Investor Presentation 2018

– UPDATE November 2018 –

DB 2020+

ECONOMIC

SOCIAL

ENVIRONMENTAL

Strong Group portfolio with three strong pillars

DB

DB Group (2017)

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

Integrated rail system

- 2.7 bn rail and bus passengers
- >7.4 mn rail and bus passengers/day
- ~271 mn t rail freight

DB Arriva

- >1.9 bn rail and bus passengers
- >5.3 mn rail and bus passengers/ day

DB Schenker

- >100 mn shipments
- 1.3 mn t air freight
- ~2.2 mn TEU ocean freight

	DB Group		Integrated rail system			DB Arriva			DB Schenker		
Total revenues	**42,704**	(+5.2%)	**21,265**	(+2.8%)	50%	**5,345**	(+4.9%)	12%	**16,430**	(+8.6%)	38%
EBIT adjusted	**2,152**	(+10.6%)	**1,375**	(+9.6%)	64%	**301**	(+7.5%)	14%	**477**	(+16.3%)	22%
EBITDA adjusted	**4,930**	(+2.8%)	**3,687**	(+0.4%)	75%	**569**	(+8.4%)	11%	**676**	(+12.9%)	14%
Gross capex	**10,464**	(+10.0%)	**9,836**	(+11.2%)	94%	**374**	(+4.2%)	4%	**246**	(+17.7%)	2%
Employees (as of Dec 31)	**310,935**	(+1.5%)	**184,397**	(+0.3%)	59%	**54,650**	(+0.9%)	18%	**71,888**	(+5.1%)	23%

Excl. consolidation; key figures vs. 2016; share of DB Group.

No major changes in top management team – Alexander Doll additionally CFO from January 1, 2019 onwards

Deutsche Bahn AG

Chairman and CEO
Dr. Lutz

Digitalization and Technology
Prof. Dr. Jeschke

Human Resources and Legal Affairs
Seiler

Passenger Transport
Huber

CFO, Freight Transport and Logistics
Doll

Infrastructure
Pofalla

Integrated Rail System

DB Long-Distance
(Bohle)

DB Regional
(Dr. Sandvoss)

DB Cargo
(Dr. Bosch)

DB Netze Track
(Sennhenn)

DB Netze Stations
(Koch)

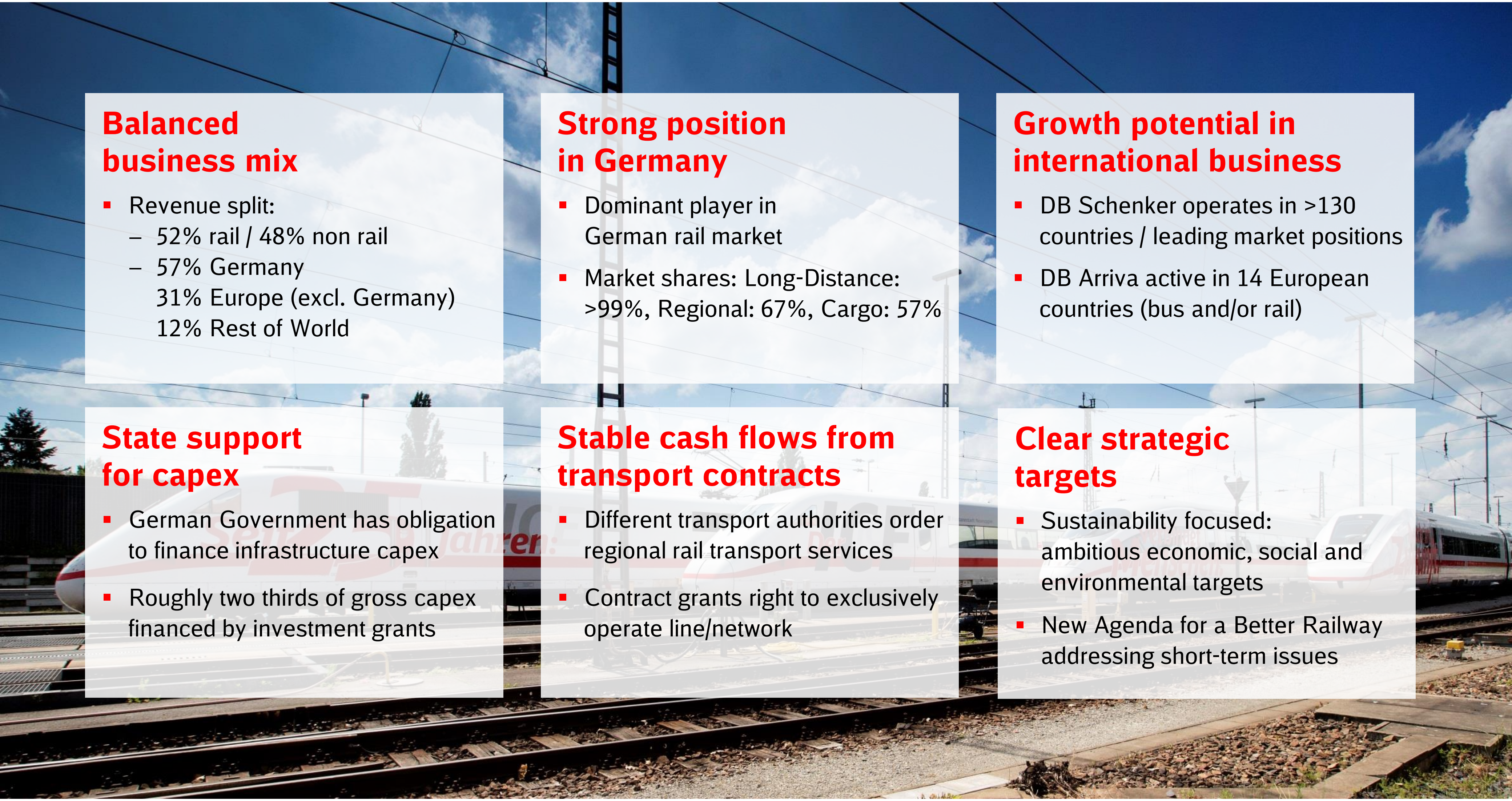
DB Netze Energy
(Schein)

International business

DB Arriva
(Dr. Rudhart)

DB Schenker
(Thewes)

Key aspects of DB Group’s business in Germany and world-wide



Balanced business mix

- Revenue split:
  - 52% rail / 48% non rail
  - 57% Germany
    31% Europe (excl. Germany)
    12% Rest of World

Strong position in Germany

- Dominant player in German rail market
- Market shares: Long-Distance: >99%, Regional: 67%, Cargo: 57%

Growth potential in international business

- DB Schenker operates in >130 countries / leading market positions
- DB Arriva active in 14 European countries (bus and/or rail)

State support for capex

- German Government has obligation to finance infrastructure capex
- Roughly two thirds of gross capex financed by investment grants

Stable cash flows from transport contracts

- Different transport authorities order regional rail transport services
- Contract grants right to exclusively operate line/network

Clear strategic targets

- Sustainability focused: ambitious economic, social and environmental targets
- New Agenda for a Better Railway addressing short-term issues

DB Group enjoys good assessments in established sustainability ratings

DB honored as "Sector Leader Transportation"

- DB Group with the best possible climate score: Total assessment „A" makes DB Group to the most climate-friendly railway company in Europe
- 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 was rated as one of the very best in the transport & logistics/rail sector with prime status 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

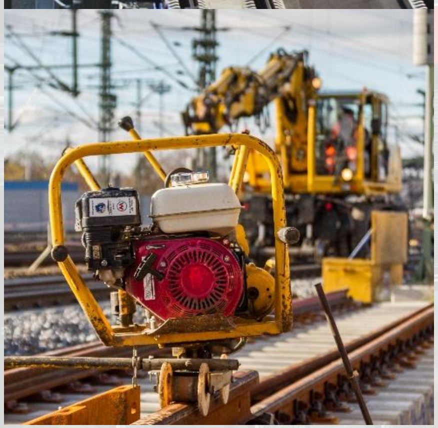
- Since 2014 DB Group enjoys the gold status rating from EcoVadis and sets the benchmark with 80/100 points particularly in the area "Environment"
- In its 2017 rating EcoVadis acknowledged particularly the significant improvement in the area "Sustainable Procurement"

DB with "A" rating

- DB rated since 2014
- DB in Top 5 of road and rail transport industry – best European railway company
- MSCI emphasized the target in carbon emission reduction

German Government underpins importance of rail to reach climate and environmental targets

Coalition agreement strengthens rail transport in Germany



Railway pact

- Between politics and industry
- Targets: Double number of rail passengers by 2030 and shift more freight traffic to rail

Higher Capex

- Increase funding further on record level
- Make planning and financing more reliable

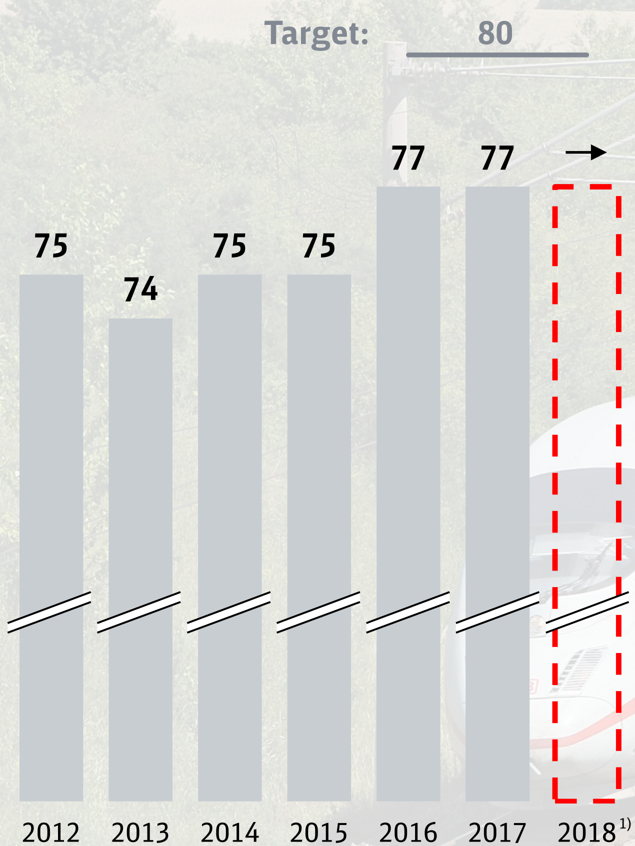
Government programs and activities for implementation

Rail Infrastructure	Existing network/LuFV[1], requirement plan, modernization/ digitalization, electrification
Long-distance rail passenger transport	Germany in Sync (Deutschland-Takt)
Regional rail passenger transport	Increase of regionalization funds
Rail freight transport	Master Plan for Rail Freight Transport including support program for reduction of track access fees
General	Alliance future of the railway, German platform future of mobility

[1] Leistungs- und Finanzierungsvereinbarung (Performance and financing agreement).

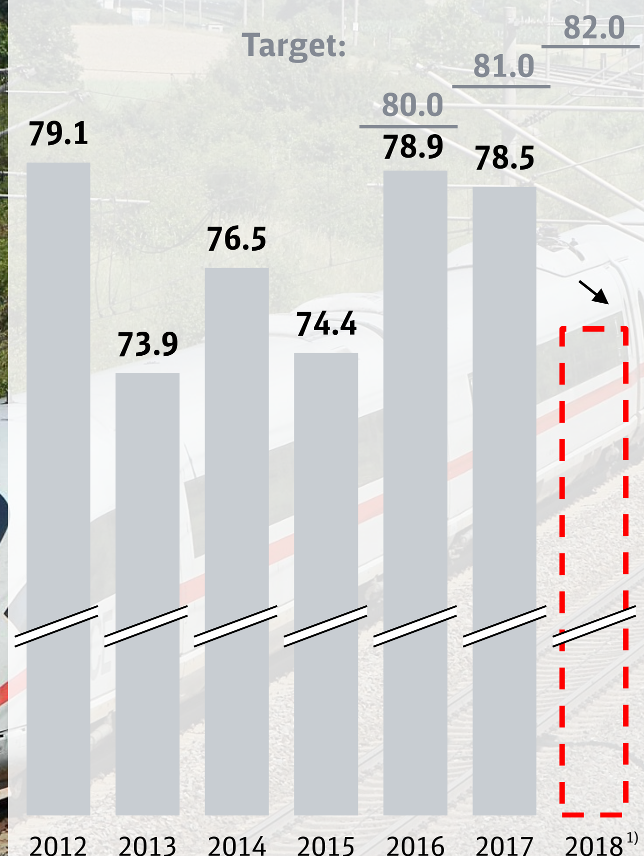
But we are not satisfied with the current performance – despite comprehensive programs like Railway of the Future

Customer Satisfaction
(DB Long-Distance; Satisfaction Index (SI))

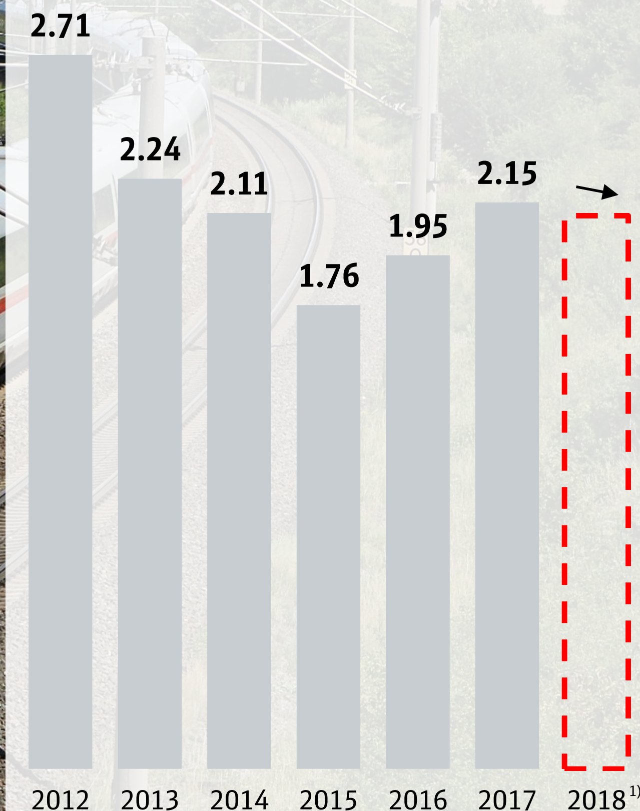


[1)] Forecast.

Punctuality
(DB Long-Distance; %)



EBIT
(DB Group; € bn)



Our new Agenda for a Better Railway lays the foundation for being sustainable successful in the future

Increase
Capacity & availability

- More capacity (infrastructure, vehicles and employees) is fundamental for further growth

Long-term and sustainable growth

Improve
Customer & quality

- Improved punctuality and reliability is foundation to inspire more and more people to use our products

Be even more attractive to customers

Drive
Digitalization & innovation

- Improved processes and provide innovative platforms and service offerings
- Better solutions together with partners and start-ups

Connectivity via networks and partnerships

Key area of action remains customer and quality

We want to be part of a positive future and make our contribution to mobility, economic growth and the recovery of the climate and environment.

DB Netze Track

- Continuation/ reinforcement of investment campaign
- Optimization site management
- Digital Rail for Germany will significantly increase capacity, efficiency and reliability

DB Long-Distance

- Further growth and better services (new trains)
- Improved maintenance will increase fleet availability
- Use opportunities of digitalization

DB Regional

- Maintain market leadership
- Rail: offer more attractive and reliable services
- Bus: Increase staff and vehicle availability

DB Cargo

- Economic turnaround in 2019
- Stabilize production in short and medium term
- Increase competitiveness
- Use growth opportunities

Focus: Increase of capacity and availability in long-distance transport

Fleet modernization

- Redesign ICE 3
- Redesign ICE 1 (from 2019 on)
- Redesign ICE 2 (option)

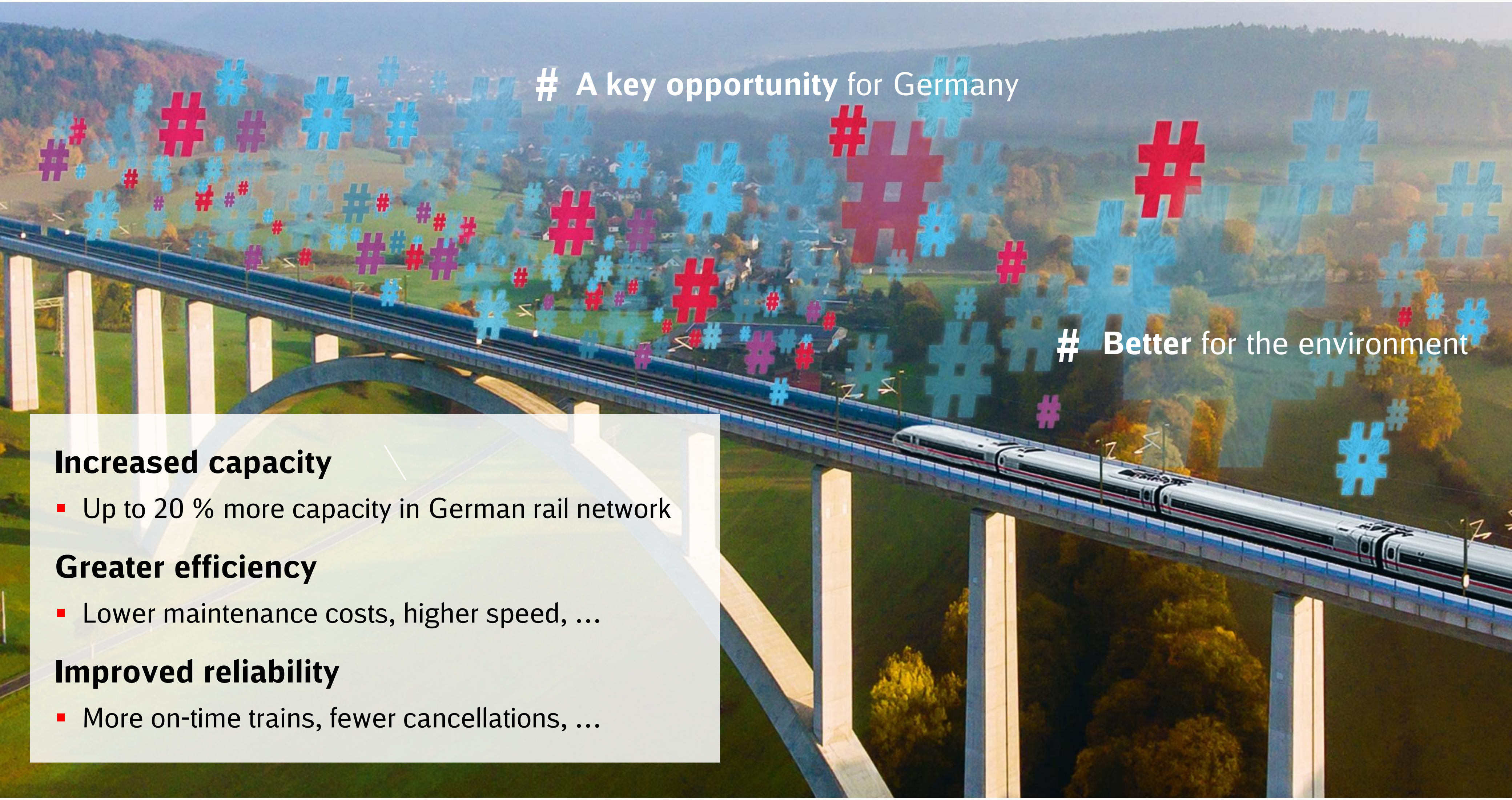
Fleet expansion

- ICE 4
- IC 2
- New vehicle for international/ tourism services

Fleet availability

- Increasing maintenance capacity (personnel and infrastructure)
- Improving maintenance processes and material availability
- Technical stabilization of vehicles to reduce error rate
- Digitalize maintenance

Focus: Increase of capacity in the German rail network with Digital Rail for Germany



Increased capacity

- Up to 20 % more capacity in German rail network

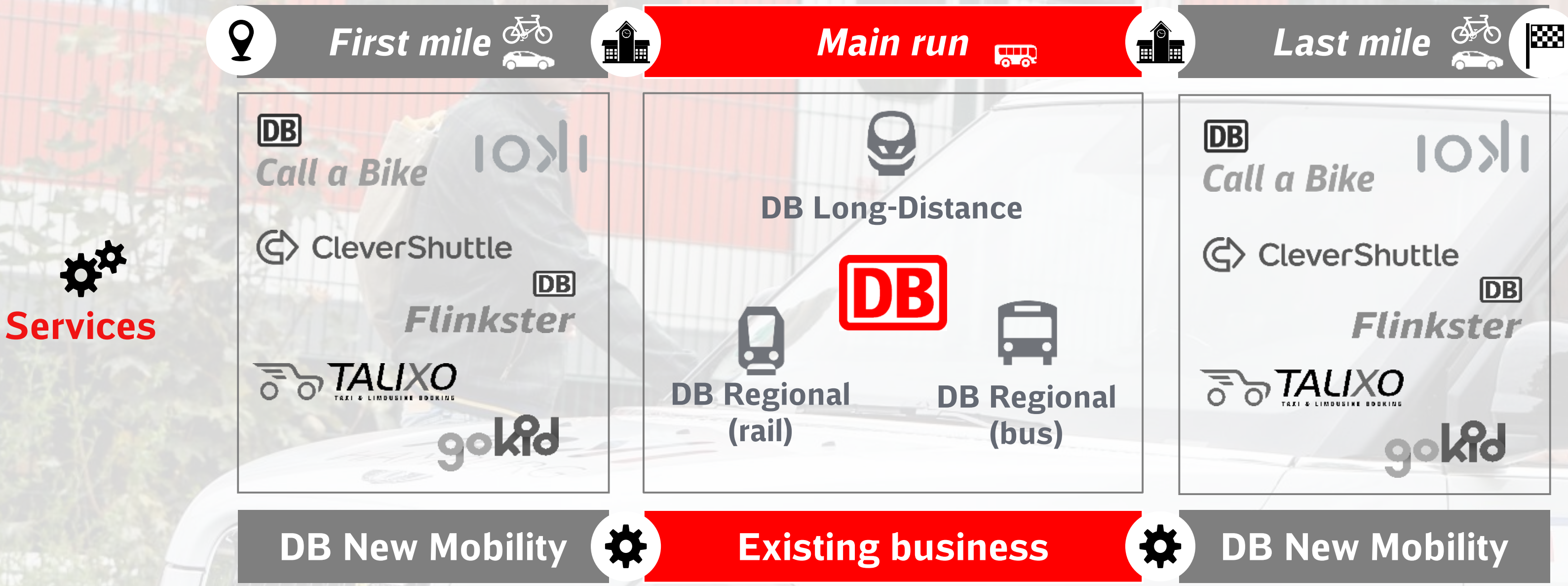
Greater efficiency

- Lower maintenance costs, higher speed, …

Improved reliability

- More on-time trains, fewer cancellations, …

Focus: Strengthen our existing business and complete mobility chain for our customers



- Door-to-door-mobility from a single source
- Securing customer access
- Strengthen our existing business

In 2019 we transfer our Agenda for a Better Railway into a long-term overall strategy.

today

Agenda for a Better Railway

- Focus on activities in 2019 and 2020
- Implement effects in the medium-term planning 2019-23

June 2019

New DB Group strategy

- Presentation in the Supervisory Board
- Transfer and consolidation of the Agenda into strategic guidelines and goals for DB Group with a time horizon up to the year 2030

Investor Presentation 2018

DB 2020+

ECONOMIC
SOCIAL
ENVIRONMENTAL

DB Group with overall favorable development in 2017

- Effects of Railway of the Future not as strong as expected, **weak development** of key **quality indicators**
- German rail business burdened by several **operational difficulties**, nevertheless **new passenger record** in long-distance rail transport
- In total **positive financial development**
- € 2.7 bn **Government support** package in implementation, € 1 bn capital increase and first dividend reduction realized
- 9 bonds issued in 6 currencies (total volume € 2 bn)
- Relocation of DB Finance to Germany, DB financial management unchanged

Good development of top targets in social and environmental dimensions in 2017

DB

Target 2020

Top employer

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

Employer attractiveness
(rank, in Germany)

2017	13
2016	16
2015	20
2014	11
2013	21
2012	26

Target 2020: ≤ 10

Employee satisfaction[1]
(index)

2017	
2016	3.7
2015	
2014	3.7
2013	
2012	3.6

Target 2020: 4.0

[1] Survey every two years. Scale from 1 (worst) to 5 (best).

Eco-pioneer

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

Reduction specific CO_2e emissions (carriers) compared to 2006 (%)

2017	-29.6
2016	-27.5
2015	-24.6
2014	-22.9
2013	-18.6
2012	-11.8

Target 2020: -30

Noise reduction
(freight cars with whisper breaks in Germany, %)

2017	64.0
2016	51.0
2015	29.1
2014	19.5
2013	10.7
2012	8.9

Target 2020: 100%

Mixed development of top targets in economic dimension in 2017

DB

Profitable quality leader

Target 2020

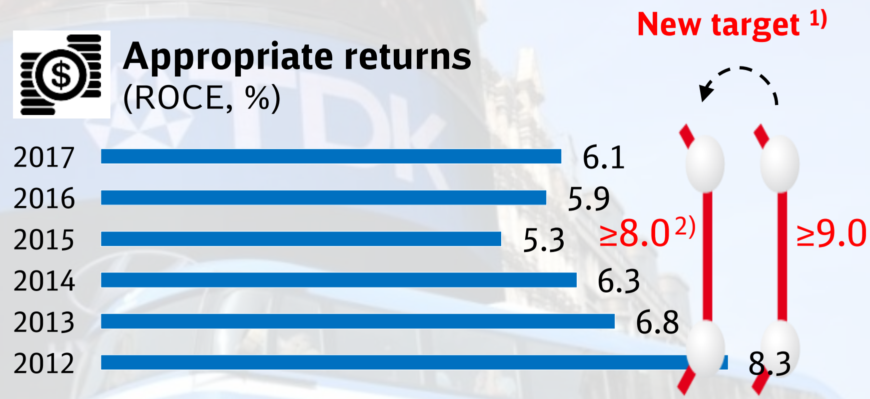
As a **profitable quality leader** we offer our customers first-class mobility and logistics solutions ...

Customer satisfaction
(passengers, SI)

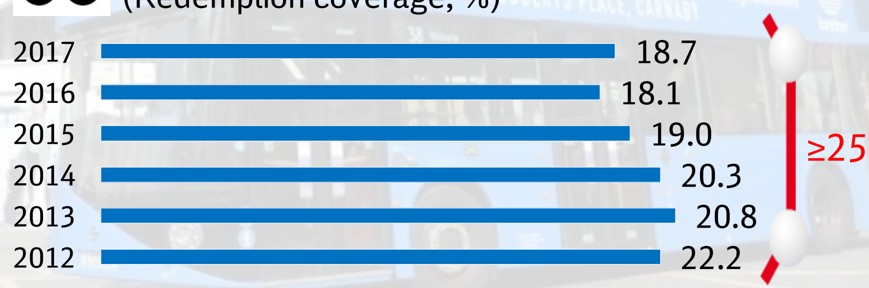
Product quality
(punctuality DB rail in Germany, %)

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

Appropriate returns
(ROCE, %)



Financial stability
(Redemption coverage, %)



1) Low interest rates in last years leads to new target. 2) WACC 7.0.

