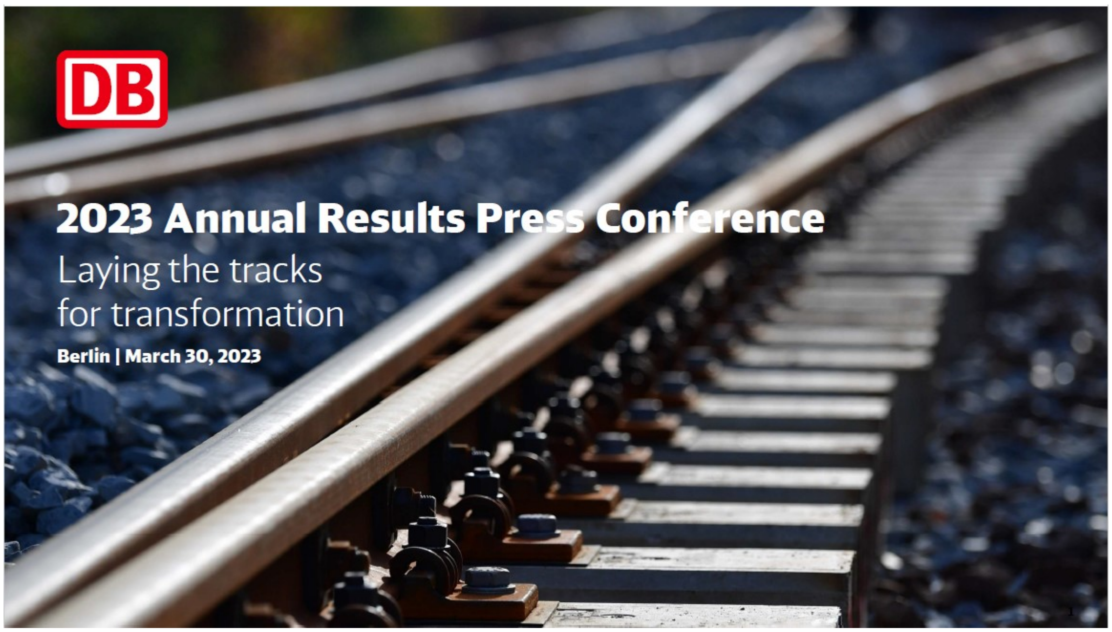
Speeches by Dr. Richard Lutz and Dr. Levin Holle

Annual results press conference

March 30, 2023

Laying the tracks for transformation



Press representatives,
ladies and gentlemen,

- Welcome to our **annual results press conference**.

- Before Levin Holle and I present the results from 2022, I would like to say a few words on the current status of the ongoing collective bargaining negotiations.

- This past Monday, the ver.di and German Railway and Transport (EVG) unions carried out **massive wide-scale token strikes** that crippled much of the country. I **very much regret the negative impact the strikes had on our passengers** and wish it could have been avoided.

- However, unlike EVG, ver.di held a strike AND continued to negotiate.

- One thing is clear: We will only be able to find a solution by talking to one another. **EVG must face its responsibility here**. We at DB are prepared to sit down and talk anytime.

Ladies and gentlemen,

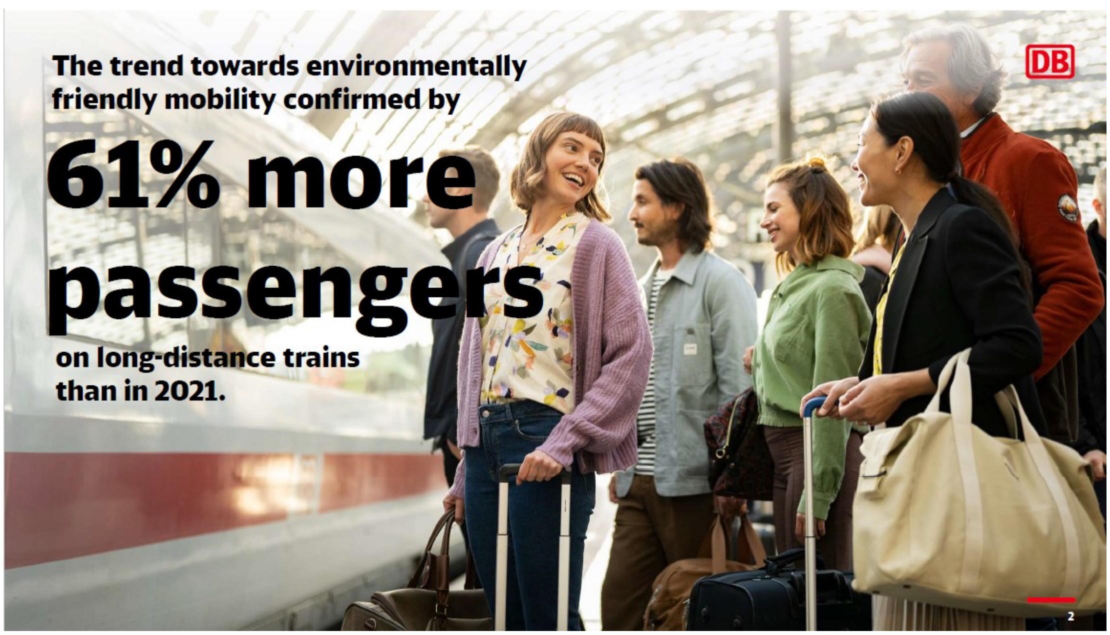
- Collective bargaining negotiations and strikes are impacting not only Deutsche Bahn; many industries in Germany are currently feeling the effects. These events are both a result of and a sign of the times we are living in, which are marked by **profound changes**. And these changes are not always positive, as we have seen in the recent past.

