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Balanced Group portfolio with three strong pillars



DB Group (2016)



- International provider of mobility and logistics services
- Active in more than 130 countries
- Owner and operator of the German rail infrastructure
- Vertically integrated Group structure
- DB AG acts as management holding company
- Ratings: Aa1 / AA-

Railway in Germany



- 2.7 bn rail and bus passengers (>7.3 mn per day)
- ~205 mn t rail freight

DB Arriva



- >1.8 bn rail and bus passengers (>4.4 mn per day)
- Active in 14 European countries

DB Schenker



- ~100 mn shipments
- >1.2 mn t air freight
- >2.0 mn TEU ocean freight
- >130 countries worldwide

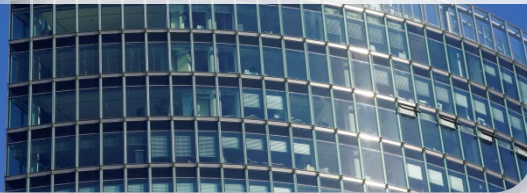
Total revenues	40,576	+0.3%	18,182	+2.2%	5,093	+5.3%	15,128	-2.1%
EBITDA adjusted	4,797	+0.4%	3,337	+1.8%	525	-	599	+1.7%
EBIT adjusted	1,946	+10.6%	1,140	+19.7%	280	+3.7%	410	+3.8%
Gross capital expenditures	9,510	+1.8%	8,595	+4.4%	359	+30.1%	209	-12.2%
Employees (as of Dec 31)	306,368	+3.1%	156,832	-0.4%	54,150	+16.5%	68,388	+3.1%

Excl. Other/ consolidation. Key figures vs. 2015.

Key aspects of DB Group's business in Germany and worldwide



Balanced business mix



Strong position in Germany



Growth potential in international business



State responsible to finance infrastructure capex (~65% of total)



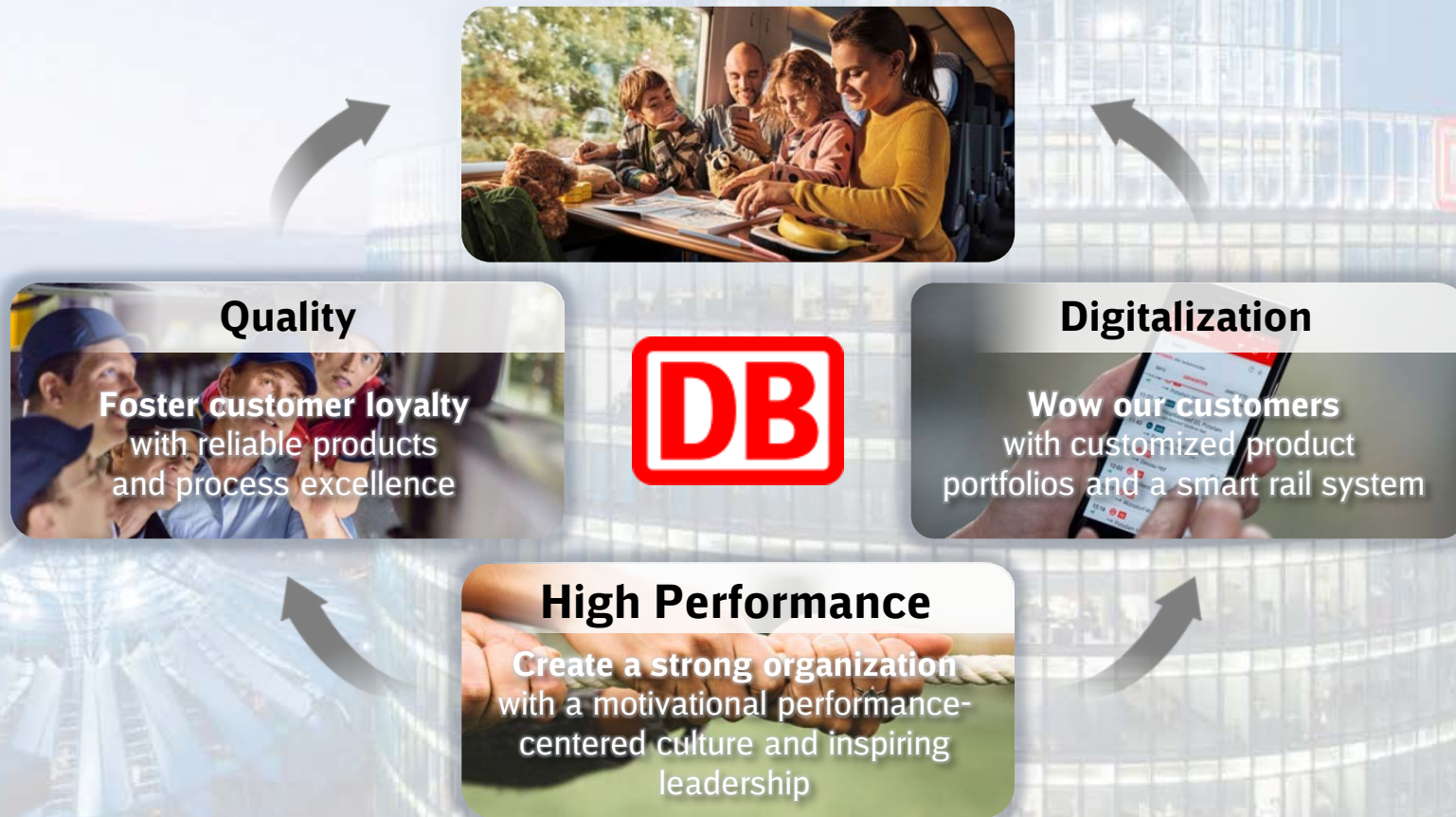
Stable cash flows from multi-year transport contracts



Clear strategic targets for all dimensions (economic, social, environmental)



Our approach to business: high performance drives quality and digitalization – and thus customer satisfaction



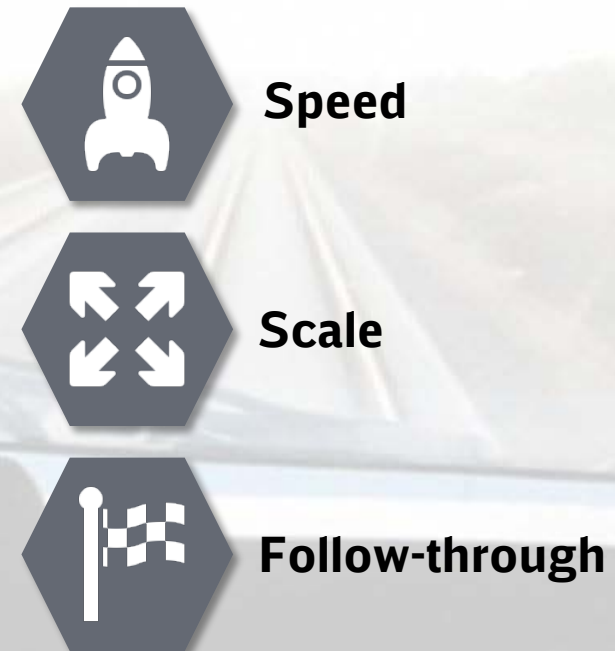
We are focusing on the right areas and are gaining speed



The right focus



Make it happen



In its first year Railway of the Future focused on quick wins eliminating the greatest annoyances for our customers

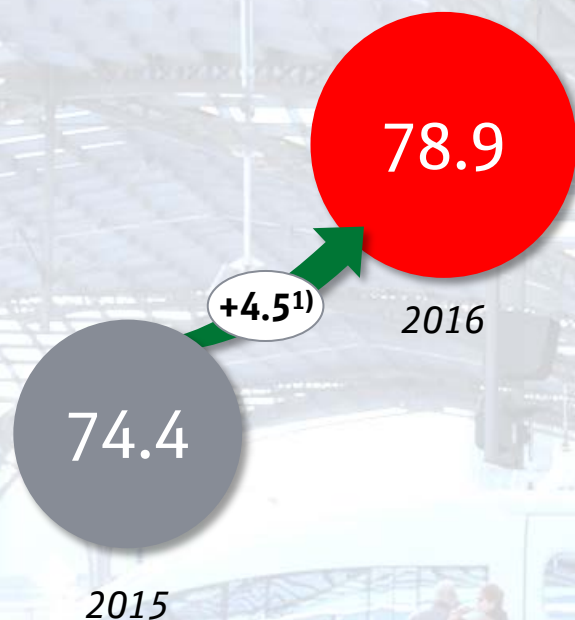
More quality, more customers, more success



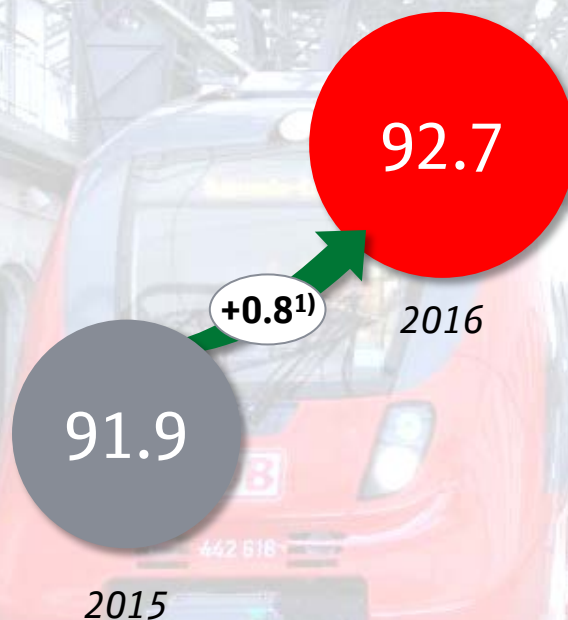
We raised punctuality in our German rail business significantly in 2016



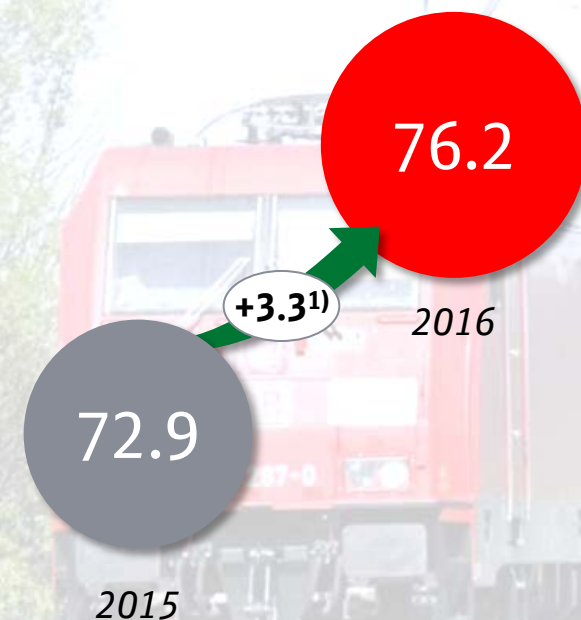
Punctuality DB Long-Distance (%)



Punctuality DB Regional²⁾ (%)



Punctuality DB Cargo³⁾ (%)

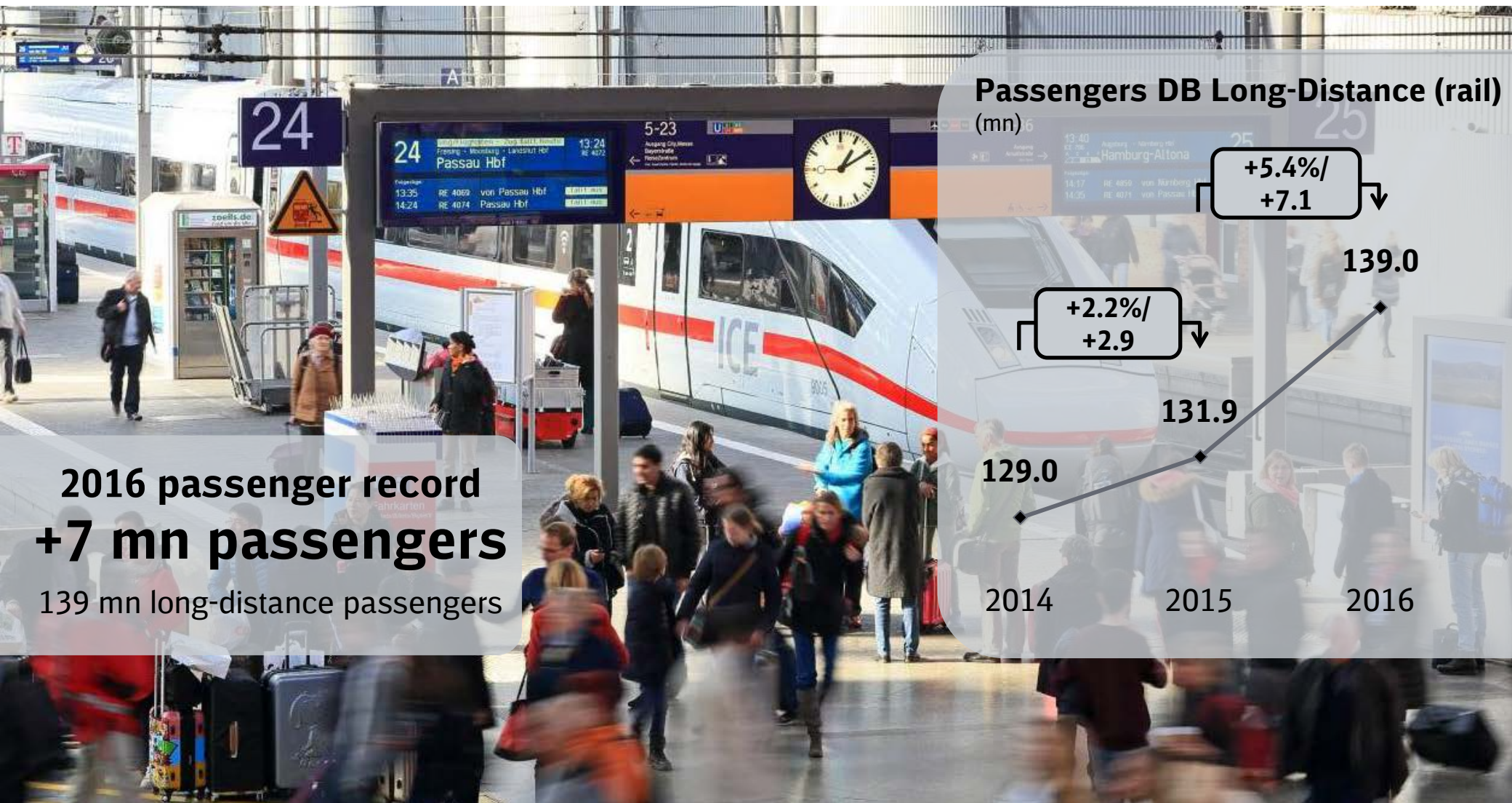


¹⁾ Percentage points.

²⁾ Excluding S-Bahn (metro) services.

³⁾ Germany.

We raised our long-distance passenger numbers once again



Recently, we have implemented numerous measures to improve quality and service for our customers



**Improved punctuality:
PlanStart project teams**



**Better connections:
free Wifi in ICE trains**



**Onboard entertainment
with Maxdome**



**Passenger information:
DB line agent app**



**Notification via WhatsApp
when cleaning is needed**



**Fleet modernization:
ICE 3 redesign**

The new high speed line between Berlin and Munich – the largest service expansion in the history of DB Group



Starting on December 10, 2017
17 million residents

will benefit from the expansion

Berlin-Munich in less than 4 hours

As we take the Railway in Germany to the next level, we are also tapping opportunities for growth abroad



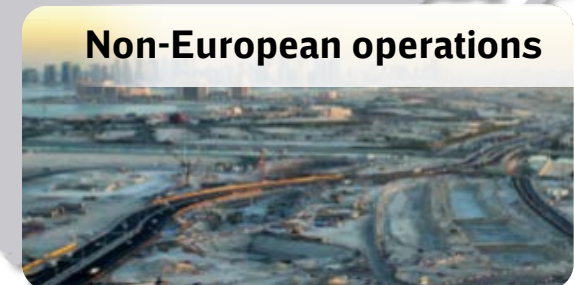
(Selection)



- Using digital platforms for economies of scale
- Strengthening our presence in APAC and North America



- Expanding our presence in European growth markets
- Enhancing our UK bus business model



- Tapping business opportunities for rail operations outside Europe
- Using the DB network and our expertise as a foundation

With Group programs, we are increasing the competitiveness of our core business and realizing growth opportunities



Group programs 1st generation (2015/2016)

Group programs 2nd generation (start 2017)



Railway of the Future

Improvement of customer offer, performance quality and economic viability of the integrated rail system



Autonomous driving on the road (passenger and freight transport)

Complementing the mobility and logistics offer through the integration of autonomous fleets



Fully automatic driving on rail

Increasing the quality and efficiency of the system network by means of higher automation



New data-driven business models

Expansion of the business portfolio through new business models and monetization of data



Automation of railway operations



Digitalization strategy



Smart Cities

New mobility, logistics and station concepts for the urban space



Non-European Rail Operations

Use of business opportunities in particular in NME and APAC

The future belongs to us



Renaissance of rail



International growth



Digital markets



Strong organization



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Our efforts are bearing fruits: positive development in the 2016 financial year



(€ mn)

	2016	2015	+/- €	+/- %
Revenues	40,576	40,468	+108	+0.3
Revenues comparable	41,114	40,467	+647	+1.6
EBIT adjusted	1,946	1,759	+187	+10,6
Net profit for the year	716	-1,311	+2,027	-
Dividend (payment in the following year)	600	850	-250	-29.4
Gross capital expenditures	9,510	9,344	+166	+1.8
Net capital expenditures	3,320	3,866	-546	-14.1
Net financial debt as of Dec 31	17,624	17,491	+133	+0.8
ROCE (%)	5.9	5.3	-	-

Positive development continued in the first half of 2017



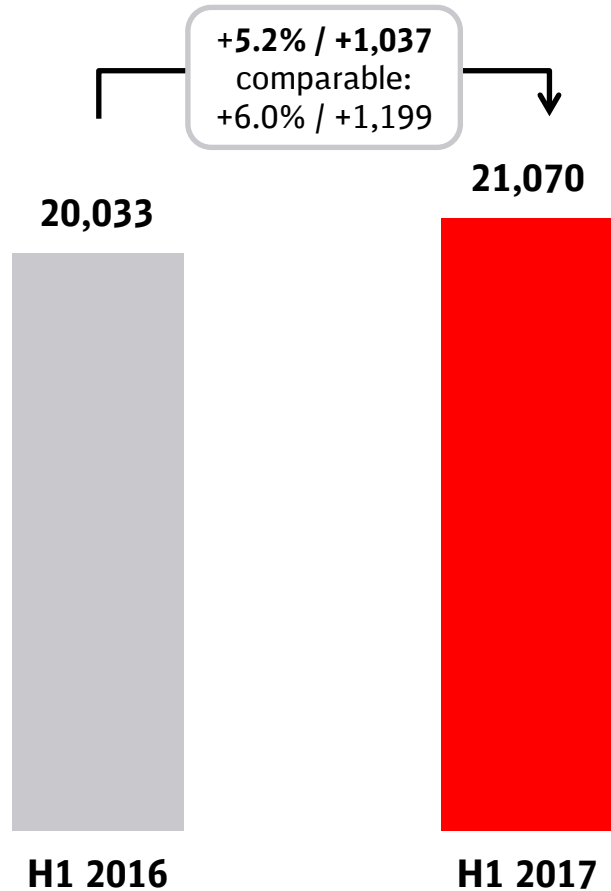
(€ mn)

	H1 2017	H1 2016	+/- €	+/- %
Revenues	21,070	20,033	+1,037	+5.2
Revenues comparable	21,220	20,021	+1,199	+6.0
EBIT adjusted	1,179	1,007	+172	+17.1
Net profit	779	603	+176	+29.2
Dividend payment (for previous year)	600	850	-250	-29.4
Gross capital expenditures	4,108	3,472	+636	+18.3
Net capital expenditures	1,490	1,346	+144	+10.7
Net financial debt as of Jun 30, 2017/Dec 31, 2016	19,030	17,624	+1,406	+8.0
ROCE (%)	6.8	6.0	-	-

Positive operational revenue development



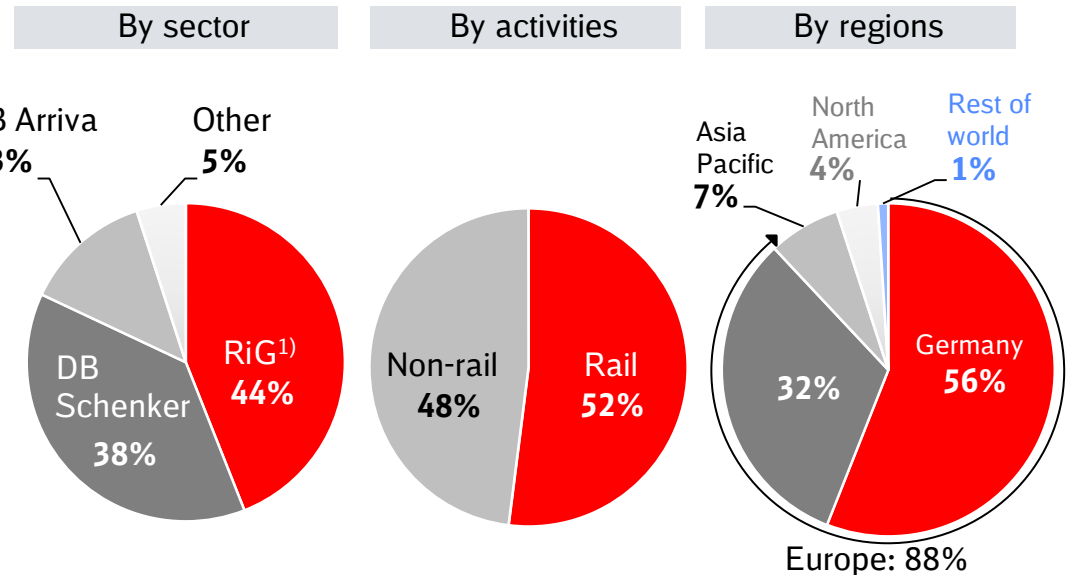
Revenues (€ mn)



Key impact factors

- ⊕ Increased performance DB Long-Distance and DB Netze Track
- ⊕ Growth DB Arriva
- ⊕ Development of volumes and freight rates DB Schenker
- ⊖ Exchange rates
- ⊖ Operational development DB Cargo in Western Europe

No changes in revenue structure

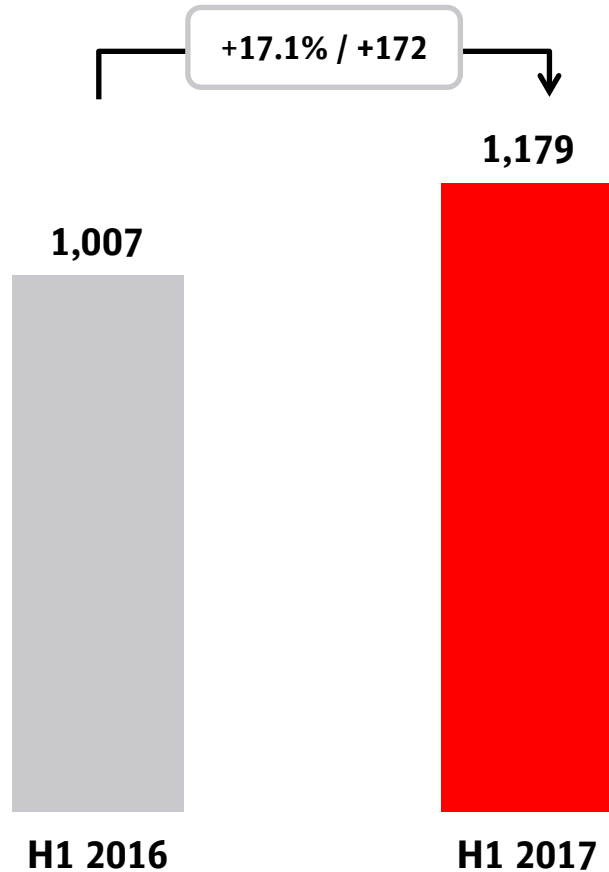


¹⁾ Railway in Germany.

