S&P Global Ratings

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Bulletin:

State Support Drives Improvement In Deutsche Bahn AG's 2025 Financial Results While Operational Challenges Linger

April 2, 2026

This report does not constitute a rating action.

FRANKFURT (S&P Global Ratings) April 2, 2026--S&P Global Ratings said today that Deutsche Bahn AG's (DB) results showed signs of financial improvement, with credit metrics improving at a faster pace than we initially expected. This confirms the German government support we incorporate in our 'AA+' long-term issuer credit rating and eases some of the pressure for the 'bbb' stand-alone credit profile (SACP). Based on our preliminary adjustments, we estimate that DB's adjusted debt declined by 34% (€12.8 billion) and funds from operations (FFO) to debt increased to 9.1%. This is a significant improvement from an FFO to debt of 4.4% in 2024. Large government funding for capital expenditure (capex), train path price support and infrastructure maintenance expenses underpinned metrics to improve to our 9% expectation for the SACP, ahead of our expectations.

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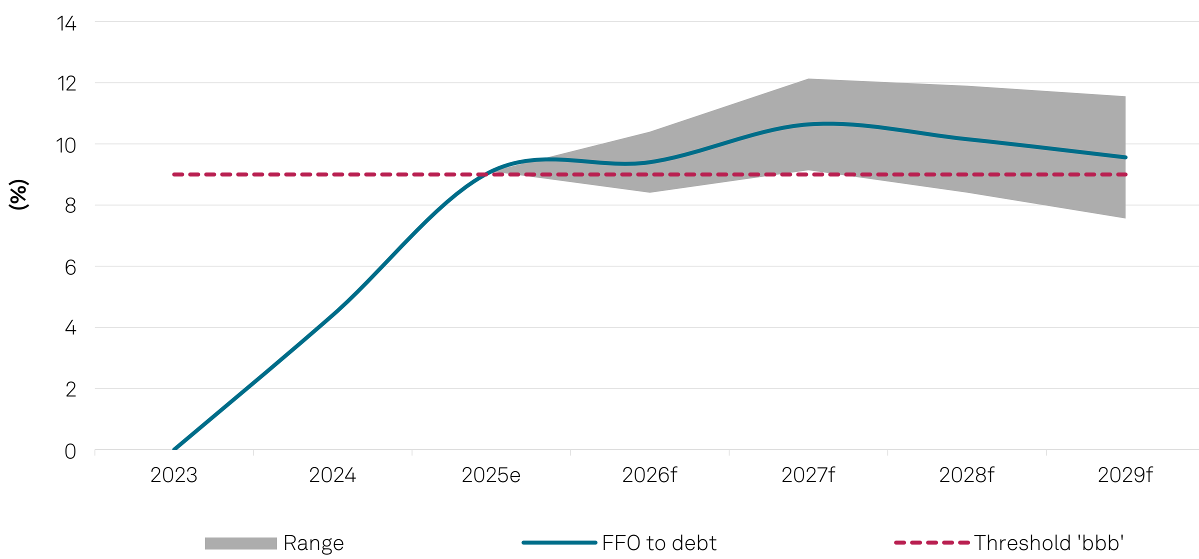
Deutsche Bahn FFO to debt trajectory

FFO to debt reached 9% one year ahead of our expectations



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

We think that credit metric improvement is largely attributable to ongoing government support. Notably an €8.5 billion equity injection in 2025, €9.2 billion grants coming from the Special Infrastructure Fund, and €1.1 billion coming directly from the federal budget, which the group used to partially finance its €21.9 billion gross capex in 2025. Corporate-funded capex remained at €5.9 billion, aligned with 2024, instead of our expected €6.9 billion, also contributing to reduced debt. Additionally, reduced adjusted debt follows a €12.5 billion cash inflow from the sale of DB Schenker, which we understand the group has used to reduce debt and fund capex, further underpinning the German government's intention to support DB. Our base case incorporates an additional €86 billion of government support through 2029 to finance a €95 billion capex plan over the next three years. Thus, we forecast that DB will remain highly dependent on the government's ongoing support for infrastructure capex financing, but that this will ultimately help it to preserve an FFO to debt sustainably above 9%.

Despite reduced adjusted debt, DB's S&P Global Ratings-adjusted EBITDA of €2.9 billion fell short of our expectations of €3.1 billion (see "Deutsche Bahn AG," Dec. 19, 2025). We think that any significant improvements in quality and operational performance will take time. For instance, DB's punctuality on long-distance trains reached a historical low at 60.1% in 2025, down from 62.5% in 2024. We expect persistently poor punctuality will likely lead to recurrent customer rights costs that we estimate at about €150 million-€200 billion per year.

Management is focusing, among others, on schedule stability, fixed construction windows that minimize unexpected disruption, and adding buffer times between trains. However, according to DB it will likely take 10 years to restore the rail network to overall good condition; we expect this process will be gradual. This partially explains the €1.4 billion impairment mainly on its long-distance business, booked in 2025. We understand that historically DB was exposed to occasional strikes, which is an additional operating risk, although in 2025 the company's results benefited from no strikes, and there are long-term agreements with unions that would make strikes illegal until 2028.

We think that the German government support will continue to underpin our 'AA+' rating on DB. At the SACP level, we include key factors such as the new management's strategic initiatives and their impact on DB's operating environment, and how it ultimately affects the company's competitive position. We note that there have been changes to DB's top management recently, and we expect to get further clarity on the company's updated strategic plan over the next six months. Even though we view the recently appointed CFO Karin Dohm's departure from the company four months after starting the position as a one-time event, we think that high management rotation could negatively influence DB's strategy execution, which we think is a priority given the current substandard state of operations. We also monitor progress on DB Cargo, a unit which we view as one of the weaknesses of DB's business and has a comprehensive restructuring plan in place. Although DB Cargo's losses declined in 2025 with EBIT improving to negative €7 million from negative €357 million in 2024, it must achieve profitability by 2026 to comply with the EU state aid decision and avoid forced restructuring.

Related Research

- Deutsche Bahn, Dec. 19, 2025
- Research Update: Germany 'AAA/A-1+' Ratings Affirmed; Outlook Stable, June 13, 2025
- Industry Credit Outlook Update Europe: Transportation Infrastructure, July 16, 2025