EUR m)
Balance of gas forwards and futures at 31 Dec. 2019				
Total	5,643,022.4	-103.8	18.0	-22.6
2020	5,653,385.9	-104.1	18.0	-22.5
After 2020	-10,363.5	0.4	18.6	-0.1
Balance of electricity forwards and futures at 31 Dec. 2019				
Total	-4,574,020.7	240.1	49.3	41.2
2020	-4,341,514.3	227.9	49.2	40.0
After 2020	-232,506.4	12.3	49.9	1.2

It is permitted to initially conclude agreements for products on the most liquid market, then sell the hedged quantity as liquidity increases and fulfil requirements once more at the trading point in question. Amounts netted between purchases and sales are therefore presented in the tables above.

The amounts shown in the table below were related to items designated as hedged items as at 31 December 2020:

	31 Dec. 2019		31 Dec. 2020	
EUR m	Change in value as basis for calculating hedge ineffectiveness	Cash flow hedge reserve	Change in value as basis for calculating hedge ineffectiveness	Cash flow hedge reserve
Gas purchases	23.1	22.5	40.1	-36.2
Electricity sales	-42.7	-40.9	-68.7	65.1

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

Gas forwards and futures

Carrying amount at 31 Dec. 2020 (EUR m)		Change in 2020 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
156.0	-117.0	-57.7	3.9	0.0

Carrying amount at 31 Dec. 2019 (EUR m)		Change in 2020 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
81.5	-104.1	22.5	1.3	-5.7

Electricity forwards and futures

Carrying amount at 31 Dec. 2020 (EUR m)		Change in 2020 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
32.2	-97.0	102.3	-3.7	0.0

Carrying amount at 31 Dec. 2019 (EUR m)		Change in 2020 (EUR m)		
Assets	Liabilities	Recognised in other comprehensive income	Recognised as ineffectiveness	Reclassification as raw material and consumables used
58.3	-17.1	-41.7	-1.0	-17.1

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

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

EUR m	Gas	Electricity	Total
1 Jan. 2019	**5.7**	**17.9**	**23.6**
Change in fair value	22.5	-41.7	-19.2
Items subsequently reclassified to profit or loss – raw material and consumables used	-5.7	-17.1	-22.8
31 Dec. 2019	**22.5**	**-40.9**	**-18.4**
Change in fair value	-36.2	65.1	28.9
Items subsequently reclassified to profit or loss – raw material and consumables used	-21.4	37.2	15.8
31 Dec. 2020	**-35.1**	**61.4**	**26.3**

12 Equity and debt capital

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

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

Movements in these reserves were as follows:

EUR m	Employee benefit provision reserve	Reserve from hedging transactions	Financial instruments measurement reserve – equity instruments	Financial instruments measurement reserve – debt instruments	Reserve from other results from investments accounted for using the equity method	Total
1 Jan. 2019	**57.7**	**-22.5**	**772.4**	**3.1**	**70.4**	**881.1**
OCI before income tax expense	-424.7	42.0	532.0	9.5	-216.0	-57.2
Tax effects	0.0	0.0	-33.3	-2.4	2.4	-33.3
31 Dec. 2019	**-367.1**	**19.5**	**1,271.2**	**10.2**	**-143.1**	**790.6**
OCI before income tax expense	-388.9	-44.6	1,243.3	11.0	104.5	925.3
Tax effects	0.0	2.8	-77.7	-2.8	0.0	-77.7
31 Dec. 2020	**-756.0**	**-22.4**	**2,436.8**	**18.5**	**-38.6**	**1,638.2**

Capital management

In 2020 the WIENER STADTWERKE Group's equity rose by 41.2%, to EUR 5,020.7m (previous year: EUR 3,555.3m). The Group's management aims for a stable equity ratio, and therefore keeps this metric under constant observation. The equity ratio as of the reporting date was 36.2% (previous year: 31.2%), which represents a significant improvement compared to the previous year.

