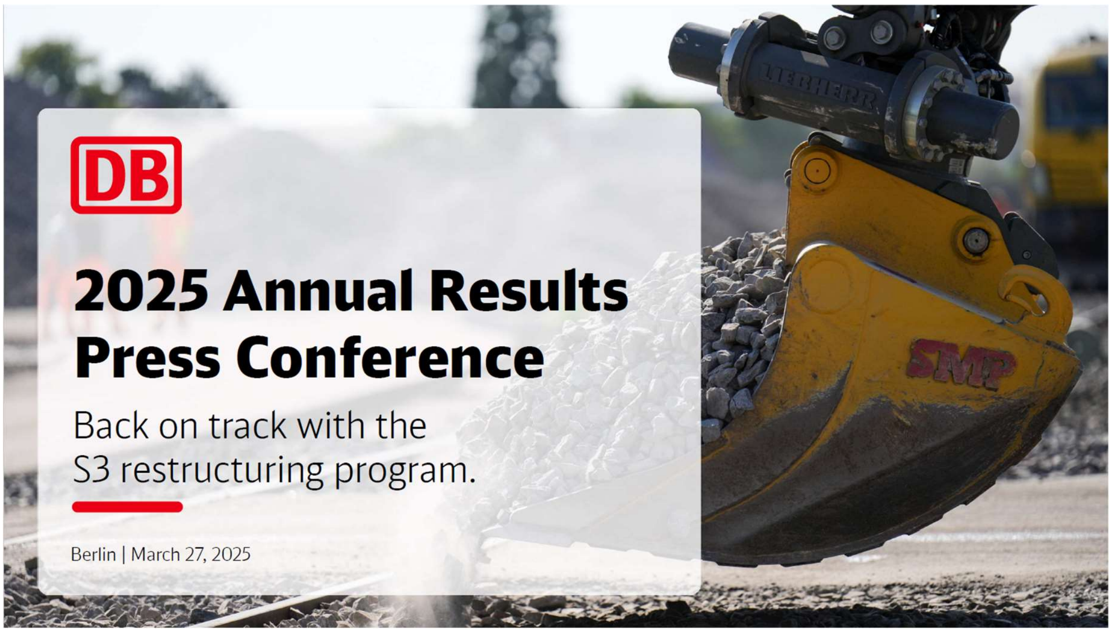
Speeches by Dr. Richard Lutz and Dr. Levin Holle

Annual results press conference

March 27, 2025

Back on track with the S3 restructuring program!

Check against delivery.



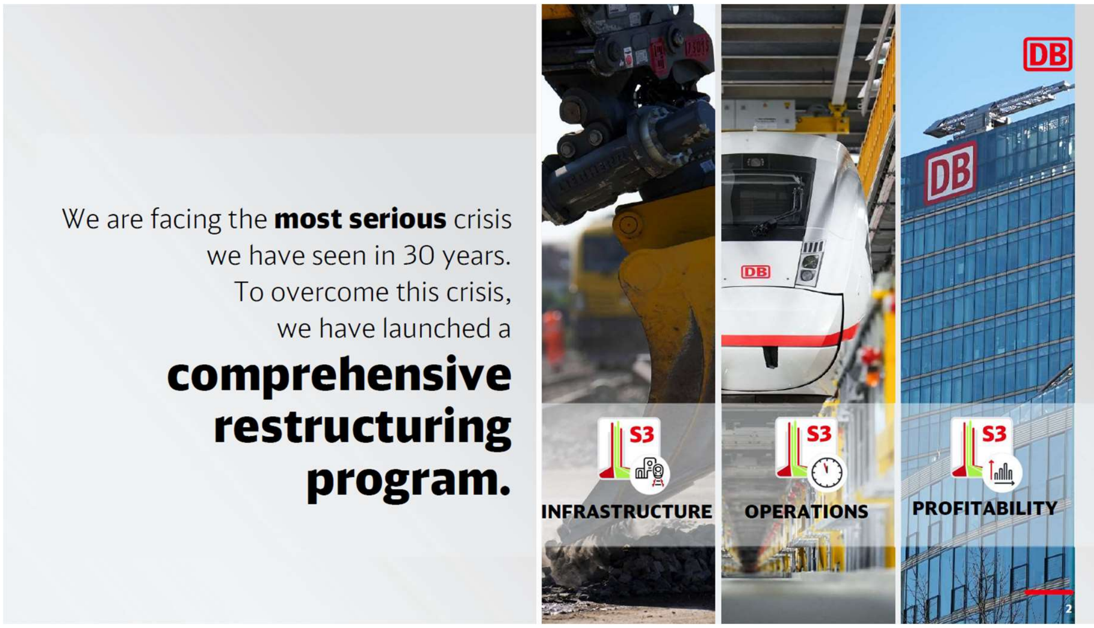
Dr. Richard Lutz:

Press representatives, ladies and gentlemen,

- Welcome to our annual results press conference.