Growth mainly at DB Long-Distance, but also in international businesses



EBIT adjusted (€ mn)



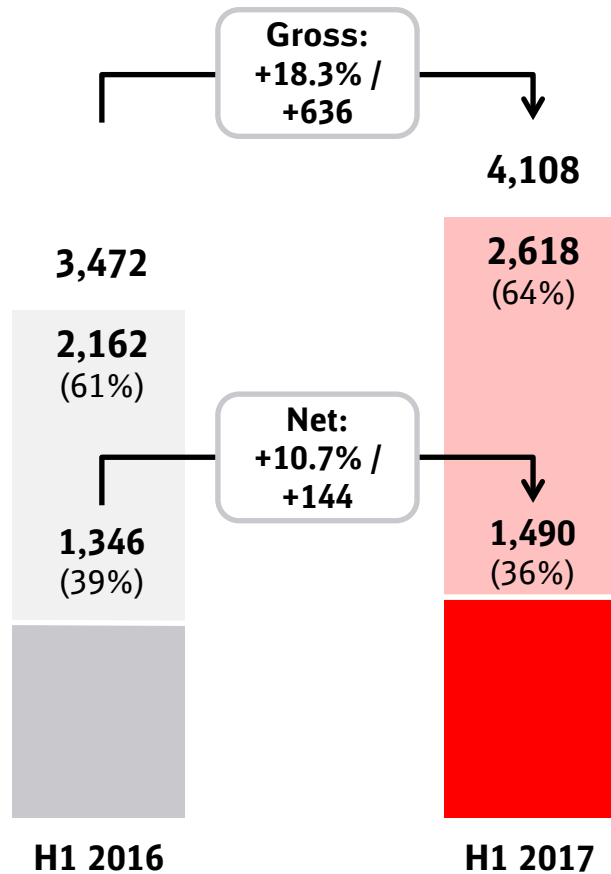
Key impact factors

- + Passenger growth DB Long-Distance
- + Price and volume effects DB Schenker
- + Effects of 2016 tender wins and acquisitions DB Arriva
- + Improvement due to higher crude steel production in Germany at DB Cargo
- Cost pressure personnel
- Higher maintenance efforts, mainly at infrastructure business units
- Railway of the Future measures (“quality investments”)

Higher capex in infrastructure and rolling stock



Capital expenditures (€ mn)



Highlights

- Focus of gross capex unchanged:
 - 90% Railway in Germany
 - thereof 78% Infrastructure
- Net capex defined as gross capex less investment grants

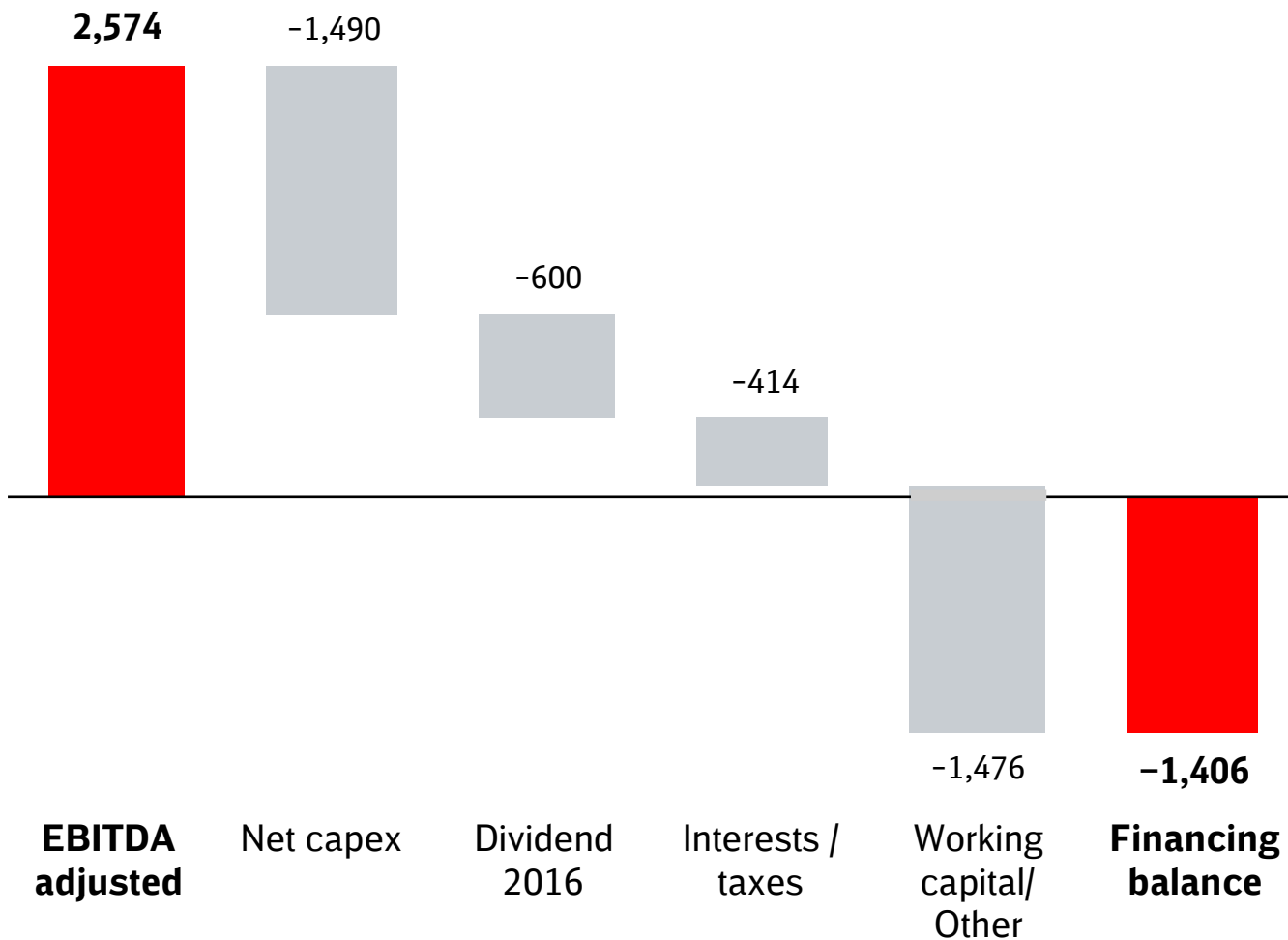
Key impact factors

- + Higher infrastructure capex
- + Higher state investment grants (performance and financing agreement (LuFV) II)
- + Increase of rolling stock capex at DB Long-Distance, DB Arriva and DB Cargo

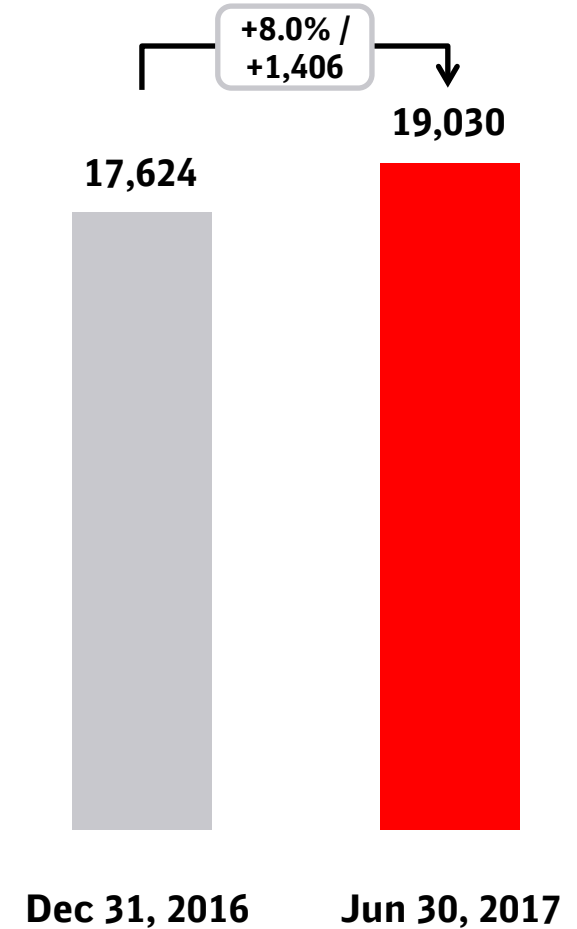
Net financial debt increased among others due to high level of net capex



Financing (€ mn)



Net financial debt (€ mn)



Outlook for 2017 financial year lifted



Outlook (€ bn)

	2016	2017 (Forecast March)	2017 (Forecast July)	
Revenues adjusted	40.6	> 41.5	> 42.5	▪ Growth primarily at DB Arriva and DB Schenker
EBIT adjusted	1.9	≥ 2.1	≥ 2.2	▪ Positive effects from revenue growth
ROCE (%)	5.9	≥ 6.0	> 6.0	▪ Positive effect from EBIT improvement
Redemption coverage (%)	18.1	≥ 18.5	> 18.5	▪ Positive effect from profit improvement partially offset by higher net financial debt
Gross capital expenditures	9.5	≥ 10.5	> 10.5	▪ Increase due to higher infrastructure grants (according to LuFV II)
Net capital expenditures	3.3	≥ 3.5	~ 4.0	
Maturities	2.3	2.1	2.1	▪ Tapping financial markets to refinance the maturing financial liabilities
Bond issues Bond issues so far	2.1 –	< 2.0 0.1	< 2.0 1.0	▪ Financing needs will be covered mostly by the issue of bonds
Net liquidity as of Dec 31	4.5	~3.5	~3.5	▪ Short- and medium-term liquidity supply is secured
Net financial debt as of Dec 31	17.6	< 19.0	< 19.0	▪ Net financial debt is expected to continue to increase due to high level of capex

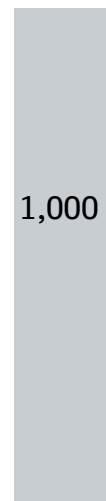
Government support for DB Group:

Reduction of dividend payments and € 1 bn capital increase



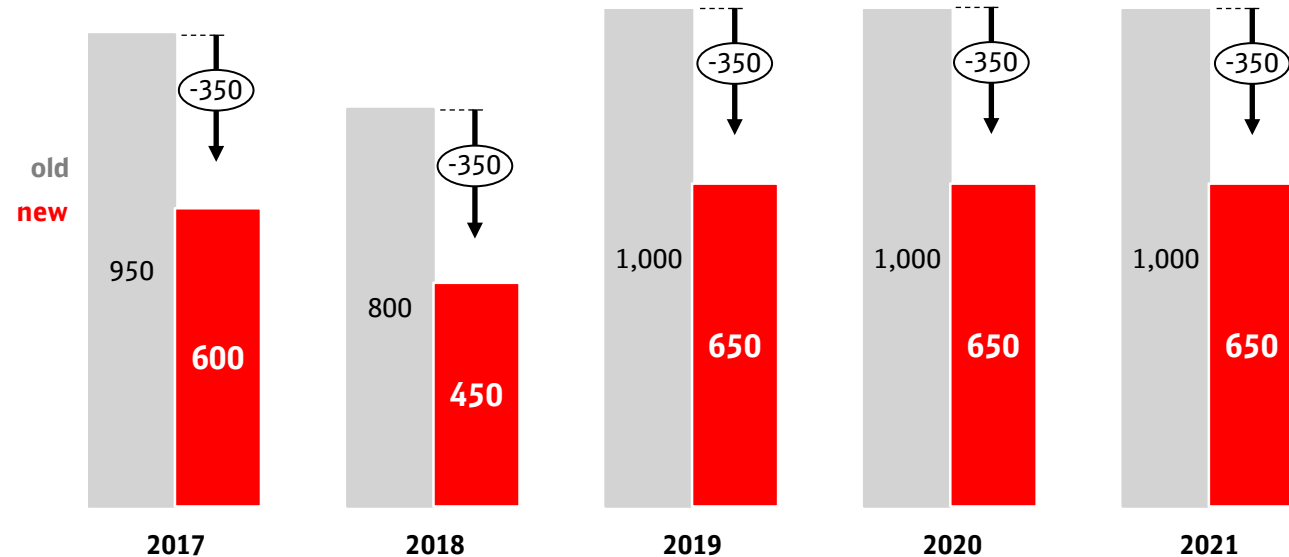
Government support package (€ mn)

Capital increase Federal Government



August
2017

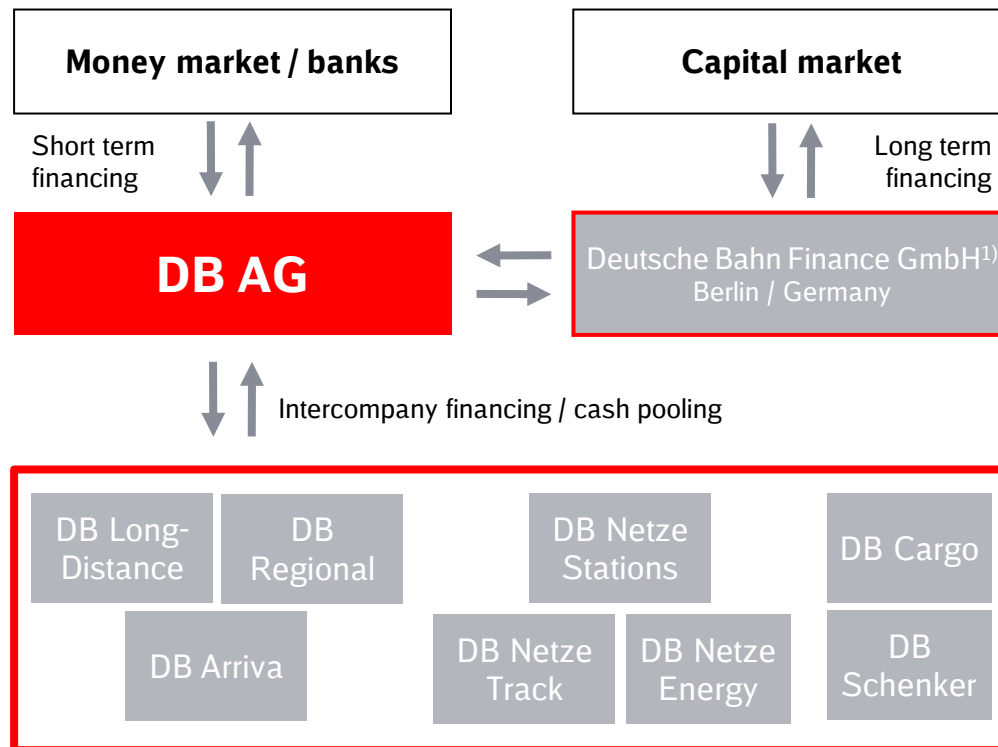
Planned dividend payments



All profits of infrastructure companies will be paid out as dividends and then reinvested by the German government in the rail infrastructure (investment grants)

Concept of DB Group financing unchanged, relocation of DB Finance to Germany

Cash management and financing of DB Group



Comments

- DB AG's central Treasury department manages all financing, liquidity and hedging activities
- External Group financing procured exclusively by DB AG and DB Finance (one "DB credit" in the market)
- Internal funding conditions at arm's length
- Cash pooling with 319 subsidiaries in 20 countries; 2 regional cash pools
- Relocation of DB Finance to Germany (B.V. → GmbH) to save costs and reduce complexity

New Kangaroo debt issuance program

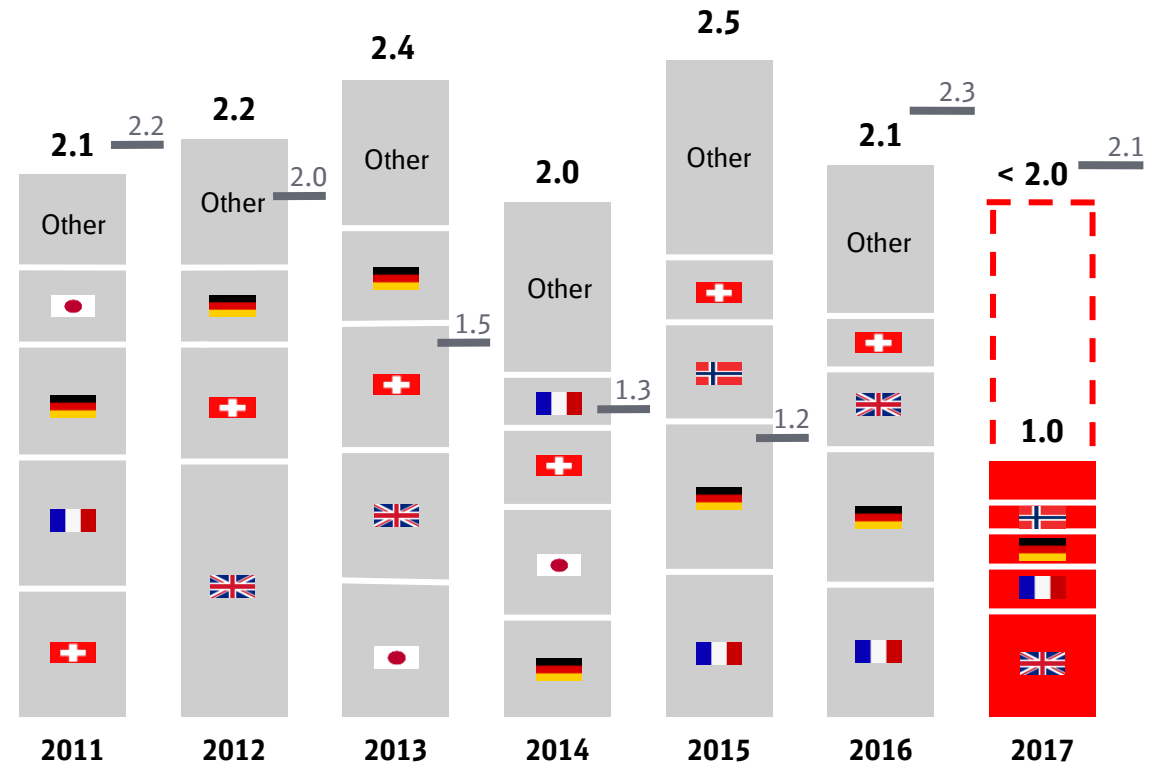
- New debt issuance program established in early 2017
- Volume: AUD 5.0 bn
- Arranger: HSBC
- Issuer: DB AG/DB Finance guaranteed by DB AG
- First issuances expected in 2017

¹⁾ Since September 1, 2017. Formerly Deutsche Bahn Finance B.V., Amsterdam / the Netherlands.

Four bonds issued so far in 2017, up to € 1.0 bn more expected until year-end



redemptions



Placement by regions

¹⁾ As of December 31.

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Appendix



DB Group

Passenger transport

Freight transport and logistics

Infrastructure

2016 financial year

Debt, financing and value management

Track record

DB2020+ still strongly based on our sustainability approach



Profitable quality leader

As a profitable quality leader, we offer our customers premium – that is, high quality – mobility and logistics services at economical costs.



Top employer

As a top employer, we recruit and retain qualified employees who work with enthusiasm for DB Group and its customers.



Eco-pioneer

As an eco-pioneer, we offer products that set standards for the efficient use of resources.



