Deutsche Bahn

Integrated Interim Report January – June 2021

Germany needs a strong rail system

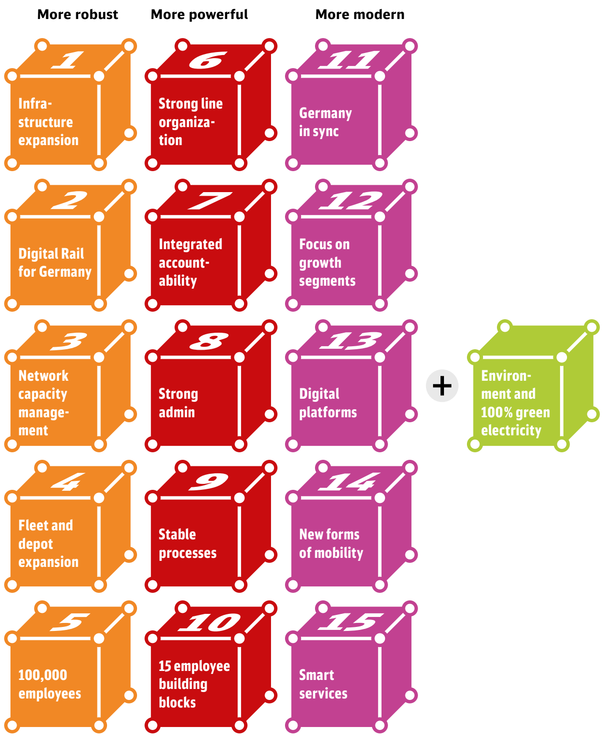
Strong Rail strategy

We have a key ambition: to bring more traffic to the rails. Our Strong Rail strategy is laying the groundwork for this.

The building blocks of the Strong Rail strategy

BUILDING BLOCKS FOR ORGANIZING THE SHIFT IN THE MODE OF TRANSPORT

BUILDING BLOCK OF THE GREEN TRANSFORMATION



Climate neutrality by 2040

We want to be climate-neutral as early as 2040. With this decision we have brought forward the previous target by ten years. This means that our target year is well ahead of the 2045 target year set by the Federal Government for Germany to achieve climate neutrality.

