




# Investor Update July 2019

## Development in H1 2019

Deutsche Bahn AG, July 2019

# Challenging development in the first half of 2019 – business is growing, profit development under pressure

 (€ mn)	<b>H1 2019</b>	<b>H1 2018</b>	+/- €	+/- %	
<b>Revenues adjusted</b>	<b>22,013</b>	<b>21,548</b>	+465	+2.2	<ul style="list-style-type: none"> <li>Performance improvements and price effects</li> <li>Almost all business units made a contribution</li> </ul>
<b>Revenues comparable</b>	<b>21,926</b>	<b>21,548</b>	+378	+1.8	<ul style="list-style-type: none"> <li>Only minor effects from FX and scope of consolidation changes</li> </ul>
<b>EBIT adjusted</b>	<b>757</b>	<b>974</b>	-217	-22.3	<ul style="list-style-type: none"> <li>Strains from quality improvement and digitalization measures as well as cost increases (especially in Germany)</li> </ul>
<b>Net profit</b>	<b>205</b>	<b>562</b>	-357	-63.5	
<b>Gross capex</b>	<b>4,825</b>	<b>4,217</b>	+608	+14.4	<ul style="list-style-type: none"> <li>Higher capex in rail infrastructure (increase in investment grants) and IFRS 16 effects</li> </ul>
<b>Net capex</b>	<b>2,350</b>	<b>1,925</b>	+425	+22.1	
<b>ROCE (%)</b>	<b>3.6</b>	<b>5.4</b>	-	-	<ul style="list-style-type: none"> <li>Largely due to operating profit development and IFRS 16 driven increase in capital employed</li> <li>Mainly driven by operating profit development</li> </ul>
<b>Free Cashflow</b>	<b>-656</b>	<b>-329</b>	-327	+99.4	
<b>Net financial debt</b> as of Jun 30, 2019 / Dec 31, 2018	<b>25,409</b>	<b>19,549</b> IFRS 16 effect: +4,272	+5,860	+30.0	<ul style="list-style-type: none"> <li>IFRS 16 effects and net funding need</li> </ul>
<b>Order book regional transport</b> (€ bn, as of Jun 30, 2019 / Dec 31, 2018)	<b>90.5</b>	<b>91.0</b>	-0.5	-0.5	<ul style="list-style-type: none"> <li>Decline due to services rendered</li> </ul>

# Strong development of DB Long-Distance and largest volume in infrastructure

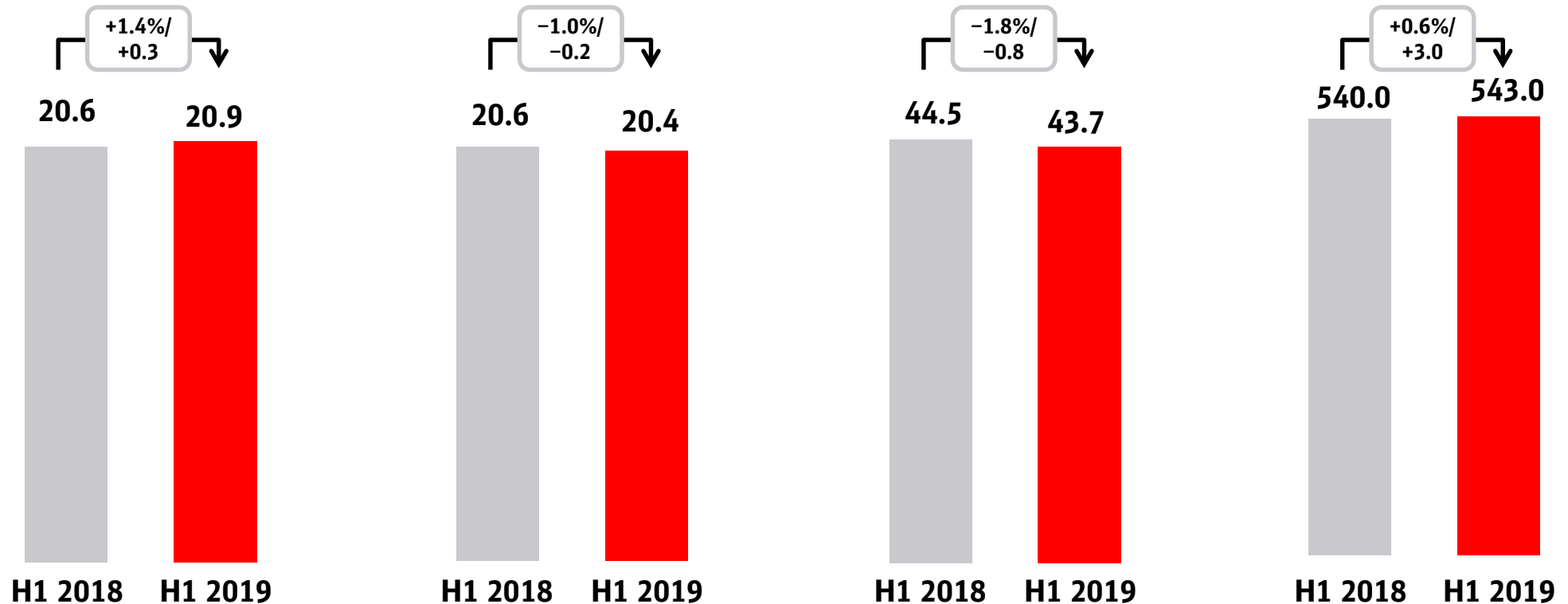
## Performance indicators – Integrated rail system

**DB Long-Distance**  
(bn pkm)

**Regional<sup>1)</sup>**  
(bn pkm)

**DB Cargo**  
(bn tkm)

**Infrastructure**  
(mn train-path km)



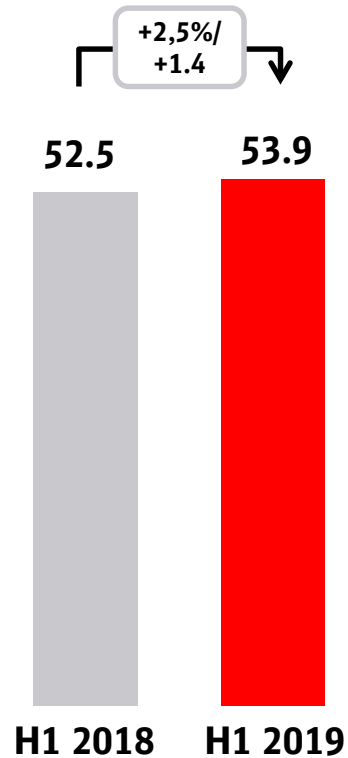
<sup>1)</sup> DB Regional and UBB Usedomer Bäderbahn GmbH.