- 2024 was a year of challenges. Deutsche Bahn is facing its **most serious crisis in 30 years**. To overcome this crisis, we, along with the German government, have set the course for **a comprehensive restructuring of DB Group** and launched the **comprehensive S3 restructuring program**. Implementation began in 2024 when we **started the general modernization of the highly utilized rail network** in Germany.

- We have systematically implemented the program these last six months and will bring DB Group back on track, **step by step**, by 2027. That means that over the next three years we will **focus our full attention on improving DB Group's infrastructure, rail operations and profitability**. Our customers and employees deserve nothing less.



- **2024 underscored how urgently this improvement is needed –** in the **infrastructure first and foremost**. Most delays come down to the infrastructure. We **cannot ensure stable rail operations** with an outdated and incident-prone infrastructure.

- That is why we are doing what we need to do to fundamentally modernize the infrastructure. Together with the German Government we invested **EUR 18.2 billion** in **2024** – primarily in the infrastructure. And that is a record amount. We modernized more **lines, stations, bridges and other infrastructure assets** than we have in a long time. For the first time in many years we were able to **stop** the **assets** in our rail network **from outdating further**. It is up to us and the German Government to reverse the trend and gradually improve the condition of the infrastructure in the coming years.

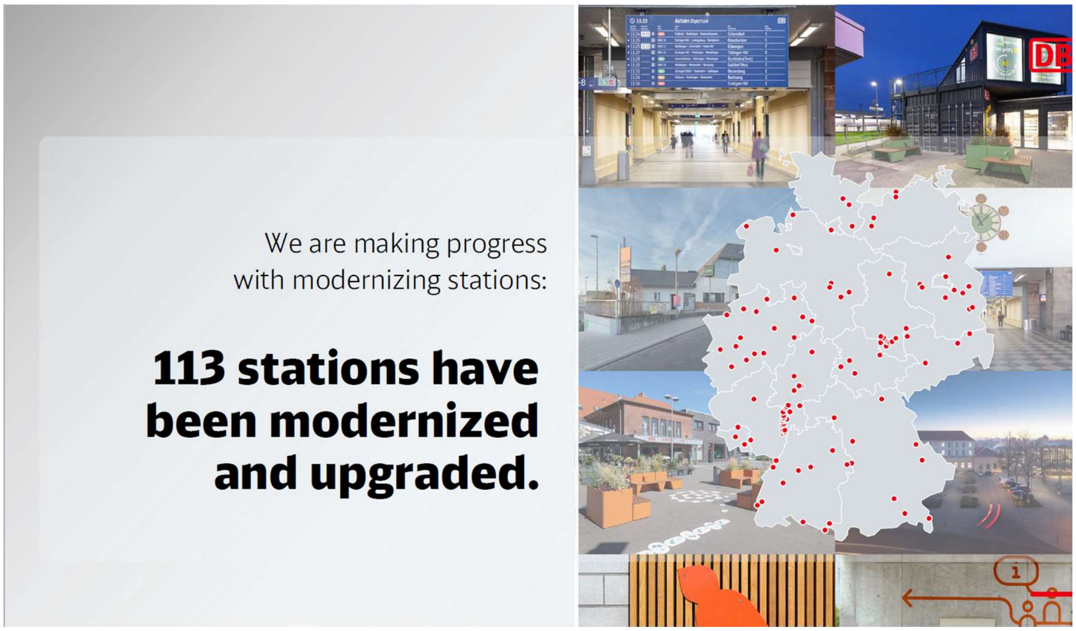
- The **Riedbahn** is the most prominent example of how we are **systematically modernizing the infrastructure**. The general modernization of the line between Frankfurt am Main and Mannheim is proof that such modernizations work. We can **successfully implement ambitious construction projects of this size, with a high level of quality and on an ambitious timeline with our partners in the construction industry**. In only five months, we completely modernized the roughly 70 kilometer line, including all of the stations and the command and control technology.

- The Riedbahn is proof: **It pays off to have the courage to fundamentally question things and do things in a radically different way**. We are taking the same approach to our next modernizations, step by step.

- The figures back us up. During the construction phase, the **substitute transport** was stable and reliable. **Of the passengers surveyed, 89% gave their journey a top grade of 1 or 2.** The **network condition grade on the Riedbahn improved from 3.5 to 2.1.** We increased capacity. **Train traffic on the line is up 5% over last year**. Following an initial phase, we have also **reduced infrastructure-related disruptions by 27%**. And we expect **further improvements** over the year to lead to **up to an 80% reduction**.