- First came the Covid-19 pandemic, with its dramatic restrictions on all our lives. Then the Russian attack on Ukraine, which has **destroyed old certainties** and is reverberating far and wide with **political, social and economic consequences** that impact us all.

- Amid all the challenges currently vying for our attention, we cannot forget that **climate change and its dramatic impact has long arrived in the here and now.** Our generation has a duty to do everything we can to mitigate its effects. And **rail has a central part to play here.** That's not just our belief as a rail company; it's now a political and social consensus.

- **Tomorrow's mobility means climate-friendly mobility**. At Deutsche Bahn, our corporate strategy Strong Rail is all about decarbonizing transport.

- It's clear from the **demand** for our services that **we are on the right track with Strong Rail**. This was strikingly underlined by developments in 2022.

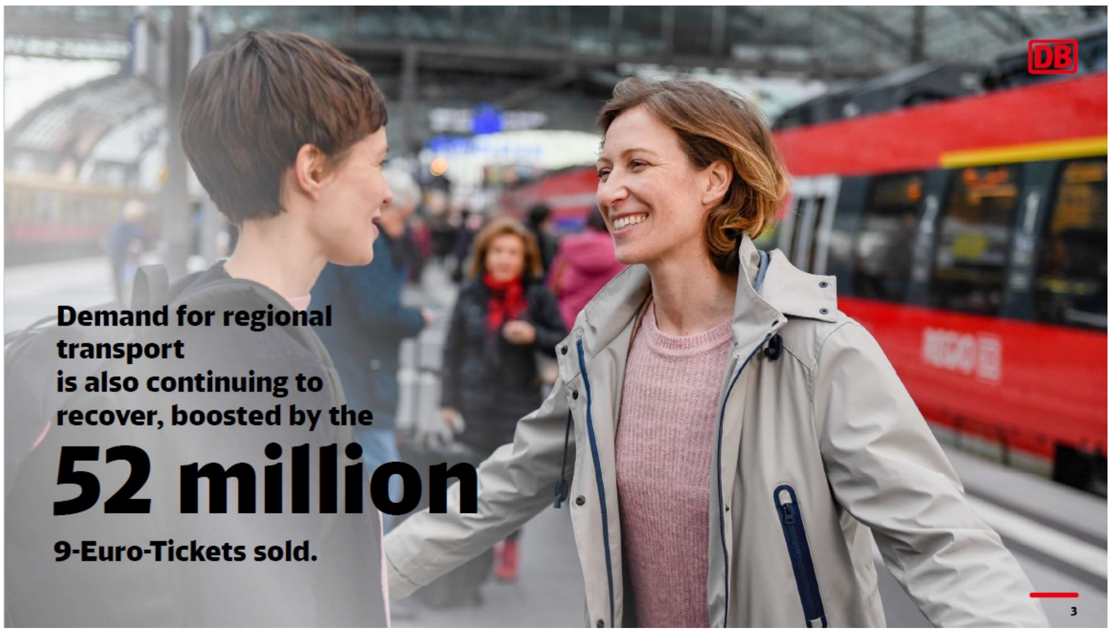


- The **trend towards ever more climate-friendly mobility, which was reflected in record passenger numbers before the pandemic, has accelerated again**. Over the last three years, we saw passengers returning to our trains whenever the Covid-19 situation allowed.

- This trend continued in 2022, when **a total of 132 million passengers used our long-distance trains – 61% more than in 2021.**

- In the summer and over the Christmas period, we set **new passenger records**. For individual travel, we are already outperforming 2019.

- 2023 got off to an excellent start with the **highest January and February revenues ever seen in long-distance transport**. This positive trend is set to continue: **for the year as a whole, we are expecting to set a new record, with significantly more than 150 million passengers on our long-distance trains**. This sends a strong message forclimate-friendly mobility.



