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Deutsche Bahn AG

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This report does not constitute a rating action.

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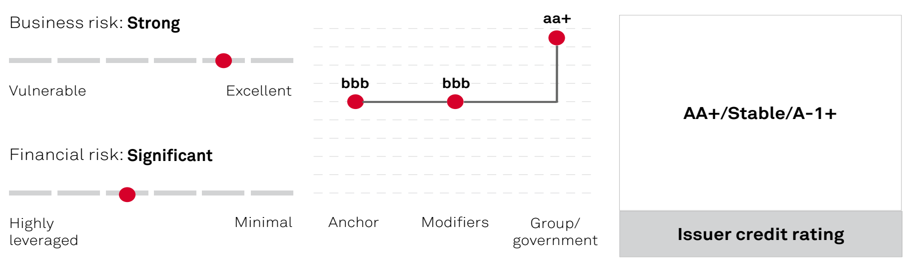
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
An extremely high likelihood of extraordinary government support, given Deutsche Bahn's central role in delivering the German government's ambitious political, infrastructure, climate, social, and macroeconomic targets.	Investment needs of about €140 billion over the next decade in modernization and capacity expansion in railway infrastructure give rise to very significant funding needs, covered mostly by the German government.
Strong focus on strategic railway business after the sale of DB Schenker, with low-risk infrastructure activities representing close to 50% of EBITDA from 2025, based on our estimates, up from 30% in 2022.	Tight credit metrics and substandard operating performance pressure credit quality at the stand-alone level.
Leading position in Germany's long-distance and regional passenger transport segments, which we expect should benefit from changes in traffic dynamics due to climate targets in Germany.	

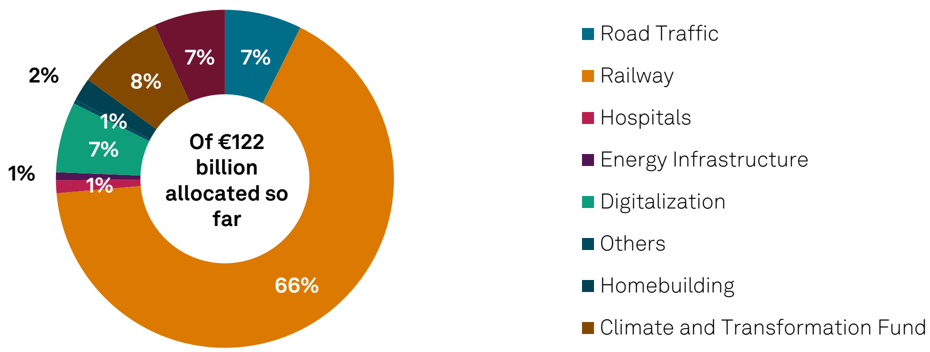
Our rating on Deutsche Bahn (DB) factors in our view that the likelihood of extraordinary government support has significantly strengthened over the past few years. We think that the

German government views the improvement of railway infrastructure as a key priority to reignite economic growth and address social and national security targets. It is also central to Germany's climate goals, due to the significant role that rail plays in decarbonizing the transport sector. Such additional support is generated by the government, significantly increasing funding available to DB through equity injections, investment, and operating expenditures grants, under certain conditions. During 2025, the German government approved state funding to DB of €108 billion for rail infrastructure modernization between 2025 and 2029, of which €22 billion was deployed this year.

We expect DB's business will benefit from the positive momentum in infrastructure investment in Germany. Following decades of underinvestment in infrastructure, on June 24, 2025, the German Federal Cabinet approved the creation of a €500 billion Special Fund for Infrastructure and Climate Neutrality (Sondervermögen Infrastruktur und Klimaneutralität) to address an investment backlog in railroads, motorways, and several municipal projects, which add to investments related to the energy transition. To put railway infrastructure's relevance for the German government in perspective, of the €122 billion already allocated from the special infrastructure fund, railways will receive €9 billion in 2025, and about €72 billion have been already committed for future years, representing about two thirds of the total volume allocated so far. Although there are other tools the government can use to fund infrastructure, such as the Climate Transformation Fund, or the regular Federal Budget, no other type of infrastructure received more than 10% of the Sondervermögen's initial allocation.

Sondervermögen: funds allocation as of 2025

Of €37.2 billion disbursed in 2025 and €84.8 billion already committed for future years



Source: German Bundestag, S&P Global Ratings.

Credit metrics should improve as DB progresses on its modernization program, easing the pressure on stand-alone credit quality. We forecast funds from operations (FFO) to debt will stabilize above 9% from 2026 due to the combination of higher margins, the allocation of DB Schenker disposal cash proceeds of €12.5 billion to reduce debt, and ongoing government support, which in line with German law covers a large part of infrastructure capital expenditure (capex) and includes grants for maintenance operating expenditures. We expect the profitability rebound will be driven by infrastructure modernization and efforts to alleviate existing infrastructure bottlenecks to boost traffic volumes and revenue, alongside the implementation of efficiency and cost-cutting measures that will enhance margins across the rail transportation business units. Finally, we expect the German government, in line with constitutional mandate, will continue funding at least 70% of gross investments, significantly alleviating the financial burden on DB's balance sheet.

The effectiveness of ongoing efficiency, reliability, and punctuality initiatives--as well as the impact of modernization efforts on transportation volumes and margins--will significantly influence the pace of rebound in DB's financial metrics. We believe that the size of DB's capex program means that execution risks could bring some volatility for traffic volume and revenue, while growth in traffic volumes may be sensitive to the future macroeconomic background and competition. Also, ongoing pressures on material costs could to some extent offset the company's cost-cutting efforts, and the timing of government funding for infrastructure operating expenditure could be somewhat delayed. In addition, construction and modernization works could take longer than currently anticipated and affect punctuality and traffic volumes.

Despite recent changes in top management, we expect any significant improvements in quality and performance will take time. Most of DB's operating challenges will take time to resolve, given the current state of its infrastructure along with the massive volume of investments necessary to address them. We will nevertheless monitor the new management's initiatives and their impact on DB's operating environment, and how it ultimately affects the company's competitive position.

Outlook

The stable outlook indicates our view that the likelihood of extraordinary government support to Deutsche Bahn will remain extremely high and mirrors our outlook on the sovereign rating.

On the stand-alone level, we expect Deutsche Bahn to progress with the execution of its modernization capex and efficiency measures, which should drive FFO to debt recovery to above 9% in coming years under our projections, thanks to profitability increments and operational improvements, and because the largest part of DB's capex is covered by state funding.

Downside scenario

We would lower the rating on DB in the case of a sovereign downgrade, all else remaining equal.

