Investor Update

Development in H1 2020

Deutsche Bahn AG, July 2020

Highlights – major developments in H1 2020

January 2020

Sigrid Nikutta joins the Mgmt. Board for Freight Transport

February 2020

New CFO: Dr. Levin Holle

May 2020

Agreement with Federal Government regarding additional Covid-19 support

June 2020

Fiscal stimulus program of the German Federal Government

July 2020

Introduction of new ICE 3 neo high speed train

January 2020

New Service and Financing Agreement (LuFV III) for existing network

March 2020

Covid-19 pandemic starts impacting DB Group

May 2020

European Recovery Plan

June 2020

Science-Based Targets Initiative confirmed DB climate targets

Key takeaways from development in H1 2020
– significant impact from Covid-19 pandemic and economic downturn

1 **Positive start into the year** and with strong development particularly at DB Long-Distance.

2 **Covid-19 pandemic** has interrupted this trend with severe volume losses and low points in April.

3 Since May significant **recovery process** in volumes, but uncertainty remains high.

4 All relevant **key figures** (except capex and net debt) lower than in H1 2019.

5 As Covid-19 does not reduce the need for a strong rail system in Germany, we took a **balanced response**.

6 We take bold action in areas that do not limit our long term growth, but **maintain our capex plan**.

7 **German Government and DB Group take a joint approach** to manage crisis.

8 **DB Arriva** severely affected as well, leading to need for an impairment of goodwill.

9 Relatively strong development at **DB Schenker** mainly driven by air freight business.

Challenging **financial development** in H1 2020 – revenues, profit and net debt development under pressure due to Covid-19
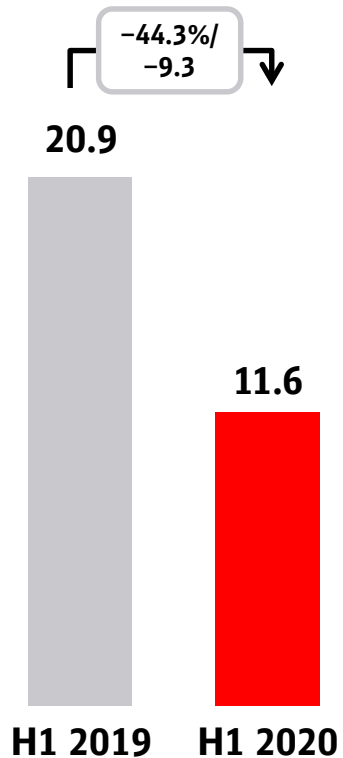
Key figures (€ mn)

	H1 2020	H1 2019	+/– €	+/– %	Remarks
Revenues adjusted	19,423	22,013	−2,590	−11.8	▪ Strong drop due to Covid-19.
Revenues comparable	19,469	21,972	−2,503	−11.4	▪ Only minor effects from FX and changes in scope of consolidation.
EBIT adjusted	−1,780	757	−2,537	–	▪ Mainly due to revenue losses.
Net loss/profit	−3,749	205	−3,954	–	
Gross capex	5,552	4,825	+727	+15.1	▪ Higher capex in rail infrastructure (increase in investment grants).
Net capex	2,770	2,350	+420	+17.9	▪ Continued fleet expansion.
ROCE (%)	−8.5	3.6	–	–	▪ Due to lower operating profit.
Net financial debt as of Jun 30, 2020 / Dec 31,2019	27,513	24,175	+3,338	+13.8	▪ Increased funding need for Covid-19.
Order book regional transport (€ bn, as of Jun 30, 2020 / Dec 31, 2019)	84.7	87.9	−3.2	−3.6	▪ Decline due to services performed.

Significant decline in **performance** in rail transport in Germany due to Covid-19
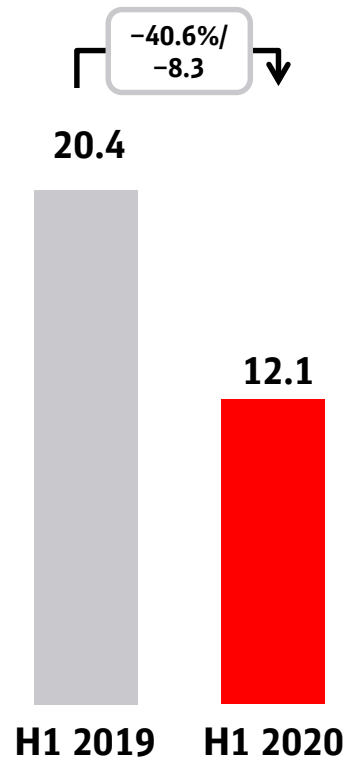
Performance indicators − Integrated rail system

DB Long-Distance
(bn pkm)

−44.3%/
−9.3

20.9
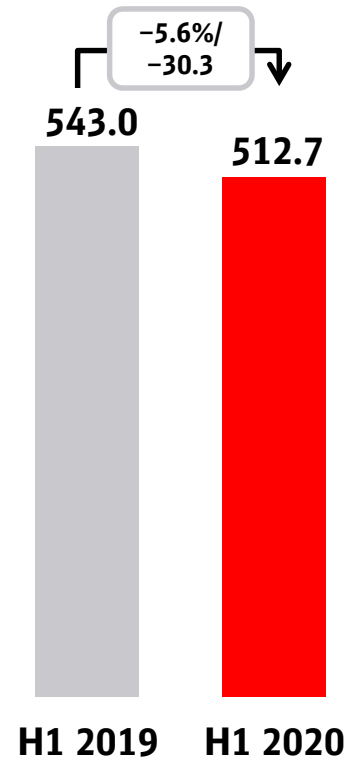
11.6

H1 2019 H1 2020

DB Regional
(bn pkm)

−40.6%/
−8.3

20.4

12.1

H1 2019 H1 2020

DB Cargo
(bn tkm)

−12.7%/
−5.5

43.7

38.2

H1 2019 H1 2020
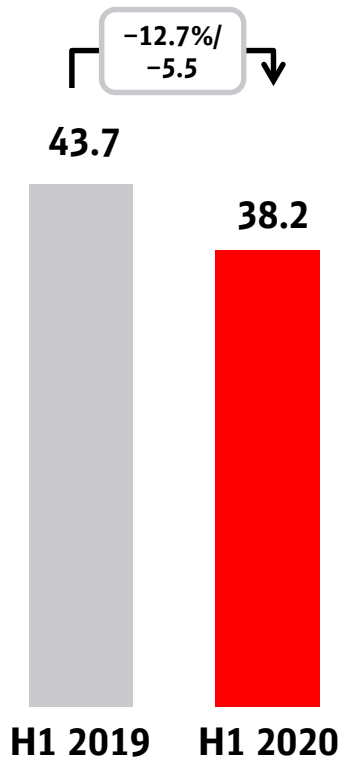
Infrastructure
(mn train-path km)

