



# Investor Update March 2020

Development in 2019 Financial Year

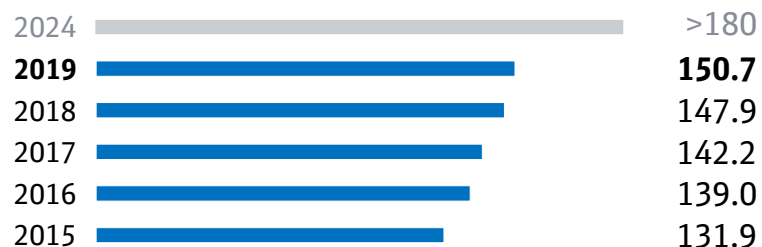
Deutsche Bahn AG, March 26, 2020



# Ongoing positive performance development in passenger transport and infrastructure, decline in rail freight transport

## Strong Rail targets – Shift in mode of transport (rail in Germany)

**Passengers long-distance transport**  
(million)



260



**Passengers (regional)**  
(million)



2,500



**Volume sold rail freight transport**  
(million tkm)



120,000<sup>1)</sup>



**Train kilometers on track infrastructure**  
(million train-path km)



1,400<sup>1)</sup>



<sup>1)</sup> +70% compared to 2015.

<sup>1)</sup> +>30% compared to 2015.

Mid-term target    Long-term target



# Mixed development of customer satisfaction, measures to improve punctuality show first results

## Strong Rail targets – Customer satisfaction (SI) / Punctuality (rail in Germany)

**Customer satisfaction DB Long-Distance (SI)**



**Customer satisfaction DB Cargo<sup>1)</sup> (SI)**



<sup>1)</sup> Survey annually from 2017 onwards.

**Punctuality DB Long-Distance (%)**



**Punctuality DB Cargo (%)**



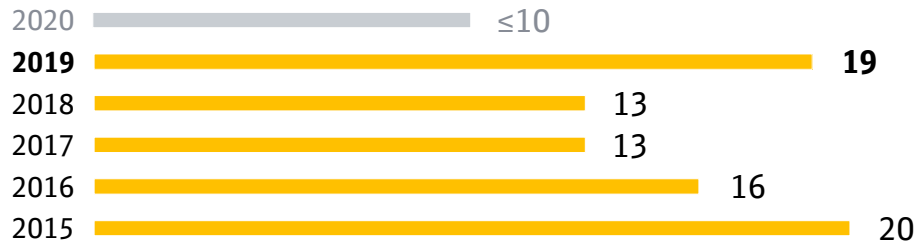
Mid-term target      Long-term target



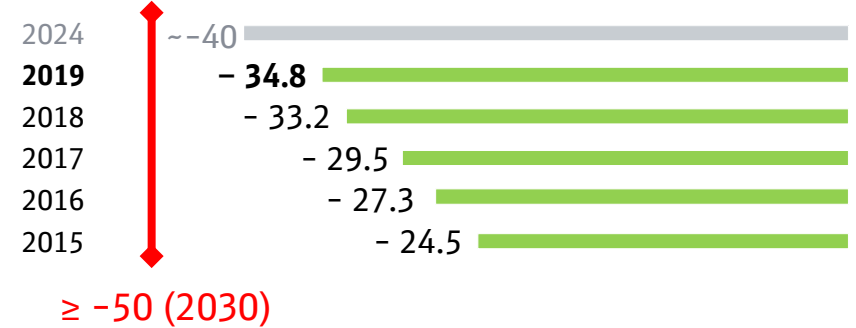
# Social targets with temporarily setback, ongoing strong development of environmental targets

## Strong Rail targets – Social / Environmental (rail in Germany)

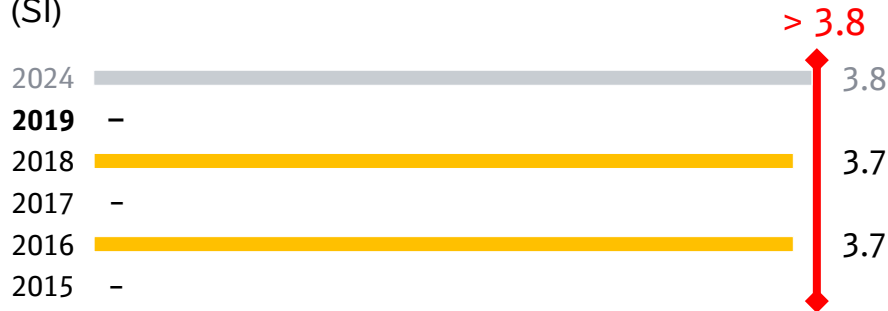
### Employer attractiveness (rank in Germany)



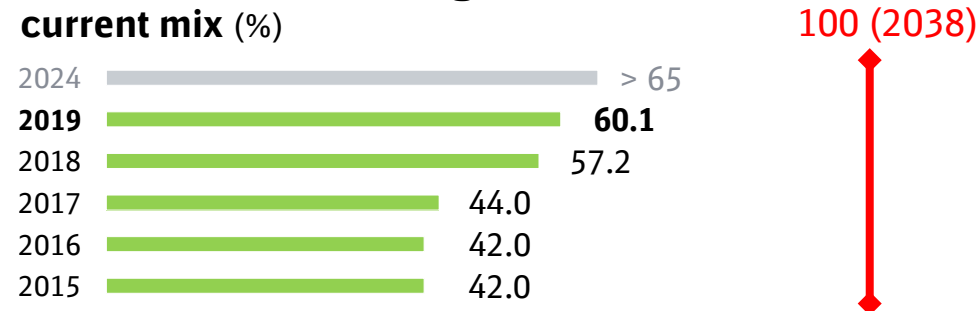
### Specific greenhouse gas emissions compared to 2006 (%)



### Employee satisfaction (SI)



### Share of renewable energies in DB traction current mix (%)



Short-/Mid-term target    Long-term target



# Mixed performance development of rail transport in Germany, ongoing strong gains at DB Long-Distance

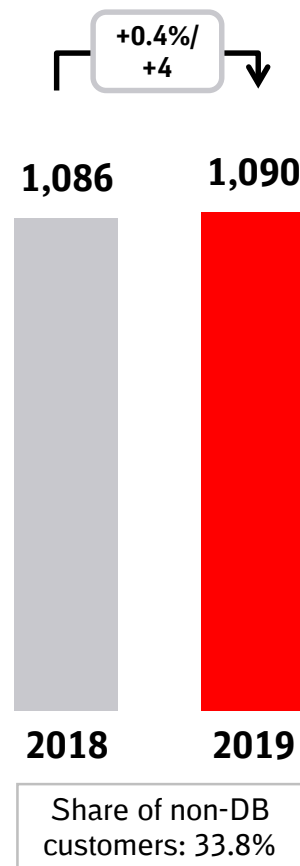
## Performance indicators – Integrated rail system

**Long-distance**  
(bn pkm)

**Regional<sup>1)</sup>**  
(bn pkm)

**Rail freight**  
(bn tkm)

**Infrastructure**  
(mn train-path km)



<sup>1)</sup> DB Regional and UBB Usedomer Bäderbahn GmbH.



