

ANNUAL REPORT 2018

FACTS. FIGURES. DATA.



THE FUTURE IS DIGITAL

Salzburg AG is undergoing a transformation – from being purely a provider of energy and infrastructure services to a digital technology business.

The energy revolution and digitalisation are the greatest challenges of our time. With its diverse portfolio in the energy, digital services and sustainable mobility sectors, Salzburg AG is a driver of innovation. We are thinking about the systems and products of the future today, and are always looking for solutions that bring our customers real added value. We are resolute in our transformation from being purely a provider of energy and infrastructure services to being a true digital technology company.

At Salzburg AG we actively focus on the development of renewable energy. One example of this is the innovative Dießbach pumped-storage power plant, which opened in 2018. At the same time, we are working hard to increase our energy efficiency, strengthen public transport and push e-mobility.

This can only be achieved with a strong foundation. 2018 was the most economically successful year in Salzburg AG's history. The telecoms and broadband sector showed particularly strong growth, despite the highly competitive market. By 2030, we will have invested € 250 million in comprehensive broadband expansion, ensuring Salzburg remains the Austrian state with the best broadband access.

We stand for products and services that make the lives of our customers more sustainable, more connected, and more comfortable. The future is digital. Thus, we continue on our path of innovation and constant change. We see this as part of our responsibility towards the company and the region as a whole.

Leonhard Schitter

Horst Ebner



KEY FACTS 2018 FISCAL YEAR

Revenue	1,471.1m euros
Gross fixed assets	3,960.9m euros
Ordinary business income	46.7m euros
Equity including untaxed reserves and capital improvement subsidies	855.8m euros
Total assets	1,516.1m euros
Employees as of 31 December 2018	2,055

Energy

Electricity	Total production	1,661.7 GWh
	Total trade	18,977.0 GWh
	Total sales	3,266.3 GWh
Natural gas	Total trade	20,741.2 GWh
	Total sales	1,671.0 GWh

Infrastructure

Salzburg Netz GmbH, 100% subsidiary of Salzburg AG		
Electricity	Total supply	4,228.9 GWh
	Number of customer installations	440,795
Natural gas	Total supply	3,023.4 GWh
	Number of customer installations	36,623

District Heating

Total sales	891.3 GWh
Customer installations	18,989

Water

Total sales	12m m ³
Customer installations	20,078

Mobility

Total passengers	51,469,465
Tonnes of goods transported	2,936,315

Communication

Cable TV	Number of customer installations	132,217
Internet	Number of customer installations	92,987
Telephony	Number of customer installations	24,961
Telecommunication	Number of data lines in service	8,685

ENERGY FROM RENEWABLE SOURCES

With the Dießbach pumped-storage power plant, situated between Weißbach and Lofer, Salzburg AG has set a new standard in the generation of energy from hydropower. The matrix pump technology that was specially developed for this power plant makes it possible to generate enough energy to exactly meet the needs of the electricity market. The renovation and expansion of the pumped-storage power plant cost around € 30 million and highlights the company's determination to invest in renewable energy. As an energy provider, Salzburg AG partners with the state

of Salzburg in the alliance for attaining the Climate and Energy Strategy 2050. Salzburg AG currently operates 29 hydropower plants, and the 30th – located in Gries im Pinzgau – is in its commissioning phase. With over 30 photovoltaic systems in Austria and abroad, the company is one of the largest solar energy producers in the country. By the year 2030, we plan to have equipped at least 1,000 roofs in Salzburg with photovoltaic systems annually. With tailor-made packages, every Salzburg resident can be a part of the energy revolution: the Salzburg AG Sonnendach is suitable

for single-family homes, while Solar.Top has been developed for apartment buildings and multi-family homes. Solar.Depot allows users to store the electricity they generate and use it as needed.

100% Clean Energy

In 2018, Salzburg AG only delivered electricity from renewable sources to our customers. Over 85% of the electricity delivered was generated from clean hydropower. The rest came from renewable sources such as biomass, wind or the sun.

Innovative Energy Trading

Despite a difficult environment, Salzburg AG's energy trading sector performed well in 2018 and many innovative projects were implemented. For example, a new digital tool was introduced together with autoTRADER, which automatically completes business transactions in the complex and fast-moving short-term electricity market.