−5.6%/
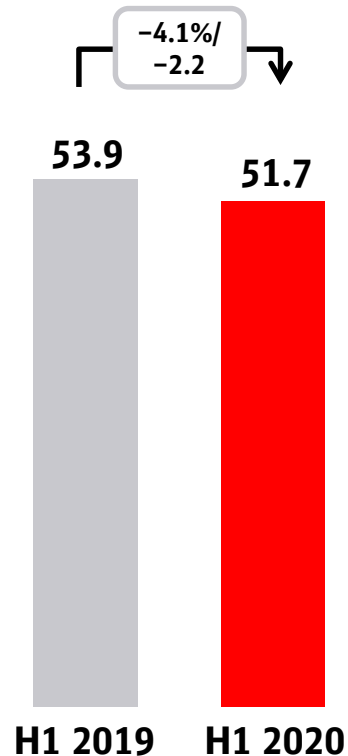−30.3

543.0

512.7

H1 2019 H1 2020

Negative **performance development** in the freight forwarding and logistics business due to Covid-19 and economic development

DB

Performance indicators − DB Schenker

Land transport
(mn shipments)

−4.1%/
−2.2

53.9 → 51.7

H1 2019   H1 2020

Air freight
(thousand t)

−14.4%/
−83.6

578.9 → 495.3

H1 2019   H1 2020
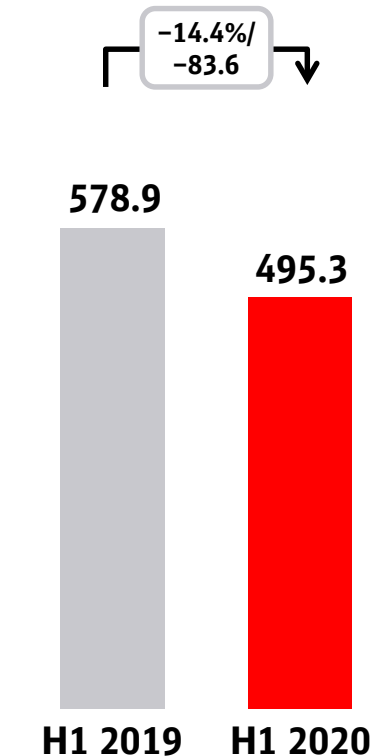
Ocean freight
(thousand TEU)

−11.0%/
−122.9

1,115 → 992.1

H1 2019   H1 2020

Contract logistics
(€ mn)

−3.9%/
−53

1,356 → 1,303

H1 2019   H1 2020
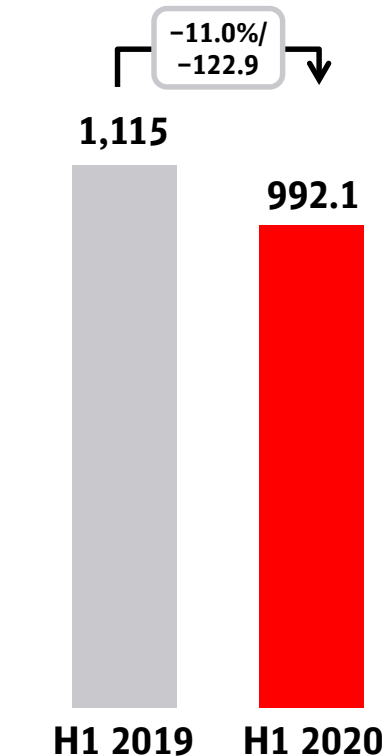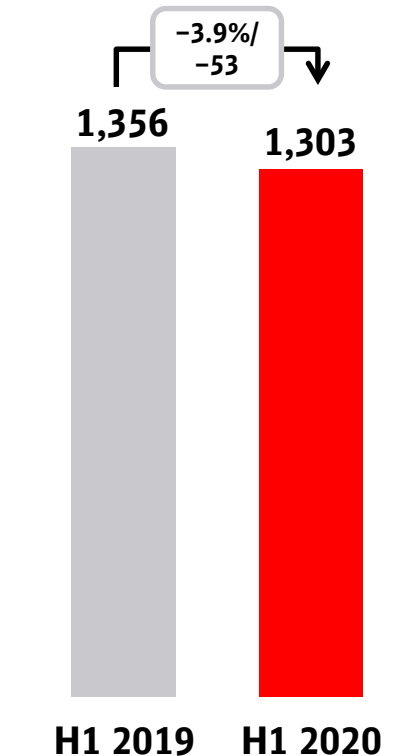
Covid-19 pandemic – Interruption of our growth trend with very strong impact on performance figures especially in April

DB

Performance development (respective month vs previous year)

DB Long-Distance (pkm)

Apr 20	May 20	Jun 20
−89%	−76%	−54%

DB Regional (pkm)

Apr 20	May 20	Jun 20
−79%	−58%	−55%

DB Cargo (tkm)

Apr 20	May 20	Jun 20
−18%	−23%	−17%

DB Netze Track (train-path km)

Apr 20	May 20	Jun 20
−19%	−12%	−0.9%

DB Arriva (bus km)

Apr 20	May 20	Jun 20
−36%	−35%	−18%

Land transport (shipments)

Apr 20	May 20	Jun 20
−14%	−13%	+15%

Air freight (t)

Apr 20	May 20	Jun 20
−20%	−18%	−13%

Ocean freight (TEU)

Apr 20	May 20	Jun 20
−16%	−15%	−16%
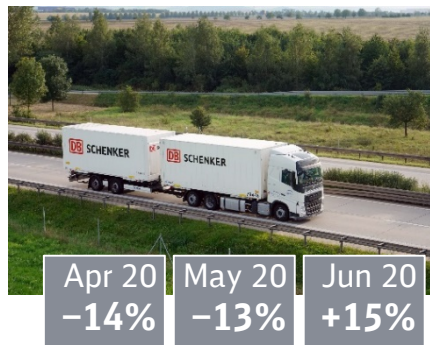
Significant **revenue** downturn

DB

Revenues (€ mn)

−11.8% / −2,590
comparable:
−11.4% / −2,503

22,013

19,423
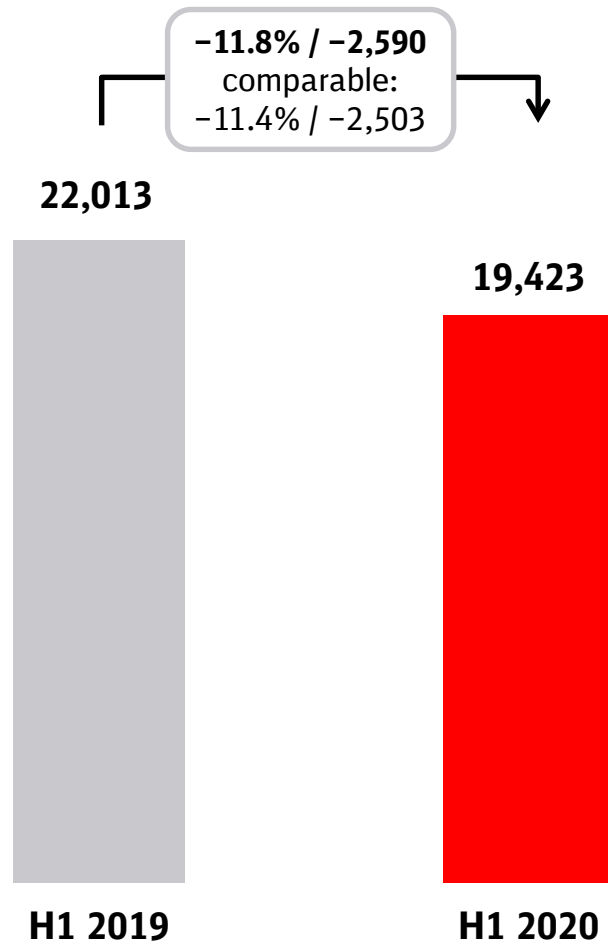
H1 2019

H1 2020

Key impact factors

⊕ Price effects at DB Schenker

⊖ Significant Covid-19 related performance declines

⊖ Cessation of Arriva Rail North

⊖ Economic downturn

External revenues by business units (€ mn)

