

SUSTAINABILITY REPORT

for the 2017 financial year of
Österreichischen Bundesforste

FACTS AND FIGURES



Key figures 2015 – 2017

	2015	2016	2017
Annual sustainable yield (allowed cut) ÖBf AG in 1,000 harvested solid m ³ , mixed	1,591	1,583	1,587
Timber harvested¹ (=felling) ÖBf AG in 1,000 harvested solid m ³ , mixed	1,527	1,515	1,484
Total area ÖBf AG in ha as per company measurement	850,000	850,000	850,000
Forest area in ha	510,000	510,000	510,000

1) Solid timber, including timber for beneficiaries of forest utilisation rights

Financial figures ÖBf AG	2015	2016	2017
Total output in € million	231.2	223.9	224.5
Operating profit (EBIT) in € million	25.2	22.8	26.1
Return on sales (profit on ordinary activities after rights)	11.3 ²	10.4	11.9
Equity ratio ÖBf AG in %	50.9 ²	52.8	53.7

2) The 2015 figures were adjusted to the changed RÄG requirements.

Sustainability Balanced Scorecard (SBSC) of ÖBf AG – three-dimensional measurement of profit and loss

Changed indicators from 2016 financial year

Strategic target	Factors affecting profit and loss	Key figures	Actual 2016	Actual 2017	Target 2017
Economy					
Sustainable development of operating profit/loss	Total profit and loss of ÖBf AG	Earnings before tax after rights of usufruct in € million	22.4	25.8	13.7
Reinforce own financing power	Operative cash flow	Operative cash flow before investments and before financing in € million	35.6	23.7	18.0
Secure earnings power	Profitability	ROS (EBIT margin) ÖBf AG = EBIT/operating performance in %	10.2	11.6	7.4
Sustainable capital structure protecting the company	Equity capital share	Equity capital ratio = Equity capital/Total capital	52.8	53.7	50.6
Promote sector development by innovation	Research and development	R&D index of ÖBf AG (external + internal costs) 2003 = 100	190	159	185
Society					
Customer relations	Satisfied customers	Customer satisfaction (every 3 years) Evaluation scheme: 1 = very positive to 5 = very negative	2.0	-	≤ 2
Fulfil recreational function	Ensure recreational function	Leased ski slopes in hectares	2,129	2,129	2,076
		Mountain bike routes approved in km	2,186	2,194	2,161
Fulfil claims of forest utilisation right beneficiaries	Securing of forest utilisation rights	Publicly accessible bathing spots in m ²	182,020	183,020	180,964
		Allowed cut in burdened operating classes/fee (fee= volume of wood in harvested solid m ³ as specified by deed and owed to beneficiaries of forest utilisation rights)	3.7	3.75	3.60
Use and development of employee potential	Occupational safety	Number of accidents at work per 100 employees	7.09	6.54	5.9
Use and development of employee potential	Health ratio	Employees without sick leave in FY (in %)	42	41	42
Nature					
Sustainable development and use of the forest	Quantitative sustainability (forest)	Quantitative maintenance of real value = balanced allowed cut end use in commercial forest / felling end use in commercial forest target value = 1	1.58	1.84	1
Sustainable development and use of the forest	Achievement of stocking target and reduction of browsed main branches	Stocking indicator Carbonate locations = proportion of trial areas on which deciduous regeneration is sufficient to achieve the stocking target, all trial areas in %	74.9	72.9	80
		Browsed main branches=Number of browsed terminal shoots; assessed during JVSM (monitoring for browsed young growth and bark)	25	22.6	23
Sustainable development and use of the forest	Qualitative sustainability of management actions with timber production (=previous use) Qualitative sustainability by the use of stands which are ready to harvest (= end use)	Felling structure previous use = derived average value from age, sea level, slope, quality of location and rotation group target value = 0, bandwidth from -2 to +2	-0.3	-0.5	0
		Felling structure end use = derived average value from age, sea level, slope, quality of location and rotation group target value = 0, bandwidth from -2 to +2	-0.5	-0.6	0
Securing biodiversity	Sufficient fallen and standing deadwood (min. diameter 10cm)	Deadwood in solid cubic metre / ha	35.6	35.6	25
Climate protection	Reduction of CO ₂ emissions by 16% compared to 2010, cumulative	CO ₂ emissions in t/€100,000 operating performance (under constant timber prices and index neutralisation)	9.4	9.2	9.5

Man and Society ÖBf Group and AG	2015	2016	2017
Employees at ÖBf Group³	1,192	1,139	1,122
Employees at affiliates	96	94	97
Employees at ÖBf AG⁴	1,096	1,045	1,025
Salaried employees at ÖBf AG	606	596	614
Wage earners at ÖBf AG	490	449	411
Proportion of women ÖBf AG (as of 31.12) in %	17.2	17.4	17.9

3) In full-time equivalents; on a yearly average; deviations to previous yearly reports due to a calculation conversion 4) Excluding employees in leave-of-absence phase of progressive retirement

Nature ÖBf AG	2015	2016	2017
Forest management – planting of seedlings (afforestation) in 1,000 forest plants	3,117	2,613	2,097
Forest and fauna – number of young browsing-damaged stems per ha ⁵	5,841	5,782	4,814

5) Applies to areas with young trees, corresponding to around 25% of the total number of plants per ha

How the 2017 financial year developed for Bundesforste's different units.

WHO WE ARE



View of Traunsee lake (Upper Austria)

FOTO: ÖBf/ W. SIMLINGER

A company for everyone

As the nature conservation enterprise of the Republic of Austria, Österreichische Bundesforste (ÖBf) has a specific responsibility for natural resources and habitats. Every tenth square meter of national territory, corresponding to around 15% of Austrian forests, is entrusted to the Bundesforste for maintenance and management. Around half of our nature areas, which are grouped into twelve forestry units and two national park units, are covered under nature conservation laws. The core business of the Bundesforste is forestry management. Other business segments which are increasingly important for the company's success are the real estate, services and renewable energy segments.

As much as grows back

Forestry is considered the cradle of sustainability. About 300 years ago, Saxon mine inspector Carl von Carlowitz first formulated a pioneering principle: We must not take more from nature than can grow back. Since then, the demands placed on our nature have risen significantly – today, the forest is a place of business, recreation and habitat for people, animals and plants alike. Translated into a modern context, sustainability means harmonising economic and social interests with ecological obligations on a day-to-day basis. This overarching principle guides the Bundesforste in every aspect of how it handles the resources entrusted to it.

Sustainable strategy

The sustainability concept of the Bundesforste, "Horizon 2020", sets the long-term corporate strategy for the business segments. When working to achieve the set goals, the "Sustainability Balanced Scorecard" (SBSC – see left) is an important measurement and orientation aid. In line with the guiding principle of sustainability, the Bundesforste has aligned the SBSC to the dimensions of nature, society and the economy. The SBSC comprises a total of 15 strategic objectives together with associated indicators and target values. Alongside important economic and forest management indicators, other success factors include indicators relating to climate protection, preservation of biodiversity, and fulfilment of ÖBf forests' increasingly important recreational function for our society.

We look forward to receiving your feedback at

bundesforste@bundesforste.at

FROM OUR BUSINESS DIVISIONS

USE OF ÖBf TIMBER 2017

Solid wood¹ measured in thousands of harvested solid m³, including timber for the beneficiaries of forest utilisation rights

	Hardwood	Softwood	Total
Sawlogs	18	782	800
Industrial timber	190	312	502
Wood fuel ²	48	24	72
Other ³	53	57	110
Total	309	1,175	1,484

1) Solid wood = timber whose diameter with bark is more than 7 cm
2) Forest biomass
3) Other logs, fuel wood and mixed lots

COMPOSITION OF HARVESTED TIMBER VOLUME 2017

according to various criteria, solid wood¹ measured in thousands of harvested solid m³

	2016	Change in %	2017
Type of sales/production			
Direct labour ¹	1,257	-1.3	1,241
Stumpage sales	62	-9.7	56
Transfer to beneficiaries of forest utilisation rights	172	-4.1	165
Other ²	24	-8.3	22
Wood type			
Hardwood	290	6.2	308
Softwood	1,225	-4.0	1,176
Type of use			
Thinnings (=prior use)	645	2.6	662
Harvesting of mature timber (=end use)	870	-5.5	822
Type of operation			
Commercial forest	1,387	-2.6	1,351
Protection forest	128	3.9	133
Total volume	1,515	-2.0	1,484

1) Production by ÖBf employees, forest technology, logging companies and farmers
2) Remaining at the forest site, payment in kind, etc.

DEVELOPMENT OF HARVESTED TIMBER VOLUME 2007 – 2017

Solid wood¹ measured in thousands of harvested solid m³, including timber for the beneficiaries of forest utilisation rights

Year	Thinnings (=prior use)	Harvesting of mature timber	Total harvested volume	Of which damaged wood
2007	519	1,831	2,350	2,044
2008	594	1,917	2,511	2,322
2009	496	1,658	2,154	1,861
2010	426	1,278	1,704	1,279
2011	467	1,053	1,520	749
2012	554	970	1,524	512
2013	600	935	1,535	498
2014	617	911	1,528	531
2015	762	765	1,527	1,012
2016	645	870	1,515	770
2017	662	822	1,484 ²	680

1) Solid wood = timber whose diameter with bark is more than 7 cm
2) Excluding 92,000 harvested solid m³ of non-solid wood

Forest management
Natürlich verjüngt

In 2017, ÖBf forests experienced above-average temperatures, regional dry periods and storm events, making climate change the year's defining factor once again. While precipitation remained at a constant level across Austria as a whole, the eastern portion of the country, and especially the forest sector, was extremely dry. The bark beetle situation was therefore more challenging. As in previous years, the Bundesforste invested more than three million euros in intensive abatement measures – about 14,000 trap trees were set up across Austria, and 1,700 slit traps were deployed. This has been a success: the proportion of beetle-infested wood declined slightly from 2016. We were able to reduce reforestation costs for the first time in a long time – by about 20%, from EUR 3.0 million (2016) to EUR 2.3 million in 2017. Young trees, which naturally grow from the seeds of the old trees, are better adapted to climate conditions in the re-

gion. The development of stable, healthy mixed forests is supported by initial thinning and thicket management measures. This reduces the number of trunks per unit of forest area, and new growth is concentrated on high-quality tree specimens.

FOREST MANAGEMENT MEASURES 2017

	Costs in € million	Area in ha
Planting	2.3	1,055
Care of young trees (=tending young stands)	1.1	1,983
Protection against game	0.6	4,557
Protection against grazing	0.2	1,501
Care of young forests (=thicket maintenance)	2.2	3,008
Combating beetle	3.3	-
Other ¹	0.7	896
Initial thinning ²	-	2,369
Total expenditure	10.4	

1) Combating old man's beard (Clematis vitalba), pruning, fertilising, etc.
2) The costs of initial thinning are included in the costs of harvesting, enthalten.