Weaker profit development in the first half of 2018

€ mn	H1 2018	H1 2017	+/– €	+/– %
Revenues	**21,548**	**21,070**	+478	+2.3
Revenues comparable	**21,880**	**21,069**	+811	+3.8
EBIT adjusted	**974**	**1,179**	–205	–17.4
Net profit	**562**	**779**	–217	–27.9
Gross capital expenditures	**4,217**	**4,108**	+109	+2.7
Net capital expenditures	**1,925**	**1,490**	+435	+29.2
Net financial debt as of Jun 30, 2018/Dec 31, 2017	**19,704**	**18,623**	+1,081	+5.8
ROCE (%)	**5.4**	**6.8**	–	–
Order book regional rail as of Jun 30, 2018/Dec 31, 2017 € bn	**91.4**	**91.0**	+0.4	+0.4

Revenue development mainly positive

DB

Revenues (€ mn)

+2.3% / +478
comparable:
+3.8% / +811

H1 2017	H1 2018
21,070	**21,548**

- ⊕ Increase in performance (mainly DB Long-Distance and DB Schenker)
- ⊕ Development of freight rates (DB Schenker)
- ⊕ Development of farebox revenues (DB Regional, DB Arriva)

- ⊖ Restrictions in rail services (mainly due to weather conditions as well as strikes in France, UK and the Netherlands)
- ⊖ FX effects (DB Schenker, DB Arriva)
- ⊖ Quality issues (DB Cargo)

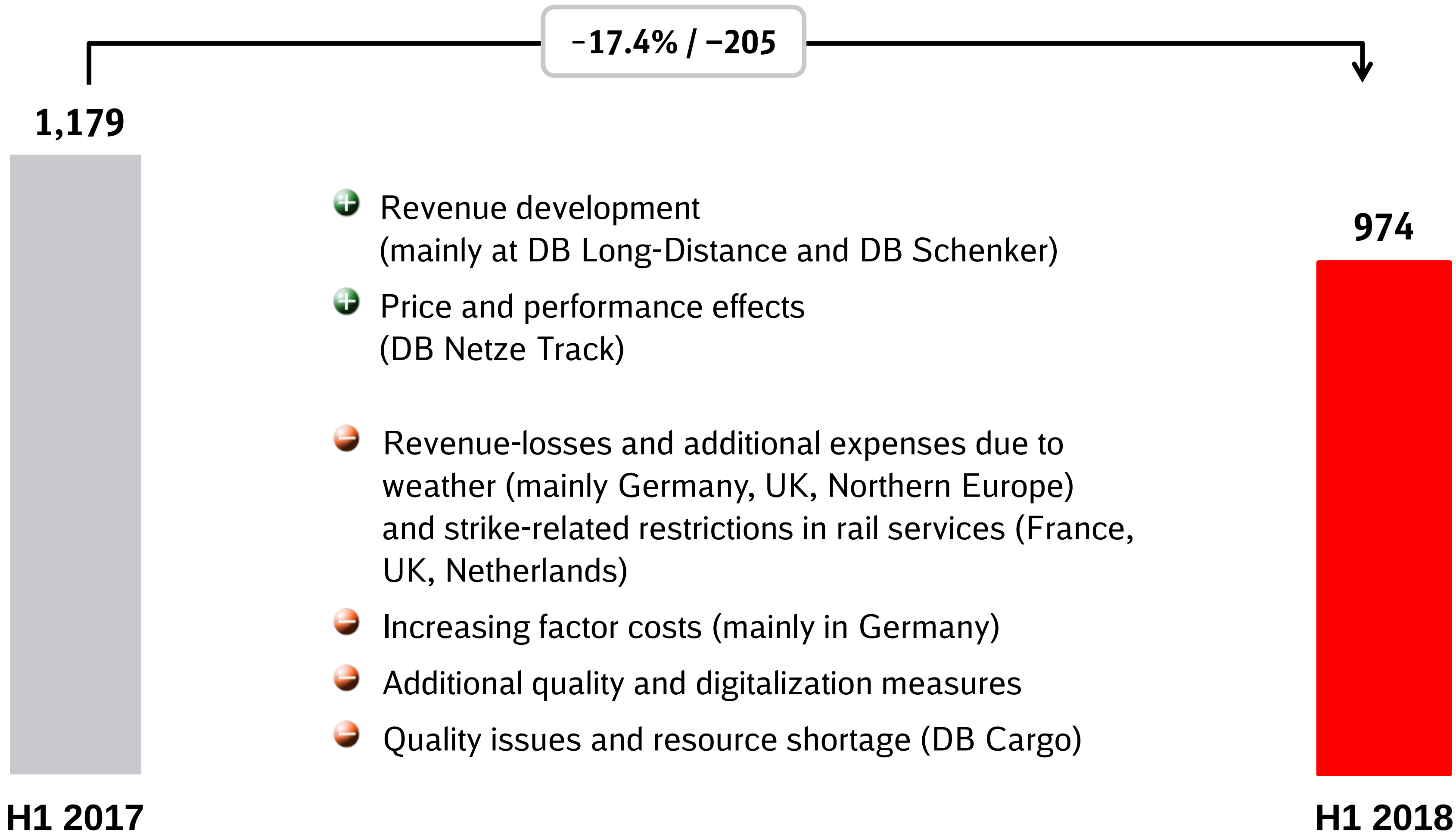
Comparable revenue development also mainly positive, FX effects mainly at DB Schenker

Total revenues (€ mn)	H1 2018 effective	Adjustments Consol.[1]	Adjustments FX[2]	H1 2018 comp.	H1 2017 comp.	+/- €	+/- %
DB Long-Distance	2,255	–	–	2,255	2,107	+148	+7.0
DB Regional	4,376	–	–	4,376	4,304	+72	+1.7
DB Arriva	2,706	–20	+41	2,727	2,662	+65	+2.4
DB Cargo	2,255	–6	+3	2,252	2,306	–54	–2.3
DB Schenker	8,333	–	+315	8,648	8,103	+545	+6.7
DB Netze Track	2,720	–	–	2,720	2,652	+68	+2.6
DB Netze Stations	668	–	–	668	635	+33	+5.2
DB Netze Energy	1,383	–	–	1,383	1,416	–33	–2.3
Other/Consolidation	–3,148	–	–	–3,148	–3,116	–32	+1.0
DB Group	**21,548**	**–27**	**+359**	**21,880**	**21,069**	**+811**	**+3.8**

[1] Changes in the scope of consolidation. [2] Exchange rate effects.

Operating restrictions, factor cost increases and additional quality measures put EBIT under pressure

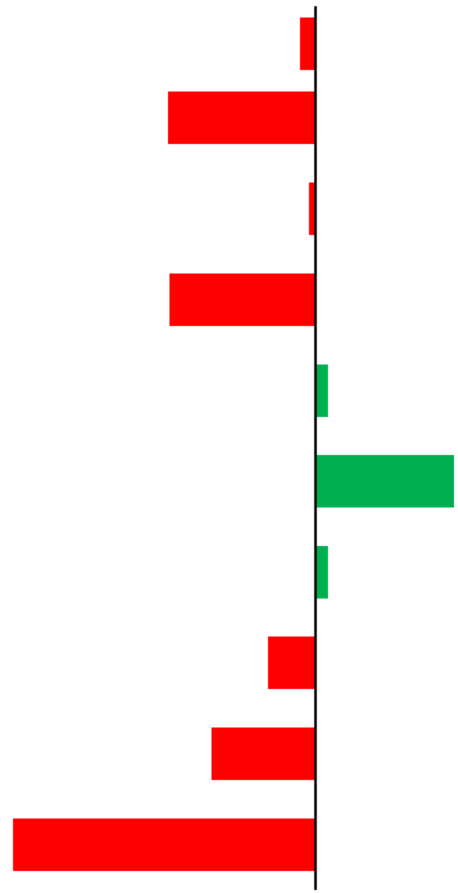
EBIT adjusted (€ mn)



- (+) Revenue development (mainly at DB Long-Distance and DB Schenker)
- (+) Price and performance effects (DB Netze Track)
- (–) Revenue-losses and additional expenses due to weather (mainly Germany, UK, Northern Europe) and strike-related restrictions in rail services (France, UK, Netherlands)
- (–) Increasing factor costs (mainly in Germany)
- (–) Additional quality and digitalization measures
- (–) Quality issues and resource shortage (DB Cargo)

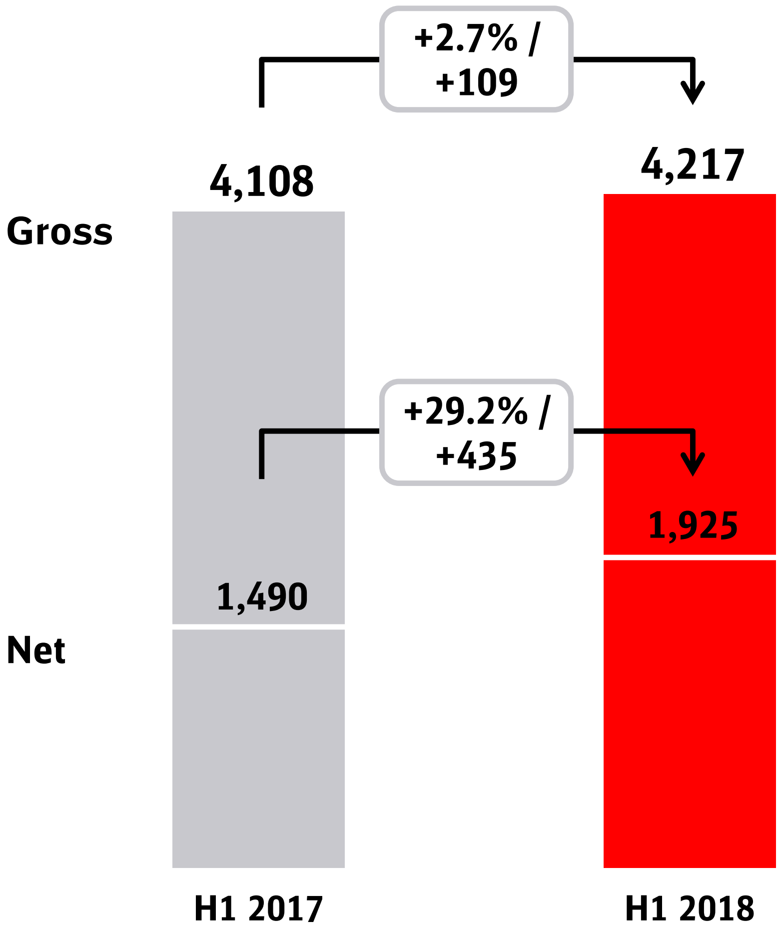
Mixed EBIT development across business units

EBIT adjusted (€ mn)	H1 2018	H1 2017	Changes by business units (€ mn)	
DB Long-Distance	206	216	-10	-4.6%
DB Regional	214	314	-100	-31.8%
DB Arriva	106	110	-4	-3.6%
DB Cargo	-127	-28	-99	-
DB Schenker	216	208	+8	+3.8%
DB Netze Track	483	389	+94	+24.2%
DB Netze Stations	158	150	+8	+5.3%
DB Netze Energy	12	44	-32	-72.7%
Other/consolidation	-294	-224	-70	+31.3%
DB Group	**974**	**1,179**	**-205**	**-17.4%**



Capex increase due to higher rolling stock capex

Capital expenditures (€ mn)



Highlights

- Focus of gross capex unchanged:
  - 95% integrated rail system[1)] (71% infrastructure)
  - 95% Germany
- Net capex defined as gross capex less non-repayable investment grants (mainly from German Government, Federal States and EU)

Key impact factors

- (+) Higher rolling stock capex (especially at DB Long-Distance und DB Regional)
- (+) Higher infrastructure net capex
- (−) Temporarily lower infrastructure investment grants (significant seasonal increase expected in H2 2018)

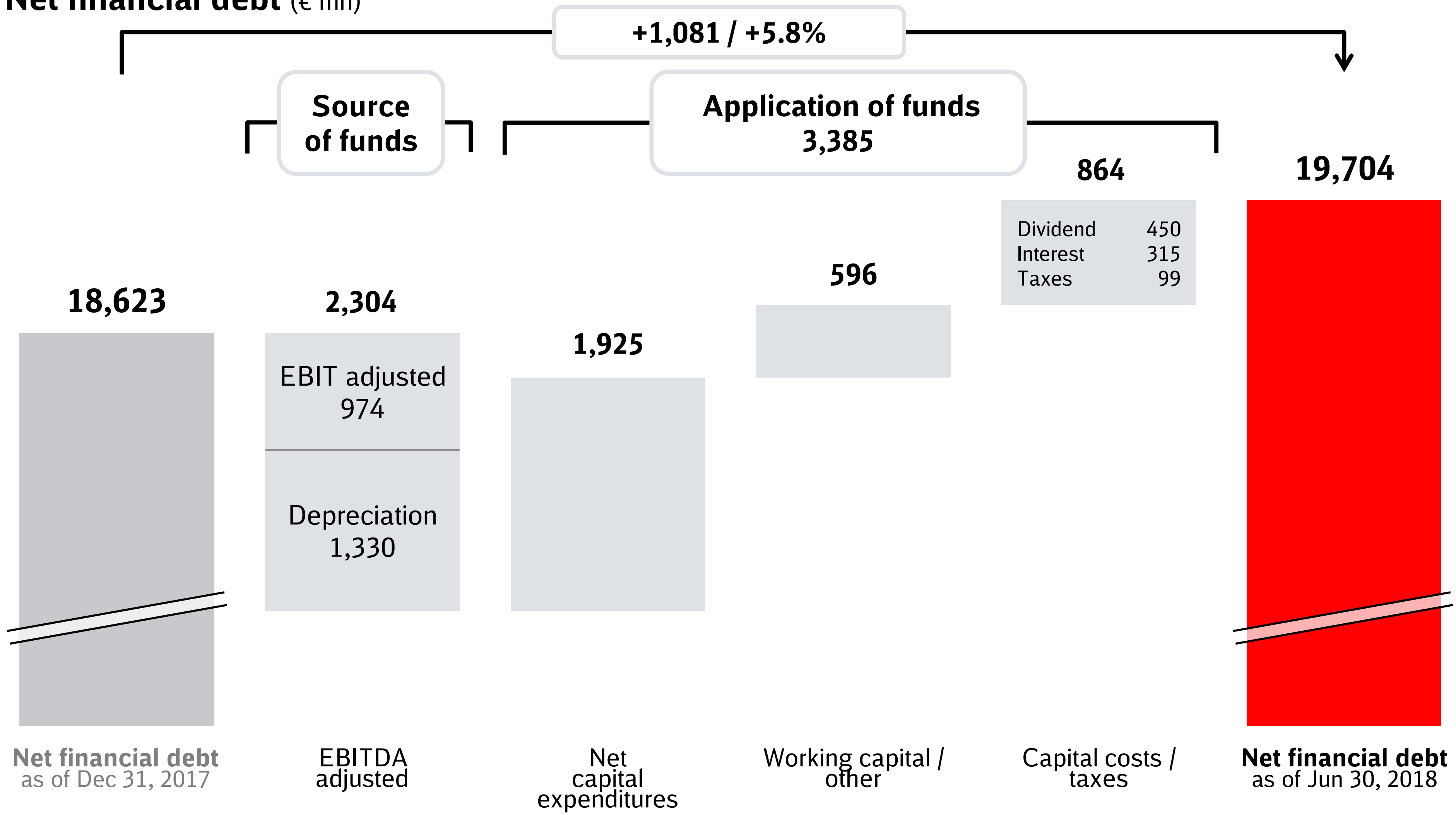
1) Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.

Increased capex mainly for vehicles at DB Long-Distance and DB Regional

Capital expenditures (€ mn)	Gross capex				Net capex			
	H1 2018	H1 2017	+/- €	+/- %	H1 2018	H1 2017	+/- €	+/- %
DB Long-Distance	**380**	215	+165	+76.7	**380**	215	+165	+76.7
DB Regional	**299**	164	+135	+82.3	**294**	134	+160	+119
DB Arriva	**153**	184	-31	-16.8	**153**	184	-31	-16.8
DB Cargo	**140**	110	+30	+27.3	**139**	108	+31	+28.7
DB Schenker	**78**	76	+2	+2.6	**78**	76	+2	+2.6
DB Netze Track	**2,634**	2,907	-273	-9.4	**545**	525	+20	+3.8
DB Netze Stations	**291**	253	+38	+15.0	**138**	80	+58	+72.5
DB Netze Energy	**81**	48	+33	+68.8	**40**	17	+23	+135
Other/Consolidation	**161**	151	+10	+6.6	**158**	151	+7	+4.6
DB Group	**4,217**	**4,108**	**+109**	**+2.7**	**1,925**	**1,490**	**+435**	**+29.2**

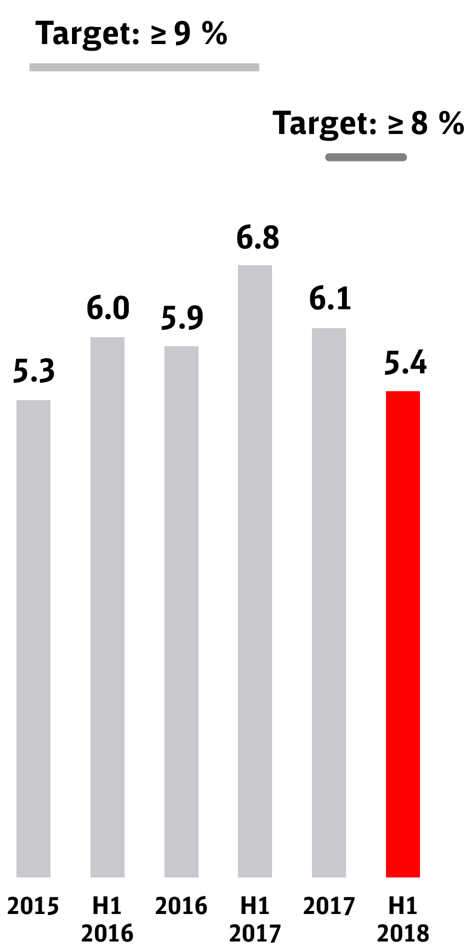
Net financial debt increased among other due to higher capex

Net financial debt (€ mn)

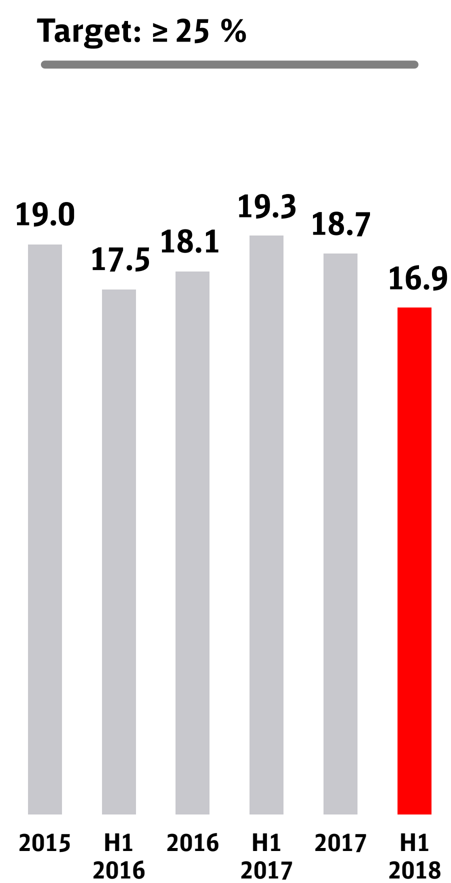


Weak development of key value management figures

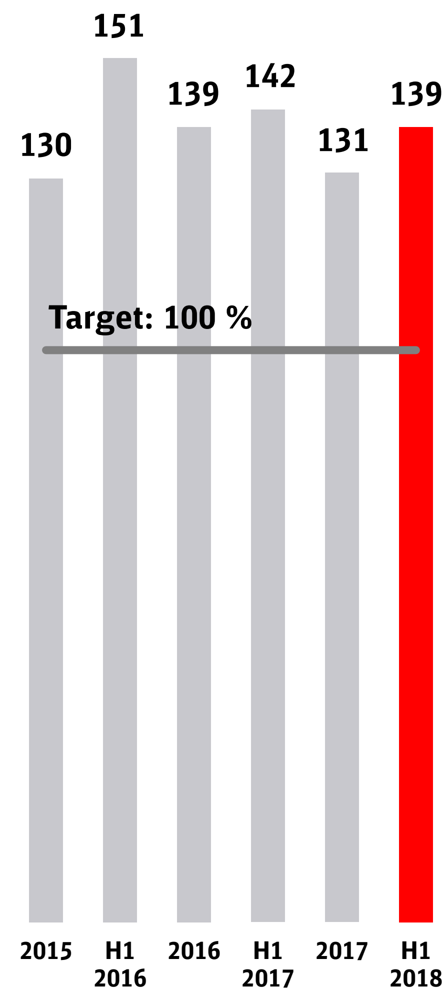
ROCE (%)



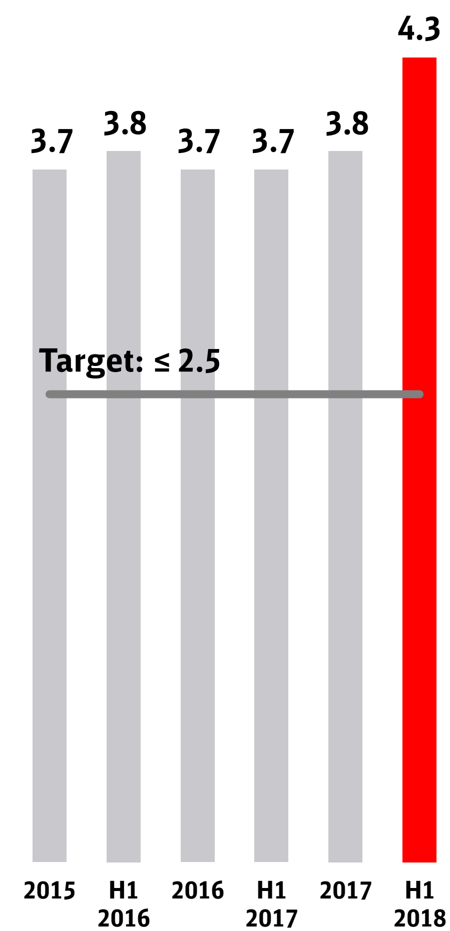
Redemption coverage (%)



Gearing (%)



Net financial debt/ EBITDA (multiple)



Expectations for development of DB Group in 2018 financial year are slightly below previous year

Outlook (€ bn)	**2017**	**2018** (March forecast)	**2018** (July forecast)
Revenues adjusted	42.7	~ 44	**~ 43.7**
Revenues comparable	43.0	–	**~ 44.2**
EBIT adjusted	2.15	≥ 2.2	**~ 2.1**
ROCE (%)	6.1	~ 6.0	**~ 5.6**
Redemption coverage (%)	18.7	≥ 18.5	**~ 18.0**
Gross capital expenditures	10.5	> 12	**~ 12**
Net capital expenditures	3.7	> 4.5	**~ 4.5**
Maturities	2.1	2.2	**2.2**
Bond issues	2.0	≤ 3	**3**
Bond issues 2018 so far	–	1.8	2.3
Cash and cash equivalents as of Dec 31	3.4	~ 3	**~ 3**
Net financial debt as of Dec 31	18.6	≤ 20	**≤ 20**

Rating and financing activities

Credit Ratings

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

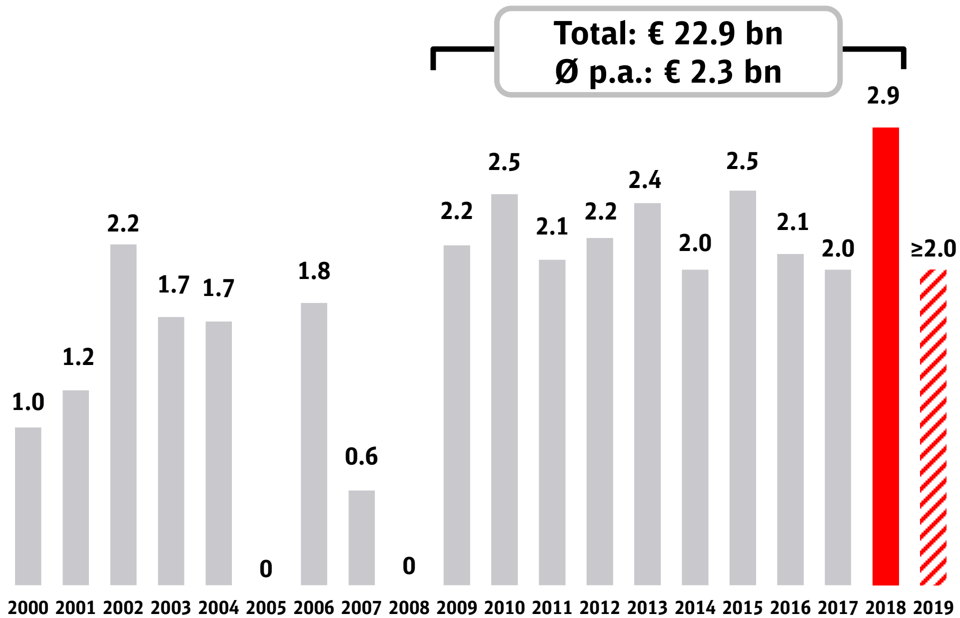
Sustainability Ratings

Very good ratings:
- ISS-oekom: B- (prime status)
- MSCI: A
- CDP: A (best grade)
- ecoVadis: Gold status (best level)

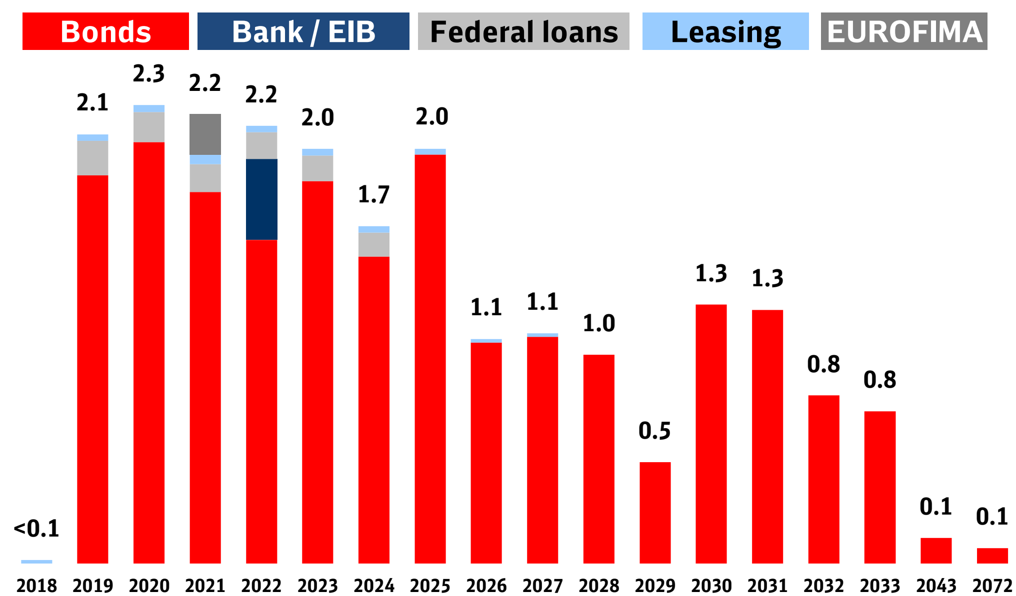
Financing programs

- European Medium Term Notes program (EMTN; volume: € 25 bn)
- Australian Debt Issuance program (Kangaroo program; volume: AUD 5 bn)
- Commercial Paper program (CP; volume: € 2 bn)

Bond issues (€ bn)



Maturity profile financial liabilities
(€ bn; incl. swaps)



Investor Presentation 2018

Appendix

Successfully developed transport networks ensure top market positions

(1) DB Group in Germany

No. 1 (>99%)
Long-distance rail passenger transport

No. 1 (~67%)
Local rail passenger transport

No. 1 (~50%)
Bus transport (regional)

No. 1 (~57%)
Rail freight transport

(2) DB Group in Europe

No. 2
Long-distance rail passenger transport

No. 1
Rail infrastructure

No. 1
Local rail passenger transport

No. 1
Rail freight transport

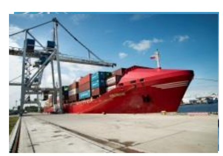
No. 1
Bus transport

No. 1
Land transport

(3) DB Group worldwide

No. 3
Air freight

No. 5
Contract logistics/SCM

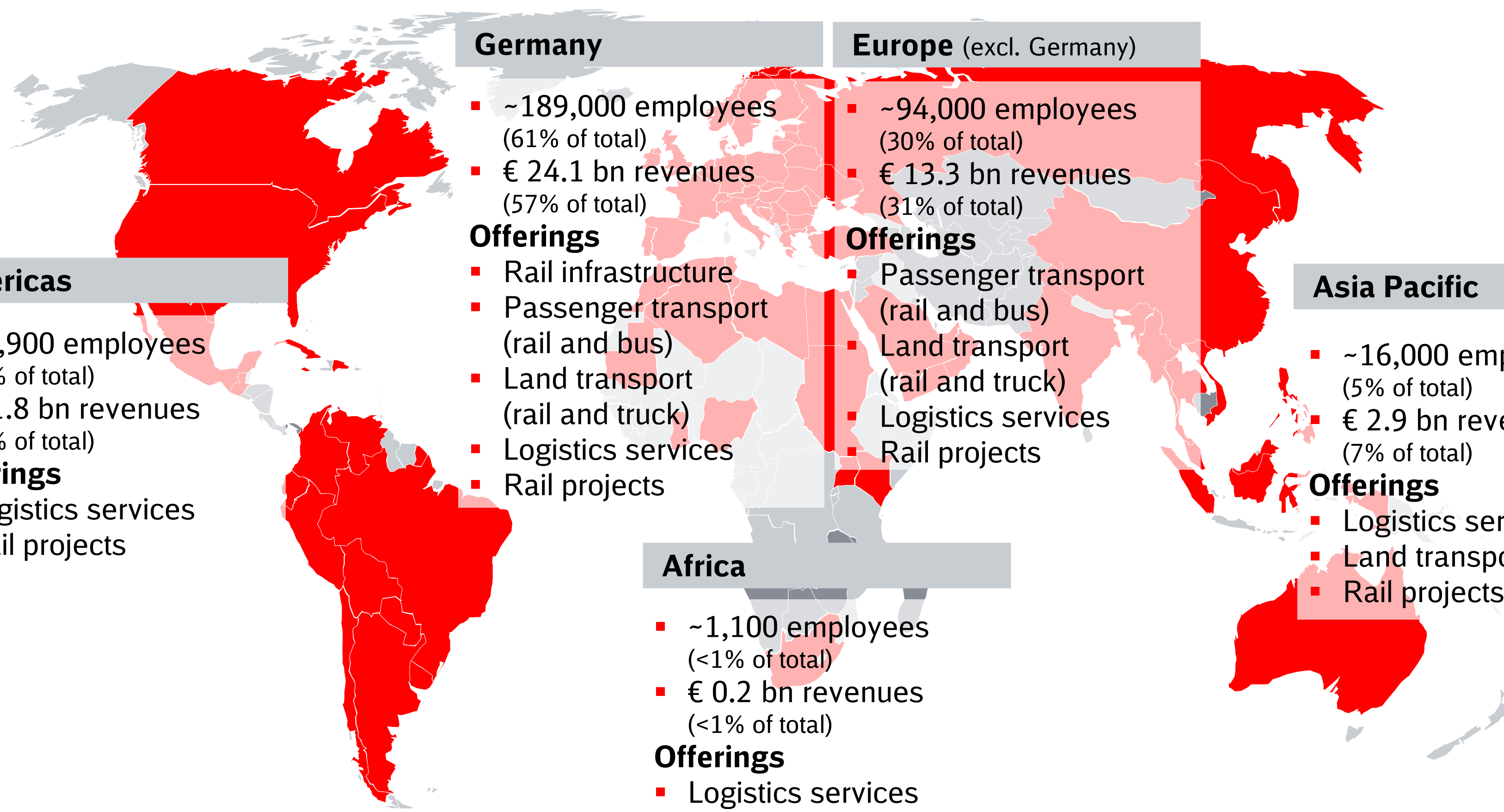


No. 3
Ocean freight

(market share)

Data as of 2017.