**Achieve sustainable business success
by bringing the dimensions into harmony
with one another**

DB Group enjoys good sustainability ratings from recognized agencies



DB honored as “Sector Leader Transportation”

- CDP assesses DB Group with good marks: Total assessment „A-“ makes DB Group to the “Sector Leader Transportation” – meaning DB Group is one of the best companies in the sector in the DACH region
- CDP emphasized particularly the above-average performance of DB Group with regard to CO₂ reduction and the continuous efforts to improve data validity



DB with “Prime” status continuously since 2010

- DB Group honored as sector leader (Transport & Logistics/Rail) with prime status (together with two other companies) thanks to its good “B-” assessment
- Oekom emphasized the high share of renewable energies, the Group-wide safety system and the environment issue management as particularly



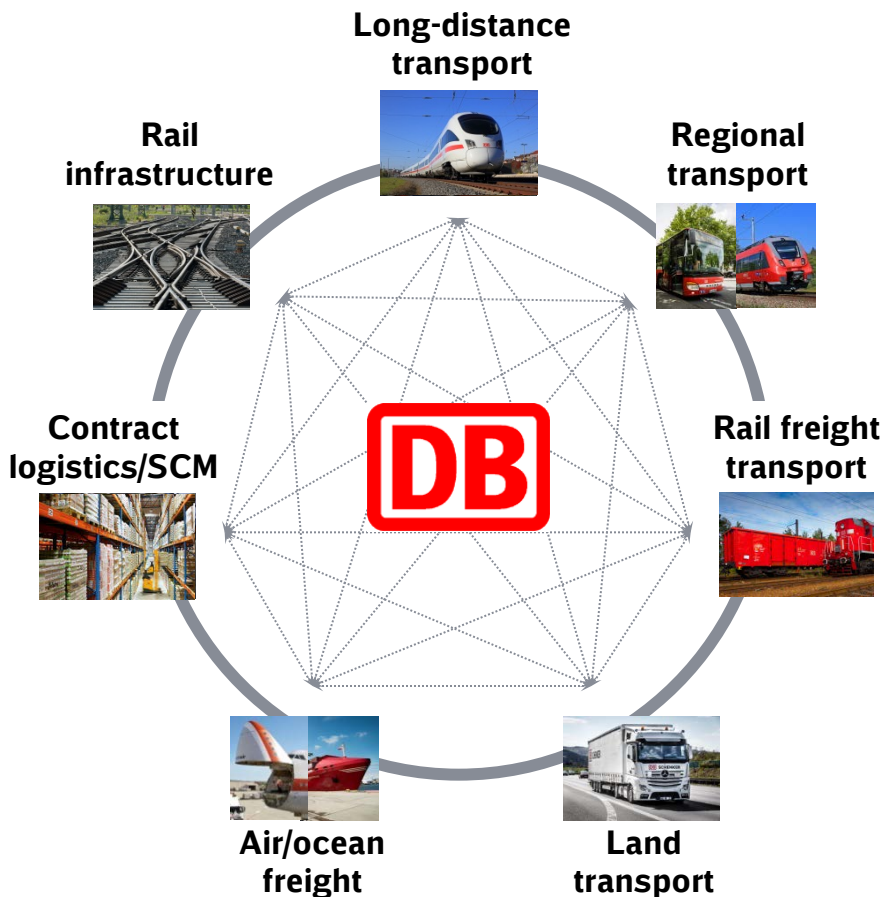
DB with “Gold” status for the second time in a row

- Since 2014 DB Group enjoys the gold status rating from EcoVadis and sets the benchmark with 80/100 points particularly in the area “Environment”
- In its 2016 rating EcoVadis acknowledged particularly the significant improvement in the area “Sustainable Procurement” (increase by 20 points)

Successfully developed transport networks ensure top market positions



Our transport networks



DB Group in Europe



No. 2
Long-distance rail passenger transport



No. 1
Local rail passenger transport



No. 1
Bus transport



No. 1
Rail infrastructure



No. 1
Rail freight transport

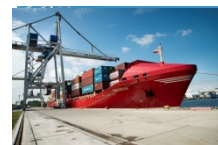


No. 1
Land transport

DB Group worldwide



No. 3
Air freight





No. 3
Ocean freight



No. 5
Contract logistics/SCM

DB Group is active in its market segments with independent commercial services and publicly mandated services



 Independent commercial services
 Publicly mandated services



Passenger Transport

Long-distance transport

- Direct competition, above all, with cars and airplanes
- End-customer business
- High level of fixed assets

Local public transport

- Tendered multi-year service contracts
- Customers are both the contracting organization¹⁾ as well as the passenger (end-customer)

Freight transport and logistics

Rail freight transport

- Strong inter- and intramodal competition
- Big customer business, clear sector focus
- High level of fixed assets

Freight forwarding and logistics

- Direct competition (world-wide)
- Full service forwarder, large customer base, broad mix of industries
- Asset low business

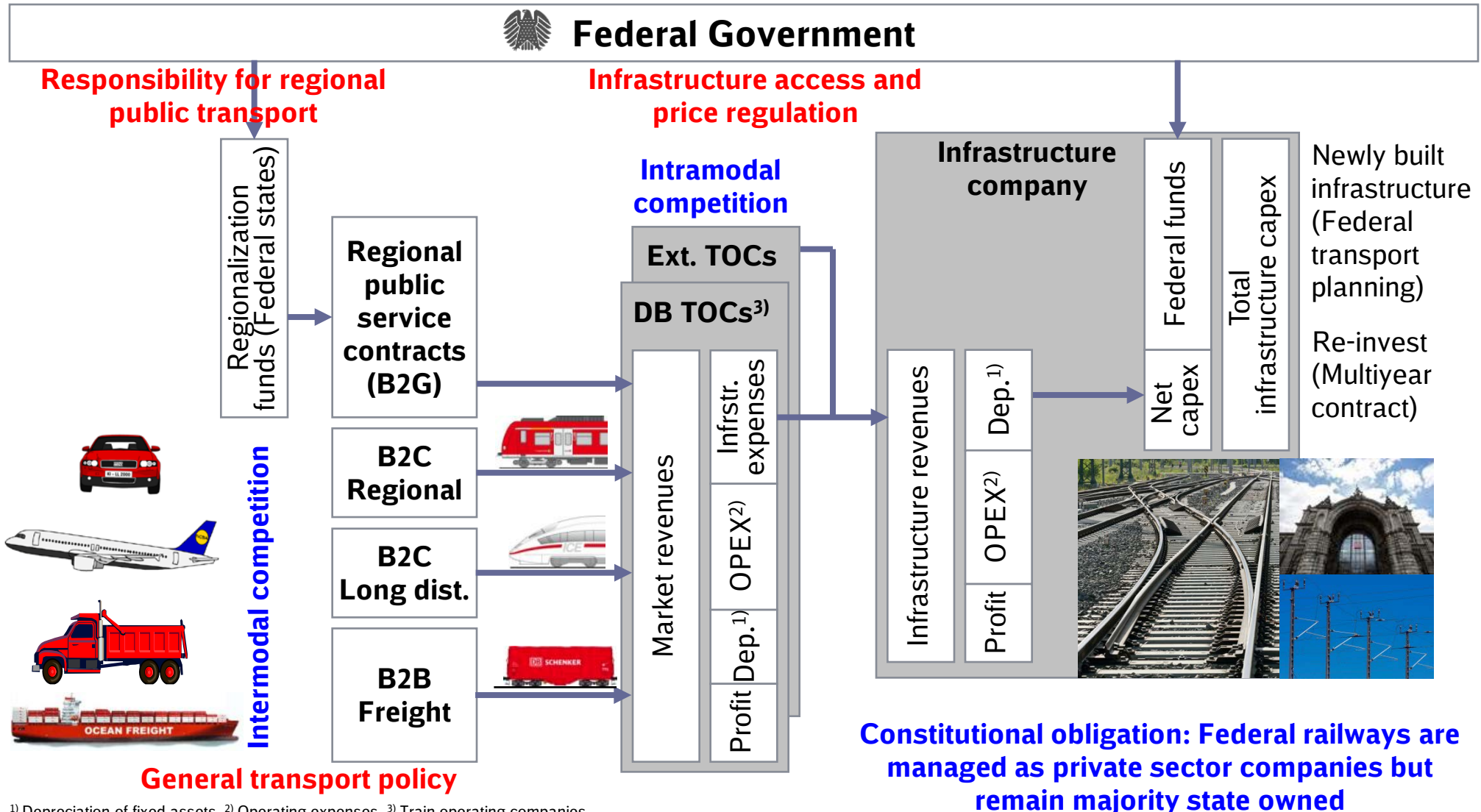
Infrastructure

Provision of infrastructure

- No competition, monopoly position in regulated markets, public-sector contracts for reliable and efficient provision of infrastructure at competitive prices
- Customer: Carriers (derived demand)
- Very high level of fixed assets, but mostly financed by state investment grants

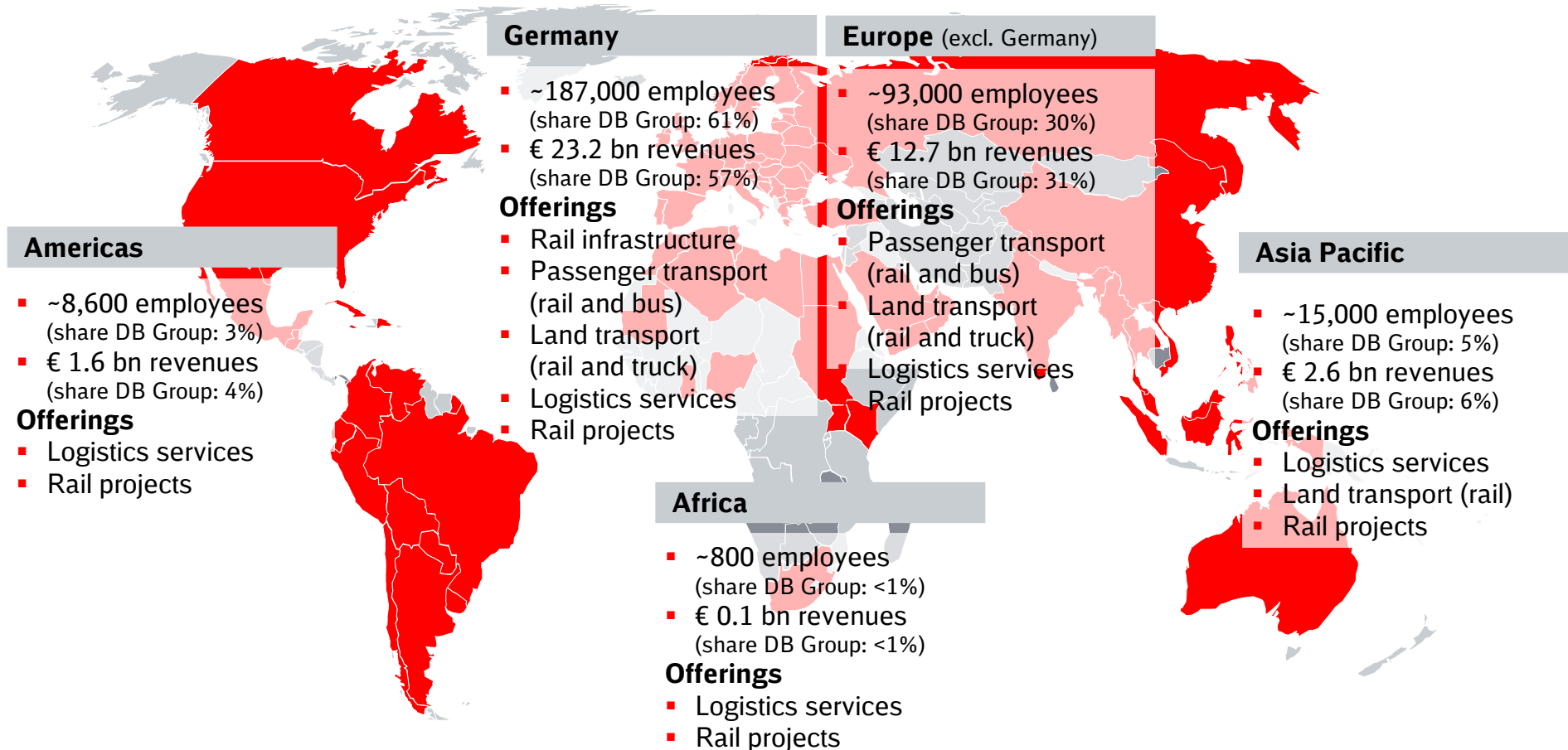
¹⁾ Contracting organizations can be states, state-run enterprises, transport associations, or regional bodies.

The “Big Picture”: Finance, regulation and transport policy in Germany at a glance



¹⁾ Depreciation of fixed assets. ²⁾ Operating expenses. ³⁾ Train operating companies.

We are acting worldwide in more than 130 countries



DB Group in Asia Pacific



Key figures DB Group

- Revenues: € 2,587 mn
- Capex: € 40 mn
- Employees: 15,016

DB Engineering & Consulting

- Offering of project management, construction supervision and consulting services for rail-specific projects
- Various projects in Asia Pacific, inter alia in Australia, China, India, Singapore and Taiwan

DB Schenker

- Active in Asia Pacific for 50 years
- About 400 locations in 20 countries
- Key performance figures:
 - Air freight: 0.9 mn t
 - Ocean freight: 1.6 mn TEU
 - Contract logistics: 1.75 mn sqm
- China train service
 - Rail-based solution between China and Europe
 - Start of regular weekly block train services between China and Germany in 2011
 - Continuous offer extensions
 - Economic and ecological advantages compared to air and ocean freight, rapid redistribution
 - Products: container and conventional transport, oversized shipments
 - 24/7 GPS real time container monitoring via DB SCHENKERsmartbox

DB Group in Japan



Revenues € 212 mn

Capex € 0.2 mn

Employees 447

Market positions

Air freight:

- Import: Among top 10
- Export: 6th

Ocean freight:

- Import: Among top 10
- Export: Among top 10

DB Schenker

- Joint-venture Schenker-Seino established in 2002
- Schenker active in Japan since 1964
- 19 locations in Japan
- Core products: air and ocean freight services, contract logistics

Other

- Cooperation with JR East for 25 years:
 - Yearly best practice dialogue regarding professional, technical and organizational issues
 - Yearly dialogue on board level
 - Exchange programs for professionals and executives

DB Group in China and Hong Kong



Revenues € 930 mn

Capex € 15 mn

Employees 4,282

Market positions

South China / Hong Kong

- Air freight: 3rd
- Ocean freight: 3rd
- Contract logistics: 3rd

North / Central China

- Air freight: 2nd
- Ocean freight: 3rd
- Contract logistics: 3rd

DB Schenker

- Established in 1966 (Hong Kong) and 1982 (Beijing)
- 47 locations in South China / Hong Kong; about 100 locations in North / Central China
- Core products:
 - Air and ocean freight
 - Land transport
 - Contract logistics management
 - China train service

DB Engineering & Consulting

- Located in Chanchung (China)
- Current projects:
 - Yunnan province (supervising of construction activities)
 - Delivery of trains Changchun Railway Vehicles (technical consulting, project management)

DB Group in Australia



Revenues € 396 mn

EBIT € 12 mn

Capex € 2 mn

Employees 1,177

Market positions

- Air freight: 3rd
- Ocean freight: 4th

DB Schenker

- Established in 1962
- Recently introduced: express air freight service for small parcel shipments (DB Schenker Parcel)
- 20 locations in Australia (4 in New Zealand)
- Core products: air and ocean freight services, contract logistics management

DB Engineering & Consulting

- Active in Australia since 2015
- Located in Sydney, Melbourne and Brisbane
- Current projects:
 - North West Rail Link (technical requirement management, delivery coordination and product assurance)
 - Canberra Light Rail Transit (operational support, staffing of key positions during construction and commissioning)



DB Group

Passenger transport

Freight transport and logistics

Infrastructure

2016 financial year

Debt, financing and value management

Track record

#2 in the European passenger transport market



- **4.4**
billion passengers per year
in our trains and buses
- **12.1**
million passenger per day
- **265**
high speed trains (ICE)
- **9**
neighboring countries can
be reached directly

DB Long-Distance



DB Regional



DB Arriva



DB Sales

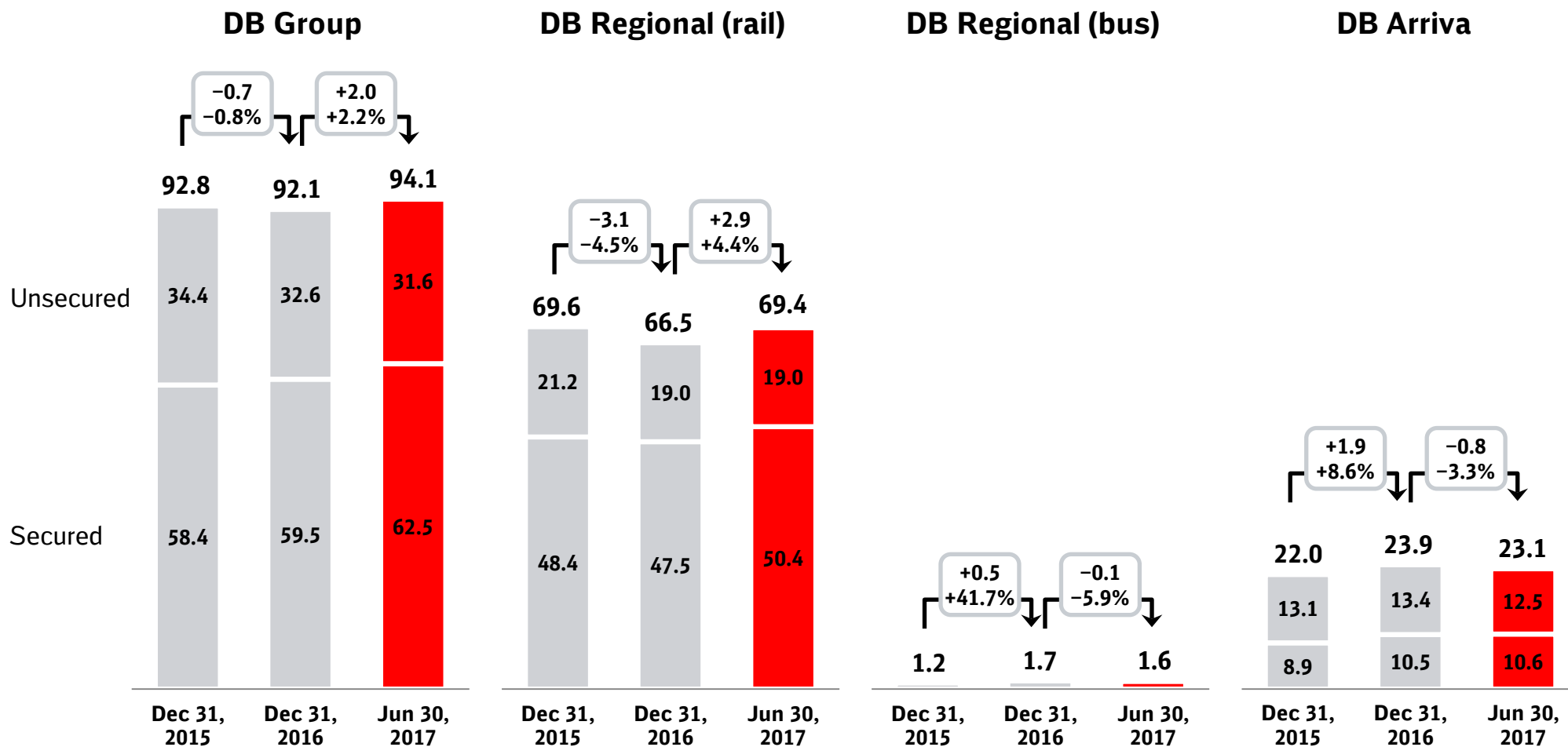


Figures are rounded.

Order book: DB Regional drives slight decrease in 2016 as well as positive development in H1 2017



DB order book¹⁾ (€ bn)










¹⁾ Secured and unsecured revenues. Unsecured revenues consist mainly of fare-box revenues.