Rating downside could materialize if the company's link with, or role for the state significantly weakened, which we do not expect. Beyond the abovementioned scenarios, a downgrade would follow if we revised downward our stand-alone credit profile (SACP) on DB by a whole category to 'bb', which is far from our current expectation.

The downside for the SACP--which would not by itself trigger a downgrade--could stem from weaker credit metrics, with FFO to debt sustainably below 9%. This could materialize if the amount of DB-financed net capex were significantly beyond our current expectations, or if expected profitability improvements fail to materialize, for example, due to the traffic volume growth being materially lower than anticipated and the company's efficiency initiatives not being able to offset ongoing cost pressures.

Upside scenario

At the current rating level, upside is limited because we already incorporate a very large uplift for state support into the rating.

We could revise upward the SACP if DB increases its FFO to debt consistently above 12%. This could occur if, in addition to progress on the execution of capex, solid profitability, and operational improvement, the company receives materially higher state funding that covers most of its investment needs, such that FOCF is no longer heavily negative.

Our Base-Case Scenario

Assumptions

- German GDP growth of 0.1% in 2025, 1.1% in 2026, and 1.6% thereafter.
- German consumer price index growth of 2.1% in 2025, 1.8% in 2026, and 2.1% in thereafter.
- Revenue increases fueled by higher volumes as well as ticket price increases broadly in line with German inflation.
- Long-distance and regional transportation volumes to rebound in 2025, as ongoing modernization efforts translate into better infrastructure availability and as the negative effect from strikes dissipate, following the collective agreement with the unions. That said, we expect traffic growth to be gradual, reflecting execution risks and continuing corridor modernization on several frequently used routes.
- EBITDA margin to gradually increase thanks to continuing cost control efforts. Also, government compensations for maintenance costs should contribute to profitability at DB InfraGO.
- Gross capex to increase to €22 billion-€24 billion per year.
- State funding through equity injections, investment and maintenance expense grants, and a €3 billion low-interest loan from the Federal Government, totaling €22 billion in 2025, and remaining roughly at the same level in 2026-2027.
- We assume that any increase in gross capex will be matched by additional government funding and that there is some flexibility to protect DB's balance sheet.
- As a result, DB-financed net capex at about €6 billion-€8 billion per year, of which the largest parts will be on infrastructure and vehicles.
- DB Schenker has been deconsolidated in 2025.

Key metrics

Deutsche Bahn AG--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
Revenue	46,034	55,197	26,087	26,203	27,107	28,272	29,545	30,900
Gross profit	17,615	21,574	13,425	13,206	13,662	14,249	14,891	15,574
EBITDA (reported)	3,506	5,464	786	2,584	3,344	4,443	5,511	5,773
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--	--
Plus/(less): Other	(242)	(275)	(189)	(176)	(251)	(251)	(251)	(251)
EBITDA	3,264	5,189	597	2,408	3,093	4,192	5,260	5,523
Less: Cash interest paid	(535)	(452)	(553)	(720)	(728)	(805)	(1,045)	(1,251)
Less: Cash taxes paid	(249)	(452)	(44)	(39)	(44)	(59)	(73)	(77)
Plus/(less): Other	--	--	--	--	91	55	20	20

Deutsche Bahn AG--Forecast summary

Funds from operations (FFO)	2,480	4,286	1	1,650	2,412	3,383	4,162	4,215
EBIT	(484)	1,502	(2,245)	(526)	(407)	557	1,492	1,650
Interest expense	630	607	765	955	934	1,011	1,251	1,458
Cash flow from operations (CFO)	3,501	5,395	1,524	3,596	2,412	3,383	4,165	4,218
Capital expenditure (capex)	4,956	5,574	6,302	8,413	6,710	8,055	6,749	6,049
Free operating cash flow (FOCF)	(1,456)	(180)	(4,779)	(4,818)	(4,298)	(4,672)	(2,584)	(1,831)
Dividends	20	10	666	21	(7)	(7)	(7)	(7)
Share repurchases (reported)	--	--	--	--	1,000	--	--	--
Discretionary cash flow (DCF)	(1,476)	(190)	(5,444)	(4,838)	(5,292)	(4,665)	(2,578)	(1,825)
Debt (reported)	29,427	30,093	33,321	34,998	27,746	29,768	32,844	35,167
Plus: Lease liabilities debt	5,059	5,180	4,787	3,125	3,125	3,125	3,125	3,125
Plus: Pension and other postretirement debt	5,092	3,050	3,110	2,940	3,039	3,109	3,171	3,231
Less: Accessible cash and liquid Investments	(3,430)	(4,363)	(3,150)	(4,684)	(3,942)	(800)	(800)	(800)
Plus/(less): Other	1,583	1,640	1,298	1,286	785	785	785	785
Debt	37,731	35,600	39,366	37,665	30,753	35,986	39,124	41,507
Equity	9,620	13,678	11,125	16,202	14,789	14,748	15,387	15,975
FOCF (adjusted for lease capex)	(2,546)	(1,272)	(5,667)	(5,675)	(4,796)	(5,170)	(3,082)	(2,330)
Interest expense (reported)	510	482	564	729	721	798	1,038	1,245
Capex (reported)	14,182	14,310	15,743	17,874	22,547	23,683	23,656	24,171
Cash and short-term investments (reported)	4,592	5,640	3,150	4,684	4,142	1,000	1,000	1,000
Adjusted ratios								
Debt/EBITDA (x)	11.6	6.9	65.9	15.6	9.9	8.6	7.4	7.5
FFO/debt (%)	6.6	12.0	0.0	4.4	7.8	9.4	10.6	10.2
FFO cash interest coverage (x)	5.6	10.5	1.0	3.3	4.3	5.2	5.0	4.4
EBITDA interest coverage (x)	5.2	8.6	0.8	2.5	3.3	4.1	4.2	3.8
CFO/debt (%)	9.3	15.2	3.9	9.5	7.8	9.4	10.6	10.2
FOCF/debt (%)	(3.9)	(0.5)	(12.1)	(12.8)	(14.0)	(13.0)	(6.6)	(4.4)
DCF/debt (%)	(3.9)	(0.5)	(13.8)	(12.8)	(17.2)	(13.0)	(6.6)	(4.4)