# Performance development of DB Arriva mostly below previous year's level, but strong increase in number of passengers

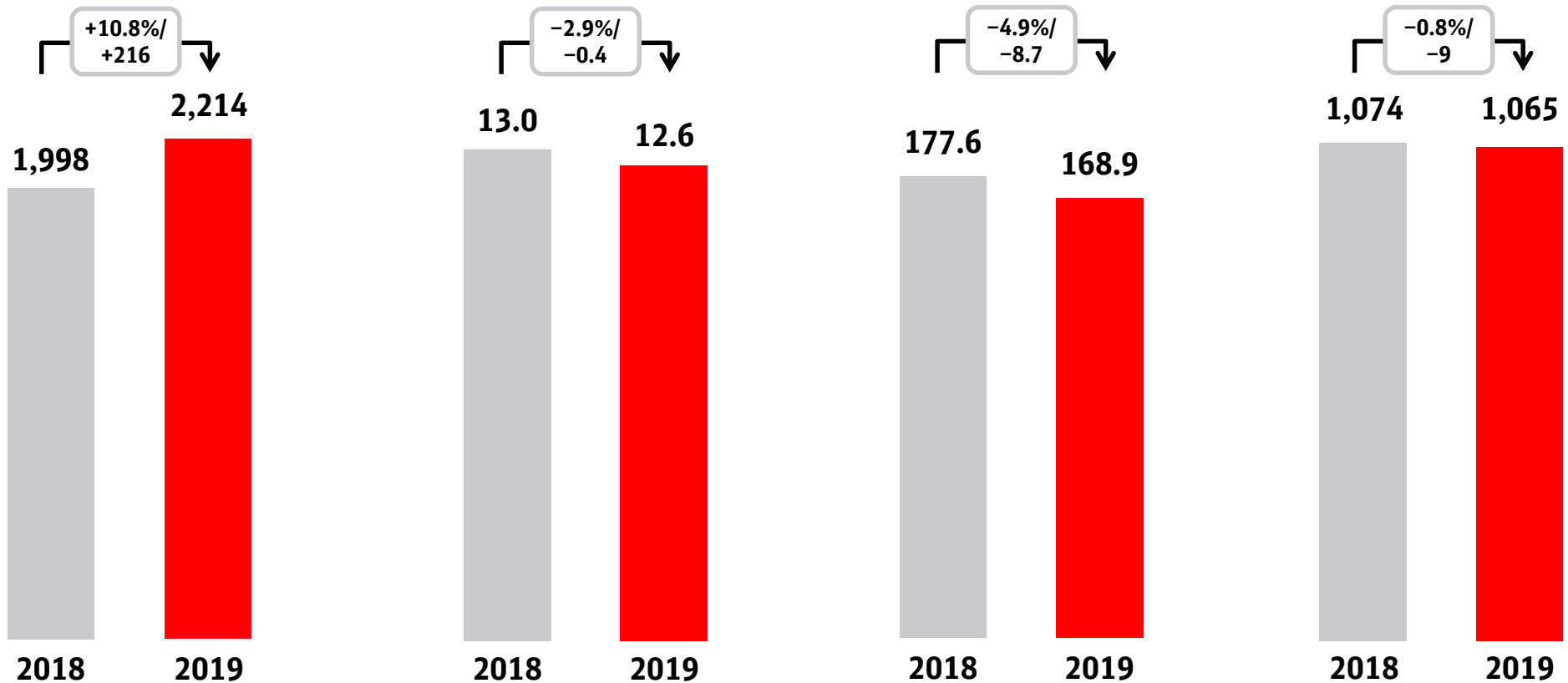
## Performance indicators – DB Arriva

**Passengers**  
(million)

**Volume sold rail**  
(billion pkm)

**Volume produced rail**  
(million train-path km)

**Volume produced bus**  
(million bus km)





# Mostly positive performance development at DB Schenker, air freight burdened by general market trend

## Performance indicators – DB Schenker

**Land transport**  
(mn shipments)



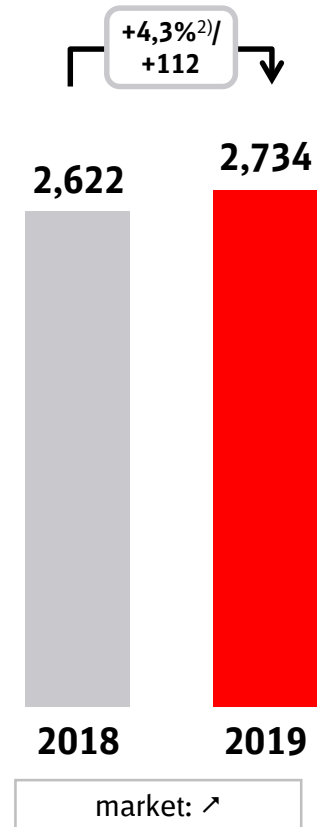
**Air freight**  
(thousand t<sup>1</sup>)



**Ocean freight**  
(thousand TEU<sup>1</sup>)



**Contract logistics**  
(€ mn)



<sup>1</sup>) Exports. <sup>2</sup>) FX adjusted +2.7%.

# Overall challenging development in 2019 – business is growing, profit development under pressure

(€ mn)	<b>2019</b>	<b>2018</b>	+/- €	Thereof IFRS 16	+/- %	Comments
<b>Revenues adjusted</b>	<b>44,431</b>	<b>44,024</b>	+407	-	+0.9	▪ Performance improvements and price effects.
<b>Revenues comparable</b>	<b>44,230</b>	<b>44,024</b>	+206	-	+0.5	▪ Only minor effects from FX and scope of consolidation changes.
<b>EBIT adjusted</b>	<b>1,837</b>	<b>2,111</b>	-274	+46	-13.0	▪ Strains from additional expenses for measures to expand capacity (especially personnel), quality improvement and digitalization measures as well as factor cost increases (mainly personnel).
<b>Net profit for the year</b>	<b>680</b>	<b>542</b>	+138	-23	+25.5	
<b>Dividend</b> (payment in the following year)	<b>650</b>	<b>450</b>	+200	-	+44.4	▪ Dividend payment to the Federal Government will be fully invested in rail infrastructure as investment grants.
<b>Gross capital expenditures</b>	<b>13,093</b>	<b>11,205</b>	+1,888	+1,097	+16.8	▪ Higher capex in rail infrastructure (increase in investment grants) and IFRS 16 effects.
<b>Net capital expenditures</b>	<b>5,646</b>	<b>3,996</b>	+1,650	+1,097	+41.3	
<b>Net financial debt</b> as of Dec 31	<b>24,175</b>	<b>19,549</b>	+4,626	+4,487	+23.7	▪ IFRS 16 effects and due to capex.
<b>ROCE (%)</b>	<b>4.3</b>	<b>5.8</b>	-	-0.4 <sup>1)</sup>	-	▪ Largely due to operating profit development and IFRS 16 driven in crease in capital employed.
<b>Order book regional transport</b> (€ bn, as of Dec 31)	<b>87.9</b>	<b>91.0</b>	-3.1	-	-3.4	▪ Decline due to services rendered and Arriva Rail North termination.

<sup>1)</sup> Percentage points.