WHERE CLEAN ENERGY CREATES MOBILITY

The energy revolution – the departure from fossil fuels – is, above all, a mobility revolution. Salzburg AG is a pioneer in e-mobility in Austria and has focused on this issue since 2012. The expansion of comprehensive charging infrastructure is a key factor and basic requirement in more people making the transition to electric vehicles. In 2018, Salzburg AG invested around € 2 million in e-mobility and expanded public charging areas. At the end of 2018, the energy provider operated 108 elec-

tric charging stations, nearly twice as many as in the previous year. This also includes nine quick charging stations that achieve up to 50 kW of charging power in just 15-30 minutes. With this infrastructure, Salzburg AG provides the densest charging network in the state of Salzburg. Together with the state of Salzburg, the company offers the construction of charging stations to all 119 municipalities in the state.

Three Strategic Pillars of E-Mobility

In the development of charging infrastructure, this mobility provider relies on three strategic pillars:

- › Strengthening public charging stations in the state of Salzburg's 119 municipalities, with the private sector playing an important role.
- › Offering clients tailor-made products for the home, with the Basic Box.
- › Our all-in-one solution for companies and tourism operations.

INVESTMENTS IN PUBLIC TRANSPORT

With approximately 50 million Obus trolleybus, Salzburger Lokalbahn and Pinzgauer Lokalbahn local railway passengers annually, Salzburg AG is the largest mobility provider in the state of Salzburg. In 2018, the company invested around € 9 million to make bus and railway travel more user-friendly and attractive. In the past ten years, around € 163 million has gone into expanding public transport. Each year, Obus trolleybuses carry nearly 43 million passengers in the city of Salzburg – emissions-free and using 100% renewable energy. The Salzburg AG transport company ordered 15 new articulated trolleybuses in

2018. The qando Salzburg app informs users of up-to-the-minute arrival and departure times, suggests the quickest routes, and allows users to purchase tickets using their mobile phone. The app is accessed 50,000 times a day on average.

Successful Local Railway

The Salzburger Lokalbahn local railway carries more than 4.9 million passengers between Ostermiething and the city of Salzburg annually. Spring 2018 saw extensive renovation work on a 600-metre-long section between Acharting and Pabing stations. The Pinzgau-

er Lokalbahn runs between Zell am See and Krimml, and celebrated its 120th anniversary in 2018. 1,100 school pupils alone use this railway and its 40 stations each day; with a total of 900,000 passengers transported along the 53-kilometre-long track annually. Since October 2018, the Pinzgauer Lokalbahn has been operating every 30 minutes, further improving its services.

Partners in Freight and Passenger Transport

Freight transport completes the mobility offerings of this Salzburg multi-utility company. In

2018, more than 2.9 million tonnes of freight was transported. Companies such as Stiegl, Papyrus, AustroCell, Kaindl, Frankstahl, SAB, Raiffeisen and DB Schenker rely on Salzburg AG in the operation of their railway sidings. The Salzburger Lokalbahn also travels along external railways for many customers.

THE FUTURE HAS ALREADY BEGUN

Digitalisation offers many opportunities. Salzburg AG is thinking ahead to the future with innovate activities, developing active solutions to meet the needs of tomorrow's customers. The Innovation Challenge #3 – Salzburg AG's international ideas competition – was held for the third time in 2018. Startups from business, science and technology, as well as small and medium-sized companies, presented proposals for innovative approaches and solutions to energy issues. This resulted, among other things, in a pilot project for intelligent lockers and the LEA

learning electronic assistant, which answers simple customer enquiries.

A Successful Programme of Innovation

The Innovation Challenge is only a part of Salzburg AG's programme of innovation. This programme also includes a new range of products, new digital touch points, an innovation platform (including our in-house innovation zone), and the Innovation Summit held every two years. This high-level forum was held for the second time in 2018 and in keeping with its motto "Salzburg 2030",

dealt with the question of how we will live, work, and move in the future. With its unique portfolio of energy, mobility and telecommunications, Salzburg AG is destined to continue its pioneering role. Some examples of innovative services are the company's WhatsApp channel and the use of blockchain technology in the energy trade.

Growth for CableLink

One fast-expanding market is the telecommunications sector under the brand CableLink. This also provides HD-quality television, su-

per-fast internet and telephony. At the beginning of 2018, the bandwidths for all internet products were increased significantly, enabling around 93,000 customers to surf the web faster at no extra cost.

A STRONG LOCAL PARTNER

Salzburg AG invested a total of around € 136 million in 2018. This underscores the importance of the company as an economic driver in the region. These investments created around € 542 million in value – 2% of Salzburg's gross regional product. The technology company contributes € 637 million to gross domestic product through its activities, thus securing just under 6,000 jobs throughout Austria. The vast majority – around 4,900 jobs – are in the state of Salzburg.

