

## Fact sheet on the 2020 annual financial statement of BLS Ltd

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### A) Financial correction

#### 1. Repayment of excessively high compensation payments

Resulting from a failure to take account of revenue from Half-Fare ticket sales, the excessive compensation payments BLS received from the federal government between 2012 and 2018, amounting to more than 39.9 million francs, had already been offset in the 2019 financial statement. BLS Ltd and its subsidiary Busland AG have now reached an agreement with the federal government and cantons for the repayment of 49 million francs including interest and share of input tax deductions. The interest of 9.7 million francs has been accounted for in the 2020 annual financial statement as a non-segment-specific expense. The proportion of pre-tax deductions, which amounts to 1.4 million francs, does not affect the result.

#### 2. Accrual of reserves

In its 2020 annual financial report, BLS addresses all the issues in the area of compensation payments criticised by the Swiss Federal Audit Office. This applies to the internal accounting procedures for rental income, the costs of locomotives and train-replacement services. The previous accounting mistake in rental income and locomotive costs – which had been registered as greater than they in fact were – has been corrected in the 2020 financial statement. In the context of train-replacement services, BLS has accrued reserves for any potential repayments. BLS is adapting the requisite processes and thus making a fresh start to its partnership with the federal government and cantons.

#### 3. Cost-saving measures

With the efficiency-savings programme launched in 2018, BLS managed to save 13.3 million francs in 2020. In addition, BLS has foregone several million francs in third-party services and implemented liquidity-protection measures, such as delaying investments. The focus of the efficiency-savings programme predominantly lies on improvements within the purchasing department and within the entire logistics chain, as well as in the planning department and within the centralised business processes.

#### 4. Release of reserves

In the past, BLS has built up reserves. With the 2020 financial statement, BLS has met the demand of the Federal Office of Transport to release any reserves that have not been explicitly arranged with the federal government and cantons. Among other things, this applies to reserves accrued through efficiency-savings programmes and the activation of employer-contribution reserves. Amounting to 18.1 million francs in total, BLS has proportionally allocated these sums to the segments of regional transport, infrastructure, the Car Transport service and navigation services, whose results have improved accordingly.

## B) Results of the individual business areas

### 1. Business area of passenger mobility

- **Regional transport with trains and buses:** Within the area of regional transport services entitled to public-sector funding, which includes train and bus services, BLS has suffered a loss of around 40 million francs in ticket sales due to the coronavirus. The result is improved through the proportionally allocated credits from the released reserves. This results in a loss of 10.8 million francs in the area of regional transport services. BLS has submitted an application for financial support to the federal government for the 9.7-million-franc loss incurred nationally in the area of rail transport. Once VAT is deducted, BLS will receive 9.3 million francs of this sum.
- **Long-distance transport:** BLS has successfully mastered its takeover of the Bern-Biel long-distance route since the December 2019 timetable change and is operating this line at a high standard. However, due to the coronavirus pandemic, the number of passengers was much lower than predicted. Due to the pandemic, BLS has missed out on 3.4 million francs in ticket sales. The loss of 2.7 million francs on its long-distance services will be borne by BLS itself.
- **Navigation:** The navigation services suffered the most under the pandemic. Compared to the previous year, passenger numbers declined by nearly half. The drop in revenue amounts to 7.2 million francs. The business area of navigation registered a loss of 4.1 million francs at the end of the 2020 business year. To limit this loss, BLS has submitted an application for financial support to the canton of Bern.
- **Car Transport service:** Due to the coronavirus pandemic, the Car Transport service carried around 15 per cent fewer vehicles in 2020 than the year before. The drop in revenue amounts to 5.1 million francs, the loss 4.9 million francs. BLS has submitted an application for financial support in order to cover the loss of 1.4 million francs incurred by the Car Transport service through the Simplon Tunnel. The result is also impacted by a correction in the context of the financial accounting of multi-trip tickets. BLS had not correctly accounted for revenue from multi-trip tickets for the Car Transport service through the Lötschberg Tunnel in previous years, and had thus recorded too-high results. This is being corrected in the 2020 financial statement with a one-off payment of 3.2 million francs. This situation does not affect compensation payments, as the Car Transport service through the Lötschberg Tunnel is not eligible for compensation payments.

### 2. Business area of infrastructure

Compared to 2019, BLS generated 9.9 million francs less train-path revenue, as the timetable for passenger transport during the lockdown in spring 2020 was reduced and fewer freight trains were in operation. By contrast, the contribution margins increased by 5 million francs as a result of an increase in long-distance routes. The infrastructure profited from 3.9 million francs in proportional credits from the release of reserves and has made a profit of 2.3 million francs (excl. minority interest).

### **3. Business area of freight transport**

The result achieved by BLS in the business area of freight transport comprises the proportional results of the BLS Cargo Group (52% ownership by BLS Ltd) and RAIPin Ltd (33%). Thanks to efficient cost management, the BLS Cargo Group achieved a positive result of 1.9 million francs. By contrast, RAIPin requested financial support from the federal government. Overall, the freight segment registered a loss of 0.1 million francs (excl. minority interest).

### **4. Business area of property**

In terms of property, which is BLS's smallest segment, the company registered a profit of 0.1 million francs (excl. minority interest).

### **5. Differences between the consolidated accounts and segment accounts**

The loss at the Group level is higher than the losses of the individual segment accounts. This is due firstly to the fact that the release of reserves improves the results of the segments but has no influence on the consolidated accounts (accounting in compliance with Swiss GAAP FER). Secondly, management costs and one-off issues such as the interest on the excessive compensation payments have been accounted for as non-segment-specific expenses. These impact the consolidated accounts but not the segment accounts.

The 2020 annual and financial report of the BLS corporation can be viewed at [geschaeftsbericht.bls.ch](https://www.bls.ch/geschaeftsbericht).