13 Income tax expense

Tax expense is as follows:

EUR m	2019	2020
Current tax expense	0.6	0.7
Deferred tax expense	0.0	0.0
Total	**0.5**	**0.6**

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

EUR m	2019	2020
Earnings before tax (EBT)	300.0	640.9
Tax rate	25%	25%
Expected tax expense	**-75.0**	**-160.2**
Tax-free subsidies	90.3	115.2
Tax-free investment income	27.2	10.4
Non-recognition of tax loss carryforwards	-95.0	-75.6
Changes in the valuation of deferred tax assets	49.5	113.3
Other effects	2.5	-3.7
Total tax expense	**-0.5**	**-0.6**

Deferred tax

Deferred tax assets and liabilities are as follows:

	31 Dec. 2019		31 Dec. 2020	
EUR m	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Assets				
Property, plant and equipment	0.0	-108.5	6.7	-58.5
Intangible assets	0.1	-2.5	0.1	-3.2
Investments accounted for using the equity method	0.1	0.0	0.1	0.0
Non-current financial assets	35.6	-179.4	45.0	-709.5
Other non-current assets	7.9	-1.5	3.7	-4.1
Non-current regulatory assets	0.0	-304.1	0.0	-290.5
Inventories	0.0	-1.7	0.0	0.0
Trade receivables	0.0	-0.1	1.0	-0.1
Current financial assets	0.0	-37.4	0.0	-39.2
Other current assets	0.0	0.0	0.4	-1.7
Current regulatory assets	0.0	-15.8	0.0	-16.3
Cash and cash equivalents	0.1	-0.1	0.0	-0.5
Capitalised loss carryforwards	307.6	0.0	540.7	0.0
Total	**351.3**	**-651.0**	**597.7**	**-1,123.6**
Liabilities				
Long-term borrowings	14.8	-2.2	21.3	-2.3
Employee benefit provisions	182.0	0.0	301.8	0.0
Other long-term provisions	0.1	-6.4	0.0	-0.7
Other non-current liabilities	25.0	-4.4	24.4	-37.4
Current financial liabilities	16.1	-30.1	25.0	-0.9
Trade payables	0.1	-0.2	0.7	-0.1
Other current liabilities	3.6	-1.2	19.4	-5.4
Total	**241.6**	**-44.6**	**392.6**	**-46.9**
Offsetting	-592.9	592.9	-990.2	990.2
Total	**0.0**	**-102.6**	**0.0**	**-180.2**

The table below shows movements in deferred tax liabilities:

EUR m	31 Dec. 2019	31 Dec. 2020
Deferred tax (net) as at 1 Jan.	**-69.3**	**-102.5**
Deferred tax recognised in other comprehensive income	-33.3	-77.7
Deferred tax (net) as at 31 Dec.	**-102.5**	**-180.2**

Recognition and measurement

Deferred tax is determined in accordance with IAS 12. This means that probable future tax savings and charges are recognised for temporary differences between the carrying amounts in the consolidated financial statements and the tax bases of assets and liabilities.

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

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

Disclosures regarding the tax group

The main companies included in the consolidated financial statements of WIENER STADTWERKE form a group as defined by section 9 Körperschaftsteuergesetz (Austrian Corporation Tax Act – KStG).

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

These percentages are derived from the applicable rate under section 22(1) KStG. In the event that group members post tax losses, this does not result in a negative allocation. However, a record must be kept of the losses attributed to the parent by the members, and these losses are offset against members' profits attributed to the parent in subsequent years.

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

The Group has not recognised tax loss carryforwards of EUR 7,484.1m (previous year: EUR 8,001.9m). These can be carried forward for an unlimited period. In addition, no deferred tax assets have been recognised in respect of deductible temporary differences of EUR 199.2m (previous year: EUR 190.2m).

Deferred tax liabilities arising from interests in subsidiaries – so-called "outside basis differences" – are not recognised as the Group can control their reversal, and the latter is unlikely for the foreseeable future. In consequence, deferred tax liabilities were not recognised in respect of temporary differences of EUR 1,282.2m (previous year: EUR 1,045.2m).