- In regional transportdemand surged, too: **the number of rail passengers at DB Regional was up by 43.2% year on year in 2022**. Last year's 9-Euro-Ticket gave these figures an extra boost, with 52 million of the tickets sold across the industry.

- We are delighted that the new **Germany ticket** is finally set to arrive in May, giving another incentive to switch to eco-friendly transport modes.

- Unlike passenger transport, DB Cargo's volume sold already recovered to pre-Covid-19 levels back in 2021. Revenues at **DB Cargo were up by 5% year on year in 2022**.

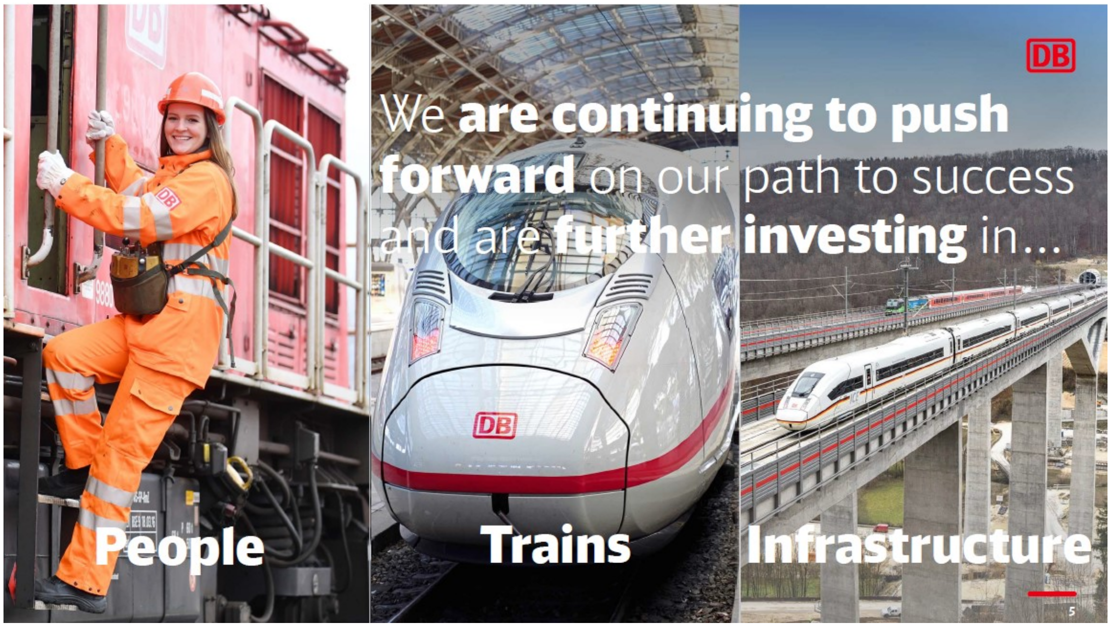
- This shows that for moving both people and goods, **climate-friendly transport happens on rail,** making DB Cargo vital to providing carbon-free transport chains of the future.

- The encouragingly **strong demand has significantly reduced our losses from the rail business in Germany**. We improved our profits in rail infrastructure and operations by **more than EUR 2 billion**. Nevertheless, the Integrated Rail System remained in the red – partly because we made investments at record levels again.

- Long-term supply contracts meant that we were **not yet as heavily affected as some by the high inflation and particularly the spiraling energy costs in 2022**.

- **DB Schenker performed outstandingly and posted a record year in terms of both revenues and profit.**

- The bottom line shows an **operating profit for the DB Group of around EUR 1.3 billion.**

