



Back on track to grow – helping to protect the climate

Speeches by

Dr. Richard Lutz, Chairman of the Management Board and CEO

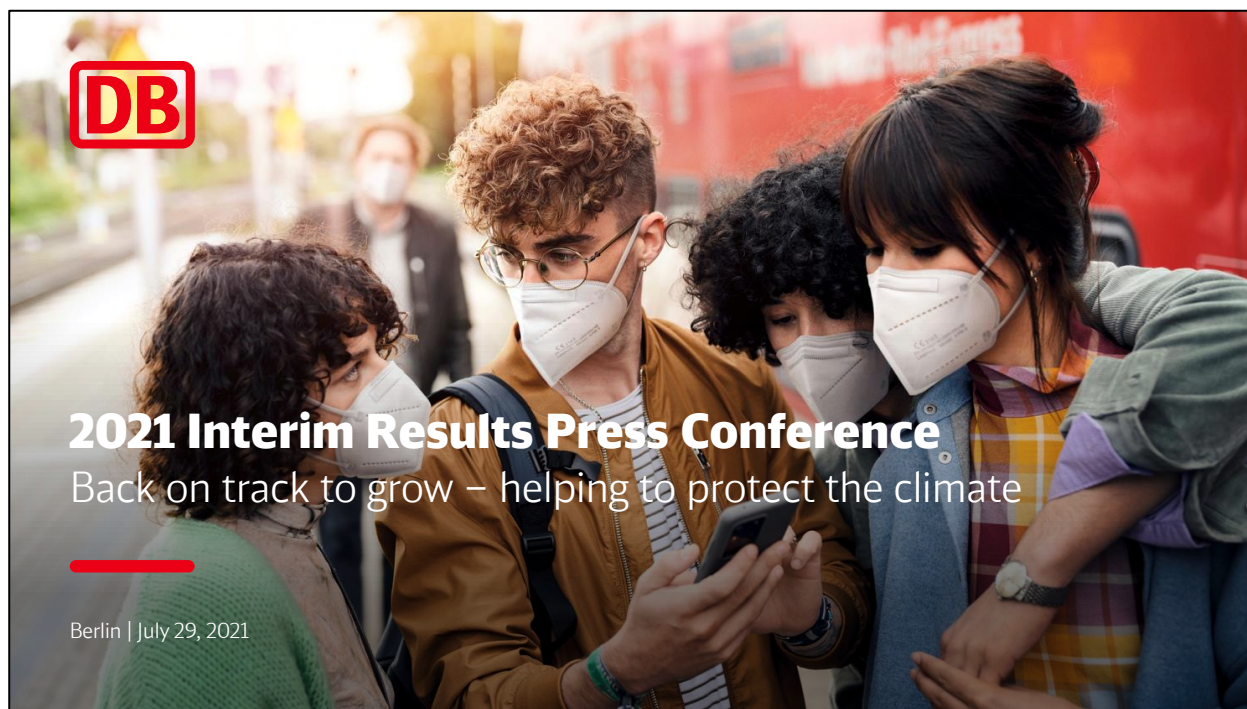
Dr. Levin Holle, Member of the Management Board
for Finance and Logistics

2021 Interim Results Press Conference

Deutsche Bahn AG

July 29, 2021

Check against delivery.

Part 1 – Dr. Richard Lutz

Ladies and gentlemen,

I would also like to welcome you.

Before going into the first six months of the year, I would like to take a look back at the last two weeks: two tense weeks as dramatic images rolled in from west-central Germany in particular. The disastrous flooding there caused more suffering and devastation than we ever imagined possible. People lost their lives and their livelihoods, almost in an instant. Our thoughts are with them and their families. And we are very moved by the great solidarity and willingness to help that is visible everywhere.

At DB, our priorities are clear: we will help with the clean-up and do our part to rebuild. Rebuilding is necessary because we were also hit hard by the flooding: we lost hundreds of kilometers of line, and many bridges, signaling facilities and stations were damaged. Entire trains were destroyed too, and the flooding brought operations to a standstill in many places. It will take a long time for us to reopen all the lines, and some won't reopen until next year.

DB was among those hit hard by the recent catastrophic flooding in Germany – recovery will take time