Deutsche Bahn AG--Forecast summary

Lease capex-adjusted FOCF/debt (%)	(6.7)	(3.6)	(14.4)	(15.1)	(15.6)	(14.4)	(7.9)	(5.6)
Annual revenue growth (%)	18.9	19.9	(52.7)	0.4	3.5	4.3	4.5	4.6
Gross margin (%)	38.3	39.1	51.5	50.4	50.4	50.4	50.4	50.4
EBITDA margin (%)	7.1	9.4	2.3	9.2	11.4	14.8	17.8	17.9
Return on capital (%)	(1.0)	3.1	(4.5)	(1.0)	(0.8)	1.2	2.8	2.9
Return on total assets (%)	(0.7)	2.0	(2.9)	(0.7)	(0.5)	0.7	1.9	2.0
EBITDA/cash interest (x)	6.1	11.5	1.1	3.3	4.3	5.2	5.0	4.4
EBIT interest coverage (x)	(0.8)	2.5	(2.9)	(0.6)	(0.4)	0.6	1.2	1.1
Debt/debt and equity (%)	79.7	72.2	78.0	69.9	67.5	70.9	71.8	72.2
Debt fixed-charge coverage (x)	5.2	8.6	0.8	2.5	0.4	0.7	1.1	1.5
Debt/debt and undepreciated equity (%)	79.7	72.2	78.0	69.9	67.5	70.9	71.8	72.2

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

Company Description

DB is Germany's integrated rail company, the second-largest passenger transport company in Europe and one of the largest in the world, with about €26.2 billion of reported revenue and €2.4 billion of S&P Global Ratings-adjusted EBITDA in 2024. It owns and manages Germany's rail network and is the country's dominant rail passenger and freight operator. Following the disposal of its logistics subsidiary DB Schenker in April 2025, DB is fully focused on the core rail business in Germany, including regional rail transport (26% of 2024 reported EBITDA), long-distance rail passenger transport (17%), freight operator DB Cargo (2%), infrastructure subsidiary DB InfraGO (39%), and DB Energy (5%). Although DB is an integrated company, its railway transport services and infrastructure companies operate separately, in line with the fourth European Railway Package. DB is fully controlled by the German government.

Peer Comparison

Deutsche Bahn AG--Peer Comparisons

	Deutsche Bahn AG	Societe Nationale SNCF	Ferrovie dello Stato Italiane	Societe Nationale des Chemins de Fer Belges	Vygruppen AS
Foreign currency issuer credit rating	AA+/Stable/A-1+	A/Stable/A-1	BBB+/Stable/A-2	A/Stable/A-1	A-/Stable/A-2
Local currency issuer credit rating	AA+/Stable/A-1+	A/Stable/A-1	BBB+/Stable/A-2	A/Stable/A-1	A-/Stable/A-2
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR	EUR

Deutsche Bahn AG--Peer Comparisons

Revenue	26,203	43,354	15,924	2,613	1,646
EBITDA	2,408	7,143	1,993	182	237
Funds from operations (FFO)	1,650	5,422	1,559	126	178
Interest	955	1,081	404	58	62
Cash interest paid	720	1,585	381	85	59
Operating cash flow (OCF)	3,596	5,543	420	79	173
Capital expenditure	8,413	3,090	2,372	31	39
Free operating cash flow (FOCF)	(4,818)	2,453	(1,952)	49	134
Discretionary cash flow (DCF)	(4,838)	597	(1,956)	49	131
Cash and short-term investments	4,684	9,574	1,142	135	200
Gross available cash	4,684	9,752	1,142	135	200
Debt	37,665	37,937	16,042	2,340	1,046
Equity	16,202	27,422	41,752	16	304
EBITDA margin (%)	9.2	16.5	12.5	7.0	14.4
Return on capital (%)	(1.0)	5.7	0.3	8.9	3.9
EBITDA interest coverage (x)	2.5	6.6	4.9	3.1	3.8
FFO cash interest coverage (x)	3.3	4.4	5.1	2.5	4.0
Debt/EBITDA (x)	15.6	5.3	8.0	12.9	4.4
FFO/debt (%)	4.4	14.3	9.7	5.4	17.0
OCF/debt (%)	9.5	14.6	2.6	3.4	16.5
FOCF/debt (%)	(12.8)	6.5	(12.2)	2.1	12.8
DCF/debt (%)	(12.8)	1.6	(12.2)	2.1	12.6

Deutsche Bahn AG--Peer Comparisons

	Deutsche Bahn AG	**NS Groep N.V.**
Foreign currency issuer credit rating	AA+/Stable/A-1+	A/Stable/--
Local currency issuer credit rating	AA+/Stable/A-1+	A/Stable/--
Period	Annual	Annual
Period ending	2024-12-31	2024-12-31
Mil.	EUR	EUR
Revenue	26,203	3,702
EBITDA	2,408	292
Funds from operations (FFO)	1,650	241
Interest	955	14
Cash interest paid	720	51
Operating cash flow (OCF)	3,596	348
Capital expenditure	8,413	515
Free operating cash flow (FOCF)	(4,818)	(167)
Discretionary cash flow (DCF)	(4,838)	(167)
Cash and short-term investments	4,684	1,481
Gross available cash	4,684	1,481
Debt	37,665	1,305
Equity	16,202	1,775

Deutsche Bahn AG--Peer Comparisons

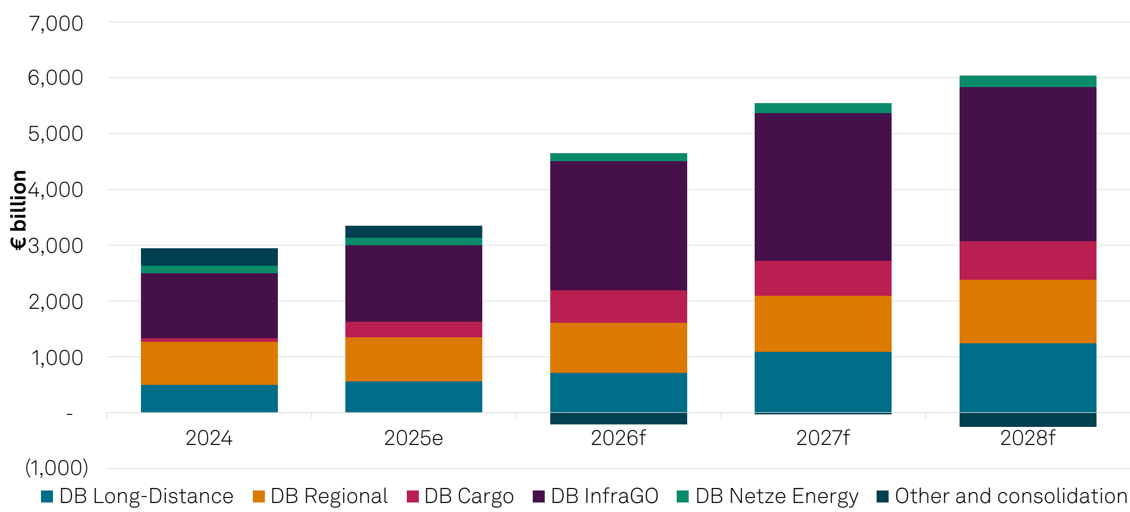
EBITDA margin (%)	9.2	7.9
Return on capital (%)	(1.0)	(2.1)
EBITDA interest coverage (x)	2.5	20.9
FFO cash interest coverage (x)	3.3	5.7
Debt/EBITDA (x)	15.6	4.5
FFO/debt (%)	4.4	18.5
OCF/debt (%)	9.5	26.7
FOCF/debt (%)	(12.8)	(12.8)
DCF/debt (%)	(12.8)	(12.8)