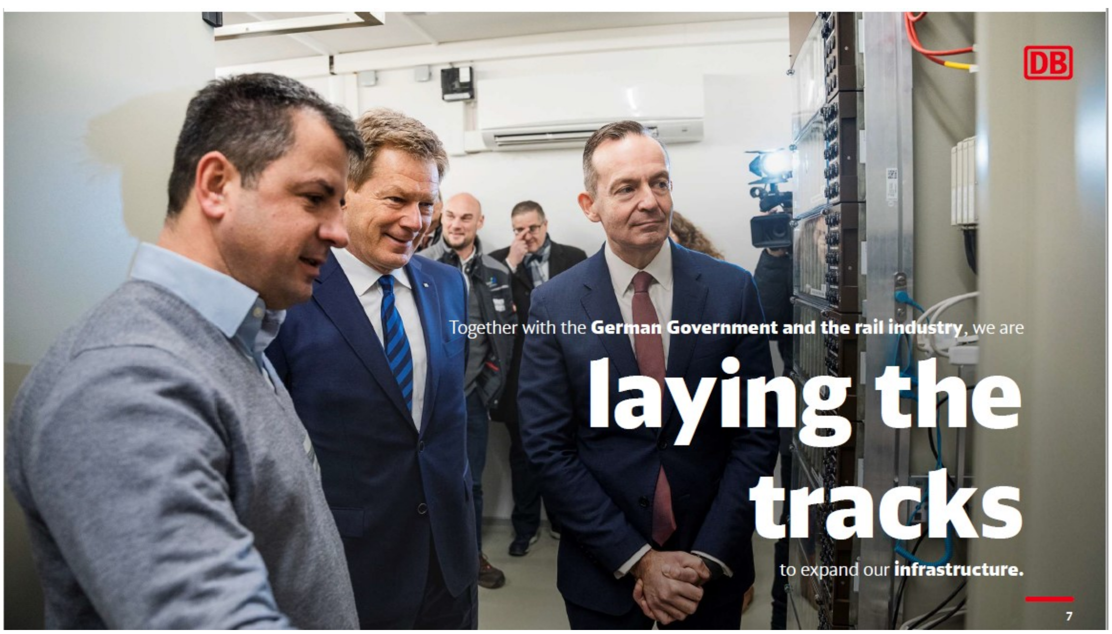


- Despite a still difficult environment, we continued the path set by the Strong Rail strategy with all our strength in 2022: **we recruited, modernized and invested further.**
- In Germany, we **recruited a record number of new employees** again – a total of 28,000 people, representing a net increase of around 5,000 jobs.
- We **pushed ahead with further expanding and modernizing our rolling stock fleet.** Our train fleet is now larger and newer than ever.
- The **ICE 3neo** entered service at the end of last year, offering our passengers a whole new level of comfort – for example new radio frequency-transparent windows that enable stable phone reception.
- In the south west, we achieved an important milestone with the opening of the Wendlingen–Ulm high-speed line. This is a **major leap forward for rail travel in the region** and will significantly speed up journeys between Stuttgart and Munich.
- Despite all these efforts, it is clear that there is more to do. We need **a rail network that is robust and efficient and offers the capacity needed** to absorb the growth already being seen today and expected in the future.
- **Successfully decarbonizing mobility relies on us creating such a network. This will take a collaborative effort.**

- One thing was more than evident in 2022: **the rail network has reached and, in some places, even breached its limits.** It's too old, too failure-prone and has too little capacity.

- **Never before so many trains have been on our network as in 2022.** Even more, the scale of construction and engineering works also continued at record levels.

- This meant that in passenger and freight transport alike, we were unable to offer the quality our customers rightly expect from us and that we also expect from ourselves. **This was reflected in the very poor punctuality figures in 2022.**



- **That´s why the past year also marked a turning point.** It became clear to everyone that things cannot continue as they are. We had to switch course and approach infrastructure renewal and modernization completely differently.

- We are **laying the tracks for this transformation**: last year, together with the German Government, we made a **radical change of course in the renewal of our rail infrastructure.**

- By 2030, working in lockstep with the German Government and the whole industry, we will **turn the busiest parts of our rail system into a high-performance network** – with high availability, capacity uplift driven by digital technology, and access for all.

- As you can see, we have a lot planned. In summary, we are taking **rail travel in Germany to the next level**.

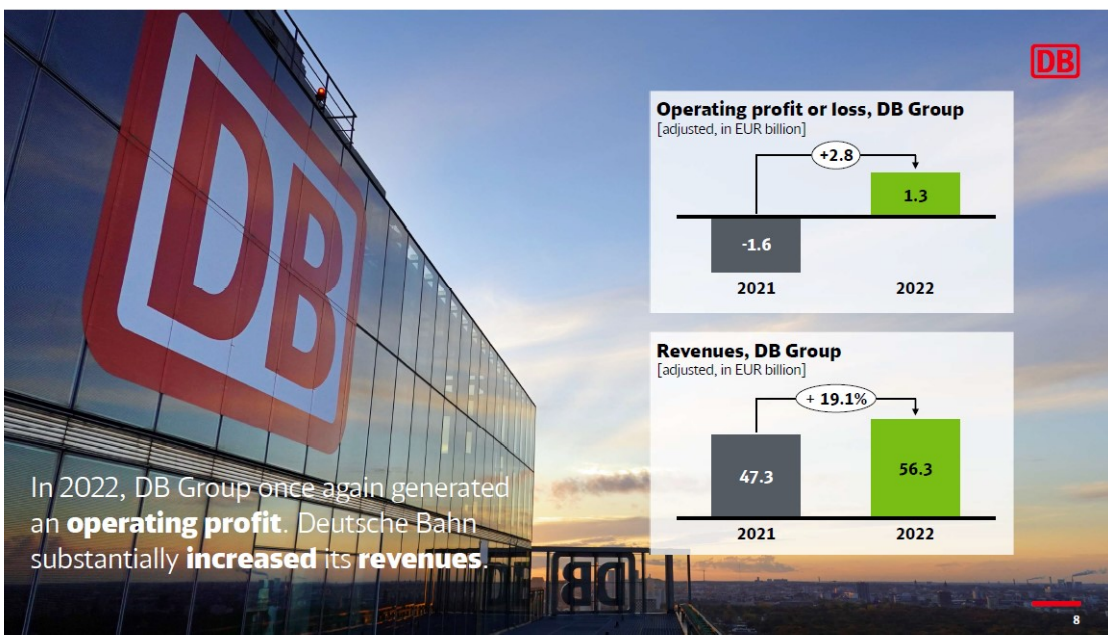
- And all this amid an extremely difficult environment. Like many other businesses, we too will have to come to terms with **major cost increases due to the high inflation rates**.