	H1 2020	H1 2019	+/− €	+/− %
DB Long-Distance	1,417	2,310	−893	−38.7
DB Regional	3,676	4,361	−685	−15.7
DB Cargo	1,845	2,141	−296	−13.8
DB Netze Track	877	812	+65	+8.0
DB Netze Stations	292	303	−11	−3.6
DB Netze Energy	601	640	−39	−6.1
Other	228	280	−52	−18.6
Integrated rail system	**8,936**	**10,847**	**−1,911**	**−17.6**
DB Arriva	2,058	2,687	−629	−23.4
DB Schenker	8,429	8,491	−62	−0.7
DB Group	**19,423**	**22,013**	**−2,590**	**−11.8**

Relatively stable **revenue structure** compared to H1 2019

By sectors
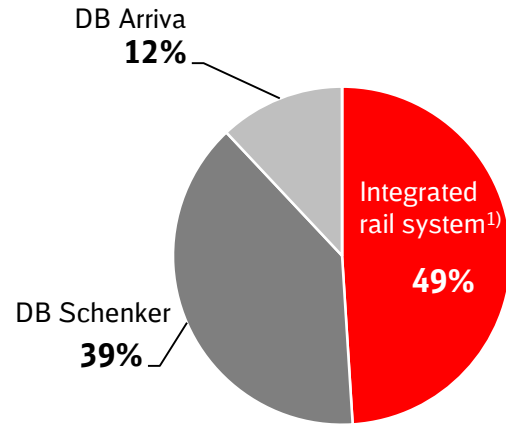
By activities

By regions

H1 2019

DB Arriva
12%

Integrated
rail system[1]
49%

DB Schenker
39%

Non-rail
49%

Rail
51%

Asia/
Pacific **7%**

North America
4%

Rest of World
1%

Germany
57%

31%
Europe
(excluding Germany)

H1 2020

DB Arriva
11%

Integrated
rail system[1]
46%

DB Schenker
43%

Non-rail
53%

Rail
47%

Asia /
Pacific
9%

North
America
5%

Rest of World
1%

Germany
54%

31%
Europe
(excluding Germany)
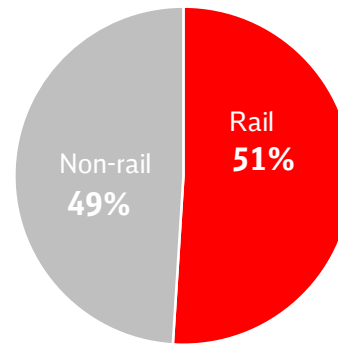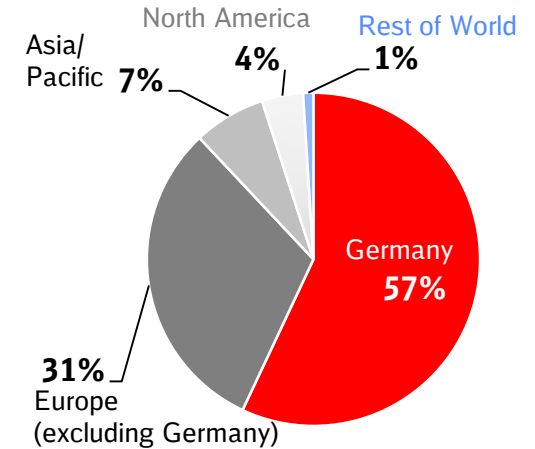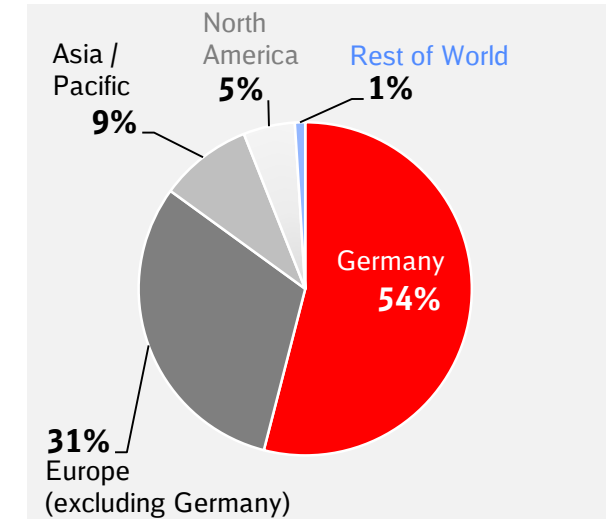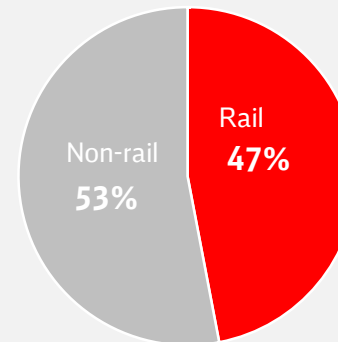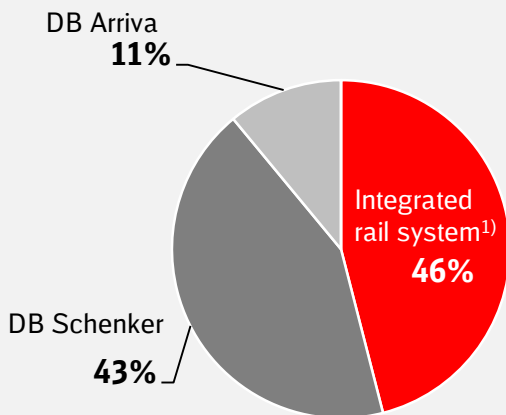
[1] Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.
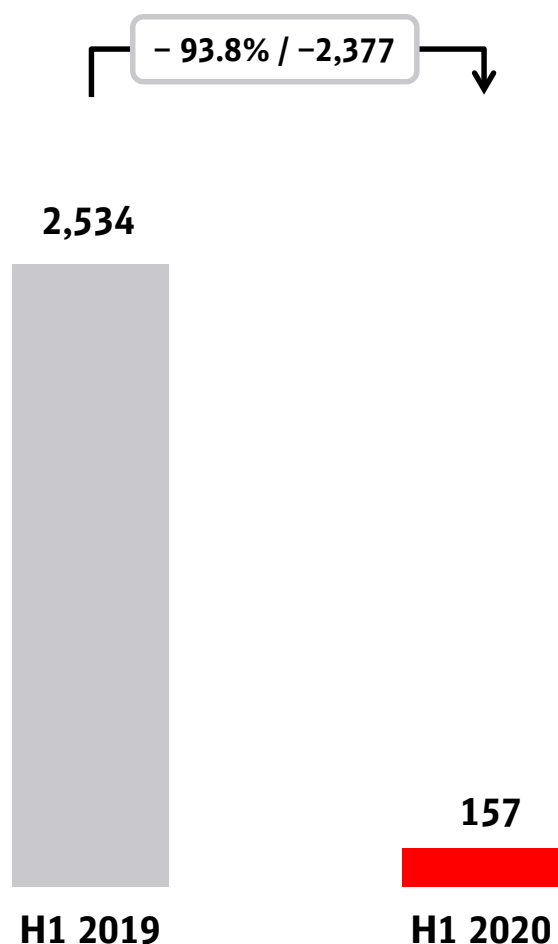
Covid-19 pandemic – New cleanliness and hygiene concept on board of trains and in stations to make our customers feel as safe as possible