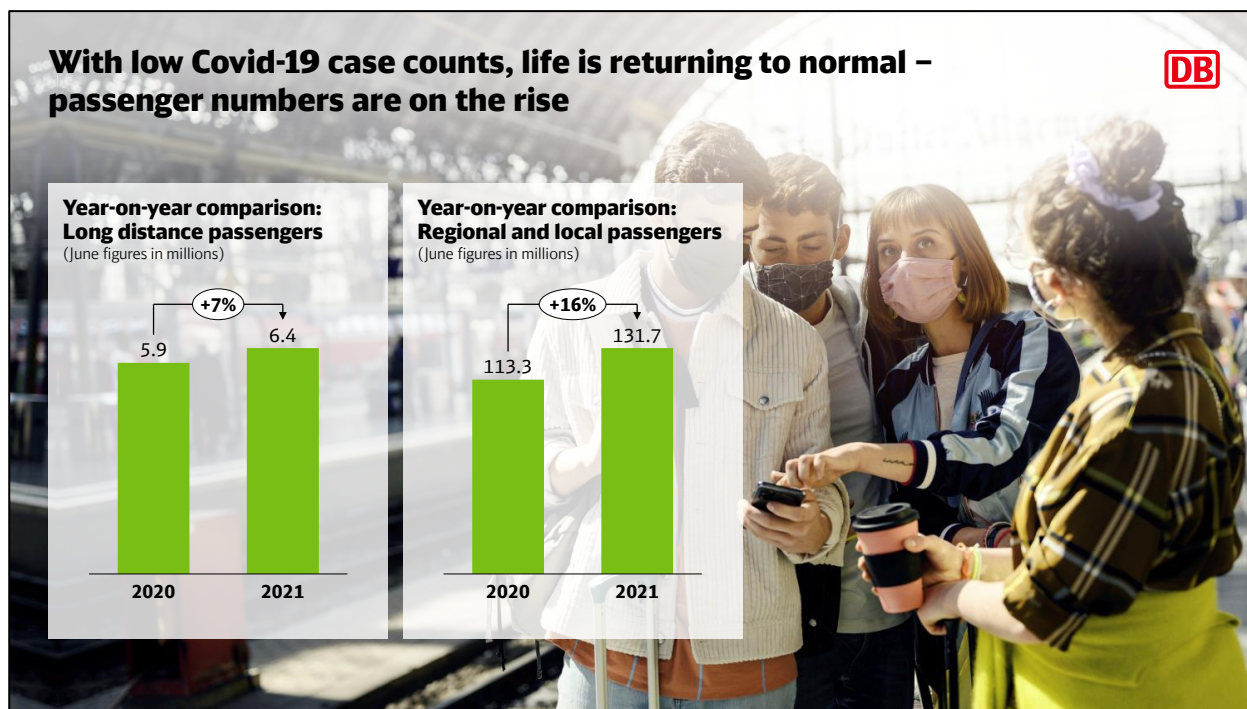
Tracks near Essen

Rebuilding will not only require considerable financial investment; most of all, it will require enormous effort on the part of our employees. At the same time, the drive and team spirit of our railway family give us reason to be confident even in the face of adversity: our employees worked and continue to work tirelessly to keep our passengers safe and restore normal operations as quickly as possible. I would like to express my sincere thanks to all DB employees for their tremendous efforts.

The DB team has responded to Covid-19 and its impact with a commitment to solidarity and responsibility, too. Fortunately, we have seen some hopeful developments in the pandemic situation over the past few weeks: vaccination rates are rising and stress on the health care system has fallen considerably, allowing life to return to something close to normal.

And people are becoming more mobile once again. We know how good it feels to explore the world and interact with others – to finally discuss important things face to face again, hug friends, visit the lake for a swim or take in a mountain panorama. I've also had the chance recently to meet with more people in person at DB and outside of DB – and I've really enjoyed it! One highlight I'm looking forward to is going on holiday again soon – traveling by train.

We have clearly noticed at DB that Germany is getting moving again. Capacity utilization and booking numbers are rising; trains are fuller and freight transport is even doing better than expected. Yes, these increases are based on a very low starting point and yes, our losses – especially in the first quarter – have been painful. Nevertheless, recent figures give us reason to be optimistic.

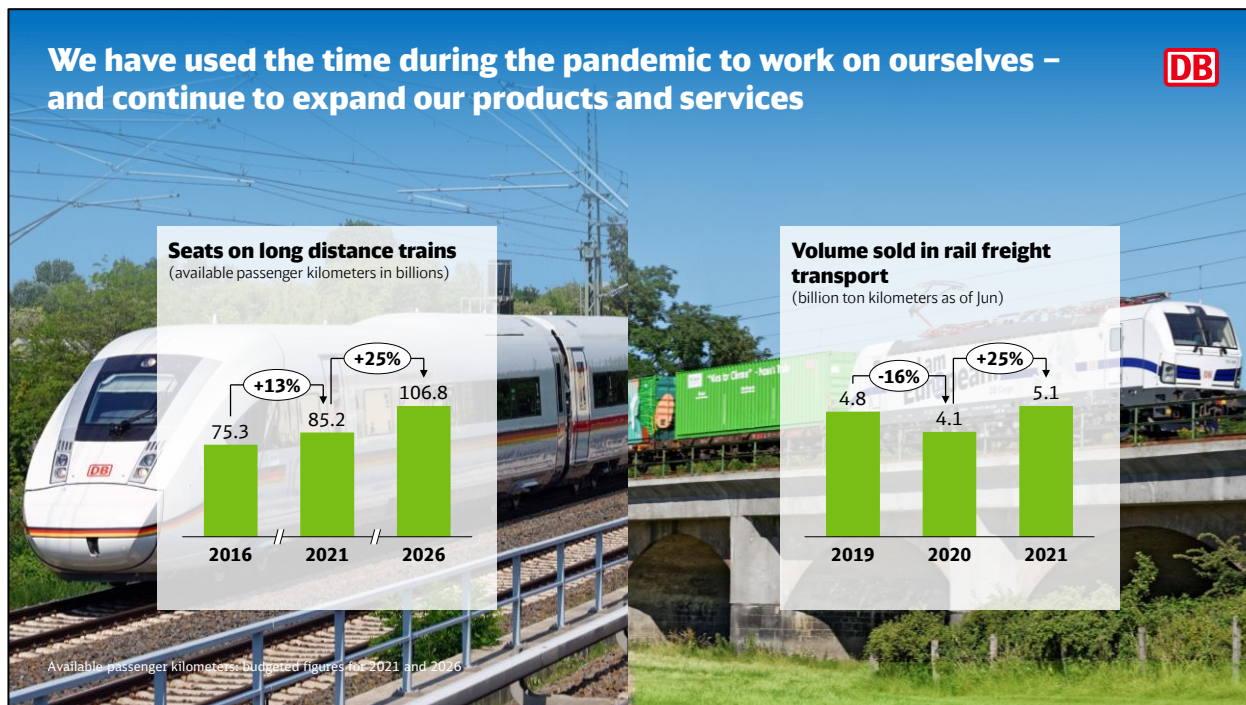


We are of course continuing to follow pandemic developments very closely. We are remaining vigilant and are prepared for all eventualities. During the pandemic, we homed in on our mandate at DB: to keep Germany running with mobility and logistics services. Our customers appreciate what we're doing, and we continue to see strong customer satisfaction ratings. In short, as much as DB can be the subject of heated debate in Germany, we have also shown that we are a reliable partner.



