

## ISSUER PROFILE

16 December 2020



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## Deutsche Bahn AG

### Key Facts and Statistics - LTM June 2020

#### Company overview

Deutsche Bahn AG (DB) is a mobility and logistics group that also owns and operates the German national rail infrastructure network. As a vertically integrated group, DB operates long-distance and regional passenger transport in Germany, provides passenger transport services in 14 European countries (excluding Germany) through its subsidiary DB Arriva, and provides freight transport and logistics services through its subsidiaries DB Cargo and DB Schenker. It also manages railway stations and other rail infrastructure in Germany.

DB operates in more than 130 countries worldwide. In the last 12 months ended 30 June 2020 (LTM June 2020), it reported revenue of €42.4 billion (as adjusted by Moody's).

Since the second stage of the German rail reform came into effect in 1999, DB has acted as a management holding company for DB Group. In particular, it has exercised full ownership and control over its Passenger Transport, Freight Transport and Logistics, and Infrastructure divisions. The company is wholly owned by the Federal Republic of Germany.

Sources: Company report (integrated report Dec 2019), company data, Moody's Investors Service research and Moody's Financial Metrics

## Business description

DB is a vertically integrated mobility and logistics group based in Berlin. The company combines the rail infrastructure, and the passenger and freight transport services in Germany under its holding umbrella.

DB operates long-distance and regional passenger railway services in Germany, provides passenger transport services in 14 European countries outside of Germany through its subsidiary DB Arriva and provides rail freight transport services in Europe through its subsidiary DB Cargo. It also provides European land transport, air and ocean freight transport as well as logistics services through its subsidiary DB Schenker, and manages railway stations and other rail infrastructure in Germany.

Incorporated as a joint-stock company in 1994, DB is wholly owned by the Federal Republic of Germany. As a private joint-stock company, it is an independent legal entity with its own rights and obligations, and is subject to the same bankruptcy regime as any other limited liability company in Germany. Since the second stage of the German rail reform came into effect in 1999, DB has acted as a management holding company for DB Group, with full ownership and control over its Passenger Transport, Freight Transport and Logistics, and Infrastructure divisions.

In 2002, the company acquired Stinnes AG (Stinnes), a global transport and logistics group, for about €2.5 billion. In 2003, DB's Transport and Logistics division was formed, following the full integration of the freight forwarding and logistics activities of Stinnes (including the DB Schenker business unit but excluding Stinnes' other operations, Brenntag AG and Interfer, which were sold in 2004).

In January 2006, the company bought BAX Global Inc., to strengthen its position as an international logistics service provider in key growth markets in the Asia Pacific region, in China and in the US.

In 2008, DB temporarily changed its legal structure and established DB Mobility Logistics AG (DB ML AG) as sub-holding company under the DB umbrella to prepare the DB ML AG for a possible initial public offering. However, due to adverse financial market conditions, the plan was postponed. Also in 2008, the company entered the UK rail passenger transport market by acquiring Laing Rail Ltd.. In 2011, the group concluded the acquisition of Arriva plc, which strengthened the group's presence in the regional bus and/or rail transport business outside of Germany.

In 2015, DB initiated a restructuring of its operations and simplified its brand architecture. In particular, it focused on the quality of services and the punctuality of rail transport. As part of the restructuring, the group's Supervisory Board decided to dissolve the two-tier holding structure of DB AG and DB Mobility Logistics AG. In the second half of 2016, DB Mobility Logistics AG was merged with DB AG, with retroactive effect from 1 January 2016.

DB currently operates through the following eight business units: DB Long-Distance; DB Regional; DB Arriva; DB Cargo; DB Schenker; DB Netze Track; DB Netze Stations; DB Netze Energy; and also includes Subsidiaries/Other.

**DB Long-Distance:** This business unit provides national and cross-border long-distance rail services. As of 31 December 2019, it operated 1,455 trains per day, 289 Intercity Express (ICE) trains, 1,449 passenger cars and 243 locomotives. In the half year ended 30 June 2020 (H1 June 2020), this business unit accounted for 6.0%<sup>1</sup> of the company's revenue.

**DB Regional:** This business unit operates German regional rail and bus passenger transport services, including the Berlin and Hamburg S-Bahn (metro) systems. As of 31 December 2019, this business unit operated 21,977 trains per day, 11,261 rail cars, 11,520 buses, 2,738 coaches, 4,067 multiple units and 776 locomotives. In H1 June 2020, this business unit accounted for 15.0% of the company's revenue.