DB Arriva with major successes in tenders particularly in 2016










Major successes in 2016

(order book effect > € 100 mn)






 Limburg (bus and rail)	✓
 Cross Country (rail)	✓
 London Overground (rail)	✓
 UK Bus (London) (bus)	✓
 Nitra (region) (bus)	✓
 Movia A8 (bus)	✓
 SAF Udine (bus)	✓

Further successes in 2016

(order book effect ≤ € 100 mn)

 ZOWADA (bus)	✓
 SAVDA (bus)	✓
 Movia (bus)	✓
 Warsaw I (bus)	✓
 SADEM Turin (bus)	✓
 Trnava (region) (bus)	✓
 Halland (bus)	✓

Successes^{H1 2017} and expected awards in 2017

 UK Bus (London) (bus)	✓
 Pågatåg (rail)	✓
 Olomoucky (region) (bus)	✓
 Achterhoek Rivierenland (bus and rail)	✓
 (award till March 2018) UK/East Midlands Franchise (rail)	
 Italy (bus)	
 Denmark (bus)	

DB Long-Distance runs a network of long-distance commercial rail passenger transport services focused on Germany



DB Long-Distance (2016)

Revenues	€ 4,159 mn
EBIT	€ 173 mn
Employees (FTE)	16,326
Volume sold	39.5 bn pkm
Passengers	139 mn
Fleet	257 loc. ¹⁾ , 265 ICEs
Avg. travel dist.	284 km

Profile

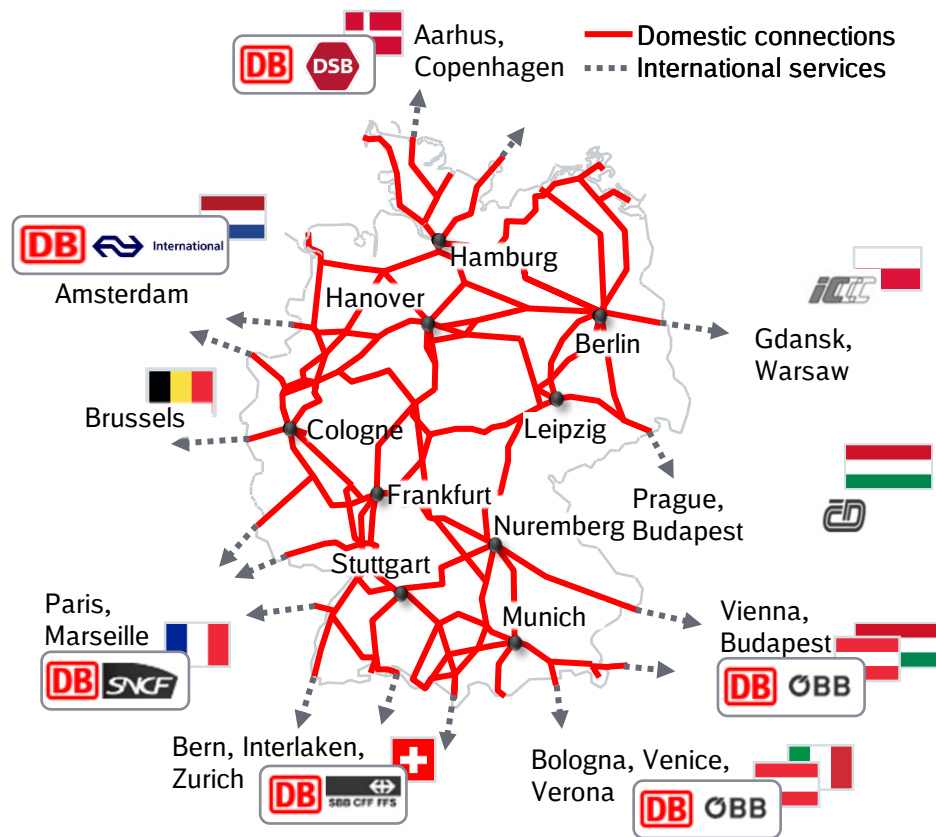
- DB Long-Distance offers fast, comfortable, convenient and eco-friendly travel within Germany and to and from neighboring countries
- Daily scheduled ICE, IC and EC services are the backbone of the long-distance portfolio
- DB Long-Distance is modernizing its fleet step by step: the IC 2 was launched in 2015, and regular service with the ICE 4 is scheduled to start end of 2017
- IC Bus services extend the existing rail network for certain German and international connections
- The BahnCard discount card, with five million holders, is our most important customer loyalty tool

¹⁾ Locomotives.

Long-distance rail network connections with European neighbors



Market overview for DB Long-Distance



Significant characteristics

- DB Long-Distance operates its services on a purely commercial basis
- Germany is the home market – DB Long-Distance is currently the only network provider with full-coverage connections between German cities
- German long-distance transport market completely open for competition since rail reform in 1994
- Market liberalization in many countries is not yet advanced, so often only cross-border connections in cooperation with the national railways can be offered
- DB Long-Distance links the most important neighbouring cities with point-to-point connections from the German network

Urbanization and environmental consciousness facilitate future growth

Opportunities

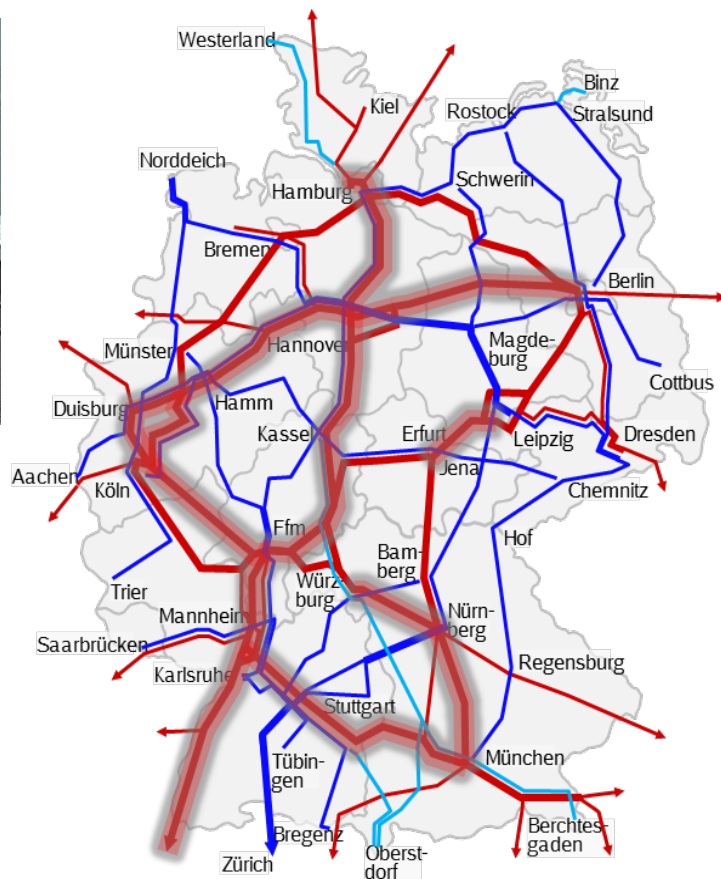
- Urbanization leads to increased demand in the core rail network
- Increasing environmental consciousness and economic risks provide opportunities to grow market share in intermodal competition
- Further development of international traffic in collaboration with existing and new partners
- Expansion of vehicle fleet offers greater flexibility and potential for growth



Challenges

- Market entry of intermodal and intramodal competitors in long-distance transport may slow growth
- Infrastructure bottlenecks threaten opportunities for growth and quality objective
- Competition for talents is increasing
- Customers demand smart, simple solutions

Upcoming: More rail services for metropolitan areas and regions



2 ICEs per hour

1 ICE per hour

1 ICE every two hours

1 IC-new per hour

1 IC-new every two hours

IC-new connection for tourists
(trains not always running every
two hours)

ICE service includes TGV, Railjet, etc.

Target network:
≈162 mn train km

GERMANY IN SYNC

- Major increase in long-distance service: around +25% by 2030
- Five million citizens newly connected to the long-distance network and 50 million more passengers by 2030
- More ICE connections, with two trains an hour on main corridors
- Integration of regions into the long-distance network, with two hourly services
- Annual CO₂ emissions cut by 1.7 mn tons (equivalent to the annual carbon emissions of 600,000 cars) by 2030
- Planned capex of € 12 bn in long-distance until 2030

DB Regional offers on-time, safe, reliable and eco-friendly regional transport service for over six million passengers each day



DB Regional (2016)

Revenues	€ 8,653 mn
EBIT	€ 636 mn
Employees (FTE)	36,008
Volume sold	48.4 bn pkm
Passengers	2,512 mn ¹⁾
Fleet	5,007 ²⁾ / 12,871 ³⁾
Avg. travel dist.	21.7 km

Profile

- DB Regional Rail is commissioned by local transport authorities to offer rail passenger transport tailored to regional and local needs
- The 27 contracting organizations in Germany use competitive tendering to select operators for regional and local rail passenger transport services
- These public service obligation (PSO) services are financed by concession fees and ticket sales
- The predominant model in Germany is based on gross-cost contracts, in which ticket sales go straight to the orderer, who then compensates the operator in full for the PSO services offered
- DB Regional Bus offers both commercial and PSO services on the regional bus market in Germany
- There are over 400 local transport authorities responsible for public bus transport, and services are increasingly being awarded in competitive tenders

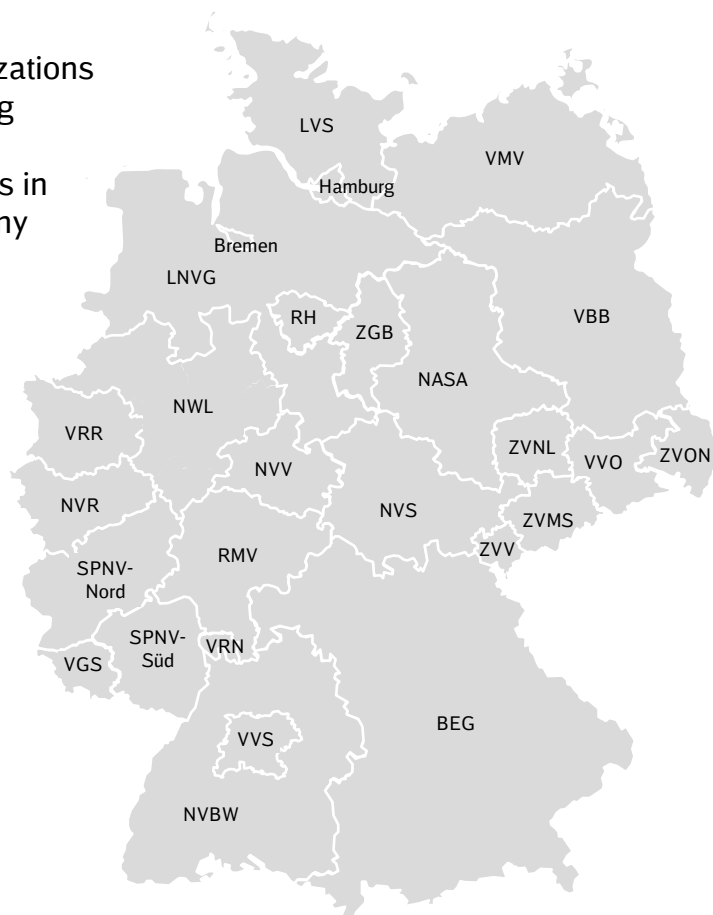
¹⁾ Including 1,879 mn rail passenger. ²⁾ Locomotives (934) and multiple units (4,073). ³⁾ Buses (including 5,109 of DB Regional's own)

DB Regional Rail: 27 client organizations order local rail passenger transport services



Market overview for DB Regional Rail

Organizations
ordering
LRPT¹⁾
services in
Germany



- In 1996 responsibility for local rail passenger transport (LRPT) was transferred from the German government to the individual German states
- To finance this, the Federal Government makes regionalization funds (2017 about € 8,2 bn; 2016: about € 8,0 bn) available to the Federal states
- 27 client organizations order LRPT services from train operating companies on behalf of the states
- Market volume is about 666 mn train km in 2016
- The market in Germany is completely liberalized. With a market share of around 67 % in 2016 DB Regional is the backbone of the LRPT market

¹⁾ LRPT = local rail passenger transport.

DB Regional is facing a high level of competition in the rail and the bus business

Opportunities

- Individual assessment of concession authorities requirements due to local presence
- Implementation and constant monitoring of Railway of the Future measures

Rail

Bus

- Growth in areas without coverage and with new business models
- Gain new target groups



Challenges

- Stronger competition
- Easier financing for competitors and changes to tender conditions
- Disaggregation of value chain

Rail

Bus

- Decreasing number of school children
- Declining public funding
- Increased competition

DB Arriva is DB Group's platform for growth in passenger transport outside of Germany



DB Arriva (2016)

Revenues	€ 5,093 mn
EBIT	€ 280 mn
Employees (FTE)	54,150
Volume sold (rail)	11,230 mn pkm
Volume sold (bus)	1,028 mn bus km
Passengers	1,761 mn ¹⁾
Fleet	1,210 ²⁾ / 16,562 ³⁾

Profile

- DB Arriva is a platform for growth and the foundation for all of DB's passenger services outside Germany (with the exception of international long-distance services)
- DB Arriva offers a broad range of transport services in 14 European countries, running buses, trains, trams, water buses, and carsharing
- DB Arriva is usually commissioned by regional and national authorities or other parties ordering transport services
- DB Arriva runs both commercial and PSO services, generating the majority of its revenues with the latter
- DB Arriva UK Trains is a leader on the UK rail passenger transport market
- DB Arriva UK Bus is one of the largest providers of urban and regional bus transport in the UK
- DB Arriva Mainland Europe operates a range of transport services in continental Europe

¹⁾ Including 343 mn rail passengers. ²⁾ Locomotives (27) and multiple units (1,183). ³⁾ Buses (including 15,845 of DB Arriva's own).

DB Arriva: established growth platform in 14 European countries



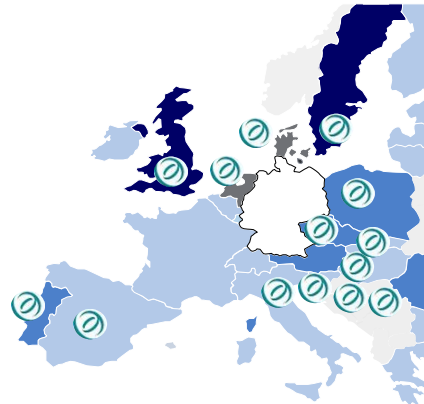
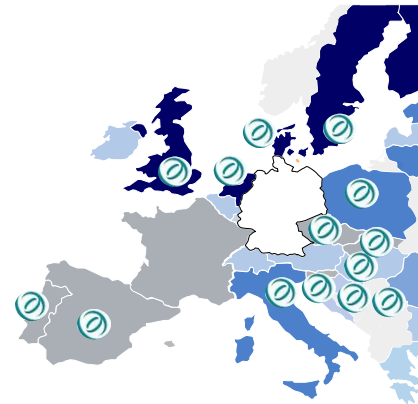
Market overview DB Arriva



Bus



Rail



mature
 mid-liberalization
 emerging
 yet to liberalize
 not defined
 DB Arriva market

Significant characteristics

- Europe sees highly varying degrees of liberalization
- Heterogeneous markets throughout Europe – in terms of both market liberalization and competition – complete liberalization means a redistribution of € 100 bn worth of contracts
- DB Arriva is a growth platform in Europe and is already well-established in 14 markets with over 16,500 buses and 1,102 trains, as well as 51 trams, 4 waterbuses, 400 electric cars and more than 300 patient transport vehicles
- Thanks to its diversified portfolio, DB Arriva is well positioned for further market opening (broad geographical coverage, various modes of transport and business models)
- DB Arriva has proven its ability to generate profitable growth in the past

Arriva UK Trains is one of the leading providers with a diversified portfolio



Arriva UK Trains – facts and figures



- Important rail operator in UK with five transport service contracts
- Entered market in 2000
- Market share of rail passenger transport: ~23%
- 12,450 employees
- Fleet of 745 trains
- Broad portfolio of products and services: light rail, commuter transport, regional and long-distance transport
- Over a decade of experience in a highly competitive, deregulated rail transport market
- Close relationships with customers, transport associations and client bodies
- Operation and development of open access transport services through Grand Central Railway and Alliance Rail Holdings

Arriva UK Bus provides urban and regional transport services



Arriva UK Bus – facts and figures



Regions outside London

- Third-largest provider of bus services in regional markets (outside London)
- Entered market in 1996
- 10,160 employees
- Fleet of 4,030 buses
- On-demand transport services also part of the portfolio
- Flexible management of products and services
- Predominantly commercial transport services

London Bus

- One of the market leaders, operating ~18% of bus services
- Entered market in 1980 (privatization in 1994)
- 5,700 employees
- Management of a fleet of 1,695 buses
- Mainly contracted transport services

Opportunities result mainly from ongoing European market liberalization

Opportunities

UK Bus

- Target growth in the core business and generate efficiencies
- Become partner of choice for local transport authorities
- Develop non-core business further

UK Trains

- Focus on franchise prequalification and franchise awards
- Develop open access rail

Mainland Europe

- Identify opportunities to bring value to client bodies resulting from increasing liberalization
- Leverage credibility and expertise as competitive edge in new business development



Challenges

UK Bus

- Business has faced years of material headwinds and severe public spending cuts

UK Trains

- Franchise bidding processes are risky and expensive

Mainland Europe

- Economic environment in most European countries continues to be weak
- Sovereign debt causes budget cuts and pressure for client bodies to buy services at lower cost



DB Group

Passenger transport

Freight transport and logistics

Infrastructure

2016 financial year

Debt, financing and value management

Track record

DB Group is the third biggest worldwide freight transport and logistics services provider



- **>2,000**
locations in over 130 countries
- **4,400**
freight trains per day through Europe
- **>100**
million shipments sent per year via European land transport
- **>8**
million square meters of storage space around the world

DB Cargo



DB Schenker



DB Cargo has a strong European network and is the number one in European rail freight transport



DB Cargo (2016)

Revenues	€ 4,560 mn
EBIT	€ -81 mn
Employees (FTE)	29,671
Volume sold	94.7 bn tkm
Freight carried	277 mn t
Fleet ¹⁾	2,817 / 84,827
Avg. transport dist.	341 km

¹⁾ Locomotives / freight cars.

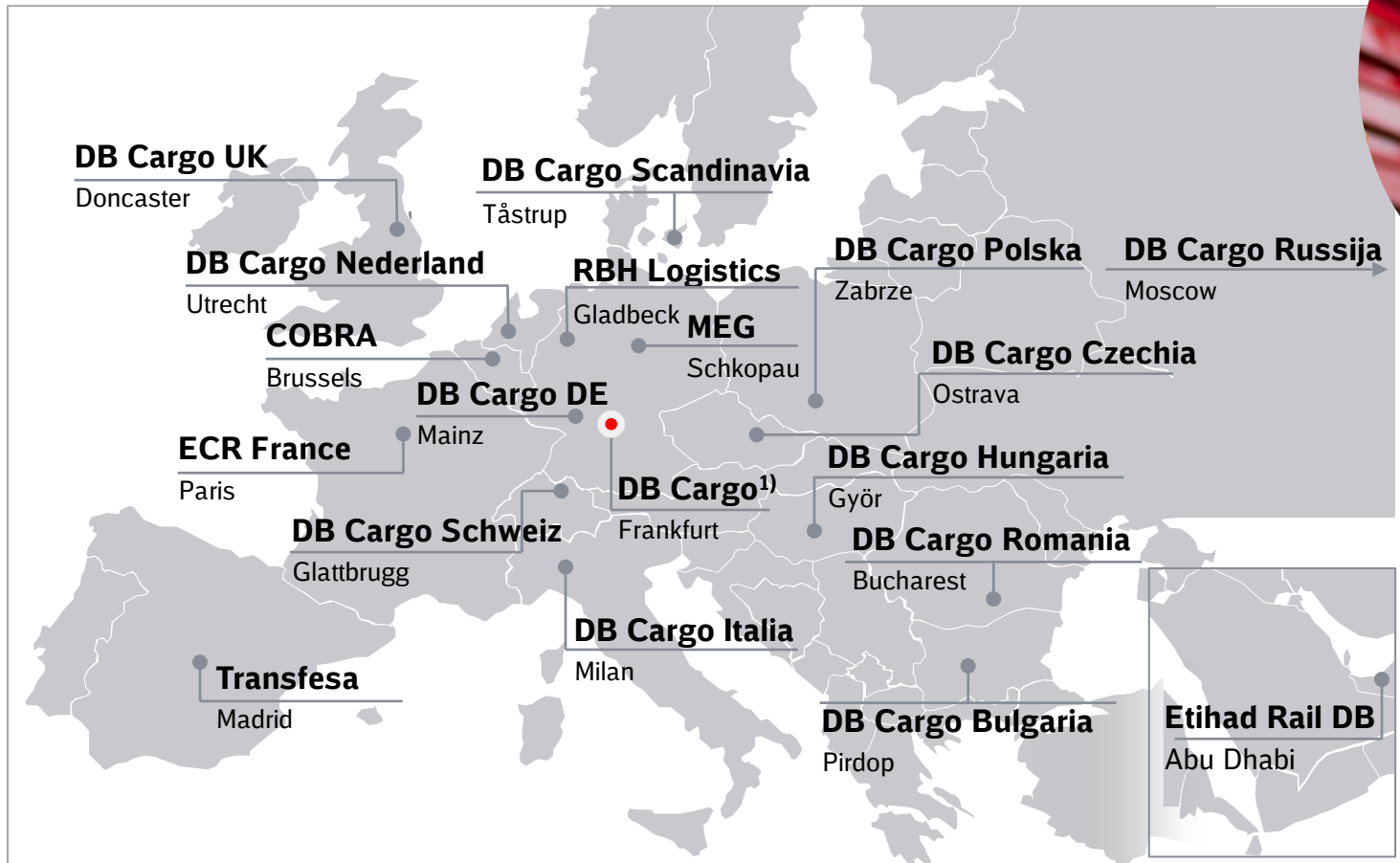
Profile

- With some 4,200 private customer sidings in Europe, DB Cargo offers its customers access to one of the world's largest rail networks
- DB Cargo's international network follows the major European rail freight corridors
- DB Cargo offers European rail transport in the form of block train, single wagonload and multimodal services
- Tailor-made transport and logistics solutions are also available as additional services that can link the rail mode with road (trucking) and ocean freight service
- The key industries served by DB Cargo are metals and coal, chemicals, automotive, building materials, industrial and consumer goods, and intermodal transport
- DB Cargo's customers are primarily key accounts
- Most of DB Cargo's services are carried out using its own fleet of locomotives and freight cars

DB Cargo offers its customers a comprehensive European network



DB Cargo in Europe



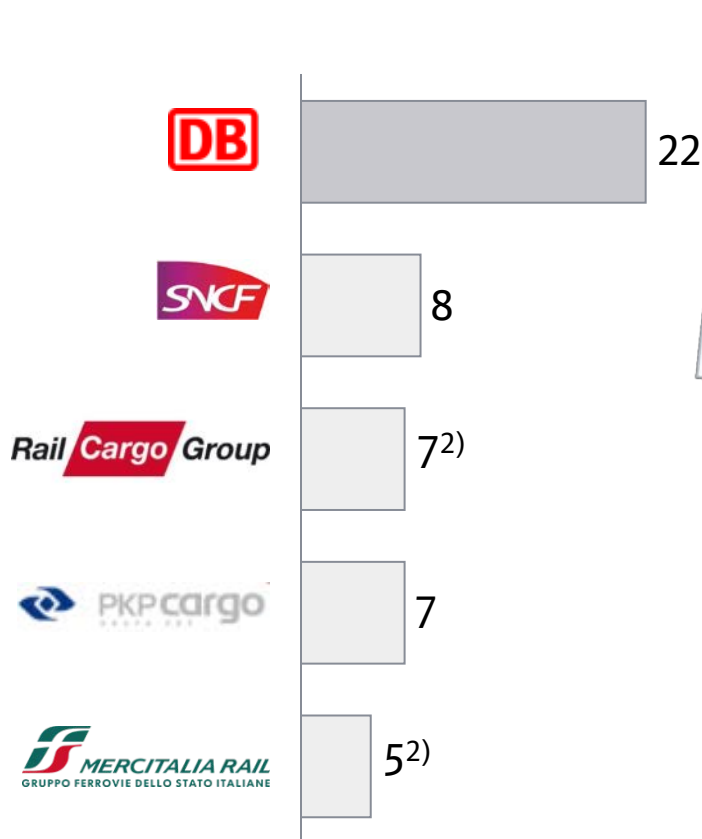
¹⁾ European headquarter.