Forest / Timber
Harvesting new growth

The 2017 harvest season was a busy one. Once again, numerous weather events and damaged timber due to bark beetle infestation led to major price and availability fluctuations on the timber market. Planning for the timber harvest in the twelve ÖBf forestry units required an extreme degree of flexibility, but the year-end results speak for themselves: for the seventh time in a row in 2017, we not only met the sustainable timber harvest target of 1.5 million harvested solid m³, but even came in slightly below it. In so doing, ÖBf has continued to build up long-term value for the benefit of subsequent generations. In total, the timber segment finished the year with an operating performance of about EUR 131.0 million, nearly the same as in the previous year (EUR 132.2 million). The proportion of damaged timber remains high at 46% of the total timber harvest, but is down slightly from 2016 (51%). Harvesting costs came in at EUR 25.9/solid m³ (2016: EUR 25.5/solid m³). Following the introduction of electronic delivery notes in the timber logistics system, the digital gap with timber harvesting was closed as well: harvested timber varieties are recorded with an online app directly in the forest, and immediately assigned to the corresponding customer orders for delivery. In the high-value timber segment, the timber auction platform has established itself as an online sales channel. Domestic and international customers bid on Swiss pine and oak, but also high-value spruce or fir trunks. In 2017, a new approach to forest technology laid the groundwork for a resizing of our own timber harvesting activities: A reduction in the machine fleet and the consolidation of certain sites should continue to improve financial performance in the future while maintaining expertise within the company

Environmental protection
Sustainable mobility

Activities relating to employee mobility were especially intense in 2017. The ÖBf vehicle fleet, which consists of about 870 vehicles, produced about 12% of the company's total CO₂ emissions on average over the past three years. Two years ago, fuel economy training became mandatory for all new employees who operate a company vehicle; since the program was launched, 229 employees have been trained. The total number of kilometres driven went down significantly for the first time in 2016, declining by 240,000 km

to 16.045 million km. In the reporting year, it dropped slightly again to 16.024 million km. To leverage additional savings potential, options for telephone and video conferencing were further optimised. We have also been testing the use of electric vehicles since the previous year. As part of this effort, charging stations were installed at six operation sites, some of which are powered directly with renewable energy from ÖBf's own photovoltaic facilities. In 2017 alone, ÖBf invested just under EUR 150,000 in expanding our sustainable mobility options.



FOTO: ÖBf/ W. SIMLINGER

Processing damaged timber after a storm

Real estate
Positive results

The real estate business segment has become an indispensable part of the company's overall success. Operating performance rose again by 3.7% from EUR 43.7 million (2016) to EUR 45.3 million in 2017. Among other factors, our successful building rights strategy made a positive contribution (see article: "Building it right"). We also saw growth in lake operations (+5%), and in the mineral resources segment again this year (+6.1%) due to favourable economic conditions. While revenue from alpine skiing declined slightly due to earlier one-off effects, the ÖBf is working with local communities and

tourism offices to expand the network of mountain biking trails, which now totals almost 2,200 km and continues to grow. Internally, the Bundesforste continued its building and site strategy: The company buildings in St. Johann im Pongau (Salzburg) and Ebensee (Upper Austria) added two and three modern forest ranger offices, respectively. For its office and rental properties, the Bundesforste uses only energy from renewable sources. To help protect our climate, additional heating systems will also be renovated by 2020: in 2017 alone, ÖBf invested about EUR 350,000 in transitioning away from fossil fuels in the building segment.

Real estate
Building it right

Demand for building rights on ÖBf land for the construction of private homes or businesses is as strong as ever. With 750 building rights or building lease contracts – including about two dozen new ones issued in 2017 alone – and revenue increases of 9%, we have reached a new high point in the real estate business segment. Larger projects are underway, e.g. in the Salzkammergut area: alongside 23 affordable housing units in Bad Goisern, the ÖBf also offers nine building plots for single-family or duplex homes at a coveted location in Bad Mitterndorf. Another project is based in the Wachau valley community of Mitterarnsdorf, where five building rights areas have been created near the vineyard along the Danube. In the business sector, commercial and industrial businesses are the main users of building rights areas across Austria for the construction of new business premises and production facilities. While past private home projects have mostly been undertaken with partners from the social housing sector, the Bundesforste intends to focus on developing its own properties as well in the future, in cooperation with real estate developers. Near Alland in the Wienerwald, for example, eight new "maisonette" residences have been added in a former forest management building.

Forest / Timber
A high-quality app

A new mobile application provides simple but effective updates on ongoing timber harvesting efforts in ÖBf forests. With a tablet app developed in-house at ÖBf, forest ranger teams document the quality of timber harvesting processes through regular inspections. Any problems or irregularities can be immediately recorded in the system in both text and images, and complete information can be made available to everyone involved in the process. Over 6,000 status updates were recorded using the app in the second half of 2017 – and fortunately, most of them reported "No problems observed".

FROM OUR BUSINESS DIVISIONS

Services

Forestry consultants in high demand

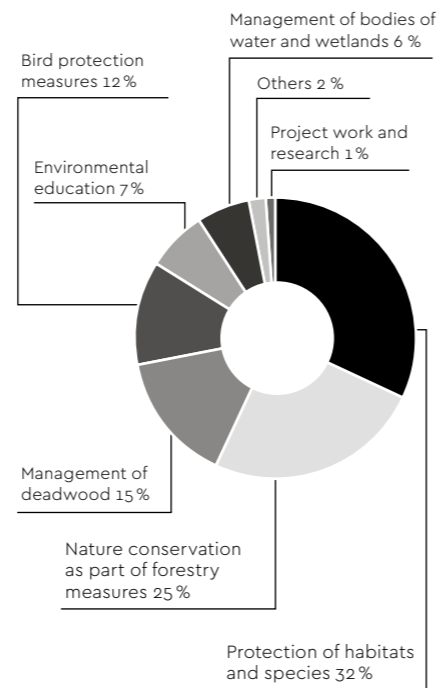
For the services segment, the Bundesforste's "technical department", 2017 was a good year. With more than 400 projects completed – from consulting for private forest owners and technical planning for natural spaces to tree assessments – this segment achieved its best result ever last year. Operating performance rose by 44.8% to EUR 4.2 million (2016: EUR 2.9 million). A significant part of its success came from the largest individual project by far in tree assessment: on behalf of ASFINAG, ÖBf arborists checked thousands of trees along the 3,000-kilometre-long motorway and expressway network and collected the data in a specialised tree registry. A key focal point in "Forestry Construction" was on opening up forests after regional storms to pave the way for rapid processing of damaged timber. The expertise of ÖBf experts is in especially high demand when it comes to planning for sensitive and hard-to-access areas of the forest. The same trend also holds for forestry consulting: Forest management approaches that account for the impact of climate change, and the preparation of expert reports on forests as fixed assets, were the focus of the services provided. At just under 17,000 hectares, the number of forest areas that ÖBf manages for private, church or municipal owners of forest land remains at a consistently high level. In addition, ÖBf service providers performed technical planning for about 100 tourism projects in natural environments – for the construction of a treetop walkway on the Grünberg near Gmunden (Upper Austria), for example, or the design of ascent routes for cross-country skiers in Pongau (Salzburg).

Nature conservation

Four good deeds daily

For proof that nature preservation and forest management go hand in hand, look no further than the commitment shown by Bundesforste employees: Our teams performed about 1,360 voluntary acts of nature conservation throughout Austria in 2017, or about four "good deeds" per day. About a third of them involved protecting species and their habitats – like promoting flowering plants for wild bees or efforts to fight fast-growing invasive species like Japanese knotweed. As a nature conservation measure in the forest management and silviculture domain (25%), ÖBf workers planted rare tree varieties like sorb trees and Scotch elms. A large number of habitat trees and dead wood were left in the forest for birds and insects, and ponds and pools were created for endangered amphibians.

NATURE CONSERVATION ACTIVITIES 2017



Field of flowers at the Ebenforstalm in Kalkalpen National Park (Upper Austria)



FOTO: ÖBf / W. SIMLINGER

Ecosystem management

Forest diversity

The ecosystem management sector completed a number of projects on ÖBf territory in 2017. In addition to the census of breeding bird species in cooperation with BirdLife Österreich, which will serve as the basis for the new edition of the Atlas of Austrian Breeding Birds, and the continuation of the LIFE+ project "Natural forests, swamps, and habitat complexes" in the Ausseerland region, forest roads as a habitat were the focus of a project for the first time. In the only project of its kind in Austria, biodiversity along forest utility roads will be recorded using scientific techniques, and species-appropriate road design methods will be determined. In Upper Austria, a project was started to revitalise precious swamp regions on the Mondseeberg and near the Laudachsee. Since 2017, the handbook of nature conservation practices developed in collaboration with the WWF has been in use in all forestry units throughout Austria. Designed to encourage eco-friendly landscape management, the book contains comprehensive information and tips on integrating nature conservation measures into day-to-day forestry work.

Training

Learning on the job

The Bundesforste offers young people a multifaceted learning environment, along with intense theoretical and practical training. As of the end of the year, 23 apprentices – including eleven newcomers – were working for the company, receiving training in five different professions: forestry specialist, professional hunters, office and real estate sales staff, and vehicle technicians. A particular incentive for our dedicated young experts: in addition to their studies at vocational school and their practical work in forestry operations units, they also complete a custom-tailored training programme during their apprenticeships with the Bundesforste that covers both professional and social skills.

Personnel development

Lifelong learning

ÖBf employees completed over 4,300 days of training in 2017. Our internal training programme alone includes more than 50 seminar options in which ÖBf experts pass on their expertise and specialised knowledge. Popular choices include training courses on hunting management or conservation and environmental protection issues, along with the custom-tailored internal training programmes: The "Curriculum" training track, which 45 people have already completed, took place for the fourth time. Intended for employees with an academic or specialist background, this programme consists of multiple modules that cover social skills like presentation techniques and conflict management. A specialised course provided newly anointed forest ranger and timber harvest directors with help on their leadership skills. In the assistant ranger programme, our young colleagues were mainly trained in communication and negotiation techniques.

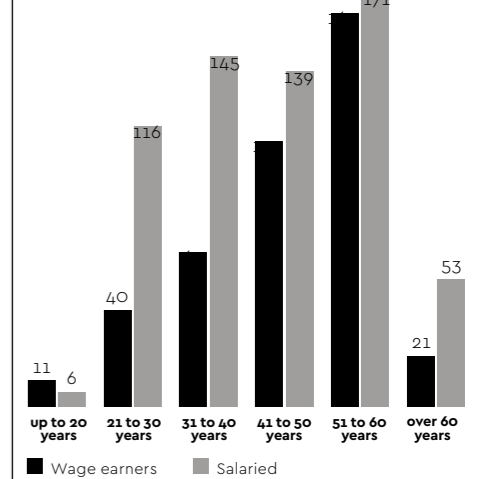
Teaching about nature

Wild.Live!