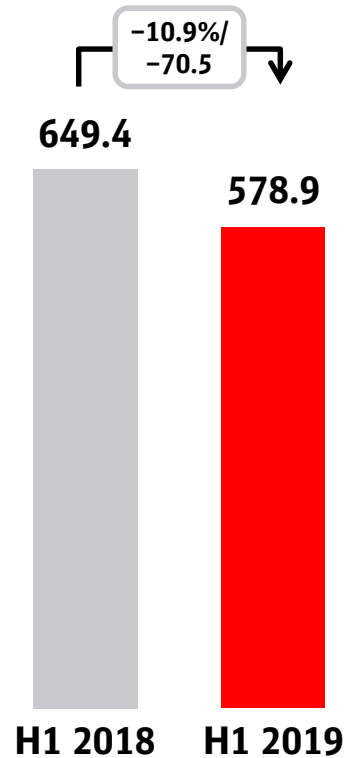
# Predominantly positive performance development in the freight forwarding and logistics business

## Performance indicators – DB Schenker

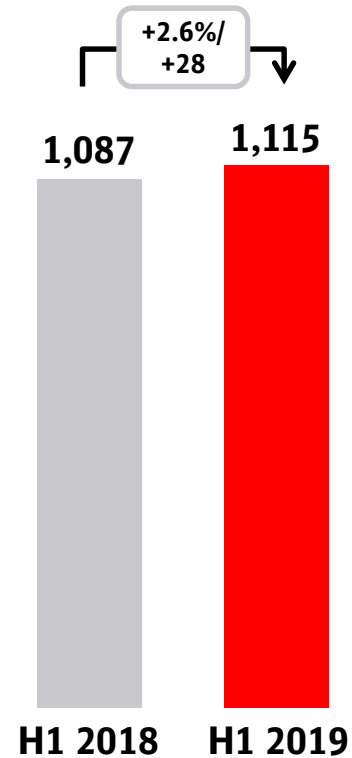
### Land transport (mn shipments)



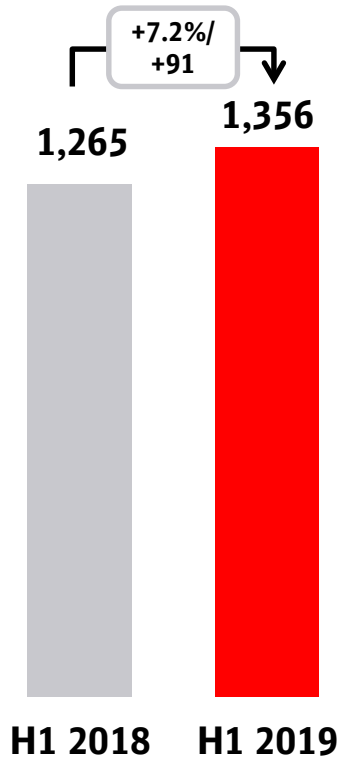
### Air freight (thousand t)



### Ocean freight (thousand TEU)



### Contract logistics (€ mn)



# Impact on key figures due to first-time implementation of IFRS 16 in H1 2019

## IFRS 16 effects on key figures in H1 2019

- DB Group implemented IFRS 16 as of January 1, 2019
- This is based on the modified retrospective method, meaning that IFRS 16 is used without including or adjusting previous reporting periods

### Balance sheet (IFRS 16 effects)

- Increase in property, plant and equipment and capital employed accordingly.
- Recognition of the lease liability in the balance sheet lead to a corresponding increase in financial debt (€ +4.3 billion as of Jun 30, 2019).

### Income statement (IFRS 16 effects)

- EBITDA increased significantly driven by the omitted operating lease expenses (€ +459 mn in H1 2019).
- EBIT increased only slightly driven by the interest share of the lease payments (€ +20 mn in H1 2019).

### Value management (IFRS 16 effects)

- ROCE deteriorated slightly (-0.3 percentage points as of Jun 30, 2019) to a permanently lower level due to the disproportional increase of capital employed compared to the EBIT.
- WACC is affected simultaneously and decreased as well. New ROCE target ( $\geq 7\%$ ) considered that already.
- Redemption coverage target adjusted as well ( $\geq 20\%$ ).

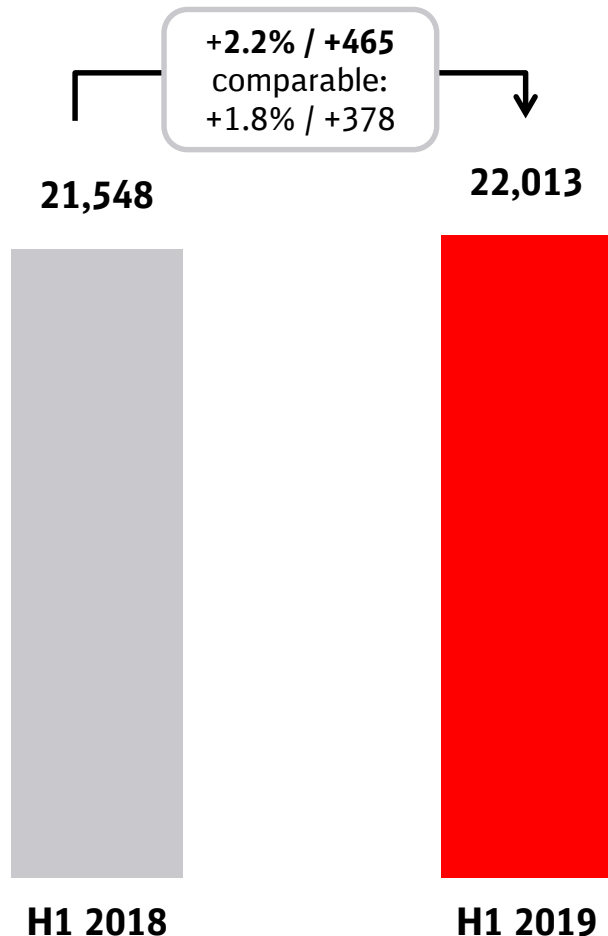
### Capex (IFRS 16 effects)

- Capex increased significantly (€ +444 mn in H1 2019).