We are acting worldwide in more than 130 countries



Americas

- ~8,900 employees (3% of total)
- € 1.8 bn revenues (4% of total)

Offerings
- Logistics services
- Rail projects

Germany

- ~189,000 employees (61% of total)
- € 24.1 bn revenues (57% of total)

Offerings
- Rail infrastructure
- Passenger transport (rail and bus)
- Land transport (rail and truck)
- Logistics services
- Rail projects

Europe (excl. Germany)

- ~94,000 employees (30% of total)
- € 13.3 bn revenues (31% of total)

Offerings
- Passenger transport (rail and bus)
- Land transport (rail and truck)
- Logistics services
- Rail projects

Africa

- ~1,100 employees (<1% of total)
- € 0.2 bn revenues (<1% of total)

Offerings
- Logistics services
- Rail projects

Asia Pacific

- ~16,000 employees (5% of total)
- € 2.9 bn revenues (7% of total)

Offerings
- Logistics services
- Land transport (rail)
- Rail projects

The German Constitution sets legal grounds to organize DB Group as a private sector company

Art. 87e Basic Law

(3) Federal railways shall be operated as enterprises under private law. They shall remain the property of the Federation to the extent that their activities embrace the construction, maintenance and operation of the tracks. The transfer of Federal shares in these enterprises under the second sentence of this paragraph shall be effected pursuant to a law; the Federation shall retain a majority of the shares. […]

(4) The Federation shall ensure that in developing and maintaining the Federal railway system as well as in offering services over this system, other than local passenger services, due account is taken of the interests and especially the transport needs of the public. Details shall be regulated by a Federal law.

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

Local public transport services

- Contracted services, tender competition
- Customers here are both the contracting organization[1] as well as the passenger (end customer)
- Intensive level of fixed assets

Freight transport and logistics

Rail freight transport services

- Rail competes directly with other modes of transport
- Big customer business, clear sector focus
- Intensive level of fixed assets

Freight forward. and logistical services

- Direct competition (world-wide)
- Full service forwarder, large customer base, broad mix of industries
- Less intensive level of fixed assets

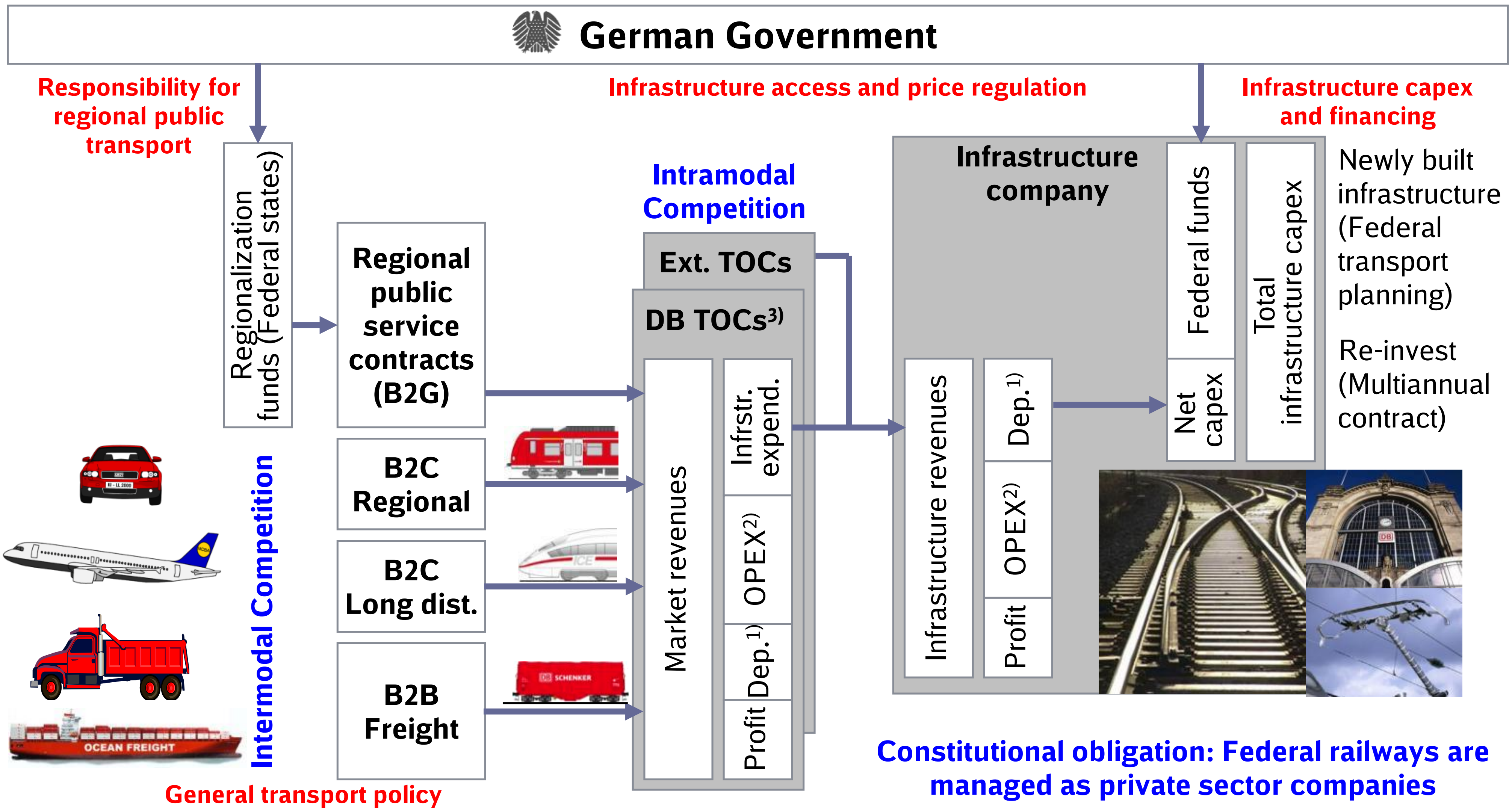
Infrastructure

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 intensive level of fixed assets

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

The "Big Picture": Finance, regulation and transport policy at a glance



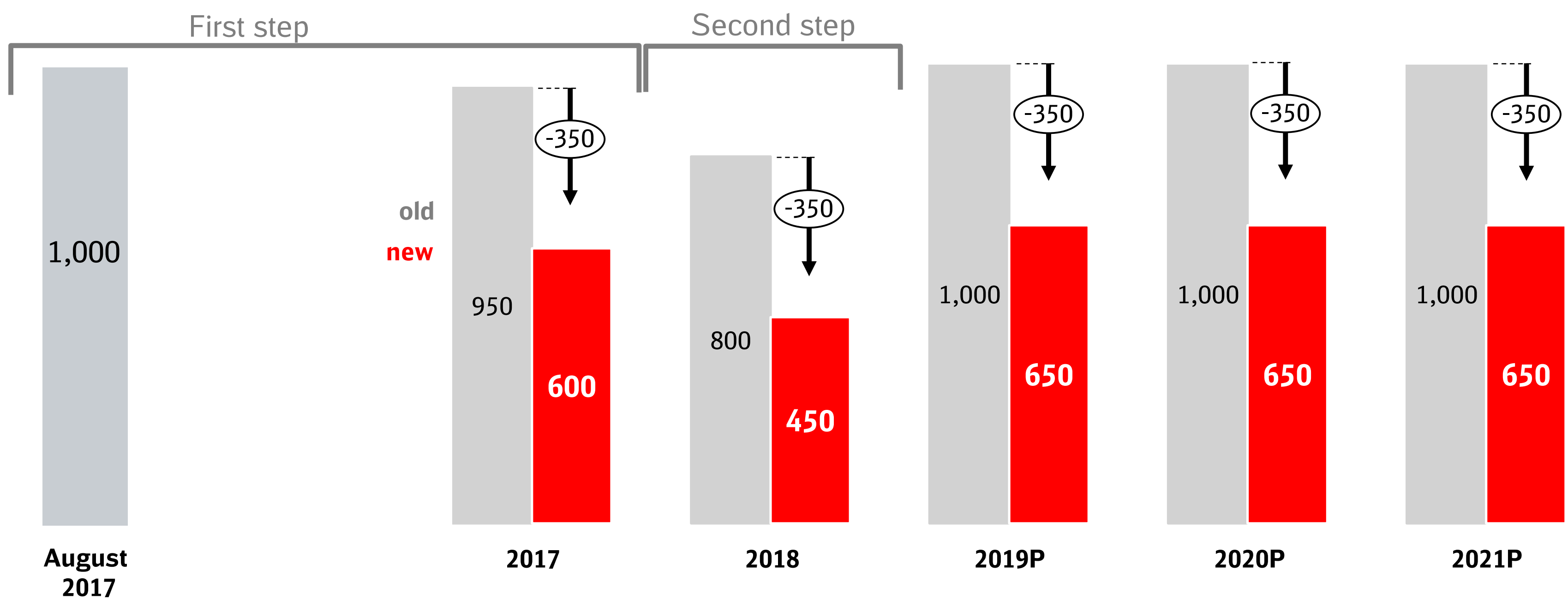
1) Depreciation of fixed assets. 2) Operating expenses. 3) Train operating companies.

Implementation of the Government support package as planned: reduction of dividend payments and € 1 bn capital increase

Government support package
(€ mn)

Capital increase Federal Government

Reduction dividend payments



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

Coalition agreement of March 2018: Good basis for future investment and innovation in railways

Infrastructure and Financing

- Continuing increase in capex and financing of new infrastructure from Federal Transport Infrastructure Plan 2030 (BVWP), relief of bottlenecks
- Negotiation of Performance and Financing Agreement (LuFV) III
- Tripling of Community Transport Financing Act-funds (GFVG) to annually € 1 bn

Rail Freight Transport

- Implementing the "Master Plan for Rail Freight Transport" including inter alia:
  - Support program for reduction of track access fees, € 350 mn annually
  - Realization of a German network for 740 meter freight trains by 2020

Innovation and Digitalization

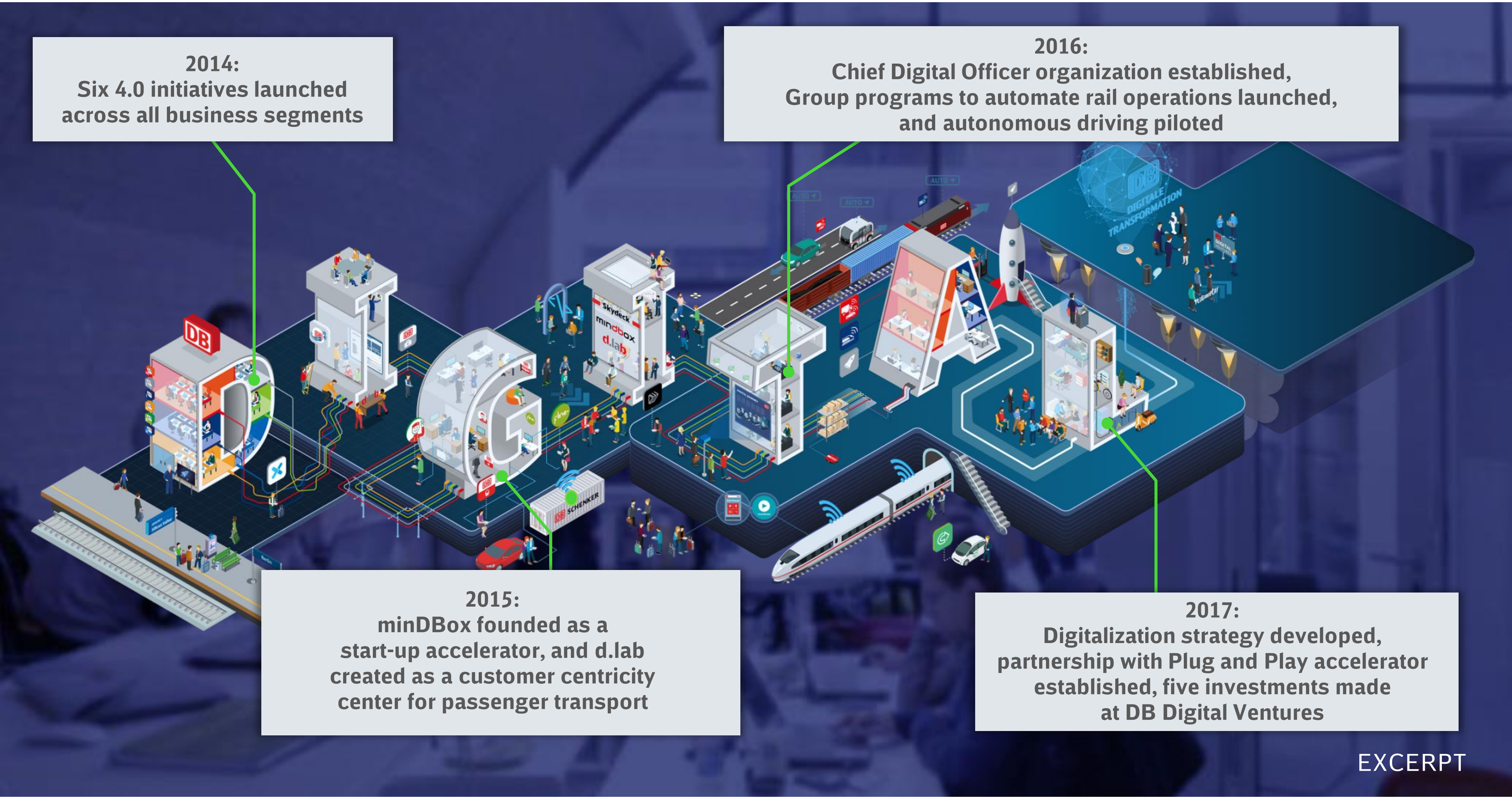
- Digitalization offensive including promotion and enhanced roll-out of European Train Control system (ETCS) and digital signaling technology
- Creation of a rail research program
- Coverage with latest mobile phone technology on all railway lines

Planning and Building of Infrastructure

- Adoption of a law accelerating the infrastructure planning
- Application of Building Information Modeling (BIM) for all new infrastructure projects

DB2020+ strategy has strong focus on quality and three areas for action, provides our strategic framework

We have already accomplished much in the field of digitalization in the last years



DB Group's digitalization strategy sets out areas for action for products and processes and the accompanying transformation

Components of the digitalization strategy

- SMART MOBILITY
- SMART LOGISTICS
- SMART ASSETS
- SMART ADMIN
- DIGITAL TRANSFORMATION

Areas for action

- Digitalization of our core business
- New business models

- Digital Rail for Germany
- Digital construction
- Digital maintenance

- Finance
- Human resources

- Digital ecosystem
- IT
- Data strategy
- Digital transformation

DB Group’s digital ecosystem covers all phases of innovation

Ideate → **Prototype and build** → **Scale up and invest** →

Core business

Digital labs

mindbox
Start-up Xpress

New formats, such as DB Company Builder, are being developed

New business

BEYOND1435
INTRAPRENEURSHIP

BEYOND1435
OPEN INNOVATION

DB
Digital Ventures

External | Internal

We are using digitalization to make our business fit for the future

ioki: on-demand mobility in public transport

Platooning: autonomous and connected vehicle driving

Digital Rail for Germany: smart rail network

We continue to expand digital and autonomous mobility offers under the brand ioki

Develop on-demand regional and local transport services

Target: Expansion of **strategic partnerships & collaboration**

ioki Hamburg launched on July 18th, 2018:

- 24/7 service in two suburban areas of Hamburg
- Fully integrated on-demand service in existing public transport systems
- Additional stops to existing bus stops (every 200 meters allow short footpaths)
- Complete electrified fleet
- Booking and payment via ioki Hamburg app
- Successful start

Develop, implement and expand new data-based business models in addition to our existing business

DB Digital Ventures, promotes new, digital business models that complement our core rail business

Investments in 2018:

- Trillium (multi-layered cybersecurity technology)
- GoKid (rideshare for families/kids)
- Kepler (worldwide satellite-based real-time connectivity network)
- Coord (mobility data platform for IT-developers of mobility companies)
- Renovo (first operating system built specifically for automated mobility)
- Ridecell (ridesharing and management of self-driving fleets)

With its eight business units DB Group is active in all segments of the transport market

Passenger Transport:
Domestic and European-wide mobility services

- **DB Long-Distance**
  Long-distance passenger transport[1)]
- **DB Regional**
  Regional and local passenger transport (GER)
- **DB Arriva**
  Regional and local passenger transport (EU)[2)]

Transport and Logistics:
Intelligent logistics services via land, air and the sea

- **DB Cargo**
  European rail freight transport
- **DB Schenker**
  Global freight forwarding and logistics services

Infrastructure:
Efficient and future-oriented rail infrastructure in Germany

- **DB Netze Track**
  Rail network
- **DB Netze Stations**
  Passenger stations
- **DB Netze Energy**
  Traction current

1) Within Germany as well as cross-border traffic. 2) In the UK with CrossCountry also long-distance passenger transport.

Passenger transport: #2 in the European passenger transport market

- **4.6**
  billion passengers per year in our trains and buses
- **12.7**
  million passenger per day
- **271**
  high speed trains (ICE)
- **9**
  neighboring countries can be reached directly

DB Long-Distance

DB Regional

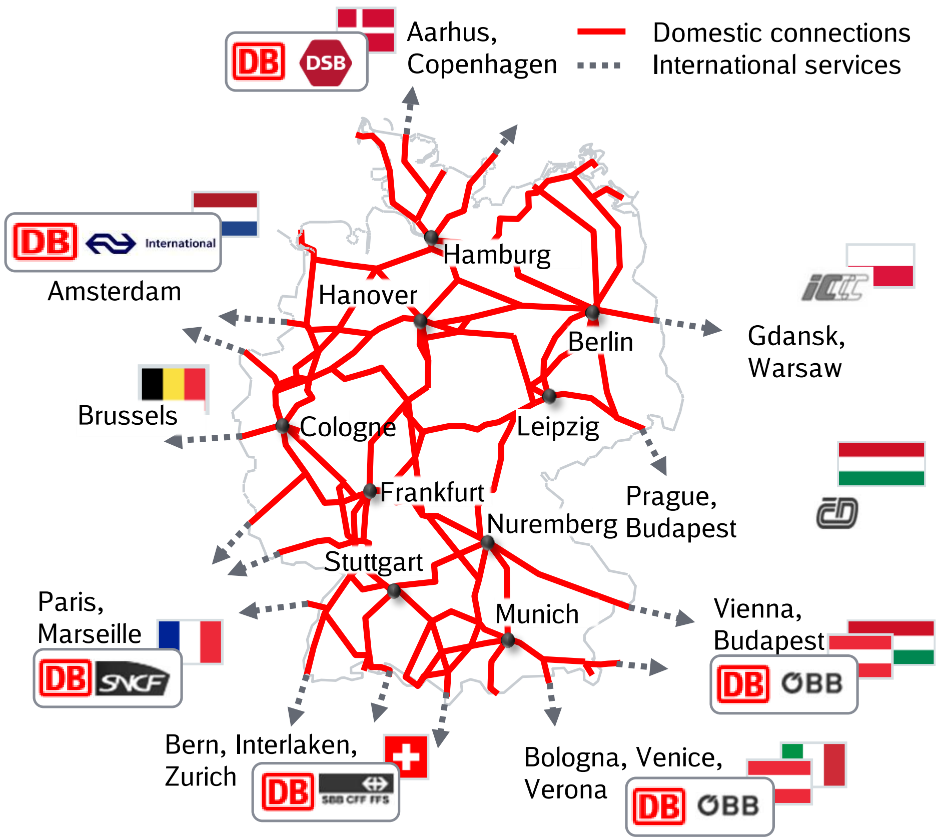
DB Arriva

DB Sales

Figures are rounded

DB Long-Distance: Long-distance rail network connections with European neighbors

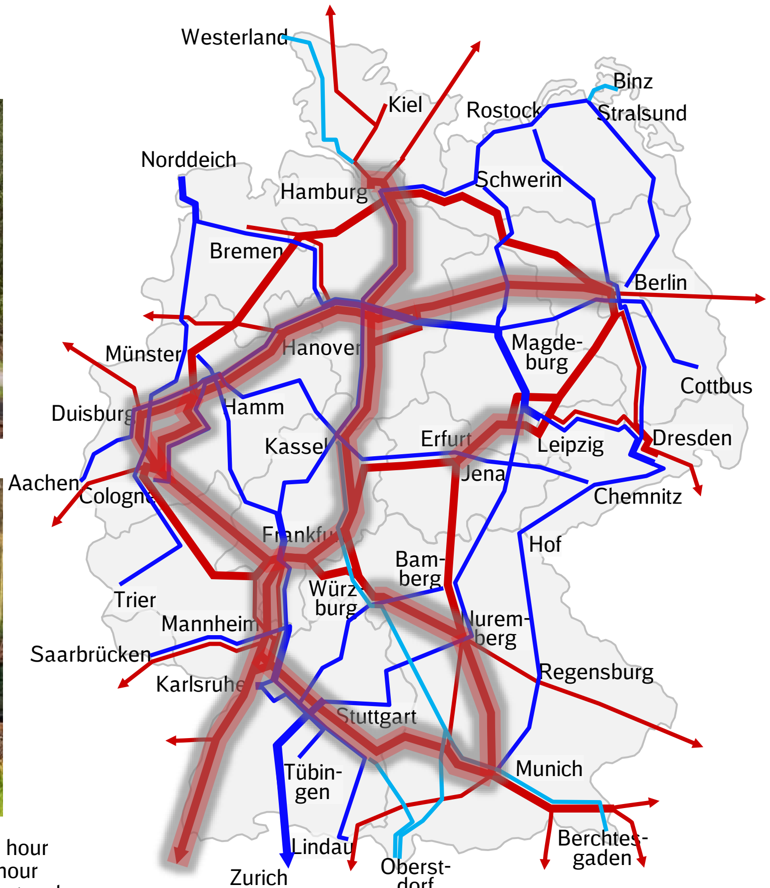
Market overview



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

DB Long-Distance: More rail service for metropolitan areas and regions



At least 2 ICEs per hour
At least 1 ICE per hour
At least 1 ICE every two hours

1 IC per hour
1 IC every two hours
IC tourist services

Target network: ~161 mn train km

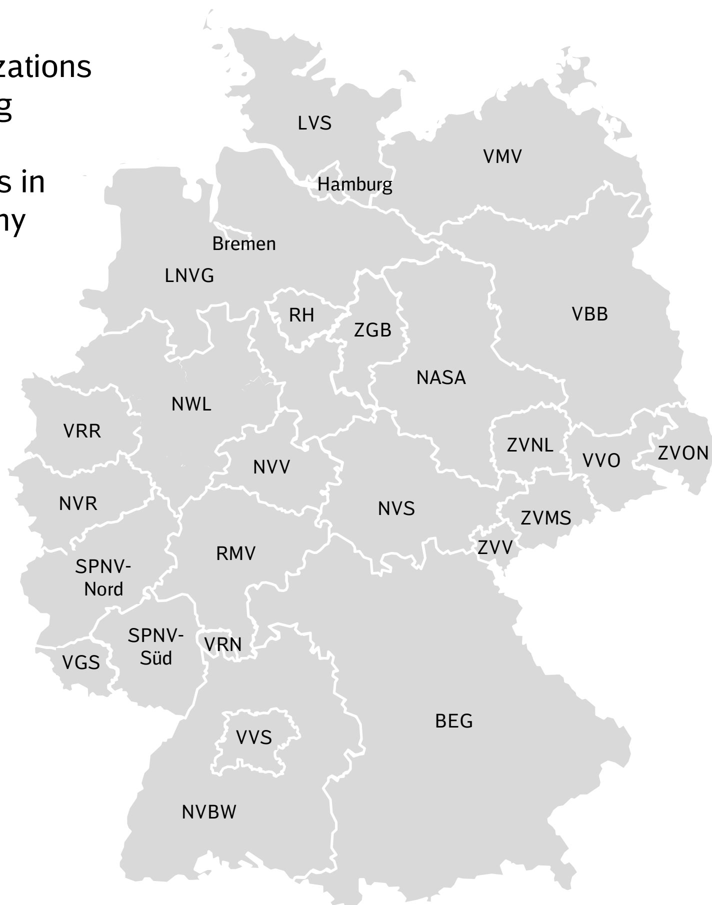
Germany in sync (Deutschland-Takt)

- Major increase in long-distance service: about 25% by 2030
- Five million citizens newly connected to the long-distance network and compared to 2014 50 mn 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 CO_2 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: 27 client organizations order local rail passenger transport services

Market overview

Organizations ordering LRPT[1)] 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 available to the Federal states (2017: € 8.35 bn; 2018: € 8.5 bn)
- 27 client organizations order LRPT services from train operating companies on behalf of the states
- Market volume is about 669 mn train km (2017)
- The market in Germany is completely liberalized.
  With a market share of around 67 % (2017)
  DB Regional is the backbone of the German local rail passenger transport market

1) LRPT = local rail passenger transport

DB Regional: Market segmentation and strategic directions specified with defined activities

Our Market Segments

- Suburban rail
- Regional train and bus services
- Integrated local mobility services
- Maintenance

Strategic Directions

- Quality
- Innovation
- Costs
- Maintenance
- Competition networks
- Digitalization
- Expansion of competences

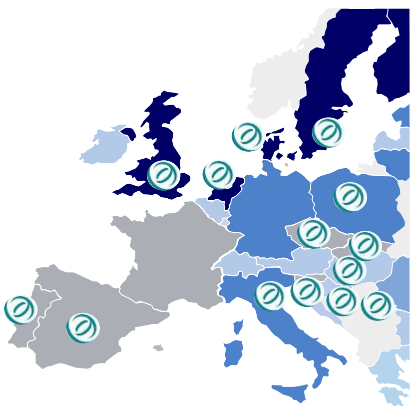
Current activities (examples)

Quality	Innovation	Costs	Maintenance	Competition networks	Digitalization / Expansion of competences
Quality Program OPEX	Innovations-Roadmap			Basic Quality Biddings	Digital Customer Interface
Focus Accuracy Suburban Rail	Start-Up Initiative	PMP: Improved Program Steering	Maintenance as a Service	Overhead Reduction	On Demand-Business Models

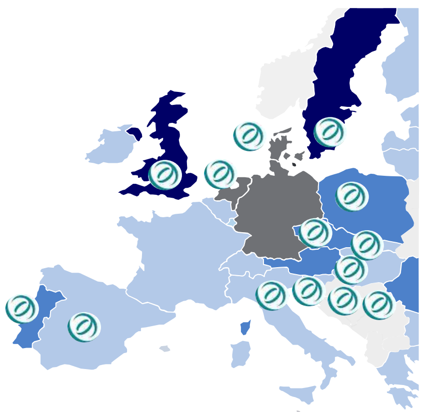
DB Arriva: Established growth platform in 14 European countries

Market overview

Bus



Rail



mature | mid-liberalization | emerging | yet to liberalize | not defined

Significant characteristics

- Europe sees varying degrees of liberalization
- Heterogeneous markets throughout Europe – in terms of both market liberalization and competition – complete liberalization means a redistribution of contracts
- DB Arriva is a growth platform in Europe and is already well-established in 14 countries with 20,700 buses and 1,300 trains (light and heavy rail), 21 waterbuses, 350 electric cars, more than 500 bikes and 312 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 rail contracts
- Entered UK rail market in 2000
- 23% market share of rail passenger transport
- 12,500 employees
- Fleet of 745 trains operating 5,700 services every weekday
- Managing 835 stations
- 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 of London

- Third-largest provider of bus services in regional markets (outside London) with rural, urban and inter-urban bus services
- Entered market in 1996
- 16,100 employees
- Fleet of 5,650 buses
- On-demand transport services through ArrivaClick and non-emergency patient transport services also part of the portfolio
- Predominantly commercial transport services

London Bus

- One of the market leaders, operating ~18% of bus services
- Entered market in 1980 (privatization in 1994)
- 5,500 employees
- Management of a fleet of 1,700 buses
- Mainly contracted transport services
- First company to operate new Routemaster buses and first all-electric bus route

DB Arriva – Accelerate program: Creating value… through three drivers:

Accelerate

The best employees | A strong foundation | A bigger and better Arriva | Preferred by our customers

DB

New business

New Modes and Business Models

Tendering

M&A in existing countries

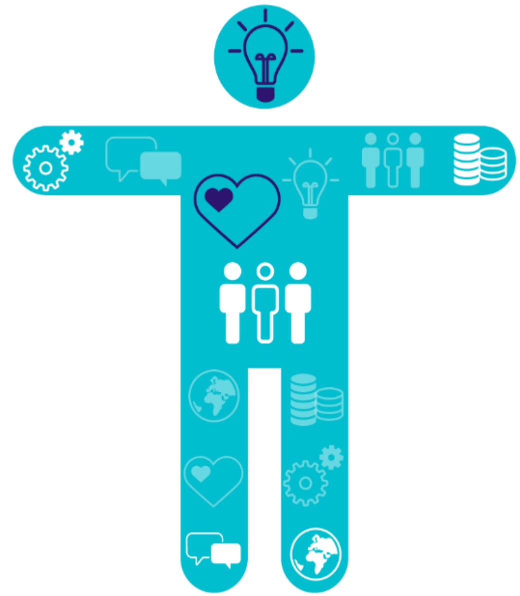
New Territories

Existing business

Operational efficiency

Commercial effectiveness

Leadership



Accelerate: Introducing hothouses

Accelerate

The best employees | A strong foundation | A bigger and better Arriva | Preferred by our customers

Preparation		Solution creation		Implementation	
Initiative definition	Initiative set-up	Hothouse	Pilot development (optional)	Blueprint definition	Benefit realisation

What is it?