Visitors who want to explore the secrets of the forest and experience all its excitement up close will find what they're looking for in the ÖBf's Wild.Live! nature and environmental education programme. In 2017, over 15,500 children, teenagers and adults took part in about 1,000 guided nature tours in the twelve ÖBf forestry units and at Kalkalpen and Donau-Auen national parks. Especially popular are the stag rutting season in the autumn and the discovery tours with the rangers through the meadows. The range of options has been expanded in the Wienerwald Biosphere Park, which now has its very own recreational path with professional guides to help visitors relax and lower their stress levels in nature.

Employees

Age pyramid



A total of 409 wage earners and 630 salaried employees, including 14 wage earning and 9 salaried apprentices / Last updated 31 December 2017

Wild Media

Picture-perfect nature

Film productions and photo shoots in wild nature were a hot trend in 2017. The Wild Media segment continued its encouraging development with about 240 shooting days. For example, the cast of mountain rescue drama "Die Bergretter" on the ORF network were back in action on ÖBf territory at the Stoderzinken ski resort near Gröbming (Styria), while the Wienerwald forest provided the scenery for the Servus TV series "Trakehnerblut". The Hintertux Glacier was abuzz with activity in October when megastar Ed Sheeran strapped on a pair of skis to film the video for his smash hit "Perfect". Event spaces in the ÖBf castles at Schloss Lamberg (Steyr, Upper Austria) and Schloss Eckartsau (Lower Austria) were well-booked, especially during the wedding season. The jury for the Austrian Wedding Awards selected Schloss Eckartsau as its best wedding location for the third year in a row.

FROM OUR BUSINESS DIVISIONS

Renewable energy

The power of nature

2017 was a good year for energy: Annual production of electricity from renewable sources increased by 42% to 336 million kilowatt-hours (kWh). This result also had an impact on ÖBf's operating performance, which reached EUR 18.4 million (ÖBf portion of all power facilities operated within ÖBf AG or as an associated company), more than twice as much as in 2016 (EUR 8.9 million). Besides the six existing small hydroelectric power plants and the Vienna-Simmering forest biomass power plant, this result is primarily due to production from the Pretul wind farm. In their very first year of operation, the 14 wind turbines – built on one of Austria's best locations for wind, in the state of Styria – delivered results that were about 30% higher than planned: 108 million kilowatt-hours (kWh) of wind-powered electricity were fed into the grid. In the small hydroelectric segment, the heavy autumn rains (as well as melting snow in the spring) led to larger volumes of water than expected. Annual power production increased by about 6% to 66 million kWh. In 2018, two new facilities are set to open in Pongau (Salzburg), and more are being planned. The Vienna-Simmering forest biomass power plant, operated by Wien Energie GmbH (66.6% share) in cooperation with the ÖBf (33.3% share), set a new record for the number of operating hours. Utilisation of the high-efficiency plant was over 90%, and 160 million kWh of electric power and 130 million kWh of heat were produced. In total, ÖBf power plants supplied the equivalent of 88,000 households with green energy in 2017, and supplied some 17,000 homes with district heating from renewable resources. That corresponds to a 300,000-tonne reduction in CO2 emissions.

Fisheries

Plenty of wild fish

Wild fish caught in Bundesforste lakes provide a taste of a pure and authentic nature. Employees of the ÖBf lake fishery caught just under four tonnes from our waters last season, with the largest portion consisting of Lake Hallstatt whitefish. Starting in 2018, these beloved delicacies will be available through the Bundesforste's new exclusive partner, "Fischerei Ausseerland", which also continues the line of wild-caught fish in ÖBf facilities. To maintain exactly the expected quantities of wild-caught fishes, the ÖBf and the Austrian Federal Water Management Agency in Scharfling have developed a shared model for recording whitefish and Arctic char populations. To do this, boats zigzag across the water at night during the autumn and winter seasons, and representative samples of the fish population are taken using the latest echo sounder technology. The data collected in this way provides insight into the species composition and can allow researchers to draw conclusions about climate-related phenomena like changes in lake temperatures. Recreational fishing enjoyed experienced satisfactory development in the 550 or so ÖBf districts with their more than 2,000 km of watercourses and many lakes. Demand for one-day and one-week licences increased again in 2017, and the vast majority were sold through the online platform at www.bundesforste-fischerei.at. The leasing segment in ÖBf territories also developed according to expectations. The ÖBf makes targeted efforts to promote natural reproduction and the maintenance of naturally developed fish populations in its waterways. These populations are more adaptable and resistant, particularly in areas affected by predators like otters, cormorants or goosanders. Overall, operating performance in the Fisheries segment rose by 15% from EUR 2.0 million (2016) to EUR 2.3 million in 2017.

Hunting

Wild game and the forest

Development in the Hunting segment remained stable, with an operating performance of EUR 19.9 million (2016: EUR 19.7 million). There is still a noticeable trend toward hunting contracts for shorter periods and smaller areas. However, the Bundesforste is returning to carrying out its own hunting operations in the forest areas most heavily affected by damage caused by game. For the first time, wildlife cameras have been used in windthrow areas in protected forests to find out which types of game are most likely to frequent the young tree areas that are strongly affected by browsing (= biting off of young tree shoots), and to adapt hunting measures accordingly. Hunting and forest protection were also the primary topics of a number of training courses in which ÖBf employees added to their knowledge

about issues like hunting deer humanely. In collaboration with the Institute of Wildlife Biology and Game Management at the University of Natural Resources and Life Sciences, students learned about "Wolves and Game Management", which was always a popular topic of discussion at regional ÖBf hunting management events as well. Requirements on the use of suppressors as a hearing protection measure finally went into effect in early 2017 with the reform of Austrian gun law. Early results show clear improvements for the 300 or so ÖBf employees entrusted with hunting duties, and for the approximately 100 professional hunters employed by game tenants: Besides suppressing the muzzle blast, these devices also improve shot precision by reducing recoil. They also help to protect hunting dogs' sensitive hearing.

The current ÖBf Governance Report is available at www.bundesforste.at.

Consolidated management report

Preliminary remarks

Consolidated financial statements have been prepared for Österreichische Bundesforste AG since the 2002 financial year. The business segments of Forest / Timber (especially forest management and hunting) as well as Real estate and Services are conducted by ÖBf AG. The business segment of Renewable energy is largely conducted in affiliates. ÖBf AG plays the principal role as regards contributing to the Group's profits. The direct activities of the parent company are thus also presented as the main focus. Explicit reference is made in sections of the text where ÖBf AG subsidiaries and affiliates are described rather than ÖBf AG itself.

Overview of the development of market segments relevant to ÖBf

Business performance and results during 2017 were very satisfactory for Österreichische Bundesforste AG (Bundesforste). Economic improvements that were already noticeable in parts of Europe in 2016, including Austria, continued to take hold in the reporting year and edged closer to an economic boom. Overall macroeconomic conditions were better than they have been in years – combined with interest rates that remain at historic lows. It was not only the euro zone that showed solid development; globally, too, economic indicators showed an upwards trend in most economic areas.

Over the reporting period, demand for wood (in all major product ranges) experienced significant fluctuations, but from the company's perspective the situation was satisfactory. Quantity management and logistics faced notable challenges from time to time – particularly in the third and fourth quarters of the reporting year.

With total felling amounting to 1,484,000 solid cubic metres we managed to keep the quantity of harvested wood at a sustainable level for the seventh year in a row. There were no major and extensive weather events in the reporting year, but there was a large amount of timber infested by bark beetles, albeit less than in the previous year. Damaged timber amounted to 46% of the total felled, somewhat lower than the previous year's value (2016: 51%). This was a demanding scenario for forest protection activities. Against this background, the strategy followed in previous years to invest as required in forest management, balanced silviculture, pest control and forest health was continued. Determined efforts were also made to reduce damage by game.

The hunting and fisheries business segments developed in line with expectations. Areas affected particularly heavily by game damage were taken under the ÖBf's wing for hunting management purposes.

The real estate segment was successful during 2017 in continuing the growth trend of the previous years and in increasing results significantly. Steady or rising demand was observed across all major business areas in the reporting period. Profits increased especially sharply in building rights, building leases and in the economically sensitive field of natural resources.

In the Services segment, the long-established business areas of Forestry Services and Ecosystem Management developed as planned against the backdrop of a challenging environment. In Forest Technology, resizing measures continued during the reporting period in order to align capacities with the changed demand.

In the Renewable Energy segment, Bundesforste is involved in the fields of biomass, small-scale hydropower, wind energy and – to a limited extent – photovoltaics. Electricity prices showed a positive development in the reporting year. Viewed over the reporting year as a whole, water and wind levels were very satisfactory. Against this background, power generation and profit and earnings development exceeded the planned targets overall.

Potential analyses and project developments focusing on Bundesforste areas are performed in relation to wind power. Different variants can be considered here for planning and implementation, where Bundesforste either functions as a surface provider for third parties, or acts for itself or with partners as a constructor and operator.

DEVELOPMENT OF ÖBF GROUP

Equity holdings

ÖBf AG deals with all its holdings through ÖBf Beteiligungs GmbH, which is a wholly-owned subsidiary of ÖBf AG; there are no branches. The holding structure as at 31 December 2017 is shown on the following organisational chart:

Österreichische Bundesforste AG	
ÖBf Beteiligungs GmbH (Holding Function) ÖBf share: 100 %	
BETEILIGUNG	ÖBf SHARE IN %
Windpark Pretul GmbH	100
WIEN ENERGIE Bundesforste Biomasse Kraftwerk (WEBBK) GmbH and GmbH & Co KG	in each 33.3
Hallstatt Wasserkraft GmbH	51
Kraftwerk Dientenbach GmbH	33.3
Wasserkraftwerk Taurach GmbH	60
Wasserkraftwerk Forstauabach Gleimung GmbH	60
ÖBf Wasserkraft Ges.m.b.H.	100
Dachstein Tourismus AG (DAG)	4.15

Earnings and income

The consolidated profit was again largely determined by the operating profit of ÖBf AG during the financial year of 2017. The consolidated profit (EBT) came in around EUR 29.8 million, and was thus about EUR 4 million higher than that of ÖBf AG. This is primarily attributable to the profit contribution from the Pretul GmbH wind farm.

Sales revenues of EUR 226.5 million (2016: EUR 217.9 million) as well as profit before tax (EBT) of EUR 29.8 million (2016: EUR 21.6 million) were consolidated.

ÖBf Group	Actual 2016	Actual 2017
Sales revenues (in € million)	217.9	226.5
EBIT (in € million)	22.3	32.4
EBIT margin	10.2%	14.3%
Net profit/loss for the year	21.2	23.2
Return on equity *)	10.1%	10.5%
Sales revenues (in € million)	210.5	221.9
Equity ratio	49.4%	51.5%
EBITDA (in € million)	37.1	44.1
CF from ongoing business activity (in € million)	39.7	29.0

*) relative to annual net earnings

Financial performance indicators

Assets and capital structure

The balance sheet total of the ÖBf Group was EUR 430.7 million, slightly higher than the previous year's level (EUR 426.2 million).