No deferred taxes were recognised in the balance sheet for deductible temporary partial depreciation (over a period of seven years pursuant to KStG) in the amount of EUR 15.1m.

14 Risk management

Risk management principless

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

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

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

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

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

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

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

WIENER STADTWERKE's risk landscape is divided into the following risk groups:

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

The following tables show the obligations arising from contractual cash flows for the coming year, the next one to five years and obligations after five years for the current and past financial year:

	31 Dec. 2020 Carrying amount	31 Dec. 2020 Contractual cash flows	<1 year	1–5 years	>5 years
Bonded loans and bonds	169.4	195.3	5.0	113.0	77.4
Bank loans	551.8	604.4	6.7	184.9	412.8
Trade payables	542.1	544.0	538.7	5.3	0.0
Lease liabilities	133.4	152.6	17.2	68.8	66.6
Other financial liabilities and liabilities from associates	203.6	211.5	145.0	15.7	50.7
Liabilities from other derivative financial instruments	214.6	214.6	167.7	46.9	0.0

	31 Dec. 2019 Carrying amount	31 Dec. 2019 Contractual cash flows	<1 year	1–5 years	>5 years
Bonded loans and bonds	179.4	210.6	15.3	88.1	107.3
Bank loans	72.4	84.9	2.6	9.1	73.1
Trade payables	394.7	394.7	392.2	2.5	0.0
Lease liabilities	127.4	151.8	14.0	51.3	86.5
Other financial liabilities and liabilities from associates	124.6	123.0	75.9	15.3	31.8
Liabilities from other derivative financial instruments	123.3	123.3	118.8	4.5	0.0

Credit risk

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

IFRS 9 requires entities to recognise loss allowances not only for actual losses but also expected credit losses for financial assets measured at fair value outside profit or loss, such as trade receivables and bonds, as well as for contract assets. The risk exposure as at the end of the reporting period must be determined for each risk group, and provisions recognised on the basis of this exposure, irrespective of whether a loss is actually incurred.

§ The Group uses the simplified approach to determine impairment allowances and lifetime expected credit losses for trade receivables and contract assets. The probability of default included in this assessment is determined on the basis of the age structure of the respective receivable. For receivables already due, this rate is determined from empirical values and historical default rates of the respective division. The default rate of receivables not yet due is assessed separately, if material. The procedure corresponds to that described in the next paragraph.

Expected losses for all other financial assets are calculated on the basis of the 12-month expected credit losses. When there is a significant increase in default risk, the lifetime expected credit losses and impairment allowances are adjusted accordingly. When determining the credit risk, the individual credit risk rating of the debtors, as well as market-relevant future-related information and historical default rates published by S&P Global are essentially taken into account.

The Treasury and Asset Management department is responsible for short-term and long-term investments in the WSTW Group. It manages the credit risk from balances with banks and financial institutions. In order to keep risk concentration as low as possible, investments (in the context of cash pooling as well as in the context of long-term investments) may only be made with approved banks, taking into account the limits valid for the respective banks at the time of the investment.

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

EUR m	Equivalent Moody's rating/time bands for trade receivables	**Bonds (OCI)**	**Loans (at cost)**	**Contract receivables**	**Trade receivables***	**Other receivables**	**Cash and time deposits**	**Total**
Risk exposure class A	up to Aa3/not overdue or 30 days past due	293.2	0.3	3.5	230.0	52.5	369.2	948.6
Risk exposure class B	up to A3/31-60 days past due	249.3	0.0	0.0	43.0	1.3	164.0	457.7
Risk exposure class C	up to Baa3/61-90 days past due	288.3	0.0	0.0	9.5	0.2	0.0	298.1
Risk exposure class D	below Baa3/ more than 90 days overdue	3.2	0.0	0.0	2.1	6.3	0.0	11.7
Unrated		0.0	101.0	0.0	15.0	0.8	0.3	117.0
Gross carrying amount		**834.0**	**101.3**	**3.5**	**299.6**	**61.1**	**533.5**	**1,833.1**
Impairment allowances for 12-month expected credit losses (Stage 1)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment allowances for lifetime expected credit losses (Stage 2)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Individual impairment allowances (Stage 3)		0.0	0.0	0.0	-8.1	-2.4	0.0	-10.4
Simplified impairment approach		0.0	0.0	0.0	-10.9	0.0	0.0	-10.9
Carrying amount at 31 Dec. 2020		**834.0**	**101.3**	**3.5**	**280.7**	**58.8**	**533.5**	**1,811.7**