Initiative definition	Initiative set-up	Hothouse	Pilot development (optional)	Blueprint definition	Benefit realisation
Setting the sequence of initiatives	Scoping the problem and questions to answer	Intensive solution development	Validating implementation options	Planning implementation locally	Rolling out and realising benefits

12 weeks

Accelerate: The hothouse process is targeting business critical areas

Accelerate

The best employees | A strong foundation | A bigger and better Arriva | Preferred by our customers

DB

- Fuel efficiency
- Procurement effectiveness
- Driver efficiency
- Maintenance procedure efficiency
- Commercial effectiveness
- Operational planning efficiency
- IT efficiency & digitalisation

- Standardising parts of the Arriva operating model
- Leveraging the collective power of the whole group
- Using our operational superiority to differentiate ourselves in our industry

Launched | Underway | Plannning phase

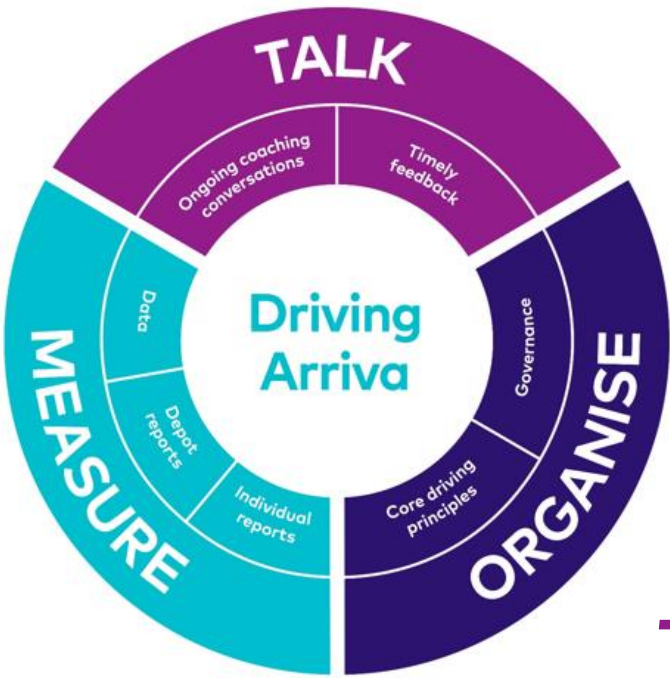
Accelerate/Hothouse #1: Procurement effectiveness

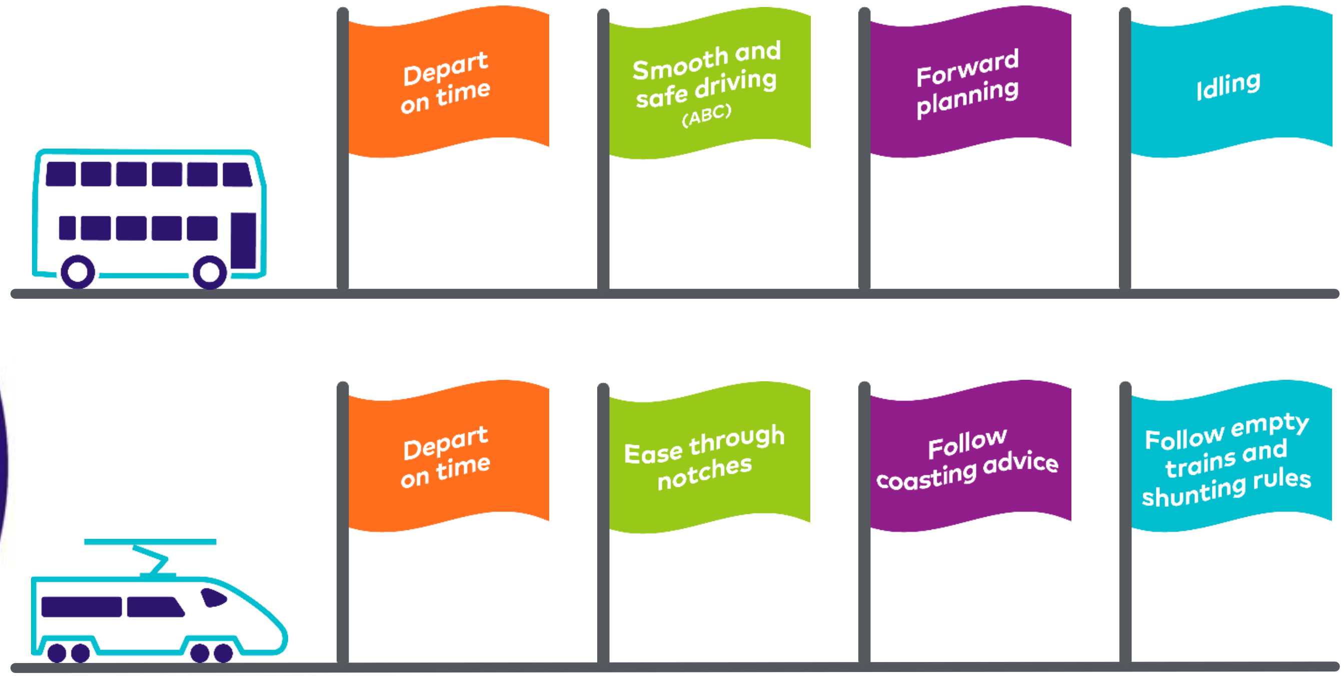
Accelerate | The best employees | A strong foundation | A bigger and better Arriva | Preferred by our customers

Objective To highlight the largest gaps in procurement value, critically examining barriers and identifying the levers to achieve higher performance

4 addressable categories		Pilots to address identified value gaps
1	Bus spare parts	"Greater value will be delivered through transparency"
2	Tyres	Optimise access to global supply markets
3	Vehicle cleaning	"Optimise specifications we give suppliers "
4	Temporary labour	"Enhanced controls to effectively manage demand"

Accelerate/Hothouse #2: Fuel efficiency





The Blueprint moves Arriva teams in 14 countries to a single way of Driving Arriva

Accelerate next steps

Accelerate

The best employees | A strong foundation | A bigger and better Arriva | Preferred by our customers

Value creation

Blueprint implementation

Continuous learning

Launch next hothouse

PMO tracking and measurement

Transport and logistics: DB Group is one of the biggest worldwide freight transport and logistics services provider

- **>2,100**
  locations in over 130 countries
- **>4,200**
  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 Schenker has a broad global customer base and an asset-light business model

Business model

Network business

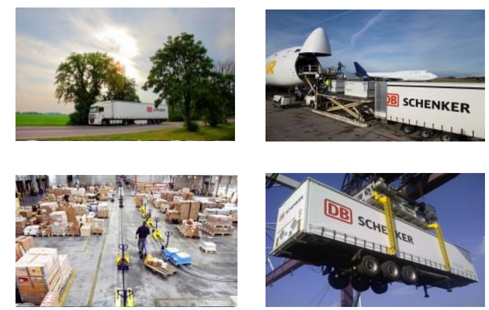
- Size is key for a high supply density and for economies of scale when purchasing transport capacity
- Door-to-door solutions thanks to a global presence in 140 countries

Broad customer base

SIEMENS
Ford
P&G
Dow
BOSCH
CISCO
tyco
DAIMLER
SAMSUNG
ABB

- Approximately 700,000 customers with a wide range of industries
- Large anchor customers and small/medium-sized customers
- Wide range of customers/industries makes business less prone to crisis

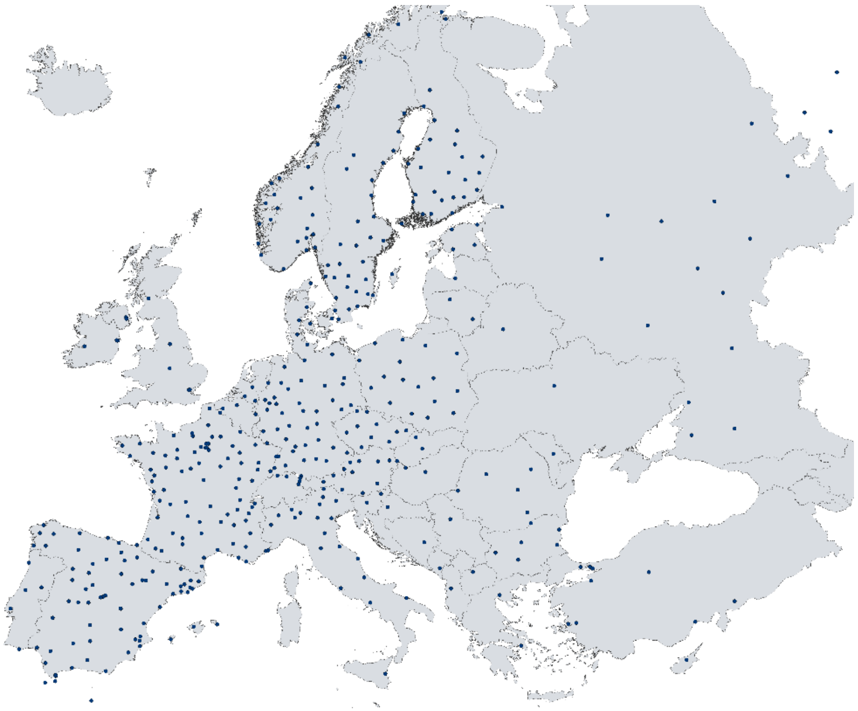
Asset-light business model



- Own vehicles and swap bodies only in parts of land transport
- Predominately leased logistics locations
- Asset-light business model creates flexibility

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

European land transport network



● DB Schenker European land transport terminals

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 in 2017
- Fleet of around 31,000 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
- > 1000 dedicated charter flights p.a.
- > 1.3 mn t air freight volume (exports) 2017

Ocean freight

- No. 3 worldwide
- Global presence with 600 sites worldwide
- Organization of "door-to-door" transport services
- LCL services with 600 direct connections
- 2.2 mn TEU (exports) ocean freight volume in 2017

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

DB Schenker takes advantage of market opportunities in contract logistics

Contract logistics

- No. 5 worldwide
- Global presence in over 56 countries
- Around 750 locations overall
- 8 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
- XSite global business excellence program
- Global profitability program G4P (Go-for-Performance) successfully transferred to line organization

DB Schenker: The PRIMUS strategic framework is the next evolution of the PRIMUS journey

DB SCHENKER primus GROWTH

DB SCHENKER primus EFFICIENCY

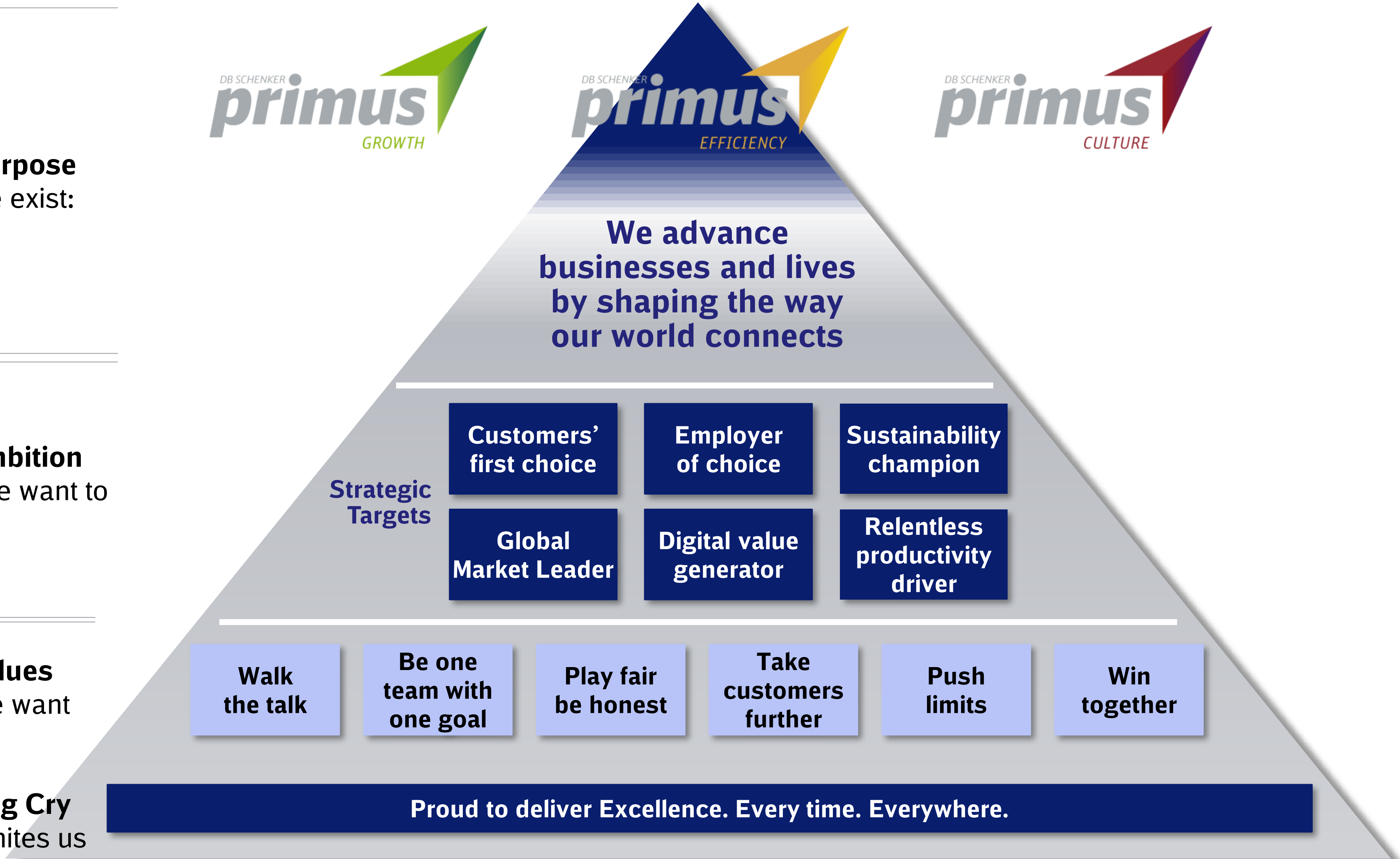
DB SCHENKER primus CULTURE

Our purpose
why we exist:

Our ambition
what we want to be:

Our values
how we want to act:

Rallying Cry
what unites us



DB Schenker's strategic targets express, specify and substantiate PRIMUS Ambition

Customers' first choice

When customers think of logistics, they think of Schenker first. We foresee customers' needs and are easy to do business with. We deliver on our quality and service commitment. Customers trust us to get the job done

Global Market Leader

We strive to be the best in what we do. We extend our reach around the globe. We continue to grow stronger. In a world of change and uncertainty, we succeed and deliver results

Employer of Choice

We attract, retain and develop employees, so they can thrive at all levels. We deliver better results because we have a diverse workforce. We employ outstanding leadership at all levels

Digital value generator

We create value and growth from digital and data-driven business models and services. We are at the forefront of our industry, delighting customers with our innovative value proposition

Sustainability Champion

We adhere to the highest standards, in the way we act and in the business we engage in. We make a positive contribution to society and continuously improve our ecological footprint

Relentless productivity driver

We are agile and use ingenuity and technology to realize value creation potentials. We drive efficiency in structures, processes and systems to maintain financial sustainability

Execution of PRIMUS initiatives: selected examples

Growth

- Half of our PRIMUS target will be fulfilled by core business growth
- The other half will be conducted by the program “Go for Business” (G4B)
- G4B consists of 14 initiatives, which are grouped into Find, Get, Keep and Growth
- Five examples:
  1. Push Asia HQ companies
  2. Hyper grow MEA
  3. Develop underpenetrated companies
  4. Boost SME Sales
  5. Drive e-commerce

Efficiency

Global Business Services

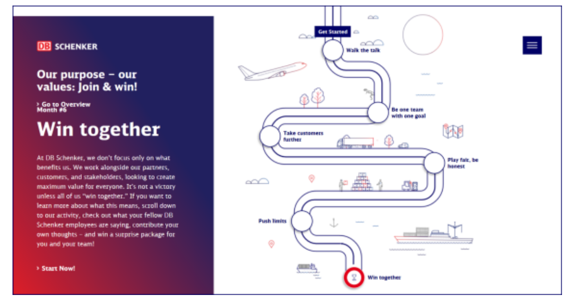
- GBS organization and GBS Centers in Bucharest and Manila established
- First transitions successfully completed
- Process standardization and upcoming RPA/automation implementations leverage efficient service delivery

Smart Cost Management

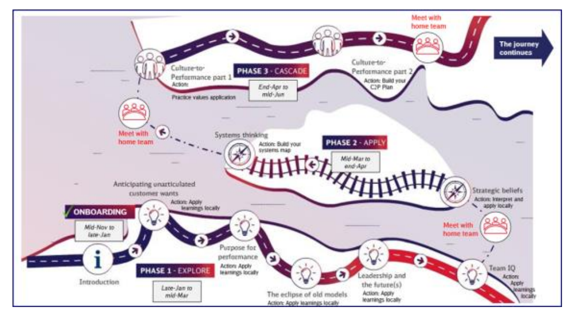
- Spend transparency & standardize KPIs for main OPEX cost categories
- Global best practice & innovation exchange
- Further implementation of cost saving initiatives via established global Category Owner Network
- Development of one standardized controlling & monitoring solution for PRIMUS Efficiency

Culture

- New company purpose & values rolled out to global organization, i.e. via Culture Campaign Site:

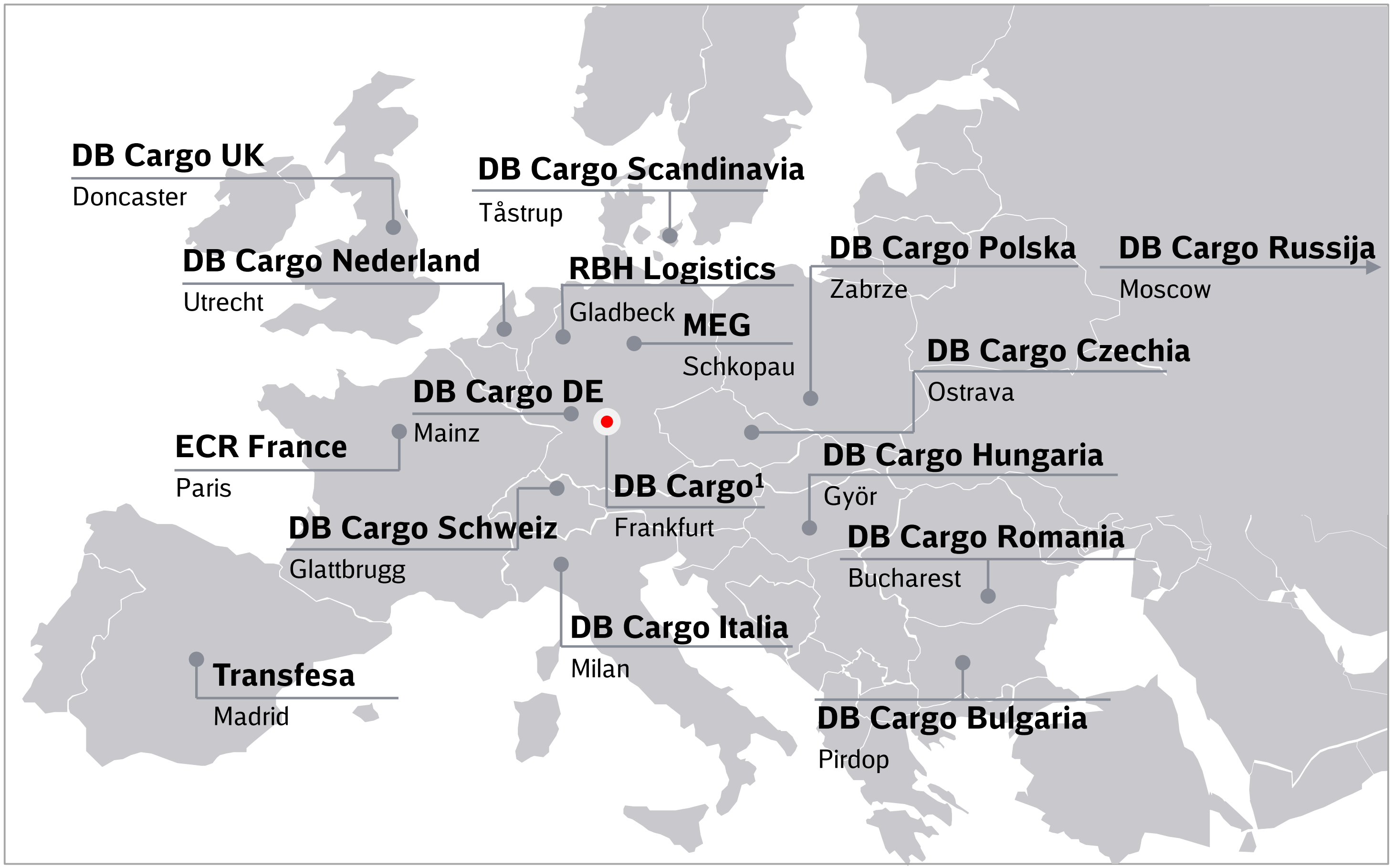


- 700 Leaders involved in *The Future is Here* Leadership Program



DB Cargo offers its customers a comprehensive European network

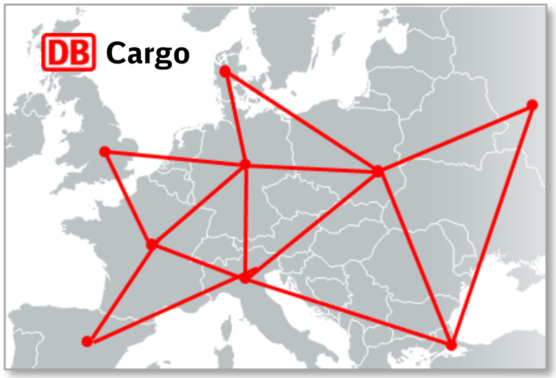
DB Cargo in Europe



1 European Headquarter

Three decisive factors shape the business model of DB Cargo

European network



- International network alongside the major European rail freight corridors
- Organizational benefits from scale effects through size

Clear sector and customer focus



- Bulk logistics: Building material, fertilizer, metal and coal industry
- Industrial and commercial logistics: Automotive, chemical, petroleum, consumer goods, pulp and paper industries
- Combined transport: Operators, freight forwarders and shipowners

High asset investment


- Own production
- Fleet[1] of about 2,760 locomotives and about 83,390 freight cars
- High specialization of rolling stock

[1] Own and finance lease.

DB Cargo offers a wide range of services and industry products, supplemented with additional services

Core products

Block train transport

For transporting large volumes within the European transport network

Single wagon transport

For transporting small to mid-size volumes within the European transport network

Container logistics

Combines rail transport with other modes, including first and last mile by road and terminal handling

Additional services

Door-to-door logistics services

Door-to-door transport and logistics solutions

Rail logistics

Intermodal logistics solutions, including Railports

Sidings

Set up and maintenance of private sidings

Maintenance

Range of operational maintenance services (locomotives, cars)

Eco Plus

Entirely carbon-free transport of goods

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

- **5,700**
  stations serve as railway gateways in Germany
- **33,500**
  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

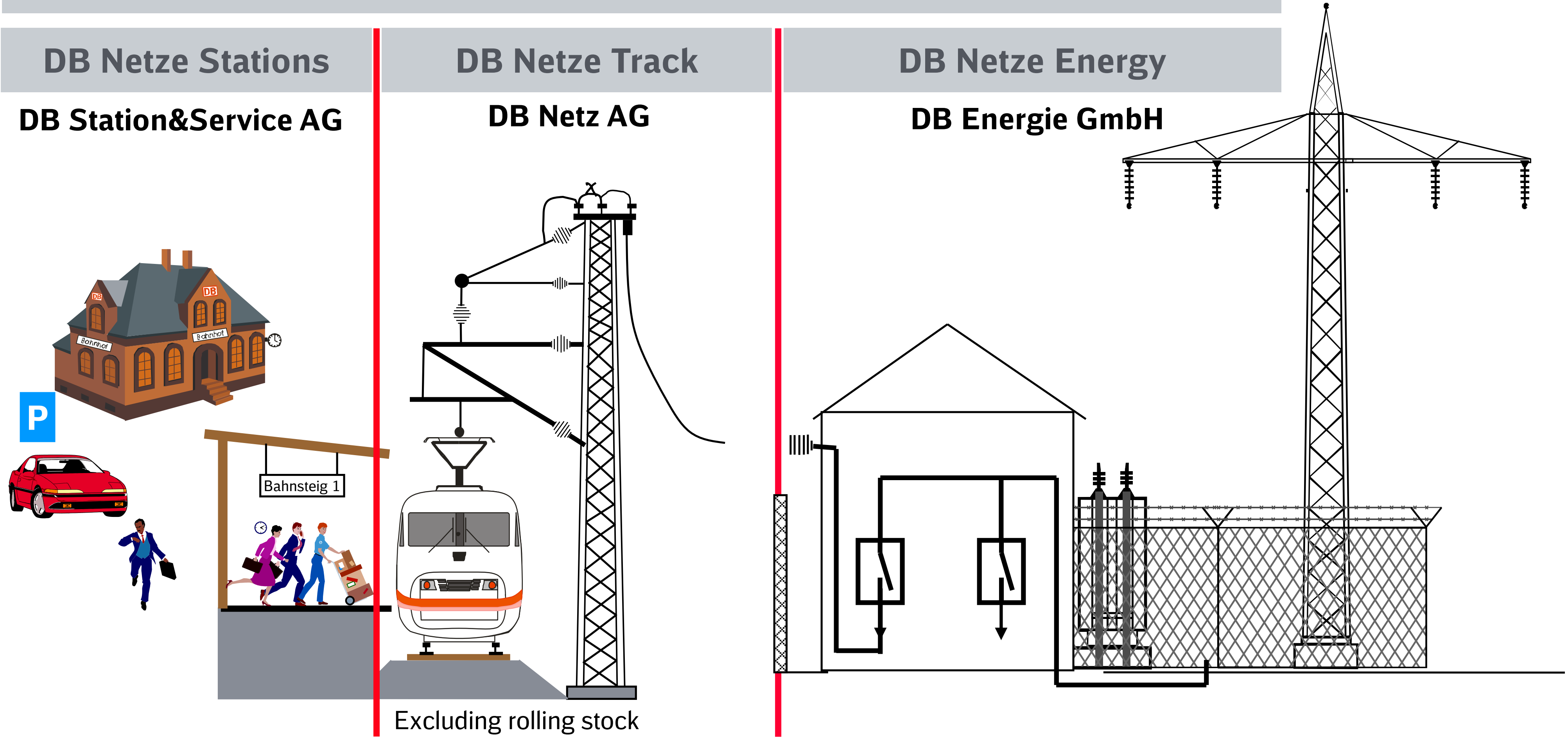
DB Netze Stations

DB Netze Energy

The public rail infrastructure is clearly allocated to one of the three infrastructure business units

Infrastructure (DB Netze)

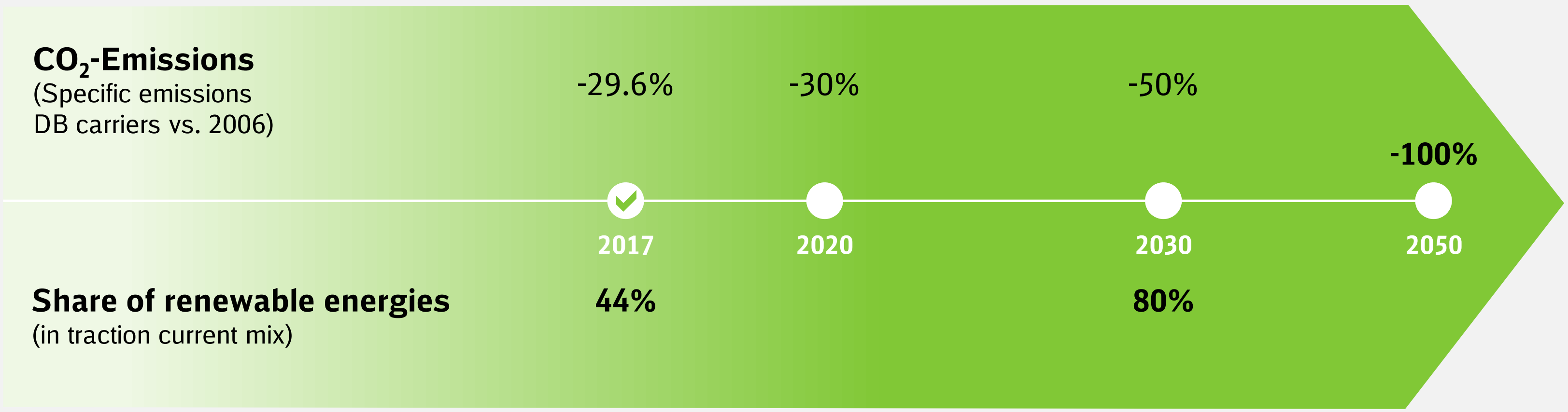
DB Netze Stations	DB Netze Track	DB Netze Energy
DB Station&Service AG	**DB Netz AG**	**DB Energie GmbH**



Excluding rolling stock from train operating companies (TOC)

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

DB2020+ Target Eco-pioneer



The share of renewable energies in the DB traction current mix is 44% (2017), thereby exceeding the share of renewable energies in Germany's final energy consumption significantly (36% in 2017) .