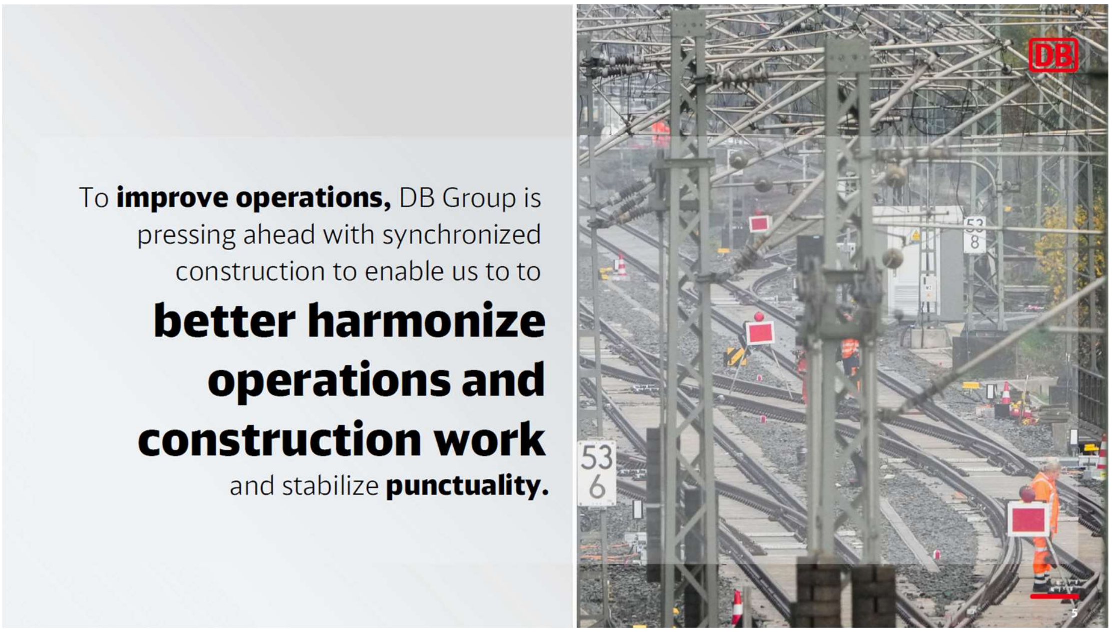
- We have already seen **the punctuality in regional transport improved noticeably by 20 percentage points** thanks to the modernized infrastructure. We have seen **positive effects** on long distance service **throughout the network**. One in three long distance trains that was behind schedule when entering the Riedbahn was able to make up time on the line.

- The general modernization of the Riedbahn was also the first major **test for DB InfraGO.** We established our new infrastructure company on January 1, 2024, through the most significant reform in 30 years. The **common good-oriented infrastructure unit within the integrated DB Group** has proven that it is well positioned to implement the extensive modernization program for the infrastructure.



- We modernized not only the 20 stations on the Riedbahn. We **upgraded 113 stations to stations of the future, 13 more than planned**. Our **stations of the future** have modern features such as better accessibility and passenger information.
- We are also making progress with our program of **small and medium-sized measures**. For example, we are creating additional opportunities for trains to pass each other, which will create more room in the existing network. We **implemented 105 of these measures** by the **end of 2024**.
- Despite all of this progress, there is no mistaking that we still urgently need to modernize the infrastructure. **That is why we are continuing to build and modernize at record levels**. The main challenge is to reconcile rail operations and construction. We cannot let the infrastructure modernization come at the expense of rail operations.
- We have developed a **new approach to construction management** to tackle the considerable construction volume: synchronized construction, which DB InfraGO AG is continuing throughout Germany. The system involves designated construction containers. Currently about 80% of the work on the infrastructure is scheduled within these containers.
- This allows us to stabilize rail operations and reduce the number of trains affected and delayed by unplanned construction. We expect to see additional stabilization effects by 2027, as the **major capital expenditure measures** will then all have a secure place **in individual construction containers**. Due to regulatory requirements lead times for these are more lengthy.

- We are also pressing ahead with other measures to stabilize rail operations. One area we are focusing on is increasing the **availability** and **technical reliability of vehicles** used in long distance and regional service.