DB Cargo is No. 1 in European rail freight



Leading position in Europe...

Market share 2016e (% , based on tkm¹⁾)



... based on substantial strengths

European Network
Strongest international network

Industry expertise
In-depth industry know-how

Rail logistics solutions
Products tuned to customer needs

Fleet capacity
Largest fleet of locos and wagons in Europe

People
Experienced, engaged employees

Eco-efficiency
Rail as "greenest" transport mode

Safety
High safety performance in operations

Financial stability
under strong DB brand

¹⁾ Partly based on estimation, incl. subsidiaries.

²⁾ Data 2015.

DB Schenker offers global transport and logistics solutions

– by land, ocean and air



DB Schenker (2016)

Revenues	€ 15,128 mn
EBIT	€ 410 mn
Employees (FTE)	68,388
Shipments	99.6 mn
Air freight volume	1.2 mn t
Ocean freight volume	2.0 mn TEU ¹⁾
Warehousing space	8.0 mn m ²

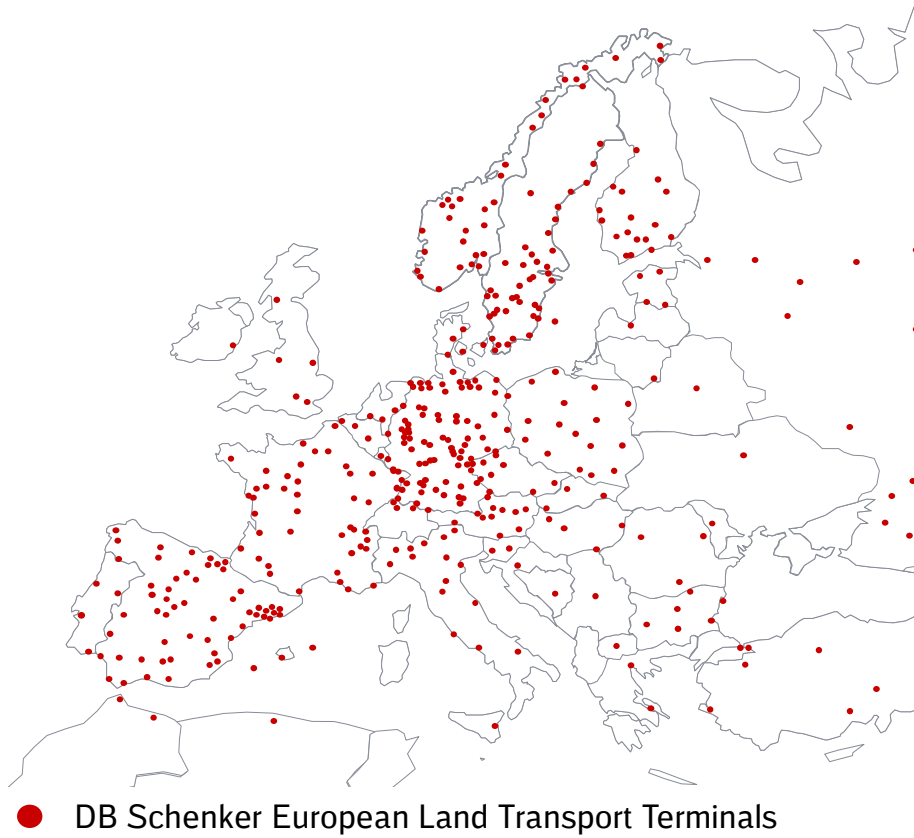
Profile

- As an integrated transport and logistics provider, DB Schenker serves both established and emerging markets, with a global network of over 2,000 sites in over 130 countries
- DB Schenker's dense land transport network links the most important economic centers in Europe and offers part-load, LCL and FCL consignments, plus door-to-door solutions across Europe
- DB Schenker is one of the world's leading air and ocean freight providers, offering a full range of services in this segment
- Its contract logistics portfolio serves every stage of the value chain: suppliers, manufacturers and dealers, customers, and spare part service
- DB Schenker has a global customer base from broad a range of sectors, with a focus on industrial customers
- It uses a vertical market approach to develop sector-specific solutions
- In air and ocean freight, DB Schenker serves exclusively as a freight forwarder, without its own planes or ships; in land transport, however, it relies in part on its own vehicles and containers

¹⁾ Twenty-foot Equivalent Unit.

No other provider links as many places in European land transport as DB Schenker

Land transport network - Europe



Competitive advantage

- Fully integrated network with 430 operational branches
- More than 720 locations in 36 countries with own national organizations
- 100 mn shipments in European land transport (2016)
- Fleet with around 29,000 trucks
- Daily departures to all European terminals
- About 32,000 scheduled services per week
- Defined door-to-door lead times
- Timely customer information through tracking

DB Schenker possesses a global network for air and ocean freight solutions

Air freight



- No. 3 worldwide
- Global presence with 700 sites worldwide
- Worldwide network with regional hubs
- Organization of "door-to-door" transports
- > 1,000 dedicated charter flights p.a.
- > 1.2 mn t air freight volume (exports) (2016)

Ocean freight



- No. 3 worldwide
- Global presence with 600 sites worldwide
- Organization of "door-to-door" transport services
- LCL services with 600 direct connections
- 2 mn TEU (exports) ocean freight volume (2016)

-
- Preferred-carrier strategy
 - Paperless transport (digital transport documentation)
 - DB Schenker sky bridge (combined air and ocean traffic)
 - Supply chain solutions (value added services)

DB Schenker takes advantage of market opportunities in contract logistics

Contract logistics / supply chain management (SCM)



- No. 5 worldwide
- Global presence in over 56 countries
- Around 667 locations overall
- 7.7 mn m² warehouse space
- Products along the supply chain: procurement – warehousing – fulfillment – value-added services – aftermarket / reverse
- Focus on industry branches:
 - Automotive
 - Consumer
 - Electronics
 - Healthcare
 - Industrial
- FLEX global business excellence program
- G4P (Go-for-Performance) is the new global profitability program of Contract Logistics

DB Schenker operates in a dynamic environment – digitalization is one of the key opportunities

Opportunities & risks from the surrounding environment

Opportunities

- The dynamic trends in digitalization and innovation present a whole host of opportunities, such as
 - eServices and online sales and marketing to expand products and services available to customers
 - Increasing the efficiency of internal processes
 - Innovations in warehouses (e.g., carry-pick)
- Autonomous driving could improve the ability of land transport to compete over the medium to long term:
 - Ability to leverage economies of scale in the network with a view to optimizing capacity management
 - Increased degree of digitalization in management and planning processes with improved vehicle capacity utilization
 - Cost reductions, e.g., fuel

Risks

- Global economic growth slows further, subduing expectations of growth in the logistics markets
- Dynamic trends driven by online platforms could result in transparency pushing down prices
- Data-driven business models of new competitors (e.g., Amazon) and new players with asset control (e.g., OEMs) could change the logistics markets and ownership within the value chain
- Market risk of sector consolidation could strengthen competitive pressure
- Negative business development among major CL key accounts could result in loss of business
- Competitive pressure from shipping companies could lead to stricter terms for the Volume Incentive Programs

PRIMUS strategy is comprised of three fields of action that support the transformation of the business

Key fields of action of PRIMUS



Growth – Be in the right markets with a stronger customer and market orientation



Efficiency – Aim for leaner and more efficient structures by innovative and creative approaches



Culture – Passion to establish a real determination for performance to become PRIMUS



DB Group

Passenger transport

Freight transport and logistics

Infrastructure

2016 financial year

Debt, financing and value management

Track record

DB Group operates the biggest rail network in the heart of Europe



- **5,700**
stations serve as railway gateways in Germany
- **33,400**
km long rail network – three times as long as the German Autobahn network
- **25,000**
bridges make its way through rivers and valleys
- **5th**
largest provider of energy in Germany – annual volume of available energy equal to energy consumed by Berlin metropolitan area

DB Netze Track



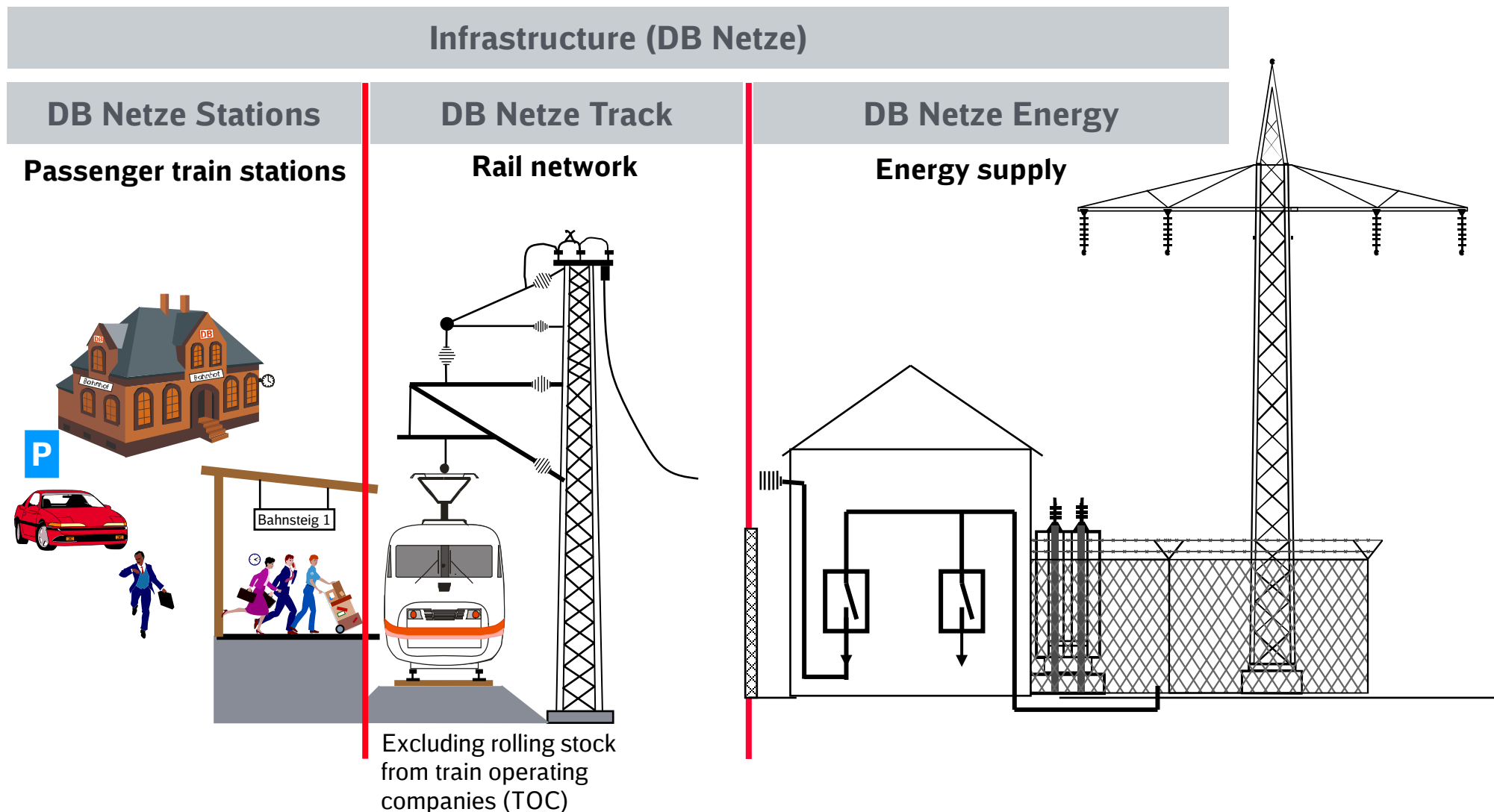
DB Netze Stations



DB Netze Energy



The public rail infrastructure in Germany is managed in three infrastructure business units



DB Netze Track is Europe's number one track infrastructure provider



DB Netze Track (2016)

Revenues	€ 5,228 mn
EBIT	€ 561 mn
Employees (FTE)	43,974
Train-path km ¹⁾	1,068 mn
Line operated ¹⁾	33,380 km
Switches ¹⁾	66,935
Bridges&viaducts ¹⁾	25,139

Profile

- DB Netze Track is responsible for the rail network and all the infrastructure necessary for operations
- It ensures non-discriminatory network access for all authorized rail companies, local and regional passenger transport authorities, and freight forwarders and consignors
- DB Netze Track's seven operations centers and one network control center keep rail service in Germany running smoothly 365 days a year
- DB Netze Track's core responsibilities also include preparing train schedules in close partnership with customers, managing operations and construction, and providing maintenance service
- Train path products are the most important source of revenues for DB Netze Track
- Track access charges are set in a transparent train path pricing system regulated by the German Federal Network Agency
- DB Netze Track coordinates over 66,000 regular train path requests in its working timetable, and roughly 900,000 ad hoc requests from freight transport in particular

¹⁾ Including Infra Silesia S.A. and UBB Usedomer Bäderbahn GmbH.
70 Deutsche Bahn AG | September 2017

Opportunities exist, above all, in positioning railway in Germany as a premium product through Railway of the Future

Opportunities & risks from the surrounding environment

Opportunities

- Positioning the railway in Germany (RiG) as a reliable premium product – mainly through Railway of the Future with a clear customer and quality focus
- Railway as an eco-friendly mode of transport
- Digitalization to increase efficiency and respond to demographic change
- Integration of autonomous driving and rail system, mixed utilization of infrastructure
- Technological advance reduces staffing requirements and helps to compensate for fewer signal tower employees and LST maintenance engineers resulting from age factors and fluctuation

Risks

- Risks associated with fee regulation¹⁾
- Assuring financing (agreement governing implementation of the requirement plan, Railway of the Future pot, etc.)
- Long-term plans to eliminate backlog will result in some assets becoming obsolete – risk of non-availability
- Dependency on technology due to large share of obsolete assets
- Expansion of construction activity in the existing network as per minimum ramp-up²⁾ might exacerbate the conflict between “running and building”
- Digitalization as a threat to the business model, e.g., enhances (partially) autonomous driving convenience while maintaining individualization
- Demographic change and shortage of skilled employees
- Continuous increase in factor costs produces competitive advantages for road over rail

¹⁾ Regulatory cap of 1.8 % p.a. on price increases in regional rail passenger transport.

²⁾ Minimum expenditures to uphold present quality.

DB Netze Stations is the largest operator of rail stations in Europe



DB Netze Stations (2016)

Revenues	€ 1,233 mn
EBIT	€ 221 mn
Employees (FTE)	5,093
Station stops	153 mn
Stations	5,662
Platforms	~9,600
Passenger info ¹⁾	~6,600

¹⁾ Passenger information systems.

Profile

- In addition to its core business of developing and operating rail stations, DB Netze Stations also offers a variety of transport-centered services at and around stations
- It offers a network linking diverse transport-related services and ensures that stations are pleasant places to spend time there
- DB Netze Stations is also one of the largest landlords for commercial real estate in Germany, with over 1 mn m² of leasable space
- Each day, its stations are served by more than 400,000 trains operated by some 120 rail companies, with roughly 8 million passengers
- To ensure high quality, DB Netze Stations focuses on service, safety and station cleanliness, with its Triple-S Centers
- DB Netze Stations earns its revenues from station access charges (regulated in the station pricing system) and commercial property leases (not regulated)
- Station access charges account for roughly 70% of total revenues

The momentum in the surrounding environment and the manifold interfaces generate a whole host of opportunities and risks

Opportunities & risks from the surrounding environment

Opportunities

- Digitalization simplifies the design of complex travel chains and the evolution of new mobility products and services. For stations, this presents the opportunity of even more than before acting as a junction between different modes of transport.
- IoT technologies present the opportunity to increase the reliability and management efficiency of customer-relevant assets. In doing so, both passenger satisfaction and operational profitability can be improved.
- Changes in settlement structures could potentially attract new customers to the railway system through the construction of new stops.

Risks

- Digitalization also poses risks for conventional station operation: New road-bound mobility concepts in regions with less traffic and on the network peripheries (“last mile”) could replace rail transport, which might lead to discontinuation of contracts for regional transport stops.
- Reform of the Trans-European Railway Interoperability Regulation into the future Railway Interoperability Regulation adjusted to EU law harbors the risk of considerable added expenditure on commissioning approval procedures for rail infrastructure companies.
- Increased safety requirements at stations to counter the greater risk of terror attacks could incur considerable additional expenditures.

DB Netze Energy is the utility for DB Group – and the fifth-largest power provider in Germany



DB Netze Energy (2016)

Revenues	€ 2,779 mn
EBIT	€ 126 mn
Employees (FTE)	1,736
Traction power ¹⁾	8,902 GWh
Stationary Power ²⁾	17,589 GWh
Diesel	434 mn l
Traction power grid	7,912 km

Profile

- DB Netze Energy offers the entire range of energy products for traction as well as stationary power supply for property in Germany
- The commodity portfolio includes traction power and diesel for rail traffic - and electricity, gas and heat for DB Group's stations and buildings
- DB Netze Energy also offers a broad variety of electricity and gas products to industrial customers throughout Germany
- Energy consulting and technical services enhance the commodities offered
- DB Netze Energy continually raises the share of renewables in the traction current (2016: 42%)
- DB Netze Energy is operator for the nationwide high-voltage traction power grid, offering non-discriminatory use to all railway companies
- Its network charges are regulated by the German Federal Network Agency
- DB Netze Energy furthermore operates the nationwide network of diesel refueling stations for trains

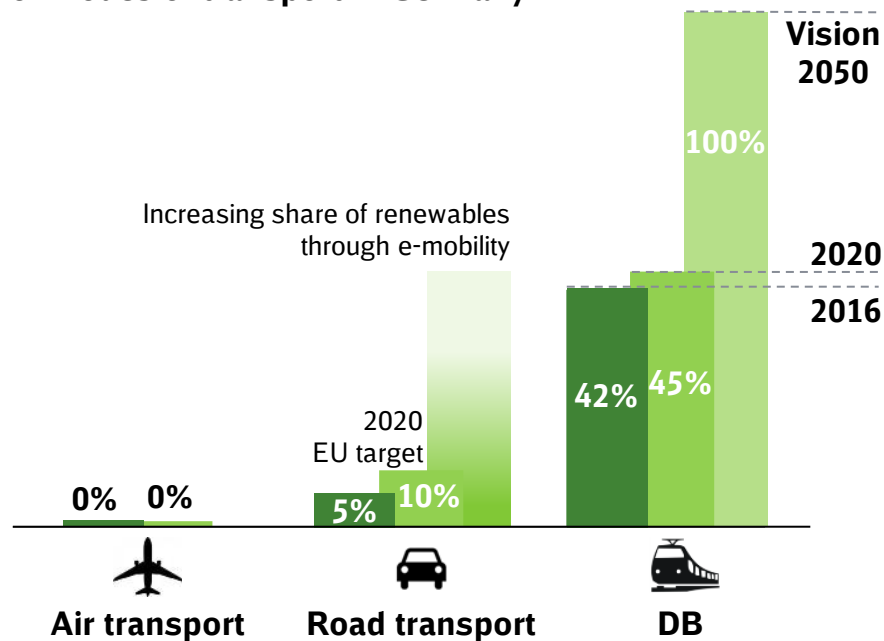
¹⁾ 16,7 Hz and DC. ²⁾ 50 Hz and 16.7 Hz.

DB Netze Energy manages Germany's energy transition for DB Group and for the transport sector



DB Netze Energy continues to increase the share of renewables, enhancing the position as an eco-pioneer

Share of renewables in the primary energy mix for modes of transport in Germany



- In 2016, the share of renewables in the traction current mix amounts to 42%, surpassing air and road transport distinctly
- DB Group target for 2020 is to further enhance the share of renewables in the traction current mix to 45%
- Pursuing the vision of a CO₂-free traction current supply by 2050, DB Netze Energy actively supports the energy transition (Energiewende) in Germany



DB Group

Passenger transport

Freight transport and logistics

Infrastructure

2016 financial year

Debt, financing and value management

Track record

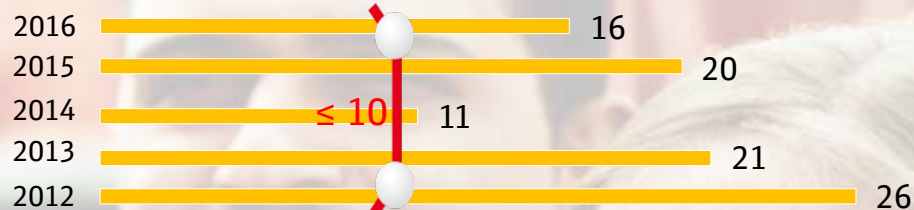
Good development of top targets in social and environmental dimensions



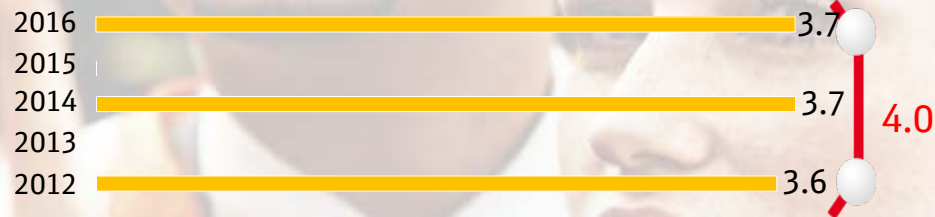
Top employer



Employer attractiveness¹⁾ (rank)



Employee satisfaction²⁾ (index)



¹⁾ Change in method, figures retroactively adjusted. ²⁾ Survey every two years.