# Positive revenue development



## Revenues (€ mn)



## Key impact factors

- ⊕ Increased performance (mainly DB Long-Distance and DB Schenker)
- ⊕ Price effects
- ⊖ Restrictions in rail services
- ⊖ Quality issues
- ⊖ Resource shortage

## External revenues by business units (€ mn)

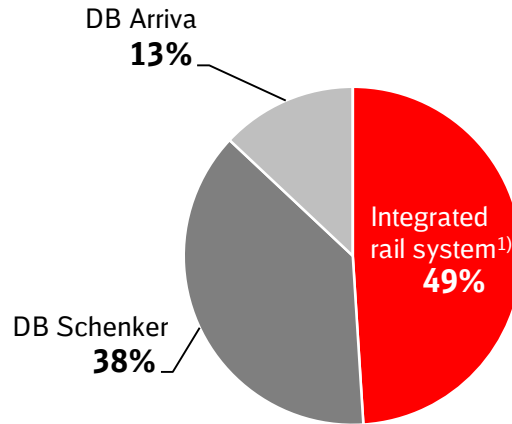
	H1 2019	H1 2018	+/- €	+/- %
DB Long-Distance	2,310	2,177	+133	+6.1
DB Regional	4,361	4,325	+36	+0.8
DB Arriva	2,687	2,702	-15	-0.6
DB Cargo	2,141	2,112	+29	+1.4
DB Schenker	8,491	8,301	+190	+2.3
DB Netze Track	812	754	+58	+7.7
DB Netze Stations	303	297	+6	+2.0
DB Netze Energy	640	628	+12	+1.9
Other	268	252	+16	+6.3
<b>DB Group</b>	<b>22,013</b>	<b>21,548</b>	<b>+465</b>	<b>+2.2</b>

# Stable revenue structure compared to H1 2018

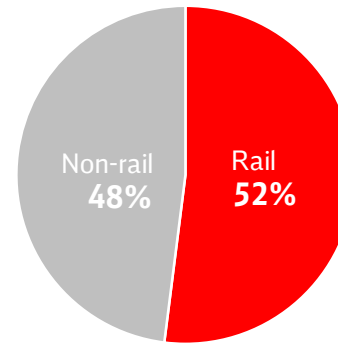


## By sectors

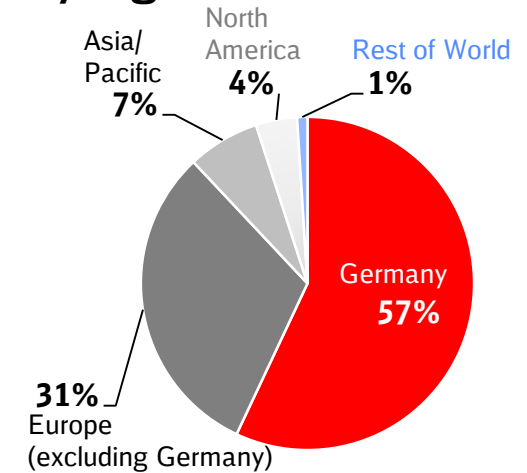
H1 2018



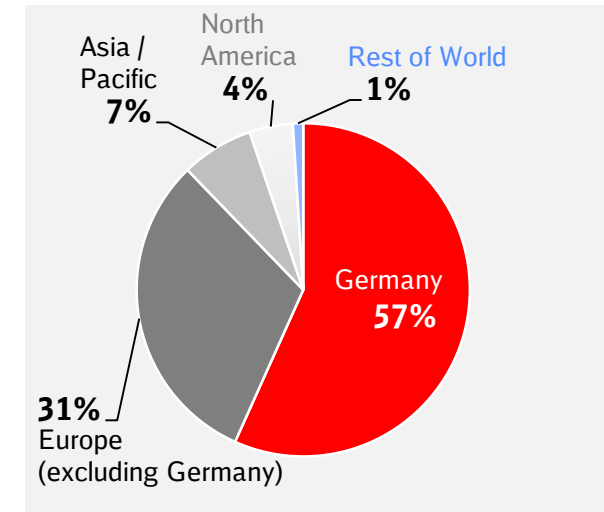
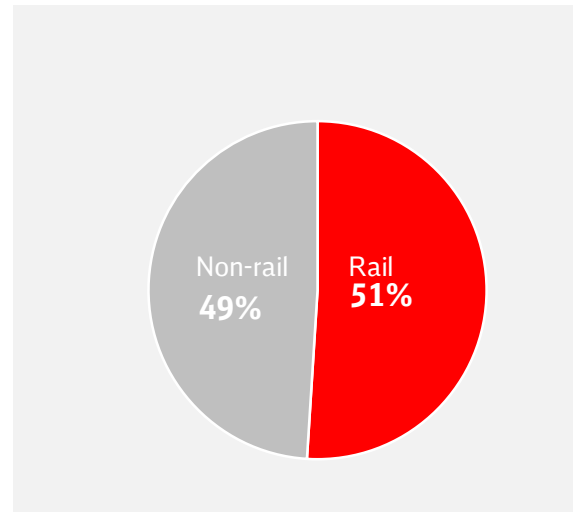
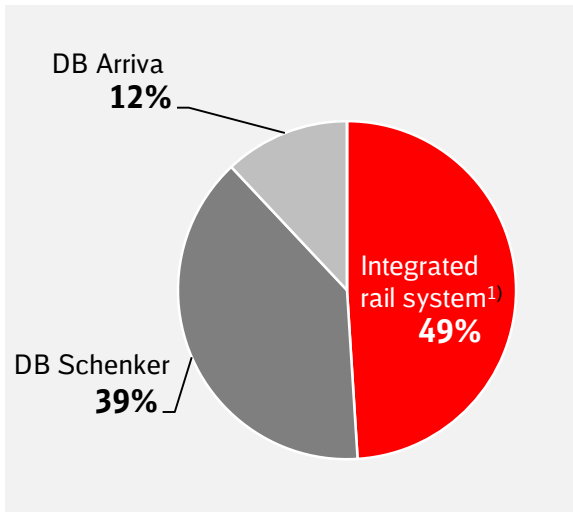
## By activities