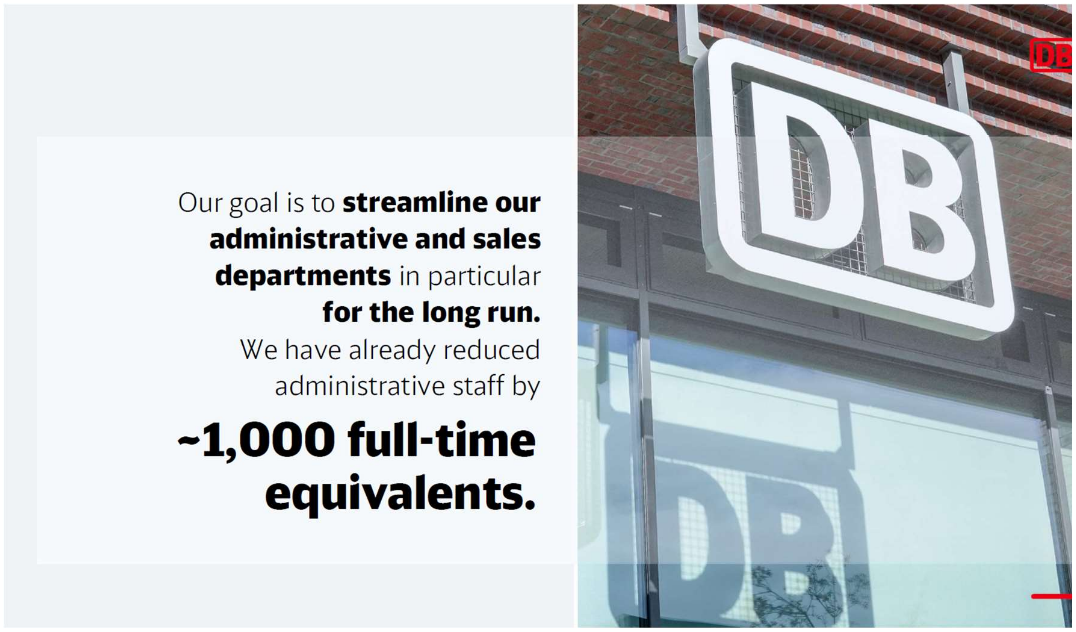


- Modernizing the **infrastructure and stabilizing rail operations are the most important levers for a better profitability**. As a result of infrastructure-related disruptions, strikes and extreme weather events, the punctuality in long distance service was only 62.5% in 2024, again falling below the previous year. DB Regional and DB Cargo also recorded falling punctuality, although **the punctuality at DB Regional is still above 90%.**

- Thanks to the exceptional efforts of our employees, we were still able to maintain customer satisfaction at a satisfactory level. But we know that **our passengers can only be so patient**. Demand for long distance service fell last year and **we had to pay considerable compensation to passengers**.

- However, we have also observed that **demand for climate-friendly mobility remains intact** on the whole. In long distance service, we **increased volume sold and revenues** on lines that were less affected by disruptions of operations. **This makes clear how much market potential we are failing to realize because of quality issues**. **Stable and reliable infrastructure is the key.** The good news is that volume sold at DB Regional was up year on year. As a result, the total **number of passengers who took our trains and buses rose** to over **2.4 billion**.

- The **economic situation** improved considerably compared with the previous year. Reimbursement of the pre-financings we made for the German Government helped us to **increase our results in DB Group by EUR 1.8 billion compared with 2023** to an EBIT of **about EUR -300 million**.



- We also **implemented a strict spending monitoring and control program**, which helped our bottom line. We ultimately spent about EUR 450 million less on operating expenses than we budgeted. To lower our personnel expenses, we **reduced** our staffing levels in administration and sales by **1,000 full-time equivalents**.

- We have put a broad-based program in place to reduce personnel requirements so that we can **streamline administration** in particular **over the long term**. Our goal is a **full reorganization** rather than changes here and there. That also means that we are stopping doing certain things, are **simplifying and standardizing processes** – and are automating and digitalizing them wherever possible.

- It is important to us that the necessary downsizing measures do not come at the expense of quality or our customers. That is why we are continuing to recruit heavily for operational professions so that we can continue to stabilize rail operations. In **2024** we hired **over 31,600 new employees**, including about **6,100 vocational trainees and cooperative education students.**

- We are especially pleased that we **signed a long-term collective agreement with the German Railway and Transport Workers Union** (EVG) in early 2025. This agreement accounts for the company's difficult situation and will give DB Group and our employees certainty between now and 2027, which is the period of our S3 program.

- We are underscoring our clear focus on our core business – rail operations in Germany – through our S3 restructuring program. The decision to **part with DB Schenker was the right one and necessary**. Levin Holle will now address this in more detail and give you an **overview of the 2024 financial figures**.

Dr. Levin Holle:

Ladies and gentlemen, I would also like to **welcome** you to the 2025 annual results press conference.

- Richard, as you mentioned, DB's **financial situation** is **serious** indeed. That is why we began implementing our **comprehensive restructuring** program by 2027.

- Looking back at 2024, we **made up ground** in some areas, but we still **haven't done enough.** Despite **considerable improvements** to our results, DB Group again closed the year with **losses**. The **operating result** in terms of adjusted EBIT was negative again at EUR -333 million.

- The improvement over the previous year is due primarily to the **German Government's repayment** of **infrastructure expenses we pre-financed** in 2023 and 2024. Although we made progress last year in our **core business**, we were **not able to make an operating profit**.