As a **Top employer**, we attract and retain **qualified employees** who are enthusiastic about working for us and our customers.

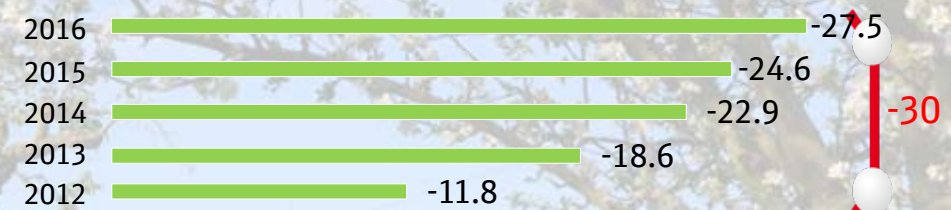


Eco-pioneer

Target
2020



Reduction CO₂e emissions (specific CO₂e emissions, %)



Noise reduction (Freight cars refitted in Germany, %)



As an **Eco-pioneer**, we set benchmarks with our products for efficient use of available resources.

Mixed development of top targets in economic dimension

Profitable quality leader

Target 2020



Customer satisfaction (passengers, SI)



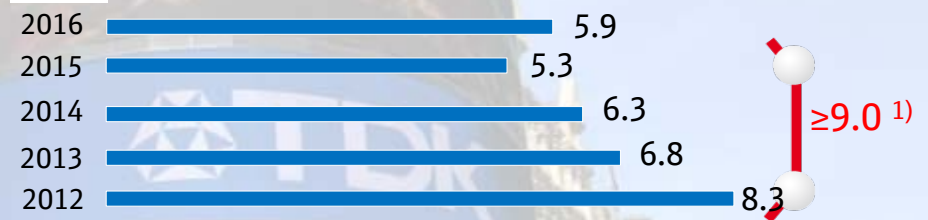
Product quality (punctuality DB rail in Germany, %)



As a **profitable quality leader** we offer our **customers** first-class mobility and logistics solutions ...



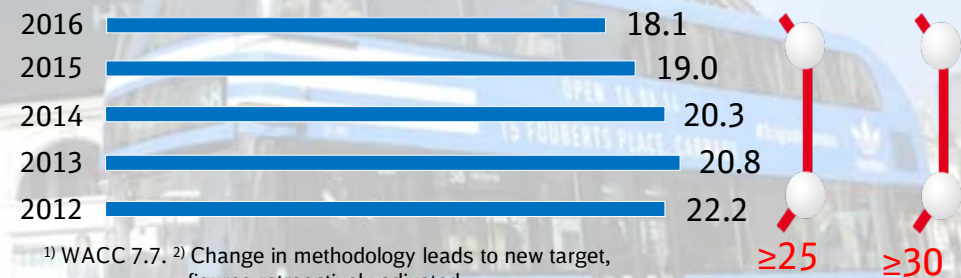
Appropriate returns (ROCE, %)



¹⁾ WACC 7.7.



Financial stability²⁾ (Redemption coverage, %)



¹⁾ WACC 7.7. ²⁾ Change in methodology leads to new target, figures retroactively adjusted.

... and our shareholder and investors **appropriate returns** and financial stability.

2016 financial year at a glance



☹️ Order book

- Slight decline as of Dec 31, 2016 by 0.8% to € 92.1 bn driven by DB Regional – positive development at DB Arriva (+8.6%)

😊 Comparability

- No significant effects from changes in the scope of consolidation

☹️ Economic environment

- Global economic growth stagnating at low level (+2.3 %)
- Growth of world trade on a stable level (+1.7 %)
- Recovery of Eurozone continues
- Fall in commodity and oil prices, among other things: supply exceeded demand

😊 Performance figures

- Rail performance development in passenger transport mixed (DB Long-Distance: +6.9%, DB Regional: -3.9%, DB Netze Track: +1.2%)
- Mostly good development in transport and logistics (rail: -3.8%, land: +0.3%, air: +4.5%, ocean: +3.3%, contract logistics +5.6%)

😊 Revenues and profits

- Still challenging market and competitive environment, positive impact from omission of strike effects
- Revenue increase by 0.3% to € 40.6 bn (incl. negative impact from FX-effects totaling € 0.7 bn)
- Comparable: +1.6% to € 41.1 bn (positive development at DB Arriva, DB Long-Distance and DB Netze Track)
- EBIT improved by € 187 mn to € 1.9 bn (mainly omission of strike effects and countermeasures)

☹️ Value management

- Improvement in ROCE (driven by higher EBIT and lower capital employed), deterioration in key debt measures
- Target levels not yet reached (in line with mid-term planning)

☹️ Indebtedness

- Net debt increased slightly compared to Dec 31, 2015 to € 17.6 bn

Mixed performance development in 2016 across the rail business



Railway in Germany – volume sold

Long-distance rail
(bn pkm)



+6.9%/
+2.5



Market: ~+7.0 %

Regional rail¹⁾
(bn pkm)



-4.2%/
-1.8



Market: ~+3.2 %

Rail freight
(bn tkm)



-3.8%/
-3



Market: ~-0.5%

Infrastructure
(mn train-path km)



+1.3%/
+14



Share of non-DB customers: 30.1%

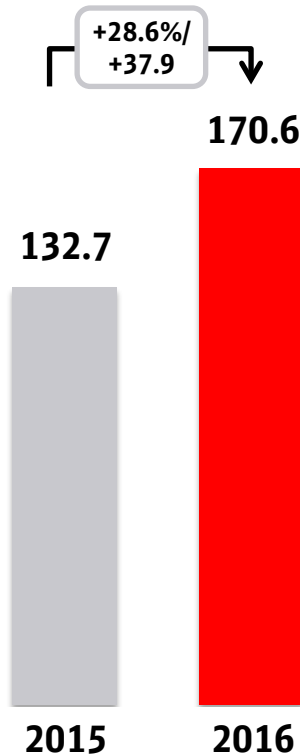
¹⁾ DB Regional and UBB Usedomer Bäderbahn GmbH.

Positive performance development in 2016 at DB Arriva rail business – bus on previous year's level

DB Arriva – volume produced

Rail

(mn train-path km)



Bus

(mn bus km)



Mostly positive performance development in 2016 in the freight forwarding and logistics business

DB Schenker – volumes

Land transport
(mn shipments)



+0.3%/
+0.2



Air freight
(thousand t¹⁾)



+1.4%/
+51



Market: +2.0%

Ocean freight (thousand TEU¹⁾)



+3.3%/
+64



Market: +1.3%

Contract logistics (€ mn)



+7.0%/
+164



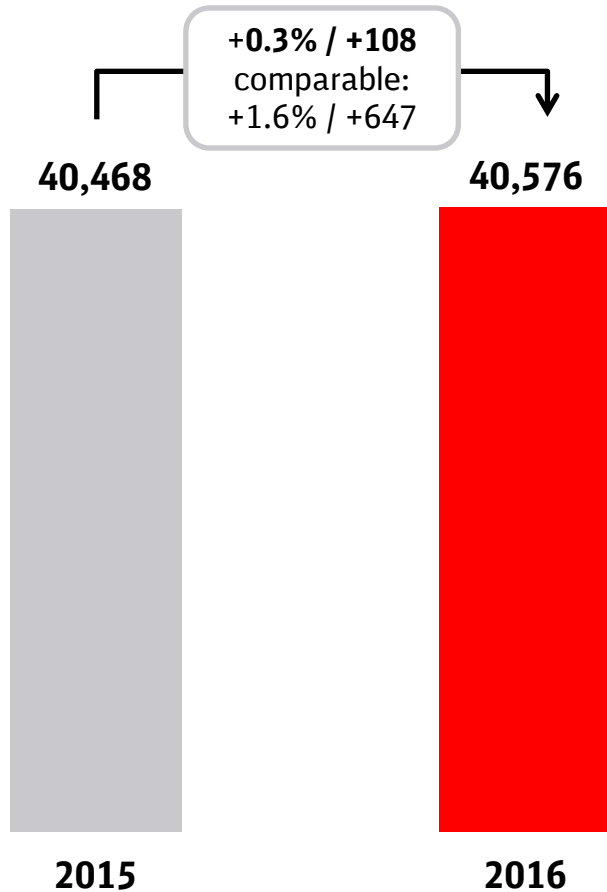
Market: +4.2%

¹⁾ Exports.

Revenue development impacted by FX and sustained intense competitive environment



Revenues (€ mn)



Key impact factors

- Increased performance DB Long-Distance and DB Netze Track
- Growth DB Arriva
- Omission of strike effects
- Market and competitive pressure
- Development of freight rates DB Schenker
- Exchange rates

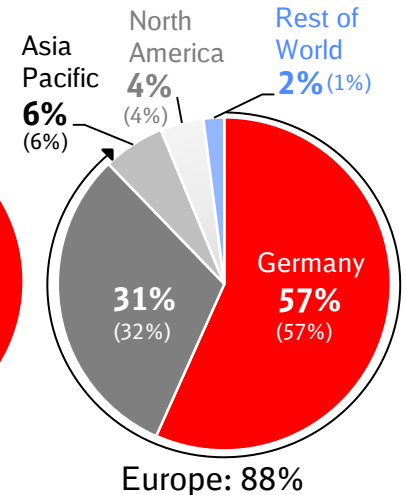
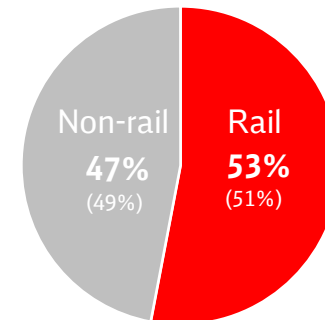
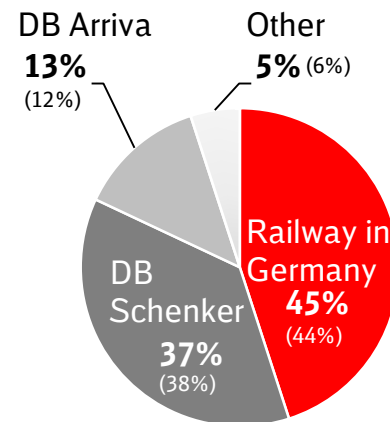
No changes in revenue structure

2016 (2015)

By sector

By activities

By regions



Mixed development of comparable revenues on business unit level



Total revenues (€ mn)

	2016 effective	Adjustments Consol. ¹⁾	FX ²⁾	2016 comp.	2015 comp.	+/- €	+/- %
DB Long-Distance	4,159	–	–	4,159	4,053	+106	+2.6
DB Regional	8,653	–	–	8,653	8,670	–17	–0.2
DB Cargo	4,560	–	+53	4,613	4,766	–153	–3.2
DB Netze Track	5,228	–	–	5,228	5,015	+213	+4.2
DB Netze Stations	1,233	–	–	1,233	1,199	+34	+2.8
DB Netze Energy	2,779	–	–	2,779	2,812	–33	–1.2
DB Arriva	5,093	–59	+423	5,457	4,843	+614	+12.7
DB Schenker	15,128	–96	+217	15,249	15,451	–202	–1.3
Other/consolidation	–6,257	–	–	–6,257	–6,342	+85	–1.3
DB Group	40,576	–155	+693	41,114	40,467	+647	+1.6

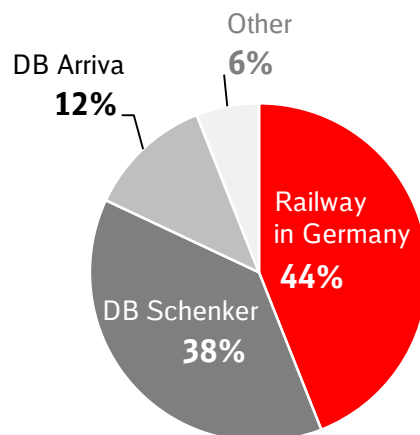
¹⁾ Changes in the scope of consolidation. ²⁾ Effects from changes in exchange rates.

Stable revenue structure by sector, activities and regions compared to 2015

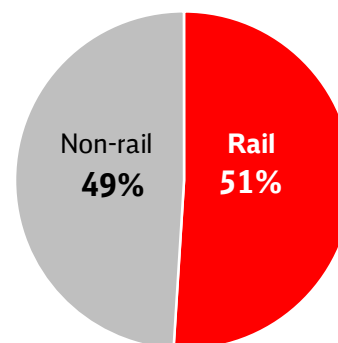


By sector

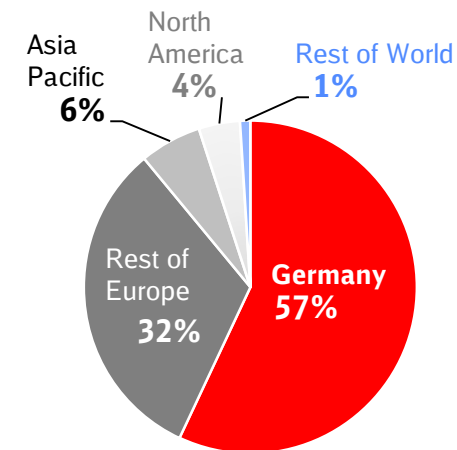
2015



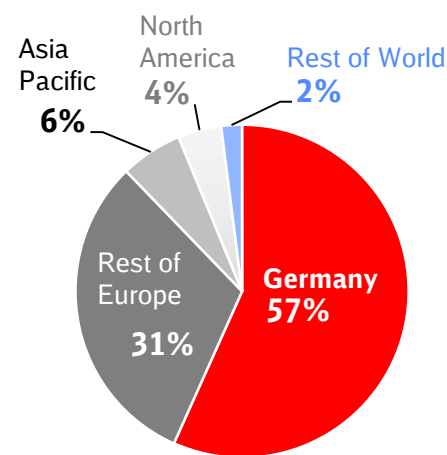
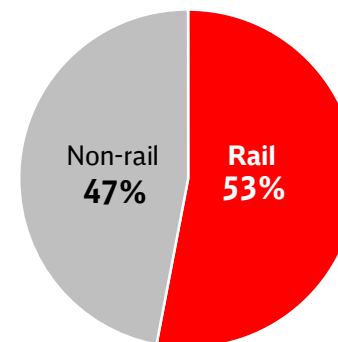
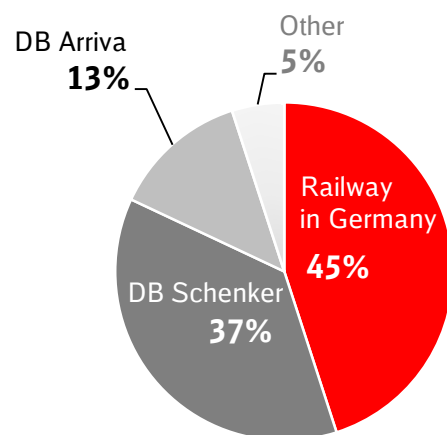
By activities



By regions



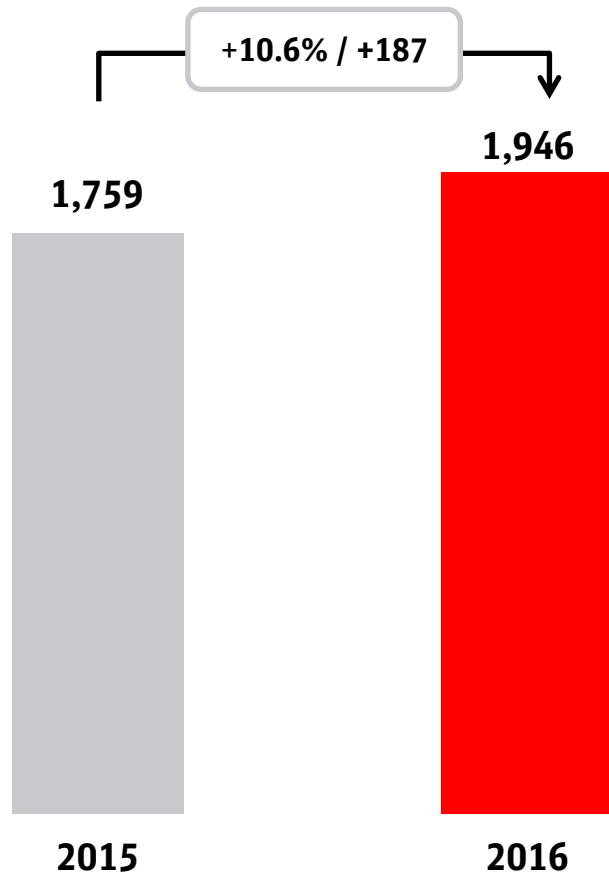
2016



Turnaround at the railway in Germany – but there are still major challenges



EBIT adjusted (€ mn)



Key impact factors

- + Omission of strike effects
- + Passenger growth DB Long-Distance
- + Price and volume effects infrastructure
- + Development of international business units
- Market and competitive pressure
- Cost dynamics personnel
- Railway of the Future measures

Overall positive EBIT development on business unit level



(€ mn)

EBIT adjusted











Operating profit after interest

Extraord. res.

	2016	2015	+/- €	2016	2015	+/- €	2016
DB Long-Distance	173	165	+8	172	163	+9	0
DB Regional	636	669	-33	582	617	-35	2
DB Cargo	-81	-183	+102	-141	-254	+113	-48
DB Netze Track	561	568	-7	311	296	+15	-4
DB Netze Stations	221	254	-33	183	215	-32	-1
DB Netze Energy	126	66	+60	110	48	+62	-244
DB Arriva	280	270	+10	253	233	+20	-7
DB Schenker	410	395	+15	366	353	+13	-4
Other / consolidation	-380	-445	+65	-611	-671	+60	-91
DB Group	1,946	1,759	+187	1,225	1,000	+225	-397

Mixed EBITDA development across business units



 EBITDA adjusted (€ mn)	2016	2015	Changes by business units (€ mn)	
DB Long-Distance	419	438		-19 -4.3%
DB Regional	1,272	1,316		-44 -3.3%
DB Cargo	108	120		-12 -10.0%
DB Netze Track	1,484	1,491		-7 -0.5%
DB Netze Stations	359	391		-32 -8.2%
DB Netze Energy	197	133		+64 +48.1%
DB Arriva	525	525	-	- -
DB Schenker	599	589		+10 +1.7%
Other / consolidation	-166	-225		+59 -26.2%
DB Group	4,797	4,778		+19 +0.4%

Decline in operating profit



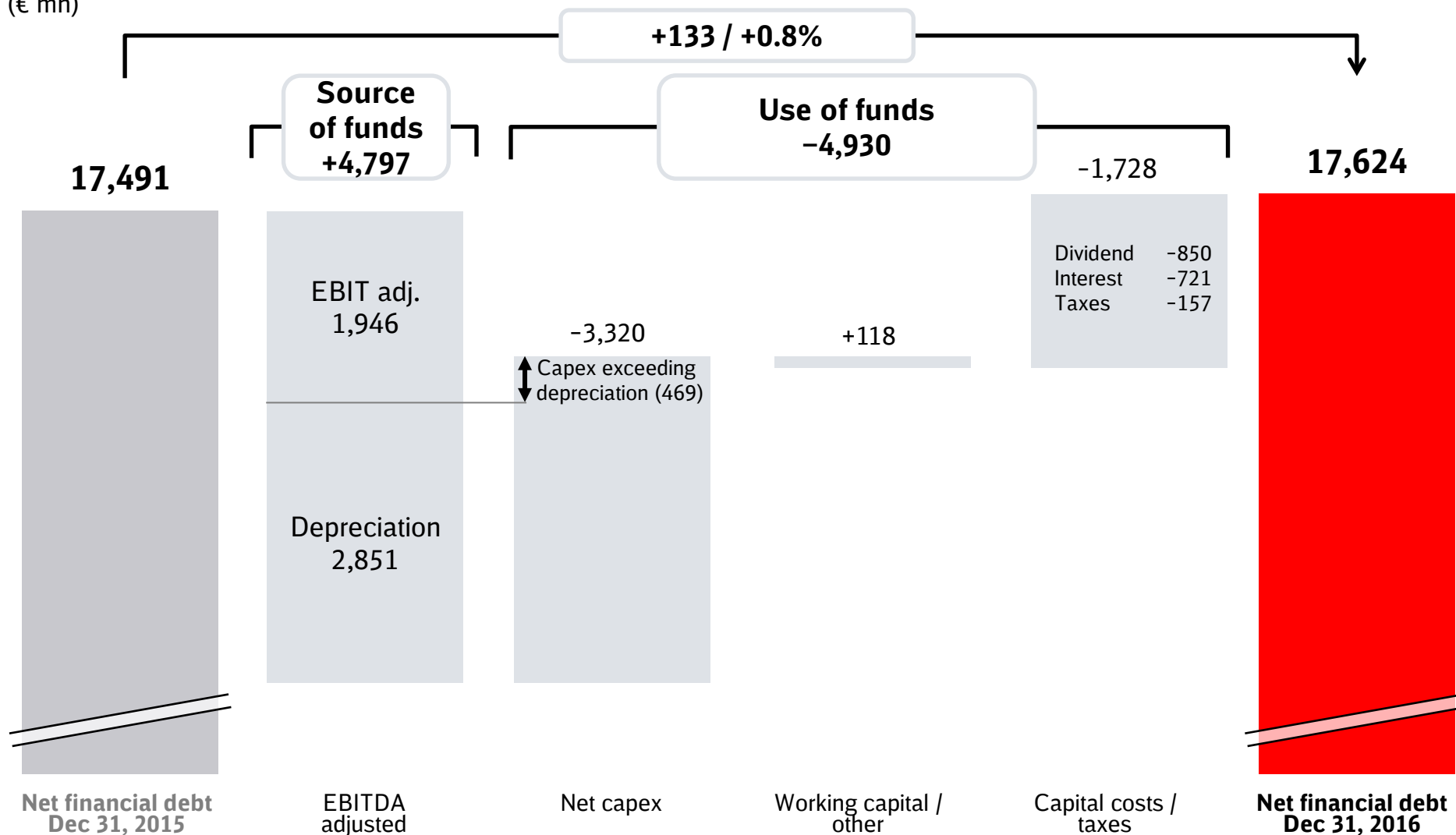
Adjusted income statement (€ mn)