This is a promising starting point when it comes to winning over more people for train travel – including some people who might be taking the train for the very first time. We have also used

this time to work on ourselves and to prepare: for the return of passengers and growth – in keeping with our Strong Rail strategy. We were confident before, and we remain confident today, that the pandemic has only temporarily delayed the renaissance of rail. The best is yet to come for rail – and we are getting ready for it!



Most importantly with major, substantive improvements to our fleet and network:

Our new XXL ICEs made their debut a few weeks ago and are now serving north-south connections. They offer more capacity per train than ever before. And our ICE fleet has never been larger. We are receiving a brand-new ICE 4 every three weeks. Thanks to these new trains, travel will become noticeably more enjoyable and reliable – not at some point in the distant future, but starting right now. The first of our new ICE 3 neo trains is almost ready. Thirty trains have been ordered, and the first will go into service at the end of 2022.

Working closely with local transport authorities, we have been able to maintain nearly our full range of regional service throughout the pandemic. This has been made possible in part by government assistance for the regional transport sector. We greatly appreciate this assistance.

DB Cargo, our rail freight company, has become increasingly popular with customers. We know this because volume sold has increased. DB Cargo has recently made major progress on forward-looking technology projects and is well on its way to becoming a digital rail logistics provider.



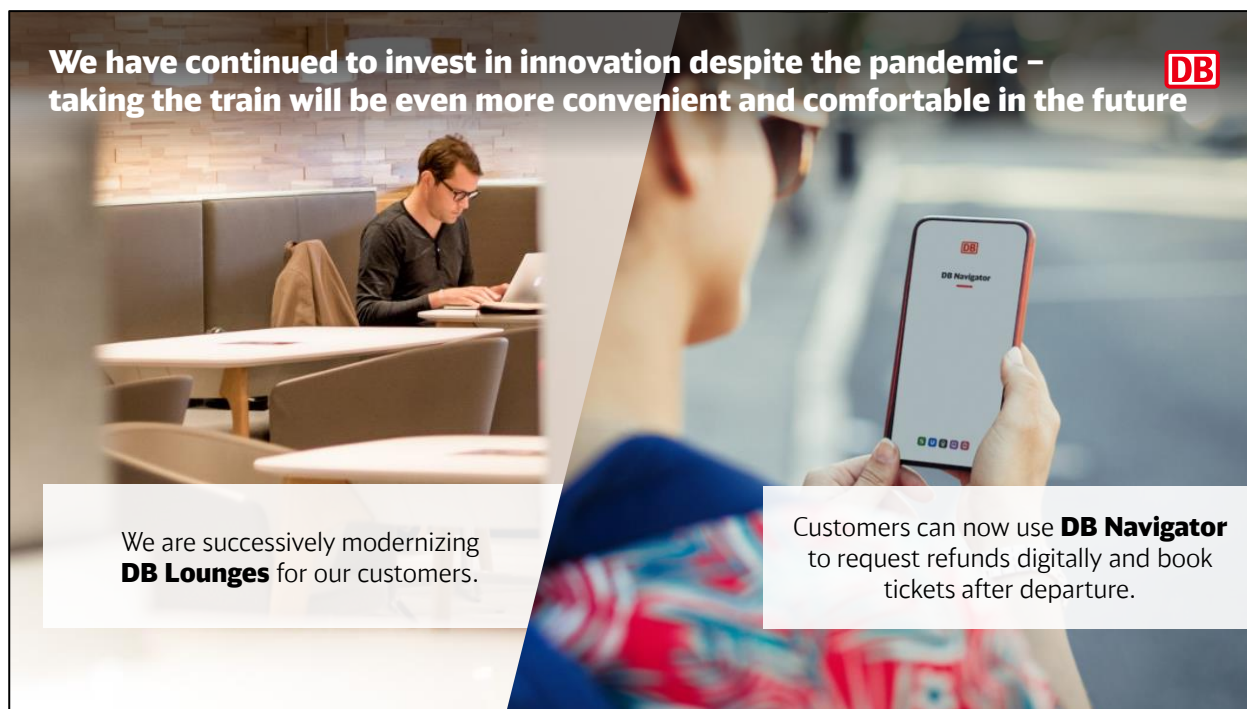
Returning to a growth trajectory: we are equipping ourselves for more traffic to shift to rail and are continuing to invest record sums in Strong Rail **DB**

In 2021 we are modernizing 670 stations, giving hundreds of stations around Germany a makeover and refurbishing nearly 2,000 km of track. In all, we are investing roughly **€ 12.7 billion** in our infrastructure¹.

(1) These figures do not include flood damage repairs.

Our modernization campaign for more capacity in our network is also continuing at a record pace. This year we are working on modernizing nearly 2,000 kilometers of track, including the high-speed lines between Göttingen and Kassel – where we just finished – and between Hamburg and Berlin. We are also making progress on projects at our major stations, such as the main stations in Dortmund, Frankfurt, Hanover and Munich. This year will see record investment, with EUR 12.7 billion slated for infrastructure improvements in 2021 alone.