**DB Arriva:** This business unit has provided regional rail and bus passenger transport services in several European countries since 1 January 2011, when DB Arriva became part of Deutsche Bahn. As of 31 December 2019, it operated 3,435 rail cars, 16,390 buses, 80 coaches, 1,183 multiple units and 18 locomotives. In H1 June 2020, this business unit accounted for 8.3% of the company's revenue.

Deutsche Bahn plans to divest the activities of DB Arriva.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

**DB Cargo:** This business unit pools the European activities for rail transport in freight transport services. It operates primarily in Germany, Denmark, the Netherlands, Italy, the UK, France, Poland and Spain. As of 31 December 2019, it operated 2,732 trains per day, 2,680 locomotives and 82,685 freight cars, transported 232.0 million tonnes of freight, and reported a load capacity of 5,464 thousand tonnes. In H1 June 2020, this business unit accounted for 7.9% of the Group's company's revenue.

**DB Schenker:** This business unit provides the group's logistics activities worldwide, including European land transport, air freight, ocean freight and contract logistics. In 2019, the business unit transported approximately 107 million shipments through its European land transport network, and exported 1,186 thousand tonnes of air freight and 2,294 thousand tonnes of ocean freight. During the same period, this business unit maintained warehouse space contract logistics of 8.4 million square meters. In H1 June 2020, it accounted for 34.0% of the company's revenue.

**DB Netze Track:** This business unit is responsible for installing, maintaining and operating the complete track-related rail infrastructure in Germany. As of 31 December 2019, this business unit operated a line of 33,423 kilometres and also operated 66,071 switches and crossings, 13,736 level crossings and 2,562 interlockings. In H1 June 2020, it accounted for 11.0% of the company's revenue.

**DB Netze Stations:** This business unit comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany. As of 31 December 2019, it operated 5,679 stations. In 2019, this business unit reported 156.4 million station stops. In H1 June 2020, it accounted for 2.6% of the company's revenue.

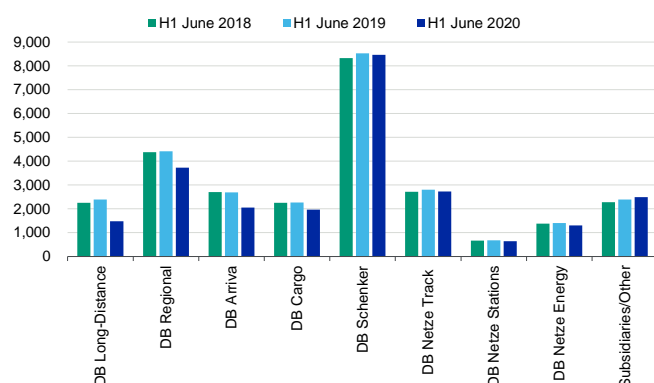
**DB Netze Energy:** This business unit offers all of the conventional industry energy products in Germany in the field of traction energy and stationary energy. As of 31 December 2019, it operated 7,936 km of traction supply system and 177 train preheating plants. In 2019, this business unit reported 7,986 GWh of traction power, 14,932 GWh of stationary energy and consumed about 410.6 million litres of diesel fuel. In H1 June 2020, it accounted for 5.2% of the company's revenue.

**Subsidiaries/Other:** This business unit provides management, financing and other services through DB AG, as management holding company of DB Group. It also includes other subsidiaries and remaining activities. In H1 June 2020, this business unit accounted for 10.0% of the company's revenue.

Sources: Company reports (interim report June 2020, annual report Dec 2019, Dec 2018, Dec 2017, Dec 2016, Dec 2015, Dec 2010, Dec 2008 and Dec 2002), company data and Moody's Investors Service research

Exhibit 1

#### Revenue by business unit (in € Million)

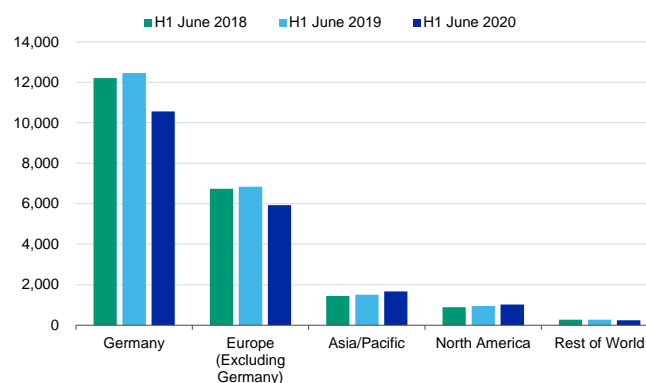


Excluding consolidation and reconciliation.