- These factors will substantially hit our results for 2023. Levin Holle will now discuss this in detail. **Levin, the floor is yours.**

Levin Holle's part

- Ladies and gentlemen,

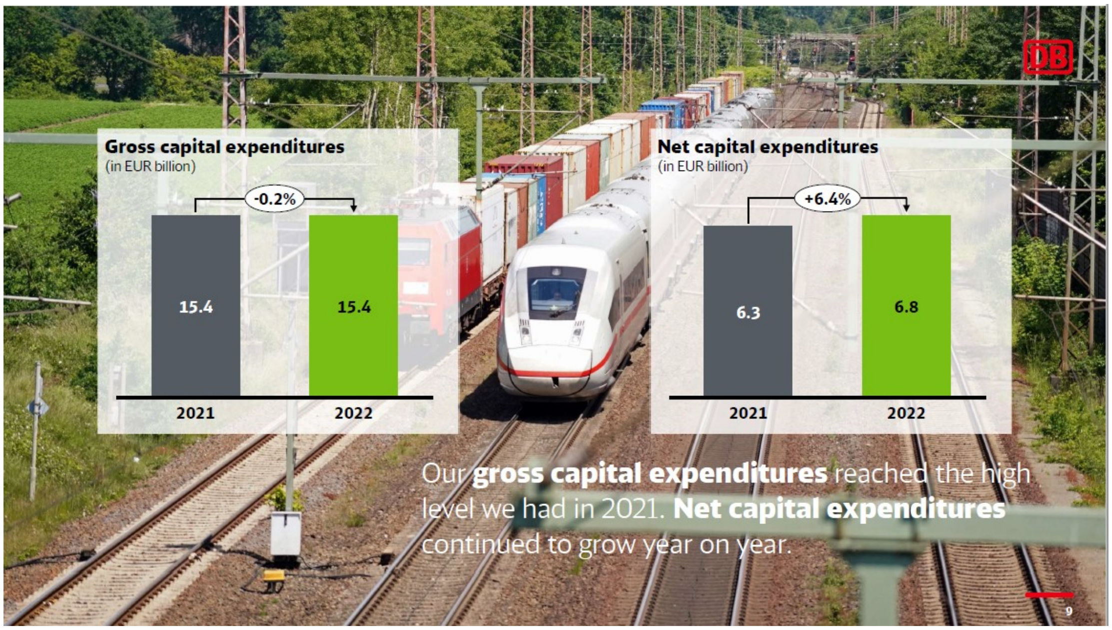
- Thank you, Richard. As you have already mentioned, **2023** will be a **difficult** year for DB. But before I come to our forecast for this year, let's look at the figures for the **2022 financial year**.



- DB Group's **operating profit improved by EUR 2.8 billion** versus the Covid-19-hit 2021 figure to about **EUR 1.3 billion.** Adjusted Group revenues increased by **19.1%** year on year to a **new high of EUR 56.3 billion** in 2022. Both these increases were due above all to the **outstanding** result at **DB Schenker**.