Business Risk

Our strong business risk assessment for DB reflects concentration on core rail operations, which support earnings stability. We view DB's monopolistic position as national railway infrastructure provider as the business' key strength and assess the group's increased focus on this segment, following the disposal of logistics entities DB Schenker and DB Arriva, as positive. We believe DB's railway infrastructure subsidiary, InfraGO, will significantly benefit from the accelerating momentum of investments in infrastructure in Germany, with EBITDA more than doubling by 2028 compared to 2024. As such, we forecast that DB's low-risk infrastructure segment will represent about 50% of the consolidated figure going forward (see chart below). We view DB's long-distance and regional passenger, and rail freight transport segments as more exposed to competition and the macroeconomic environment, thus less supportive from a credit perspective.

Deutsche Bahn EBITDA Mix*

We expect core rail operations will dominate going forward



Source: S&P Global Ratings. *Based on S&P Global Ratings estimates. e--estimate. f--forecast.

DB InfraGO operates in a supportive legal environment, with improving profitability boosting the group's performance. DB's infrastructure subsidiary DB InfraGO has public policy focus in its articles of association--it is oriented towards common good. Rail infrastructure operates among others under the Railway Regulation Act. DB InfraGO's return on equity is regulated by the Bundesnetzagentur (Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway), which is included in the calculation of a permissible cost level that determines allowed infrastructure usage charges. This enables DB InfraGO to set the access fees for long-distance, regional, and freight transport. Furthermore, based on Art. 87e of the German Constitution, the Federal government has the obligation to finance infrastructure capex, which provides DB with funding certainty. In addition, the Federal States provide funds for the financing of local public transport services according to the German regionalization act. The amended legal framework adopted in 2024 (Bundesschienenwegausbaugesetz--BSWAG) enables additional government funding for infrastructure maintenance operating expenditures, on top of capex support, which bolsters DB's profitability. As a result, we expect the significant increase in DB InfraGO's EBITDA to materially contribute to DB's consolidated EBITDA recovery.

Although DB Regional and DB Long-Distance services are both exposed to competition, we expect both to retain high market shares and regain healthy profitability. Competition is fiercer at the regional level, given the high degree of liberalization in Germany and lower investment needs, where about 10%-12% of the market is tendered each year by local transport authorities, and DB holds a market share of about 60%. DB Regional's demand significantly benefits from the Germany-Ticket, which enables unlimited regional rail and bus travel throughout Germany for a monthly subscription and is subsidized by the German government and Federal States. Conversely, DB holds a 95% market share in the long-distance market, where about 70% of the passenger-kilometer sold per year correspond to its core network. However, the long-distance network is subject to various challenges, such as the quality and capacity of the infrastructure, its technical complexity, along with increasing competition over the longer term. For DB Long-Distance, we expect future profitability to benefit from traffic growth as DB's ongoing capex program addresses existing infrastructure bottlenecks and promotes high-speed fleet. For DB Regional, as the full benefit of the Germany-Ticket was already visible in 2024, we expect profit growth to be driven by efficiency improvements including favorable re-contracting and increasing number of passengers.

We see DB Cargo's subdued performance as one of the weaknesses of DB's business. DB Cargo offers rail-based transport and logistics solutions across Europe. This subsidiary is exposed to the decline in business activity for steel and car manufacturers in Germany, and to the overall deteriorating environment for global trade. DB Cargo is currently loss making, and we expect it to remain so in 2025. We note that following the settlement of state aid proceedings of the European Commission in November 2024, DB Cargo has a comprehensive restructuring plan in place, and it must achieve profitability by 2026 to comply with the EU state aid decision and avoid forced restructuring. As such, we expect DB Cargo to prioritize profitable contracts over volumes and demonstrate at least breakeven results in 2026.

DB's vertical integration provides greater scale and more earnings stability compared with pure commercial rail operators. As an integrated owner of rail infrastructure in Germany and a dominant rail services provider, DB is less exposed to customer demand and competition risk compared with pure rail or logistic operators. We expect that such position will allow DB to optimize its operations as competition accelerates, and to preserve its dominant position, particularly because of increased resilience amid market downturns.

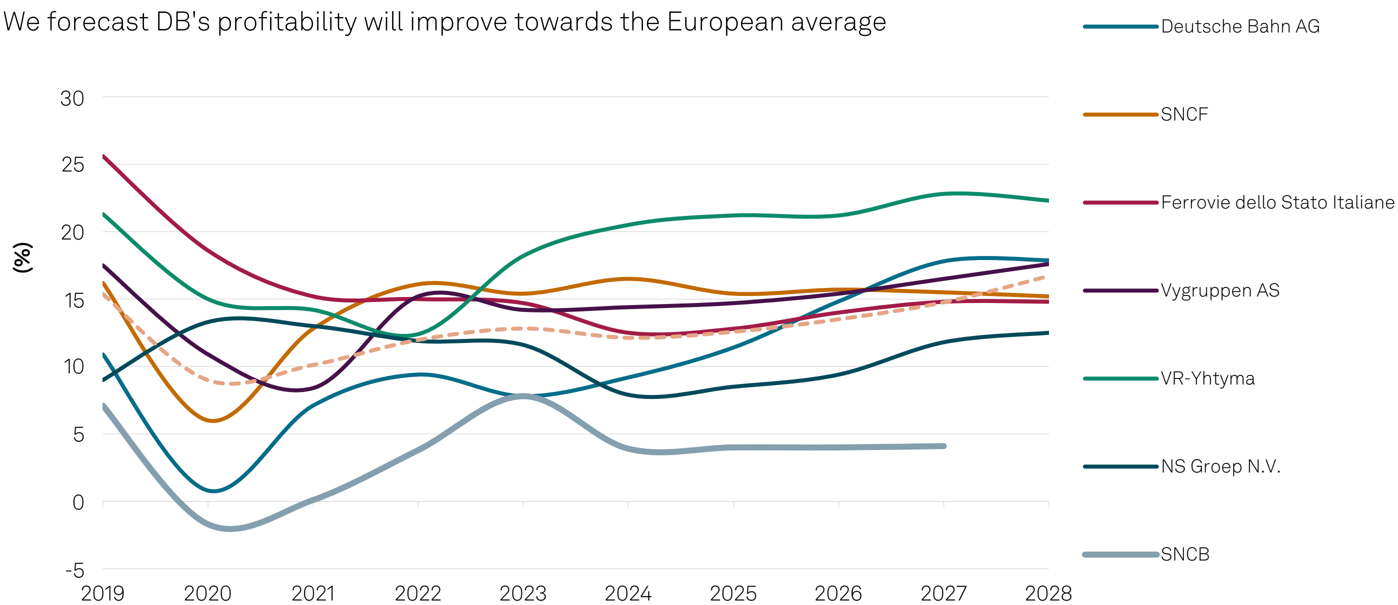
DB's profitability remains below that of key peers in the transportation industry. DB's profitability is constrained by ongoing issues related to significant modernization needs for its large infrastructure network, which affect efficiency, punctuality, and traffic volumes. During