Source: Company reports (interim report January - June 2020 and interim report January - June 2019)

Exhibit 2

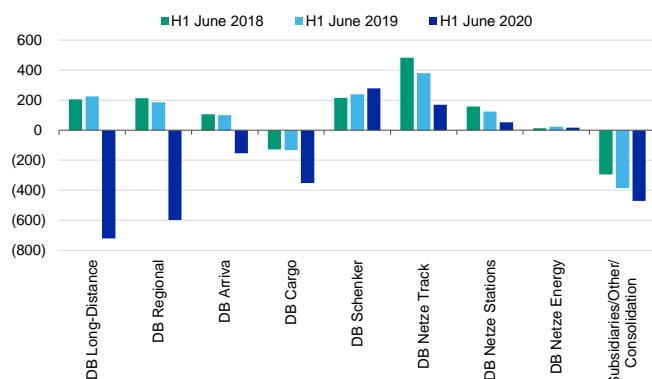
#### External revenue by geography (in € Million)



Source: Company reports (interim report January - June 2020 and interim report January - June 2019)

Exhibit 3

### Operating profit by business unit (in € Million)



Excluding consolidation and reconciliation.

Source: Company reports (interim report January - June 2020 and interim report January - June 2019)

## Management strategy

DB Group focuses on its 'Strong Rail' strategy, through which it aims among others to double patronage and make a major contribution towards meeting Germany's climate goals. The new strategy focuses on providing a larger framework and stands in line with Germany's transport and climate policy targets.

The ten core pillars of the group's new strategy focuses on:

- » **Meeting Germany's climate targets through strong rail:** In line with this initiative and in order to reduce emissions, the group plans to achieve 100% of traction current from green energy sources by 2038 ahead of the earlier planned completion by 2050.
- » **Focusing on core business:** The group will regularly assess its shareholdings based on their contribution to 'Strong Rail'. Moreover, the group aims to divest its shareholdings in DB Arriva which has little strategic relevance to building a strong rail network in Germany.
- » **Doubling patronage in long distance transport:** The group aims to implement long distance transport to double its number of passengers to over 260 million per year among other by increasing frequencies of its trains and addition of more direct connections. This initiative will also help over 30 major cities to benefit from twice-hourly connections between cities in Germany.
- » **Adding one billion new regional and local passengers:** The group plans to add one billion regional and local rail passengers by strengthening its local rail services and integrating new forms of mobility. Additionally, the group will also be deploying smart services for transport in cities and particularly in rural regions.
- » **Raising DB Cargo's volumes sold in Germany by 70%:** The group intends to increase the rail freight transport traffic volume in Germany by 70%. In line with this initiative, the group will add 300 new locomotives to its fleet. Accordingly, the company targets to drive the increase of the market share of rail freight transport sector in Germany to 25% from the 18% in 2018. Moreover, the company is also working with policymakers to find an economically viable, sustainable solution for single freight car transport, by investing in modernization and making it easier for customers to access the rail network.
- » **Collaborating and working with the German government to expand rail network capacity by 30%:** DB intends to add 350 million train-path kilometers to the German rail network by upgrading its system, utilizing technological innovation and digitalization, and through more efficient use of existing capacity.
- » **Entering into a new era with 'Digital Rail for Germany':** DB through its 'Digital Rail for Germany' program aims to improve and enhance the capacity, quality, reliability and efficiency of its rail operations in the country.

- » **Transforming stations to hubs for state-of-the-art mobility:** DB plans to transform its stations to hubs of multimodal mobility, by strengthening the station capacity to host up to 40 million passengers per day and creating seamless transitions between rail travel and travel by bike or bus or using mobility services such as car-sharing and e-scooters.
- » **Modernization of the long-distance fleet by 120 new trains.**
- » **Increasing the number of trains and connections:** DB aims to increase the seating capacity of its ICE fleets by up to 100% by bringing the total number of ICE trains in its long distance fleet up to 600, by investing in new high-speed trains. Additionally, the group intends to increase access to the long distance network by German population to 80%, by linking more small and medium-sized cities with connections at least once every two hours.