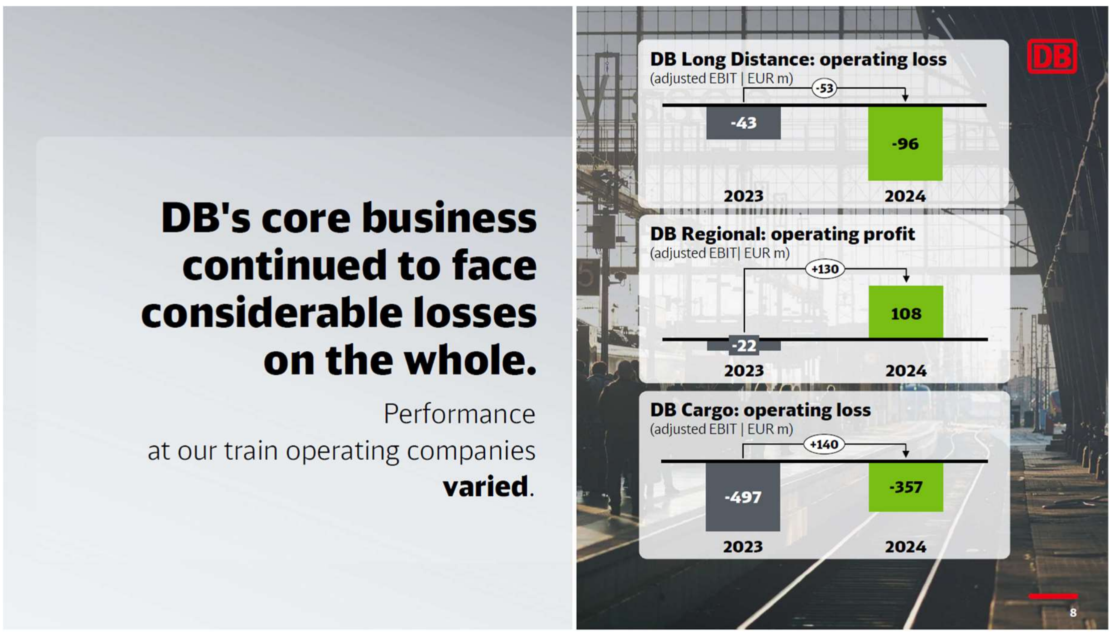
- Taking other important expenses such as our high **interest burden** and extraordinary charges, including taxes, into account, our **net income for the year** was roughly **EUR -1.8 billion**.

- DB Group's **revenues** in 2024, at about **EUR 26.2 billion,** were up only slightly **year on year**. We did **not fully capitalize** on our potential here.

- Richard, you explained why this was the case. Essentially it comes down to the **poor quality of our rail operations**, caused primarily by **infrastructure** that is too old and too incident-prone.

- All of the figures I mentioned refer to DB Group **excluding** the logistics unit **DB Schenker**. Due to the anticipated sale, DB Schenker is **reported separately** as of 2024, which is the usual practice according to international accounting standards. The **previous year's figures** were **adjusted** accordingly for comparability. Likewise, our former European local transport subsidiary, DB Arriva, which was sold in May 2024, is no longer included in our 2024 figures.

- You will find details in the **Integrated Report** published today. I will come back to DB **Schenker's results, which were very favorable again,** later.



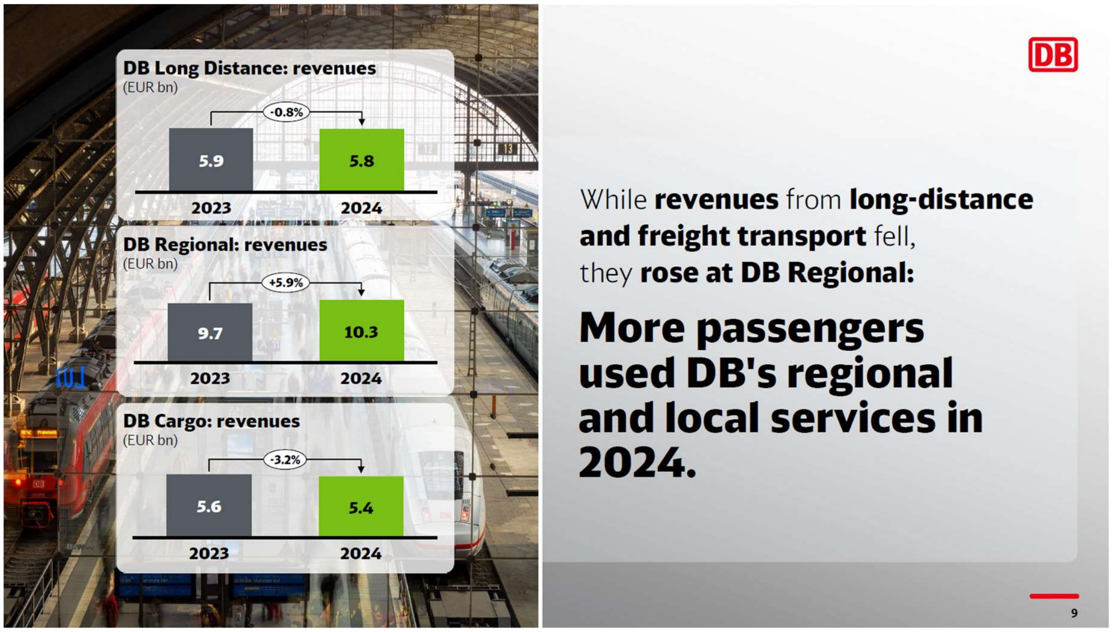
- **DB Group's core business currently** remains clearly in negative figures on the whole. Development at the different **train operating companies varied**.

- Adjusted EBIT at **DB Long Distance**, at **EUR -96 million**, was significantly worse, primarily because of the **difficult** operational situation.

- In contrast, **DB Regional,** our business unit for regional transport, made the leap **back into the black** with adjusted EBIT of EUR **108 million** – an **exceptionally** good performance. Although DB Regional faced **added pressure** from construction and higher costs, it was able to more than make up for this with **higher income**.