## By regions



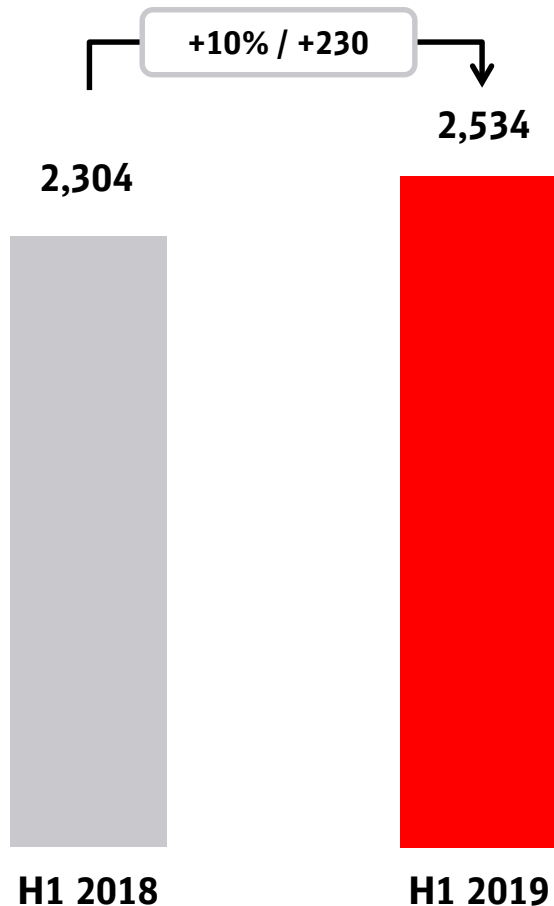
H1 2019



<sup>1)</sup> Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.

# EBITDA development impacted by IFRS 16 effects

## EBITDA adjusted (€ mn)



## Key impact factors

- ⊕ Volume development (mainly DB Long-Distance and DB Schenker)
- ⊕ IFRS 16 effects
- ⊕ Cost management
- ⊖ Quality and digitalization measures
- ⊖ Quality issues
- ⊖ Cost increases (personnel and energy)

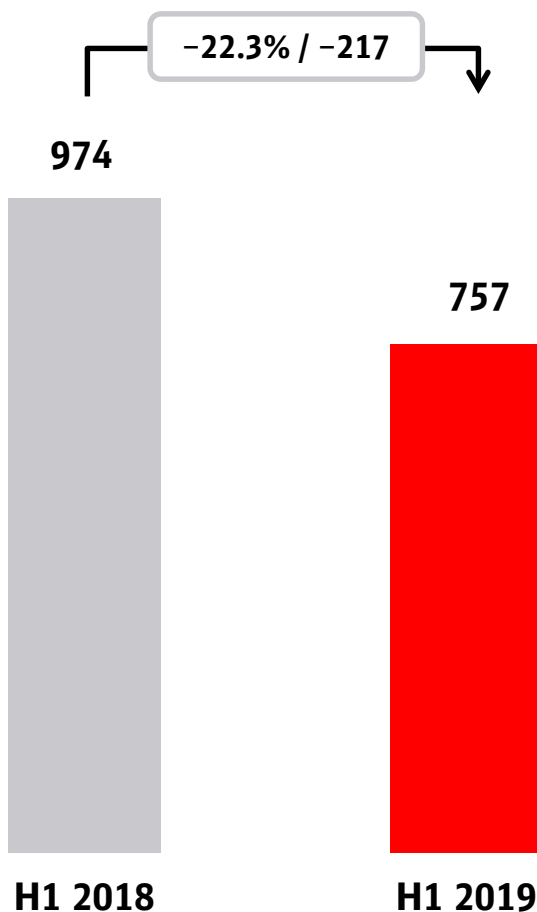
## EBITDA adjusted by business units (€ mn)

	H1 2019	H1 2018	+/- €	Thereof IFRS 16	+/- %
DB Long-Distance	367	328	+39	+1	+11.9
DB Regional	512	530	-18	+4	-3.4
DB Arriva	326	243	+83	+87	+34.2
DB Cargo	20	-1	+21	+42	-
DB Schenker	499	314	+185	+188	+58.9
DB Netze Track	708	815	-107	+2	-13.1
DB Netze Stations	201	228	-27	+7	-11.8
DB Netze Energy	65	47	+18	+10	+38.3
Other / Consolidation	-164	-200	+36	+118	-18.0
<b>DB Group</b>	<b>2,534</b>	<b>2,304</b>	<b>+230</b>	<b>+459</b>	<b>+10.0</b>



# Quality measures and additional cost strains impact EBIT development

## EBIT adjusted (€ mn)



## Key impact factors

- Increase in revenues
- Cost management
- Quality and digitalization measures
- Quality issues
- Cost increases (personnel and energy)

## EBIT adjusted by business units (€ mn)

	H1 2019	H1 2018	+/- €	Thereof IFRS 16	+/- %
DB Long-Distance	224	206	+18	+0	+8.7
DB Regional	186	214	-28	+0	-13.1
DB Arriva	101	106	-5	+3	-4.7
DB Cargo	-132	-127	-5	+3	+3.9
DB Schenker	238	216	+22	+8	+10.2
DB Netze Track	379	483	-104	+0	-21.5
DB Netze Stations	123	158	-35	-1	-22.2
DB Netze Energy	23	12	+11	+1	+91.7
Other / Consolidation	-385	-294	-91	+6	+31.0
<b>DB Group</b>	<b>757</b>	<b>974</b>	<b>-217</b>	<b>+20</b>	<b>-22.3</b>

# Higher operating expenses made impact on income statement



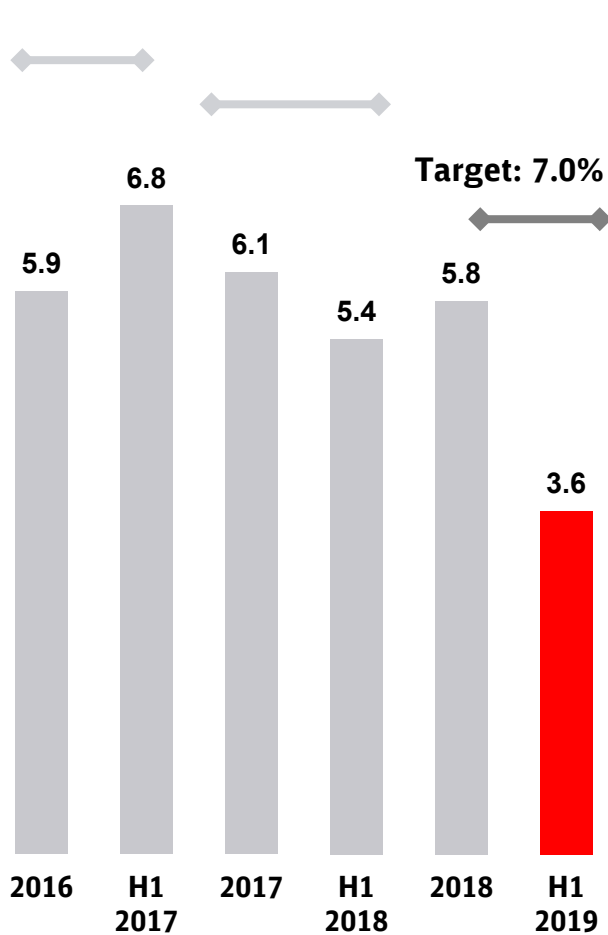
## Adjusted P&L (€ mn)