	2016	2015	Change	Thereof due to changes in scope of consolidation	Thereof due to exchange rate effects
Revenues	40,576	40,468	+108	+154	-693
Inventory changes and internally produced and capitalized assets	2,741	2,699	+42	-0	-4
Other operating income	2,650	2,763	-113	+20	-25
Cost of materials	-19,858	-20,165	+307	-88	+302
Personnel expenses	-15,669	-15,462	-207	-39	+232
Other operating expenses	-5,643	-5,525	-118	-32	+142
EBITDA adjusted	4,797	4,778	+19	+15	-46
Depreciation	-2,851	-3,019	+168	-14	+21
Operating profit EBIT adjusted	1,946	1,759	+187	+1	-25
Net interest Operating net interest	-721	-759	+38	-0	+4
Operating profit after interest	1,225	1,000	+225	+1	-21
Results from at equity investments investment income	34	23	+11	-0	-1
Other financial result	-65	-42	-23	-0	+5
PPA-Amortization customer contracts	-91	-99	+8	-	+5
Extraordinary result	-397	-1,814	+1,417	-	+3
Profit before taxes	706	-932	+1,638	+1	-9

Net financial debt increased slightly due to high level of capex



(€ mn)



Structure of balance sheet with no material changes



(€ mn, as of Dec 31)

Assets

Non-current assets

Property, plant and equipment	38,884
Intangible assets	3,682
Deferred tax assets	1,511

Current assets

Trade receivables	3,974
Cash and cash equivalents	4,450

Equity and liabilities

Equity

Non-current liabilities

Financial debt	20,042
----------------	--------

Current liabilities

Financial debt	2,439
Trade liabilities	5,100

Total assets

2016**2015**

+/- € +/- %



Maturity structure

Assets

Non-current
assets
(81%, 2015: 81%)

Current assets
(19%, 2015: 19%)

Total € 56.6 bn

Equity and liabilities

Equity
(23%, 2015: 24%)

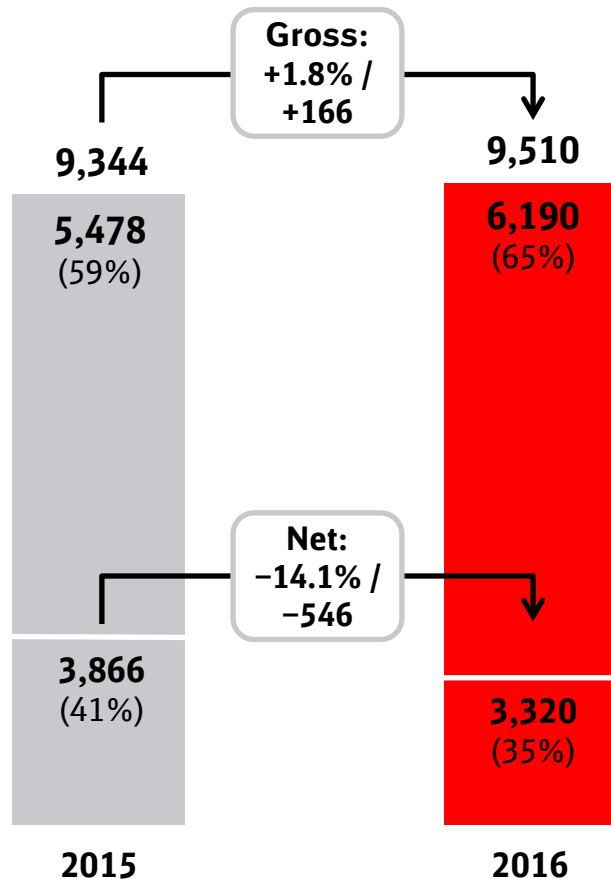
Non-current
liabilities
(51%, 2015: 50%)

Current liabilities
(26%, 2015: 26%)

Total € 56.6 bn

Gross capex increased slightly due to higher investment grants – net capex declined temporarily

Capital expenditures (€ mn)



Highlights

- Focus of gross capex unchanged:
 - 90% Railway in Germany (thereof 73% infrastructure)
 - 94% Germany
- Net capex defined as gross capex less investment grants

Key impact factors

- + Higher infrastructure capex
- + Higher investment grants for existing network (performance and financing agreement (LuFV) II)
- + Increase of rolling stock capex at DB Arriva due to operation starts in the Netherlands and Great Britain
- Decrease of rolling stock capex at DB Long-Distance, DB Regional and DB Cargo

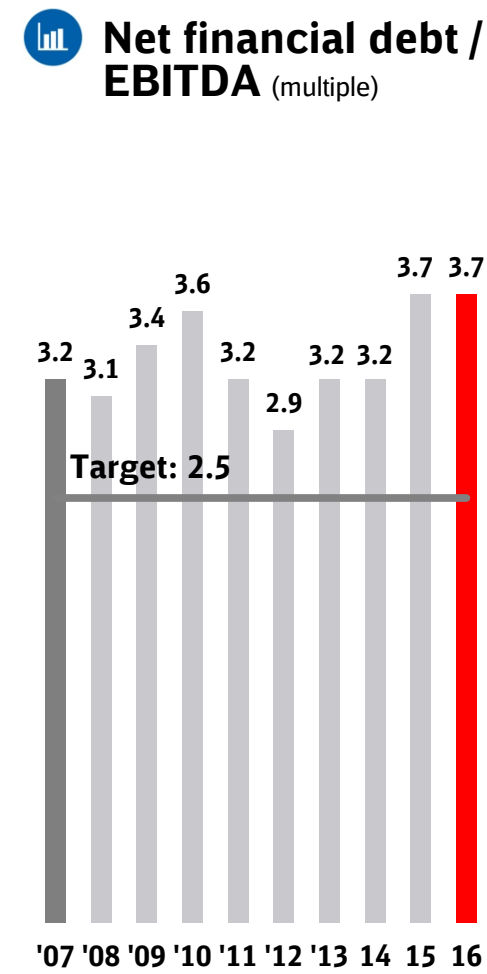
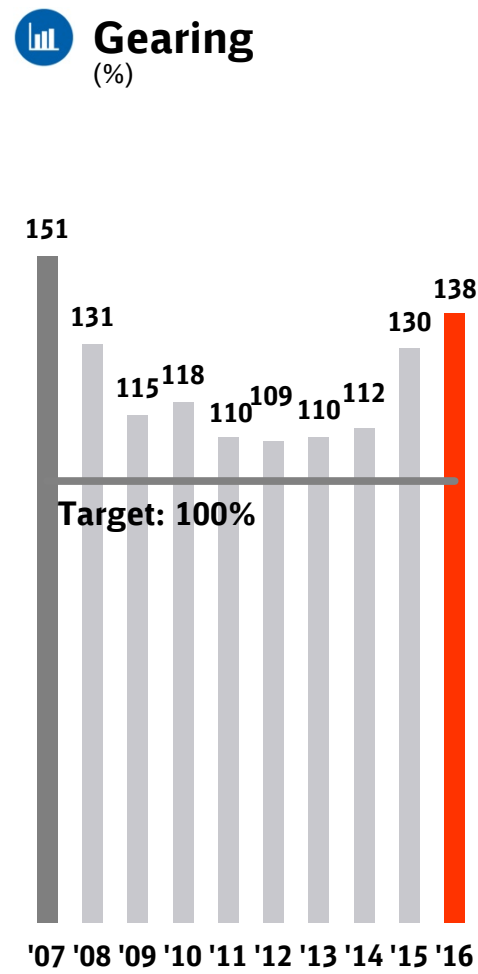
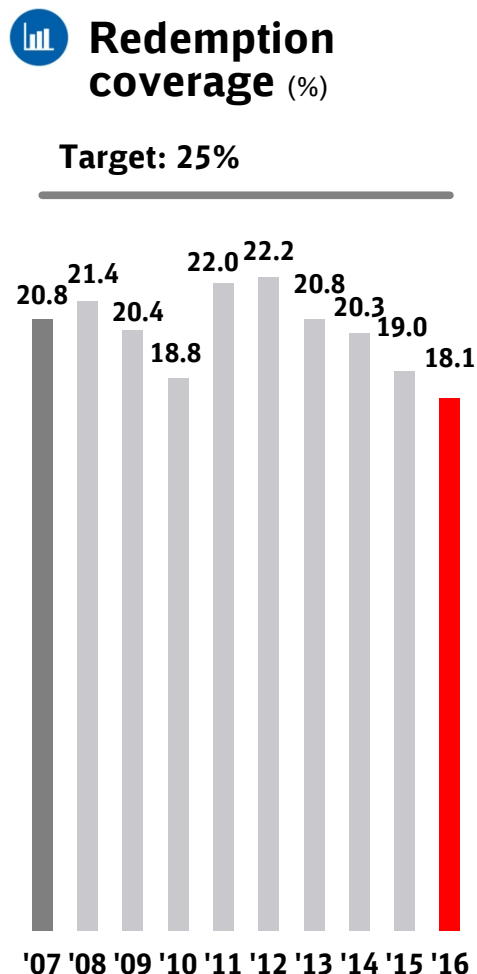
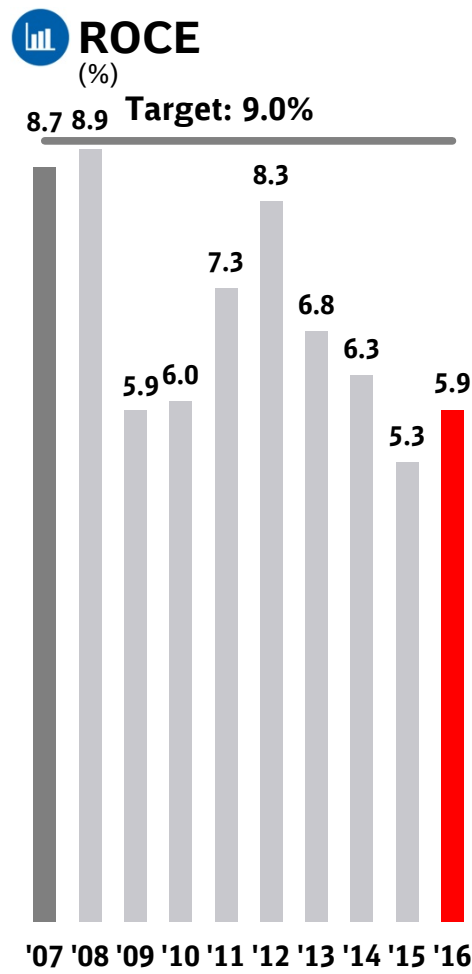
Gross capex higher mainly at DB Netze Track, decline of vehicle capex in Germany after peak in 2015



Capital expenditures (€ mn)

	Gross capex				Net capex			
	2016	2015	+/- €	+/- %	2016	2015	+/- €	+/- %
DB Long-Distance	416	673	-257	-38.2	416	670	-254	-37.9
DB Regional	693	881	-188	-21.3	632	866	-234	-27.0
DB Cargo	304	451	-147	-32.6	303	445	-142	-31.9
DB Netze Track	6,226	5,823	+403	+6.9	688	914	-226	-24.7
DB Netze Stations	584	533	+51	+9.6	117	88	+29	+33.0
DB Netze Energy	174	167	+7	+4.2	52	68	-16	-23.5
DB Arriva	359	276	+83	+30.1	358	276	+82	+29.7
DB Schenker	209	238	-29	-12.2	209	238	-29	-12.2
Other / consolidation	545	302	+243	+80.5	545	301	+244	+81.1
DB Group	9,510	9,344	+166	+1.8	3,320	3,866	-546	-14.1

Development of key value management figures





DB Group

Passenger transport

Freight transport and logistics

Infrastructure

2016 financial year

Debt, financing and value management

Track record

Rating and financing activities

Ratings

Very good ratings:

- Moody's: Aa1 / stable
- S&P: AA- / stable

Key rating driver:

- Improvements in performance, revenues and profits

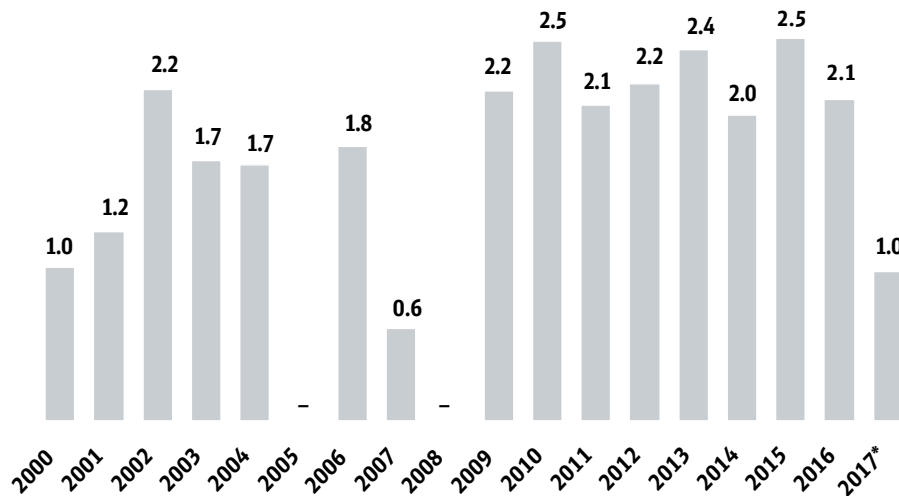
- Stable financial profile, sound financing structure and conservative funding strategy
- DB guarantees overall mobility in Germany and is Europe's largest company providing integrated mobility, transport and logistics services

- Federal obligations resulting from Art. 87e German Constitution
 - "Infrastructure obligations": High share in funding of infrastructure capex in Germany,
 - "Public interest obligations": Funds for ordering local passenger transport services in Germany, amounting to around € 7 bn p.a.
 - Privatization threshold: constitutionally mandated Federal majority shareholding ("ownership clause")

Bond issues

(€ bn)

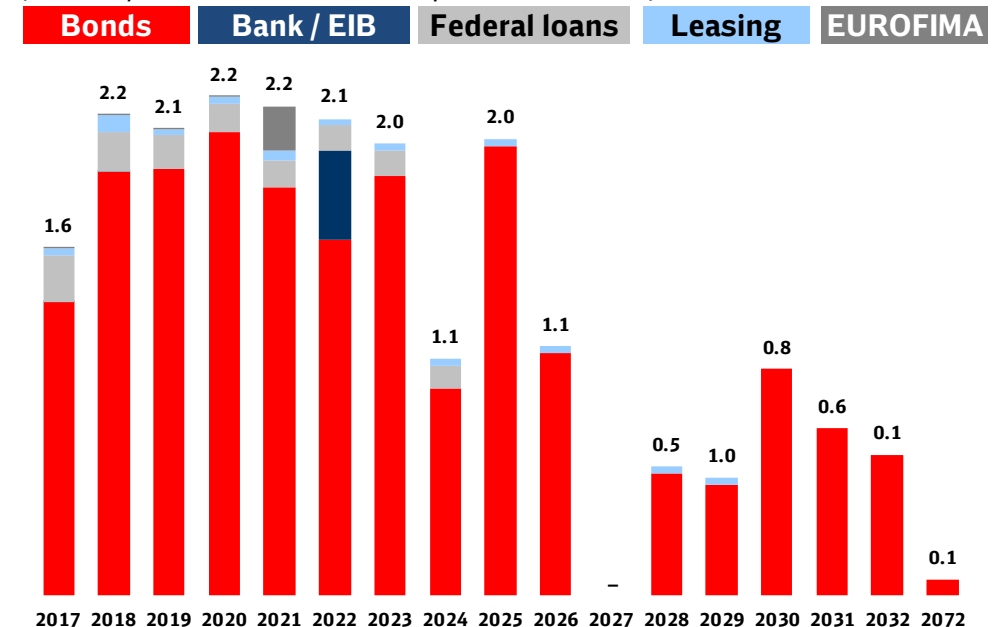
Ø p.a.: € 1.6 bn



* As of July 2017.

Maturity profile financial liabilities

(as of July 31, 2017; € bn; incl. swaps; total: € 22.2 bn)



Clear targets for yield management and creditworthiness



ROCE

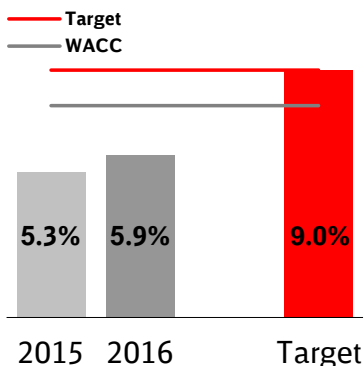
Calculation

$$= \frac{\text{EBIT adjusted}}{\text{Capital employed}}$$

Rationale

- ROCE links requirements of controlling (success control, management instrument) with capital market requirements (derivability, acceptance)

Targets

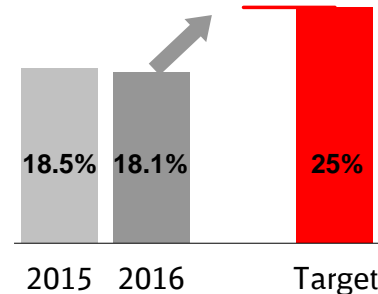


DB Group has to earn its cost of capital (WACC) in the mid-term; value generation: ROCEs > WACCs

Redemption coverage

$$= \frac{\text{Operating cash flow after tax}}{\text{Adjusted net debt}}$$

- Connection of cash flow after tax and debt
- Key figure in rating assessment process
- Includes off balance sheet transactions

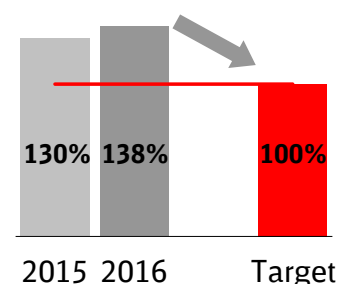


Access to the capital markets / preservation of a broad fixed income investor base
Confirmation of credit ratings in the good investment grade area even on a stand alone basis

Gearing

$$= \frac{\text{Net financial debt}}{\text{Equity}}$$

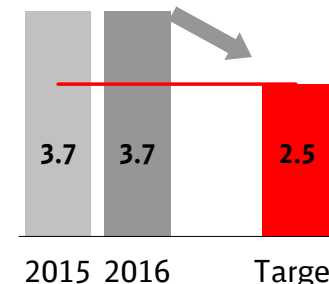
- Debt figure for assessment of financing risks
- Focus on relevant, directly manageable parameters



Net financial debt / EBITDA

$$= \frac{\text{Net financial debt}}{\text{EBITDA adjusted}}$$

- Connection of cash flow and financial debt
- Widely used in investment analysis





DB Group

Passenger transport

Freight transport and logistics

Infrastructure

2016 financial year

Debt, financing and value management

Track record

Track record driven by restructuring programs and portfolio measures

Driver of changes in DB Group

(1) Internal – major Group-wide programs

“Focus”
Restructuring of core business
2001 – 2004

“Qualify”
Improve performance
2005 – 2008

“reACT”
Coping with the crisis
2009 – 2013

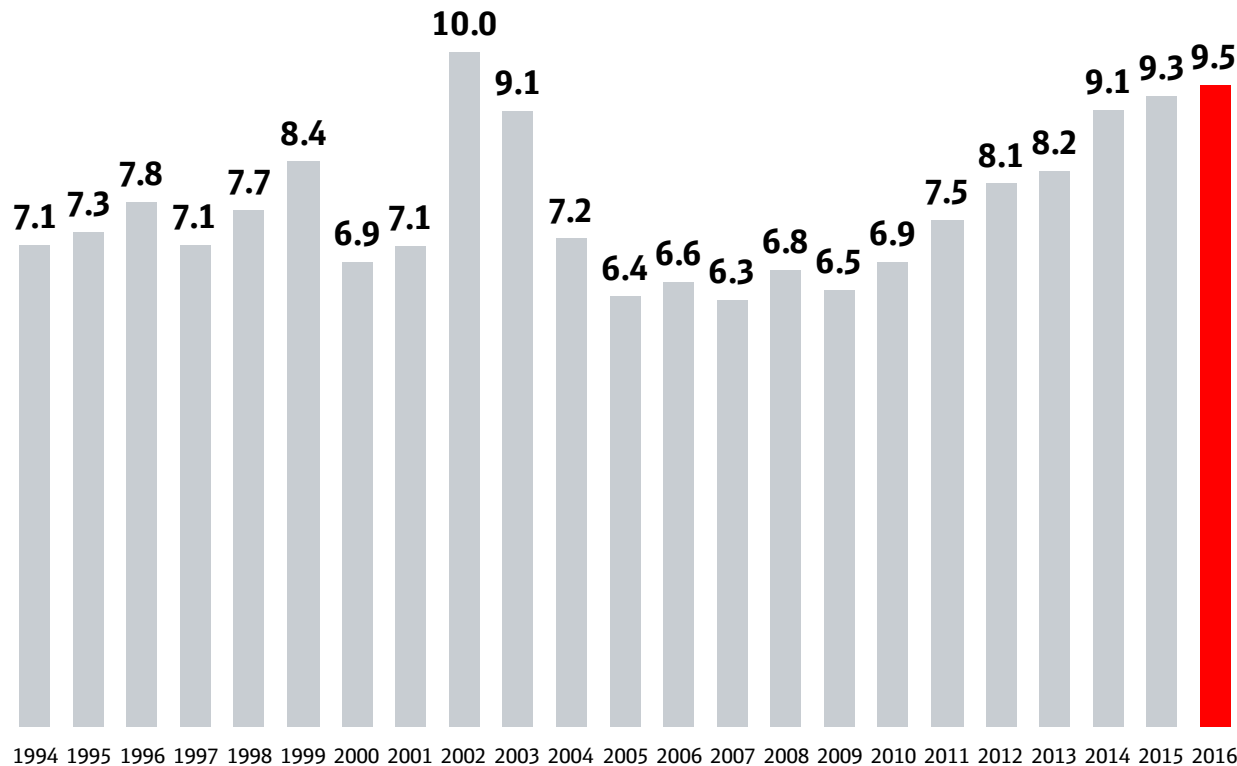
“Railway of the Future”
Quality improvement program
2016 –