EBITDA development mainly driven by Covid-19 impact

EBITDA adjusted (€ mn)

− 93.8% / −2,377

2,534

157

H1 2019   **H1 2020**

Key impact factors

⊕ Cost management

⊖ Revenue losses mainly due to Covid-19

⊖ Cost increases (mainly personnel) – continued investment

EBITDA adjusted by business units (€ mn)

	H1 2020	H1 2019	+/- €	+/- %
DB Long-Distance	−552	367	−919	–
DB Regional	−276	512	−788	–
DB Cargo	−176	20	−196	–
DB Netze Track	516	708	−192	−27.1
DB Netze Stations	124	201	−77	−38.3
DB Netze Energy	60	65	−5	−7.7
Other/Consolidation IRS	−196	−156	−40	+25.6
Integrated rail system	**−500**	**1,717**	**−2,217**	**–**
DB Arriva	93	326	−233	−71.5
DB Schenker	569	499	+70	+14.0
Consolidation miscel.	−5	−8	+3	−37.5
DB Group	**157**	**2,534**	**−2,377**	**−93.8**

EBIT development mainly driven by Covid-19 impact

EBIT adjusted (€ mn)

−2,537 / −

757

−1,780

H1 2019   H1 2020

Key impact factors

● Cost management

● Revenue losses mainly due to Covid-19
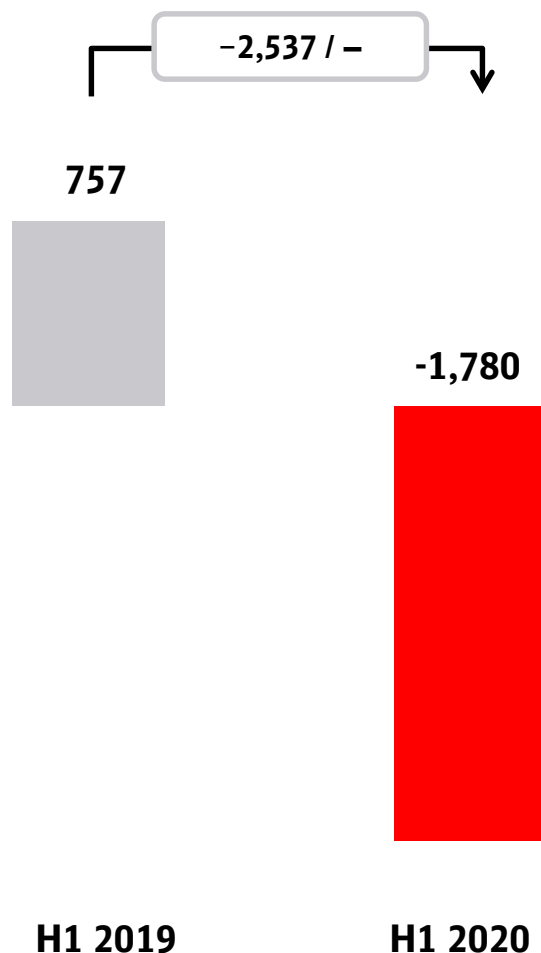
● Cost increases (mainly personnel) – continued investment

EBIT adjusted by business units (€ mn)

	H1 2020	H1 2019	+/− €	+/− %
DB Long-Distance	−720	224	−944	−
DB Regional	−597	186	−783	−
DB Cargo	−352	−132	−220	+167
DB Netze Track	170	379	−209	−55.1
DB Netze Stations	53	123	−70	−56.9
DB Netze Energy	16	23	−7	−30.4
Other/Consolidation IRS	−471	−376	−95	+25.3
Integrated rail system	**−1,901**	**427**	**−2,328**	**−**
DB Arriva	−153	101	−254	−
DB Schenker	278	238	+40	+16.8
Consolidation miscel.	−4	−9	+5	−55.6
DB Group	**−1,780**	**757**	**−2,537**	**−**

Revenue losses had a significant impact on income statement

DB

Adjusted P&L (€ mn)

	H1 2020	H1 2019	+/− €	+/− %
Revenues	19,423	22,013	−2,590	−11.8
Total income	22,375	24,619	−2,244	−9.1
Cost of materials	−10,766	−10,876	+110	−1.0
Personnel expenses	−9,077	−8,902	−175	+2.0
Other operating expenses	−2,375	−2,307	−68	+2.9
EBITDA adjusted	**157**	**2,534**	**−2,377**	**−93.8**
Depreciation	−1,937	−1,777	−160	+9.0
EBIT adjusted	**−1,780**	**757**	**−2,537**	**−**
Financial result	−412	−383	−29	+7,6
Extraordinary result	−1,477	−97	−1,380	−
Loss/Profit before taxes	**−3,669**	**277**	**−3,946**	**−**
Taxes on income	−80	−72	−8	+11.1
Net loss/profit	**−3,749**	**205**	**−3,954**	**−**

Key impact factors

- Revenue downturn due to mainly Covid-19 related performance development.

- Operating expenses decrease due to lower performance compensated by additional expenses for additional employees and wage increases as well as maintenance (in infrastructure and at DB Long-Distance).

- Significant decline in extraordinary result due to goodwill impairment at DB Arriva owing to Covid-19 effects.

