

MOODY'S

RATINGS

Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Deutsche Bahn AG

03 May 2024

Paris, May 03, 2024 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Deutsche Bahn AG and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 30 April 2024 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moodys.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Deutsche Bahn AG's (DB or the company) Aa1 long-term issuer rating with a stable outlook remain unchanged, as well as the a3 Baseline Credit Assessment (BCA), the (P)Aa1 senior unsecured MTN program rating and the P-1 commercial paper rating. The Baa1 rating of the backed subordinated fixed rate notes issued by Deutsche Bahn Finance GmbH also remains unchanged.

DB's Aa1 long term issuer rating combines: (1) its a3 BCA; (2) Moody's Ratings assessment of a high likelihood that the company will receive extraordinary support from the German Government (Aaa stable) in times of need, and (3) Moody's Ratings assessment of a very high default dependence on the Government. This assessment is based on the German government's willingness and very strong ability to provide support to DB, given the sovereign's ample financial reserves, as reflected in its Aaa rating. Such an assessment results in a five-notch uplift to the company's BCA for a final rating of Aa1.

DB's BCA remains supported by (1) the company's large size, good geographic and

sector diversification; (2) vertically integrated business model, including monopolistic railway infrastructure activities; and (3) solid business profile, supported by a predictable operating environment and significant subsidies.

Conversely, the BCA is constrained by (1) persistent strain on profitability due to inefficiencies and infrastructure development; (2) negative free cash flow because of an intense capital spending programme; and (3) high leverage.

The stable outlook reflects Moody's Ratings expectation that leverage will stabilize at around 7x in the next 12-18 months. The stable outlook assumes that DB will not engage in any significant corporate transaction other than divestment of DB Arriva, and it specifically excludes the potential divestment of DB Schenker.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodologies used for this review were Government-Related Issuers methodology published in January 2024 and Passenger Railways and Bus Companies published in December 2021. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non-EU rated, non-UK rated, non-EU endorsed and non-UK endorsed ratings may be referenced herein to the extent necessary, if they are part of the same organization list.

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