Excellent Employer

With around 2,055 employees, the company is one of the largest employers in the state. As a leading company, Salzburg AG believes a good work environment, a respectful leadership culture, equal opportunities, family-friendly policies, and further training and development are our responsibility. In the 2018 ranking by trend business magazine in cooperation with the Statista, kununu and Xing platforms, Salzburg AG came in at 49th

place among the 300 best employers in Austria. In the regional rankings, it scored fourth out of 22 companies in the state.

New Subsidiary for Tourism Operations

The company operates important tourist attractions with the FestungsBahn, MönchsbergAufzug, SchafbergBahn and WolfgangseeSchiffahrt. To make these operations even more effective, Salzburg AG Tourismus Management GmbH was founded as a subsidiary

in 2018. This allows for the opportunity to bundle tourist activities, utilise synergies, and increase value creation.

A STRONG NETWORK FOR RELIABLE SUPPLY



Salzburg Netz AG is a 100% subsidiary of Salzburg AG. It looks after an approximately 2,000-kilometre-long natural gas network, a more than 16,500-kilometre-long power grid in the low, medium and high voltage range, and 74 substations. Salzburg Netz GmbH also handles the connection management of the non-regulated divisions of heat, water and telecommunications on behalf of Salzburg AG. This gives customers a technical point of contact for all connections, and allows them to get everything from one source.

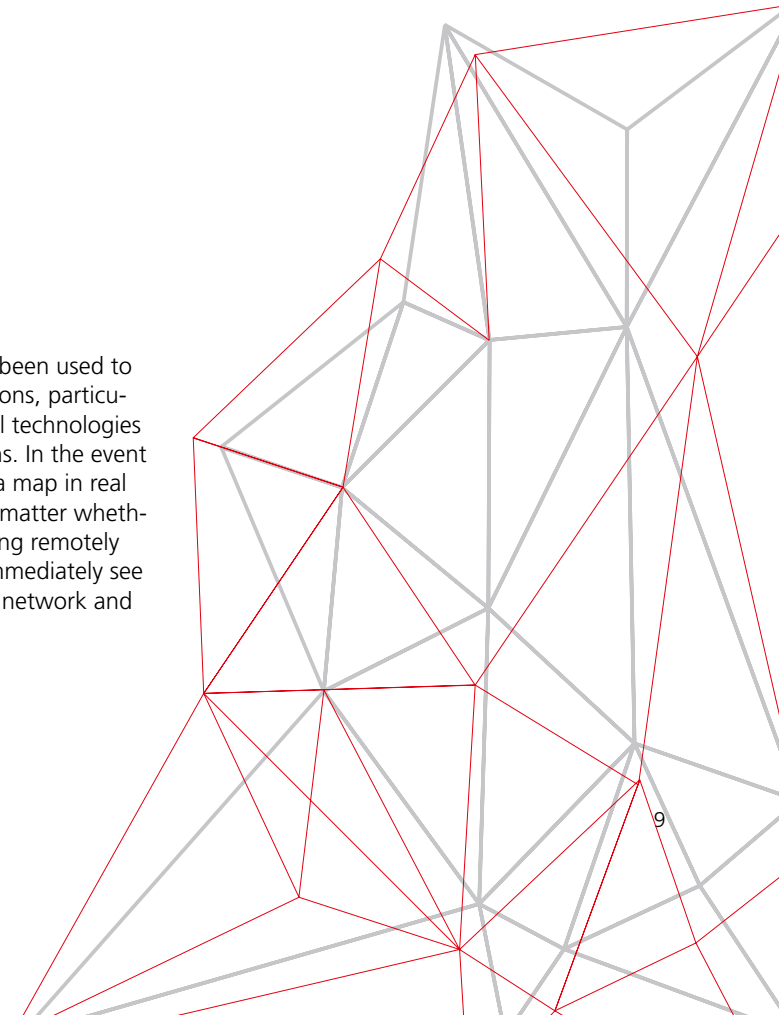
One of Salzburg Netz GmbH's large-scale projects is preparing for the transition to digital

electricity meters scheduled to begin in 2019. A total of 470,000 analogue meters will be replaced by modern smart meters. In 2018, the company invested € 26 million in the preparation of smart meter technology and in the procurement of the new electricity meters.

Investing in a Reliable Supply


In 2018, the company spent around € 72 million on the maintenance, renovation and expansion of its network. Increasing the reliability of supply was a central focus of many projects. The possibilities of digitalisation make maintaining and fixing disruptions in energy networks easier. Since the previous year,

specially equipped drones have been used to inspect lines, improving inspections, particularly in inaccessible areas. Digital technologies also aid in addressing disruptions. In the event of a disruption, it is located on a map in real time, allowing technicians – no matter whether they are at their PC, or working remotely via smartphone or tablet – to immediately see where there is a problem in the network and react quickly.



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