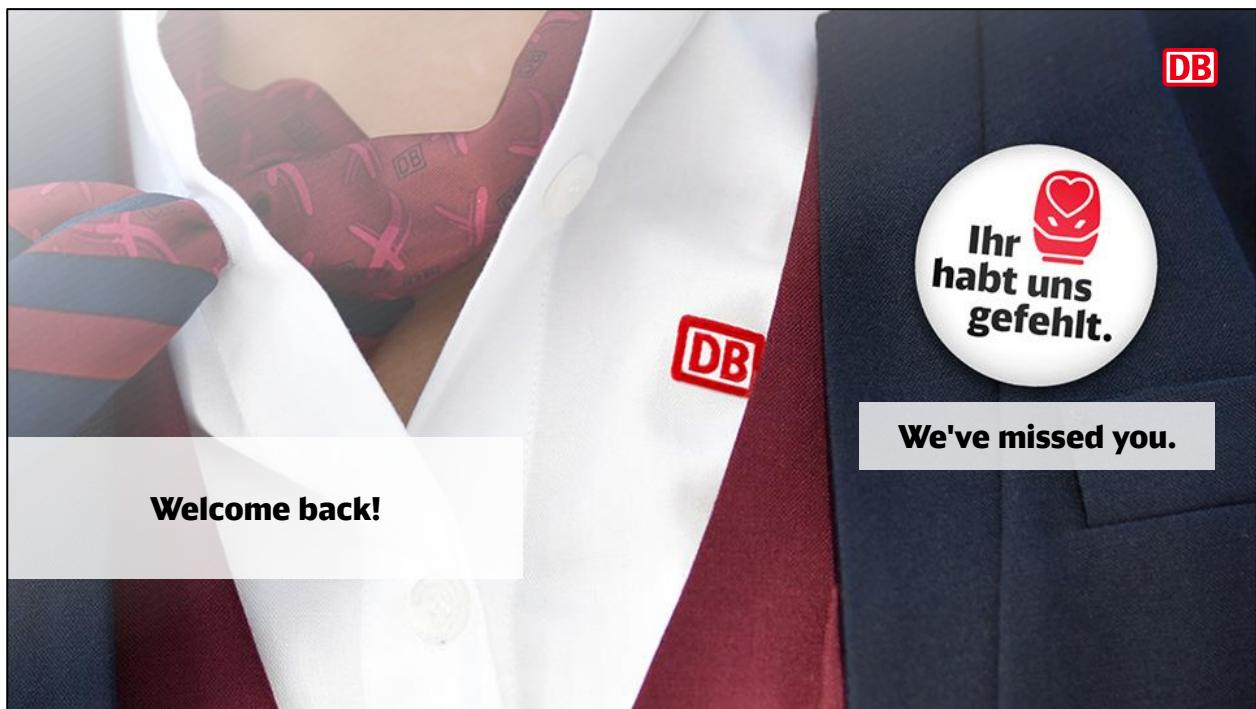
Over the long term, this investment will substantially increase capacity and quality, though of course we have to be aware that it will restrict service in the short term. In addition to all the construction, the extreme weather in recent months also had a negative impact on reliability and punctuality. The disastrous flooding was an especially hard blow. Back in February, a heavy snowstorm caused major disruptions, as did the most recent heat wave. Despite these challenges, 79.5% of long distance trains arrived on time in the first half of the year.



The many smaller changes we've made are also important for the quality of our services. Together they make travelling more pleasant and state-of-the-art. For example, as of the beginning of June, customers can now request compensation for delays and canceled trains digitally, in just a few clicks. According to our figures, around 90% of customers appreciate this new option.

DB Navigator lets passengers book tickets even after departure. We are currently upgrading our DB Lounges to create more inviting spaces and offer better service. And of course we are continuing the additional cleaning we implemented at the beginning of the pandemic, to ensure travel is safe for passengers and to consistently offer a higher standard of hygiene. In short, we're sending a clear message: we are well equipped for passengers and growth to return.

The 20,000 new employees we are planning to hire this year will also play a role here. They include a record 5,000 vocational trainees and cooperative education students.