The equity ratio was 51.5% with equity capital of EUR 221.9 million. Compared with the previous year (49.4%), the share of equity capital remains at a constantly high level.

Cash flow and finance

At EUR 29.0 million, the cash flow from ongoing business activities was around EUR 10.7 million lower than the previous year's figure (EUR 39.7 million), derived primarily from ÖBf AG developments. For example, increased payments for usufruct fees to the Republic of Austria and the increase in solid wood inventories recorded in the reporting period contributed to a lower cash flow from current business activities in comparison to the previous year.

The aggregate borrowings of EUR 132.2 million were roughly EUR 3.4 million lower than in the previous year (EUR 135.6 million).

DEVELOPMENT OF ÖBf AG

During the 2017 financial year Österreichische Bundesforste AG achieved a profit before tax (EBT) of EUR 25.8 million (2016: EUR 22.4 million) with an operating performance of EUR 224.5 million (2016: EUR 223.9 million). The volume of own wood sold was around 1.24 million solid m³ and therefore slightly below the level of the previous year (2016: 1.26 million solid m³). Taking account of the stumpage sales and the timber given free of charge to the beneficiaries of forest utilisation rights, the total felled was around 1.48 million solid m³ (2016: 1.52 million solid m³). In 2017 we therefore contributed again to ensuring sustainable forest management by carefully planning and managing quantities. At about 146,000 solid m³ (taking damaged timber into account), the stock of solid timber at the end of 2017 was higher than the stocks held at the start of the reporting year (103,000 solid m³).

The "Ecology-Economy" project carried out from 2015 to 2016 served to determine which concrete measures are most effective for reconciling the many wide-ranging requirements for protecting nature, biodiversity, the climate and the environment with forest and hunting management objectives. This is why ÖBf largely avoids clear cutting in sensitive areas, ensures stability of its stocks through timely initial thinning and thicket maintenance, and establishes clear rules for the removal of forest biomass. One key factor is the effective reduction in game damage based on the hunting strategy. This prevents biting and peeling damage, which has a negative impact on tree species composition and wood quality. The nature conservation activities planned as part of the "Ecology-Economy" project target increased integration of conservation goals into forest management practice. For environmental protection, the reduction of CO₂ emissions is a central concern. Implementation of the 62 total measures, which include accompanying

knowledge transfer and awareness-raising efforts, began in 2016 and continued in the reporting year. An initial evaluation was performed at the same time, in the form of expert discussions and an employee survey. In addition, the impacts of the measures from the forest management, hunting and nature conservation sub-projects were evaluated in monetary terms. This approach provided evidence that in the long term, improving the quality, productivity and biodiversity of our forests goes hand in hand with significant earnings improvements.

In the Hunting and Fisheries business areas, steady overall business development was recorded as per the plan. Edible fish production in the Inner Salzkammergut Forestry Operation was leased out as part of a strategic reorientation of the product portfolio.

In the real estate segment, profits were increased significantly in 2017 as well. Profit of EUR 40.3 million was generated based on an operating performance of EUR 45.3 million. A significant improvement in the Mineral Resources segment was recorded over the previous year, which is primarily attributable to infrastructure projects like the construction of the Brenner Base Tunnel and the good economic performance in the construction industry. Earnings also increased further in the Leasing segment due to steady demand for building rights and building leases, and the large-scale conversion of mobile phone towers to LTE technology. The Tourism sector also developed positively, with the Lakes segment making the largest contribution. Through the continued simplification of the building portfolio and other measures, we have managed to achieve lasting cost reductions in the Building Rentals sector. The location and property strategy, which aims to further increase quality and profitability in the rental sector, was further implemented in the reporting year.

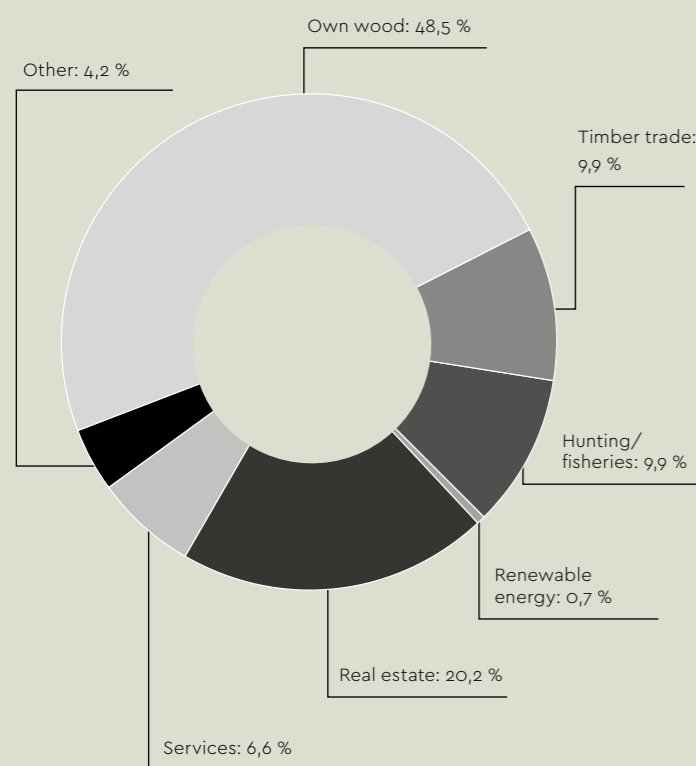
Operating performance by business segment over time

in Mio. €	ACTUAL 2015	ACTUAL 2016	ACTUAL 2017
Own wood	105.2	109.1	108.8
Timber trade	28.2	23.1	22.2
Hunting	19.4	19.7	19.9
Fisheries	2.4	2.0	2.3
Forest/Timber	155.2	153.8	153.2
Renewable energy	3.0	1.3	1.7
Leasing	9.0	9.6	10.3
Rental	7.6	7.6	7.4
Tourism	15.3	16.1	16.6
Water	0.7	0.8	0.9
Mineral resources	8.6	9.5	10.1
Real estate	41.2	43.7	45.3
Consultancy	2.2	0.9	0.6
Forestry services	3.0	2.9	4.2
Forest technology	4.7	3.1	2.3
Ecosystem management	8.0	7.7	7.8
Services	17.9	14.6	14.9
Other services	13.9	10.4	9.4
External operating performance	231.2	223.9	224.5

In the Services segment, which includes ecosystem management, forestry services, as well as forest technology, developments varied depending on the segment involved. Operating performance during the reporting year was EUR 14.9 million in total, and therefore slightly higher than that of the previous year (EUR 14.6 million). This stemmed primarily from the completion of the large contract with the Motorway and Expressway Financing Agency (Autobahnen- und Schnellstraßen-Finanzierungs-Aktiengesellschaft, or ASFINAG) in the Forestry Services sector. Resizing measures continued in Forest Technology. Ecosystem management, which alongside a variety of individual projects includes the management of the national parks Donau-Auen and Kalkalpen as well as the biosphere reserve Wienerwald and other areas (e.g. Dürrenstein wilderness, Hohe Tauern national park), makes a substantial contribution to maintaining the natural landscapes and ecological diversity of Austria, besides creating economic added value. Business developments in the reporting year were stable in comparison to the previous year.

The construction work started in 2016 on a small hydroelectric plant on the Taurach river in the municipality of Untertauern in Pongau continued in the reporting year, and the plant is expected to start operations in the spring of 2018. Construction started on an additional small hydroelectric plant on the Luggauerbach creek in July 2017; this plant is also expected to start operations in the spring of 2018. In total then, 8 power plants are now operating. Additional revenues were generated by marketing tertiary control energy, just like in previous years.

Operating performance in 2017 by business segment



To complement the above explanations, the operating performance of the individual business segments over time is shown below. The diagram relates to the 2017 financial year:

Order situation

When it comes to the business development of ÖBf AG, it is the demand for timber as a raw material, the utilisation of real estate (e.g. leasing and rental of land and buildings, use for tourism, granting of building rights, use of mineral resources), hunting and fishing, the services segment and the development of the energy segment which are of the utmost importance.

The order situation in the Forest / Timber business segment (own timber, timber trade, hunting and fisheries) was satisfactory in the 2017 financial year.

A positive trend was recorded for real estate/tourism/water in 2017. The trend of recent years (revenue and profits still increasing) continued.

In the services segment varying degrees of growth were recorded in the different business areas (measured against the previous year). Ecosystem management and forestry services experienced satisfactory development. In forest technology, the continued resizing measures were implemented according to plan.

Power purchase agreements with fixed prices were concluded in the renewable energy segment.

Earnings and income

The ordinary business result (EBIT) was recorded as EUR 26.1 million (2016: EUR 22.8 million). Taking account of the financial result, profit before tax (EBT) is EUR 25.8 million (2016: EUR 22.4 million). Net income for the year comes to around EUR 19.0 million (2016: EUR 20.3 million). The usufruct fee which is set by law at 50% of net income for the year and is payable to the owner, i.e. the Republic of Austria, was EUR 9.5 million, against EUR 10.1 million in 2016.

Financial performance indicators

ÖBf Group	ACTUAL 2016	ACTUAL 2017
Sales revenues (in € million)	216.1	215.6
EBIT (in € million)	22.8	26.1
EBIT margin	10.5%	12.1%
Net profit/loss for the year	20.3	19.0
Return on equity *)	9.8%	8.9%
Equity capital (in € million)	206.1	212.8
Equity ratio	52.8%	53.7%
EBITDA (in € million)	35.8	34.4
CF from ongoing business activity (in € million)	35.6	23.7

*) relative to annual net earnings

Cash flow and finance

At EUR 23.7 million, the cash flow from ongoing business activities was around EUR 11.9 million lower than the previous year's figure (EUR 35.6 million). This change is largely due to the developments in the working capital. For example, increased payments for usufruct fees to the Republic of Austria and the increase in solid wood inventories recorded in the reporting period contributed to a lower cash flow from current business activities in comparison to the previous year.

Aggregate borrowings, including the financial liabilities towards affiliated companies, totalled around EUR 103.3 million, some EUR 1.2 million lower than in the previous year (EUR 104.5 million).

Investments

Investments, including assets reported as "buildings and plants under construction" and the "low-value assets" which were capitalised and written off again during the same year, amounted to EUR 13.5 million (2016: EUR 16.2 million) and therefore were a total of EUR 2.7 million less than the previous year's level. The main focus of the investment activity lay in real estate (investments in buildings) and in the development of the road network.

Assets and capital structure

The balance sheet total of ÖBf AG was EUR 396.5 million, a figure slightly higher than the previous year's level (EUR 390.7 million).

The equity ratio was 53.7% with equity capital of EUR 212.8 million. Compared with the previous year (52.8%), the share of equity capital remains at a constantly high level.