Key **value management figures** impacted by operating profit development

DB

ROCE (%)

	2016	H1 2017	2017	H1 2018	2018	H1 2019	2019	H1 2020
	5.9	6.8	6.1	5.4	5.8	3.6	4.3	−8.5

Debt coverage (%)

	2016	H1 2017	2017	H1 2018	2018	H1 2019	2019	H1 2020
	18.1	19.3	18.7	16.9	17.6	13.8	15.3	−1.2
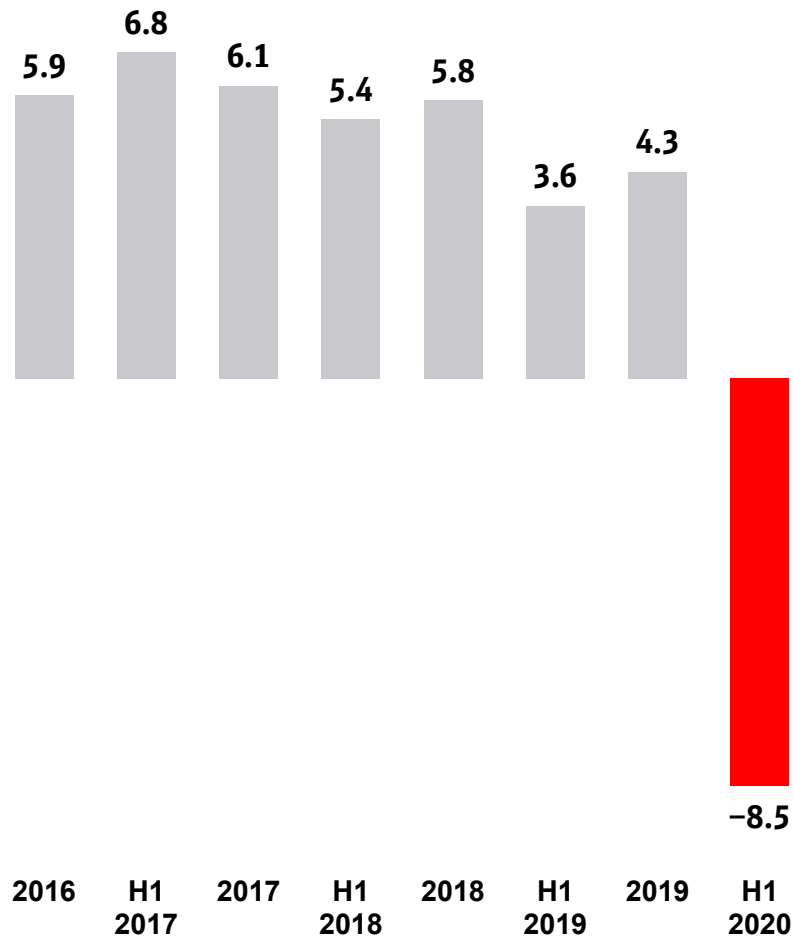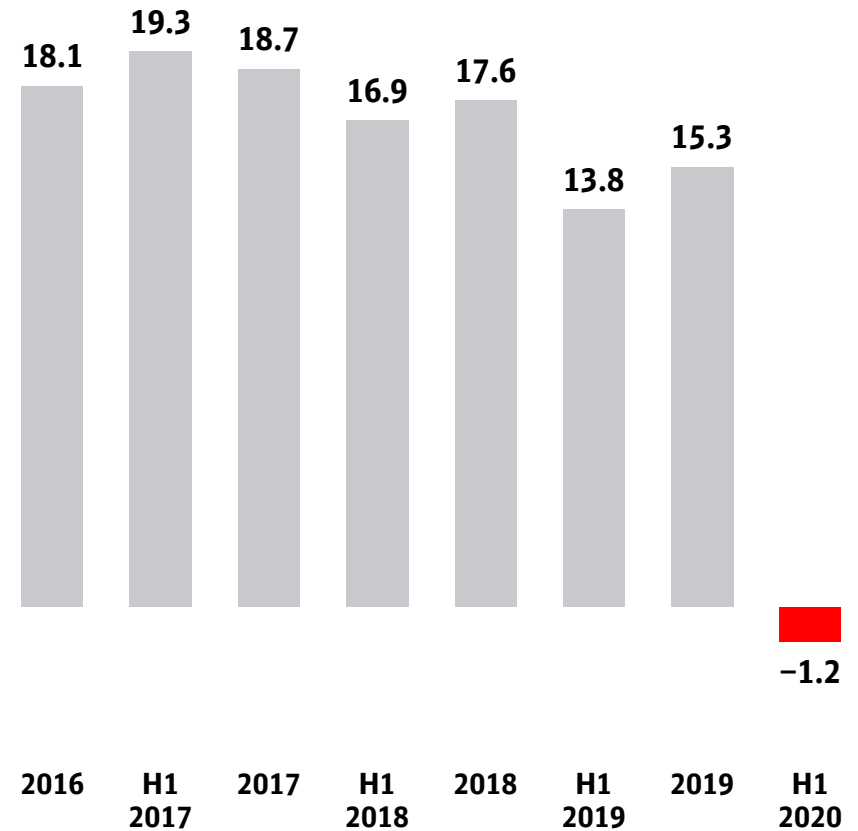
Highlights – New ICE 3 neo introduced to strengthen long-distance fleet, € 1 bn capex for 30 additional ICE high speed trains from 2022 onwards

Capex increase due to higher infrastructure grants as well as higher capex in vehicles at DB Long-Distance

Capital expenditures (€ mn)

```
            +15.1% /
             +727

Gross                          5,552
       4,825

                         +17.9% /
                          +420

                               2,770
Net
       2,350

       H1 2019           H1 2020
```
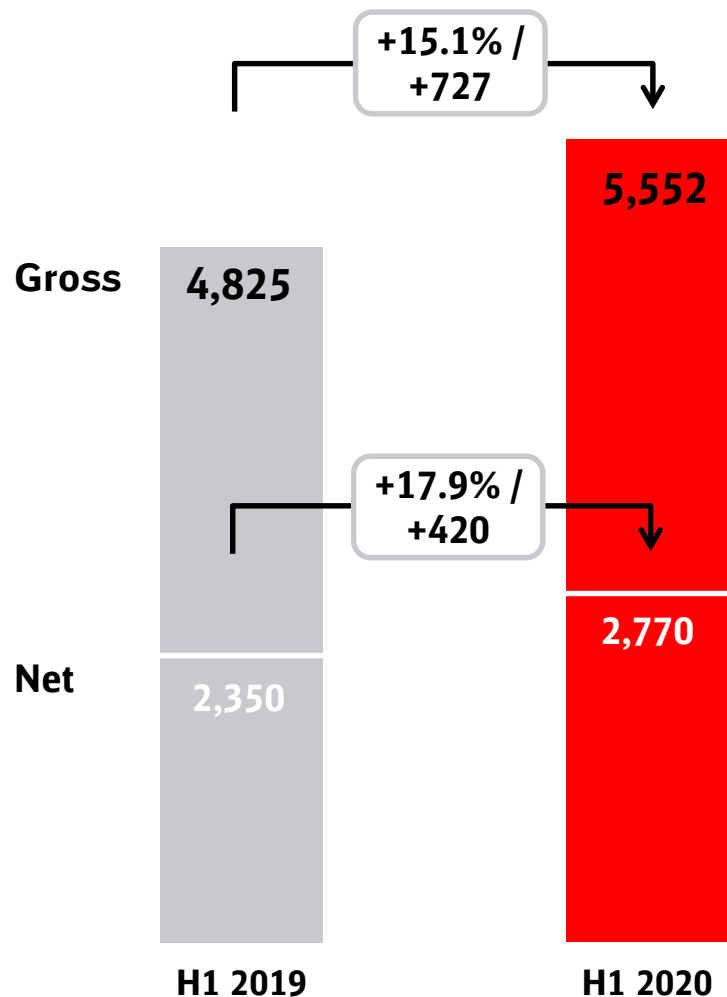
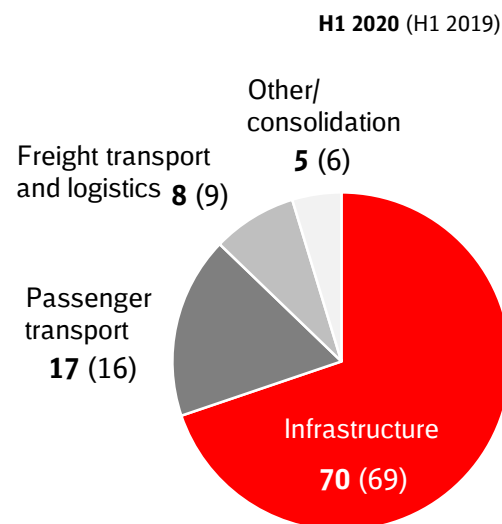## Key impact factors
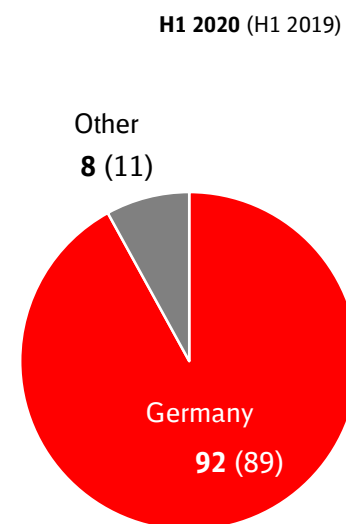
⊕ Higher infrastructure capex