# Significant impact on some key figures due to first-time implementation of IFRS 16 in 2019

- DB Group implemented IFRS 16 as of January 1, 2019
- This is based on the modified retrospective method, meaning that IFRS 16 is used without including or adjusting previous reporting periods

## Balance sheet

- Increase in property, plant and equipment and capital employed accordingly.
- Recognition of the lease liability in the balance sheet lead to a corresponding increase in financial debt (€ +4.5 billion as of Dec 31, 2020).

## Income statement

- EBITDA increased significantly driven by the omitted operating lease expenses (€ +943 mn in 2019).
- EBIT increased only slightly driven by the interest share of the lease payments (€ +46 mn in 2019).

## Value management

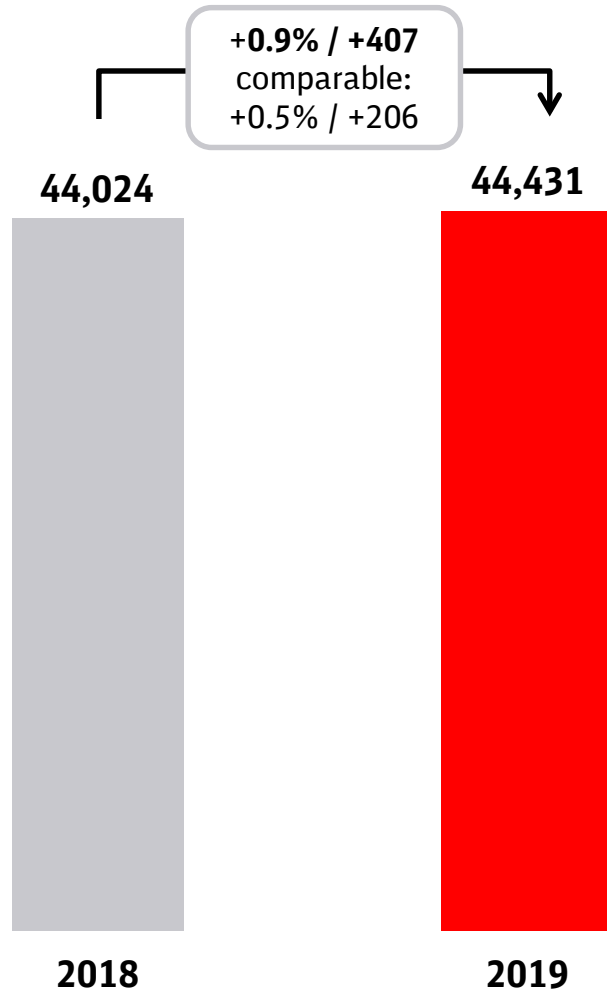
- ROCE deteriorated slightly (-0.4 percentage points as of Dec 31, 2020) to a permanently lower level due to the disproportional increase of capital employed compared to the EBIT.
- WACC is affected simultaneously and decreased as well. New ROCE target ( $\geq 6.5\%$ ) considered that already.
- Redemption coverage target adjusted as well ( $\geq 20\%$ ).

## Capex

- Capex increased significantly (€ +1.1 bn in 2019).

# Revenue development ongoing positive, driven mainly by DB Long-Distance and DB Netze Track

## Revenues (€ mn)



## Key impact factors

- ⊕ Increased performance (mainly DB Long-Distance and DB Netze Track)
- ⊕ Price effects
- ⊖ Economic development
- ⊖ Portfolio changes at DB Arriva
- ⊖ Quality issues/resource shortage

## External revenues by business units (€ mn)

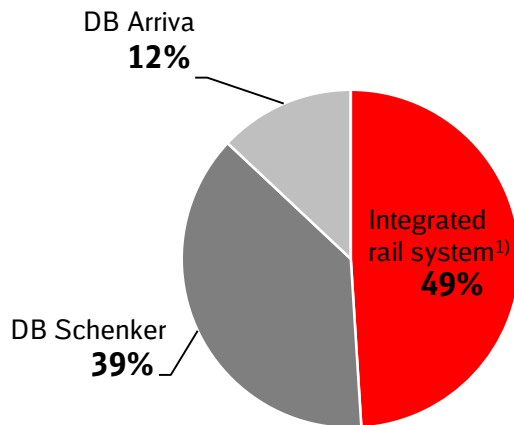
	2019	2018	+/- €	+/- %
DB Long-Distance	4,824	4,528	+296	+6.5
DB Regional	8,830	8,862	-32	-0.4
DB Cargo	4,188	4,177	+11	+0.3
DB Netze Track	1,687	1,559	+128	+8.2
DB Netze Stations	590	569	+21	+3.7
DB Netze Energy	1,308	1,350	-42	-3.1
Other	581	573	+8	+1.4
<b>Integrated rail system</b>	<b>22,008</b>	<b>21,618</b>	<b>+390</b>	<b>+1.8</b>
DB Arriva	5,405	5,433	-28	-0.5
DB Schenker	17,018	16,973	+45	+0.3
<b>DB Group</b>	<b>44,431</b>	<b>44,024</b>	<b>+407</b>	<b>+0.9</b>