* The trade receivables shown here include non-current receivables of EUR 12.1m, which are recognised as other financial assets (see note 11.3).

Contract receivables are shown in the table above for the first time this year. This was waived last year due to the lack of impairment and the uniform allocation to risk class A.

EUR m	Equivalent Moody's rating/time bands for trade receivables	Bonds (OCI)	Loans (at cost)	Trade receivables*	Cash and time deposits	Total
Risk exposure class A	up to Aa3/not overdue or 30 days past due	197.8	0.0	218.0	801.5	1,217.3
Risk exposure class B	up to A3/31–60 days past due	227.9	0.0	17.4	0.0	245.3
Risk exposure class C	up to Baa3/61–90 days past due	271.3	0.0	4.8	0.0	276.1
Risk exposure class D	below Baa3/more than 90 days overdue	10.0	0.0	44.9	0.0	54.9
Unrated		84.4	76.6	0.0	0.0	161.1
Gross carrying amount		**791.5**	**76.6**	**285.1**	**801.5**	**1,954.7**
Impairment allowances for 12-month expected credit losses (Stage 1)		0.0	0.0	0.0	0.0	0.0
Impairment allowances for lifetime expected credit losses (Stage 2)		0.0	0.0	0.0	0.0	0.0
Individual impairment allowances (Stage 3)		0.0	0.0	-10.6	0.0	-10.6
Simplified impairment approach		0.0	0.0	-19.1	0.0	-19.1
Carrying amount at 31 Dec. 2019		**791.5**	**76.6**	**255.5**	**801.5**	**1,925.1**

* The trade receivables shown here include non-current receivables of EUR 12.9m which are recognised as other non-current assets (see note 8). Furthermore, these include other receivables, which will be reported separately from the 2020 financial year onwards.

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

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

EUR m	Individual impairment allowances (Stage 3)	Simplified impairment approach	Total
1 Jan. 2019	**10.4**	**18.4**	**28.8**
Remeasurement	1.2	3.1	4.4
Depreciation	-0.4	-1.2	-1.6
Reversals	-0.4	-1.1	-1.5
Transfer	0.0	-0.2	-0.2
Change in the companies included in the scope of consolidation	-0.2	0.0	-0.2
31 Dec. 2019	**10.7**	**19.1**	**29.8**
Remeasurement	4.9	2.0	6.9
Depreciation	-0.4	-0.2	-0.7
Reversals	-4.7	-10.0	-14.7
31 Dec. 2020	**10.4**	**10.9**	**21.3**

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

Financial assets must be derecognised as soon as their uncollectibility is established (bad debt loss). This is the case if the quota has been determined in the course of bankruptcy or composition proceedings or the proceedings have been dismissed for lack of assets. Likewise, uncollectibility is established in the case of waiver (for example, waiver after unsuccessful debt collection), unsuccessful seizure or if there is a court judgement. After expiry of the limitation period, which is usually three years, the claim should also be written off, apart from a few exceptions (e.g. insolvency proceedings).

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

Financial assets and liabilities broken down by the type of interest as at 31 December 2020 and 2019 are shown in the tables below.