⊕ Expansion of DB Long-Distance fleet

⊖ Postponements due to Covid-19

Gross capex split (%)

By sectors
H1 2020 (H1 2019)

Other/
consolidation
5 (6)

Freight transport
and logistics **8** (9)

Passenger
transport
17 (16)

Infrastructure
70 (69)

By regions
H1 2020 (H1 2019)

Other
8 (11)

Germany
92 (89)

Increased **capex** mainly at infrastructure business units and DB Long-Distance

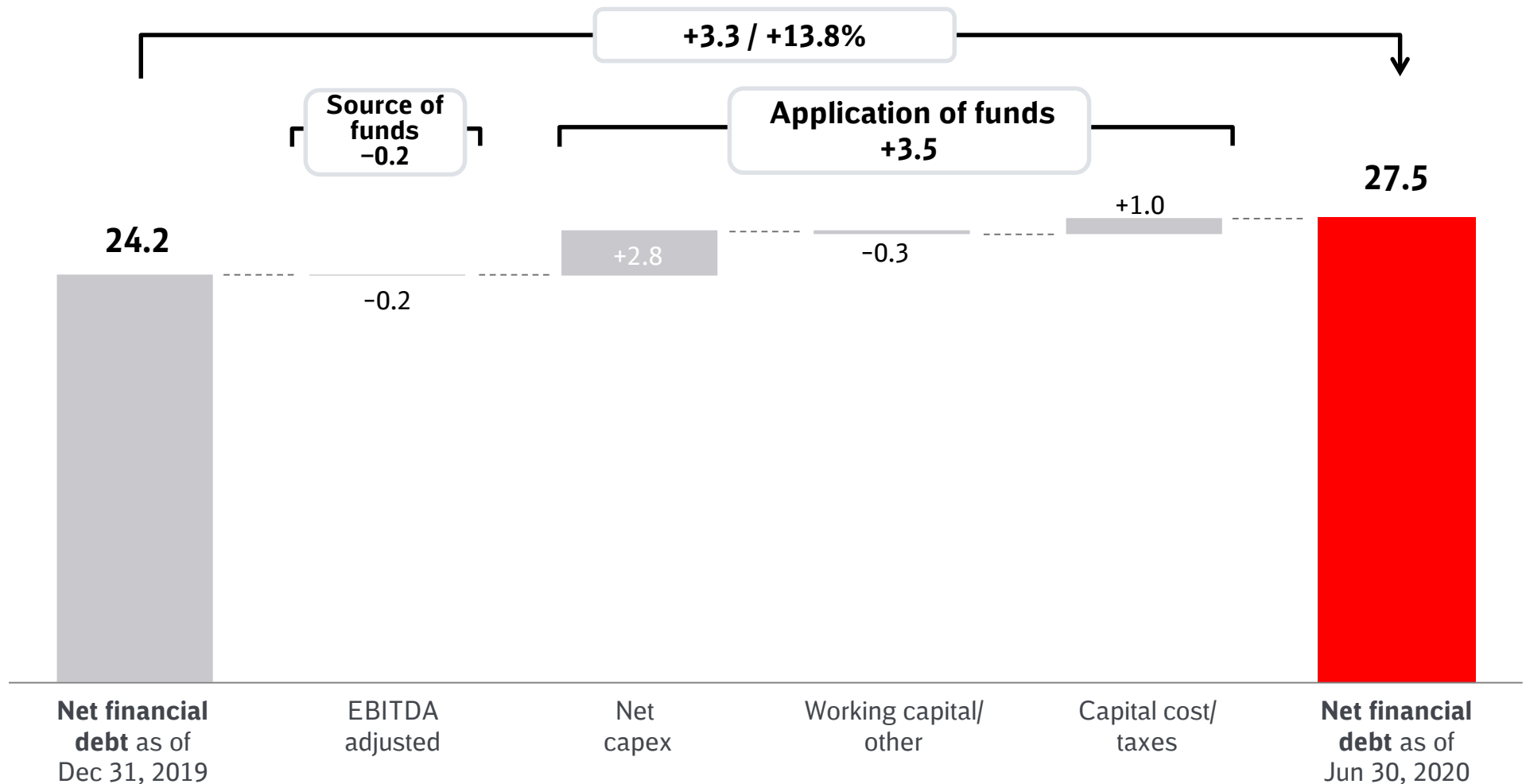| **Capital expenditures** (€ mn)	**Gross capex**				**Net capex**			
	H1 2020	**H1 2019**	**+/- €**	**+/- %**	**H1 2020**	**H1 2019**	**+/- €**	**+/- %**
DB Long-Distance	573	169	+404	–	573	169	+404	–
DB Regional	189	273	−84	−30.8	188	269	−81	−30.1
DB Cargo	136	163	−27	−16.6	136	163	−27	−16.6
DB Netze Track	3,309	2,875	+434	+15.1	841	636	+205	+32.2
DB Netze Stations	497	397	+100	+25.2	236	216	+20	+9.3
DB Netze Energy	68	67	+1	+1.5	21	23	−2	−8.7
Other/Consolidation IRS	262	297	−35	−11.8	262	297	−35	−11.8
Integrated rail system	5,034	4,241	+793	+18.7	2,257	1,773	+484	+27.3
DB Arriva	203	323	−120	−37.2	198	316	−118	−37.3
DB Schenker	315	261	+54	+20.7	315	261	+54	+20.7
DB Group	5,552	4,825	+727	+15.1	2,770	2,350	+420	+17.9

Net debt increased due to lower operating profit and ongoing high level of capex

Net financial debt (€ bn)

+3.3 / +13.8%

Source of funds −0.2

Application of funds +3.5

24.2

−0.2

+2.8

−0.3

+1.0

27.5

| Net financial debt as of Dec 31, 2019 | EBITDA adjusted | Net capex | Working capital/ other | Capital cost/ taxes | Net financial debt as of Jun 30, 2020 |