Risk management and risk structure

The management of risks and opportunities and an efficient and effective internal control system are essential elements of corporate management at Bundesforste. Continuous improvements, adjustments and comparisons with other businesses play an important role in the company's further development.

The company's risk situation is analysed by a team of Bundesforste experts each quarter in a structured process (risk inventory) using a defined system. The risk landscape is adapted as necessary (e.g. expanded with new risk categories). Part of this process also includes, in particular, deriving specific recommendations for risk mitigation and elimination measures by defining the responsibility for implementation and monitoring the execution of the activities concerned as time goes by and drawing up learning fields. A full revision, including a review and discussion of the system as a whole, is carried out annually and involves the entire second level of management.

The Managing Board is notified of the results of the risk inventories in standardised reports and it reports on this to the Supervisory Board as a basis for discussion.

The risks from the market, customers and potential natural disasters continue to dominate the analysis.

Market and customer risk

From today's viewpoint, the ongoing general economic development and especially the development of the customer sectors which are important for the business operations of Bundesforste (particularly the sawmill, paper and board industries, the construction sector, tourism and mining companies) are positive. The economic environment is in robust shape overall.

Risk of disaster

In the years 2007 and 2008 an unusual number of natural disasters were recorded, including windfalls and snow damage, and subsequently a massive infestation of tree pests. Although we have fortunately not experienced such major adverse events in recent years in a concentrated form, we still have to expect that extreme events may occur again at any time. This was shown during the reporting period by an increased incidence of wood infested with bark beetles.

Long-term strategies to counter disasters and their effects include, in particular, predictive forest management measures, diversification and thus the promotion of business areas which are less likely to be influenced by weather events, as well as the formation of appropriate precautionary reserves on the balance sheet where appropriate. Research projects on climate change and their impacts are constantly supported.

Financial risk

Bank guarantees, other indemnities or pre-payments on the part of the client are the main safeguards used against the risk of defaults on trade accounts receivable. There are no major receivables or liabilities in foreign currencies. No transactions with derivative financial instruments are conducted. In the 2017 financial year, part of the financing volume (EUR 40 million) was converted into a fixed-rate structure with a term ending on 31/10/2020.

Employee and (working) process risk

The qualifications and motivations of employees and corresponding measures in the area of human resources and organisational development as well as process and workplace safety are a permanent focus of corporate events. Established procedures, the internal control system and regular internal audits guarantee the quality of services and the security of the business processes. Structured, externally conducted surveys assess employee satisfaction at regular intervals, forming the basis for a continuous optimisation process. Quality assurance was expanded in the reporting year.

Research and development

With its research contracts and collaborations, for which know-how, data and test areas are made available in addition to financial resources, the ÖBf is active in seven subject areas. The focus in the reporting year was on the supply and commercialisation of timber. The emphasis here is not only on increasing the efficiency of harvesting technologies, but also on ecological aspects like determining the CO₂ emissions associated with various process chains. The total number of national and international projects was about 40, which falls in the long-term average range.

Efforts started in previous years to identify bark beetle infestations early with flyovers by multicopters and light aircraft led to the realisation that while large amounts of data could be acquired in this way, the corresponding analyses are not yet sufficiently accurate. Although the ÖBf is convinced of the potential of new remote sensing methods, it will wait for further scientific developments.

The ÖBf showed its commitment to long-term research with a sponsorship agreement for the Federal Environmental Agency's Zöbelboden research facility, located in Kalkalpen National Park. It is one of the best-equipped long-term research facilities in Europe, and has been delivering valuable information for two decades about the state and development of ecosystem functions that are especially important for Austria, e.g. ensuring a good drinking water supply and air quality.

Sustainability

The ÖBf sees itself as a nature company and as part of the bio-economy. Its actions as a business are based on sustainability as a guiding principle, linking successful use of resources with responsibility for nature and society. In the reporting year, for example, this included increased generation of renewable energy and continued intense nature education efforts. In the real estate sector, key priorities for the company's leadership team included transitioning away from fossil-fuel heating systems in buildings occupied and rented out by the ÖBf, the creation of charging infrastructure for electric vehicles, and the construction of a photovoltaic system. In the core forest management sector, sustainability manifests itself in 2017 in the alignment of the planned, sustainably usable timber harvest volume, known as the "allowed cut", and the actual harvest volume, "felling".

Employees

Development of staff numbers

During 2017, ÖBf AG employed an average of 1,025 staff (full-time equivalents) – 411 manual and 614 non-manual employees. This compares with 1,045 employees in 2016 (449 manual and 596 non-manual employees).

Age structure

The average age of ÖBf employees decreased from 44.3 in 2016 to 44.2 in 2017. The age groups most widely represented are the 51 to 60 year-olds and the 41 to 50 year-olds, at 32.1% and 24.0% respectively.

Equal opportunities

As at 31 December 2017 there were 28 female and 381 male manual workers as well as 158 female and 472 male non-manual workers, with a total of 186 women and 853 men employed by ÖBf. The proportion of women was 0.5 percentage points higher than in the previous year, totalling 25.1% for non-manual employees and 6.8% for manual employees.

Workers with disabilities are employed as far as possible. During the reporting year this amounted to 17 people, 8 manual workers and 9 non-manual workers. Advance payments had to be made in some cases.

Equal opportunity with regard to equal pay and equal promotion prospects is ensured at Bundesforste. This is also evident from income reports produced under the equal opportunity law (Gleichbehandlungsgesetz) over the past few years. Particular attention is paid to increasing the proportion of women. This is seen in measures such as the participation of female colleagues at the female forester conference, offers for forest holiday weeks, and gender-sensitive personnel marketing actions, such as Girls' Days. The students here get an opportunity to learn about the everyday working environment at the ÖBf.

Training, education and further development

Comprehensive employee training and development measures were also carried out during 2017. The ÖBf training program included over 50 training opportunities and courses, mainly focusing on specialist fields, as well as a wide range of courses designed to foster the corporate and management culture. Numerous seminars, coaching sessions, workshops and team-building activities took place on these topics.

Forest utilisation rights

The volume of timber delivered to the beneficiaries of forest utilisation rights was around 165,000 solid m³ in 2017 (compared to 172,000 solid m³ in 2016). In addition to the volumes currently being supplied, this includes timber which was damaged by weather events and timber which is given in kind instead of for monetary compensation.

The exercising of grazing rights was higher than the average of previous years, with about 44,000 livestock units. Every year on Bundesforste land, about 70,000 livestock of different kinds are either kept on mountain pastures over the summer or are grazed near their home farms. In total, the equivalent value of forest utilisation rights in 2017 is around EUR 9 million (2016: roughly EUR 7 million).

Incidence of damaged timber

Damaged timber in 2017 amounted to 46% of the total felled and is thus lower than the previous year (51%). The forestry operations in Waldviertel-Voralpen, Carinthia-Lungau and Pongau were heavily affected. As in the previous year, the largest source of damage was the bark beetle, affecting about 327,000 solid cubic metres (2016: about 388,000 solid cubic metres). Intensive bark beetle abatement measures continued in 2017. Windfall was the reason for some 254,000 harvested solid m³. This was a slight increase of 3.3% compared to 2016.

Corporate environmental protection

The Bundesforste's two overarching long-term goals in the Environmental Protection sector are resource conservation and climate protection. To ensure that all employees bring awareness of these goals to their respective areas of activity and expertise, environmental protection themes were integrated into all internal training opportunities, and seminars were provided as part of the training programme. At the level of the individual organisational units, an environmental report was prepared as in previous years, with all data and indicators required for a standardised environmental management system. By comparing this year's report to 2016 data, and by reviewing the benchmark among the forestry operations, additional ways to improve were identified in so-called "environmental protection dialogues" in all of our operations. These improvement measures apply to procurement, usage and disposal processes. One of the main topics was reducing the number of kilometres driven by the almost 900 vehicles in our fleet. Progress was made primarily by extending the electronic communications infrastructure, but also through optimised event planning. For seven units and the upper management team, the waste management approach was updated at the end of 2017, as required by law, with a special emphasis on the disposal of used electronic devices..

OUTLOOK FOR ÖBf AG

At present, it seems that timber production in 2018 will remain at a sustainable level, as in previous years. The company is thus planning to continue the good results of recent years. In 2018 it is expected that in view of business during the first quarter, the operating result (EBIT) and profit before tax (EBT) will come in at the encouraging levels of previous years. Above all, this requires a stable timber market, the continuation of good economic conditions, the absence of large-scale damage as well as optimised cost structures and processes within the company, which will receive special attention.

There are signs that solid business development will continue in the real estate segment as well.

The renewable energy segment is currently developing as planned. How the price of electricity evolves will be crucial, as will the regulatory environment. Investments in this segment support and stabilise the company's development, protecting it from cyclical market trends in core business.

Just like previous years, in 2018 the emphasis with holding activities will be on managing existing holdings and further developing renewable energy, above all through the construction and operation of small-scale hydropower plants as well as the development and implementation of projects in the wind energy sector.