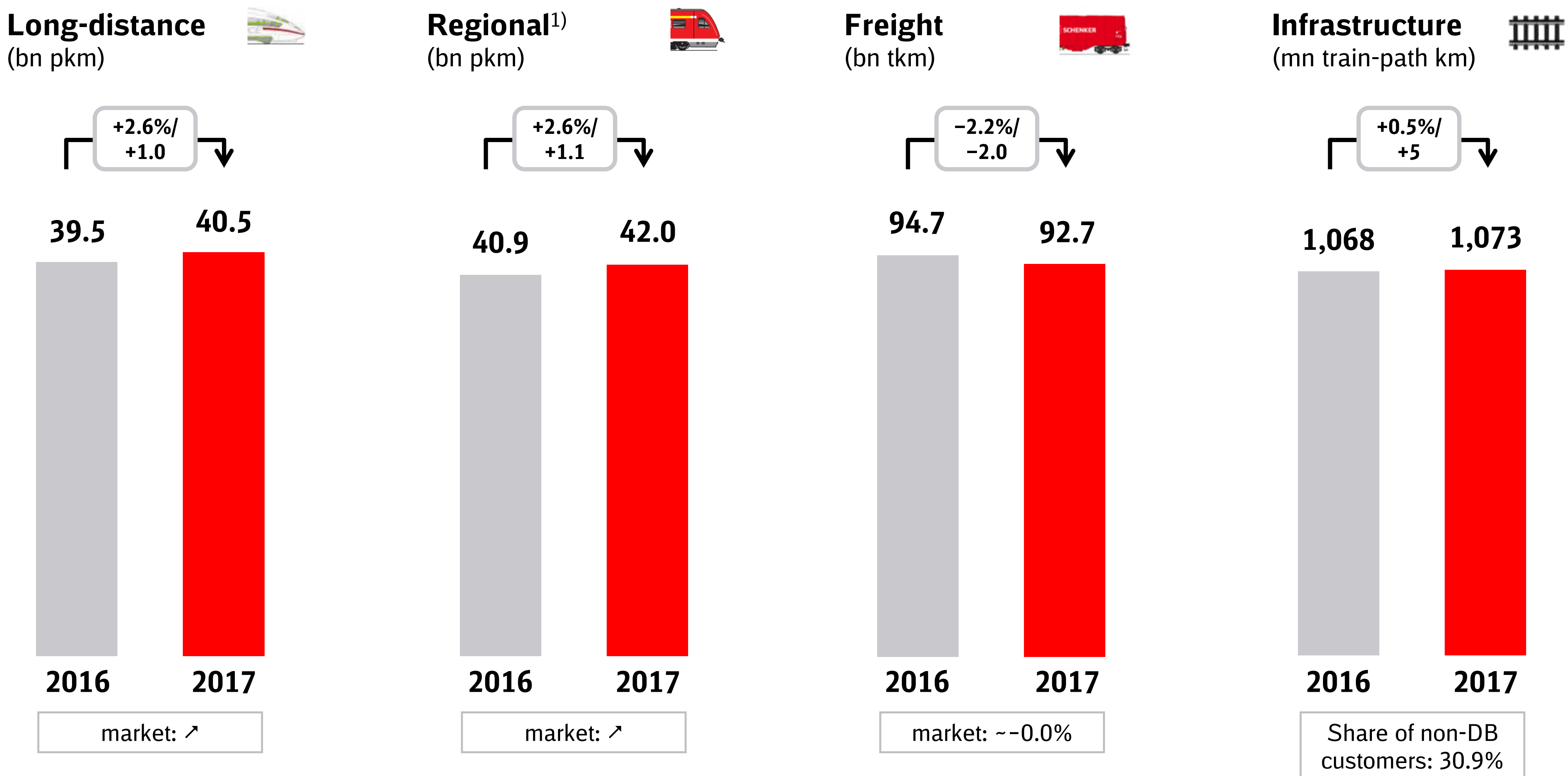
DB Group has increased its green energy targets for 2030 to 80% to further enhance the share of renewables in the traction current mix as well as to reduce overall CO_2 emissions by 50% compared to 2006.

Enabling DB Group's vision to become CO_2-free by 2050, DB Netze Energy actively supports the energy transition (Energiewende) in Germany and provides sustainable, reliable and affordable energy to its customers.

Source: DB Group / Institute for Energy and Environmental Research

Mixed performance development of rail business in Germany

Key performance indicators – rail

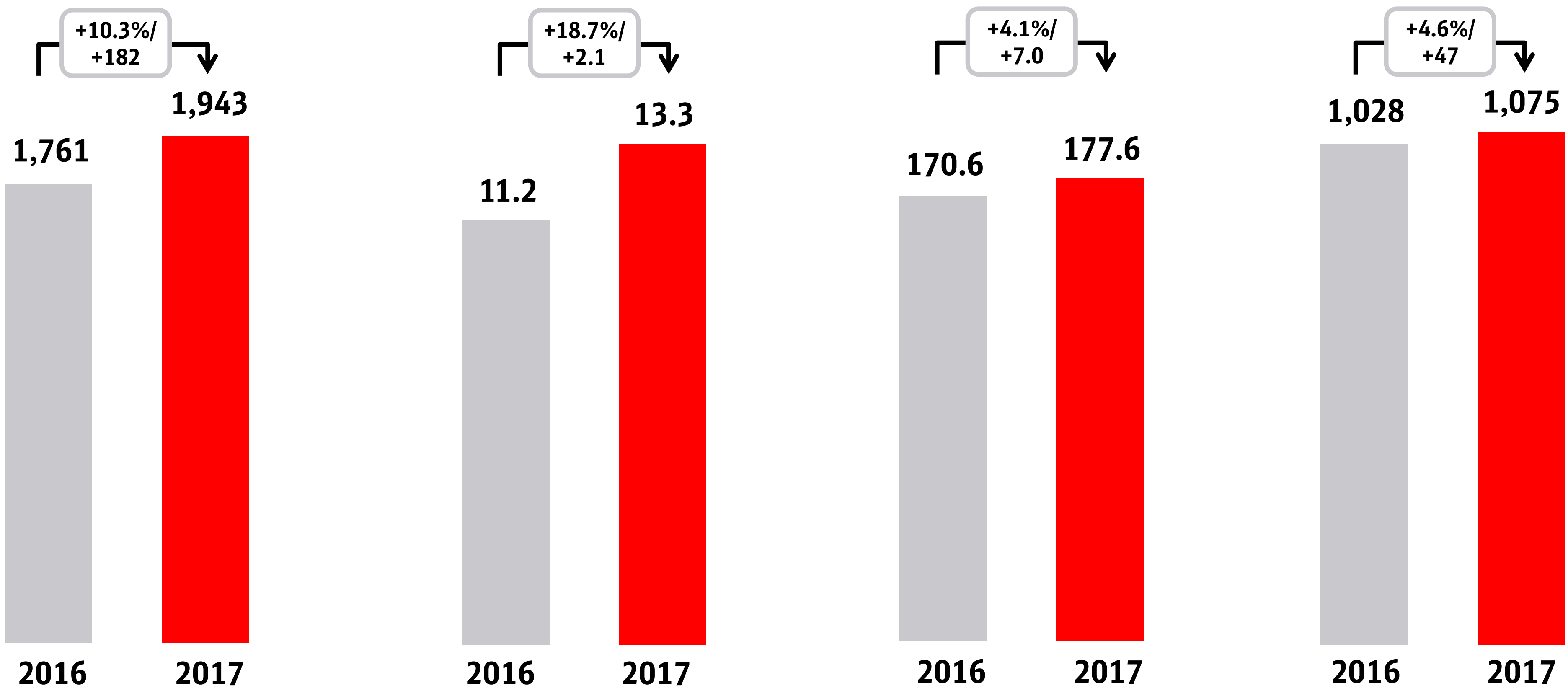


1) DB Regional and UBB Usedomer Bäderbahn GmbH.

Positive performance development of DB Arriva in bus and rail business

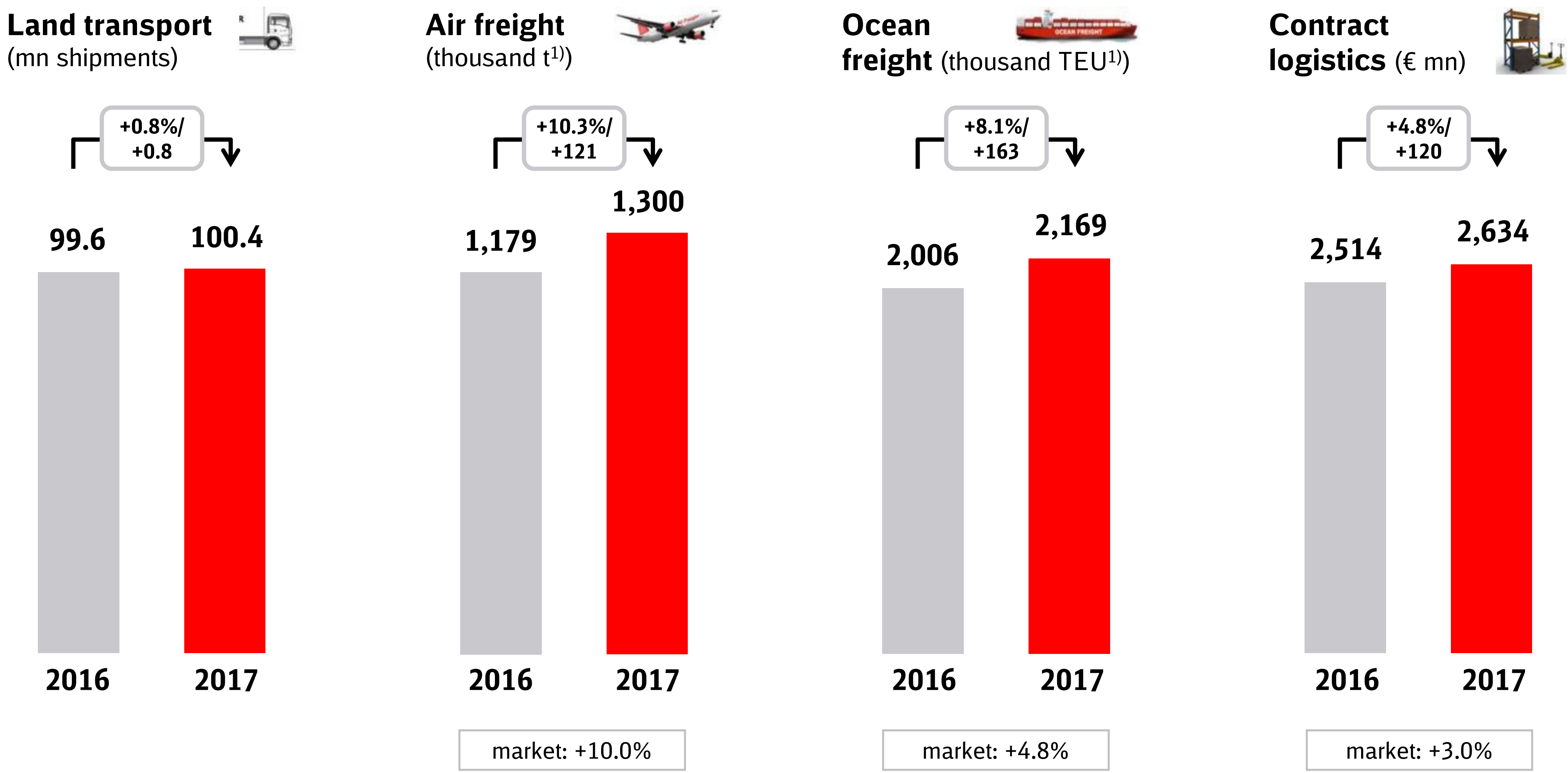
Performance indicators – DB Arriva

Passengers (million) | **Volume sold rail** (billion pkm) | **Volume produced rail** (million train-path km) | **Volume produced bus** (million buskm)



Positive performance development in the freight forwarding and logistics business

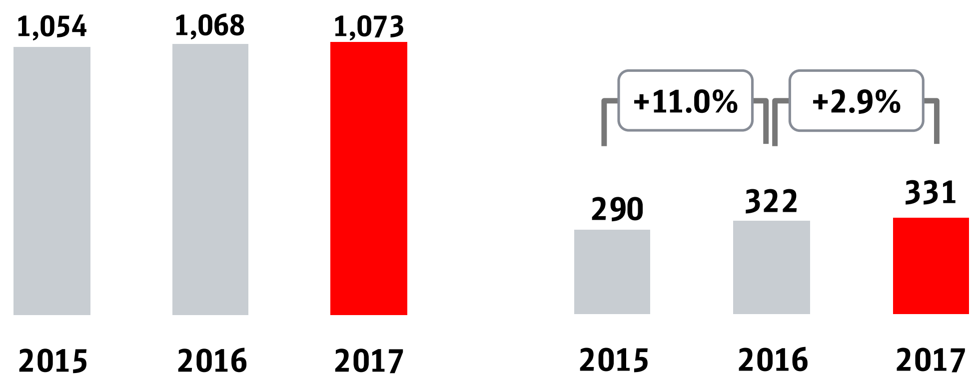
Performance indicators – DB Schenker



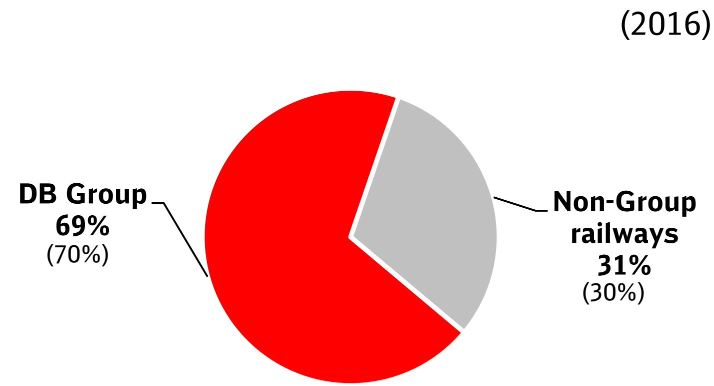
[1] Exports.

Further intensification of non-Group infrastructure usage

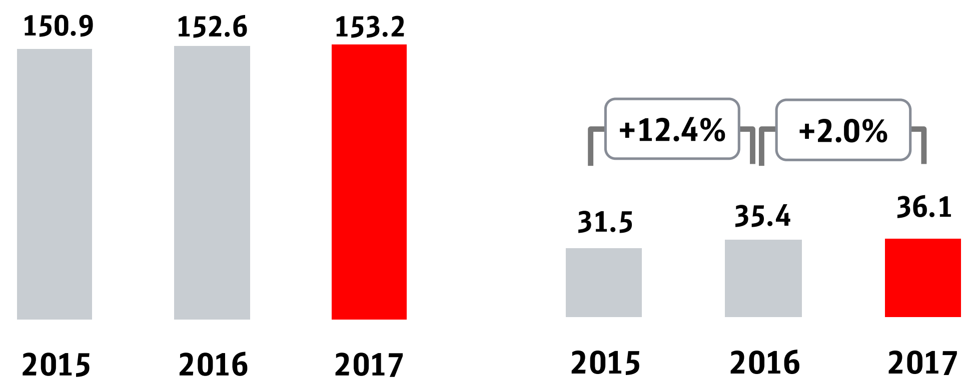
Train-path usage total/non-Group (mn train-path km)



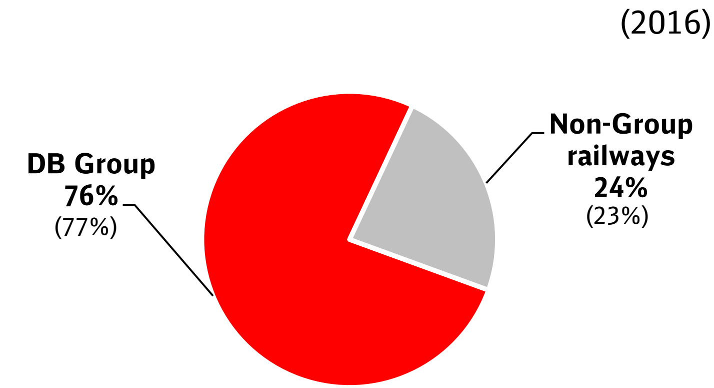
Structure of train-path usage (%)



Station stops total/non-Group (mn stops)



Structure of station stops (%)



Comparable revenue development also mainly positive, FX effects mainly at DB Arriva and DB Schenker

Total revenues (€ mn)	**2017 effective**	**Adjustments Consol.**[1]	**Adjustments FX**[2]	**2017 comp.**	**2016 comp.**	+/– €	+/– %
DB Long-Distance	**4,347**	–	–	**4,347**	4,159	+188	+4.5
DB Regional	**8,734**	–	–	**8,734**	8,630	+104	+1.2
DB Arriva	**5,345**	–41	+227	**5,531**	5,093	+438	+8.6
DB Cargo	**4,528**	–9	+17	**4,536**	4,560	–24	–0.5
DB Schenker	**16,430**	–27	+171	**16,574**	15,128	+1,446	+9.6
DB Netze Track	**5,364**	–	–	**5,364**	5,228	+136	+2.6
DB Netze Stations	**1,265**	–	–	**1,265**	1,233	+32	+2.6
DB Netze Energy	**2,794**	–	–	**2,794**	2,779	+15	+0.5
Other/consolidation	**–6,103**	–1	–	**–6,104**	–6,258	+154	–2.5
DB Group	**42,704**	–78	+415	**43,041**	40,552	+2,489	+6.1

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

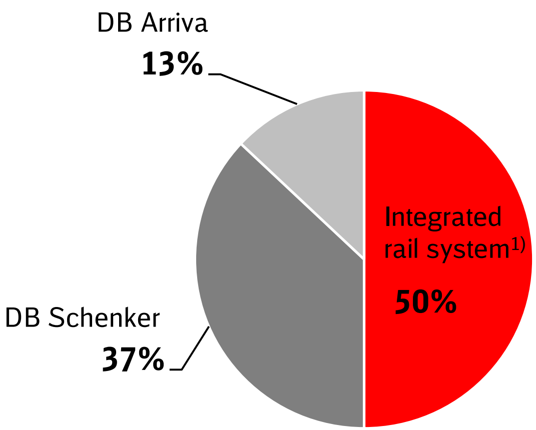
Stable revenue structure compared to 2016

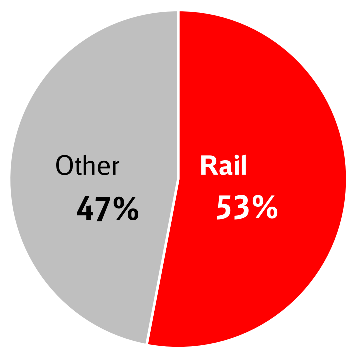
By divisions

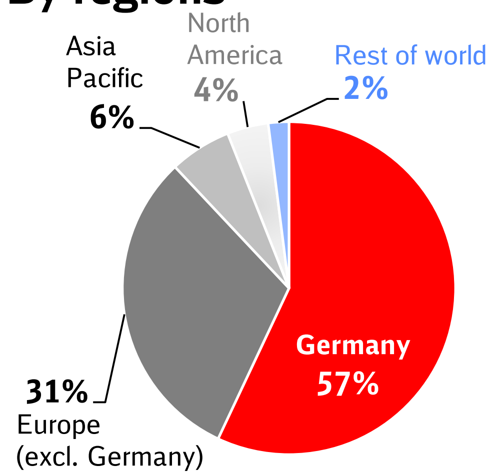
By activities

By regions

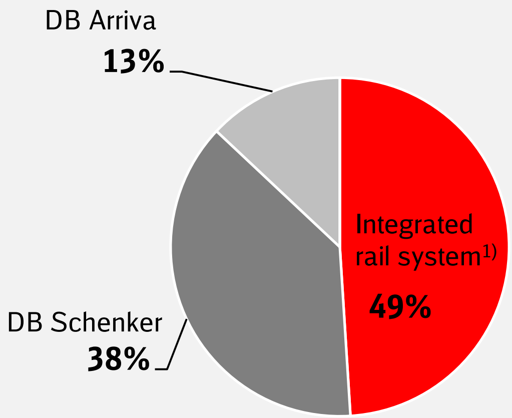
2016

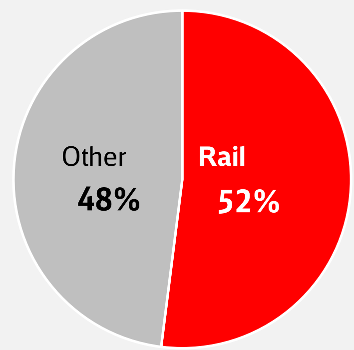


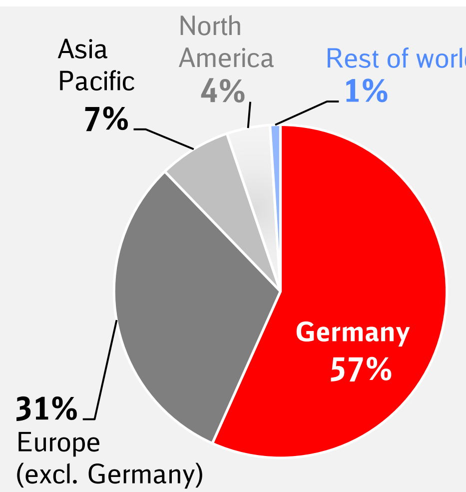




2017



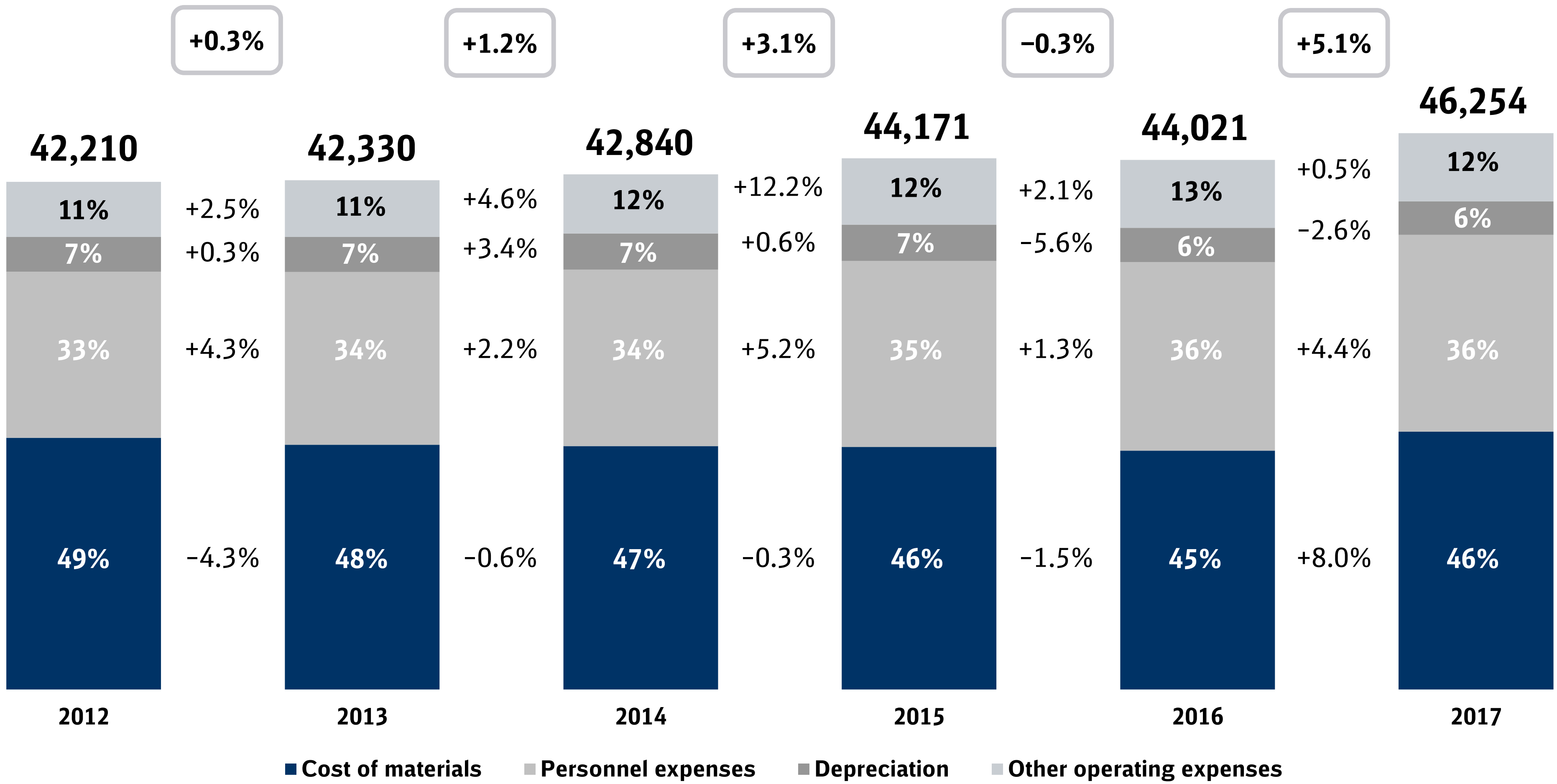




[1)] Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.

Personnel expenses and cost of materials dominate expense structure

Expenses – internal view (€ mn)



EBITDA development positive, with exception of DB Regional and DB Netze Energy

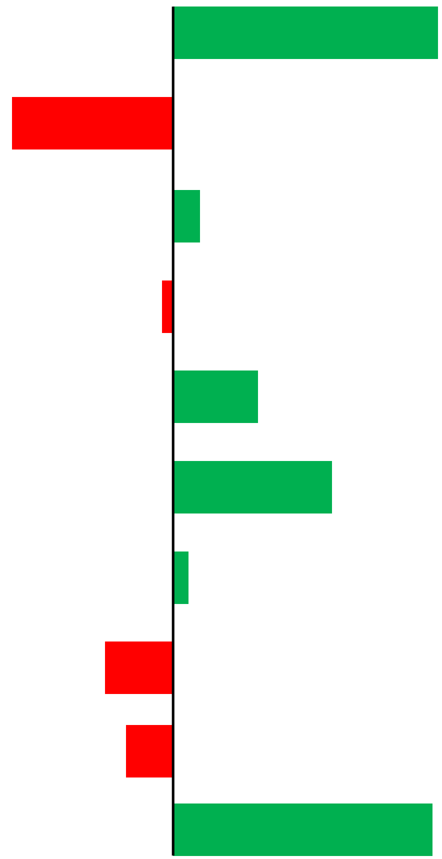
EBITDA adjusted (€ mn)

	2017	2016	Changes	
DB Long-Distance	**611**	419	+192	+45.8%
DB Regional	**1,156**	1,272	–116	–9.1%
DB Arriva	**569**	525	+44	+8.4%
DB Cargo	**130**	108	+22	+20.4%
DB Schenker	**676**	599	+77	+12.9%
DB Netze Track	**1,484**	1,484	–	–
DB Netze Stations	**372**	359	+13	+3.6%
DB Netze Energy	**141**	197	–56	–28.4%
Other/consolidation	**–209**	–166	–43	+25.9%
DB Group	**4,930**	**4,797**	**+133**	**+2.8%**

Mixed EBIT development across business units

EBIT adjusted (€ mn)

	2017	2016	Changes	
DB Long-Distance	**381**	173	+208	+120%
DB Regional	**508**	636	-128	-20.1%
DB Arriva	**301**	280	+21	+7.5%
DB Cargo	**-90**	-81	-9	+11.1%
DB Schenker	**477**	410	+67	+16.3%
DB Netze Track	**687**	561	+126	+22.5%
DB Netze Stations	**233**	221	+12	+5.4%
DB Netze Energy	**72**	126	-54	-42.9%
Other/consolidation	**-417**	-380	-37	+9.7%
DB Group	**2,152**	**1,946**	**+206**	**+10.6%**



Passenger transport: Business units developed differently

DB Long-Distance

- Volume sold increased, as a result of measures to promote services, the introduction of free Wi-Fi, including in second class and market-driven stimuli.
- Revenues improved, due to better performance, price effects and effects from a less intense competitive environment.
- Operating profit increased driven by income development and lower cost of materials. Higher personnel expenses due to tariff increases had a dampening effect.

(€ mn)	2017	2016	+/- %
Pkm (rail; bn)	40.5	39.5	+2.6
Revenues	4,347	4,159	+4.5
EBIT adj.	381	173	+120
EBITDA adj.	611	419	+45.8

DB Regional

- Performance development was differentiated. Rail: positive effects from awarded contracts more than compensate effects of contract losses. Bus: volume sold and produced declined inter alia as a result of the discontinuation of the long-distance bus business in the fall of 2016.
- Revenues were slightly higher. Mainly driven by performance and price effects. Concession fees increased slightly.
- Operating profit decreased due to a disproportionate rise in expenses.

(€ mn)	2017	2016	+/- %
Pkm (rail; bn)	48.9	48.4	+1.1
Revenues	8,734	8,653	+0.9
EBIT adj.	508	636	-20.1
EBITDA adj.	1,156	1,272	-9.1

DB Arriva

- Performance figures increased (rail and bus). Mainly driven by acquisitions and start of operations in the previous year.
- Increase in revenues was mainly driven by the full-year inclusion of Arriva Rail North, Arriva Rail London and the Limburg transport services in the Netherlands. Additionally acquisitions (Mainland Europe) and the operating development of UK Trains had a positive impact. Inter alia exchange rate effects had an adverse impact.
- Operating profit increased.

(€ mn)	2017	2016	+/- %
Train-path (bn)	177.6	170.6	+4.1
Buskm (bn)	1,075	1,028	+4.6
Revenues	5,345	5,093	+4.9
EBIT adj.	301	280	+7.5
EBITDA adj.	569	525	+8.4

Transport and logistics: Strong development of DB Schenker, DB Cargo still under pressure

DB Cargo

- Performance development was weak. Volume of freight carried and volume sold decreased. Mainly driven by limitations due to operating restrictions, and strained transport quality (resource problems with personnel, and in some cases locomotives and cars).
- Economic situation remained tense. Slightly lower income was offset by lower expenses, so that adjusted EBITDA rose. Due to higher depreciation (+16.4 %; inter alia capex driven), the development of adjusted EBIT was negative.
- Central: Weaker development of rail-based goods (inter alia coal), negative impact of operating restrictions in Germany.
- West: drop in coal and chemical industry, quality restrictions in France, positive exchange rate effects.
- East: Positive development mainly driven by Poland, structural adjustments in the customer portfolio in Southeastern Europe.