	Carrying amount 31 Dec. 2020	
	Fixed-interest instruments	Variable-interest instruments
Financial assets	1,058.1	430.4
Financial liabilities	-667.7	-390.5
Total	**390.4**	**39.9**

	Carrying amount 31 Dec. 2019	
	Fixed-interest instruments	Variable-interest instruments
Financial assets	1,214.1	477.3
Financial liabilities	-440.2	-63.5
Total	773.9	413.8

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

Bond investments are primarily made in euro-denominated bonds, with a focus on the euro investment-grade bond market. Interest rate risk is determined by the average bond duration on the capital market concerned. At year-end 2020, the average duration was 4.2 years (previous year: 7.2 years) on the euro-denominated market. Around one-quarter of the Group's portfolio is not exposed to interest rate risk (e.g. liquid funds and shares), resulting in a portfolio duration of around three years (previous year: five years).

A 100-basis-point (bp) shift in interest rates would result in a pre-tax increase or decrease in equity of EUR 34.7m (previous year: EUR 14.4m) due to the resulting change in the fair values of bonds. This assumes that all other variables, and in particular exchange rates, remain unchanged.

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

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

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

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

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

Investments in shares are mainly based on the benchmark MSCI All Country World Index (ACWI), which contains the world's largest listed companies. As a rule, these securities are listed in the currency of the exchange located in the domicile of the company concerned. Accordingly, the bulk of the Group's global share portfolio is not denominated in euros, and due to the specific characteristics of the stock market, the Group does not take out any currency hedges against the euro. About 59% of the shares in the MSCI ACWI are denominated in USD, approximately 9% in EUR and the remaining 32% in other currencies.

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

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

EUR m	Carrying amount 31 Dec. 2020	Carrying amount in EUR if nominal value in USD	Carrying amount in EUR if nominal value in JPY	Carrying amount in EUR if nominal value in CHF	Carrying amount in EUR if nominal value in EUR	Carrying amount in EUR, other
Loans	9.1	8.0	0.0	0.0	1.1	0.0
Other financial assets	2,803.7	106.6	14.3	4.0	2,650.2	28.6
Bonds (FVOCI)	51.4	0.0	0.0	0.0	51.4	0.0
Cash and cash equivalents	379.9	0.0	0.0	0.0	379.9	0.0

	Carrying amount 31 Dec. 2019	Carrying amount in EUR if nominal value in USD	Carrying amount in EUR if nominal value in JPY	Carrying amount in EUR if nominal value in CHF	Carrying amount in EUR if nominal value in EUR
Loans	9.2	8.1	0.0	0.0	1.1
Other financial assets	996.2	90.6	14.7	3.9	887.0
Bonds (FVOCI)	55.9	29.1	0.0	0.0	26.9
Cash and cash equivalents	449.5	2.2	0.4	0.2	446.7

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

The following exchange rates were applied at 31 December 2020 and 31 December 2019:

	31 Dec. 2019	31 Dec. 2020
USD	1.1234	1.2271
JPY	121.94	126.49
CHF	1.0854	1.0802

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

31 Dec. 2020	Profit or loss		Equity before tax	
Effects, EUR m	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
USD (5% change)	0.4	-0.4	6.0	-5.5
JPY (5% change)	0.0	0.0	0.8	-0.7
CHF (5% change)	0.0	0.0	0.2	-0.2

31 Dec. 2019	Profit or loss		Equity before tax	
Effects, EUR m	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
USD (5% change)	2.1	-1.9	6.8	-6.2
JPY (5% change)	0.0	0.0	0.8	-0.7
CHF (5% change)	0.0	0.0	0.2	-0.2

Raw material price risk

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

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

The following tables illustrate how concluding supply contracts at prices 10% higher or lower would have affected the results reported in the consolidated statement of profit or loss in 2020 and 2019.