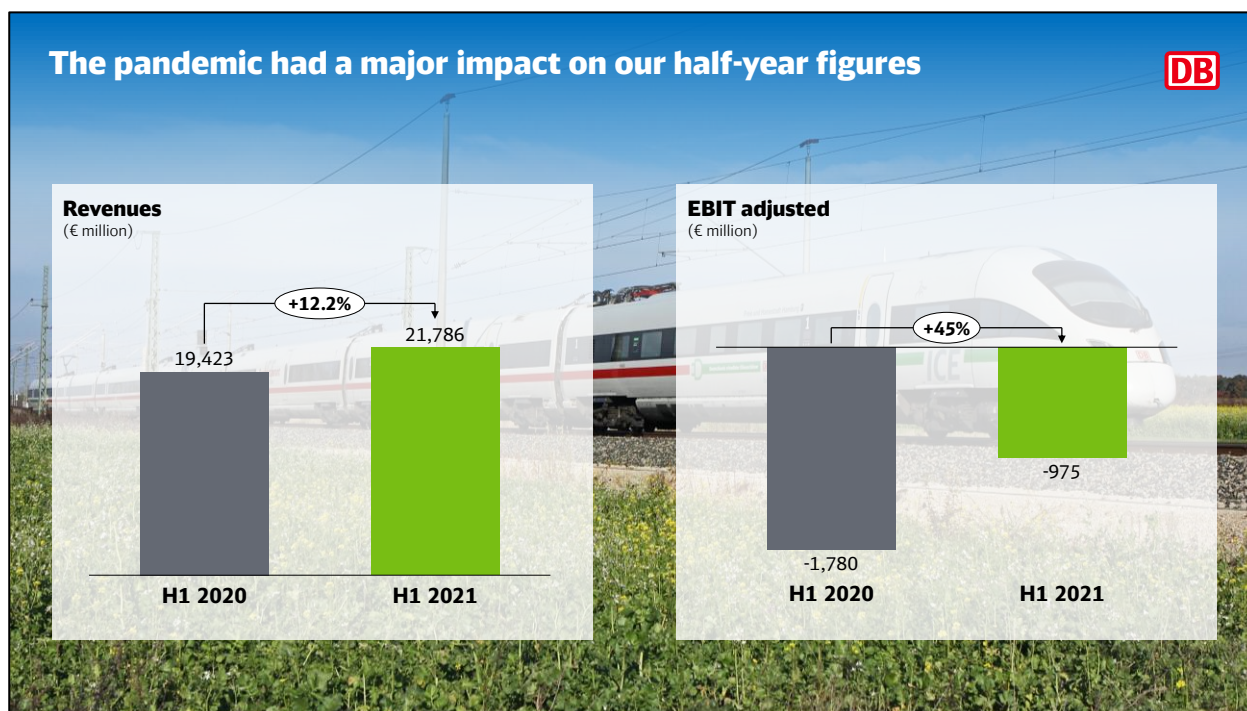
With thousands of new employees, a fleet that has never been larger, and a better travel experience, we are all set to welcome our customers back.

As promising as our current capacity utilization and booking numbers are, the fact that we continued to upgrade rail service despite the pandemic is definitely visible in our bottom line. This is no surprise, in part because the crisis has lasted longer than any of us in business and politics initially expected. Now, for a detailed look at the numbers and our return to growth, let me hand the podium over to Levin Holle.

Part 2 – Dr. Levin Holle

Ladies and gentlemen,

I would also like to welcome you to our interim results press conference. Repeating what Richard said just a moment ago: despite the pandemic, we continued to invest at record levels in the first six months of the year. We did so for one simple reason. We want to grow again, and we will – and by shifting more traffic to rail, we will do our part to protect the climate.



This deliberate financial feat, now in the second year of the pandemic, is of course leaving its mark. In numbers, that means that the DB Group finished the first half of 2021 with operating losses of EUR 975 million. When combined with extraordinary items, interest and income tax, we are left with after-tax losses of EUR 1.4 billion.

There is no question that this is a high deficit. Passenger service especially struggled during the pandemic as the lockdown was extended again and again. However, we were able to significantly reduce the DB Group's overall operating losses compared with the first half of 2020. Moreover, we did not have the high level of impairment that we had for DB's subsidiary Arriva in the first half of 2020.

Revenues are also on the rise again. Our total Group revenues rose 12.2% year on year to EUR 21.8 billion in the first half of 2021. The main driver of this growth was DB Schenker, our multinational logistics subsidiary, which I will go into in more detail in a moment. And some of our other business units, including DB Regio, DB Netze Track and DB Cargo, also saw revenues increase year on year despite the pandemic.



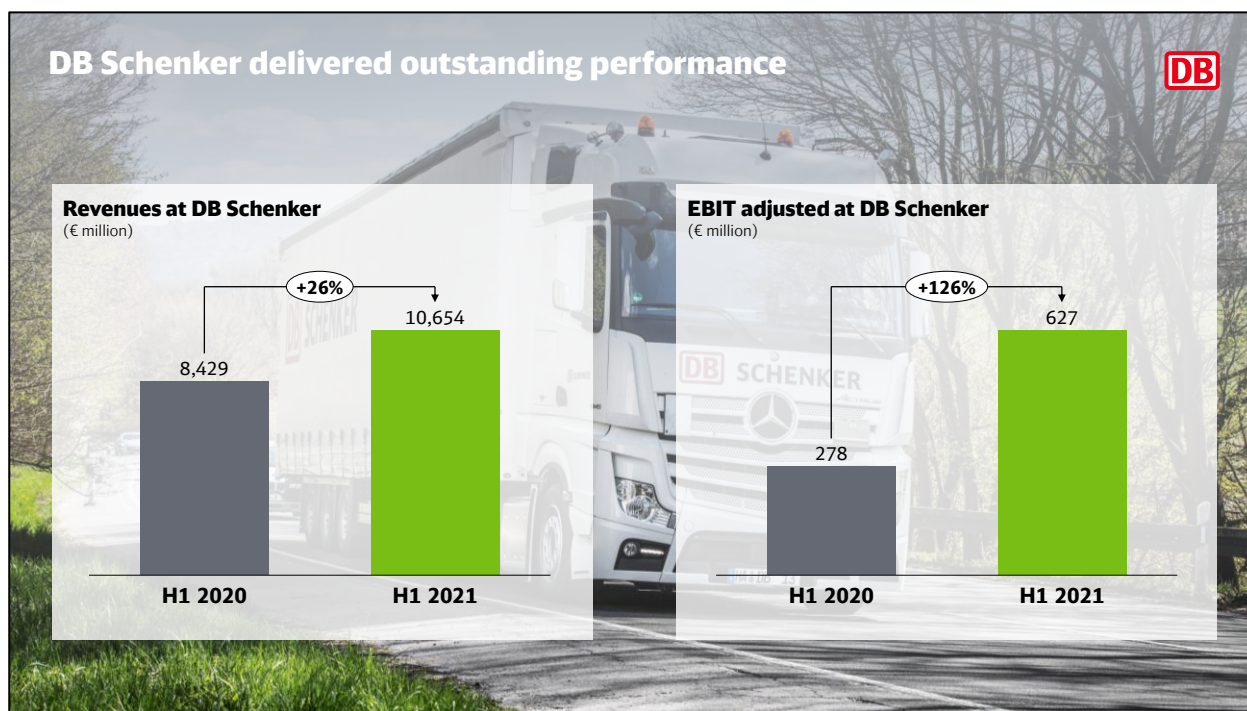
Here are some numbers to give you an idea of how widely the picture varies across our different segments.