(€ mn)	2017	2016	+/- %
Volume sold (bn tkm)	92.7	94.7	-2.2
Revenues	4,528	4,560	-0.7
EBIT adjusted	-90	-81	+11.1
EBITDA adjusted	130	108	+20.4

DB Schenker

- Market and competitive environment with positive stimuli.
- Volume development was positive in European land transport and air and ocean freight.
- Main driver of the positive revenue development were the air and ocean freight rate trends. Exchange rate effects had a dampening impact (in all lines of business).
- Development of operating profit was positive.
- European land transport: Positive revenue development due to higher shipment volume and the increased price of diesel.
- Air and ocean freight: Revenues increased in both air and ocean freight. Main drivers were freight rate and volume developments.
- Contract logistics: Revenue development remained noticeable positive due to positive business development with existing and new customer business.

(€ mn)	2017	2016	+/- %
Revenues	16,430	15,128	+8.6
EBIT adjusted	477	410	+16.3
EBITDA adjusted	676	599	+12.9

Infrastructure: Mixed development of business units

DB Netze Track

- Higher demand from non-Group customers, especially in freight but also in passenger transport.
- Total revenues increased, negative effects of operating restrictions offset by price adjustments and increases in demand.
- Cost of materials (+3.3%) and personnel expenses (+6.5%) rose; depreciation (–13.7%) declined.
- Positive profit trend was offset by increased expenses, leaving the adjusted EBITDA at the previous year's level. Adjusted EBIT with positive development.

(€ mn)	2017	2016	+/- %
Train-path km (bn)	1,072	1,066	+0.6
Revenues	5,364	5,228	+2.6
EBIT adj.	687	561	+22.5
EBITDA adj.	1,484	1,484	–

DB Netze Stations

- Station stops slightly increased due to higher schedule frequencies and additional traffic in regional transport.
- Higher station revenues as a result of volume and prices as well as higher revenues from rental and leasing. Development of external revenues reflects the increase in demand from non-Group customers.
- Cost of materials (–2.7%) fell; personnel expenses (+9.8%) and depreciation (+0.7%) rose.
- Higher income compensated for the increase in expenses, resulting in an improvement in operating profit.

(€ mn)	2017	2016	+/- %
Stops (mn)	150.0	149.4	+0.4
Revenues	1,265	1,233	+2.6
EBIT adj.	233	221	+5,4
EBITDA adj.	372	359	+3.6

DB Netze Energy

- Positive development of demand from non-Group customers in stationary energy, counteracted by decline in internal demand for traction current.
- Revenues were slightly up, driven by higher non-Group demand as well as increased revenues from mineral oil products driven by market prices. Internal revenues declined due to the drop in demand.
- Higher income was unable to offset the increase in expenses, which was driven by higher energy expenses; the operating profit figures deteriorated as a result.

(€ mn)	2017	2016	+/- %
Revenues	2,794	2,779	+0.5
EBIT adj.	72	126	–42.9
EBITDA adj.	141	197	–28.4

Significant positive profit development – income growth exceeds higher operating expenses

Adjusted P&L (€ mn)	2017	2016	+/- €	+/- %
Revenues	42,704	40,576	+2,128	+5.2
Total income	48,406	45,967	+2,439	+5.3
Cost of materials	-21,441	-19,858	-1,583	+8.0
Personnel expenses	-16,363	-15,669	-694	+4.4
Other operating expenses	-5,672	-5,643	-29	+0.5
EBITDA adjusted	**4,930**	**4,797**	**+133**	**+2.8**
Depreciation	-2,778	-2,851	+73	-2.6
EBIT adjusted	**2,152**	**1,946**	**+206**	**+10.6**
Financial result	-790	-843	+53	-6.3
Extraordinary result	-394	-397	+3	-0.8
Profit before taxes	**968**	**706**	**+262**	**+37.1**
Taxes on Income	-203	10	-203	-
Net profit	**765**	**716**	**+49**	**+6.8**

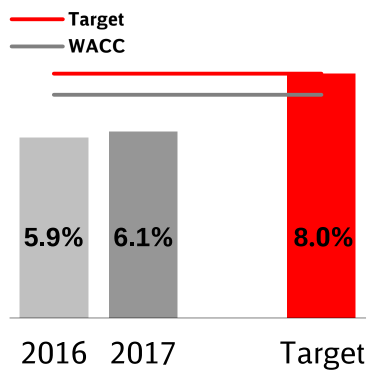
Key impact factors

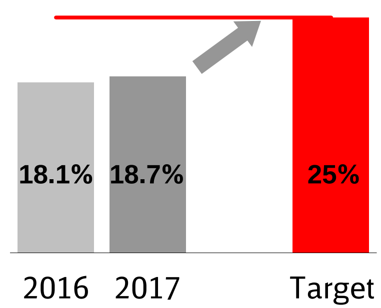
- Revenue development dampened by negative FX effects
- Other operating income increased, partly due to the reimbursement of nuclear fuel tax
- Operating expenses increased mainly due to the development of freight rates at DB Schenker and tariff effects in Germany
- Among other things, burdens in connection with restrictions in rail services had a dampening effect
- Continued competitive and cost pressure in all business units
- Development of the deferred tax position dampened the development
- Nevertheless, net profit developed significantly positive

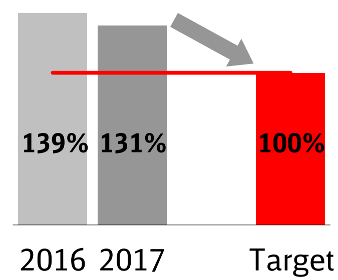
Clear targets for yield management and creditworthiness

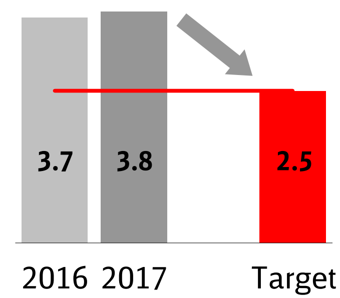
	ROCE	Redemption coverage	Gearing	Net financial debt / EBITDA
Calculation	$= \frac{\text{EBIT adjusted}}{\text{Capital Employed}}$	$= \frac{\text{Operating cash flow after tax}}{\text{Adjusted net debt}}$	$= \frac{\text{Net financial debt}}{\text{Equity}}$	$= \frac{\text{Net financial debt}}{\text{EBITDA adjusted}}$
Rationale	▪ ROCE links requirements of controlling (success control, management instrument) with capital market requirements (derivability, acceptance)	▪ Connection of cash flow after tax and debt ▪ Key figure in rating assessment process ▪ Includes off balance sheet transactions	▪ Debt figure for assess-ment of financing risks ▪ Focus on relevant, directly manageable parameters	▪ Connection of cash flow and financial debt ▪ Key figure in rating assessment process ▪ Widely used in investment analysis

Targets





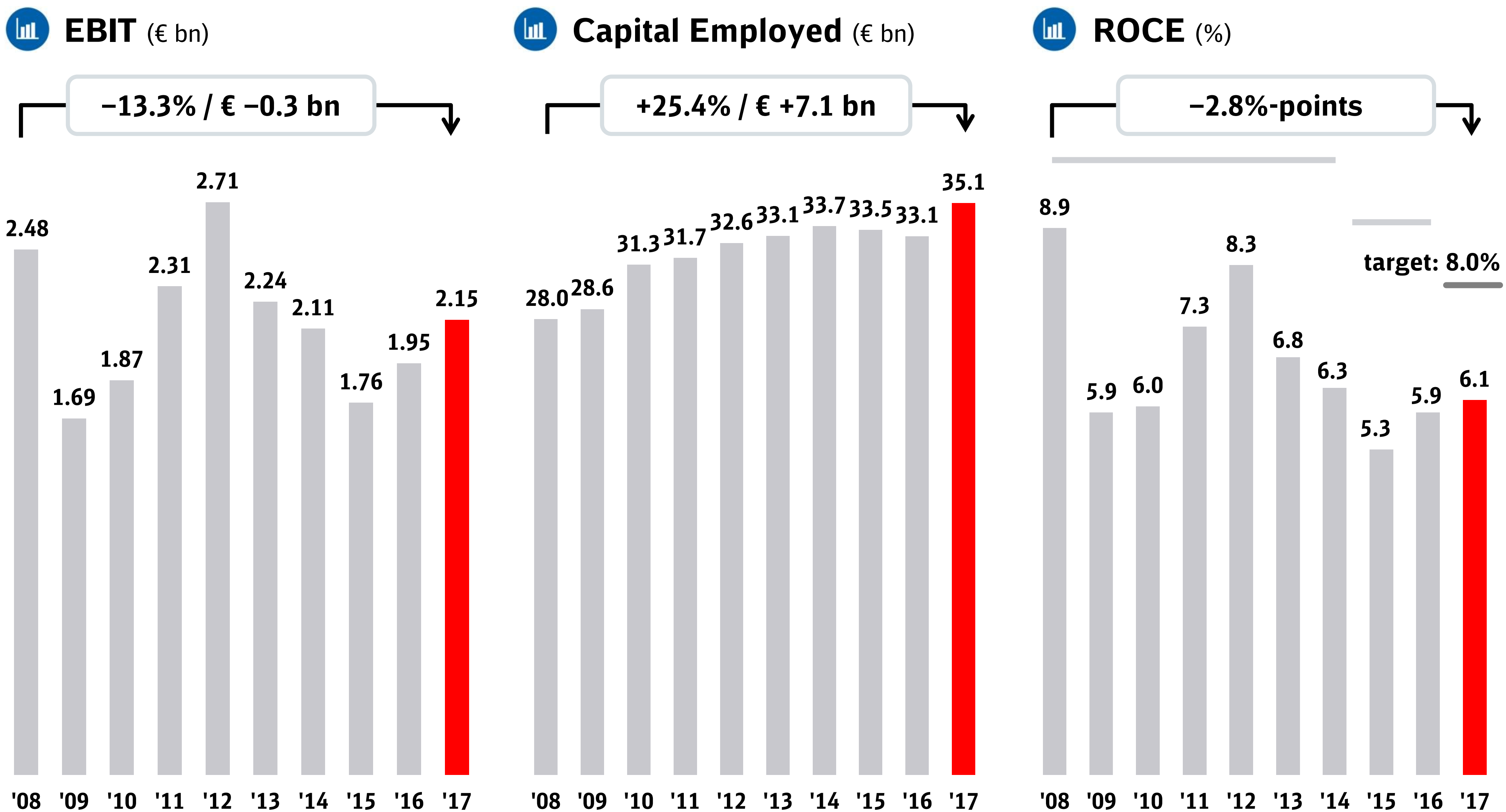




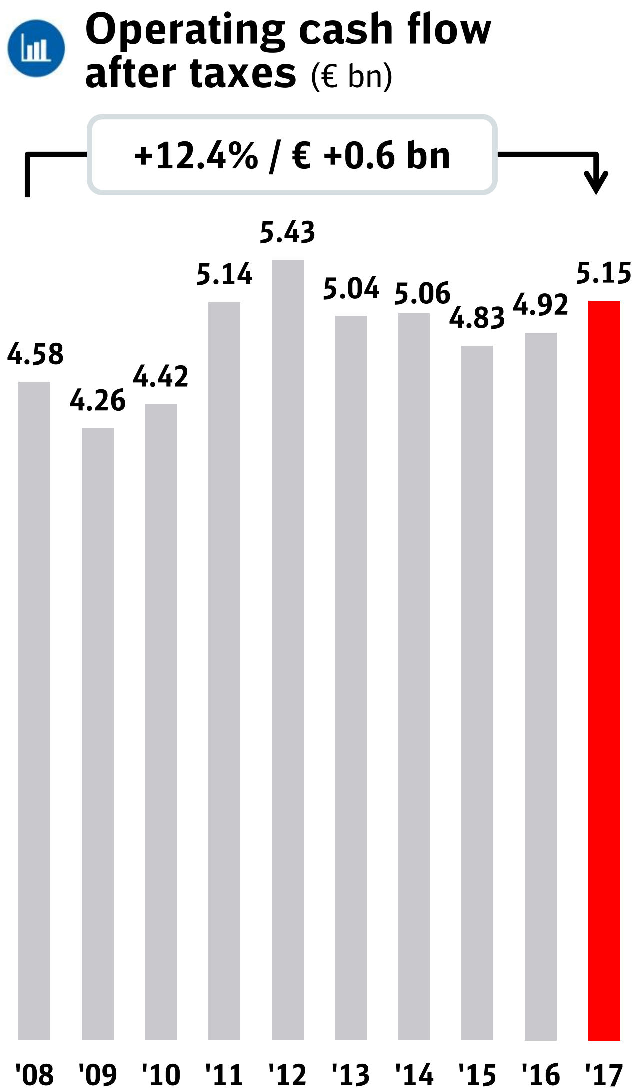
DB Group has to earn its cost of capital (WACC) in the mid-term; value generation: ROCEs>WACCs

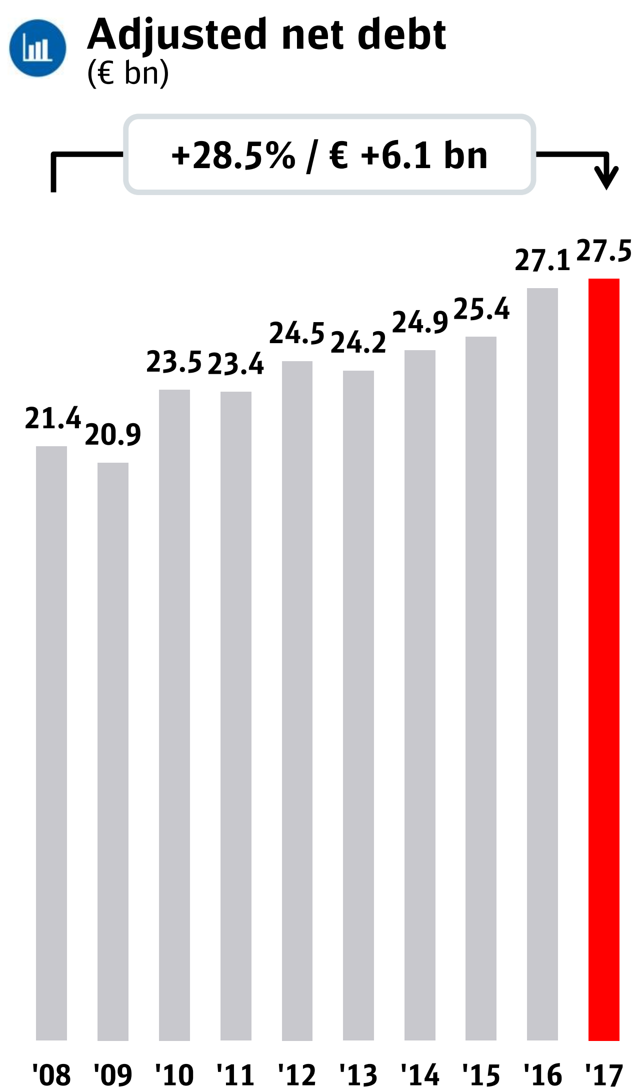
Access to the capital markets / preservation of a broad fixed income investor base
Confirmation of credit ratings in the good investment grade area even on a stand alone basis

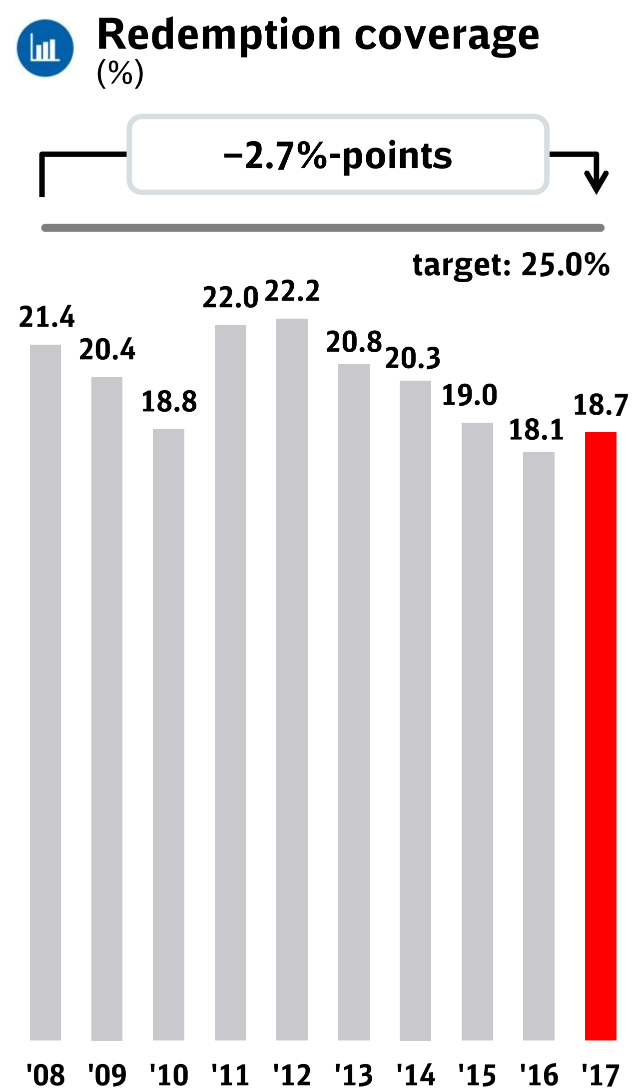
Development of return on capital employed (ROCE)



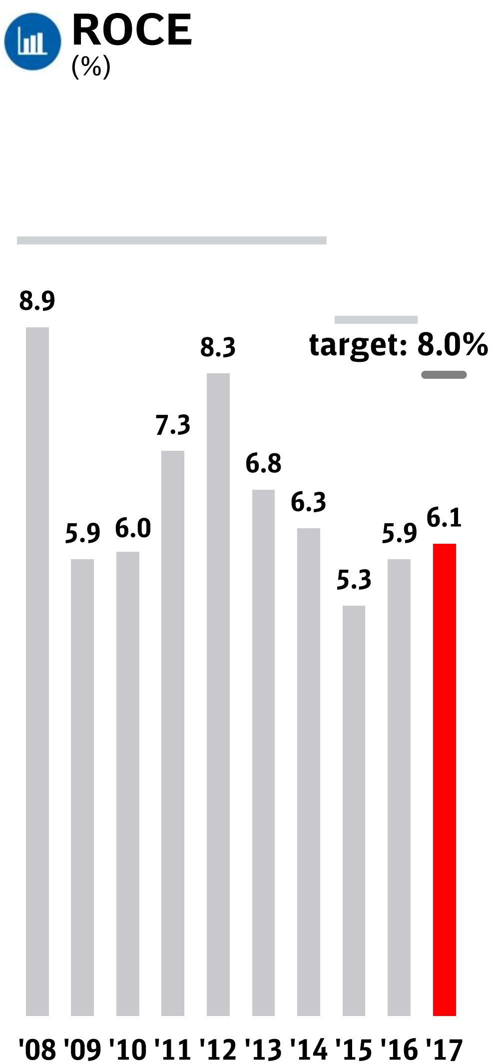
Development of redemption coverage

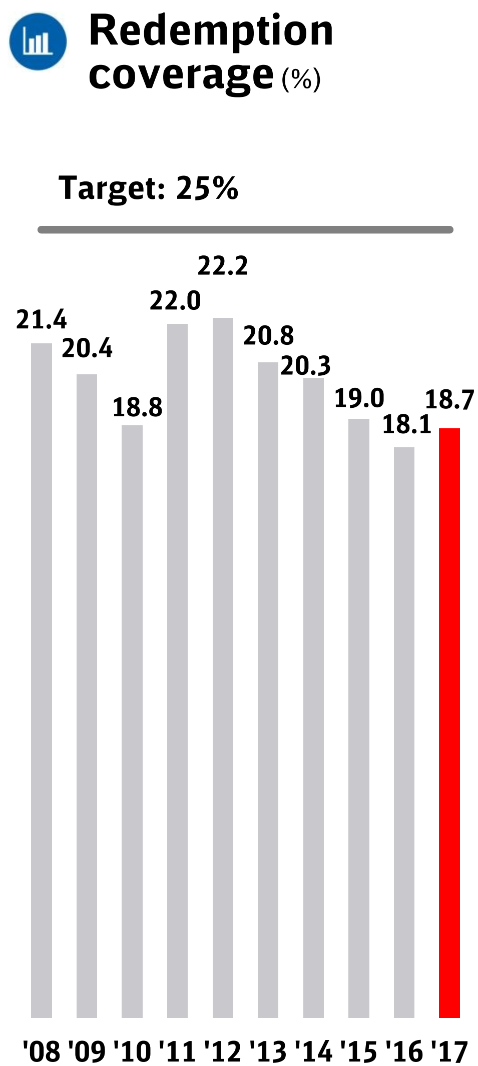


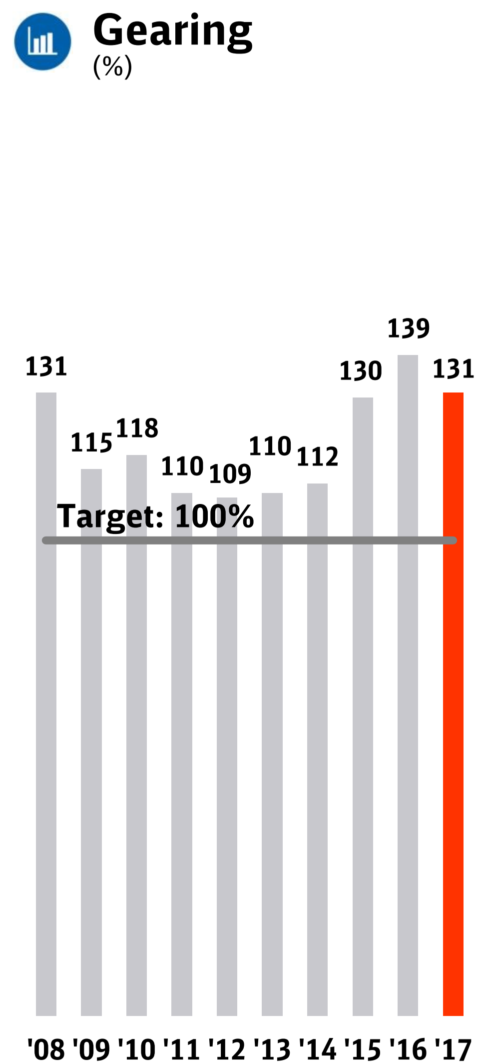


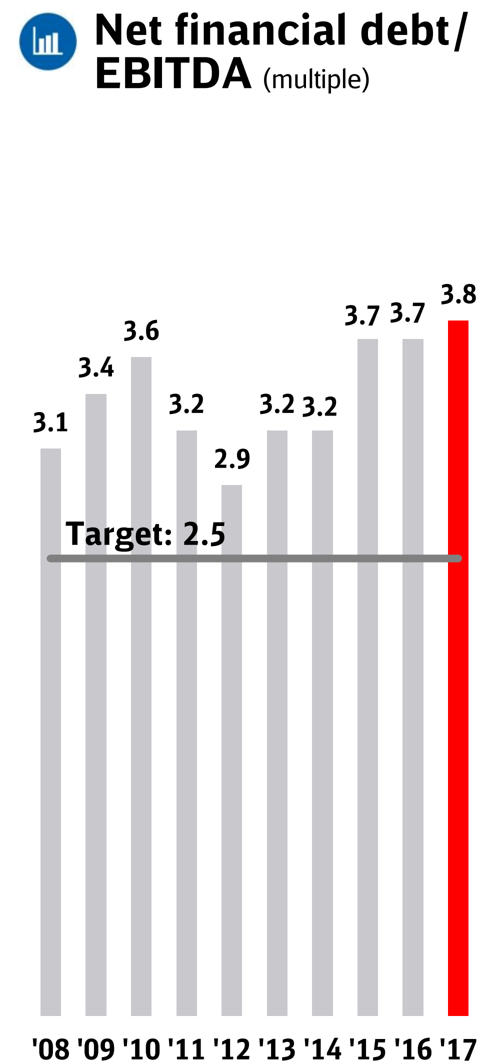


Development of key value management figures

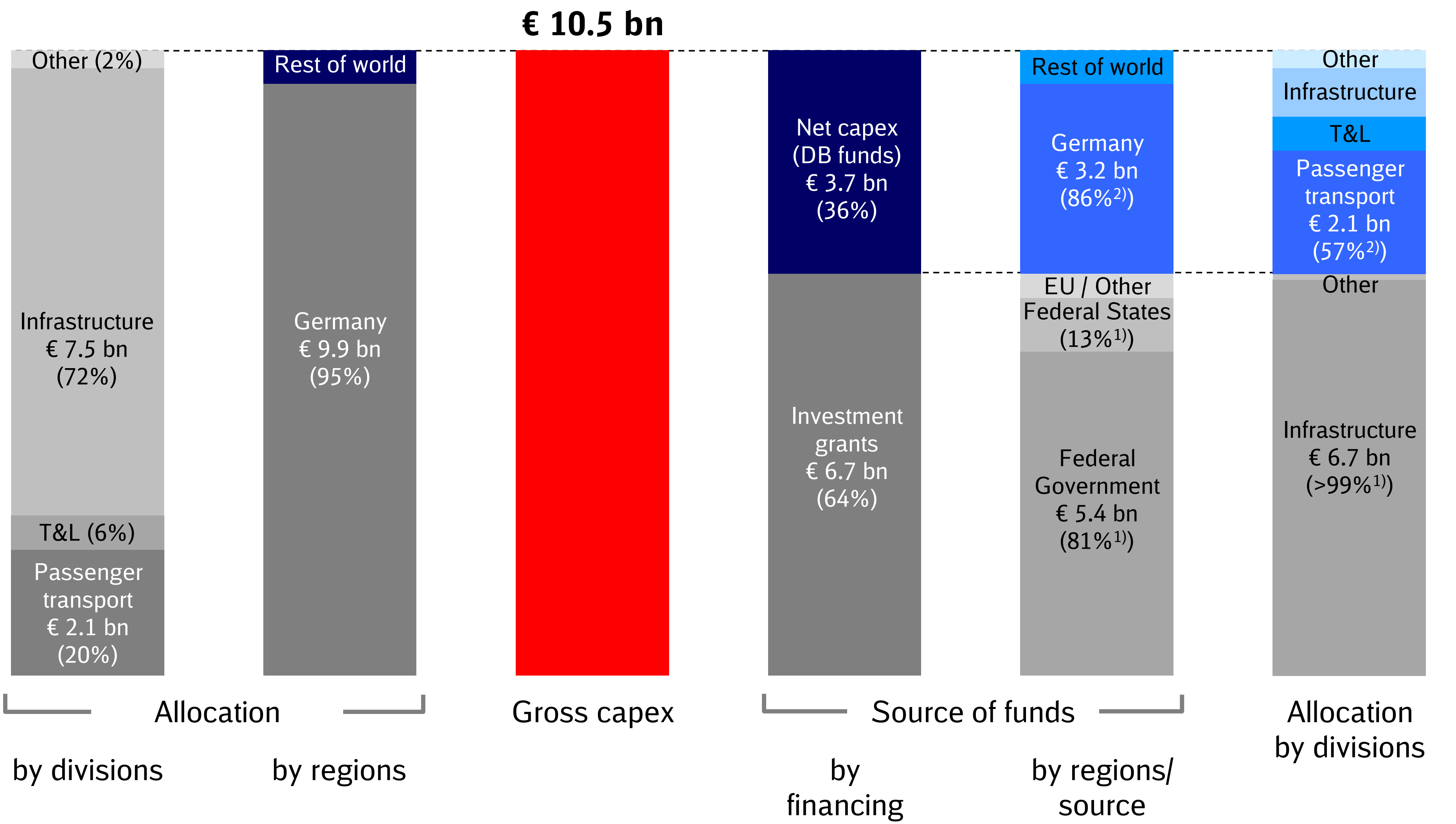








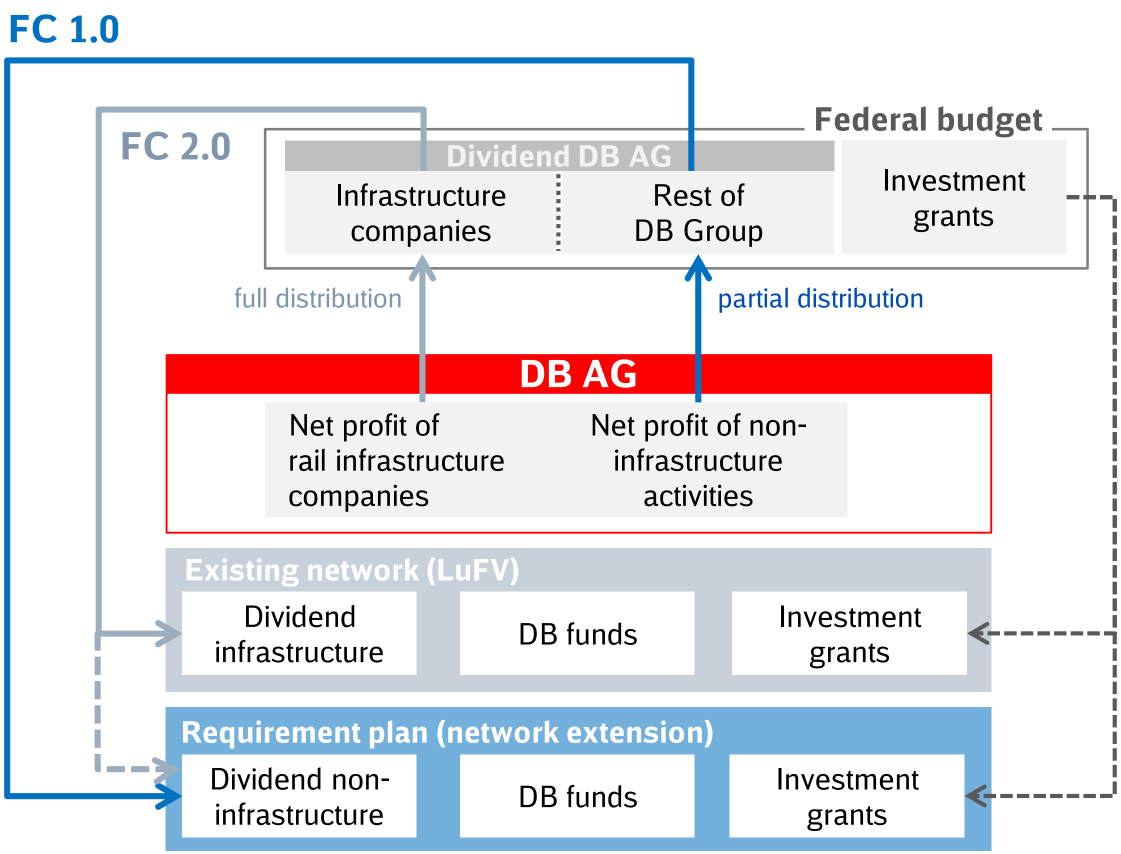
Gross capex financed roughly two thirds by investment grants and one third by DB funds



[1] Share of total investments grants. [2] Share of total net capex.