(2) External - major portfolio changes: **total M&A transactions (EqV) of about € 11 bn** (€ 4 bn divestitures and € 7 bn acquisitions)

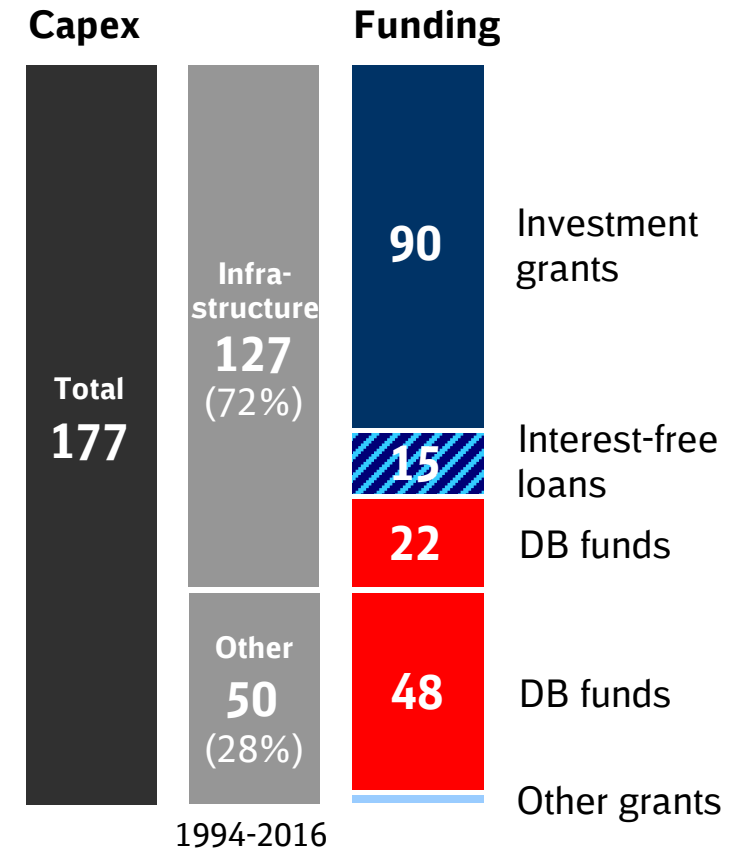
DB Cargo	'01 DSB Gods	'05 RAG Bahn	'07 EWS	'08 Transfesa	'09 PCC	'10 NordCargo	'11 COBRA	'12 Transfracht		
DB Schenker	'02 Stinnes, Joyau	'05 Linjegods	'06 BAX, StarTrans	'07 Spain-Tir	'08 Romtrans	'11 Jean Heck	'12 Suomen Kiitoautot	'15 SPA	'16 Redhead, Almoayed	'17 uShip
DB Arriva	'08 Chiltern, PanBus	'10 Arriva	'11 Grand Central	'12 Ambuline	'13 Veolia Eastern Europe	'14 CupTour	'15 GOTFRI, Liorbus, Bus Partners, Alpetour	'16 SAVDA, Kladno, Carballo		
Divesti- tures	'04 Brenntag, Interfer, Mitropa	'05 Deutsche Eisenbahn- reklame	'06 SDS	'07 Scandlines, Aurelis, Nuclear Cargo	'08 Arcor	'14 Arriva Malta, The Original London Sightseeing Tour, Waggonbau Niesky				

High capex level since 1994 for major overhaul of rail system

Gross capital expenditures (€ bn)



Structure and source of funds (€ bn)

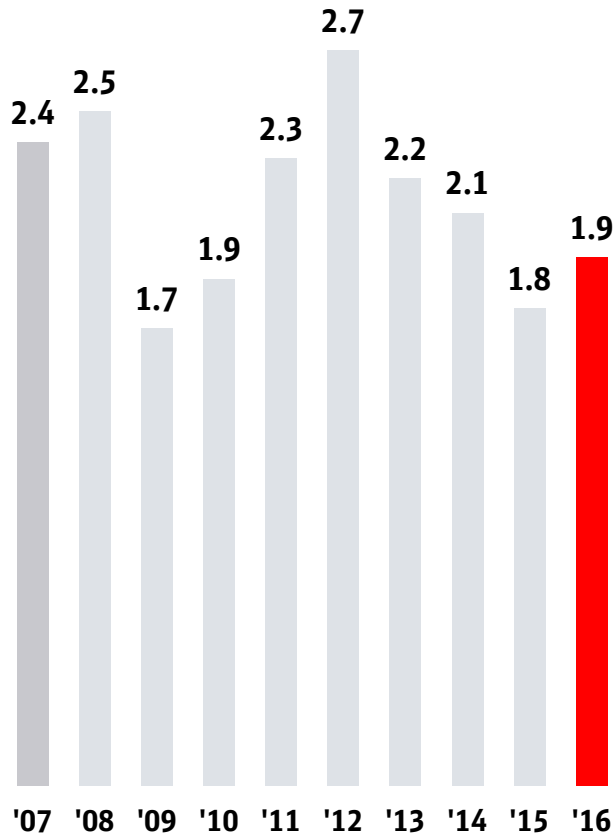


Development of key value management figures



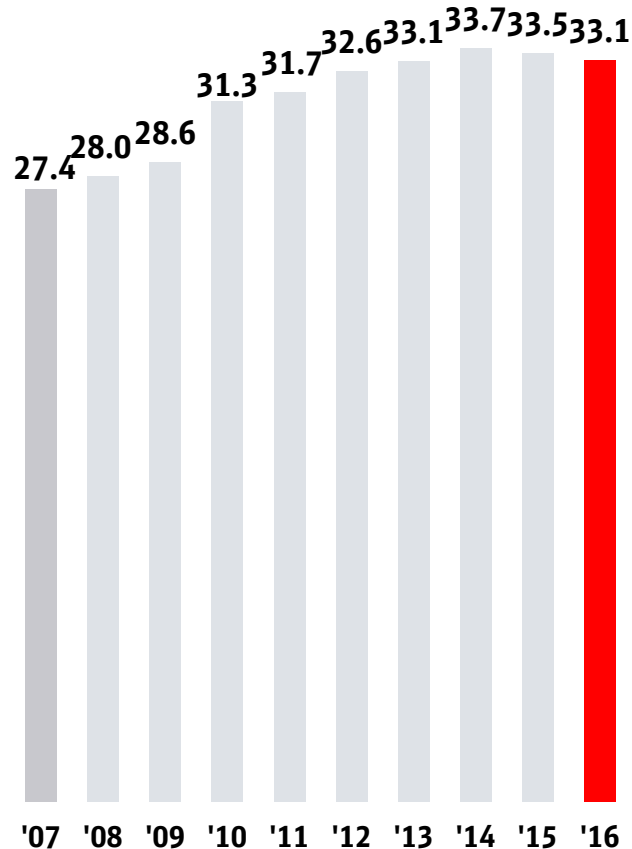
EBIT adjusted (€ bn)

-20.8% / -0.5



Capital Employed (€ bn)

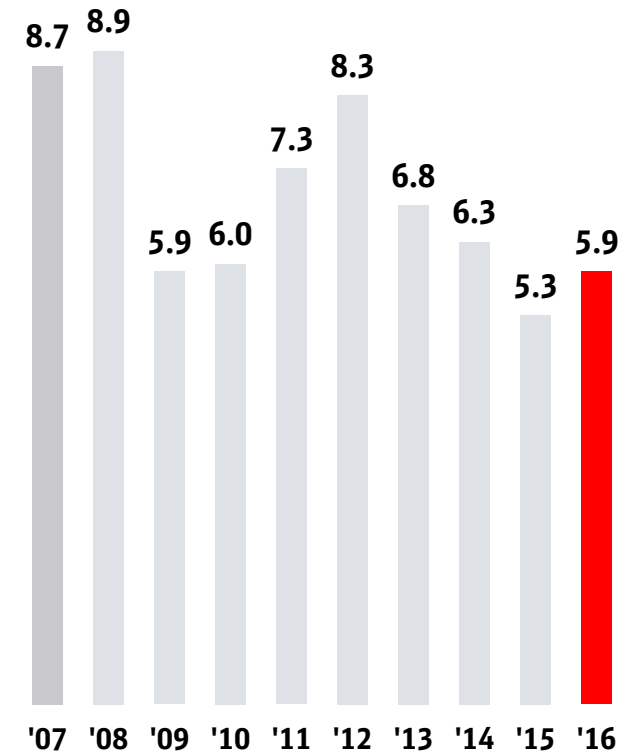
+20.8% / +5.7



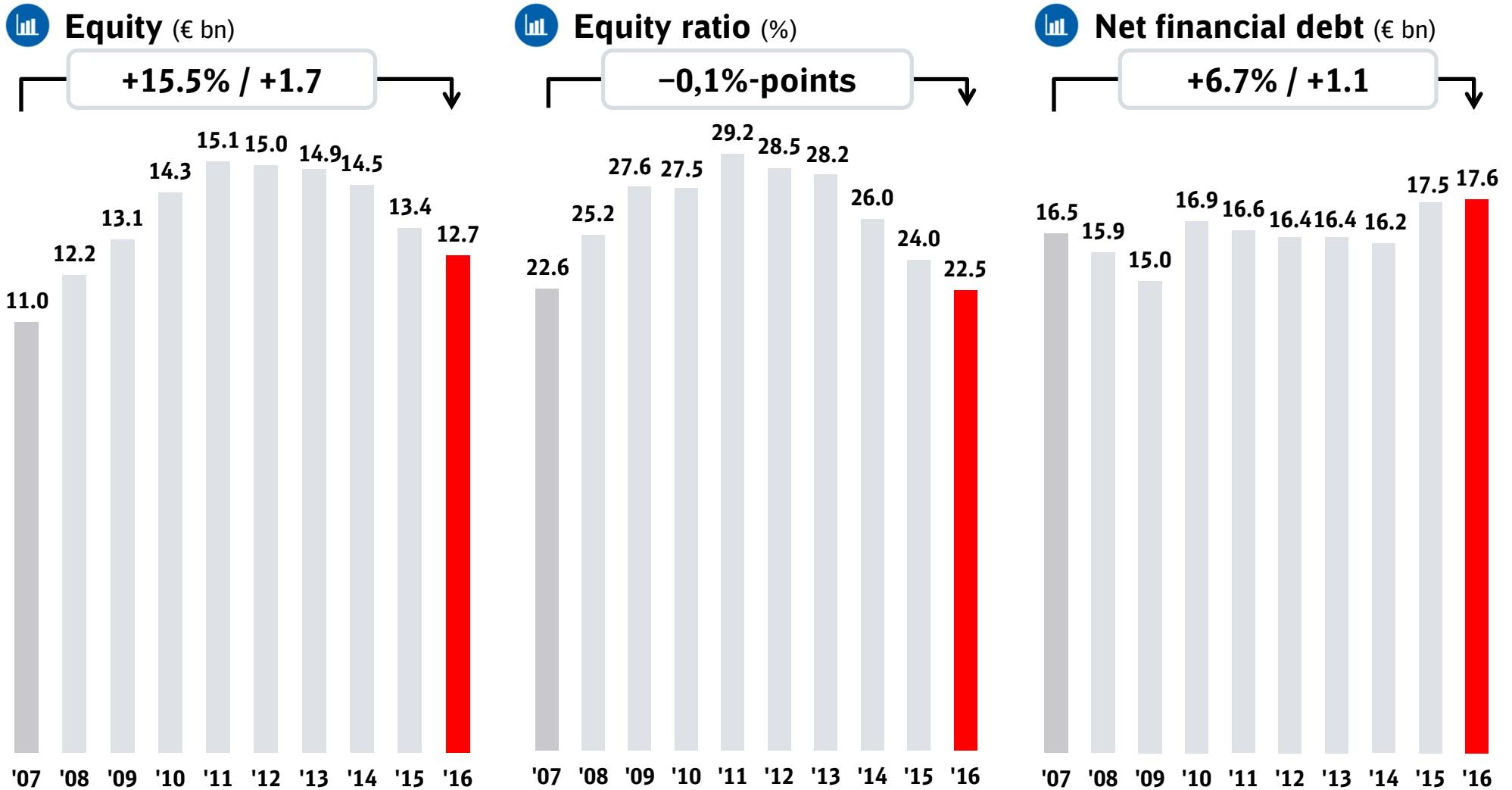
ROCE (%)

-2.8%-points

Target: 9.0 %



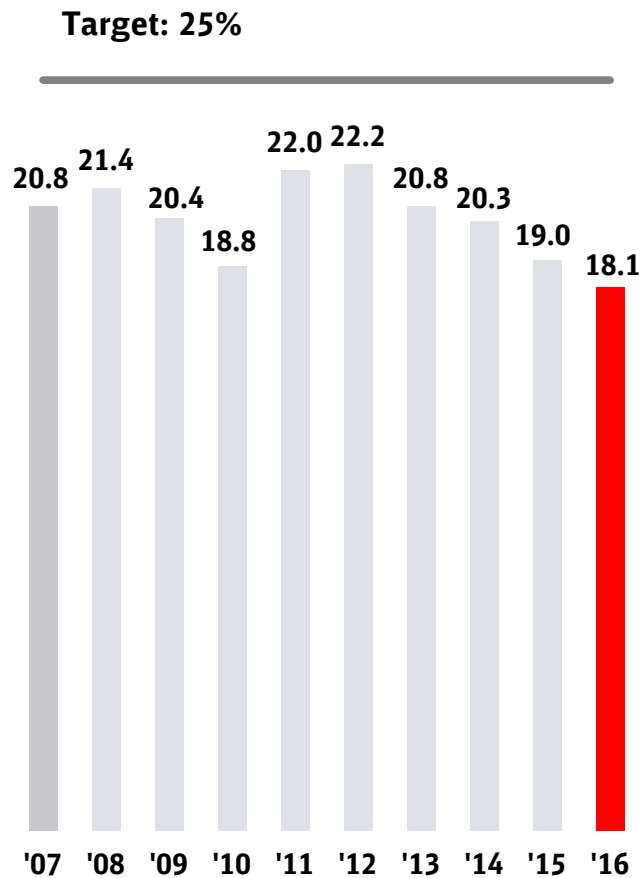
Development of equity and net financial debt



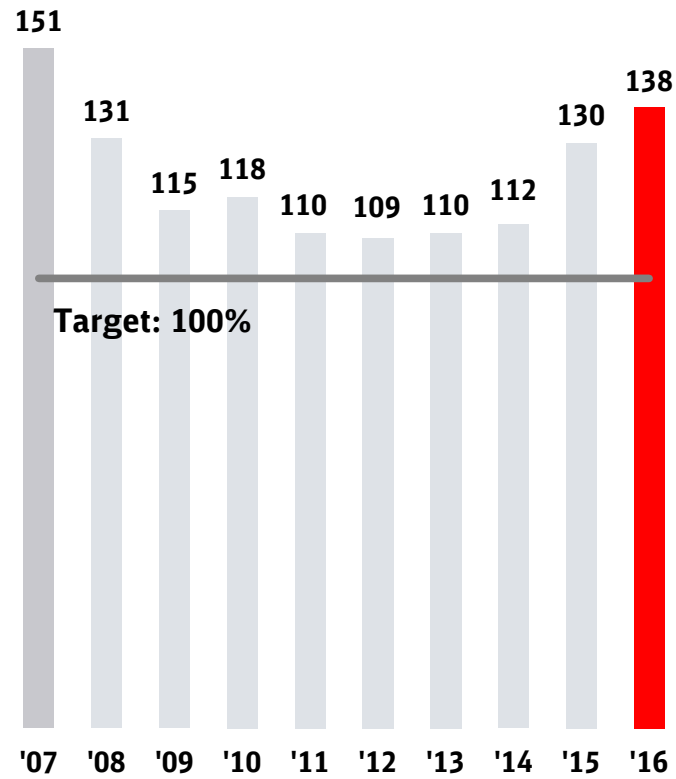
Development of key value management figures



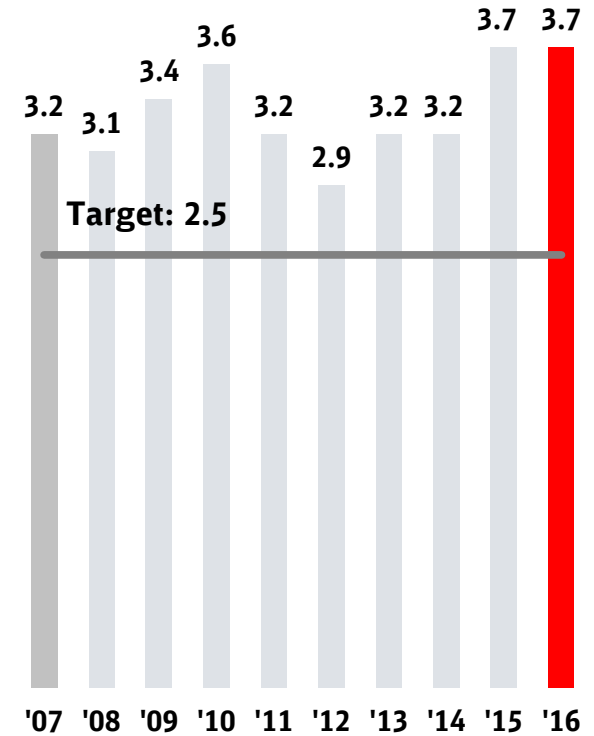
Redemption coverage (%)



Gearing (%)



Net financial debt / EBITDA (multiple)



Development since 2001



(€ mn)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Rail passenger volume sold (mn pkm)	91,651	88,636	88,407	88,746	88,433	79,228	78,582	76,772	77,812	74,792	74,788	72,554	70,260	69,534	69,848	74,459
Rail freight volume sold (mn tkm)	94,698	98,445	102,871	104,259	105,894	111,980	105,794	93,948	113,634	98,794	96,388	88,022	89,494	85,151	82,756	84,716
Revenues	40,576	40,403	39,728	39,107	39,296	37,979	34,410	29,335	33,452	31,309	30,053	25,055	23,962	28,228	18,685	15,722
Profit before taxes	706	-932	937	876	1,525	1,359	900	1,387	1,807	2,016	1,555	490	154	-133	-438	-409
EBIT adjusted	1,946	1,759	2,109	2,236	2,708	2,309	1,866	1,685	2,483	2,370	2,143	1,350	1,011	465	37	109
EBITDA adjusted	4,797	4,778	5,110	5,139	5,601	5,141	4,651	4,402	5,206	5,113	-	-	-	-	-	-
Cash flow from operating activities	3,648	3,489	3,896	3,730	4,094	3,390	3,409	3,133	3,539	3,364	3,678	2,652	2,736	-	-	-
Total assets	56,623	56,059	55,883	52,894	52,525	51,791	52,003	47,303	48,193	48,529	48,440	47,101	47,616	47,647	46,023	41,962
Gross capex	9,510	9,344	9,129	8,224	8,053	7,501	6,891	6,462	6,765	6,320	6,584	6,381	7,238	9,121	9,994	7,110
Net capex	3,320	3,866	4,442	3,412	3,487	2,569	2,072	1,813	2,599	2,060	2,836	2,362	3,251	4,013	5,355	3,307
Ratings (Moody's / S&P)	Aa1/AA-	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA	Aa1/AA
Employees (as of Dec 31)	306,368	297,202	295,763	295,653	287,508	284,319	276,310	239,382	240,242	237,078	229,200	216,389	225,632	242,759	250,690	214,371

DB roadshow team



▪ Dr. Wolfgang Bohner
Head of Finance and Treasury



▪ Robert Allen Strehl
Head of
Investor Relations



▪ Christian Große Erdmann
Head of Capital
Market Financing



▪ Marcus Mehlinger
Head of Equity and
Debt Funding



Deutsche Bahn AG
Europaplatz 1
10557 Berlin
Germany

www.db.de/ir-e
www.db.de/ir-contact

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Page 32	(long-distance transport) Uwe Miethe, (regional transport) Michael Neuhaus, Uwe Miethe, (rail freight transport) Bartłomiej Banaszak, (land transport) Michael Neuhaus, (air/ocean freight) Ralf Braum, Bartłomiej Banaszak, (contract logistics/SCM) Michael Neuhaus, (rail infrastructure) Uwe Miethe	Page 61	Max Lautenschläger
Page 34	Uwe Miethe, Pablo Castagnola, Bartłomiej Banaszak	Page 63	Rüdiger Nehmzow, Kai-Uwe Grundlach
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