2024, DB's earnings were hit by a €300 million one-off impact of strikes and by ongoing construction activities on infrastructure that impaired availability and train punctuality, prompting passenger rights' claims. The company has an ambitious and comprehensive plan to address these issues by developing its infrastructure and enhance profitability and punctuality. Additionally, DB's collective agreement with the EVG union makes strikes by EVG illegal until 2027, which should reduce traffic losses and make labor costs more predictable. We note, however, that upcoming negotiations with DB's second union, GDL (Gewerkschaft Deutscher Lokomotivführer), could represent a risk. Furthermore, a significant expected increase in government contribution to maintenance costs and the ongoing restructuring program at DB Cargo should help boost profitability for the currently weaker freight transportation and infrastructure segments.

Although we expect costs caused by operating disruptions will decline from 2025, we see execution risks and uncertainties about the impact of accelerated modernization works on DB's performance. For instance, DB Long-Distance will fall below its 65%-70% punctuality target for 2025 by some margin again in 2025 (long-distance punctuality for passengers was below 61% for January-October 2025), implying, among others, an inevitable protraction of passenger rights costs, which we currently estimate at about €150 million-€200 million per year.

Deutsche Bahn's EBITDA margin compared to European peers

We forecast DB's profitability will improve towards the European average

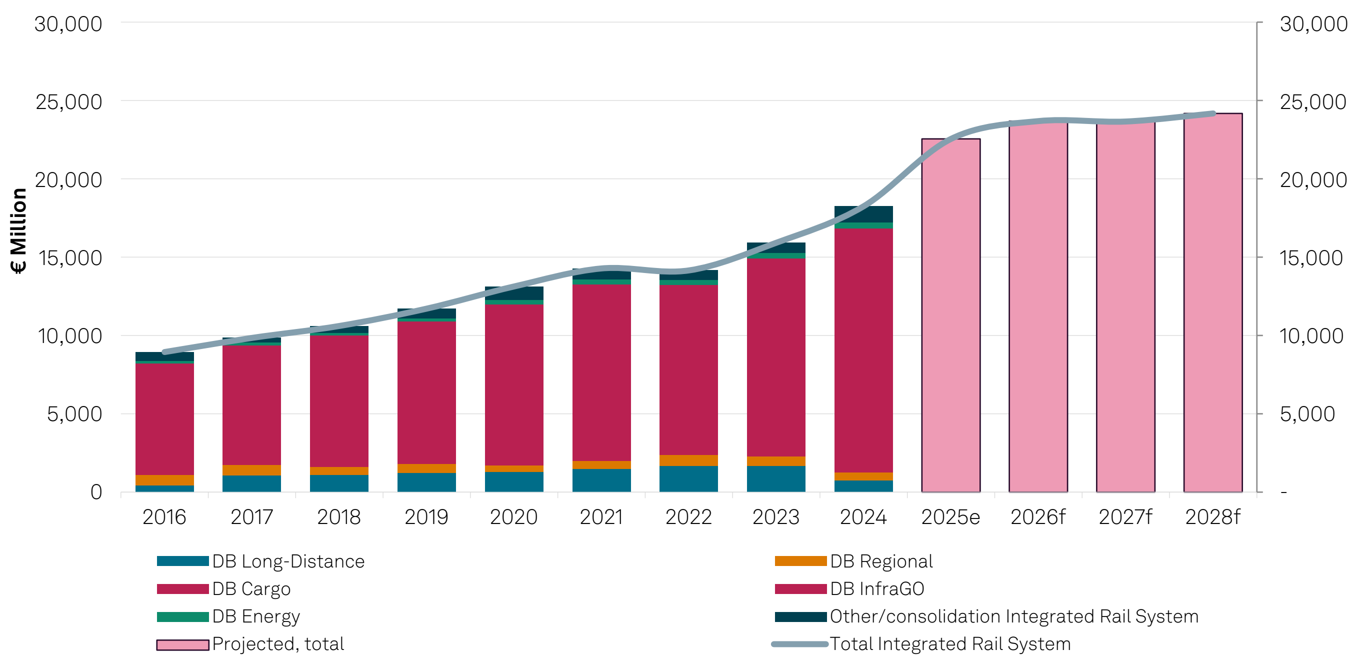


Source: S&P Global Ratings.

Investments will be overwhelmingly dedicated to railway infrastructure, highlighting the increasing relevance of this segment in DB's business mix. We forecast that DB will invest about 85% of its gross capex in rail infrastructure, and the rest mainly in DB Long-Distance, regional, and cargo businesses. The focus of DB's investments is to modernize high performance corridors, such as the one between Hamburg and Berlin, or Cologne-Wuppertal-Hagen and expand the high-speed fleet. We note that DB has changed its approach to modernization projects. It now opts for focused corridor modernization for specific highly frequented routes within a fixed timeframe. For example, in December 2024, DB completed the modernization of the more than 70 kilometer Riedbahn corridor between Frankfurt am Main and Mannheim in five months, which reduced delays in long-distance trains on this route. DB is planning up to 40 corridor modernization projects by the end of 2036, including Hamburg-Berlin and Emmerich-Oberhausen in 2025-2026. In our view, running multiple complex projects at one time could stretch contractors, organizational capacity, and network reserves. That said, we believe that a focused approach should help reliability and punctuality once completed, while train schedules already incorporate infrastructure unavailability for a pre-set period. We view DB's investment plan favorably, because we expect it will help the group to improve its competitiveness while reducing capacity bottlenecks, albeit very gradually.