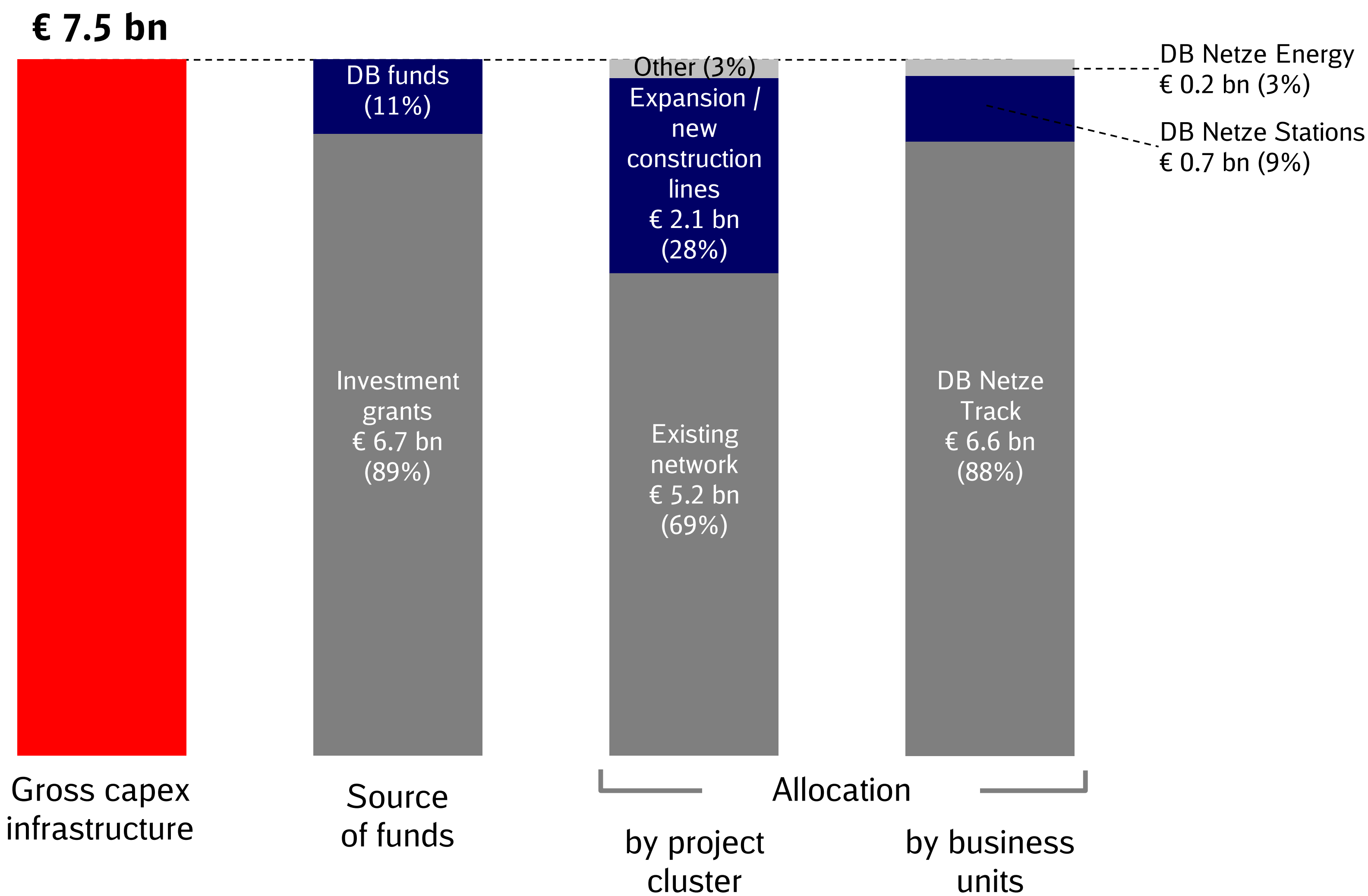
Rail infrastructure financing in Germany - profits of rail infrastructure companies will be reinvested

Financing circle (FC)



- Closed financing circle for the infrastructure, meaning that all profits of DB AG rail infrastructure companies will be reinvested in the infrastructure.
- **FC 2.0:** Net profit of the rail infrastructure companies will be fully paid out to the Federal Government as part of the dividend of DB AG in the first step and then paid back to DB Group as non-repayable investment grants for existing network capex.
- **FC 1.0:** The net profit of the non-infrastructure activities of DB Group is paid out partly as dividend to the Federal Government, and afterwards paid back as construction grants to DB Group for the network extension. The profits of the non-infrastructure activities of DB Group are thus involved in co-financing in the construction and extension. The rest is used to finance growth projects.

Infrastructure capex in Germany is mainly financed by the Federal Government



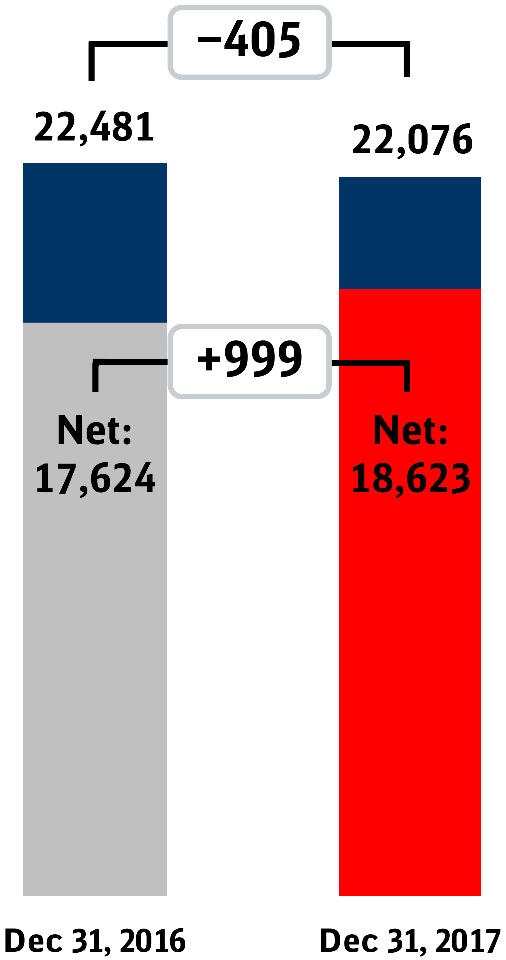
Increased capex in 2017 mainly at DB Long-Distance, DB Netze Track and DB Netze Stations

Capital expenditures (€ mn)

	Gross capex				Net capex			
	2017	**2016**	+/- €	+/- %	**2017**	**2016**	+/- €	+/- %
DB Long-Distance	**1,060**	416	+644	+155	**1,060**	460	+644	+155
DB Regional	**674**	693	-19	-2.7	**628**	632	-4	-0.6
DB Arriva	**374**	359	+15	+4.2	**372**	358	+14	+3.9
DB Cargo	**328**	304	+24	+7.9	**324**	303	+21	+6.9
DB Schenker	**246**	209	+37	+17.7	**246**	209	+37	+17.7
DB Netze Track	**6,601**	6,226	+375	+6.0	**660**	688	-28	-4.1
DB Netze Stations	**709**	584	+125	+21.4	**103**	117	-14	-12.0
DB Netze Energy	**177**	174	+3	+1.7	**53**	52	+1	+1.9
Other/consolidation	**295**	545	-250	-45.9	**294**	545	-251	-46.1
DB Group	**10,464**	**9,510**	**+954**	**+10.0**	**3,740**	**3,320**	**+420**	**+12.7**

Components of financial debt as of Dec 31, 2017

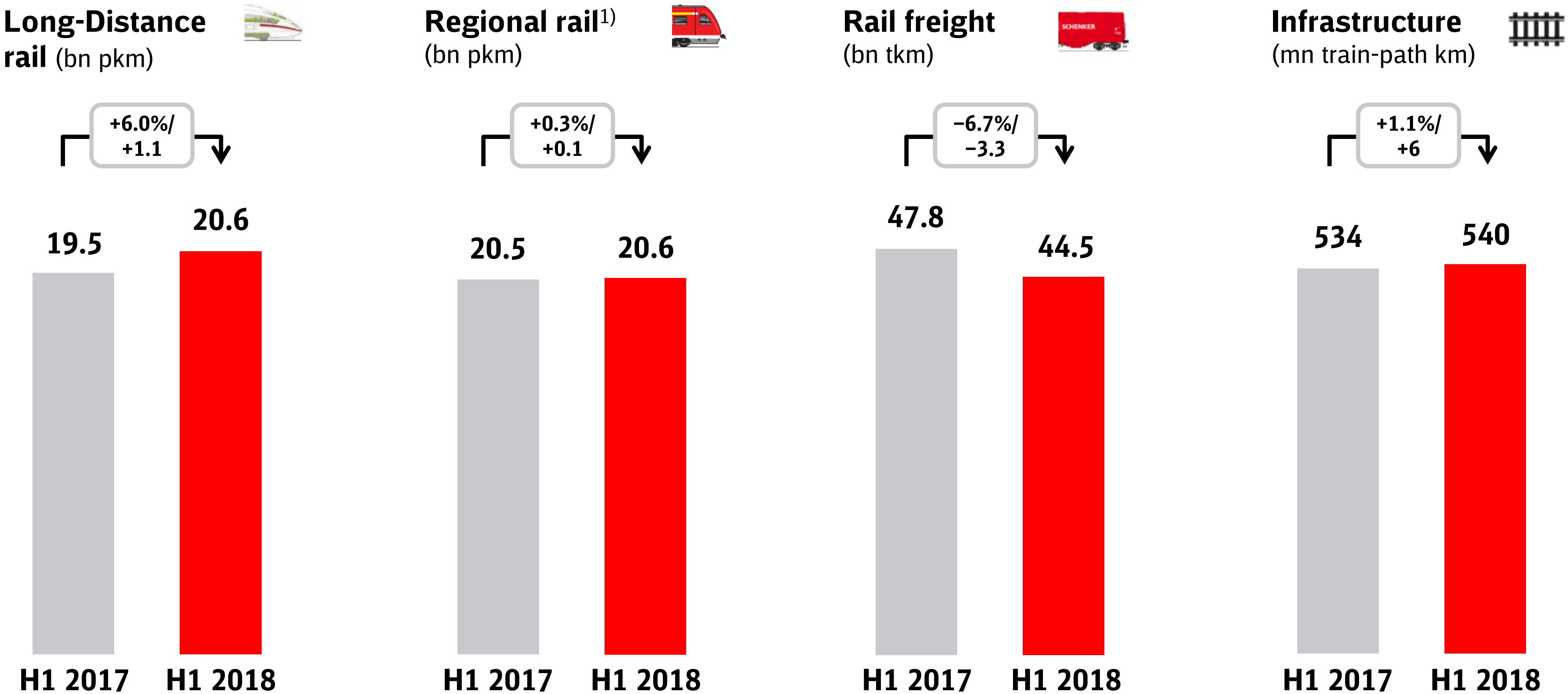
Financial debt (€ mn)



	2017	2016	+/-
Bonds	19,616	19,740	-124
+ Interest-free loans (present value)	1,014	1,172	-158
+ Bank borrowings (incl. EIB)	531	729	-36
+ Finance lease (present value)	501	533	-32
+ EUROFIMA loans	200	200	-
+ Finance liabilities from transport concessions	52	58	-6
+ Commercial paper	0	0	-
+ Other finance liabilities	162	49	+113
Financial debt	**22,076**	**22,481**	**–405**
- Cash and cash equivalents and receivables from financing	3,528	4,584	-1,056
- Effects from currency hedges	-75	273	-348
Net financial debt	**18,623**	**17,624**	**+999**

Mixed performance development of rail businessin Germany

Key performance indicators – rail



market: ↗

market: →

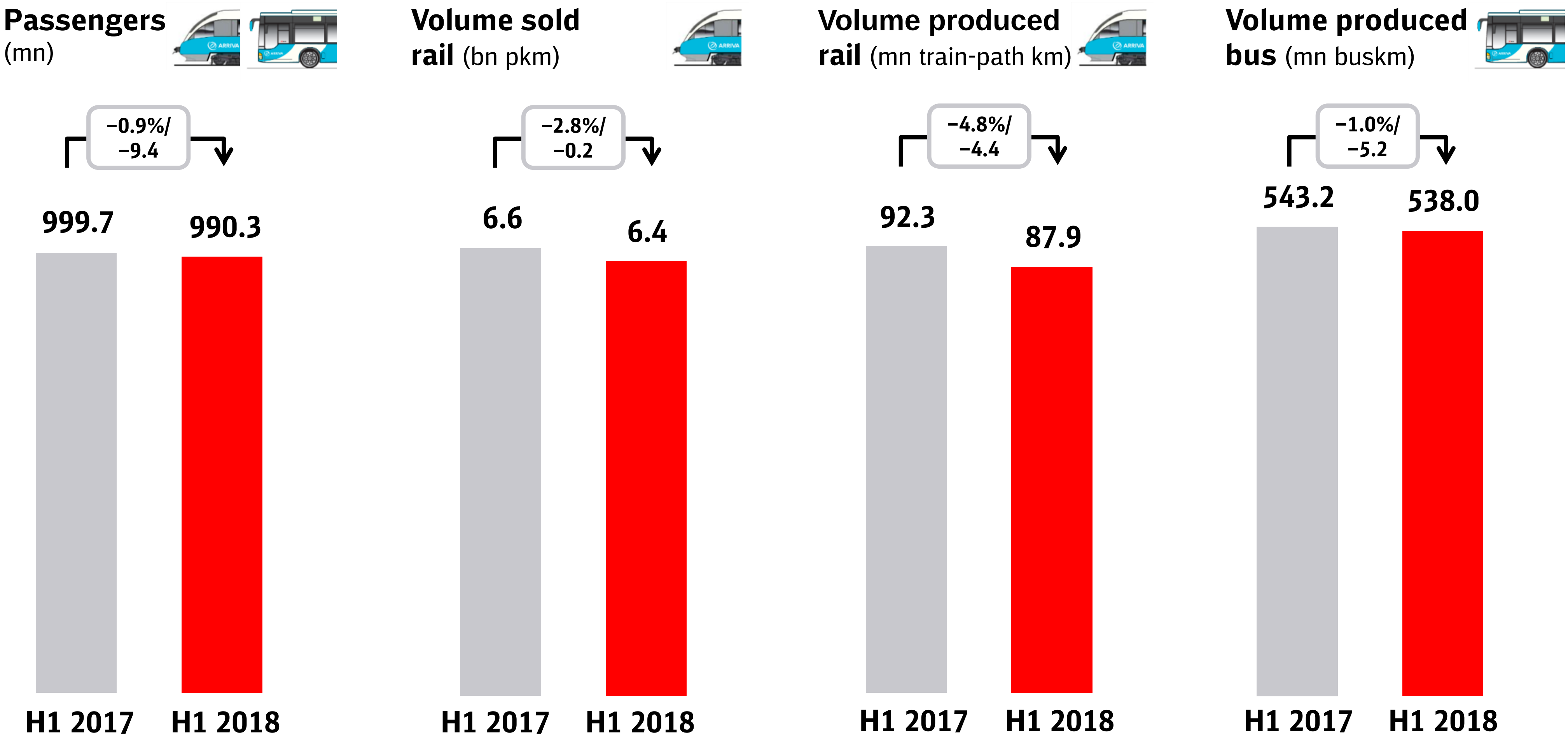
market: –

Share of non-Group railways: 31.9%

[1] DB Regional and UBB Usedomer Bäderbahn GmbH.

Negative performance development due to operating restrictions and performance adjustments

Key performance indicators – DB Arriva



Positive performance development at DB Schenker

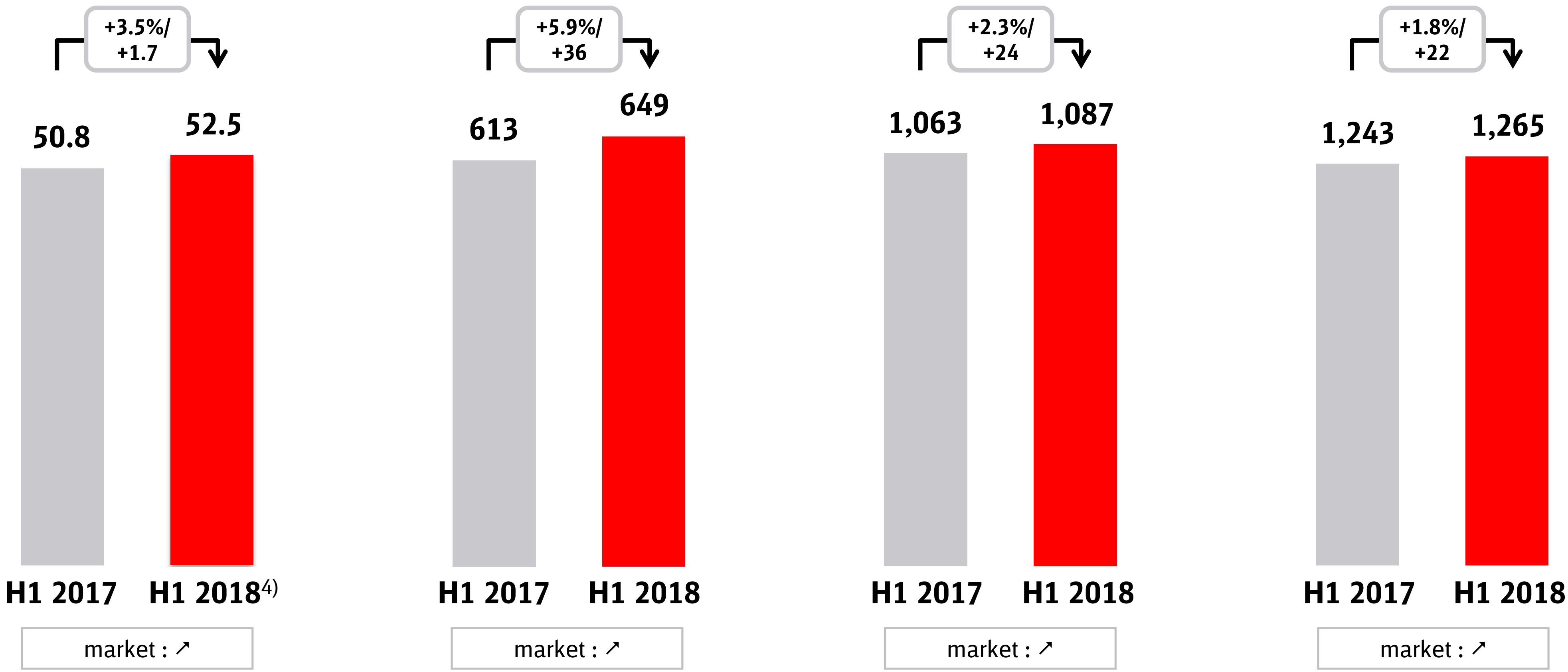
Key performance indicators – DB Schenker

Land transport (mn shipments) 

Air freight (thousand t[1]) 

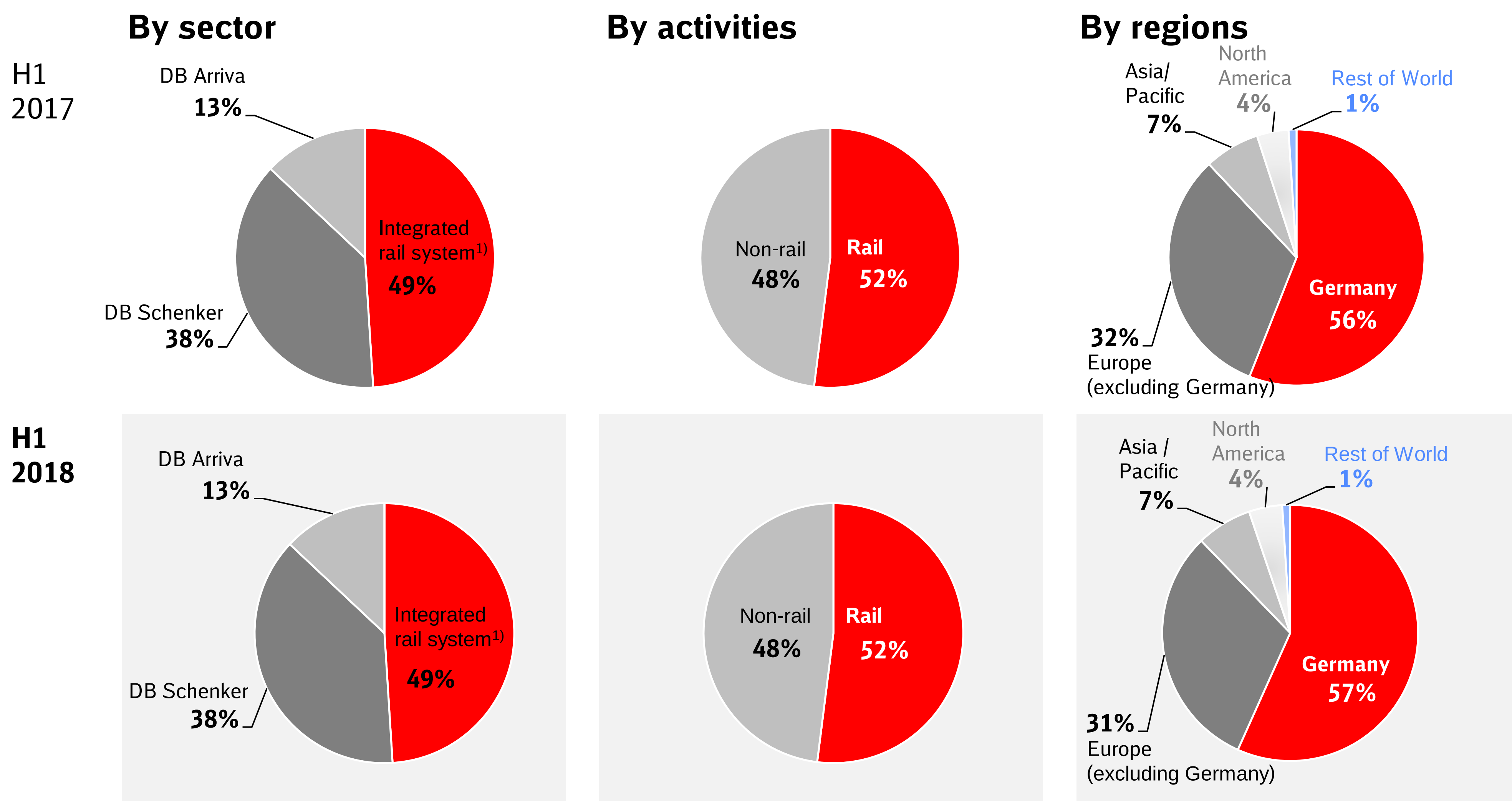
Ocean Freight (thousand TEU[1]) 

Contract logistics (revenues[2],[3] ,€ mn) 



[1] Exports. [2] Adjusted for exchange rate effects. [3] Limited comparability due to changes in allocation. [4] Including non-European activities.

Stable revenue structure compared to first half of 2017

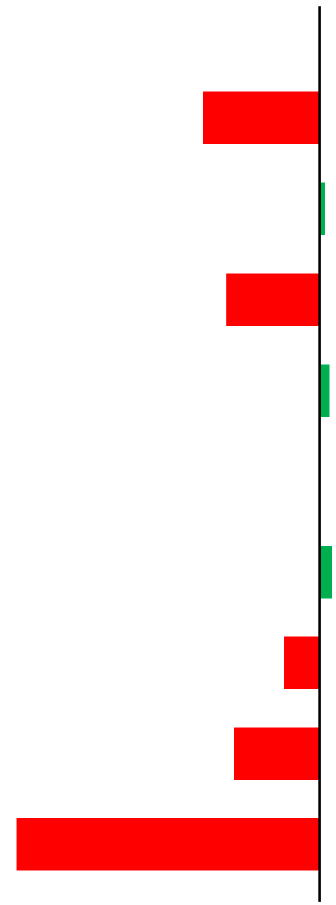


[1] Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.

EBITDA development declining, with exception of DB Regional, DB Schenker and DB Netze Stations

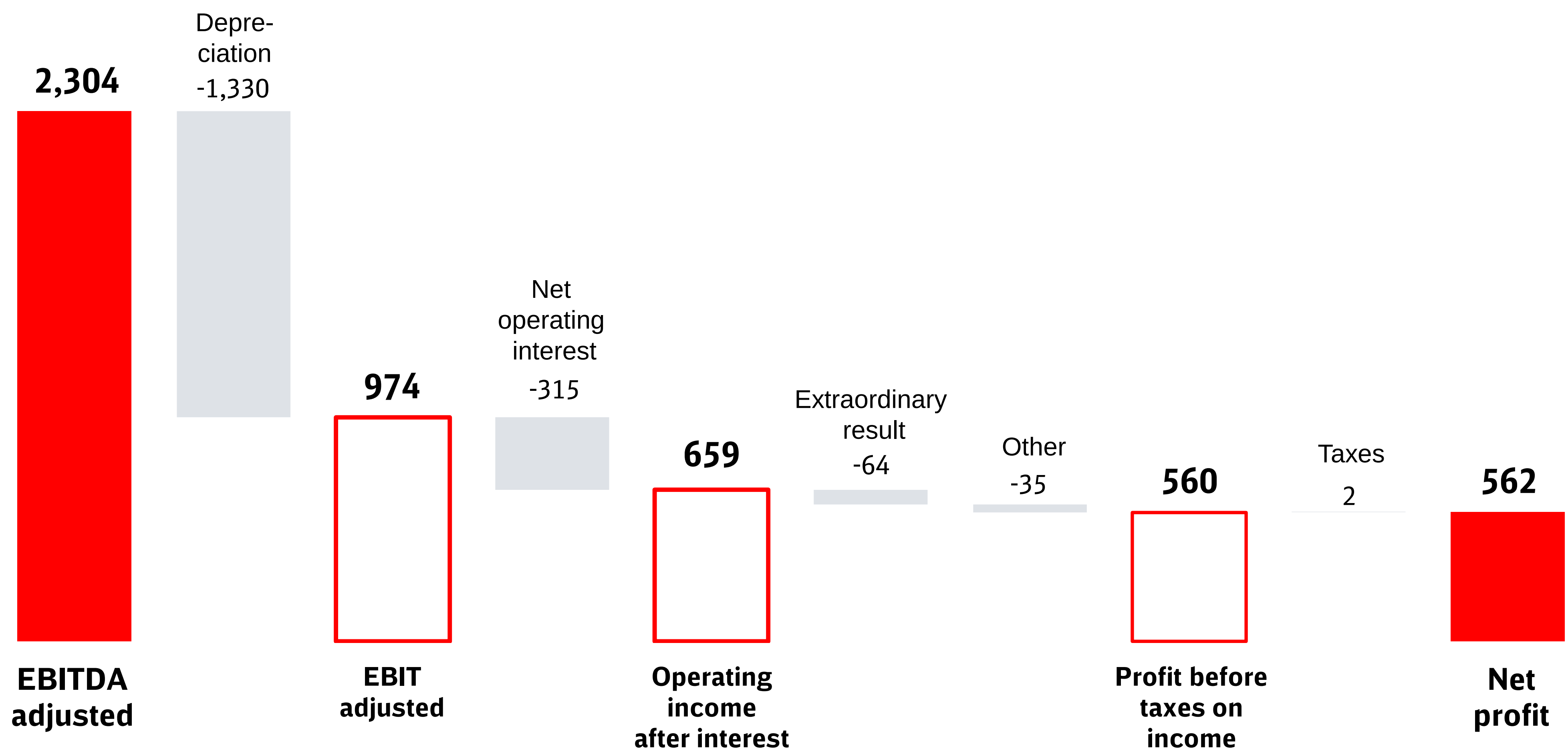
DB

EBITDA adjusted (€ mn)	**H1 2018**	**H1 2017**	**Changes by business unit** (€ mn)	
DB Long-Distance	**328**	328	–	–
DB Regional	**530**	634	-104	-16.4%
DB Arriva	**243**	238	+5	+2.1%
DB Cargo	**–1**	82	-83	–
DB Schenker	**314**	305	+9	+3.0%
DB Netze Track	**815**	815	–	–
DB Netze Stations	**228**	217	+11	+5.1%
DB Netze Energy	**47**	79	-32	-40.5%
Other/consolidation	**–200**	-124	-76	+61.3%
DB Group	**2,304**	**2,574**	**–270**	**–10.5%**



Positive net profit in the first half of 2018

Statement of income (€ mn)



Negative profit development - higher operating expenses exceed income growth significantly

Adjusted P&L (€ mn)