# Stable revenue structure compared to 2018

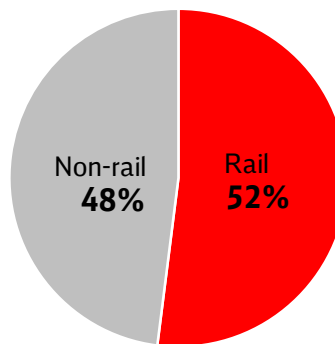


## By sectors

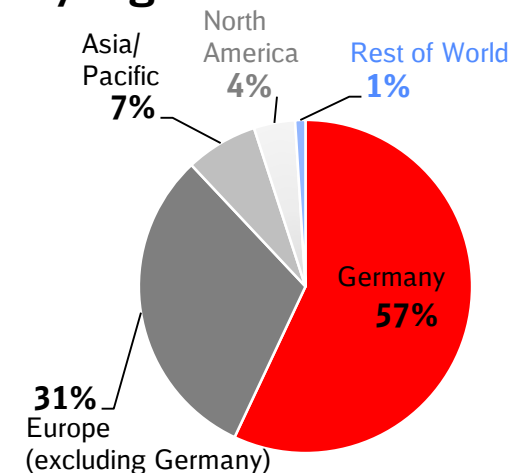
2018



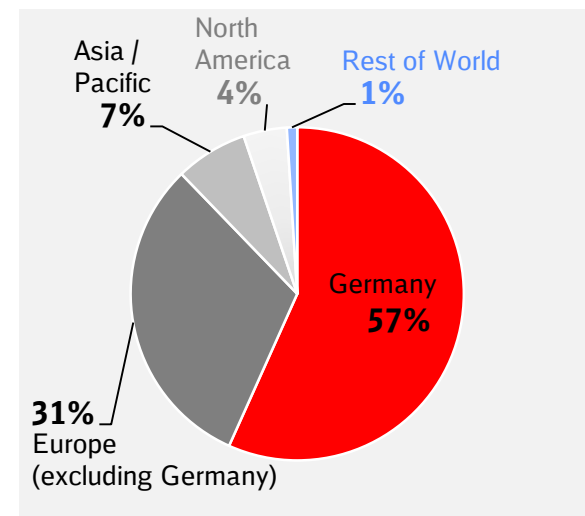
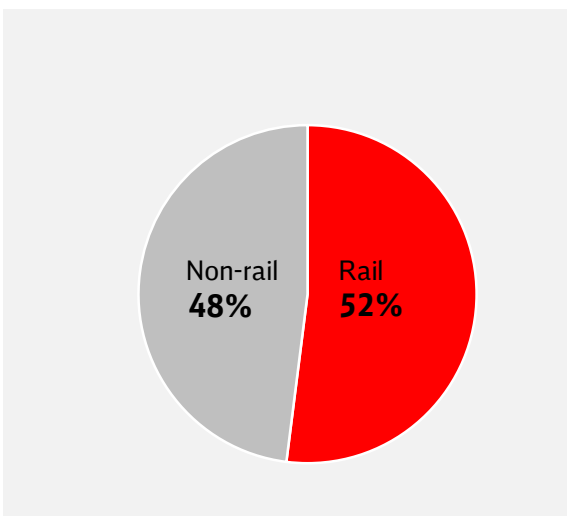
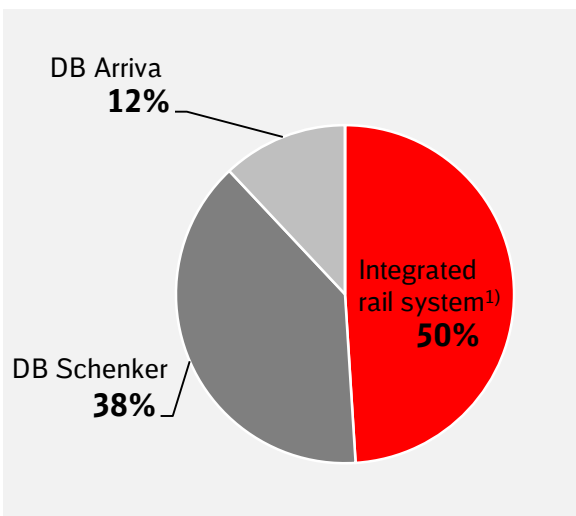
## By activities



## By regions



2019

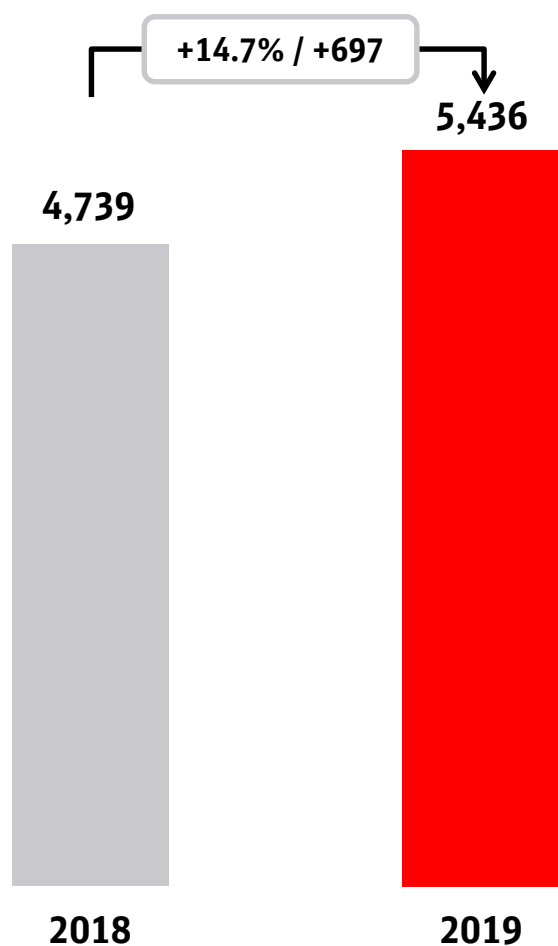


<sup>1)</sup> Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.

# EBITDA development driven by IFRS 16 effect



## EBITDA adjusted (€ mn)



## Key impact factors

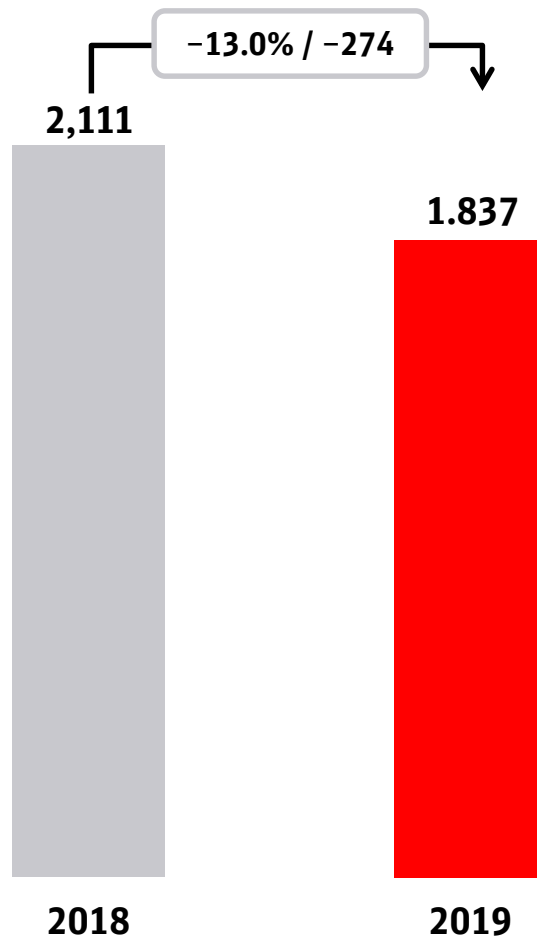
- ⊕ IFRS 16 effect
- ⊕ Revenue increase
- ⊕ Cost management
- ⊖ Quality and digitalization measures
- ⊖ Economic challenges
- ⊖ Cost increases (mainly personnel)

## EBITDA adjusted by business units (€ mn)

	2019	2018	+/- €	Thereof IFRS 16	+/- %
DB Long-Distance	789	675	+114	+4	+16.9
DB Regional	1,056	1,126	-70	+9	-6.2
DB Cargo	13	54	-41	+99	-75.9
DB Netze Track	1,443	1,446	-3	+5	-0.2
DB Netze Stations	349	362	-13	+13	-3.6
DB Netze Energy	128	87	+41	+20	+47.1
Other/Consolidation IRS	-162	-289	+127	+244	-43.9
<b>Integrated rail system</b>	<b>3,616</b>	<b>3,461</b>	<b>+155</b>	<b>+394</b>	<b>+4.5</b>
DB Arriva	752	575	+177	+183	+30.8
DB Schenker	1,082	703	+379	+366	+53.9
Consolidation miscel.	-14	-	-14	-	-
<b>DB Group</b>	<b>5,436</b>	<b>4,739</b>	<b>+697</b>	<b>+943</b>	<b>+14.7</b>

# Quality measures and additional cost strains impacted EBIT development

## EBIT adjusted (€ mn)



## Key impact factors

- + Revenue increase
- + Cost management
- Quality and digitalization measures
- Economic challenges
- Cost increases (mainly personnel)