### Impacts of Coronavirus

Following the outbreak of coronavirus pandemic, the company witnessed a significant decline in revenues driven mainly due to the reduction in demand for passenger transport. The business units of the integrated rail system saw a notable drop in operating profits due to the collapse in demand caused by the lock down restrictions and ongoing uncertainties due to the coronavirus pandemic. Additionally, expenses for employees, capacity and quality measures also had a negative impact on the operating profit of the company.

In order to mitigate the impact of the coronavirus on the company's revenue, the company is undertaking certain cost-saving initiatives (including hiring restrictions in overhead, reduction in variable compensations, material costs and marketing savings, among others). With these measures, the company aims to achieve over €4 billion cost savings by 2024.

*Sources: Company reports (integrated interim report June 2020 and investor update July 2020, integrated report Dec 2019) and company data*

## Financial highlights

### Overview

Company Type:	Public (wholly owned by Government of Germany)
Fiscal Year End:	31 December
Auditor:	PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Note: The financials presented below have been adjusted for Moody's analytic purposes. To see how adjustments have been made, please see [Moody's Financial Metrics](#), a fundamental financial data and analytics platform that offers insight into the drivers of Moody's Corporate ratings.

Exhibit 4

### Selected adjusted financial data

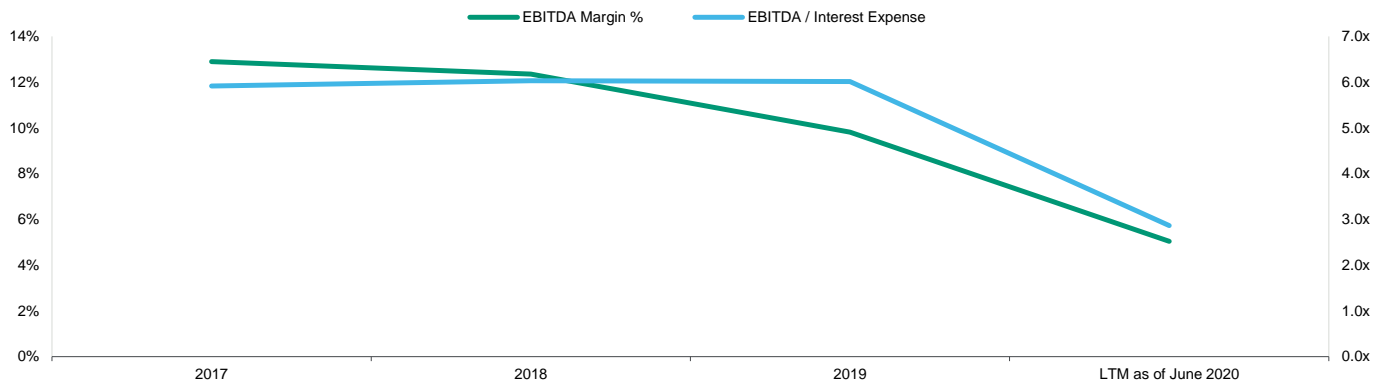
#### Deutsche Bahn AG

(in € Million)	LTM as of 30-Jun-20	31-Dec-19	31-Dec-18	31-Dec-17
<b>INCOME STATEMENT</b>				
Revenue/Sales	42,439	45,041	44,698	43,355
EBITDA	2,140	4,423	5,519	5,592
EBIT	(3,114)	735	1,193	1,093
Interest Expense	747	735	915	946
Net Income	(3,697)	185	(85)	185
<b>BALANCE SHEET</b>				
Cash & Cash Equivalents	3,696	3,993	3,544	3,397
Current Assets	13,221	13,141	12,379	11,186
Net Property, Plant & Equipment (PP&E)	46,710	46,591	46,163	44,918
Total Assets	65,019	66,354	64,457	62,121
Current Liabilities	18,472	18,081	17,033	15,982
Total Debt	38,294	35,572	33,997	31,701
Total Liabilities	56,317	52,581	51,022	48,048
Shareholders' Equity	8,703	13,774	13,435	14,073
<b>CASH FLOW</b>				
Funds from Operations (FFO)	3,563	5,458	6,057	6,496
Cash Flow from Operations (CFO)	1,980	3,603	4,834	3,896
Capital Expenditures (CAPEX)	(5,745)	(5,242)	(5,684)	(5,482)
Cash from Investing Activities	(5,385)	(4,807)	(5,280)	(5,188)
Dividends	(657)	(662)	(463)	(612)
Retained Cash Flow (RCF)	2,906	4,796	5,594	5,884
Share Repurchases	-	-	-	-
Cash from Financing Activities	3,459	1,622	598	291

LTM = last 12 months.