Balance sheet without significant changes except mainly loss-driven decline in equity. Equity increase budgeted by German Government

DB

Balance sheet
(€ mn, as of Jun 30 / Dec 31)

	2020	2019	+/− €	+/− %
Assets				
Non-current assets	**51,797**	**53,123**	**−1,416**	**−2.7**
Property, plant and equipment	46,710	46,591	+119	+0.3
Intangible assets	2,372	3,894	−1,522	−39.1
Deferred tax assets	1,215	1,246	−31	−2.5
Current assets	**12,696**	**12,615**	**+81**	**+0.6**
Trade receivables	4,776	4,871	−95	−2.0
Cash and cash equivalents	3,696	3,993	−297	−7.4
Equity and liabilities				
Equity	**9,851**	**14,927**	**−5,076**	**−34.0**
Non-current liabilities	**36,170**	**32,820**	**+3,350**	**+10.2**
Financial debt	26,399	23,977	−2,422	−10.1
Current liabilities	**18,472**	**18,081**	**+391**	**+2.2**
Financial debt	5,012	4,716	+296	+6.3
Trade liabilities	5,291	5,789	−498	−8.6
Total assets	**64,493**	**68,828**	**−1,335**	**−2.0**

Maturity structure
(as of Jun 30, 2020 / Dec 31, 2019)

Assets

- Non-current assets (80% / 81%)
- Current assets (20% / 19%)

Equity and liabilities

- Equity (15% / 23%)
- Non-current liabilities (56% / 50%)
- Current liabilities (29% / 27%)

Cash and cash equivalents only slightly lower compared to Dec 31, 2019

Cash position (€ bn)

−0.3 / −7.4%

| 4.0 | −0.2 | −2.4 | +2.4 | −0.0 | 3.7 |

Cash and cash equivalents as of Dec 31, 2019

Cash flow from operating activities

Cash flow from investing activities

Cash flow from financing activities

Other

Cash and cash equivalents as of Jun 30, 2020
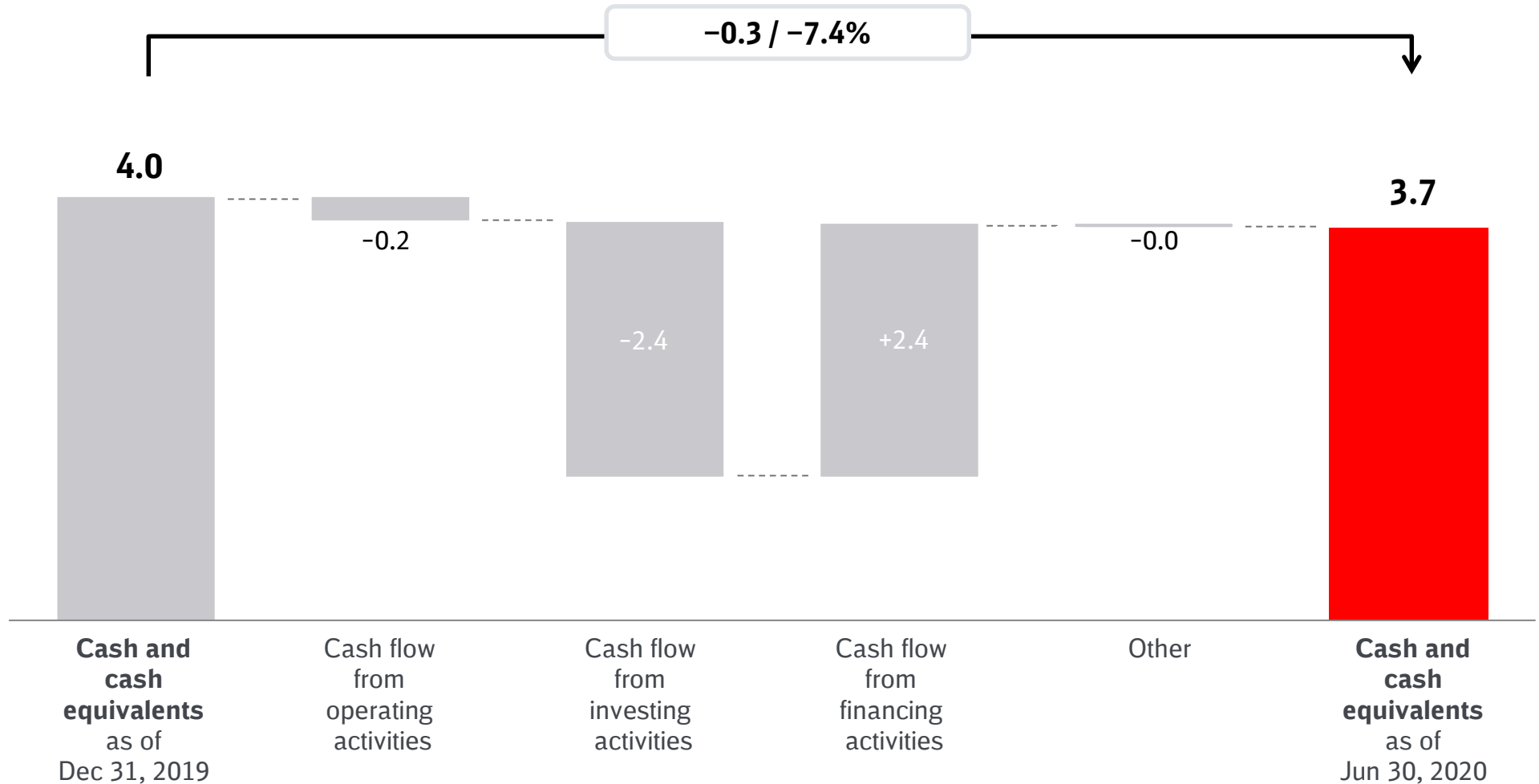
Eight **bond transactions** in H1 2020 with total volume of € 4.2 bn – two further issues in July 2020 so far

DB

Bond issues

#	Issue date	Volume (€ mn)	Currency		Term (years)	Interest all in € (%)	Credit spread (%)
Senior bonds (H1 2020)							
1	Jan 08	**500**	EUR		15.5	0.82	0.423
2	Feb 06	**300**	EUR		4.0	-0.06	0.226
3	Mar 10[1]	**150**	EUR		12.0	0.26	0.455
4	Apr 01	**900**	EUR		7.0	0.64	0.787
5	Apr 07	**750**	EUR		20.0	1.43	1.170
6	Jun 06	**850**	EUR		9.0	0.41	0.581
7	Jun 06	**650**	EUR		19.0	0.98	0.870
8	Jun 22[1],[2]	**100**	JPY		4.0	0.12	0.471
Total		**4.200**			**Ø 12.5[3]**	**Ø 0.73[3]**	**Ø 0.724[3]**
July 2020:							
9	Jun 25[1],[2],[4]	**48**	SEK		15.0	0.73	0.728
10	Jul 01[2],[4]	**123**	AUD		10.0	0.41	0.574

[1] Private Placement. [2] Swapped in EUR. [3] Volume weighted average. [4] Cash effective in July 2020.