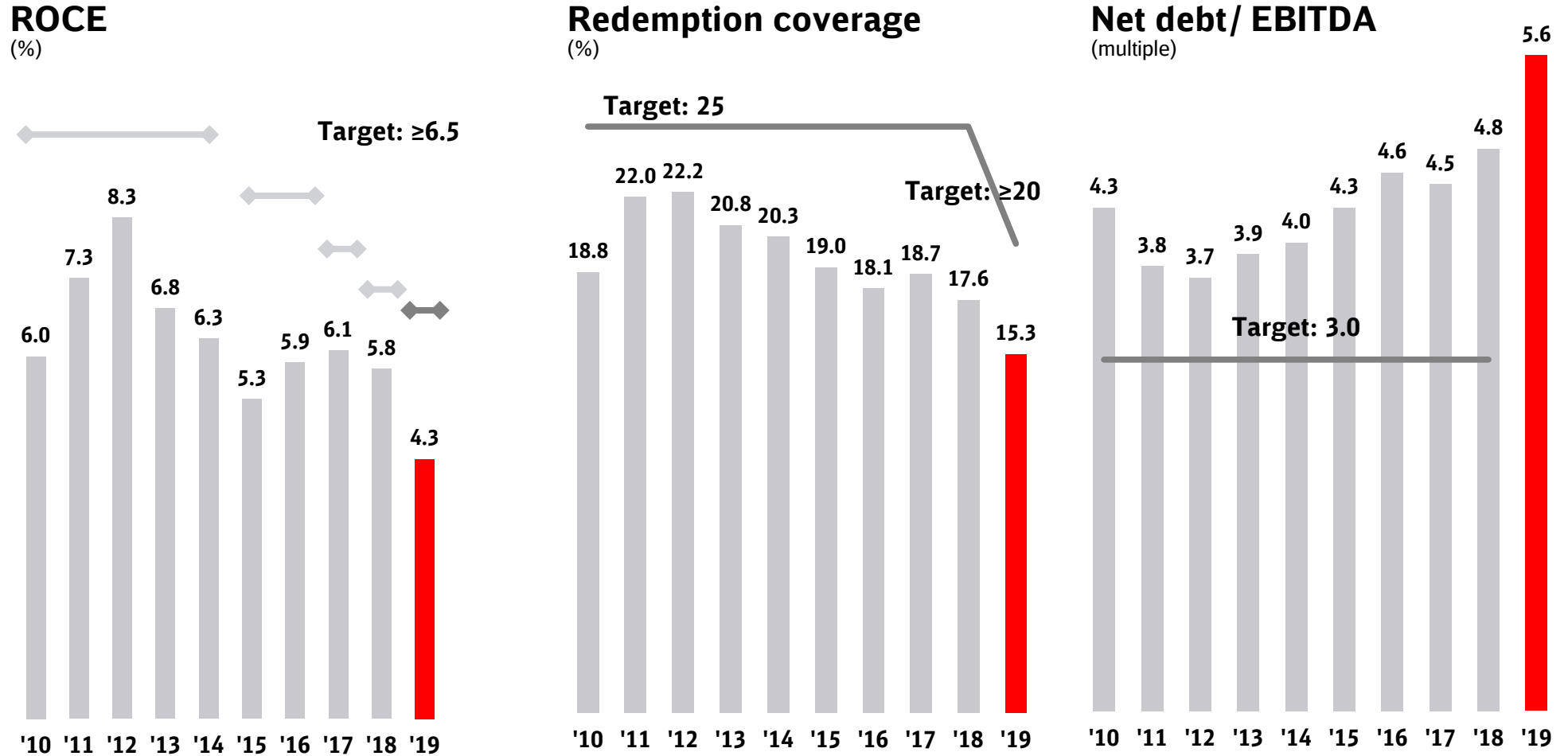
## EBIT adjusted by business units (€ mn)

	2019	2018	+/- €	Thereof IFRS 16	+/- %
DB Long-Distance	485	417	+68	+1	+16.3
DB Regional	408	492	-84	+0	-17.1
DB Cargo	-308	-190	-118	+7	+62.1
DB Netze Track	807	840	-33	+0	-3.9
DB Netze Stations	210	221	-11	+1	-5.0
DB Netze Energy	43	21	+22	+2	+105
Other/Consolidation IRS	-622	-493	-129	+14	+26.2
<b>Integrated rail system</b>	<b>1,023</b>	<b>1,308</b>	<b>-285</b>	<b>+25</b>	<b>-21.8</b>
DB Arriva	289	300	-11	+10	-3.7
DB Schenker	538	503	+35	+11	+7.0
Consolidation miscel.	-13	-	-13	-	-
<b>DB Group</b>	<b>1,837</b>	<b>2,111</b>	<b>-274</b>	<b>+46</b>	<b>-13.0</b>

# Higher operating expenses impacted development of profit figures

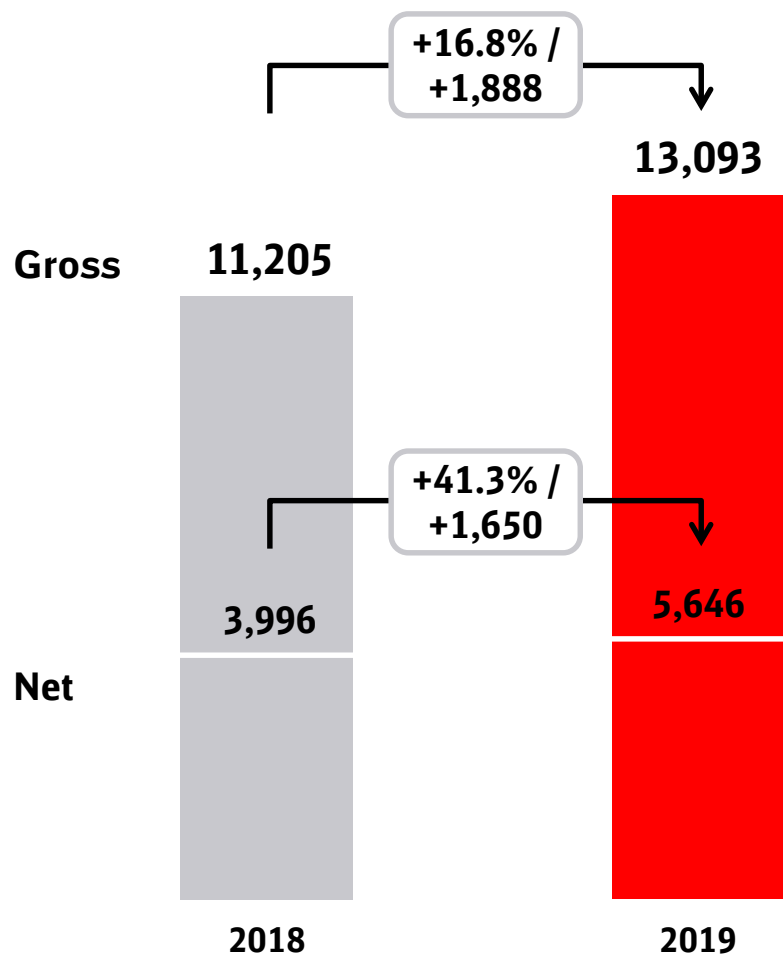
<b>Adjusted P&amp;L</b> (€ mn)	<b>2019</b>	<b>2018</b>	<b>+/- €</b>	<b>Thereof IFRS 16</b>	<b>+/- %</b>	<b>Key impact factors</b>
Revenues	44,431	44,024	+407	-48	+0.9	<ul style="list-style-type: none"> <li>Revenue growth substantially due to price and performance factors.</li> </ul>
Total income	50,605	49,977	+628	-48	+1.3	
Cost of materials	-22,259	-22,254	-5	-	-	
Personnel expenses	-18,011	-17,149	-862	-	+5.0	<ul style="list-style-type: none"> <li>Operating expenses increased mainly due to additional expenses, for our measures to improve quality and digitalization, additional employees and wage increases.</li> </ul>
Other operating expenses	-4,899	-5,835	+936	+991	-16.0	
<b>EBITDA adjusted</b>	<b>5,436</b>	<b>4,739</b>	<b>+697</b>	<b>+943</b>	<b>+14.7</b>	<ul style="list-style-type: none"> <li>IFRS 16 effect lowered other operating expenses and increased depreciation.</li> </ul>
Depreciation	-3,599	-2,628	-971	-897	+36.9	
<b>EBIT adjusted</b>	<b>1,837</b>	<b>2,111</b>	<b>-274</b>	<b>+46</b>	<b>-13.0</b>	
Financial result	-763	-706	-57	-69	+8.1	
Extraordinary result	-393	-233	-160	-	+68.7	
<b>Profit before taxes</b>	<b>681</b>	<b>1,172</b>	<b>-491</b>	<b>-23</b>	<b>-41.9</b>	
Taxes on income	-1	-630	+629	-	-99.8	
<b>Net profit</b>	<b>680</b>	<b>542</b>	<b>+138</b>	<b>-23</b>	<b>+25.5</b>	