Source: Moody's Financial Metrics

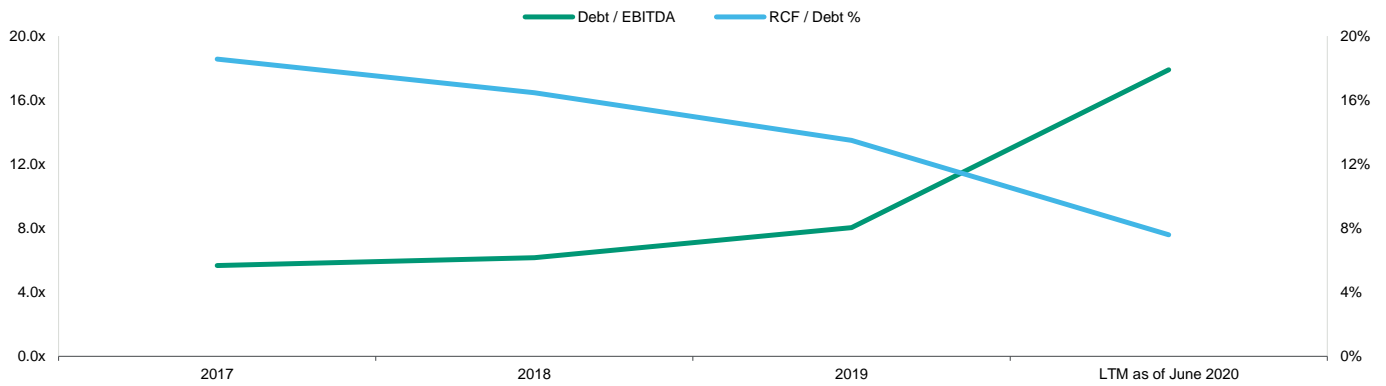
Exhibit 5

**EBITDA margin and EBITDA/Interest expense (Adjusted)**

As of 30 June 2020.

Source: Moody's Financial Metrics

Exhibit 6

**Debt/EBITDA and RCF/Debt (Adjusted)**

As of 30 June 2020.

Source: Moody's Financial Metrics

## Capital structure and debt maturity

Note: The financials presented below have been adjusted for Moody's analytic purposes. To see how adjustments have been made, please see [Moody's Financial Metrics](#), a fundamental financial data and analytics platform that offers insight into the drivers of Moody's Corporate ratings.

Exhibit 7

### Capital structure

Deutsche Bahn AG

(in € Million)	30-Jun-20	31-Dec-19	31-Dec-18	31-Dec-17
<b>SHORT- TERM DEBT</b>				
Short-Term Debt	1,868	1,094	196	58
Current Portion of Long-Term Debt	3,144	3,622	2,422	2,302
Total Short-Term Debt	5,012	4,716	2,618	2,360
<b>LONG-TERM DEBT</b>				
Equipment Trust	-	-	-	-
Secured Debt	200	200	200	200
Senior Debt	24,904	22,307	22,241	21,265
Subordinated Debt	-	-	-	-
Financial Liabilities - Non-Current	82	77	45	52
Capitalized Leases	4,357	5,015	562	501
<b>Gross Long-Term Debt</b>	<b>29,543</b>	<b>27,599</b>	<b>23,048</b>	<b>22,018</b>
Less Current Maturities	(3,144)	(3,622)	(2,422)	(2,302)
<b>Net Long-Term Debt</b>	<b>26,399</b>	<b>23,977</b>	<b>20,626</b>	<b>19,716</b>
<b>Total Debt</b>	<b>31,411</b>	<b>28,693</b>	<b>23,244</b>	<b>22,076</b>
<b>Total Adjusted Debt</b>	<b>38,294</b>	<b>35,572</b>	<b>33,997</b>	<b>31,701</b>
<b>SHAREHOLDERS' EQUITY</b>				
Preferred Stock	2,005	1,997	-	-
Common Stock & Paid-In Capital	4,854	5,456	6,208	6,972
Retained Earnings	2,822	7,225	7,211	7,110
Accumulated Other Comprehensive Income	24	94	16	(9)
<b>Total Equity</b>	<b>9,705</b>	<b>14,772</b>	<b>13,435</b>	<b>14,073</b>
<b>Total Adjusted Equity</b>	<b>8,703</b>	<b>13,774</b>	<b>13,435</b>	<b>14,073</b>
<b>Adjusted Book Capitalization</b>	<b>47,290</b>	<b>49,663</b>	<b>47,741</b>	<b>46,060</b>
<b>Adjusted Market Capitalization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted Debt/Adjusted Book Capital (%)</b>	<b>80.98</b>	<b>71.63</b>	<b>71.21</b>	<b>68.83</b>
<b>Holding Company Debt/Total Debt (%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Secured Debt/Total Debt (%)</b>	<b>0.64</b>	<b>0.70</b>	<b>0.86</b>	<b>0.91</b>