	H1 2019	H1 2018	+/- €	+/- %	Key impact factors
Revenues	22,013	21,548	+465	+2.2	<ul style="list-style-type: none"> <li>Revenue growth substantially due to price and performance factors.</li> <li>Operating expenses increased mainly due to additional expenses, for our measures to improve quality and digitalization, additional employees and wage increases.</li> <li>IFRS16 effects lowered other operating expenses and increased depreciation.</li> </ul>
Total income	24,619	24,198	+421	+1.7	
Cost of materials	-10,876	-10,743	-133	+1.2	
Personnel expenses	-8,902	-8,423	-479	+5.7	
Other operating expenses	-2,307	-2,728	+421	-15.4	
<b>EBITDA adjusted</b>	<b>2,534</b>	<b>2,304</b>	<b>+230</b>	<b>+10.0</b>	
Depreciation	-1,777	-1,330	-447	+33.6	
<b>EBIT adjusted</b>	<b>757</b>	<b>974</b>	<b>-217</b>	<b>-22.3</b>	
Financial result	-383	-350	-33	+9.4	
Extraordinary results	-97	-64	-33	+51.6	
<b>Profit before taxes</b>	<b>277</b>	<b>560</b>	<b>-283</b>	<b>-50.5</b>	
Taxes on income	-72	2	-74	-	
<b>Net profit</b>	<b>205</b>	<b>562</b>	<b>-357</b>	<b>-63.5</b>	

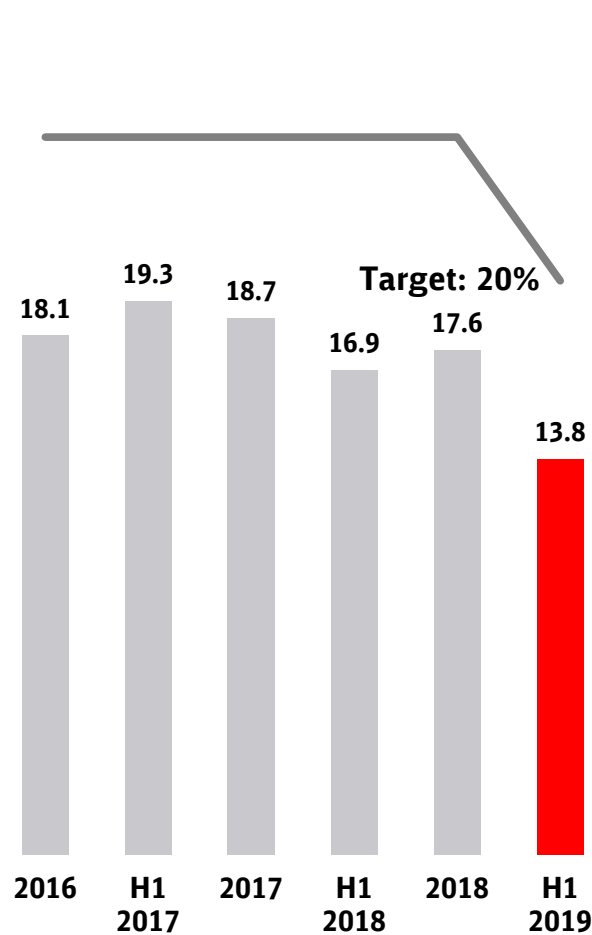
# Key value management figures impacted by operating profit and net debt development as well as IFRS 16 effects



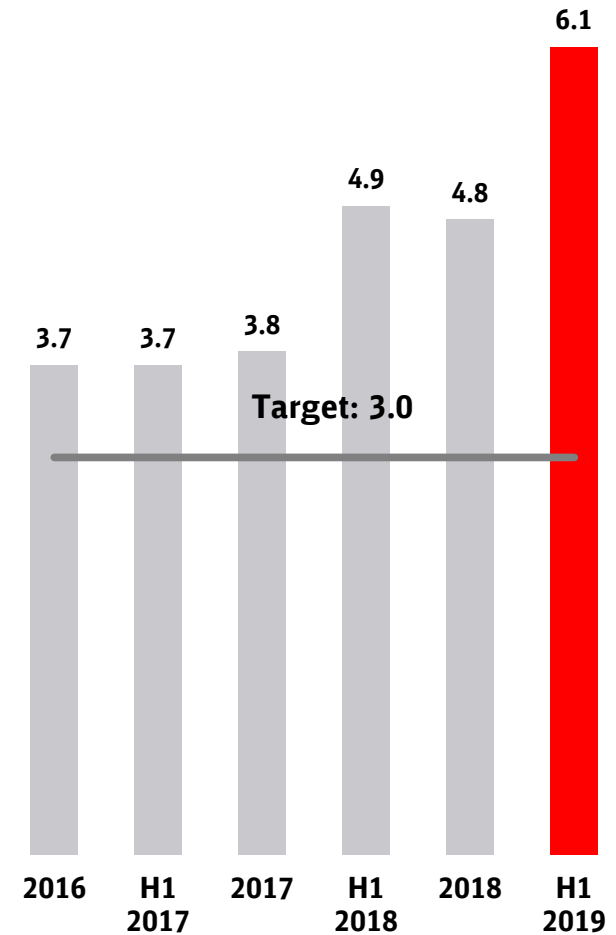
**ROCE**  
(%)