- **DB Cargo** is in the middle of a **fundamental transformation** and its financial situation remains **under pressure**. It was able to **improve** adjusted EBIT by **EUR 140 million** in 2024. It produced a **clear** loss, however, at **EUR -357 million**. The next step is to switch to a new sector-oriented structure.

- Our ambition to work **more efficiently** also applies to **DB InfraGO**, our infrastructure unit. It is important even for the **common good-oriented** DB InfraGO to continue to improve its **profitability**. Doing so shows that it **uses** taxpayer money carefully and **sustainably**. DB InfraGO **returned to profitable operating business** in 2024 thanks to the **German Government's support** for **infrastructure maintenance expenses**.



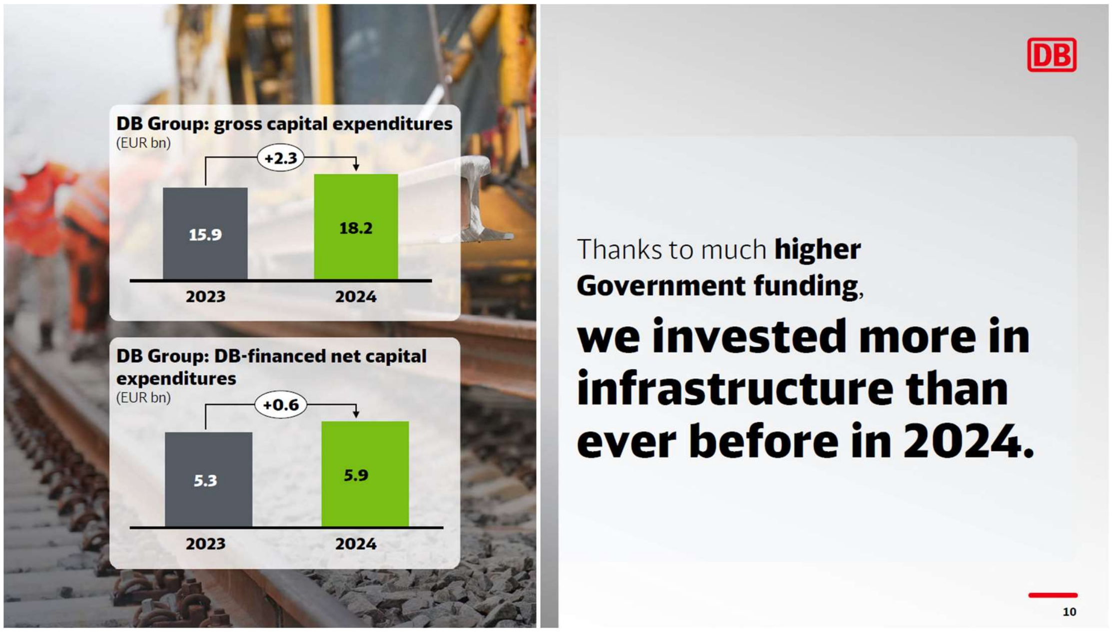
- The **poor quality of our operations** and GDL strikes meant that **long distance passenger numbers** and **volume sold were lower**. **Revenues** were down about **EUR 50 million**, or 0.8%, year on year.

- **At DB Cargo, declines in demand** due to the state of the economy exacerbated the situation. **Revenues** in 2024 **fell 3.2%** from the previous year.

- Demand for **climate-friendly mobility** has **remained intact overall**, as the positive development at DB Regional shows. **More passengers** used **DB Group's regional services** in 2024, due in part to the **Germany-Ticket**. **Revenues** rose **5.9%** year-on-year.

- We know that we will have to **reduce our personnel expenses** to **achieve our financial targets** overall. There is no way around it. By the end of 2027 DB Group plans to **reduce its staffing by about 10,000 full-time equivalents** compared with 2024 levels. Cuts will be made primarily in **administration**.

- That means that we will reduce the number of employees and managers in administration and sales by 20% by 2027. A **company must be economically sound** if it is to provide **jobs that are viable for the long run**.



- Thanks to much higher Government funding, we **invested more than ever before** in the **infrastructure** in 2024. **Gross capital expenditures** of DB Group rose EUR 2.3 billion year-on-year to **EUR 18.2 billion**. The **largest share** by far was invested in the infrastructure.

- DB Group increased its DB-financed **net capital expenditures** by EUR 0.6 billion to **EUR 5.9 billion** in all.

- Given the poor condition of the rail network, **high capital expenditures** to modernize the **existing network** will be **crucial** in the coming years. Industry and the rail sector need **long-term planning certainty.**

- At the same time, DB Group's **train operating companies** will need to finance their **capital expenditures** from their **own cash flow**. To do that, they will need **financial results** that will **enable** them to do so.

- DB Group **maintained** its **clear focus** on its **core business** in 2024. The **sale** of **DB Arriva** was **finalized** on May 31, 2024. The Supervisory Board and the German Government approved the sale of **DB Schenker** to the Danish transport and logistics group DSV in October 2024. We expect the sale to **close this year** once all regulatory approvals have been received.