Description	Raw material price per unit at the end of the reporting period (EUR)	Volumes in 2020 – purchases/(sales), MWh	Change in income due to 10% increase in raw material price (EUR m)	Change in income due to 10% decrease in raw material price (EUR m)
31 Dec. 2020				
Gas	17.2	14,263,556.5	-24.5	24.5
Electricity	47.8	-8,878,232.1	42.5	-42.5
CO_2	32.0	3,438,000.0	-11.0	11.0

Description	Raw material price per unit at the end of the reporting period (EUR)	Volumes in 2020 – purchases/(sales), MWh	Change in income due to 10% increase in raw material price (EUR m)	Change in income due to 10% decrease in raw material price (EUR m)
31 Dec. 2019				
Gas	12.3	7,836,701.9	-15.8	15.8
Electricity	30.1	-11,459,825.4	61.9	-61.9
CO_2	26.6	3,104,000.0	-7.8	7.8

As mentioned above, this risk is managed by means of derivatives, and in some cases by using hedge accounting. The tables below show the changes in the fair values of these derivatives as at 31 December 2020 and 31 December 2019 in the event of a 10% rise or fall in raw material prices.

EUR m	Carrying amount 31 Dec. 2020	Hedged volumes – purchases (TWh)	Hedged volumes – sales (TWh)	Change in fair value due to 10% increase in raw material price	Change in fair value due to 10% decrease in raw material price
Financial assets					
Electricity derivatives – hedge accounting (OCI)	32.2	4.3	1.0	-15.6	15.6
Gas derivatives – hedge accounting (OCI)	156.0	45.2	2.1	-74.0	74.0
Financial liabilities					
Electricity derivatives – hedge accounting (OCI)	-97.0	0.7	12.8	58.1	-58.1
Gas derivatives – hedge accounting (OCI)	-117.0	2.6	31.9	50.4	-50.4

EUR m	Carrying amount 31 Dec. 2019	Hedged volumes – purchases (TWh)	Hedged volumes – sales (TWh)	Change in fair value due to 10% increase in raw material price	Change in fair value due to 10% decrease in raw material price
Financial assets					
Electricity derivatives – hedge accounting (OCI)	58.3	0.4	7.5	24.6	-24.6
Gas derivatives – hedge accounting (OCI)	81.5	0.8	17.3	-21.5	21.5
Electricity derivatives – outside hedge accounting (FVPL)	1.7	0	0.1	-0.5	0.5
Financial liabilities					
Electricity derivatives – hedge accounting (OCI)	-17.1	2.8	0	10.3	-10.3
Gas derivatives – hedge accounting (OCI)	-104.1	22.6	0.4	29.6	-29.6

Details on hedge accounting are provided in note 11.6.

15 Supplementary information

15.1 Contingent liabilities and other financial obligations

Contingent liabilities amounted to EUR 74.2m (previous year: EUR 52.1m) at the end of the reporting period. The majority relates to a contingent liability of EUR 37.1m (previous year: EUR 39.8m) to American International Group, Inc. (AIG) connected with the WIENER LINIEN cross-border leasing deal (see note 15.2). Other significant contingent liabilities consist of various bank guarantees for construction projects of Wiener Lokalbahnen amounting to EUR 30.0m, to Gemeinnützigen Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H in the amount of EUR 4.5m (previous year: EUR 6.0m) and several contingent liabilities of WIENER NETZE in the amount of EUR 2.1m (previous year: EUR 3.9m).

The WIENER STADTWERKE Group has contingent assets of EUR 4.5m (previous year: EUR 6.0m) from Gemeinnützigen Wohnungs- und Siedlungsgesellschaft der Wiener Stadtwerke Gesellschaft m.b.H, while WIENER NETZE has various contingent assets amounting to EUR 3.8m (previous year: EUR 7.2m).

15.2 Cross-border lease

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

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

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

EUR m	31 Dec. 2019	31 Dec. 2020
Securities (FVOCI)	18.2	11.9
Other loans	8.1	7.9
Forward exchange transactions (outside hedge accounting)	-0.7	0.6
Provisions for contingent losses and other contingencies	0.7	0.5
Non-current contract liabilities arising from the cross-border lease	1.7	1.3
Current contract liabilities arising from the cross-border lease	0.4	0.4

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

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

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

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

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

EUR m	31 Dec. 2019	31 Dec. 2020
Other finance income	0.1	0.0
Other financial expenses	0.0	0.7

Provisions for contingent losses and other contingencies
With regard to the contractual parties for which there is no statutory guarantee liability, in the case of a significant deterioration in their credit ratings either impairment losses or provisions must be recognised for the residual credit risk. A provision has been recognised in relation to this risk. In view of AIG's rating, in order to cover this risk it was necessary to recognise provisions for contingent losses and other contingencies at 31 December 2019 and at 31 December 2020.