The long lockdown that began in November 2020 hit DB Long Distance especially hard. People didn't leave home for weeks. Business was very weak in the first months of 2021 due to Covid, which affected our H1 numbers despite a noticeable uptrend that began in April. On the whole, 34% fewer passengers took DB's long distance trains than in the same period last year.



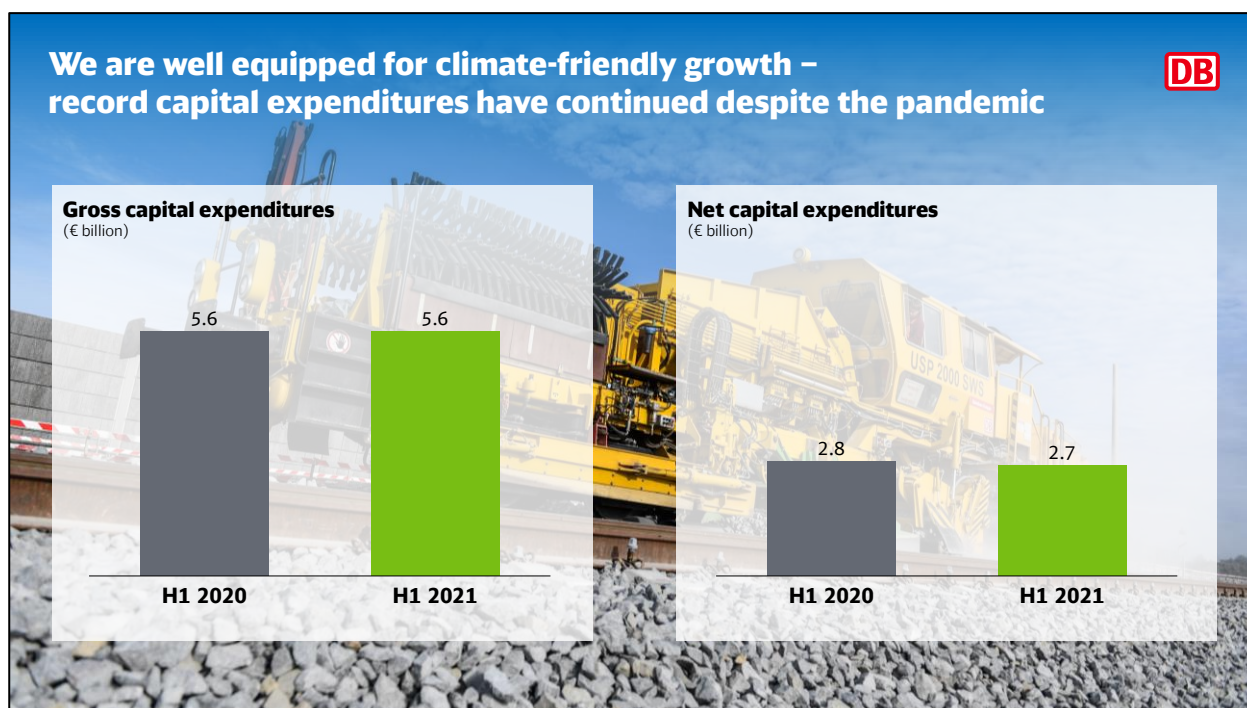
However, it is important to remember that there were two pre-pandemic months at the beginning of last year, and that we saw record numbers in those two months. The figures for DB Long Distance in the second quarter of 2021 are about 50% higher than in the second quarter of 2020.

DB Cargo turned transport volumes around and started growing in the first six months of 2021 – thanks in part to higher demand for climate-friendly supply chains. It was able to continue and build on the positive trend it saw in the second half of 2020. DB Cargo transported roughly 12% more freight than in the first half of 2020.



DB Schenker, our logistics subsidiary, finished out the first half of 2021 in an outstanding position. It more than doubled its operating profit to roughly EUR 630 million, following already strong performance in the same period last year. This is the best figure posted at the half-year mark in Schenker's history. And, in light of the exceptionally challenging situation on the world's logistics markets, it is a testament to the amount of confidence that customers have in Schenker's nearly 150 years of experience and expertise. Once again you can see that DB Schenker made major positive contributions to the Group's bottom line.

As always, our interim integrated report provides detailed figures and transparent information about performance at all of our organizations.