At a glance

Selected key figures	H 1 2021	H 1 2020	Change absolute	Change %	H 1 2019
KEY FINANCIAL FIGURES (€ MILLION)					
Revenues adjusted	21,786	19,423	+ 2,363	+ 12.2	22,013
Revenues comparable	21,932	19,417	+ 2,515	+ 13.0	21,972
Profit / loss before taxes on income	- 1,306	- 3,669	+ 2,363	- 64.4	277
Net profit / loss (after taxes)	- 1,428	- 3,749	+ 2,321	- 61.9	205
EBITDA adjusted	883	157	+ 726	-	2,534
EBIT adjusted	- 975	- 1,780	+ 805	- 45.2	757
Equity as of Jun 30 / Dec 31	7,274	7,270	+ 4	+ 0.1	14,927
Net financial debt as of Jun 30 / Dec 31	32,002	29,345	+ 2,657	+ 9.1	24,175
Total assets as of Jun 30 / Dec 31	67,285	65,435	+ 1,850	+ 2.8	65,828
Capital employed as of Jun 30 / Dec 31	43,124	41,764	+ 1,360	+ 3.3	42,999
Return on capital employed (ROCE) (%)	- 4.5	- 8.5	-	-	3.6
Debt coverage (%)	2.7	- 1.2	-	-	13.8
Gross capital expenditures	5,550	5,552	- 2	-	4,825
Net capital expenditures	2,659	2,770	- 111	- 4.0	2,350
Cash flow from operating activities	10	- 235	+ 245	- 104	1,386
KEY PERFORMANCE FIGURES					
Passengers (million)	1,229	1,448	- 219	- 15.1	2,456
RAIL PASSENGER TRANSPORT					
Punctuality DB rail passenger transport in Germany (%)	94.9	95.7	-	-	94.3
Punctuality DB Long-Distance (%)	79.5	83.5	-	-	77.2
Passengers (million)	559.6	779.3	- 219.7	- 28.2	1,293
thereof in Germany	479.9	662.5	- 182.6	- 27.6	1,050
thereof DB Long-Distance	27.2	41.0	- 13.8	- 33.7	71.8
Volume sold (million pkm)	17,422	26,620	- 9,198	- 34.6	47,250
Volume produced (million train-path km)	338.7	330.1	+ 8.6	+ 2.6	381.4
RAIL FREIGHT TRANSPORT					
Freight carried (million t)	115.1	103.0	+ 12.1	+ 11.7	122.4
Volume sold (million tkm)	43,010	38,190	+ 4,820	+ 12.6	43,738
TRACK INFRASTRUCTURE					
Punctuality (rail) in Germany [1] (%)	94.0	95.0	-	-	93.6
Punctuality DB Group (rail) in Germany (%)	94.7	95.6	-	-	94.2
Train kilometers on track infrastructure (million train-path km)	548.4	512.7	+ 35.7	+ 7.0	543.0
thereof non-Group railways	203.0	185.0	+ 18.0	+ 9.7	179.9
Share of non-Group railways (%)	37.0	36.1	-	-	33.1
Station stops (million)	79.5	74.9	+ 4.6	+ 6.1	77.7
thereof non-Group railways	23.1	21.2	+ 1.9	+ 9.0	19.5
BUS TRANSPORT					
Passengers (million)	669.0	668.7	+ 0.3	-	1,163
Volume sold [2] (million pkm)	2,090	2,010	+ 80	+ 4.0	3,368
Volume produced (million bus km)	707.8	662.7	+ 45.1	+ 6.8	795.5
FREIGHT FORWARDING AND LOGISTICS					
Shipments in land transport (thousand)	56,316	51,659	+ 4,657	+ 9.0	53,860
Air freight volume (export) (thousand t)	712.1	495.3	+ 216.8	+ 43.8	578.9
Ocean freight volume (export) (thousand TEU)	1,000	992.1	+ 7.9	+ 0.8	1,115
ADDITIONAL KEY FIGURES					
Order book for passenger transport as of Jun 30 / Dec 31 (€ billion)	90.8	84.7	+ 6.1	+ 7.2	87.9
Rating Moody's / S&P Global Ratings	Aa1 / AA-	Aa1 / AA-	-	-	Aa1 / AA-
Employees as of Jun 30 (FTE)	323,640	320,116	+ 3,524	+ 1.1	321,765

[1] Non-Group and DB Group train operating companies.

[2] Excluding DB Arriva.

Contents

Online report

An online version and a PDF version of this report are available at:
db.de/zb-e

Chairman's letter

Dr. Richard Lutz

CEO and Chairman of the Management Board of Deutsche Bahn AG

Ladies and gentlemen,

We are finally returning to freedom in life and gaining momentum. As DB, we are a fundamental part of this: we enable people to travel and arrive, to go on adventures and relax – and above all to meet and be together. Train by train, the momentum returns to life.

We can clearly see just how much people are looking for environmentally friendly mobility. Capacity utilization and booking numbers continue to increase. Also, our rail freight transport is growing. We have made good progress on the way to a strong rail system even during the Covid-19 pandemic: the fleet and infrastructure have grown significantly, and we have made rail travel even more attractive with new offers and services. DB Cargo and DB Schenker have consistently made a significant contribution to the functioning of the economy.

Our goal is greater capacity, higher quality and better service for our customers. Almost 2,000 kilometers of track will be renewed this year alone – never before has so much money been invested in our network. Despite extensive construction work, 79.5 percent of all long-distance trains were on time in the first half of 2021. Last but not least, it is the DB team, which does everything with heart and commitment to ensure that our guests on board feel safe and comfortable. I am pleased that, despite the Covid-19 pandemic, we are continuing to recruit personnel at record levels and offer our employees a secure job.

That we are on the right track is confirmed by a high level of customer satisfaction, strong public awareness of the DB brand and top placements in employer rankings. The fact that we were a reliable partner even during the months of the crisis is paying off.

Part of this reliability includes continuing to make massive investments in the future. We therefore stuck to our expansion plan even during the Covid-19 pandemic. Together with our owner, we are mastering this financial tour de force and want to return to our profitable growth course as quickly as possible. We want to be back in the black as early as next year.