# Development of key economic performance indicators driven by profit decline and IFRS 16 effects



# Capex increase due to higher infrastructure and rolling stock capex as well as inclusion of leasing (IFRS 16 effect)

## Capital expenditures (€ mn)

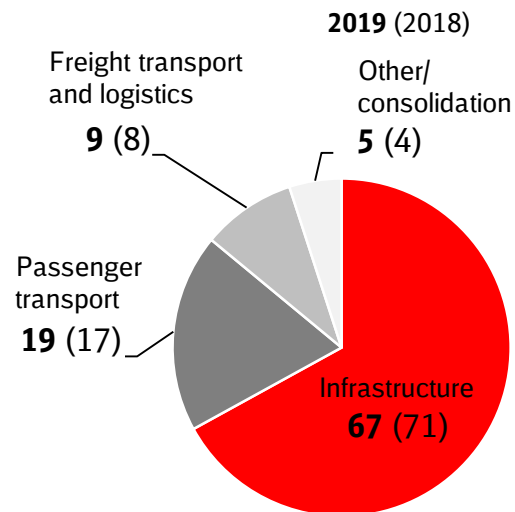


## Key impact factors

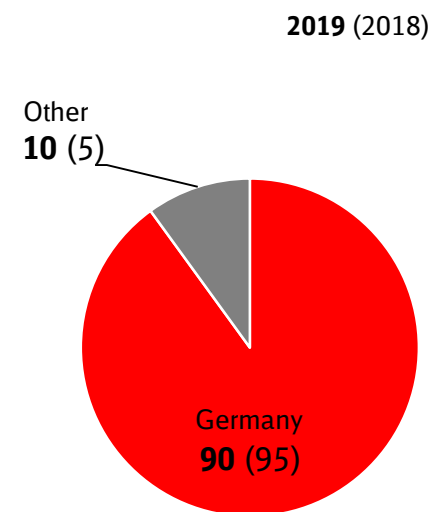
- ⊕ Higher capex especially in the infrastructure and at DB Long-Distance
- ⊕ IFRS 16 effect (€ +1,097 mn; not cash effective) mainly at DB Arriva, DB Schenker and DB Cargo