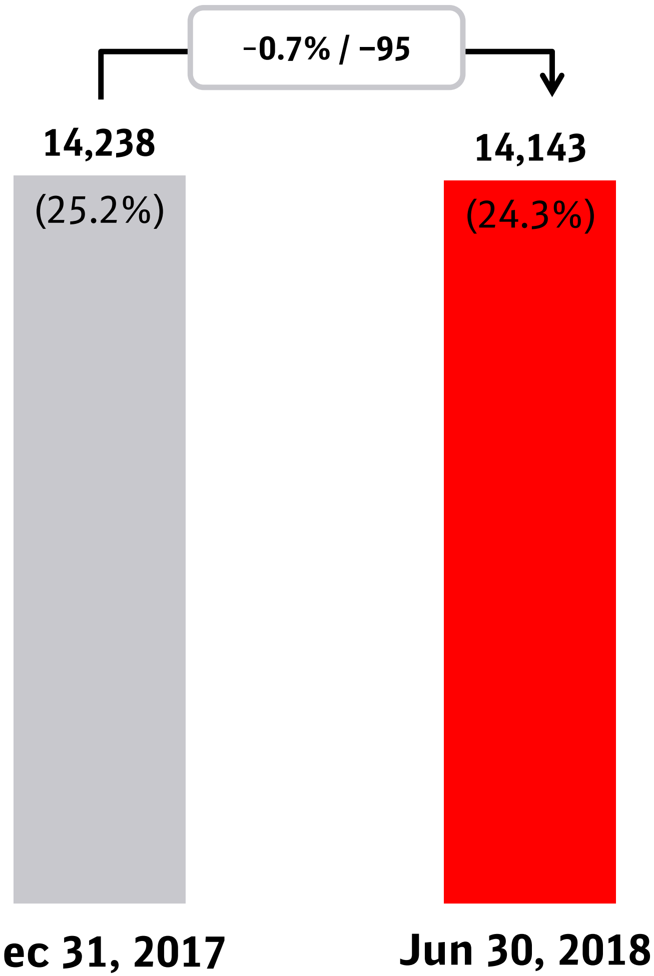
	H1 2018	H1 2017	+/- €	+/- %
Revenues	21,548	21,070	+478	+2.3
Total income	24,198	23,678	+520	+2.2
Cost of materials	-10,743	-10,396	-347	+3.3
Personnel expenses	-8,423	-8,148	-275	+3.4
Other operating expenses	-2,728	-2,560	-168	+6.6
EBITDA adjusted	**2,304**	**2,574**	**-270**	**-10.5**
Depreciation	-1,330	-1,395	+65	-4.7
EBIT adjusted	**974**	**1,179**	**-205**	**-17.4**
Financial result	-350	-379	+29	-7.7
Extraordinary results	-64	-67	+3	-4.5
Profit before taxes	**560**	**733**	**-173**	**-23.6**
Taxes on income	2	46	-44	-95.7
Net profit	**562**	**779**	**-217**	**-27.9**

Key impact factors

- Revenues development dampened by negative FX effects
- Other operating income declined, partly due to the omission of nuclear fuel tax refunds
- Operating expenses increased mainly due to the development of freight rates at DB Schenker and factor costs in Germany
- Burdens due to restrictions in rail services also had a dampening effect
- Continued high competitive and cost pressure

Equity decreased slightly

Equity/Equity ratio
(€ mn)



Key impact factors

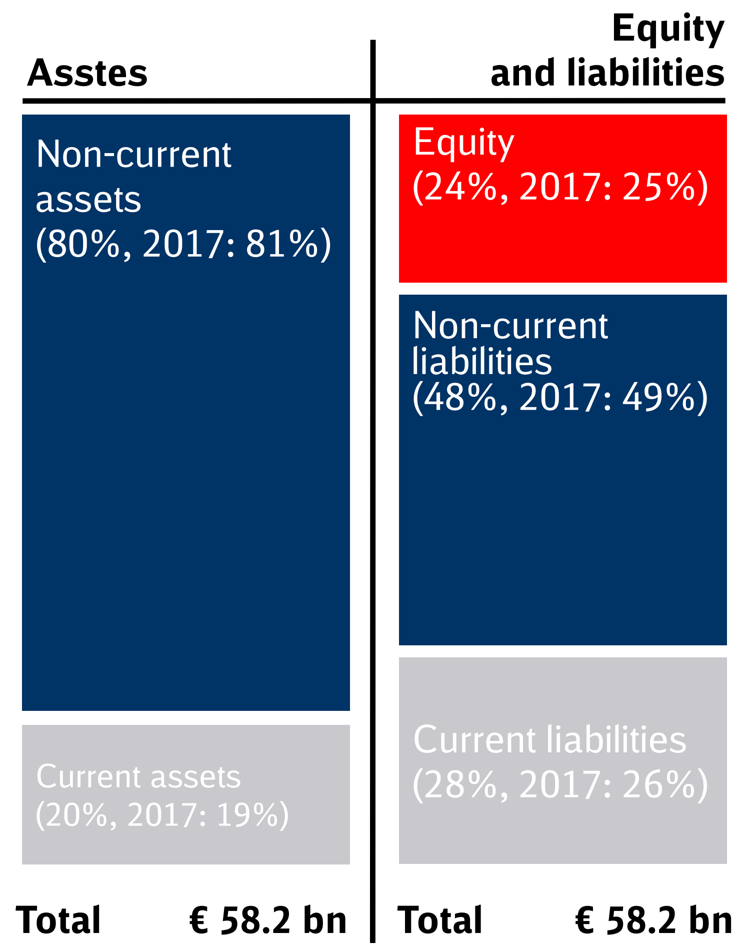
- Net profit

- Dividend payment to the Federal Government
- Changes in reserves related to the revaluation of pensions
- Equity ratio slightly weaker (due to higher total assets)

Balance sheet without significant structural changes

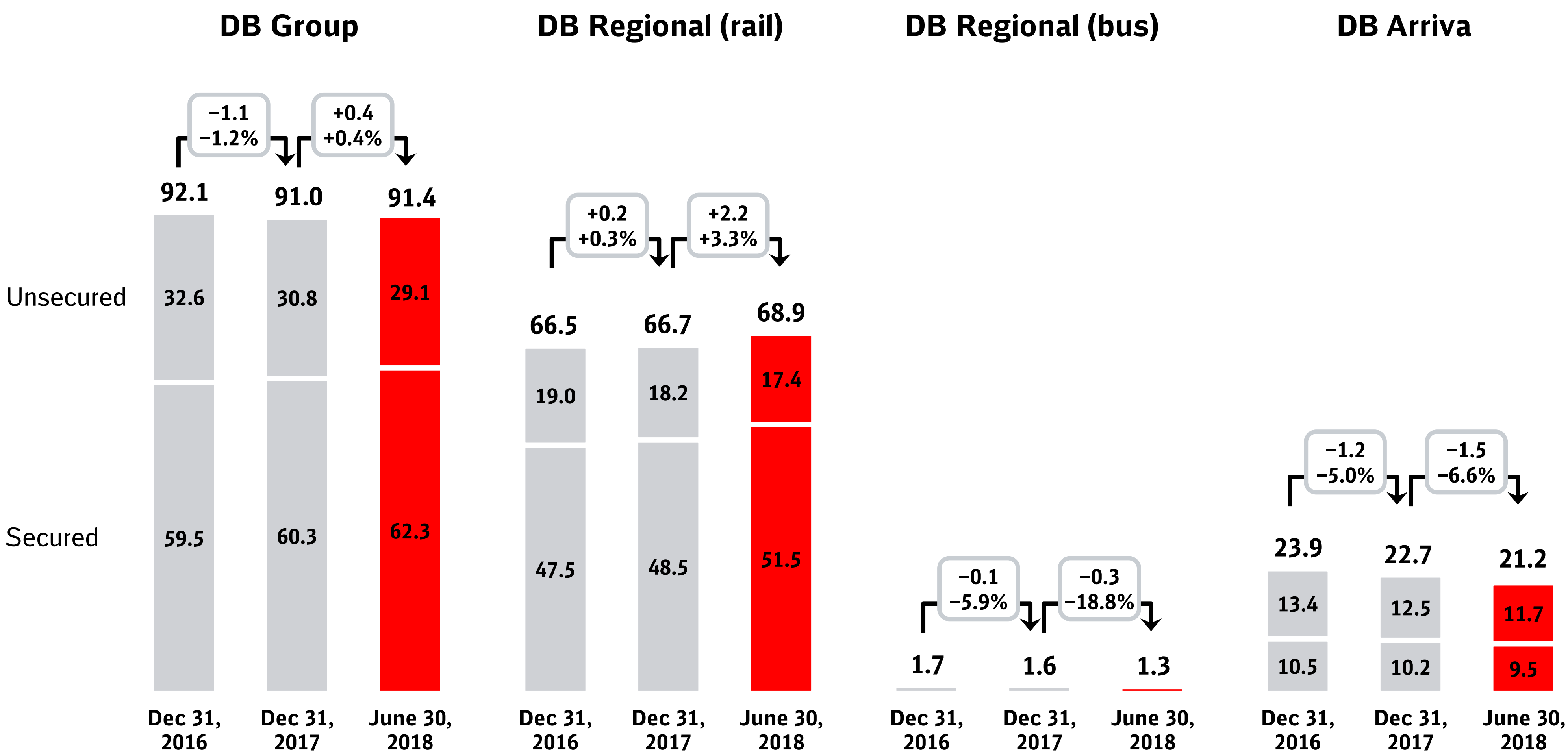
(€ mn, as of Jun 30 / Dec 31)	2018	2017	+/– €	+/– %
Assets				
Non-current assets	**46,310**	**45,625**	**+685**	**+1.5**
Property, plant and equipment	40,161	39,608	+553	+1.4
Intangible assets	3,569	3,599	–30	–0.8
Deferred tax assets	1,512	1,416	+96	+6.8
Current assets	**11,845**	**10,811**	**+1,034**	**+9.6**
Trade receivables	4,886	4,571	+315	+6.9
Cash and cash equivalents	3,673	3,397	+276	+8.1
Equity and liabilites				
Equity	**14,143**	**14,238**	**–95**	**–0.7**
Non-current liabilities	**28,179**	**27,510**	**+669**	**+2.4**
Financial debt	20,255	19,716	+539	+2.7
Current liabilities	**15,833**	**14,688**	**+1,145**	**+7.8**
Financial debt	3,213	2,360	+853	+36.1
Trade liabilities	5,139	5,157	–18	–0.3
Total assets	**58,155**	**56,436**	**+1,719**	**+3.0**

Maturity structure



Order book in passenger transport increased slightly

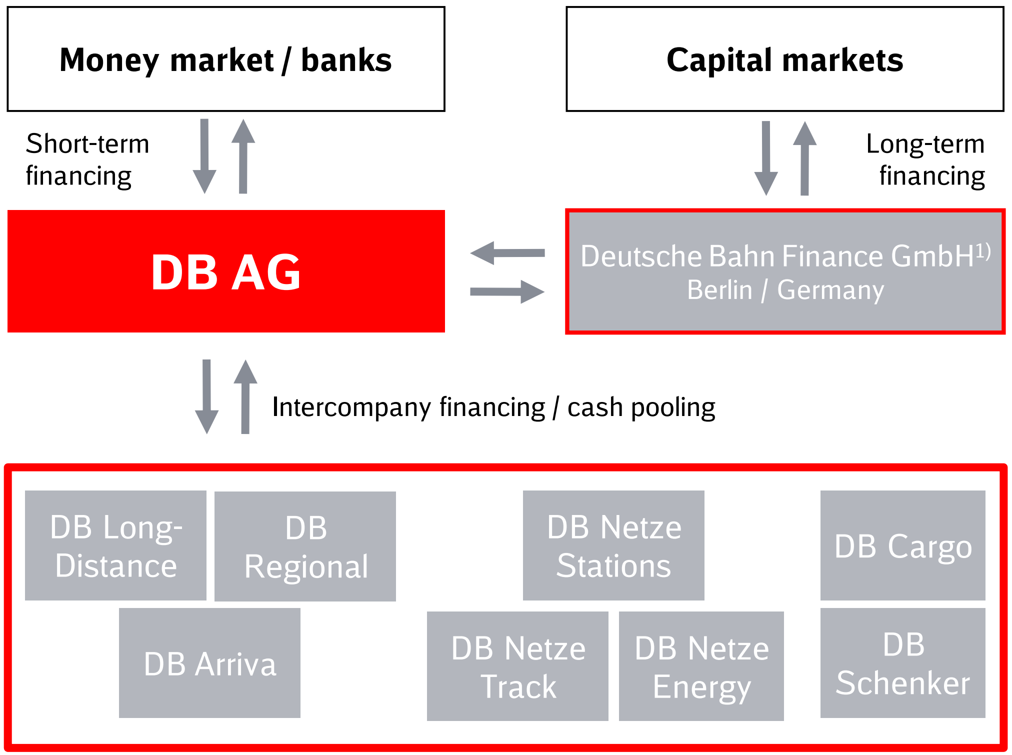
Order book[1] in passenger transport (€ bn)



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

Clear concept of DB Group financing

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
- Internal funding conditions at arm's length
- Cash pooling with 301 subsidiaries in 21 countries; 2 regional cash pools
- Relocation of DB Finance to Germany in 2017 to save costs and reduce complexity
- Two debt issuance programs, issuer DB AG / DB Finance guaranteed by DB AG:
  - Euro debt issuance program (since 2001), volume € 25.0 bn
  - Kangaroo debt issuance program (since 2017), volume AUD 5.0 bn

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

Seven bonds issued in 2018, total volume of around € 2.9 bn

No.	Date of issue	Volume (€ mn)	Currency	Maturities (years)	Interest cost all-in € (%)	Credit spread (%)
1	Jan 11	**1,000**	EUR	9.9	1.09	0.130
2	Feb 08	**750**	EUR	15.5	1.68	0.204
3	Mar 06[1)]	**95**	AUD	14.6	1.59[2)]	0.182
4	May 29	**133**	AUD	10.0	1.04[2)]	0.151
5	Jul 03	**346**	CHF	10.0	1.14[2)]	0.247
6	Sep 20	**500**	EUR	12.5	1.51	0.307
7	Nov 12[3)]	**125**	EUR	25.0	1.87	0.353
Total 2018:		**2,948**		**Ø 12.6**[4)]	**Ø 1.36**[4)]	**Ø 0.205**[4)]

[1)] An increase of the AUD bond from October 2017. [2)] Swapped in EUR. [3)] Private Placement. [4)] Volume weighted average.

- **EUR issue (January):** stringent requirements met for offers to retail investors of the new EU capital market regulation MiFID II
- **AUD issue (March):** increase of the AUD bond issued in October 2017
- **EUR issue (November):** so far the longest EUR DB bond

Capital markets funding strategy

Strategy

- Centralized Group funding by the Group Treasury located at DB AG
- Active management of maturity profile; max. € 2 bn in bond maturities per year
- Positioning as retail-friendly and sustainable issuer
- Committed Back-up facilities for Commercial Paper Program of DB AG

Instruments

- Cash pool and internal loans for intra-Group financing
- EUR 25 bn EUR-Debt Issuance Program
- AUD 5 bn (€ 3.4 bn) AUD-Debt Issuance Program
- EUR 2 bn CP Program with a corresponding portfolio of committed Back-up facilities
- Global credit lines with working capital and guarantee facilities for Group companies
- Opportunistic leasing when favorable (e.g. rail franchises in UK and Germany)

Terms and conditions

- Typically German Law documentation (Kangaroo program under Australian/NSW law), each with Negative Pledge, Pari Passu, no Cross Default, no MAC, no Rating Trigger, no Ownership Clause, no Ratio Requirements (no Financial Covenants at all)
- All derivatives under German Master Agreement (DRV)

Documentation

EMTN Program

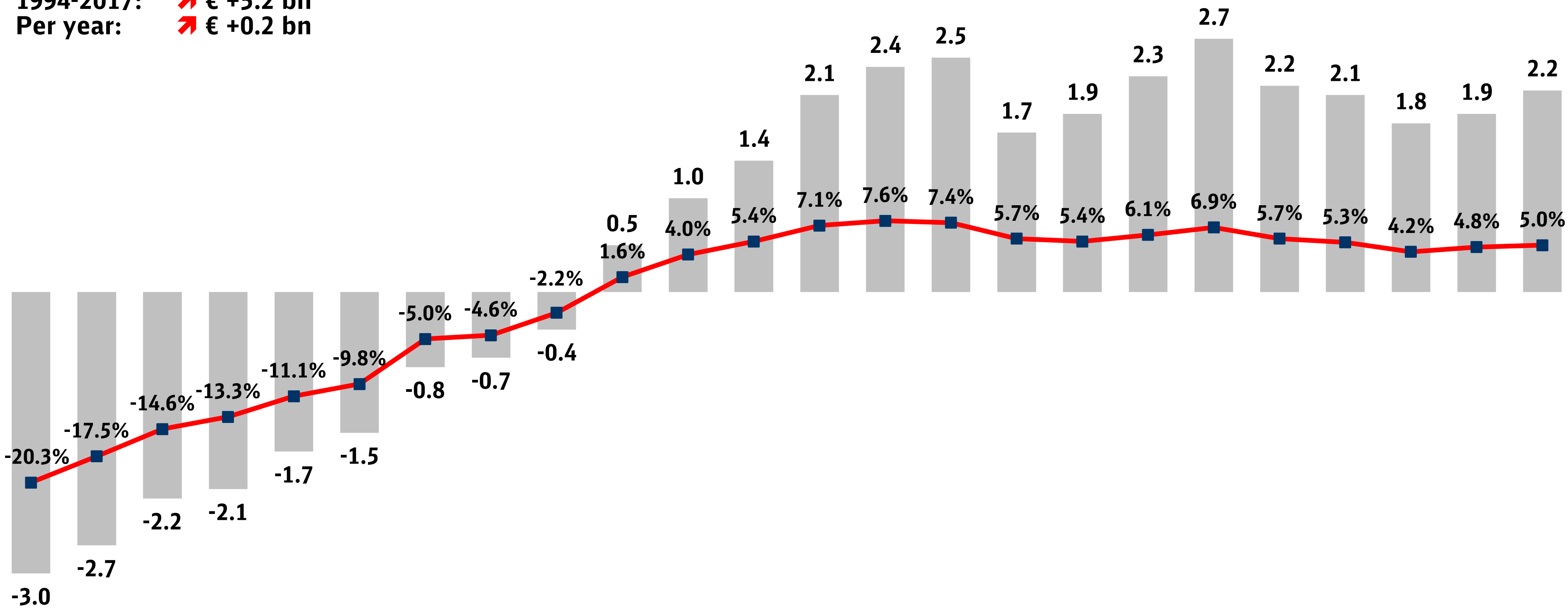
Kangaroo Program

CP Program

Strong track record since 1994

EBIT adjusted and adjusted EBIT margin
(€ bn or %)

1994-2017: € +5.2 bn
Per year: € +0.2 bn



Figures until 2004 FY according to German GAAP

Track record driven by restructuring programs and portfolio measures

Driver of changes in DB Group

(1) Internal – major Group-wide programs

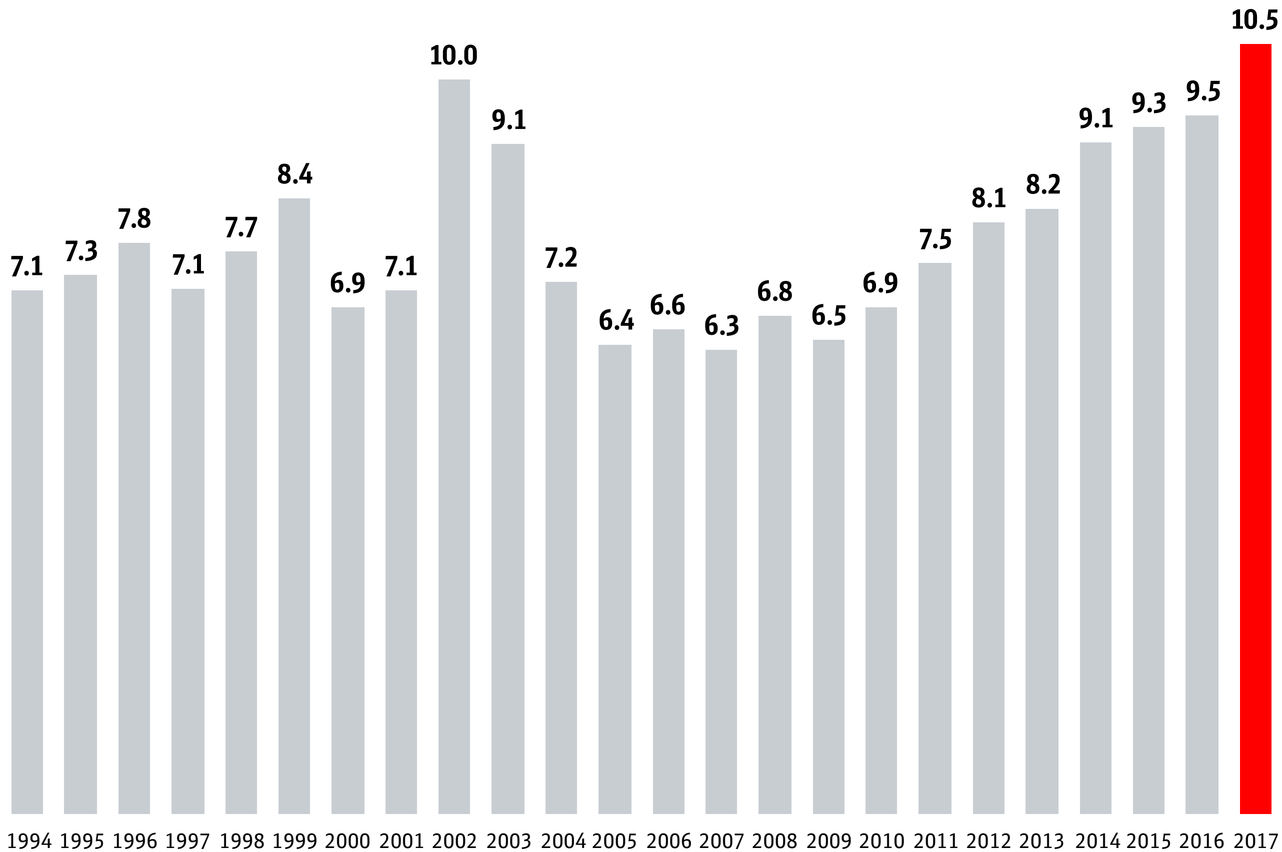
"Focus"	"Qualify"	"reACT"	"Railway of the Future"
Restructuring of core business	Improve performance	Coping with the crisis	Group quality program
2001 – 2004	2005 – 2008	2009 – 2013	2015 –

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

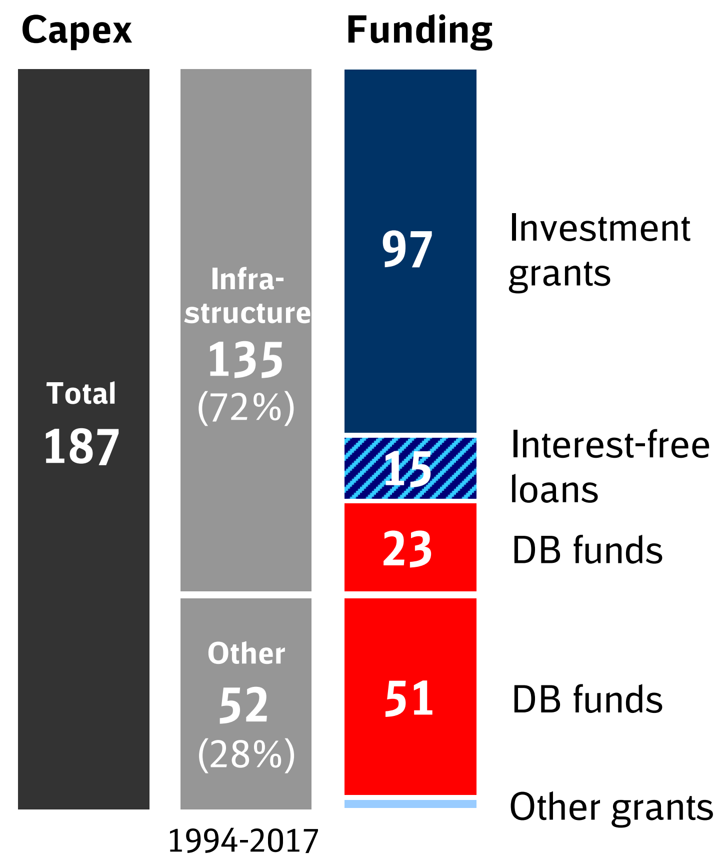
DB Cargo	'01 DSB Gods	'05 RAG Bahn	'07 EWS	'08 Transfesa	'09 PCC	'10 NordCargo	'11 COBRA	'12 Transfracht		
DB Schenker	'02 Stinnes, Joyau	'05 Linjegods	'06 BAX, StarTrans	'07 Spain-Tir	'08 Romtrans	'11 Jean Heck	'12 Suomen Kiitoautot	'15 SPA	'16 Redhead, Almoayed	'17 uShip
DB Arriva	'08 Chiltern, PanBus	'10 Arriva	'11 Grand Central	'12 Ambuline	'13 Veolia Eastern Europe	'14 CupTour	'15 GOTFRI, Liorbus, Bus Partners, Alpetour	'16 SAVDA, Kladno, Carballo	'17 Autotrans	
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	'17 Regional-verkehr Dresden			

High capex level since 1994 for major overhaul of rail system

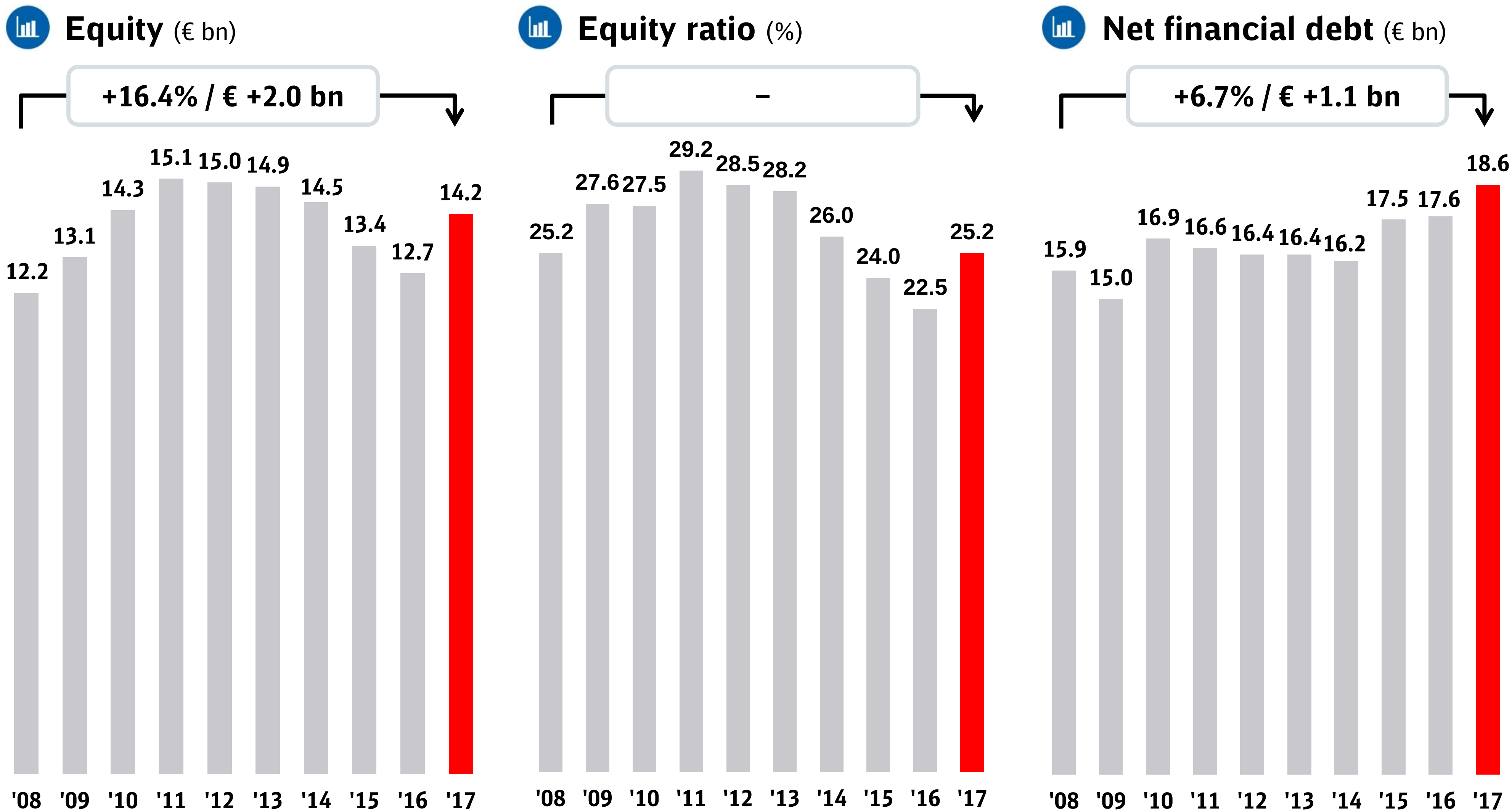
Gross capital expenditures
(€ bn)



Structure and source of funds
(€ bn)



Development of equity and net financial debt



Development since 2002

(€ mn)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Rail passenger volume sold (mn pkm)	95,854	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
Rail freight volume sold (mn tkm)	92,651	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
Revenues	42,704	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
Profit before taxes	968	706	−932	937	876	1,525	1,359	900	1,387	1,807	2,016	1,555	490	154	−133	−438
EBIT adjusted	2,152	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
EBITDA adjusted	4,930	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	2,329	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	56,436	56,324	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
Gross capex	10,464	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
Net capex	3,740	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
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)	310,935	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

DB team

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  Head of
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- Christian Große Erdmann
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