Strong credit and sustainability ratings and strong financing power due to established financing programs

DB

Credit ratings

- Moody's: Aa1 / negative
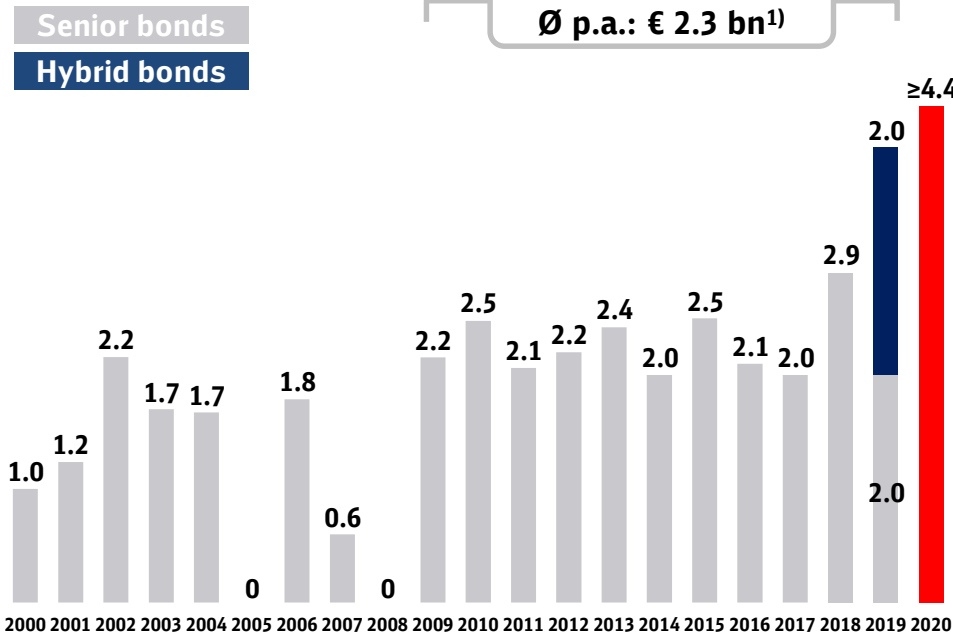- S&P: AA− / negative

Sustainability ratings

- ISS ESG: B- (prime status)
- MSCI: A
- CDP: A (best grade)
- EcoVadis: Silver status
- Sustainalytics: Risk assessment medium

Financing programs

- European Medium Term Notes program (€ 30 bn; € 6.7 unused)
- Australian Debt Issuance program (€ 3.1 bn; € 2.3 bn unused)
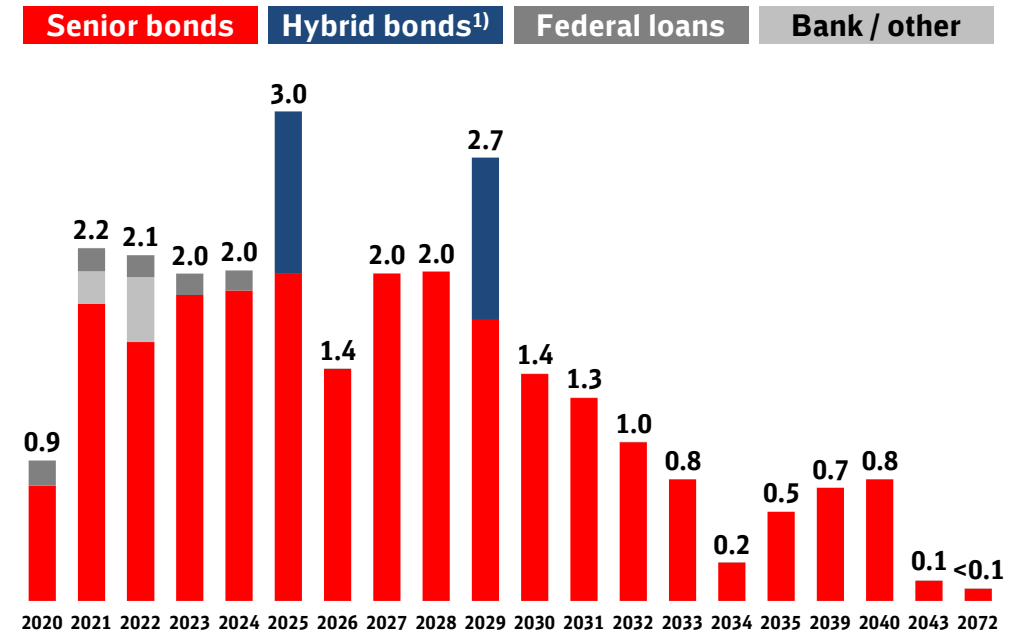- Commercial Paper program (€ 3 bn; € 1.3 bn unused)

Bond issues
(€ bn; as of Jun 30, 2020)

Senior bonds
Hybrid bonds

Total: € 24.9 bn[1]
Ø p.a.: € 2.3 bn[1]

Year	Value
2000	1.0
2001	1.2
2002	2.2
2003	1.7
2004	1.7
2005	0
2006	1.8
2007	0.6
2008	0
2009	2.2
2010	2.5
2011	2.1
2012	2.2
2013	2.4
2014	2.0
2015	2.5
2016	2.1
2017	2.0
2018	2.9
2019	2.0 (Senior) / 2.0 (Hybrid)
2020	≥4.4

[1] Senior bonds.

Maturity profile financial liabilities
(€ bn; incl. swaps; excl. leasing; as of Jun 30, 2020)

Senior bonds | Hybrid bonds[1] | Federal loans | Bank / other

Year	Value
2020	0.9
2021	2.2
2022	2.1
2023	2.0
2024	2.0
2025	3.0
2026	1.4
2027	2.0
2028	2.0
2029	2.7
2030	1.4
2031	1.3
2032	1.0
2033	0.8
2034	0.2
2035	0.5
2039	0.7
2040	0.8
2043	0.1
2072	<0.1

[1] First possible call year.

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Outlook for 2020 Financial Year based on assumption of ongoing recovery process and no major Covid-19 setbacks

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Outlook (€ bn)

	2019	2020 (March forecast)	2020 (July forecast)	
Revenues adjusted	44.4	↘	>38.5	▪ Ongoing recovery process, but no catch up of incurred losses in H1 2020.
EBIT adjusted	1.8	↘	>−3.5	▪ Ongoing recovery process, but no catch up of incurred losses in H1 2020.
Gross capital expenditures	13.1	> 15	> 14.5	▪ Slightly adjusted due to Covid-19 related postponements.
Net capital expenditures	5.6	> 6.5	> 6.0	▪ Slightly adjusted due to Covid-19 related postponements.
Maturities	2.2	2.3	2.3	
Bond issues	2.0	>2.5	≥ 4.4	▪ Mainly Covid-19 related additional financing requirements.
Net financial debt as of Dec 31	24.2	↗	~ 27	▪ Assuming equity increases from the Federal Government (≤€ 5.5 bn for Covid-19 damages and € 1 bn from Climate Action Program; approval from EU Commission still pending).

IR team contact details and further information

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Rating:
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Integrated Report:
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