## Gross capex split (%)

### By sectors



### By regions



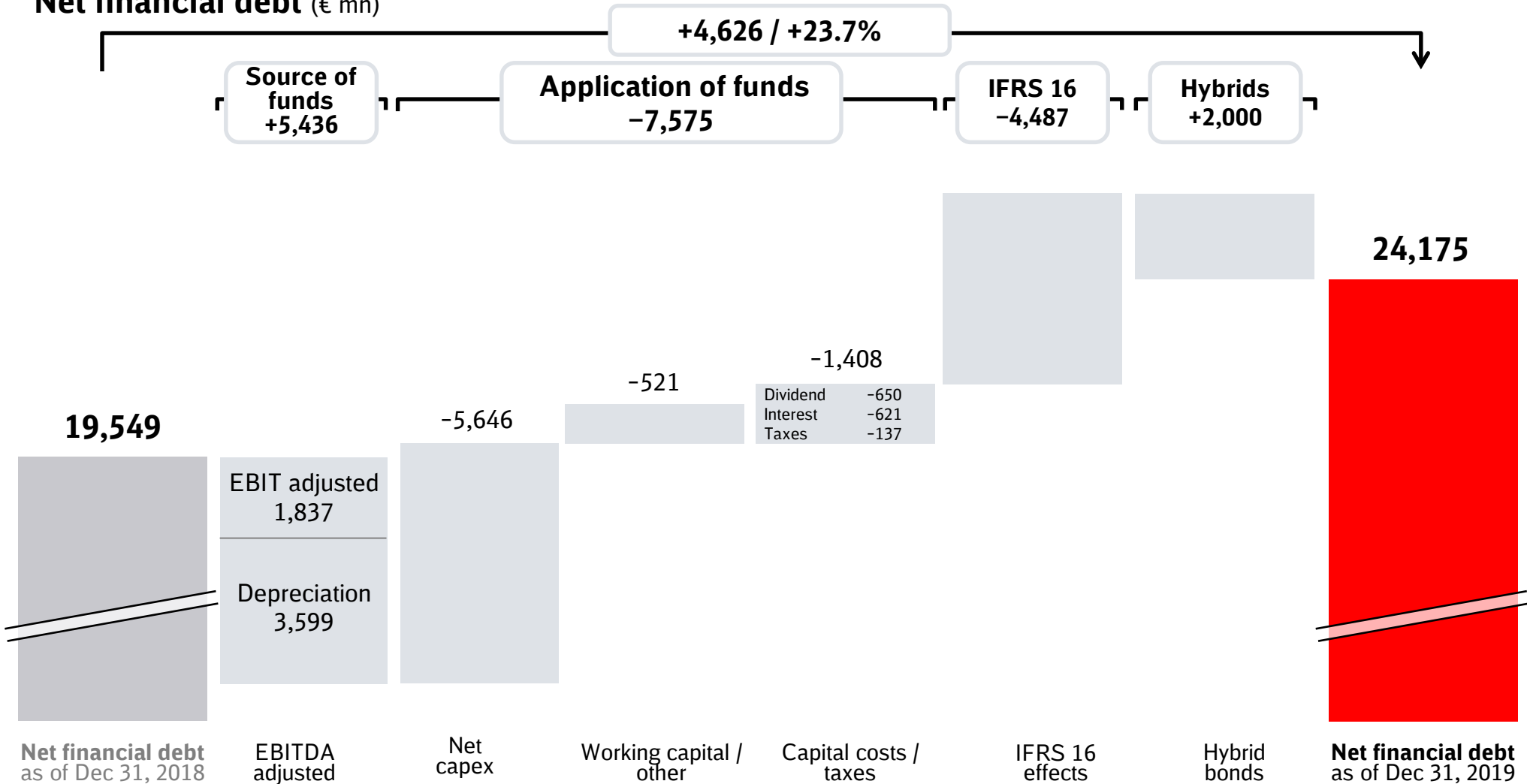


# Increased capex mainly at infrastructure business units as well as at DB Arriva and DB Schenker due to IFRS 16 effect

Capital expenditures (€ mn)	Gross capex					Net capex				
	2019	2018	+/- €	Thereof IFRS 16	+/- %	2019	2018	+/- €	Thereof IFRS 16	+/- %
DB Long-Distance	1,241	1,081	+160	+7	+14.8	1,241	1,081	+160	+7	+14.8
DB Regional	560	539	+21	+4	+3.9	548	526	+22	+4	+4.2
DB Cargo	570	587	-17	+137	-2.9	523	586	-63	+137	-10.8
DB Netze Track	7,441	6,901	+540	+6	-7.8	1,055	564	+491	+6	+87.1
DB Netze Stations	1,096	883	+213	+2	+24.1	262	164	+98	+2	+59.8
DB Netze Energy	193	187	+6	-7	+3.2	61	65	-4	-7	-6.2
Other/Consolidation IRS	612	428	+184	+233	+43.0	611	425	+186	+233	+43.8
<b>Integrated rail system</b>	<b>11,713</b>	<b>10,606</b>	<b>+1,107</b>	<b>+382</b>	<b>+10.4</b>	<b>4,301</b>	<b>3,411</b>	<b>+890</b>	<b>+382</b>	<b>+26.1</b>
DB Arriva	718	326	+392	+338	+120	683	312	+371	+338	+119
DB Schenker	662	273	+389	+377	+142	662	273	+389	+377	+142
<b>DB Group</b>	<b>13,093</b>	<b>11,205</b>	<b>+1,888</b>	<b>+1,097</b>	<b>+16.8</b>	<b>5,646</b>	<b>3,996</b>	<b>+1,650</b>	<b>+1,097</b>	<b>+41.3</b>

# Net financial debt increased significantly due to IFRS 16 effect and ongoing high level of net capex

## Net financial debt (€ mn)



# Changes in balance sheet driven by one time IFRS 16 effect on PPE and liabilities as well as addition of hybrid capital

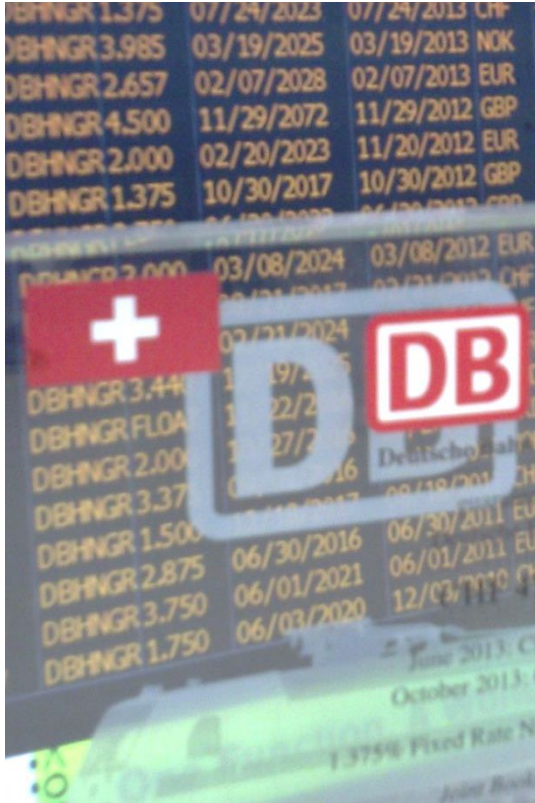
(€ mn, as of Dec 31)










	<b>2019</b>	<b>2018</b>	<b>+/- €</b>	<b>+/- %</b>
<b>Assets</b>				
<b>Non-current assets</b>	<b>53,213</b>	<b>46,646</b>	<b>+6,567</b>	<b>+14.1</b>
Property, plant and equipment (PPE)	46,591	40,757	+5,834	+14.3
Intangible assets	3,894	3,730	+164	+4.4
Deferred tax assets	1,246	1,032	+214	+20.7
<b>Current assets</b>	<b>12,615</b>	<b>11,881</b>	<b>+734</b>	<b>+6.2</b>
Trade receivables	4,871	4,962	-91	-1.8
Cash and cash equivalents	3,993	3,544	+449	+12.7
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>14,927</b>	<b>13,592</b>	<b>+1,335</b>	<b>+9.8</b>
<b>Non-current liabilities</b>	<b>32,820</b>	<b>29,104</b>	<b>+3,716</b>	<b>+12.8</b>
Financial debt	23,977	20,626	+3,351	+16.2
<b>Current liabilities</b>	<b>18,081</b>	<b>15,831</b>	<b>+2,250</b>	<b>+14.2</b>
Financial debt	4,716	2,618	+2,098	+80.1
Trade liabilities	5,789	5,491	+298	+5.4
<b>Total assets</b>	<b>65,828</b>	<b>58,527</b>	<b>+7,301</b>	<b>+12.5</b>

## Maturity structure

<b>Assets</b>	<b>Equity and liabilities</b>
Non-current assets (81%, 2018: 80%)	Equity (23%, 2018: 23%)
	Non-current liabilities (50%, 2018: 50%)
Current assets (19%, 2018: 20%)	Current liabilities (27%, 2018: 27%)
<b>Total</b>	<b>Total</b>
<b>€ 65.8 bn</b>	<b>€ 65.8 bn</b>

# Seven senior bond transactions (total volume: € 2.0 bn) and two hybrid bonds (total volume: € 2 bn) issued in 2019






#	Issue date	Volume (€ mn)	Currency	Term (years)	Interest all in € (%)	Credit spread (%)
1	Jan 09	1.000	EUR 	9.9	1.23	0.430
2	Feb 05	341	GBP 	7.0	0.74 <sup>1)</sup>	0.340
3	Feb 07 <sup>2)</sup>	103	NOK 	15.0	1.48 <sup>1)</sup>	0.461
4	May 22	310	CHF 	10.0	0.67 <sup>1)</sup>	0.227
5	May 22	133	CHF 	15.0	1.15 <sup>1)</sup>	0.361
6	May 28 <sup>2)</sup>	47	SEK 	20.0	1.42 <sup>1)</sup>	0.537
7	May 29 <sup>2)</sup>	71	AUD 	10.0	0.62 <sup>1)</sup>	0.250
<b>Senior bonds</b>		<b>2.005</b>		<b>Ø 10.3<sup>3)</sup></b>	<b>Ø 1.05<sup>3)</sup></b>	<b>Ø 0.376<sup>3)</sup></b>
8	Oct 14	1.000	EUR 	5.5 <sup>4)</sup>	1.01	-
9	Oct 14	1.000	EUR 	10.0 <sup>4)</sup>	1.65	-
<b>Hybrid bonds</b>		<b>2.000</b>		<b>Ø 7.8<sup>3)</sup></b>	<b>Ø 1.33<sup>3)</sup></b>	-

<sup>1)</sup> Swapped in EUR. <sup>2)</sup> Private placement. <sup>3)</sup> Volume weighted average.