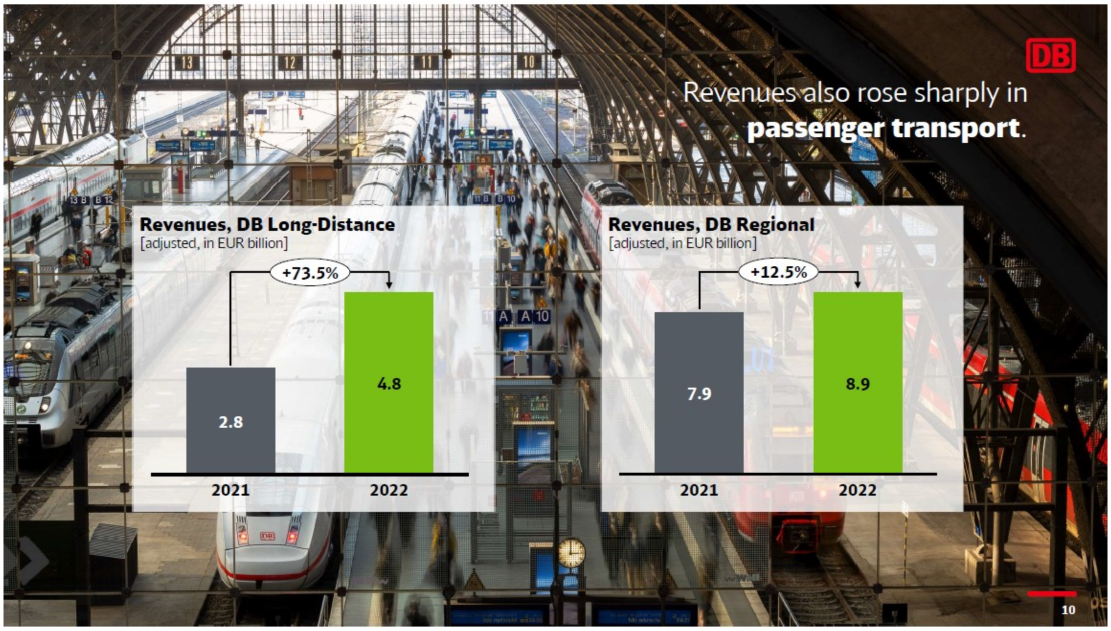
- Our **core business** – the Integrated Rail System – saw a **EUR 2.1 billion improvement** in operating profit in 2022 compared with the previous year. However, we continued to post an **operating loss** here of around EUR 600 million.

- Despite these difficult times, we chose to **continue investing heavily in infrastructure, rolling stock and greater quality** for our passengers and even increased the **share of this capital expenditures from our own funds** again – as you mentioned already, Richard.



- In concrete terms, this meant that, together with the German Government, we made **gross capital expenditures of EUR 15.4 billion** in 2022, **matching the previous year's high level**. Our **net capital expenditures** continued to grow and were up by **6.4%** to **EUR 6.8 billion**. That is a **new record**. However, the current revenues in our core business are not sufficient to fund these vital capital expenditures in the future.

- It was thanks to the **extraordinarily high profits** at our logistics subsidiary **DB Schenker** that DB Group posted an operating profit for the 2022 financial year. I'll come on to the **outstanding result at DB Schenker** later.

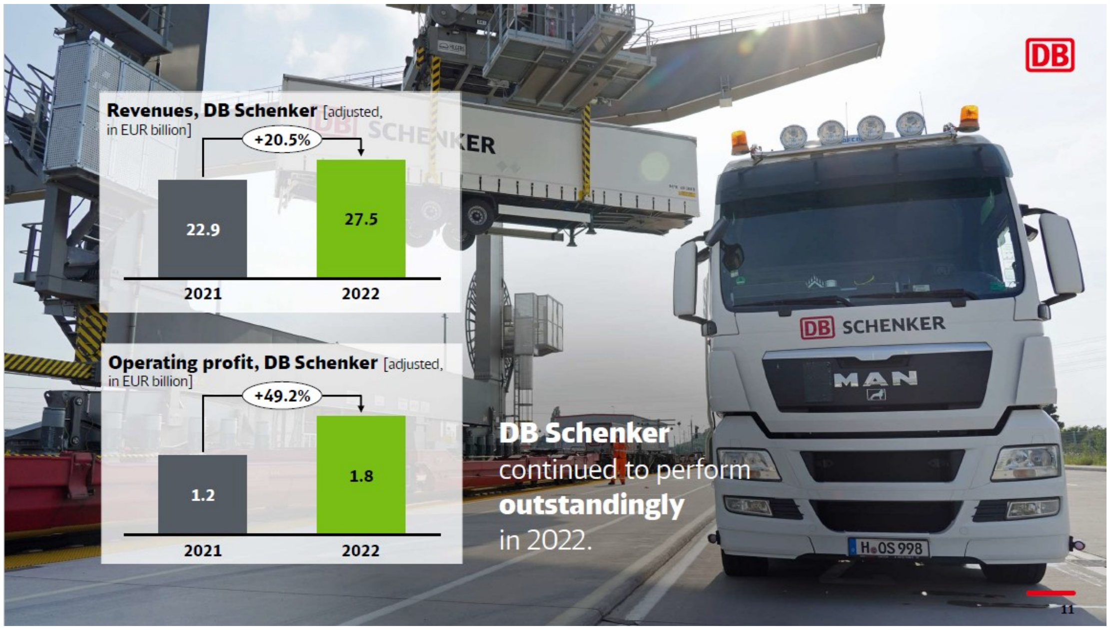


- But there are also **positive developments in the rail business in Germany** and Europe. **Revenues grew strongly** year on year **right across DB's core business** in 2022. The growth of **rail freight transport** at DB Cargo, while still far in the red, contributed to this development.

- Revenues in **long-distance passenger transport** were **particularly positive**, growing by **more than 73%** or **over EUR 2 billion** year on year in 2022 to **about EUR 4.8 billion**. **DB Regional lifted revenues by EUR 1 billion** over the same period.