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

EUR m	31 Dec. 2019	31 Dec. 2020
Contract liabilities from the cross-border lease at 1 Jan.	2.5	2.1
less revenue recognised	-0.4	-0.4
Contract liabilities from the cross-border lease at 31 Dec.	**2.1**	**1.7**

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

EUR m	31 Dec. 2019	31 Dec. 2020
In the next year	0.4	0.4
In the next 5 years	1.8	1.7

The off-balance-sheet assets and liabilities as at 31 December 2020 are shown below:

EUR m	Assets	Liabilities
US lease IIIa	11.9	-11.9
US lease VI (R)	71.2	-71.2
US lease VI (AIG)	36.7	-36.7

The bonds related to US lease IIIa and US lease VI (R), and the loan related to US lease VI were offset against the associated liabilities. The interest income and interest expenses associated with these assets and liabilities, each in the amount of EUR 6.1m, were also netted out for the first time in the 2020 financial year.

15.3 Proposed dividend

It is planned to distribute a dividend of EUR 16.0m (previous year: EUR 16.0m) to the sole shareholder, the City of Vienna.

15.4 Governing bodies

The members of the Management Board are:

- Martin Krajcsir (Chief Executive Officer)
- Peter Weinelt (Deputy Chief Executive Officer)

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

- Erich Hechtner (Chairman)
- Dietmar Griebler (First Deputy Chairman)
- Andrea Faast (Second Deputy Chairwoman)
- Andreas Bauer
- Michael Bauer (until 24 July 2020)
- Elfriede Baumann (since 16 January 2020)
- Michael Dedic (entered on 24 July 2020)
- Stefan Freytag
- Michael Holoubek (until 1 July 2020)
- Kurt Januschke
- Brigitte Jilka (until 16 January 2020)
- Maria Kubitschek (until 1 July 2020)
- Karin Rest
- Thomas Ritt (since 1 July 2020)
- Günther Schmalzer
- Michael Sprengnagl
- Andreas Staribacher
- Kurt Wessely

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

15.5 Events after the reporting period

No material events that would have brought about changes in the presentation of the Group's assets liabilities, financial position and profit or loss occurred after the balance sheet date of 31 December 2020. The coronavirus pandemic is still ongoing, but the WIENER STADTWERKE Group has already demonstrated resilience in the past financial year and is confident in its ability to continue keeping the impact of the crisis on its business and economic result to a minimum.

Vienna, 30 March 2021

The Management Board

Martin Krajcsir Chief Executive Officer	Peter Weinelt Deputy Chief Executive Officer

Infor-
mation

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

WIENER STADTWERKE GmbH, Vienna,
and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31st, 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31st, 2020 and cashflows and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

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

Other Information
Management is responsible for the other information. The other information comprises the information included in the financial report, but does not include the consolidated financial statements, the management report for the Group and the auditor's report thereon. The financial report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Comments on the Management Report for the Group
Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion
In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement
Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Vienna, March 30th, 2021

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp
Certified Public Accountant

ppa Mag. (FH) Rosemarie König mp
Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Glossary

Adjusted EBITDA
The value corresponds to EBITDA adjusted for the foreign procurement right and other one-off or rare expenses and income. It is a key reporting indicator.

Adjusted profit for the year
The adjusted profit for the year eliminates material one-off expenses/income with regard to the employer contribution in the WIENER STADTWERKE Group, along with effects from asset valuation, effects relating to the provision for impending losses for electricity procurement rights abroad and resulting from the sale of property and land. The value is a key reporting indicator.

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.