**Redemption coverage**  
(%)



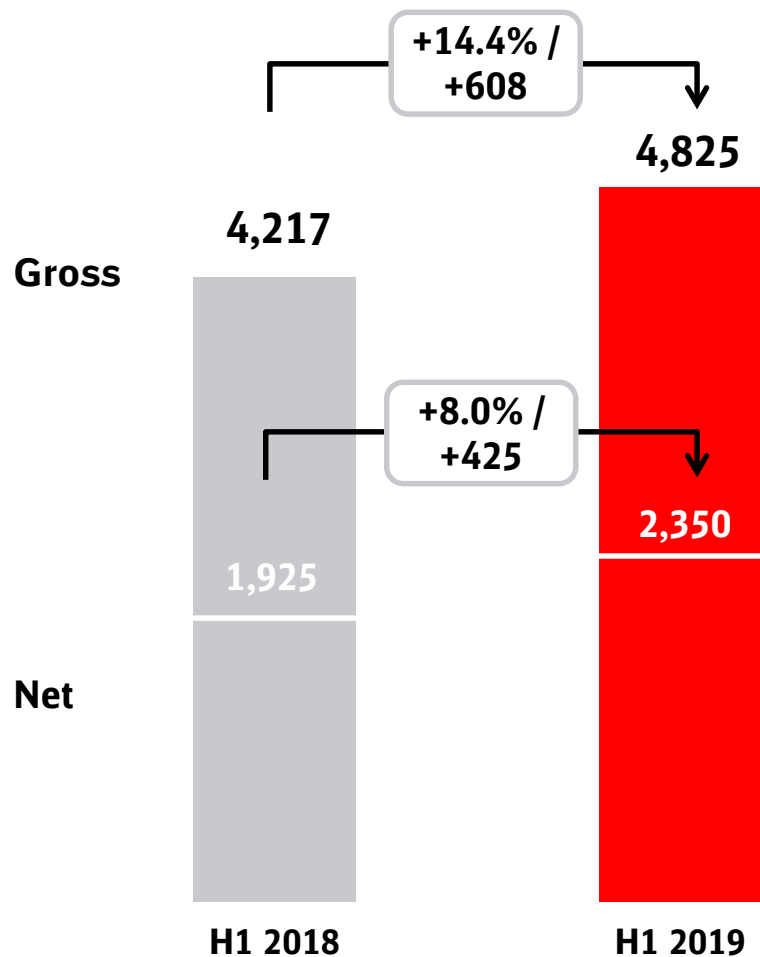
**Net debt/EBITDA**  
(multiple)



# Capex increase due to higher infrastructure grants and inclusion of leasing (IFRS 16)



## Capital expenditures (€ mn)

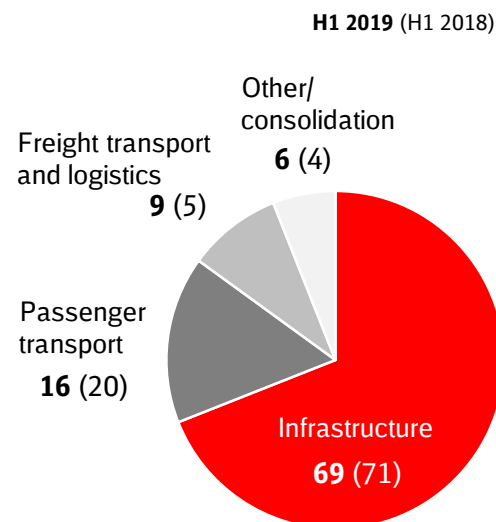


## Key impact factors

- Higher infrastructure capex
- IFRS 16 effects (not cash effective)

## Gross capex split (%)

### By sectors



### By regions



# Increased capex mainly at Infrastructure business units as well as at DB Arriva and DB Schenker due to IFRS 16 effects



## Capital expenditures

(€ mn)

## Gross capex

## Net capex

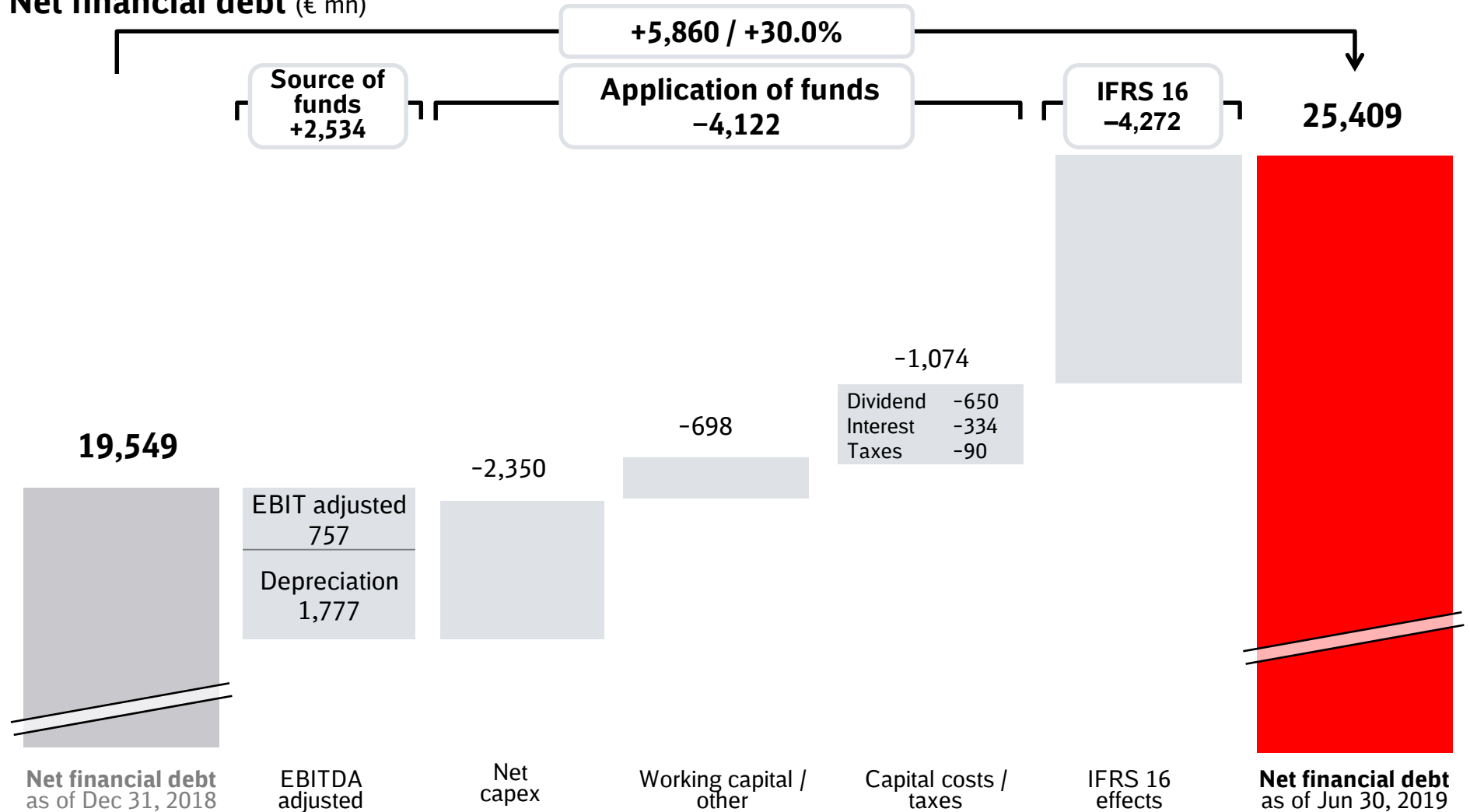
	H1 2019	H1 2018	+/- €	+/- %	H1 2019	H1 2018	+/- €	Thereof IFRS 16	+/- %
DB Long-Distance	169	380	-211	-55.5	169	380	-211	+1	-55.5
DB Regional	273	299	-26	-8.7	269	294	-25	+0	-8.5
DB Arriva	323	153	+170	+111	316	153	+163	+159	+107
DB Cargo	163	140	+23	+16.4	163	139	+24	+15	+17.3
DB Schenker	261	78	+183	–	261	78	+183	+154	–
DB Netze Track	2,875	2,634	+241	+9.1	636	545	-91	+1	-16.7
DB Netze Stations	397	291	+106	+36.4	216	138	+78	+1	+56.5
DB Netze Energy	67	81	-14	-17.3	23	40	-17	–	-42.5
Other/Consolidation	297	161	+136	+84.5	297	158	+139	+113	+88.0
<b>DB Group</b>	<b>4,825</b>	<b>4,217</b>	<b>+608</b>	<b>+14.4</b>	<b>2,350</b>	<b>1,925</b>	<b>+425</b>	<b>+425</b>	<b>+22.1</b>