- That shows that **our services are in demand**. **Environmentally friendly mobility** and logistics will continue to **grow, both in passenger transport and in rail freight transport, which is vital for achieving climate neutrality**.

- Our local European transport subsidiary **DB Arriva** has made **good progress** with its business and made an **operating profit** again in 2022. Complete and transparent information on the 2022 financial year can as always be found in our **Integrated Report**.

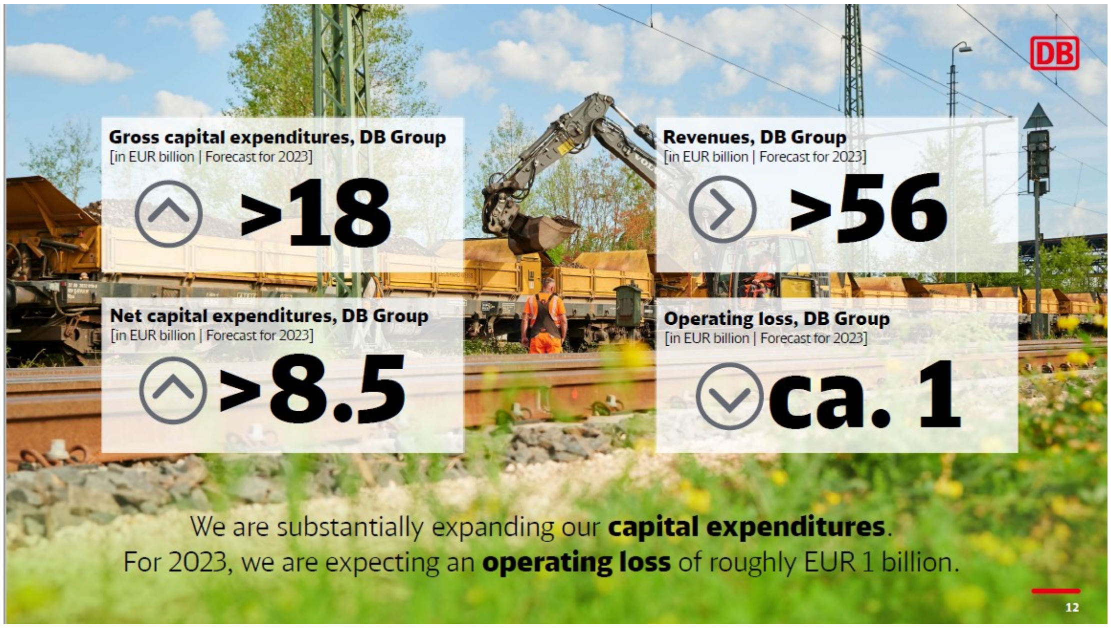


- Our **DB Schenker** logistics subsidiary is **highly successful** both operationally and financially and put in another **fantastic performance** in 2022. Last year was the **best** in its **150-year history**. The results at DB Schenker are an **impressive** demonstration that, even in uncertain times, the company is a **reliable** and **sought-after** provider of **logistics solutions** for its customers all around the world.

- **DB Schenker** increased its revenues by **EUR 4.7 billion** or **over 20%** to **EUR 27.5 billion**. Operating profit grew even more strongly and was up by **almost 50%** to over **EUR 1.8 billion**. With this result, Schenker **far exceeded** the previous year's **record profit**.

- The company benefitted from a **very positive market environment**, even though the **unusually high freight rates** in air and ocean freight **returned to more normal levels** in the second half of the year. DB Schenker **significantly lifted** revenues and operating results in **all regions**. As in the previous year, **air and ocean freight** remained the **strongest drivers** of the **very high earnings growth**.

- DB Schenker is a **success story** with a **strong position** in all the relevant industry sectors. In early 2022, the company **launched** a comprehensive **transformation program** to **continue** and further build on this path. Despite the constantly changing market conditions, Schenker wants to position itself with a **forward-looking** organizational **structure** and **seize further growth opportunities** around the world. It is clear, then, that **DB Schenker** has the **potential** to continue delivering **excellent results in the coming years**.



- However, the **rail business in Germany** and thus the **DB Group** in total face some **major challenges this year**.. Richard, you already mentioned that **high inflation** is driving **major cost increases**, and these will really become perceptible **this year**.

- Take **energy prices**, for example. In 2022, we were well **hedged** thanks to transactions agreed before the crisis, which **protected us from enormous cost increases**. Our hedging transactions for **2023**, however, are starting from a **considerably higher price level**. The **higher energy costs** will therefore hit us much harder this year.

- We are also seeing **large price rises** for all sorts of **purchases**. A number of long-term **supply contracts** are expiring and will need to be **renewed or renegotiated** on more expensive terms.