Deutsche Bahn Investment plan

InfraGO by far dominates capital expenditures through 2028



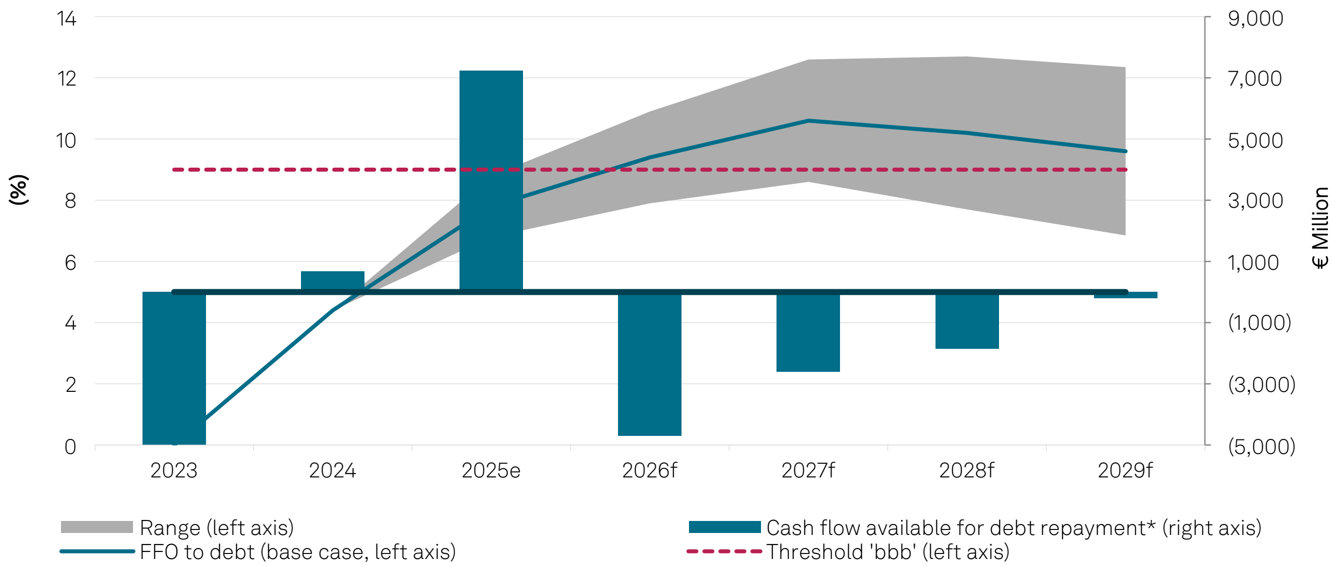
Source: S&P Global Ratings. e--estimate. f--forecast.

Financial Risk

Our base-case scenario assumes that ongoing and extraordinary government support will help Deutsche Bahn achieve an FFO to debt above 9%, which we view commensurate with a 'bbb' SACP, despite a steep ramp-up in investments. Our base case counts on DB reaching such level by 2026, thanks to continued support from the German government (see chart below). For instance, we anticipate capex and opex grants, which will total €108 billion through 2029, including resources from the Federal Budget and the Special Fund for Infrastructure and Climate Neutrality, along with equity injections. Also, DB has dedicated the €12.5 billion of cash received in 2025 from the sale of DB Schenker to debt reduction and capex, which we think further corroborates the German government's intention to support DB. Still, we expect DB's free operating cash flow, excluding government support, to remain heavily negative at least in 2025-2029. Beyond government support, we expect DB's credit metrics will improve because of a very significant increase in the scale of its rail infrastructure, which will be the main contributor for FFO more than doubling on like-to-like basis by 2028, compared to 2024.

Deutsche Bahn Credit Metrics Evolution

We expect FFO to debt in line with our expectations for a 'bbb' SACP

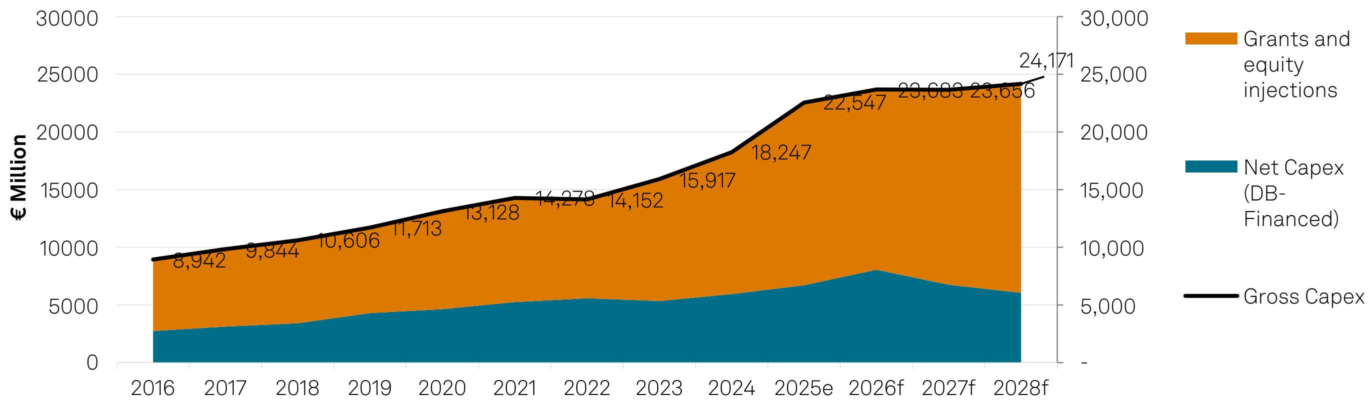


Source: S&P Global Ratings. *Cash flow from operations less capex, dividends, and after including asset disposals and government support. e--estimate. f--forecast.

The increasing government support helps to address growing capex needs and keep company-financed net capex manageable. We expect the German government will absorb around 70% of gross capex each year, on average. We understand that DB's capex is relatively flexible and can be adjusted if required, depending on funding availability, which is why we expect DB's financial position to improve despite the increase in investments. We generally view legal frameworks for railroad infrastructure across Western Europe as supportive; however, we note there are differences in the timeliness of collecting capex grants and how funds are made available for different operators. Delays can often lead to increased funding needs and financial costs, even if on a temporary basis. We positively view the improvement on the timeliness of making resources available to Deutsche Bahn, which contrasts with peers such as Ferrovie dello Stato Italiane SpA (BBB+/Stable/A-2), for instance, which shows increased leverage due to a significant delay in investment grant collections.