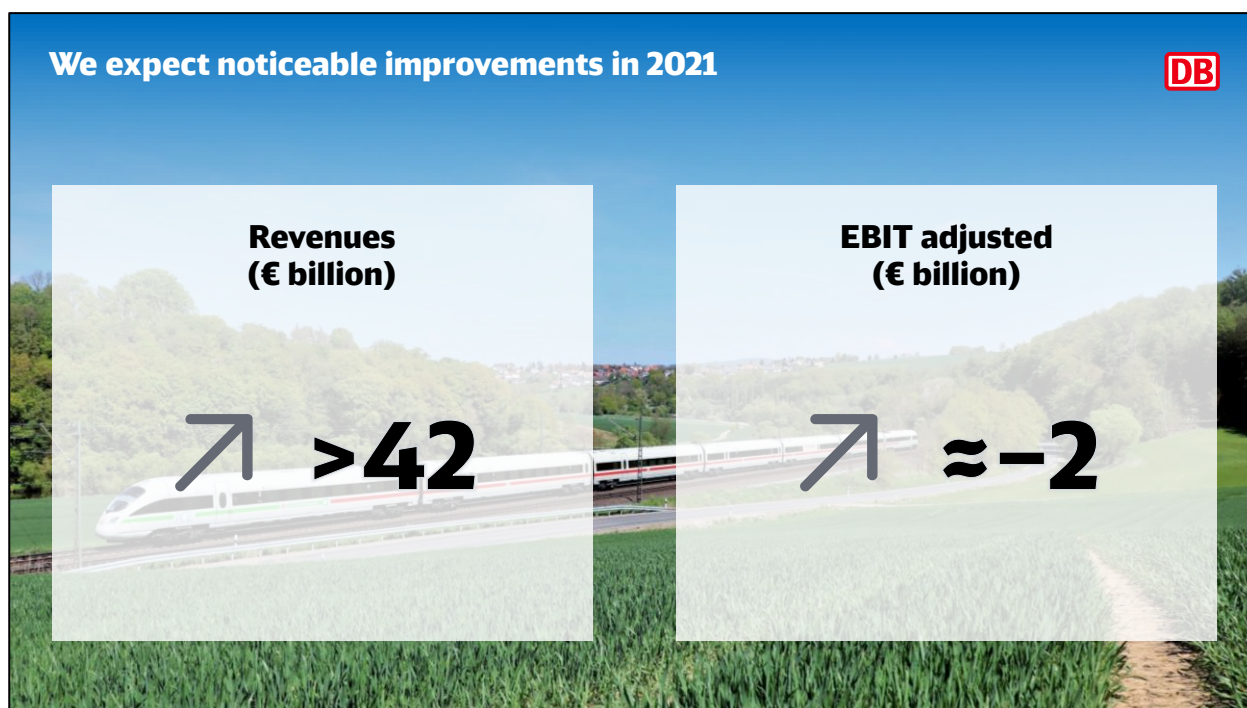


What is clear is that we are well positioned to return to the profitable growth trajectory that was brought to an abrupt halt by the pandemic. We continued our long-term investment campaign together with the German government. Despite the pandemic, we kept the DB Group's gross capital expenditure steady at around EUR 5.6 billion, thanks in part to high construction grants from the German government. This set another record for investment. On top of that, we also invested more in rail in Germany, our most important segment. Our capital expenditure here was up slightly over the same period last year, by roughly EUR 180 million, to more than EUR 5.2 billion. These funds were invested primarily in infrastructure, which will benefit the entire industry.

Net capital expenditure using DB's own funds totaled some EUR 2.7 billion, nearly matching the highest half-year value in our history, which we saw in 2020. Here, too, we were able to slightly increase capital expenditure in our core business. We are making sure that this money goes where it is needed and makes an impact: for better quality, higher patronage and more climate-friendly mobility. This forward-looking course will lead us back from the low point of the pandemic.

And as we move in the right direction, we will of course be mindful of our debt. Our net financial debt was EUR 32 billion as of June 30, 2021, due to the very high capital expenditure we saw in spite of the pandemic. Our debt remains well below the limit set by the German government.

One thing has been especially helpful: consistent government support. We are expecting some EUR 6 billion by the end of this year in climate protection and Covid-19 support, including reductions in track access charges, that the German government has committed to. Talks between the German government and the EU on EU approval for this support have been constructive and are progressing well. The great majority of the support is designed to help the entire industry. The first portion of funding to offset losses related to the pandemic has been officially approved by the European Commission and is already being put to use – in the form of reduced track access charges for rail freight operators.



Based on developments in the first half of the year, we anticipate high operating losses for 2021 as a whole even with the clear upward trend we are now seeing. However, at around EUR 2 billion, our losses will be significantly lower than in 2020.

We currently expect revenues in 2021 to rise again, to over EUR 42 billion. All of our forecasts depend greatly on the pandemic, the economy and flood recovery.

We have a clear target in sight: we will overcome the serious challenges that the pandemic has created, step by step. We intend for the DB Group to return to profitable business in 2022. For this to happen, the pandemic-related situation needs to keep improving – and DB also needs to do its part. Our agreement with the German government is clear: DB will cover half of the Covid-related losses in rail in Germany itself by 2024. As of today, those losses total more than EUR 10 billion.

This also means that the entire DB team must continue to do its part and act in solidarity. Saving wisely where possible and consistently investing in the future where needed are two sides of the same coin.

If we are to overcome our substantial pandemic losses this year, we will of course also need to reach a reasonable collective bargaining agreement with the German Train Drivers' Union. Overblown and unrealistic demands simply have no place in the current landscape and financial situation. Out of consideration for the entire DB team and our customers we need a reasonable outcome to negotiations – an outcome that doesn't jeopardize our hard-earned upward trajectory or our path out of the pandemic.