- Rail **infrastructure** has suffered decades of financial neglect, and we will be investing **further billions of euros** in **2023** towards greater capacity and improved punctuality in the future. Like the **rest of the logistics industry**, DB Schenker is unlikely to see a repeat of the **exceptionally high freight rates** of recent years.

- Taken **together**, all these factors will **heavily affect** our results in **2023**. We currently expect **Group revenues** of **over EUR 56 billion** this year. An **operating loss** of around **EUR 1 billion** is expected. Volatile market developments mean that all our **predictions** are subject to **high uncertainty**.

- In this far more difficult, **highly inflationary** environment, we need to **step up our efforts** to work more productively and efficiently in operations and management. **Digitalization** will play a **major part** in this. The **higher the wages agreed in the next collective bargaining agreements**, the **larger the financial impact** and the greater the efforts that will be required to meet this challenge.

- By **investing** hard in the rail system, we will **remain on track for future growth.** Together with the German Government, we want to **lift our gross capital expenditures** in 2023 to **more than EUR 18 billion**. We expect to raise our net capital expenditures from EUR 6.8 billion to **over EUR 8.5 billion**.

- These capital expenditures will center on the **fundamental overhaul** of Germany's rail infrastructure – a **monumental task**, and not only in **financial** terms.

- More on that **from you**, **Richard**.

- Thank you, Levin

Ladies and gentlemen,

- As I've already mentioned, together with the German Government, we initiated a paradigm shift last year with regard to overhauling our infrastructure on our way to achieving a **high-performance network**.

- The **decisions made by the coalition council** now provide the necessary framework conditions for us to vigorously implement this project together with our sector and industry partners.

- In this way, we can succeed in outfitting our rail infrastructure for growth and an increased modal shift. Doing so will also **strengthen Germany's competitiveness as a place to do business.**

- We see this as our responsibility, too, and are seeking **partnerships with industry and the construction sector**.

- This **close relationship with industry** is exemplified by **DB Cargo**. Together with its partners, our freight subsidiary connected the **LNG import terminals in Wilhelmshaven and Brunsbüttel in record time.**

- In addition, DB Cargo also carried out the biggest reactivation campaign in its history, outfitting over 1,000 freight cars to increase transport capacity for coal on the energy corridors created by the German Government, and that within a very short time period. DB Cargo thus made a key contribution to secure the **energy supply in Germany**.

- Customers in the steel industry are **supporting DB Cargo on the path to decarbonization with newly developed, innovative freight wagons** that carry the raw materials for green steel to the steelworks while protecting them from corrosion.

- Germany is embarking on a **full-scale modernization and digitalization agenda**. Together with other German companies, we want to actively shape this transformation process and place a focus on integrating different modes of transport, both in passenger and freight transport.

- In **passenger transport, we are continuing our successful collaboration with the German airline industry** to shift more domestic short distance journeys to rail.

- Outside the major urban centers, we will introduce **attractive public transport options to the roads** – always keeping our core products in mind while being open to the best solution for sustainable and flexible mobility that ends the reliance on a private car.

- **In freight transport, we are creating integrated intermodal supply chains and are continuing to expand combined transport** to ensure reliable and climate-friendly supply for the German and European economies.

Ladies and gentlemen,

- Together with the German Government, we have found the **courage for radical change**. This **determination** will also be reflected when it comes to **delivering that change**.

- And for good reason: the demand is there and continues to grow quickly. Green mobility is booming. **That is energizing us to deliver improvements as quickly as possible to give Germany the more efficient and punctual rail system it deserves.**

- The economic environment may remain difficult. But I am convinced that **the future belongs to rail. Smartly connected to other modes of transport, rail will drive the fight against climate change in the mobility and logistics sector.**

- This year, it's **more important than ever for me to give special thanks to all our employees.** The **whole DB team** deserve **huge recognition** for what they do every day – especially given the operational difficulties.

- And my special thanks also go to everyone involved in the **largest-scale relief effort in DB's history**, which we launched last year after the Russian invasion of Ukraine.

- At stations and freight terminals, on trains and buses, in control rooms and container terminals, and all across DB: colleagues everywhere got stuck in and did everything they possibly could to support the people of Ukraine in their time of need.

- And I can promise one thing: **we at DB will continue doing everything we can to help. It is also our freedom and our values, for which Ukraine is fighting.**

- Thank you for your attention.

Fotonachweise

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Folie 2	Deutsche Bahn AG | Max Lautenschläger
Folie 3	Deutsche Bahn AG | Max Lautenschläger
Folie 4	Deutsche Bahn AG | oben, v.l.n.r. Dominic Dupont, Wolfgang Klee, DB Schenker, unten: Max Lautenschläger
Folie 5	Deutsche Bahn AG | v.l.n.r. Oliver Lang, Volker Emersleben, Sebastian Berger
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