Purkersdorf, 2 May 2018

Managing Board
Dr. Rudolf Freidhager
Georg Schöppl

Development of Group's fixed assets

2017 Annual Accounts

Group

Acquisition/production cost						Cumulative amortisations								Residual book values	
As at 1.1.2017	Additions	Additions/disposals from first-time consolidation	Disposals	Re-classification	As at 31.12.2017	Cumulative amortisation 1.1.2017	Additions	Additions/disposals from first-time consolidation	Write-ups	Re-classification	Disposals	Cumulative amortisation/depreciation 31.12.2017	As at 31.12.2017	As at 31.12.2016	
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
I. Intangible fixed assets															
1. Licences and similar rights															
13,597,977.54	590,791.50	0.00	60,115.59	134,204.46	14,262,857.91	10,097,403.84	543,536.70	0.00	0.00	41,674.45	60,115.59	10,622,499.40	3,640,358.51	3,500,573.70	
2. Goodwill															
164,969.75	0.00	91,506.86	0.00	0.00	256,476.61	164,213.86	9,906.58	0.00	0.00	0.00	0.00	174,120.44	82,356.17	755.89	
3. Payments on account															
133,083.97	107,035.00	0.00	0.00	-26,482.30	213,636.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	213,636.67	133,083.97	
13,896,031.26	697,826.50	91,506.86	60,115.59	107,722.16	14,732,971.19	10,261,617.70	553,443.28	0.00	0.00	41,674.45	60,115.59	10,796,619.84	3,936,351.35	3,634,413.56	
II. Tangible fixed assets															
1. Land															
243,896,119.70	994,098.88	0.00	308,570.03	90,089.26	244,671,737.81	480,139.04	498.93	0.00	0.00	0.00	0.00	480,637.97	244,191,099.84	243,415,980.66	
2. Buildings, including buildings on land owned by others															
113,956,203.05	5,656,636.00	1,314,697.15	752,255.16	2,705,313.71	122,880,594.75	56,009,807.38	3,282,940.52	513,485.48	0.00	11,703.92	529,627.44	59,288,309.86	63,592,284.89	57,946,395.67	
3. Technical plant and machinery															
70,969,846.02	1,743,315.54	0.00	4,560,073.70	257,962.70	68,411,050.56	22,698,467.24	4,639,547.72	0.00	0.00	998.27	4,386,282.54	22,952,730.69	45,458,319.87	48,271,378.78	
4. Other plant, operating and business equipment															
34,561,850.46	3,376,949.22	0.00	2,561,645.19	56,927.33	35,434,081.82	24,072,932.93	3,261,785.53	0.00	0.00	0.00	2,367,689.35	24,967,029.11	10,467,052.71	10,488,917.53	
5. Payments on account and assets under construction															
5,925,003.63	7,583,402.07	0.00	189,926.89	-3,218,378.52	10,100,100.29	162,276.54	1,338.05	0.00	0.00	-54,376.64	109,237.95	0.00	10,100,100.29	5,762,727.09	
469,309,022.86	19,354,401.71	1,314,697.15	8,372,470.97	-108,085.52	481,497,565.23	103,423,623.13	11,186,110.75	513,485.48	0.00	-41,674.45	7,392,837.28	107,688,707.63	373,808,857.60	365,885,399.73	
III. Financial assets:															
1. Shares in affiliates															
1,045,685.36	0.00	-935,981.22	0.00	0.00	109,704.14	109,704.14	0.00	0.00	0.00	0.00	0.00	109,704.14	0.00	935,981.22	
2. Loans to affiliates															
35,000.00	0.00	0.00	35,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,000.00	
3. Shares in associates															
12,360,615.86	526.81	0.00	1,944,109.88	0.00	10,417,032.79	5,184,058.56	1,734,597.23	0.00	1,618.53	0.00	944,109.88	5,972,927.38	4,444,105.41	7,176,557.30	
4. Equity holdings															
17,605.19	0.00	0.00	17,500.00	0.00	105.19	105.19	0.00	0.00	0.00	0.00	0.00	105.19	0.00	17,500.00	
5. Loans to equity investment companies															
175,000.00	0.00	0.00	175,000.00	0.00	0.00	175,000.00	0.00	0.00	0.00	0.00	175,000.00	0.00	0.00	0.00	
6. Securities (rights) held as long-term investments															
957,867.92	0.00	0.00	363.36	363.36	957,867.92	956,850.50	0.00	0.00	0.00	0.00	0.00	956,850.50	1,017.42	1,017.42	
7. Other loans															
564,951.60	60,000.00	0.00	134,505.14	0.00	490,446.46	47,691.00	10,010.67	0.00	16,666.85	0.00	0.00	41,034.82	449,411.64	517,260.60	
15,156,725.93	60,526.81	-935,981.22	2,306,478.38	363.36	11,975,156.50	6,473,409.39	1,744,607.90	0.00	18,285.38	0.00	1,119,109.88	7,080,622.03	4,894,534.47	8,683,316.54	
498,361,780.05	20,112,755.02	470,222.79	10,739,064.94	0.00	508,205,692.92	120,158,650.22	13,484,161.93	513,485.48	18,285.38	0.00	8,572,062.75	125,565,949.50	382,639,743.42	378,203,129.83	

Balance sheet

Assets	31.12.2017 EUR	31.12.2016 EUR thousand
A. Fixed assets		
I. Intangible fixed assets		
1. Licences and similar rights	3,640,358.51	3,501
2. Goodwill	82,356.17	1
3. Payments on account	213,636.67	133
	3,936,351.35	3,635
II. Tangible fixed assets		
1. Land	244,191,099.84	243,416
2. Buildings, including buildings on land owned by others	63,592,284.89	57,946
3. Technical plant and machinery	45,458,319.87	48,271
4. Other plant, operating and business equipment	10,467,052.71	10,489
5. Payments on account and assets under construction	10,100,100.29	5,763
	373,808,857.60	365,885
III. Financial assets		
1. Shares in affiliates	0.00	936
2. Loans to affiliates	0.00	35
3. Shares in associates	4,444,105.41	7,177
4. Equity holdings	0.00	17
5. Securities (rights) held as long-term investments	1,017.42	1
6. Other loans	449,411.64	517
	4,894,534.47	8,683
	382,639,743.42	378,203
B. Current assets		
I. Stocks		
1. Raw materials, auxiliary materials and fuels	2,132,803.98	2,118
2. Finished and unfinished products	9,395,820.72	7,463
3. Unbilled goods and services	0.00	221
4. Payments on account	22,083.73	19
	11,550,708.43	9,821
II. Receivables and other assets		
1. Trade accounts receivable of which with remaining useful life more than one year: EUR 0 (previous year: TEUR 2)	22,995,204.85	22,333
2. Receivables from affiliates of which with remaining useful life more than one year: EUR 0 (previous year: TEUR 0)	0.00	0
3. Receivables from associates of which with remaining useful life more than one year: EUR 0 (previous year: TEUR 0)	999,127.99	625
4. Other assets and receivables of which with remaining useful life more than one year: EUR 221,222 (previous year: TEUR 221)	1,662,576.61	1,784
	25,656,909.45	24,742
III. Cash on hand, credit balances at banks	7,835,226.36	9,823
	45,042,844.24	44,386
C. Deferred expenses and accrued income	683,122.64	666
D. Deferred tax assets	2,346,273.47	2,939
	430,711,983.77	426,194

Equity and liabilities

	31.12.2017 EUR	31.12.2016 EUR thousand
A. Equity capital		
I. Share capital	150,000,000.00	150,000
II. Capital reserves unallocated	1,493,463.07	1,493
III. Profit reserves	15,000,000.00	15,000
1. Statutory reserve		
2. Other reserves (unallocated reserves)	2,959,891.30	2,960
IV. Shares of other shareholders in equity capital	2,196,845.87	1,704
V. Retained profit, of which profit carried forward EUR 27,091,792,29 (previous year: profit carried forward TEUR 18.278)	50,261,231.16	39,392
	221,911,431.40	210,549
B. Investment grants for fixed assets		
Investment grants for fixed assets	3,615,331.70	3,132
C. Reserves		
1. Reserves for termination payments	20,851,685.17	20,945
2. Tax reserves	1,159,500.00	600
3. Other reserves	18,186,625.14	21,452
	40,197,810.31	42,997
D. Liabilities		
1. Liabilities to banks and other financing of which with remaining useful life up to one year: EUR 56,827,064 (previous year: TEUR 55,619) of which with remaining useful life more than one year: EUR 75,334,641 (previous year: TEUR 80,021)	132,161,704.72	135,640
2. Advance payments received on orders of which with remaining useful life up to one year: EUR 163,527 (previous year: TEUR 492) of which with remaining useful life more than one year: EUR 0 (previous year: TEUR 0)	163,527.17	492
3. Trade accounts payable of which with remaining useful life up to one year: EUR 12,203,040 (previous year: TEUR 11,186) of which with remaining useful life more than one year: EUR 0 (previous year: TEUR 0)	12,203,039.67	11,186
4. Liabilities to associates of which with remaining useful life up to one year: EUR 0 (previous year: TEUR 2) of which with remaining useful life more than one year: EUR 298,651 (previous year: TEUR 292)	298,650.71	294
5. Other liabilities of which from taxes EUR 3,410,205 (previous year: TEUR 3,210), of which in context of social security EUR 1,399,189 (previous year: TEUR 1,382) of which with remaining useful life up to one year: EUR 10,017,746 (previous year: TEUR 11,751) of which with remaining useful life more than one year: EUR 54,593 (previous year: TEUR 42)	10,072,339.32	11,793
of which with remaining useful life up to one year: EUR 79,211,377 (previous year: TEUR 79,050) of which with remaining useful life more than one year: EUR 75,687,885 (previous year: TEUR 80,355)		
	154,899,261.59	159,405
E. Accrued expenses and deferred income	10,088,148.77	10,111
	430,711,983.77	426,194

Income statement for the 2017 financial year

	2017 EUR	2016 TEUR
1. Sales revenue	226,525,835.83	217,855
2. Change in the stock of finished and unfinished products, and services not yet billable	1,711,491.28	-917
3. Other own work capitalised	1,939,345.61	2,314
4. Other operating income		
a) Income from disposals from and additions to assets, with the exception of financial assets	1,701,247.16	2,816
b) Income from release of reserves	974,118.60	461
c) Other	2,701,136.83	3,225
	5,376,502.59	6,502
5. Expenses for materials and other related manufacturing		
a) Costs of materials	-19,815,442.34	-20,779
b) Costs of services used	-32,753,447.31	-31,060
	-52,568,889.65	-51,839
6. Personnel costs		
a) Wages and salaries		
aa) Wages	-17,667,163.10	-18,431
ab) Salaries	-37,697,210.39	-36,096
b) Social expenditure of which expenses for retirement pensions EUR 597.797 (previous year: TEUR 602)	-18,213,954.66	-19,137
aa) Expenses for termination payments and payments to the company pension scheme for employees EUR 2.036.373,53 (previous year: TEUR 2.530)		
bb) Expenses for statutory social security contributions as well as remuneration-dependent contributions and mandatory payments EUR 14.527.246,37 (previous year: TEUR 14.948)		
	-73,578,328.15	-73,664
7. Amortisation/depreciation on tangible and intangible fixed assets	-11,739,554.03	-14,827
8. Other operating expenses		
a) Taxes, if not included under row 18	-4,465,019.44	-4,519
b) Usufruct fees	-9,492,971.85	-10,128
c) Other	-51,273,748.88	-48,461
	-65,231,740.17	-63,108
9. Subtotal from rows 1 - 8	32,434,663.31	22,316
10. Income from associates	132,742.57	457
11. Income from other securities invested long term	3,765.00	0
12. Other interest and similar income of which from affiliates EUR 0 (previous year: TEUR 1)	47,655.22	68
13. Income from disposals of and additions to financial assets	46,623.35	331
14. Expenses from financial assets, of which	-1,744,607.90	-503
a) Depreciation EUR 1.744.608 (previous year: TEUR 503)		
b) Expenses from associates EUR 1.734.597 (previous year: TEUR 485)		
15. Interest and similar expenses	-1,079,514.79	-1,104
16. Subtotal from rows 10 - 15	-2,593,336.55	-751
17. Profit/loss before tax (subtotal from rows 9 and 16)	29,841,326.76	21,565
18. Taxes on income and earnings	-6,658,535.21	-403
19. Profit/loss after tax = Net income	23,182,791.55	21,162
20. Shares of other shareholders	-13,352.68	-48
21. Release of profit reserves	0.00	0
22. Profit carryforward	27,091,792.29	18,278
23. Retained profit	50,261,231.16	39,392

Notes to the consolidated financial statements as at 31 December 2017

I. GENERAL NOTES

These consolidated financial statements were prepared in accordance with the prevailing provisions of the UGB (Austrian Commercial Code), giving due consideration to the principles of orderly accounting and the general requirement to provide as true and fair a view as possible of the Group's financial position and financial performance. The provisions introduced through the EU Company Law Amendment Act (Gesellschaftsrechtsänderungsgesetz) are applicable.