Richard, I'll hand the podium back to you for a look at what lies ahead.

Part 3 – Dr. Richard Lutz

Ladies and gentlemen,

Levin laid it out for us: we have the opportunity – despite the current circumstances, which are undoubtedly challenging – to quickly return to a growth trajectory. It is not a given, however. But we have reason to be optimistic: Team DB is solid. Let's keep it that way.

What we don't need are attempts to divide our workforce or strikes that jeopardize the promising trend we are currently seeing. I am calling on everyone to recognize this unique opportunity we have. Anything else will make rail weak, not strong. And we want Strong Rail!

DB's future is closely intertwined with the future of our country. The fight against climate change is the task of my generation, as we have recently seen yet again. And that is especially true in the transport sector.



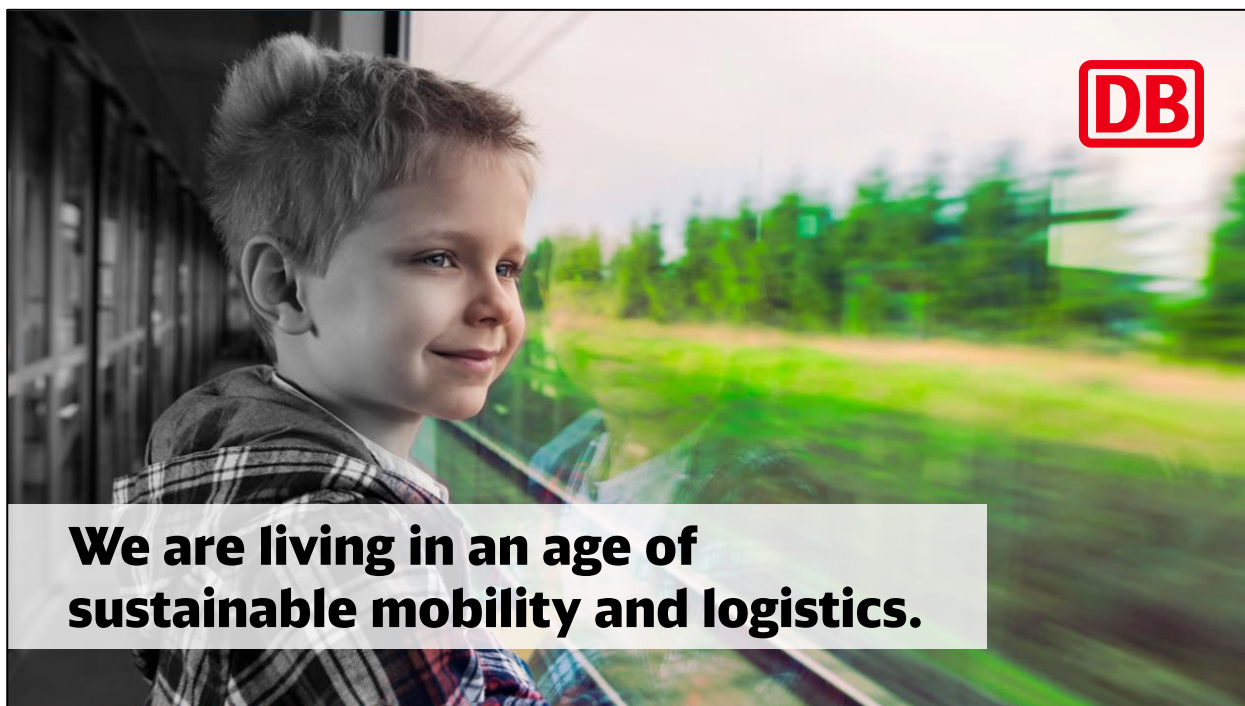
The good news is that many people and companies want a new approach to mobility and logistics – one that is eco-friendly and focused on the future. At DB, we are ready to help. As the most environmentally friendly mode of transport, rail shows us every single day that a healthy environment and a healthy economy are not mutually exclusive.

What's more, putting our energy into fighting climate change is in our DNA. There is no substitute for DB – we are the backbone of the green mobility of tomorrow. This also means that we need to do our homework at DB. We just moved up our climate targets; we will now be 100% climate neutral by 2040.

The fight against climate change offers major potential for rail. And it is a way to combat the very real risks we face. Extreme weather events have always hit us hard. But the most recent flooding

has made it even more obvious that storms of this magnitude cut us to the core. Our business is hurt more than almost any other company's. Storms, torrential rains, heat waves and flooding are part of reality now; we need to be better prepared. It is not just a question of acting responsibly for the benefit of future generations; it is also an economic imperative. We just recently published a study on climate changes between now and 2060 with the Potsdam Institute for Climate Impact Research. We are using this study as the basis for developing a new resilience strategy. We want to limit the impact of extreme weather on rail operations as much as possible.

Yet the most effective response to climate change is to lead more sustainable lives. That's why we're offering our customers even more climate-friendly products and services. For example, DB Cargo has been concentrating on green supply chains, with success. Companies in Germany and the rest of Europe can now take a major step toward climate-neutral value chains. And by strengthening our long distance passenger service, we are giving a boost to alternatives to domestic flights: not only by creating better transport integration with our new transfer service to and from the airport, but also by offering attractive options for customers to shift to rail on more and more lines.



Ladies and gentlemen,

We are living in an age of sustainable mobility and logistics. And that means that Strong Rail is crucial. This is what drives us each and every day at DB. We are working hard to live up to the important role we play in the economy and society. And we are delighted by everyone who wants to help us along the way.

Thank you.

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