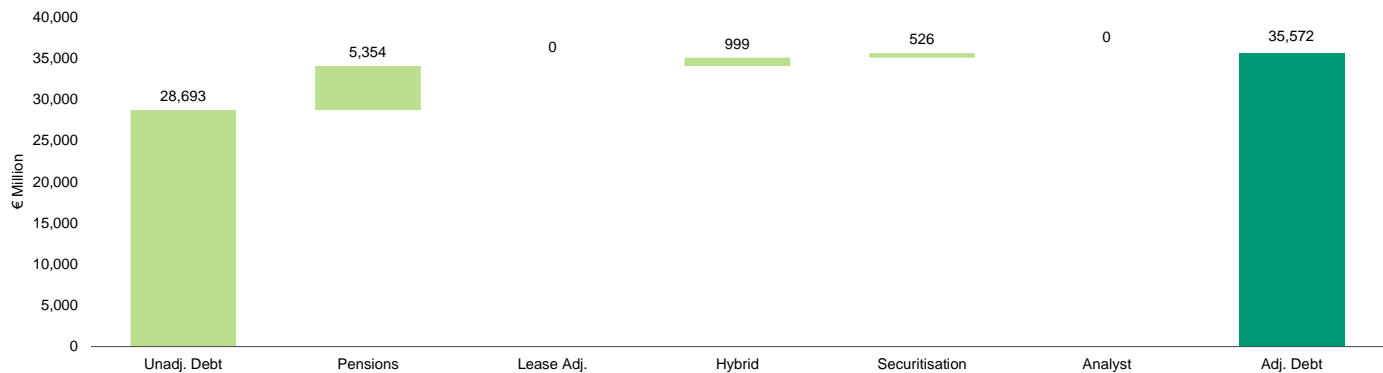
Source: Moody's Financial Metrics

Of DB's total adjusted debt in 2019, the largest components were those related to operating lease and pension adjustments.



Exhibit 8

## Components of debt

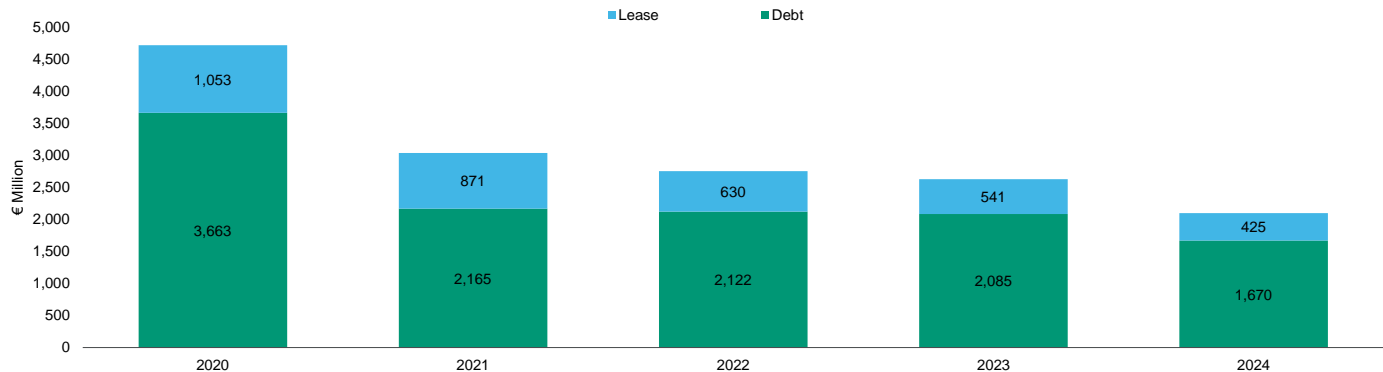


As of 31 Dec 2019.