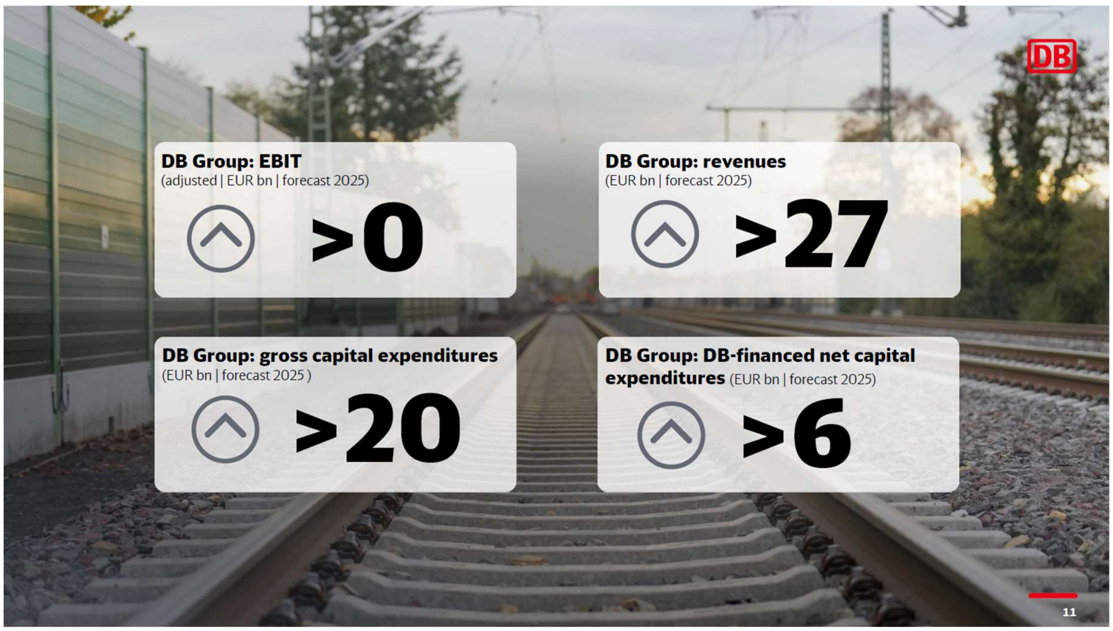
- The sale of DB Arriva and DB Schenker will **cut** the number of DB Group-affiliated companies **by over 60%** compared with 2023**.** In 2024 over 120 companies were transferred with the sale of DB Arriva. **The sale of DB Schenker will mean transferring about 200 additional companies.**

- As a result, DB Group will become much more focused and less complex, and will no longer operate in more than 130 countries. The **spotlight** will be fully on the core business of **rail operations in Germany and Europe**.

- **DB Schenker generated more than EUR 1 billion in adjusted EBIT** again in 2024, putting it slightly above budget. **Proceeds** from the upcoming sale of DB Schenker will remain **entirely within DB Group** and are to be used to **reduce the indebtedness and interest burden**. This will also have a **positive** impact on our **debt coverage**.

- This is **important** for keeping our credit ratings stable in the future, which will ensure that DB Group can obtain **favorable financing terms**.

- **Net financial debt** of DB Group (including DB Schenker) as of December 31, 2024, was **down EUR 1.4 billion** year-on-year to EUR 32.6 billion. The additional funds from the sale of DB Schenker will be used to repay bonds reaching maturity in 2025, among other things.



- DB Group will continue to be in **full restructuring mode** in 2025.

- DB Group faces **risks** in 2025 due to factors such as the highly uncertain **geopolitical situation**. The German Government's **continued** payment of its **support for maintenance expenses** in the rail infrastructure as in 2024 is one of the crucial factors that will determine **result development** in 2025. Our forecasts assume that this support will continue.