CGU – Cash-generating unit
A cash-generating unit is defined in the context of the impairment test as the smallest group of assets that generates cash inflows and outflows independent of the use of other assets or other cash-generating units.

CO_2 emission allowances
These entitle the holder to emit a given amount of CO_2. They are tradeable, and their price is determined by supply and demand.

Combined heat and power (CHP)
The simultaneous generation of electricity and heat (combined heat and power) maximises fuel efficiency.

Consolidation
The financial statements of the parent company and those of the subsidiaries are combined when the consolidated financial statements are prepared by the parent company. During this process, intragroup equity interests, interim results, receivables and payables and income and expenses are eliminated.

District cooling
This refers to the delivery of a cooling medium used to air-condition buildings. Either a central district cooling station generates the cooling energy and it is transported to consumers via a heat-insulated network, or absorbers at distributed refrigeration centres are used to produce it from the hot water supplied via the district heating network.

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortisation

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. This heat is used at CHP stations for district heating.)

Funeral services
The term "funeral services" encompasses all the services that Bestattung Wien provides and charges for. Entire burial and cremation packages make up most of these, but they also include smaller items.

FVOCI, FVPL
Under IFRS 9, all financial assets are divided into two classification categories – those measured at amortised cost and those measured at fair value. If financial assets are measured at fair value, expenses and income may be recognised either in full in profit or loss (at fair value through profit or loss, FVPL) or in other comprehensive income (at fair value through other comprehensive income, FVOCI).

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.

IFRS/IAS
International Financial Reporting Standards, International Accounting Standards

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

NOx
NOx is the abbreviation for nitrogen oxide, which is the collective term for the gaseous oxides of nitrogen.

OCI – Other comprehensive income
Other comprehensive income includes income and expense items that are not recognised in profit or loss under IFRS. These are therefore changes in the value of asset or liability items that are recognised directly in equity and result neither from transactions with shareholders nor from the items included in the income statement.

Photovoltaic system
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, hydropower and biomass.

PT
Public transport

PUC
The projected unit credit (PUC) method is an actuarial method for calculating company pension obligations.

Rating
A rating is an evaluation of the creditworthiness of a debtor (countries, companies and so on) often carried out by a specialised rating agency. The evaluation is expressed as a kind of grading. It is very similar to a school grading system. The rating systems of the agencies use different grading schemes and their own symbols. See also Standard and Poor's.

Risk management
Risk management is the systematic recognition and evaluation of risk, and the management of responses to identified risks. This process has many areas of application, including the management of business, credit, financial investment, environmental, insurance and technical risk.

Seat kilometres
The seat kilometre is a unit employed in the public transport industry. It refers to the product of the seats offered by a transport company and the distance travelled by the means of transport concerned. It takes no account of whether the seats are occupied.

Smart city
The expression "smart city" refers to a city where information and communication technology, and resource-efficient technologies are systematically deployed in order to conserve resources, enhance citizens' quality of life and the competitiveness of the local economy, and ultimately increase the city's sustainability. At the very least, energy, mobility, urban planning and governance are addressed.

Smart metering
Smart metering combines cutting-edge meter technology with information and communication technology to give consumers near-real-time updates on their power consumption, transmit meter readings to the system operator electronically, and price electricity according to current supply availabilities.

Statement of cash flows
The statement of cash flows presents movements in cash and cash equivalents during a financial year with a breakdown into three areas: operating activities, investing activities, and financing activities. The aim is to obtain information about the financial strength of the company.

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. Total heating degrees is the heating demand during a year, and hence an important indicator of energy suppliers' business performance.

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Note
The financial report is published in both German and English, but the German version is authoritative.
The financial report can also be found at www.wienerstadtwerke.at/geschäftsberichte.

Contact

If you have any questions, please contact us:

Group Communications
Thomas Geiblinger
+43 (0)1 531 23-73953
thomas.geiblinger@wienerstadtwerke.at
Group Press Officer

David Millmann, B.A.
+43 (0)1 531 23-73935
david.millmann@wienerstadtwerke.at
Press Officer