The annual financial statements of the affiliated companies included in the consolidated financial statements have been prepared on the basis of the provisions of the UGB in accordance with the Group's uniform guidelines. The Group's balance sheet date is 31 December 2017.

The consolidated income statement was prepared using the total-cost method.

1. Scope of consolidation

The Group's parent company is Österreichische Bundesforste AG. Consolidated financial statements were first prepared on 1 January 2002.

The consolidated accounts include the following companies:

a) Subsidiaries requiring consolidation - full consolidation

Name of company	Registered office	Share of capital	Selected initial consolidation date
ÖBf Beteiligungs GmbH	Purkersdorf	100 %	1 Jan 2002
Hallstatt Wasserkraft GmbH	Purkersdorf	51 %	1 Jan 2013
Wasserkraftwerk Forstauabach Gleiming GmbH	Purkersdorf	60 %	1 Jan 2014
Wasserkraftwerk Taurach GmbH	Purkersdorf	60 %	11 Jun 2014
Windpark Pretul GmbH	Purkersdorf	100 %	20 May 2015
ÖBf Wasserkraft GesmbH	Purkersdorf	100 %	1 Jan 2017

b) Associates

Name of company	Registered office	Share of capital	Affiliated to Group since
WIEN ENERGIE Bundesforste Biomasse Kraftwerk GmbH	Vienna	33,33 %	19 May 2004
WIEN ENERGIE Bundesforste Biomasse Kraftwerk GmbH & Co KG	Vienna	33,33 %	20 May 2004
Kraftwerk Dientenbach GmbH	Salzburg	33,33 %	16 Dec 2009

Associated companies liquidated during financial year and deleted from company register:

Name of company	Registered office	Share of capital	Affiliated to Group until
SWH - Strom und Wärme aus Holz, Heizwerke Errichtungs-Betriebs GmbH i. Liq.	Villach	50 %	25 Jan 2017

c) Equity holdings

Because of its subordinate importance (§ 263 (2) UGB) Hauserberg Mautstraße GesmbH, Mayrhofen, was included at cost, reduced by any amortisation applicable.

Trinkwasserkraftwerk Pfunds GmbH was sold during the financial year.

2. Consolidation principles

Capital consolidation

Capital consolidation is applied using the book value method both in the case of full consolidation (§ 254 (1) 1 UGB) and in the case of accounting at equity (§ 264 (1) 1 UGB). Accordingly, the book values of the shares are offset against the proportionate equity capital of the subsidiaries at the time of acquisition or first-time inclusion in the consolidated financial statements.

Any resulting differences were offset against profit carried forward as differences, provided it was not possible to allocate them to individual assets or liabilities.

Debt consolidation

As part of debt consolidation, trade accounts receivable and other receivables arising from relationships between the companies included in the consolidated financial statements are offset against the corresponding liabilities.

Income and expenditure consolidation

All internal Group income and expenses are netted.

Elimination of inter-company results

Inter-company results from internal Group supply and service relationships are eliminated.

II. ACCOUNTING POLICIES AND VALUATION METHODS**Non-cash contribution
Österreichische Bundesforste AG**

The assets of Österreichische Bundesforste AG taken over as part of the non-cash contribution of the economic entity “Österreichische Bundesforste” as at 1 January 1997 were applied in accordance with § 11 (2) Federal Forests Act 1996 (Fed. Law Gazette [BGBl.] 793/1996) at fair value pursuant to § 202 (1) UGB. These values function as acquisition costs.

Tangible and intangible fixed assets

Both tangible and intangible fixed assets are valued at cost and amortised/depreciated on a straight-line basis. The normal annual write-downs are applied over the following useful lives, with the assets received in the non-cash contribution written down over the given remaining useful life.

	2017	2016
Software	3 – 4 years	3 – 4 years
Goodwill	15 years	15 years
Other rights	15 years	15 years
Forest roads	15 years	15 years
Facilities on land	15 – 50 years	15 – 50 years
Buildings	15 – 66.67 years	15 – 66.67 years
Machinery	6 – 35 years	6 – 35 years
Tools	3 – 8 years	3 – 8 years
Vehicles	5 – 7 years	5 – 7 years
Business and operating equipment	1 – 10 years	1 – 10 years

These are the standard amortisation/depreciation periods. Individual deviations may occur.

The option to capitalise interest on borrowed capital for self-manufactured assets was not used.

Financial assets

The equity approach is applied for (associated) undertakings which are not fully consolidated. Equity holdings as well as securities (loan stock rights) for fixed assets are valued at cost. If this value is higher than the value attributable to them as of the balance sheet date, unscheduled depreciation is applied.

Current assets

Stocks are determined by means of physical stock-taking. Raw materials, auxiliary materials and fuels are valued at purchase cost, while finished and unfinished products are valued at production cost. The production costs include unit costs as well as proportionate material and production overheads. Where the sales-side comparison value is lower, this value has been used.

For raw materials, auxiliary materials and fuels, fixed values are mainly used.

Specific valuation allowances were applied as necessary for **receivables**. In addition, a general valuation allowance of 2% was deducted from trade accounts receivable where specific valuation allowances were not applied. The percentage used was based on empirical values from past experience.

Deferred expenses, accrued income

Because of the legal form of some salaried employee contracts, it was necessary to treat salary payments for January 2018 on an accrual basis. In addition, expenses from hunting lease agreements were also treated on an accrual basis.

Reserves and liabilities

Reserves were allocated with due consideration of the commercial prudence principle, at the anticipated level.

Reserves for termination payments were calculated in accordance with the provisions of AFRAC (Austrian Financial Reporting and Auditing Committee) Opinion No. 27 Personnel Provisions (UGB) based on actuarial principles, applying an interest rate of 2.49% (2.93% in the previous year); salary increases of 1.87% (1.70% in the previous year) affecting all groups of employees were deducted from this interest rate (partial net interest rate method). Additionally, salary increases of 0.14% (0.18% in the previous year) for manual and 0.34% (0.72% in the previous year) for non-manual employees were applied under the gross method.

The interest rate corresponds to the average market interest rate for high-quality corporate bonds with an average residual term of termination obligations of 10 years.

The retirement age for women in the calculation is 55 to 65 years (previous year 55 to 65 years) and for men 60 to 65 years (previous year 60 to 65 years), in line with the statutory minimum retirement age and the retirement ages defined in individual contracts. No deductions were made for fluctuations, similarly to the previous year.

Reserves for holidays not yet taken and time in lieu were calculated with the inclusion of pro rata incidental wage costs.

Liabilities are reported at the settlement amount.

Accrued expenses and deferred income

Long-term rental agreements and leases were treated correspondingly on an accrual basis.

Currency translations

Receivables and bank balances, if in foreign currency, are generally valued at the middle rate at the time they occur, taking into account exchange losses arising from changes in the exchange rate as of the balance sheet date.

Foreign currency liabilities are valued at the rate prevailing when incurred or the middle rate as of the balance sheet date, whichever is higher.

III. NOTES ON THE CONSOLIDATED BALANCE SHEET**FIXED ASSETS**

Changes to **fixed assets** are presented in the **appendix to the notes on the consolidated financial statements**. The base value of the land amounts to EUR 244,191,100 (previous year: EUR 243,416,000).

Among reported **other loans** an amount of EUR 104,606 (previous year: EUR 108,000) has a remaining term of up to one year. **Other loans** mainly comprise loans to employees of the group's parent company.

CURRENT ASSETS

Given that it is not always possible to draw a clear line between finished and unfinished products, particularly in the context of harvesting raw timber, these items were combined into one balance sheet item (of which timber stocks EUR 7,727,331 [previous year: EUR 5,667,000]).

Valuation allowances were applied and deducted directly in the case of individual risks with **receivables**.

In the case of trade accounts receivable a **general valuation allowance** of EUR 465,949 (previous year: EUR 449,000) was applied.

The other receivables include income from building lease contracts amounting to EUR 221,251 (previous year: EUR 222,000), income from existing contracts at EUR 389,768 (previous year: EUR 473,000), and receivables from land sales at EUR 0 (previous year: EUR 154,000), which only affect the cash balance after the balance sheet date.

Receivables from associates only include trade receivables of EUR 999,128 (previous year: EUR 625,000)

DEFERRED TAX ASSETS

The differences between the commercial and fiscal valuations in the calculation of deferred tax assets largely affect the reserve for termination payments, the distribution of maintenance expenditure, the reserve for outstanding maintenance costs and the outstanding seventh of the write-downs to the going concern value. In addition, deferred tax assets and liabilities are included in fixed assets based on various book values. A corporate tax rate of 25% was assumed for the calculation.

INFORMATION ON CAPITAL

Pursuant to § 2 (6) Federal Forests Act (as in BGBl. 136/2004) the **capital stock** is EUR 150,000,000 (previous year: EUR 150,000,000). No shares were issued. The sole shareholder is the Federal Government. Shareholder rights are exercised by the Federal Minister for Sustainability and Tourism.

Authorised capital tallies with share capital.

The unallocated profit reserves as of 31 December 2017 amounting to EUR 2,959,891 (EUR 2,960,000 in the previous year) stem from the reclassification of untaxed reserves net of deferred taxes into the equity of the parent company ÖBf AG, which was carried out on the basis of RÄG 2014 as at 31 December 2016.

At the parent company ÖBf AG, EUR 11.7 million (EUR 12.3 million in the previous year) of the profit after tax was proposed for distribution to the owner.

INVESTMENT GRANTS

	As at 1.1.2017 in EUR	Allocation in EUR	Release in EUR	As at 31.12.2017 in EUR
Rights and buildings equivalent to land	2,475,464	620,344	-93,355	3,002,453
Technical plant and machinery	591,005	2,088	-38,599	554,494
Other plant, operating and business equipment	65,052	1,922	-8,589	58,385
Total	3,131,521	624,354	-140,543	3,615,332

RESERVES

At EUR 12,417,892 (previous year: EUR 11,750,000), the other reserves relate to human resources. The reserve for other provisions amounted to EUR 5,768,733 (previous year: EUR 9,703,000). The reserves for human resources include, in particular, reserves for leave not taken, time in lieu and for migration in connection with the rules on collective agreements. The reserve for other provisions comprises, among other things, timber production costs not yet recorded, and outstanding maintenance costs.