In 2020 three senior bonds with a total volume of € 1.0 bn issued so far



#	Issue date	Volume (€ mn)	Currency	Term (years)	Interest all in € (%)	Credit spread (%)
<b>Senior bonds</b>						
1	Jan 08	500	EUR 	15.5	0,82	0.423
2	Feb 06	300	EUR 	4.0	-0.06	0.226
3	Mar 10 <sup>1)</sup>	150	EUR 	12.0	0.26	0.455
<b>Total</b>		<b>950</b>		<b>Ø 11.3<sup>2)</sup></b>	<b>Ø 0.45<sup>2)</sup></b>	<b>Ø 0.366<sup>2)</sup></b>

<sup>1)</sup> Private placement. <sup>2)</sup> Volume weighted average.

# Strong credit and ESG profile



## Credit ratings

(as of Mar 26, 2020)

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

## Sustainability ratings

(as of Mar 26, 2020)

- ISS ESG: B- (prime status)
- MSCI: A
- CDP: A (best grade)
- EcoVadis: Silver status
- Sustainalytics: Risk assessment medium

## Financing programs

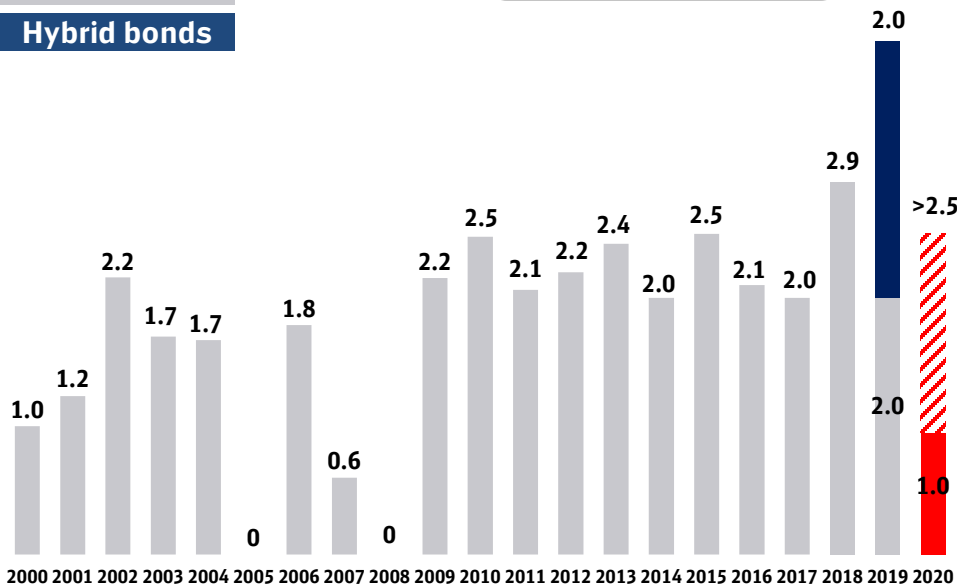
(as of Mar 26, 2020)

- European Medium Term Notes program (EMTN; € 25 bn)
- Australian Debt Issuance program (Kangaroo program; AUD 5 bn)
- Commercial Paper program (€ 3 bn)

## Bond issues

(€ bn; as of Mar 26, 2020)

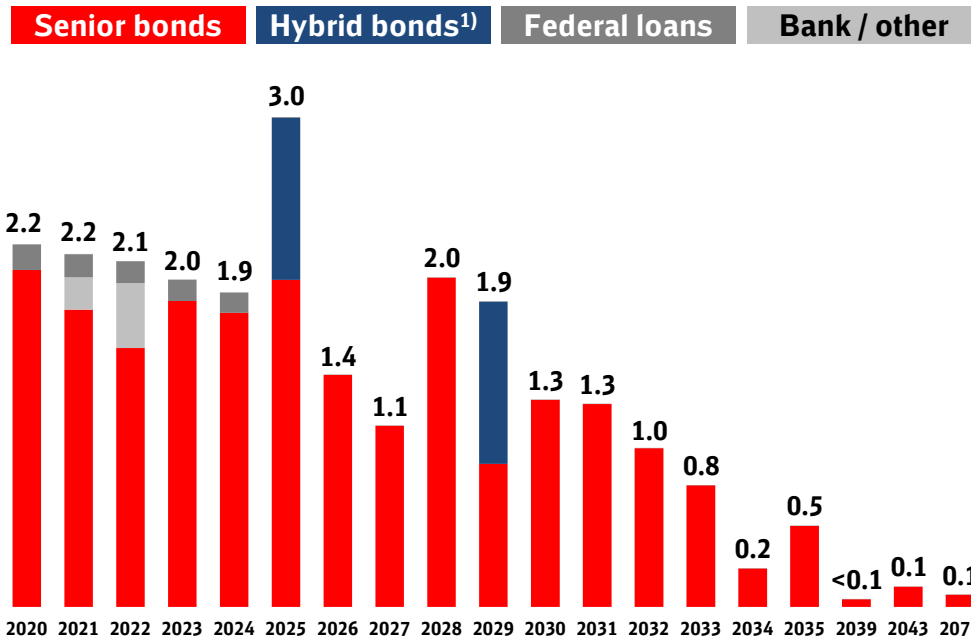
Senior bonds  
Hybrid bonds



Total: € 24.9 bn<sup>1)</sup>  
Ø p.a.: € 2.3 bn<sup>1)</sup>

## Maturity profile financial liabilities

(€ bn; incl. swaps; excl. leasing; as of Mar 26, 2020)



<sup>1)</sup> Senior bonds.

<sup>1)</sup> First possible call year.

# Outlook for 2020 Financial Year very limited due to current uncertainties regarding further development of corona crisis

<b>Outlook</b> (€ bn)	<b>2019</b>	<b>2020</b> (March forecast)	
<b>Revenues adjusted</b>	<b>44.4</b>	↘	▪ Effects of corona virus have a clearly negative.
<b>EBIT adjusted</b>	<b>1.8</b>	↘	▪ Revenue decline, cost increases and additional expenses for quality and digitalization.
<b>Net profit for the year</b>	<b>0.7</b>	↘	
<b>ROCE (%)</b>	<b>4.3</b>	↘	▪ Expected decline in adjusted EBIT along with increase in capital employed.
<b>Redemption coverage (%)</b>	<b>15.3</b>	↘	▪ Decrease due to lower operating profit.
<b>Gross capital expenditures</b>	<b>13.1</b>	> 15	▪ Increase due to ongoing quality and capex initiatives and higher investment grants.
<b>Net capital expenditures</b>	<b>5.6</b>	> 6.5	
<b>Maturities</b>	<b>2.2</b>	<b>2.3</b>	
<b>Bond issues (senior)</b>	<b>2.0</b>	> 2.5	▪ Mainly refinancing of liabilities via capital markets.
<b>Net liquidity</b> as of Dec 31	<b>4.0</b>	→	▪ Stable liquidity position remains secured.
<b>Net financial debt</b> as of Dec 31	<b>24.2</b>	↗	▪ Net financial debt will rise due to high capex levels and corona impact.

# Contact details and further information



Investor Relations:  
[www.db.de/ir-e](http://www.db.de/ir-e)



Contact Investor Relations:  
[www.db.de/ir-contact](http://www.db.de/ir-contact)



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