However, this can only be achieved if we also live by the spirit of solidarity within DB Group, as we have already demonstrated with the Alliance for Our Railway. The way forward requires unity and stability – this is the only way to make rail strong.

In addition, the external conditions remain challenging. The devastating floods have once again made us aware of the serious consequences of climate change. It will take years to remedy the material damage. However, personal losses are immeasurable and cannot be compensated for.

The Covid-19 pandemic is also still with us and poses a constant challenge. Variants of the virus and further waves of infection have postponed the upward trend expected for the start of the year to the second quarter. The further development of the pandemic remains uncertain.

More stable than ever, on the other hand, are our course and our conviction that we are needed – for society, for the economy, for Europe and, above all, for our climate. Environmentally friendly transport for current and future generations will not be possible without the rail mode of transport. We are also making our contribution by wanting to be completely climate-neutral by as early as 2040 – ten years earlier than previously planned. So we are already doing everything today for a tomorrow worth living.

I am convinced: we have learned a lot in the past year – about ourselves, about our limits, but also about what is possible if we all pull together. There has been much discussion about a more conscious, sustainable life – now it is time to implement this together. We at DB Group remain ready to do just that.

Sincerely,

Dr. Richard Lutz
CEO and Chairman of the Management Board
of Deutsche Bahn AG

Interim Group management report (unaudited)

Fundamentals

DEALING WITH THE EFFECTS OF COVID-19

Deutsche Bahn AG (DB AG) and the Federal Republic of Germany (Federal Government) have agreed to jointly bear the effects of the Covid-19 crisis on Deutsche Bahn Group (DB Group). We plan to compensate for half of the impact on the Integrated Rail System by implementing countermeasures. The Federal Government is planning measures to partly compensate for Covid-19-related losses on the basis of the economic stimulus package. Funds have been earmarked therefore in the Federal budget for 2021. An agreement under state aid law with the European Commission has not yet been concluded for all measures in the first half of 2021.

DB Regional is expected to receive additional funds from the *industry solution for German regional transport (2020 Integrated Report* *62 f.)* in 2021.

DB Arriva also received Covid-19-related government support payments (including in the United Kingdom and other European countries in which DB Arriva operates).

CHANGES IN THE EXECUTIVE BODIES

The following changes were made to the Management Board of DB AG in the first half of 2021:

- With effect from May 31, 2021, the appointment of Prof. Dr. Sabina Jeschke as a member of the Management Board of DB AG was terminated by mutual agreement.
- At the regular Supervisory Board meeting on June 15, 2021, the Supervisory Board of DB AG appointed Dr. Daniela Gerd tom Markotten as Member of the Management Board of DB AG for a term of three years with effect from September 15, 2021.

No changes were made to the Supervisory Board of DB AG during the first half of 2021.

ENVIRONMENTAL DEVELOPMENTS

National environment

DB GROUP

Economic stimulus package of the Federal Government

In June 2020, the Federal Government reached an agreement on comprehensive measures on the topic of "Tackling the Covid-19 Impact, Securing Prosperity, Strengthening Readiness for the Future." These include a number of general relief measures for the German economy, while simultaneously providing industry-specific stimuli in 2020 and 2021. The following developments took place in the first half of 2021, particularly with regard to the measures relevant to rail:

- In the 2020 supplementary Federal budget, an increase of DB AG's equity by € 5 billion was planned to compensate in part for losses as a result of the Covid-19 pandemic. This amount was transferred to 2021 as part of the 2021 Federal budget because it was not possible to conclude an agreement under state aid law with the European Commission in 2020. Based on the advanced state of negotiations with the European Commission regarding the measures, the funds previously earmarked in full as an equity capital increase were reduced by just under € 3.1 billion and reallocated in the same amount as part of the supplementary budget 2021 adopted by the Upper House of Parliament (Bundesrat) in April 2021. Federal funds to maintain Federal railways were increased by € 650 million as compensation for the non-payment of a dividend by DB AG in 2021 and expenditures to support train-path prices in rail freight transport were increased by € 600 million. Just under € 1.8 billion has been allocated in the Federal budget to support train-path prices in long-distance rail passenger transport. An agreement under state aid law with the European Commission has not yet been concluded in the first half of 2021.
- The Act on Accompanying Measures for the Implementation of the Economic Stimulus and Crisis Management Package implemented the additional, one-time increase of € 2.5 billion in regionalization funds in 2020, with the

Federal Government participating in the rescue fund for public passenger transport. For 2021, the Federal Government intends to make a further contribution of € 1 billion to continue the rescue fund. As in 2020 the Federal states want to contribute the same amount.