Deutsche Bahn Investments

The gap between gross and net capex shows increasing government support



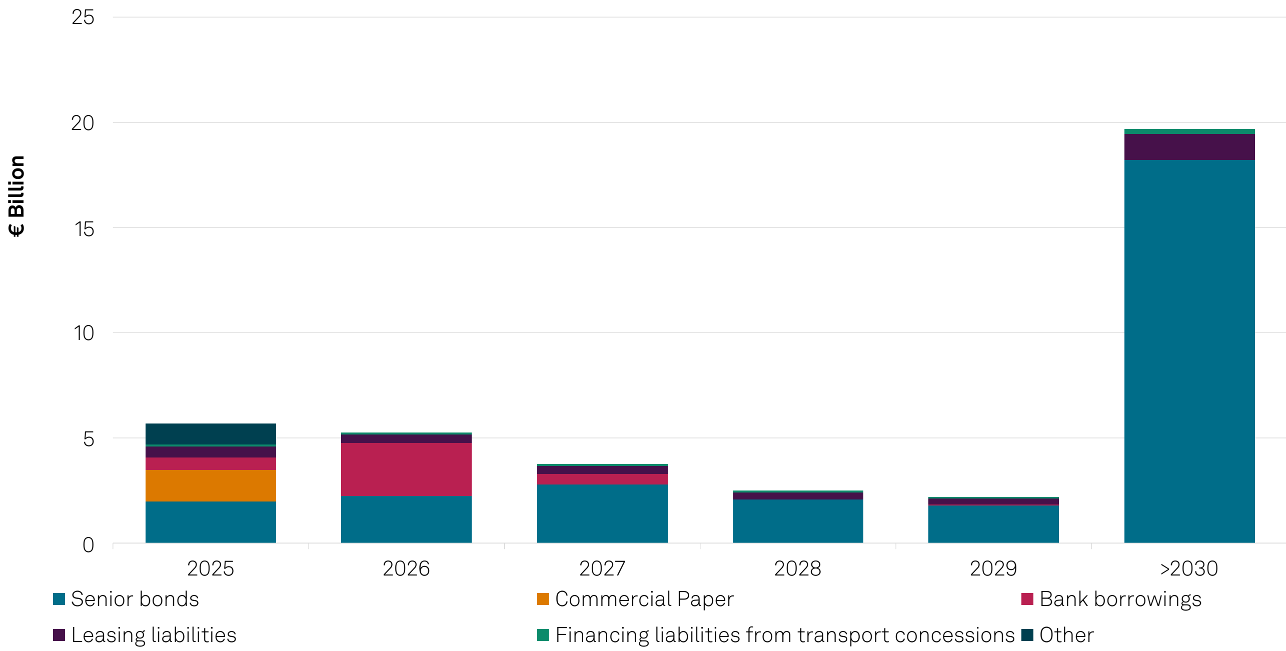
Source: S&P Global Ratings. e--estimate. f--forecast.

We benchmark DB against our low volatility table. This is because DB derives more than two thirds of its cash flows from transportation infrastructure activities under the supportive German legal framework, which we view as predictable, along with our view of the group's strong competitive advantage. After the successful sale of DB Schenker, we focus on DB's restated financials for comparability purposes, and we view 2023-2024 financials as not representative due to the impact of the large disposal and several other one-off items.

Debt maturities

Deutsche Bahn Maturity Schedule

As of Dec. 31, 2024



Source: S&P Global Ratings.

Deutsche Bahn AG--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	42,397	38,729	46,034	55,197	26,087	26,203
EBITDA	4,620	301	3,264	5,189	597	2,408
Funds from operations (FFO)	3,925	(380)	2,480	4,286	1	1,650
Interest expense	699	695	630	607	765	955
Cash interest paid	559	530	535	452	553	720
Operating cash flow (OCF)	3,188	1,584	3,501	5,395	1,524	3,596
Capital expenditure	3,757	4,557	4,956	5,574	6,302	8,413
Free operating cash flow (FOCF)	(569)	(2,973)	(1,456)	(180)	(4,779)	(4,818)
Discretionary cash flow (DCF)	(1,228)	(3,619)	(1,476)	(190)	(5,444)	(4,838)
Cash and short-term investments	3,635	2,994	4,163	5,313	3,150	4,684
Gross available cash	3,382	2,431	3,430	4,363	3,150	4,684
Debt	31,983	39,094	37,731	35,600	39,366	37,665
Common equity	13,931	6,269	9,620	13,678	11,125	16,202
Adjusted ratios						
EBITDA margin (%)	10.9	0.8	7.1	9.4	2.3	9.2
Return on capital (%)	2.4	(7.2)	(1.0)	3.1	(4.5)	(1.0)
EBITDA interest coverage (x)	6.6	0.4	5.2	8.6	0.8	2.5

Deutsche Bahn AG--Financial Summary

FFO cash interest coverage (x)	8.0	0.3	5.6	10.5	1.0	3.3
Debt/EBITDA (x)	6.9	129.8	11.6	6.9	65.9	15.6
FFO/debt (%)	12.3	(1.0)	6.6	12.0	0.0	4.4
OCF/debt (%)	10.0	4.1	9.3	15.2	3.9	9.5
FOCF/debt (%)	(1.8)	(7.6)	(3.9)	(0.5)	(12.1)	(12.8)
DCF/debt (%)	(3.8)	(9.3)	(3.9)	(0.5)	(13.8)	(12.8)

Reconciliation Of Deutsche Bahn AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2024									
Company reported amounts	34,998	17,116	26,203	2,584	(634)	729	2,408	3,899	33	17,874
Cash taxes paid	-	-	-	-	-	-	(39)	-	-	-
Cash interest paid	-	-	-	-	-	-	(707)	-	-	-
Lease liabilities	3,125	-	-	-	-	-	-	-	-	-
Intermediate hybrids (equity)	1,001	(1,001)	-	-	-	13	(13)	(13)	(13)	-
Postretirement benefit obligations/ deferred compensation	2,940	-	-	(3)	(3)	107	-	-	-	-
Accessible cash and liquid investments	(4,684)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	106	-	-	-	-
Capitalized development costs	-	-	-	(291)	(177)	-	-	(291)	-	(291)
Dividends from equity investments	-	-	-	8	-	-	-	-	-	-
Asset-retirement obligations	285	-	-	-	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	178	-	-	-	-	-
Noncontrolling/ minority interest	-	87	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	110	110	-	-	-	-	-
Capex: other	-	-	-	-	-	-	-	-	-	(9,170)
Total adjustments	2,667	(914)	-	(176)	108	226	(759)	(304)	(13)	(9,461)

Reconciliation Of Deutsche Bahn AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	37,665	16,202	26,203	2,408	(526)	955	1,650	3,596	21	8,413

Liquidity

We assess the DB's liquidity as adequate. We estimate that sources of liquidity cover uses by over 1.2x over the 12 months from June 30, 2025. DB's high standing in the capital markets, sound relationships with banks, and generally prudent risk management, all ensuring the maintenance of adequate liquidity, continue to support our assessment. Although €12.5 billion cash proceeds from the DB Schenker disposal received in April 2025 and a €3 billion low-interest subordinated loan received from the Federal government on Dec. 18, 2025, temporarily elevate the ratio above 1.5x and therefore, technically, could point to a stronger assessment, we do not necessarily believe the company would maintain such strong liquidity levels in the future amid large, planned investments.