LIABILITIES AS AT 31 DECEMBER 2017

	Liabilities according to balance sheet EUR	Remaining term up to 1 year EUR	Remaining term 1 to 5 years EUR	Remaining term more than 5 years EUR
Liabilities to banks and other financing	132,161,705	56,827,064	58,073,588	17,261,053
Advance payments received on orders	163,527	163,527	0	0
Trade accounts payable	12,203,040	12,203,040	0	0
Amounts owed to affiliated companies	298,651	0	0	298,651
Other liabilities	10,072,339	10,017,746	54,593	0
Total	154,899,262	79,211,377	58,128,181	17,559,704

LIABILITIES AS AT 31 DECEMBER 2016

	Liabilities according to balance sheet EUR thousand	Remaining term up to 1 year EUR thousand	Remaining term 1 to 5 years EUR thousand	Remaining term more than 5 years EUR thousand
Liabilities to banks	135,640	55,619	54,663	25,358
Advance payments received on orders	492	492	0	0
Trade accounts payable	11,186	11,186	0	0
Amounts owed to affiliated companies	294	2	0	292
Other liabilities	11,793	11,751	42	0
Total	159,405	79,050	54,705	25,650

“Liabilities to banks and other financing” comprised the following in the reporting year:

	31.12.2017 EUR	31.12.2016 EUR thousand
to banks	132,161,705	100,639
to the Republic of Austria	0	35,001
	132,161,705	135,640

Of this, EUR 39,133,487 (previous year: EUR 43,810,000) is materially secured by means of pledging shares and by liens.

The other liabilities include the following important expenses which only affect the cash balance after the balance sheet date:

	31.12.2017 EUR	31.12.2016 EUR thousand
Usufruct rights	2,992,972	5,028
Social security liabilities	747,186	743
Other payroll taxes	253,837	270
Other liabilities from HR	248,264	60
	4,242,259	6,101

Other financial obligations

Obligations arising from the use of tangible fixed assets not reported on the balance sheet:

	EUR	EUR thousand
Obligations 2018	1,438,244	1,390
Obligations 2018 – 2022	7,191,222	6,951

There are also financial obligations arising from investment orders in fixed assets as of the balance sheet date, amounting to EUR 675,321 (previous year: EUR 1,077,000).

Contingent liabilities

There is a contingent liability for Windpark Pretul GmbH amounting to EUR 2,000,000 (previous year: EUR 2,000,000).

Guarantees amounting to EUR 1,486,590 serve as collateral for the payment on account made in the financial year by OeMAG Abwicklungsstelle für Ökostrom AG, and are valid until the disbursement of the remaining investment support amount.

In addition, there is a real estate charge of EUR 30,137 for the maintenance and removal of buildings in the areas near public waters.

IV. NOTES ON THE CONSOLIDATED INCOME STATEMENT

The total cost method is applied in the consolidated income statement.

EUR 1,717,373 of the sales revenue (previous year: EUR 2,912,000) relates to international sales and the remainder is domestic.

The sales revenue comprises:

	2017 EUR	2016 EUR THOUSAND
Own wood	107,206,726	109,385
Timber trade	22,004,355	23,417
Hunting	19,840,605	19,596
Fisheries	3,161,577	2,790
Forest/Timber	152,213,263	155,188
Hydroelectricity, wind power and biomass	12,473,568	3,061
Renewable energy	12,473,568	3,061
Leasing	10,296,857	9,632
Rental	7,474,807	7,497
Tourism	16,619,024	16,122
Water	861,111	821
Mineral resources	10,090,716	9,534
Real estate	45,342,515	43,606

Consultancy	800,947	744
Forestry services	4,170,690	2,870
Forest technology	2,316,606	3,058
Ecosystem management	6,691,041	6,977
Services	13,979,284	13,649
Other services	2,517,206	2,351
Sales revenue	226,525,836	217,855

Expenses for termination payments and payments to the company pension funds include expenses for termination payments amounting to EUR 1,619,542 (previous year: EUR 2,136,000).

Expenses in connection with the change in the provision for termination obligations are recognised under personnel costs. The option under paragraph 93 of AFRAC Opinion 27 Personnel Provisions (UGB) was not used.

In the 2017 financial year amortisation/depreciation on tangible and intangible fixed assets includes no extraordinary write-downs. The previous year included extraordinary depreciation of EUR 4,132,000.

Expenses for the independent auditor include expenses for auditing the annual financial statements and consolidated financial statements, amounting to EUR 54,200 (previous year: EUR 52,000), and other consulting services amounting to EUR 4,730 (previous year: EUR 0).

Expenses on financial assets comprise the extraordinary amortisation of an associate totalling EUR 1,734,597 (previous year: EUR 326,000) and from loans amounting to EUR 10,011 (previous year: EUR 18,000).

Taxes on income relate entirely to corporate tax.

V. OTHER INFORMATION

Average number of employees (converted into full-time equivalents):

	2017	2016
Manual workers	411	449
Non-manual employees	614	596
Total	1,025	1,045

Expenses for termination payments and pensions for the Managing Board and for executive employees

With regard to termination payments, benefits payable to the employee pension funds and the employer's contributions to pension funds, the following expenses were incurred:

	2017 EUR	2016 EUR THOUSAND
Managing Board and executive employees	304,012	420
Other employees	2,330,158	2,712
Total	2,634,170	3,132

Remuneration for the Managing Board and Supervisory Board

Members of the Managing Board received the following remuneration:

	2017 EUR not performance related	2017 EUR performance- related
Dr. Rudolf Freidhager	314,715	69,300
Georg Schöppl	303,715	133,650
	618,430	202,950

	2016 EUR not performance related	2016 EUR performance- related
Dr. Rudolf Freidhager	314,715	48,825
Georg Schöppl	303,715	125,550
	618,430	174,375

For the 2017 financial year the members of the Supervisory Board received attendance fees and expense allowances amounting to a total of EUR 58,220, compared to attendance fees and expense allowances in 2016 of EUR 60,000.

No loans were disbursed in the financial year to board members and there were no business relations with the members of the Managing Board and the Supervisory Board.

Transactions with other companies owned directly by the Republic of Austria are concluded at arm's length.

Events after the balance sheet date

No events of particular importance occurred after the balance sheet date which would have necessitated changes to the financial position and financial performance.

Executive bodies of the parent company

Board members:

Dr. Rudolf Freidhager

Georg Schöppl

Supervisory Board:

Elected members:

Gerhard Mannsberger

(Chairman since 2 March 2018)

Georg Spiegelfeld

(Deputy Chairman since 2 March 2018)

Gernot Maier (since 2 March 2018)

Maria Sauer

Werner Wutscher

(Chairman until 2 March 2018)

Michael Höllnerer

(Deputy Chairman until 1 March 2018)

Michael Esterl

(until 31 December 2017)

Members delegated by
the Central Works Council:

Josef Reisenbichler

Lukas Stepanek

Purkersdorf, 2 May 2018

Managing Board:

Dr. Rudolf Freidhager e.h.

Georg Schöppl e.h.

Audit Certificate

Report On The Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements for Österreichische Bundesforste AG, Purkersdorf, and its subsidiaries (the Group), consisting of the consolidated balance sheet as of 31 December 2017, the consolidated statement of comprehensive income, the consolidated income statement, and the consolidated cash flow statement for the financial year then ended, as well as the consolidated notes.

In our opinion, the attached consolidated financial statements have been prepared in accordance with statutory provisions and give a true and fair view of the financial position and financial performance of the Group as at 31 December 2017, and of the results of its operations and cash flows for the financial year then ended, in compliance with Austrian commercial regulations.

Basis For The Opinion

We conducted our audit of the financial statements in compliance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under these 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 Austrian commercial and professional regulations and in accordance with any other agreed rules and/or regulations, and we have fulfilled our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the basis for our opinion.

Responsibility Of Management For The Consolidated Financial Statements

Management is responsible for preparing the consolidated financial statements and for ensuring that they provide a true and fair view of the Group's financial position and financial performance in accordance with generally accepted accounting principles in Austria. Management is also responsible for such internal controls as deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, 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 either 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, will 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 consolidated 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 accounting principles, 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.

Miscellaneous Statutory And Other Legal Requirements

Report On The Consolidated Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report must be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

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 as well as the understanding of the Group and its circumstances thus obtained, no material misstatements were identified in the Group's management report.

Other Information

The management is responsible for other information. "Other information" includes all information in the annual report except for the consolidated financial statements, the consolidated management report and the audit opinion.

Our opinion on the consolidated financial statements does not cover this other information, and we will give no form of assurance relating to it.

In connection with our audit of the consolidated financial statements, it is our responsibility to read this other information and to consider whether there are any material inconsistencies between this other in-

formation and the consolidated financial statements or on the basis of our knowledge obtained during the audit, or whether this information otherwise appears to have been materially misrepresented. If we conclude based on our activities that this other information has been materially misrepresented, we must report this. We have nothing to report in this respect.

Vienna, 2 May 2018
BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gerhard Posautz Peter Bartos
Auditor Auditor

Report of the Supervisory Board on the 2017 financial year

The Supervisory Board has regularly been kept fully informed by the Managing Board of business developments at the company and in five ordinary as well as two extraordinary meetings has carried out its statutory duties to provide information and exercise scrutiny. The Audit Committee of the Supervisory Board convened for two meetings (May and December 2017) and amongst other items discussed the company's internal control system and risk management.

One particular focus of the Supervisory Board's activities during 2017 was on collaboration in the transfer of properties. Rights of veto under the Federal Forests Act 1996 (Bundesforstgesetz) were not exercised. Please refer to the separate Public Corporate Governance report for compliance with the principles of corporate governance and federal shareholding management.

Alongside the reports on current and expected business developments in strategic business areas and the affiliates, the Supervisory Board dealt among other things with the following issues during the financial year: customer satisfaction, certification systems and sustainability of forest biomass-based cogeneration plants in the renewable energy segment. The Supervisory Board also focused in particular on the issues of hunting, fisheries, protection forests, the interaction of ecology and economy, the use of contractors in timber harvests, and the company's own forest technology. In addition, the Supervisory Board was informed of the content and process for the development of the upcoming 2025/2050 business strategy. To sum up, the Supervisory Board was informed regularly, promptly and comprehensively by the Managing Board about all relevant business developments, the situation and the strategy of the company, including key group companies, the risk situation and risk management. Throughout the entire year, the Supervisory Board discussed key issues relating to future operations with the Managing Board, especially the structure and strategy of the company, and monitored the management in line with the comprehensive reporting of the Managing Board. Additionally, there were regular talks between the chairman of the Supervisory Board and members of the Managing Board.

An unqualified auditor's opinion by the auditor, BDO Austria GmbH, BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kohlmarkt 8-10, 1010 Vienna was expressed on the annual financial statements prepared by the Managing Board as at 31 December 2017, including the management report. The auditor's report was presented to the members of the Supervisory Board in accordance with § 273 (4) UGB (Austrian Commercial Code).

The Supervisory Board approved the 2017 annual financial statements and management report after examining the auditor's report, which is hereby approved pursuant to § 96 (4) AktG (Stock Corporation Act). The consolidated financial statements are noted and there were no reasons for any objections.

The Supervisory Board thanks the Managing Board and all employees for their efforts during the 2017 financial year. The Supervisory Board thanks the shareholder for its trust and confidence.

Purkersdorf, 23 May 2018
Chairman of the Supervisory Board
Gerhard Mannsberger