Source: Moody's Financial Metrics

Exhibit 9

## Upcoming long-term debt maturities (including leasing liabilities according to IFRS 16)



As of 31 Dec 2019.

Source: Moody's Financial Metrics

## Company management

Exhibit 10

## Deutsche Bahn AG

Management Board	Age	Current Title
Dr. Richard Lutz	56	Chief Executive Officer and Chairman of the Management Board
Dr. Levin Holle	52*	Chief Financial Officer and Member of the Management Board, Finance and Logistics
Ronald Pofalla	61	Member of the Management Board, Infrastructure
Berthold Huber	57	Member of the Management Board, Passenger Transport
Dr. Sigrid Nikutta	50*	Member of the Management Board, Freight Transport
Prof. Sabina Jeschke	52	Member of the Management Board, Digitalization and Technology
Martin Seiler	55*	Member of the Management Board, Human Resources and Legal Affairs

As of 23 Oct 2020.

\*As of 31 Dec 2019.

Sources: Company report (integrated report Dec 2019) and company data

Exhibit 11

**Deutsche Bahn AG**

<b>Supervisory Board</b>	<b>Affiliation</b>
Michael Odenwald	Chairman of the Supervisory Board
Klaus-Dieter Hommel	Deputy Chairman of the Supervisory Board (Employee Representative)
Werner Gatzert	Member of the Supervisory Board (Shareholder Representative)
Dr. Ingrid Hengster	Member of the Supervisory Board (Shareholder Representative)
Prof. Susanne Knorre	Member of the Supervisory Board (Shareholder Representative)
Kirsten Lüthmann	Member of the Supervisory Board (Shareholder Representative)
Dr. Immo Querner	Member of the Supervisory Board (Shareholder Representative)
Eckhardt Rehberg	Member of the Supervisory Board (Shareholder Representative)
Christian Schmidt	Member of the Supervisory Board (Shareholder Representative)
Elisabeth Winkelmeier-Becker	Member of the Supervisory Board (Shareholder Representative)
Dr. Tamara Zieschang	Member of the Supervisory Board (Shareholder Representative)
Jürgen Beuttler	Member of the Supervisory Board (Employee Representative)
Martin Burkert	Member of the Supervisory Board (Employee Representative)
Jörg Hensel	Member of the Supervisory Board (Employee Representative)
Cosima Ingenschay	Member of the Supervisory Board (Employee Representative)
Jürgen Knörzer	Member of the Supervisory Board (Employee Representative)
Heike Moll	Member of the Supervisory Board (Employee Representative)
Mario Reiß	Member of the Supervisory Board (Employee Representative)
Jens Schwarz	Member of the Supervisory Board (Employee Representative)
Veit Sobek	Member of the Supervisory Board (Employee Representative)

As of 25 Sep 2020.

Source: Company data

**Ownership structure**

Deutsche Bahn AG is wholly owned by the Federal Republic of Germany.

Source: Company report (annual report Dec 2019)

**Peer group**

- » [SNCF S.A.](#)
- » [Norges Statsbaner AS](#)
- » [Ceske Dráhy, a.s.](#)

## Related websites and information sources

For additional information, please see:

### The company's website

- » [www.deutschebahn.com](http://www.deutschebahn.com)

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## Moody's related publications

### Issuer page on Moodys.com

- » [Deutsche Bahn AG](#)

### Credit opinion

- » [Deutsche Bahn AG: Update following rating affirmation and downgrade of hybrid, October 2020 \(1245909\)](#)

### Peer Snapshot

- » [Deutsche Bahn AG - December 2019 \(LTM\): Peer Snapshot, June 2020 \(1232833\)](#)

### Issuer comment

- » [Deutsche Bahn AG: Deutsche Bahn's ongoing strategic review to divest Arriva is credit positive but geographic diversification to decrease, March 2019 \(1168176\)](#)

### Rating methodology

- » [Global Passenger Railway Companies, June 2017 \(1072090\)](#)

*To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.*

## Endnotes

- <sup>1</sup> Throughout this section, such percentages have been calculated excluding consolidation and reconciliation.

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