# Net financial debt increased further due to high level of net capex and IFRS 16 effects



## Net financial debt (€ mn)



# Balance sheet without major changes except IFRS 16 effects

 (€ mn, as of Jun 30 / Dec 31)

## Assets

### Non-current assets

Property, plant and equipment	45,326	40,757	+4,569	+11.2
Intangible assets	3,751	3,730	+21	0.6
Deferred tax assets	1,145	1,032	+113	-10.9

### Current assets

Trade receivables	5,015	4,962	+53	+1.1
Cash and cash equivalents	3,663	3,544	+119	+3.4

## Equity and liabilities

### Equity

### Non-current liabilities

Financial debt	24,449	20,626	+3,823	+18.5
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### Current liabilities

Financial debt	4,871	2,618	+2,253	+86.1
Trade liabilities	5,145	5,491	-346	-6.3

<b>Total assets</b>	<b>63,790</b>	<b>58,527</b>	<b>+5,262</b>	<b>+9.0</b>
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 **Maturity structure**

## Assets

Non-current assets  
(80%, 2018: 80%)

Current assets  
(20%, 2018: 20%)

**Total** € 63.8 bn

## Equity and liabilities

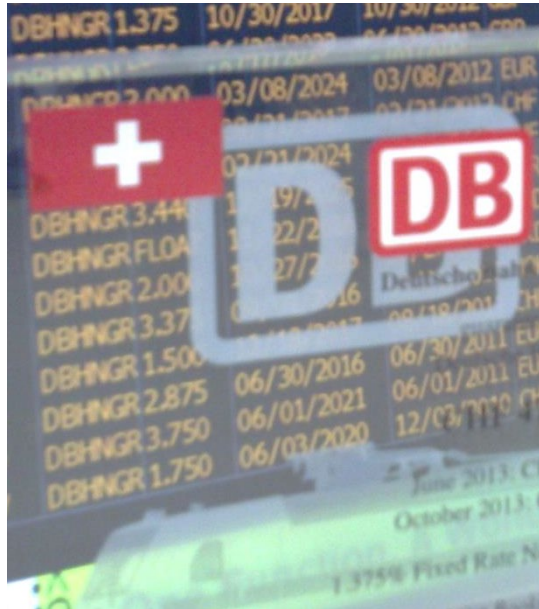
Equity  
(20%, 2018: 23%)








Non-current liabilities  
(52%, 2018: 50%)

Current liabilities  
(28%, 2018: 27%)

**Total** € 63.8 bn

# Seven bond transactions in 2019 so far with total volume of € 2.0 bn



#	Issue date	Volume (€ mn)	Currency	Term (years)	Interest all in € (%)	Credit spread (%)
1	Jan 09	1.000	EUR 	9.9	1.23	0.430
2	Feb 05	341	GBP 	7.0	0.74 <sup>1)</sup>	0.340
3	Feb 07 <sup>2)</sup>	103	NOK 	15.0	1.48 <sup>1)</sup>	0.461
4	May 22	310	CHF 	10.0	0.67 <sup>1)</sup>	0.227
5	May 22	133	CHF 	15.0	1.15 <sup>1)</sup>	0.361
6	May 28 <sup>2)</sup>	47	SEK 	20.0	1.42 <sup>1)</sup>	0.537
7	May 29 <sup>2)</sup>	71	AUD 	10.0	0.62 <sup>1)</sup>	0.250
<b>Total</b>		<b>2.005</b>		<b>Ø 10.3<sup>3)</sup></b>	<b>Ø 1.05<sup>3)</sup></b>	<b>Ø 0.376<sup>3)</sup></b>

<sup>1)</sup> Swapped in EUR. <sup>2)</sup> Private Placement. <sup>3)</sup> Volume weighted average.