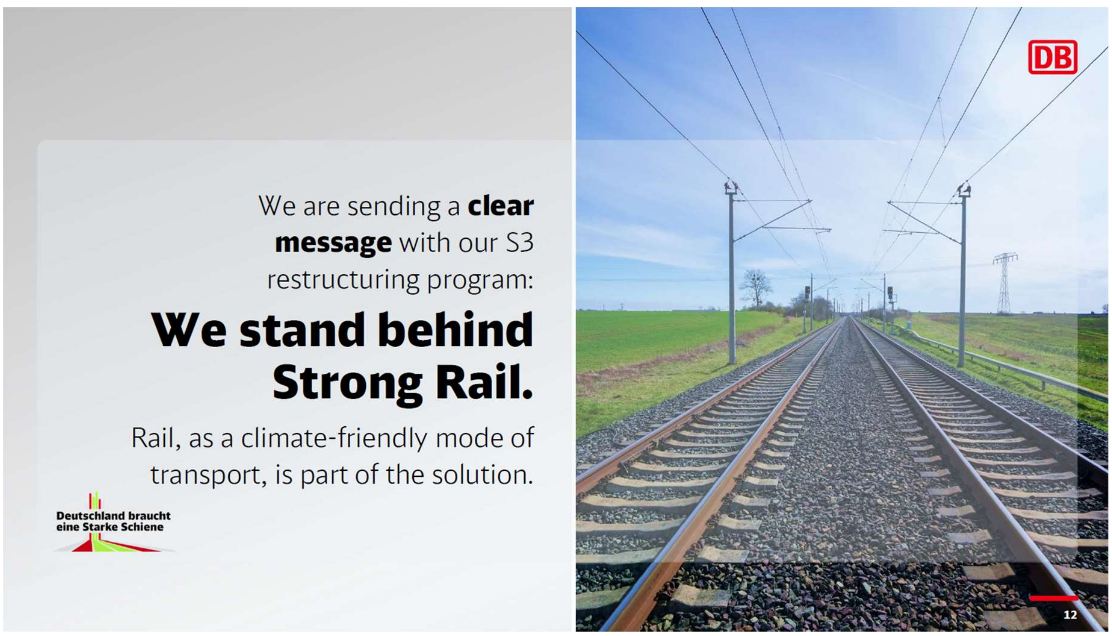
- Our focus for **2025** as a whole will be on **improving our operational performance**. We expect DB Group to **make it out of negative figures and do better than break even**. We expect **revenues** to **climb** to over **EUR 27 billion**.

- We also expect continued **high capital expenditures**, primarily in the **infrastructure**. Specifically, we expect gross capital expenditure together with the German Government to amount to more than **EUR 20 billion** in 2025. DB-financed **net capital expenditures** should exceed **EUR 6 billion**.

- As we move toward climate neutrality by 2040, we continue to keep an eye on our non-financial KPIs. We reduced our absolute greenhouse gas emissions again in 2024, by 17.9%, or 2.2 million tons CO_2e, year-on-year. And with that, I'll hand the podium **back to you**, Richard.

Dr. Richard Lutz:

- Thank you, Levin. As you mentioned, Deutsche Bahn has made **great progress toward climate neutrality**. However, the **transport sector as a whole has a lot of catching up to do**.



- Rail, as a climate-friendly mode of transport, is **part of the solution**. That is why we launched our **Strong Rail strategy** in 2019 to **do our part to achieve Germany's climate and transport policy targets**.

- It is a strategy that accounts for the interests of society and our stakeholders and one with which **our managers and our employees can identify**. That has not changed. Strong Rail is our compass and will remain so.

- At the same time, we must reckon with the fact that **we are still far from achieving the quality and growth targets we set ourselves back then**. The Covid-19 pandemic, inflation and the quality and capacity crisis in the infrastructure set us back. That is why we need to act. Our response is S3, with which we will lead DB Group out of this crisis and get it **back on track and pursuing the course set by Strong Rail**.

- S3 is not a new strategy, but rather an **operating restructuring program**. In the management of it we will take a **profoundly different** approach, not carrying on as usual but **implementing it with a sharp focus** and, even more importantly, **strict discipline**.

- The German Government is taking a radically new approach to solving current crises, too, with its **intended changes for defense spending and its plans for a special fund for infrastructure and climate neutrality.** The conditions have to be right for the special fund to have the desired effect on the infrastructure. We are doing our part at Deutsche Bahn with S3.

- Yet we need **much faster processes and the right framework from policy makers**. That includes reform for **stable and economically viable train-path prices**, for example. **Stable long-term funding for the infrastructure modernization, and the planning certainty that comes with it,** is especially important.

- **Massive capital expenditures are required**. Beyond the **regular budget, at least EUR 80 billion is still needed** for work on the existing network, such as the general modernizations, the small and medium-sized measures, and the requirements plan projects currently under construction. About **EUR 150 billion will be needed** to implement all expansion and new construction projects and to speed up and expand digitalization, alongside maintaining existing assets.

- A high-performance rail infrastructure is incredibly important for society. It helps **keep everyday life and the economy going in Germany**. Its reliability and resilience are **indispensable** for Germany, as a transit country in the center of Europe, in particular for **Europe's security**.

- We cannot afford to waste any time. We need **strong rail service and a strong DB Group** in Germany. We cannot afford debates and polemics about separating rail operations from infrastructure. They simply cost us time and serve as a distraction. There is already **more competition on the rails** in Germany than in any other country in Europe.

- I am confident that if we **follow through on implementing S3, we will be able to get back on track with Strong Rail starting in 2027**.

- The first few months of 2025 have shown that our measures work. **We are right where we planned to be in terms of punctuality and other restructuring KPIs**. We still have a lot to do, but it is a good start, which should encourage us as we tackle the tasks to come. I am especially thankful to all of our employees who have embarked on this challenging restructuring with us.

- S3 gives us a clear roadmap for **better rail service and a better Deutsche Bahn**: with **sustainable funding**, **strong business models**, **lean administration,** and most importantly a **reliable product** for our customers. **The entire DB team is united in working to succeed in this.**

- **Thank you.**