Principal liquidity sources	Principal liquidity uses
• Unrestricted cash of about €9.4 billion and short-term investments of about €0.6 billion. • Undrawn bank lines of € 2.2 billion. • FFO of about €2.6 billion-€2.7 billion. Additionally, on Dec. 18, 2025, DB received a €3 billion low-interest loan from the Federal Government, subordinated to all existing debt. This contributes to the track record of ongoing support we embed in our assessment of DB’s liquidity.	• Debt maturities of €3.1 billion in the next 12 months. • Total company-financed capex of €8 billion, net of government grants and committed equity injections. We understand that the timing of capex could be flexible if needed to preserve liquidity. For DB, we focus on net capex, as a large part of DB’s capex follows government mandates and government funding is highly predictable, with a solid track record.

Covenant Analysis

Requirements

We understand that DB's loan agreements and bond documentation do not have any material financial covenants.

Environmental, Social, And Governance

Environmental factors are a positive consideration in our rating analysis of DB, given the close alignment of DB’s strategy with the government’s carbon reduction objectives. We perceive an increased relevance of DB in the public debate for the German government, including a clear intention to shift other ways of transport to rail progressively in the country. Our opinion is underpinned by the magnitude of the government support approved during 2025 toward DB, which is far larger than that allocated to other types of transport infrastructure, such as highways or air travel. The German government has committed to equity increases of €14 billion over 2024-2025, in addition to €11 billion made available under the Climate Action Program by 2030 to DB. Such support aims at accelerating the upgrade of the rail infrastructure network, to attract more passengers and freight volume in line with its Strong Rail targets. This will benefit DB's volumes growth and profitability levels.

DB aims to be climate neutral by 2040. As part of this goal, DB aims at reducing Scope 1 and Scope 2 carbon dioxide equivalent (CO2e) emissions by 66% and Scope 3.11 CO2e emissions by 63% by 2034 compared to 2019. Scope 3.1 and 3.2 emissions are covered by a supplier engagement target. DB also aims at increasing the use of renewable energies for the DB traction current mix to 80% by 2030 and for its train operating companies, and to operate an electrified German rail transport system with 100% of electricity coming from renewable energies by 2038. DB is also working on replacing diesel-powered trains by increasing the electrification of the rail network or using alternative fuels, for instance, through trains powered by green fuels such as hydrogen and hydrotreated vegetable oil produced exclusively from biological residues and waste materials, as well as battery-powered trains and innovative charging solutions.

Social factors are a neutral consideration in our analysis on net basis. This balances the company's key social mandate--underscoring DB's very important role for and very strong link to the German government--versus any negative influences that health and safety risk and labor union actions may have. For example, the COVID-19 pandemic severely reduced passenger volumes, but this was mitigated by federal government support measures (about €5.4 billion) and COVID-19-related support for regional transport (about €1.6 billion). The strikes impacted profitability in 2024 and DB will likely remain exposed to them structurally despite the current agreement with the EVG union, but the government-subsidized Germany Ticket, encourages domestic travel and increases passenger traffic.

Government Influence

Our 'AA+' long-term issuer credit rating on DB incorporates seven notches of uplift from the 'bbb' SACP, reflecting that there is an extremely high likelihood that the German government would provide sufficient and timely extraordinary support to DB if needed.

This assessment is based on our view of DB's:

- Critical role to the German government, given DB’s essential role for the government’s policy to reignite economic growth and execute on security commitments amid the current geopolitical and macroeconomic environment. Additionally, DB remains a central piece for the government’s decarbonization targets, which we think cannot be achieved without shifting a large portion of CO2-heavy traffic to less polluting railway. This opinion is substantiated by the recent adjustments to the legal and regulatory framework (including a massive increase in state funding for capex) highlighting increasing importance and alignment between DB and the government in infrastructure modernization and execution of the government's climate goals. That said, DB does not benefit from any explicit and timely guarantee of its liabilities by the government.
- Very strong link to the government, reflecting 100% government ownership and a constitutional requirement that the federal government remains the owner of the country's rail infrastructure with responsibility for providing a functional rail network. Given this constitutional requirement and no intention to privatize DB, even if only partially, we expect that the group will remain in 100% government ownership in the foreseeable future.

Notwithstanding, as a private joint stock company (Aktiengesellschaft) DB 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.

Issue Ratings--Subordination Risk Analysis

Capital structure

DB's capital structure consists primarily of senior unsecured bonds (€29.1 billion on Dec. 31, 2024.). We note that DB Finance, which previously acted as a financing company for DB Group, has been merged into Deutsche Bahn AG. This took place retroactively as of Jan 1, 2025. We understand that the move is aimed at simplifying the group's funding structure. Previously, DB Finance was required for tax and regulatory purposes, which are no longer relevant. The change does not impact our rating on the instruments or view on credit quality. All debt issued by DB Finance GmbH was unconditionally and irrevocably guaranteed by Deutsche Bahn AG and rated at the issuer credit rating level. Now this debt is under DB.

Analytical conclusions

After disposals of DB Schenker and DB Arriva, no material debt remains at the subsidiary level. The German core rail subsidiaries are funded in a centralized manner.

Rating Component Scores

Foreign currency issuer credit rating	**AA+/Stable/A-1+**
Local currency issuer credit rating	**AA+/Stable/A-1+**
Business risk	**Strong**
Country risk	Very Low
Industry risk	Low
Competitive position	Strong
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb**

Related Criteria

- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- Research Update: Germany 'AAA/A-1+' Ratings Affirmed; Outlook Stable, June 13, 2025
- Industry Credit Outlook Update Europe: Transportation Infrastructure, July 16, 2025

Ratings Detail (as of December 19, 2025)*	
Deutsche Bahn AG	
Issuer Credit Rating	AA+/Stable/A-1+
Issuer Credit Ratings History	
01-Aug-2025	AA+/Stable/A-1+
07-Aug-2024	AA-/Positive/A-1+
29-Jul-2022	AA-/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.