- Total issue volume until mid July 2019: € 2,005 mn
- Remarks:
  - NOK bond (February): private placement
  - CHF bond (May): dual tranche issue to address different investor groups
  - SEK bond (May): private placement
  - AUD bond (May): private placement

# Overview credit and sustainability ratings and financing activities

## Credit ratings

(as of Jul 25, 2019)

- Moody's: Aa1 / stable
- S&P: AA- / stable

## Sustainability ratings

(as of Jul 25, 2019)

- ISS-oekom: B- (prime status)
- MSCI: A
- CDP: A (best grade)
- ecoVadis: Silver status

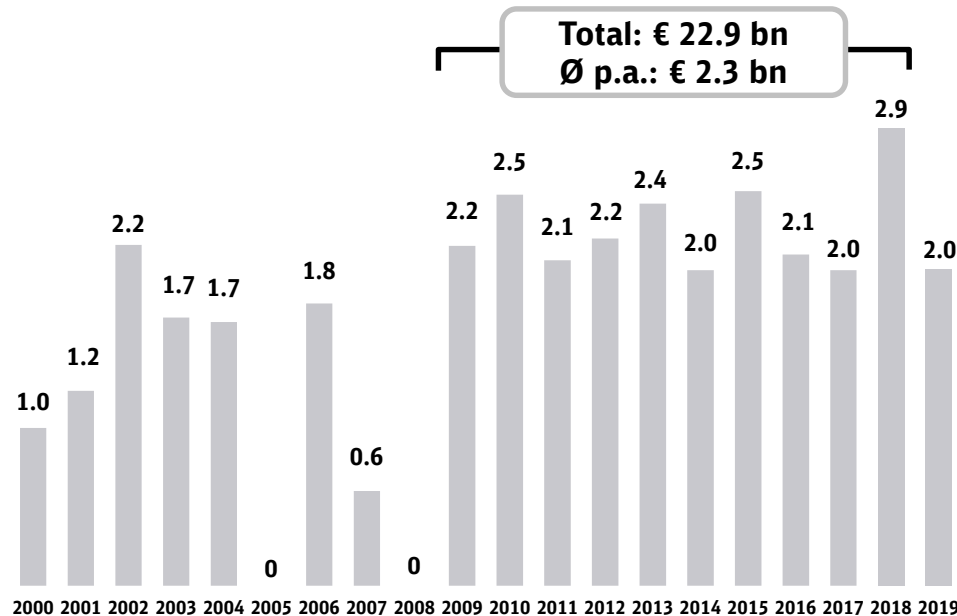
## Financing programs

(as of Jul 25, 2019)

- European Medium Term Notes program (EMTN; volume: € 25 bn)
- Australian Debt Issuance program (Kangaroo program; volume: AUD 5 bn)
- Commercial Paper program (CP; volume: € 2 bn)

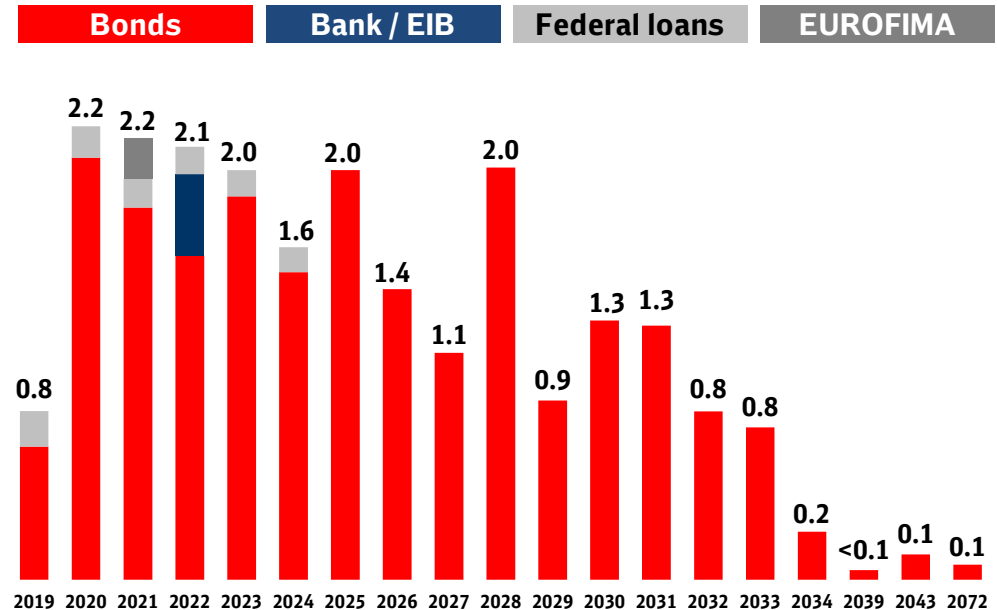
## Bond issues

(€ bn; as of Jun 30, 2019)




## Maturity profile financial debt (excl. leasing)

(as of Jun 30, 2019; € bn; incl. Swaps)



# Outlook for 2019 Financial Year confirmed



 <b>Outlook</b> (€ bn)	2018	2019 (March forecast)	2019 (July forecast)
<b>Revenues adjusted</b>	<b>44.0</b>	<b>&gt;45</b>	<b>&gt;45</b>
<b>EBIT adjusted</b>	<b>2.1</b>	<b>≥ 1.9</b>	<b>≥ 1.9</b>
<b>Net profit for the year</b>	<b>0.5</b>	<b>&gt;0.5</b>	<b>&gt;0.5</b>
<b>ROCE (%)</b>	<b>5.8</b>	<b>~ 4.4</b>	<b>~ 4.4</b>
<b>Redemption coverage (%)</b>	<b>17.6</b>	<b>~17</b>	<b>~ 16</b>
<b>Gross capital expenditures</b>	<b>11.2</b>	<b>&gt; 13</b>	<b>&gt; 13</b>
<b>Net capital expenditures</b>	<b>4.0</b>	<b>&gt; 5.5</b>	<b>&gt; 5.5</b>
<b>Maturities</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>
<b>Bond issues</b>	<b>2.9</b>	<b>≤ 3</b>	<b>≤ 3</b>
<b>Net liquidity</b> as of Dec 31	<b>3.5</b>	<b>~ 3</b>	<b>~ 3</b>
<b>Net financial debt</b> as of Dec 31	<b>23.7</b>	<b>~ 24.4</b>	<b>~ 24.4</b>

- Ongoing growth driven by volume and price effects
- Cost increases and additional expenses for quality and digitalization
- Expected decline in adjusted EBIT along with increase in capital employed due to IFRS 16
- Lowered to due to higher pension obligations
- Increase due to ongoing quality and capex initiatives
- Mainly refinancing of liabilities via capital markets
- Short- and medium-term liquidity remains secured
- Net financial debt will rise due to high capex levels



# Contact details and further information



Investor Relations:  
[db.de/ir-e](https://www.db.de/ir-e)



Contact Investor Relations:  
[db.de/ir-contact](https://www.db.de/ir-contact)



Rating:  
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Integrated Report:  
[db.de/ib-e](https://www.db.de/ib-e)



Integrated Interim Report:  
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