Further information on the *economic stimulus package of the Federal Government: 2020 Integrated Report* *62.*

Implementation of the Climate Action Program 2030

On the basis of the Federal Government's Climate Action Program 2030, additional Federal funds totaling € 11 billion will be made available by 2030 to strengthen the rail system. At the end of January 2020, the Federal Ministry of Finance (Bundesministerium der Finanzen; BMF) and the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI), as well as DB AG, DB Netz AG, DB Station&Service AG and DB Energie GmbH, had agreed on the inflow and use of the funds in a joint letter of intent. The funds will be used exclusively for infrastructure; half of it will be paid as equity and half as grants to DB Netz AG and DB Station&Service AG. In terms of content, the funds will be used in the categories of robust network, digital rail, attractive stations and economically self-reliant infrastructure measures. The funds that are to be used to increase equity are subject to an agreement with the European Commission in line with state aid law, which was not concluded in 2020. Therefore the respective funds for 2020 were transferred to the Federal budget 2021.

Amendment to the German Federal Climate Protection Act

On April 28, 2021, the Federal Constitutional Court published a resolution on the Climate Protection Act, which confirms the admissibility of the fixing of targets for reducing greenhouse gas and emissions limits. At the same time, it calls for the targets to be made more ambitious and the requirements for the period after 2030 to be made more specific. In compliance with this requirement, the German Parliament has passed an amendment to the law. The targets for national greenhouse gas reduction for 2030 will be increased from −55% to −65%. At −88% a specific target for 2040 was set for the first time. Germany's target year for climate neutrality is being brought forward from 2050 to 2045. For transport, the annual maximum amount of greenhouse gas emissions will be reduced from its previous level of 95 million to 85 million tons of CO_2 equivalents in 2030. Emissions must therefore fall by 48% instead of the previous 42%. A year-by-year national reduction path to 2040 was included. The new targets will require additional climate protection measures, including those to strengthen rail transport.

National Platform Future of Mobility

In the German Federal Government's National Platform Future of Mobility (NPM), DB Group is represented in the steering committee, as well as in the working groups for climate protection in transport as well as digitalization for the mobility sector. In June 2021, the working group for climate protection in transport presented a report on how the measures already taken under the Climate Protection Program 2030 can be further accelerated and expanded in order to meet the requirements for climate protection in transport. As part of the work of the other working groups, more in-depth work was prepared on specific issues. DB Group is a project member of RealLab Hamburg, which researches the requirements and demands of intermodal and autonomous mobility, among other things.

Master Plan for Rail Transport and Rail Pact of the Rail Future Alliance

As a result of the Rail Future Alliance, the BMVI published the Master Plan for Rail Transport in June 2020, which is broadly supported by the industry. Implementation of the plan as a whole and of key elements is the subject of ongoing committee work under the management of the Federal Government and with the participation of DB Group. At the Federal Government's annual rail summits, what we have achieved and the challenges facing us will be discussed in a public forum. On May 17, 2021, the third rail summit focusing on European transport took place at the BMVI. Several EU countries signed a letter of intent for TransEuropExpress (TEE) 2.0 for cross-border high-speed and night transport by rail. This is expected to become part of a networked and synchronized European schedule.

Railway regulation law

With the cabinet resolution of January 20, 2021, the parliamentary proceedings were initiated with the government draft of an amendment to the Railway Regulation Act (Eisenbahnregulierungsgesetz, ERegG). This was concluded as part of a second consultation with the Upper House of Parliament (Bundesrat) on May 28, 2021. The amendment to the ERegG adapts the national legal framework to developments in EU law and provides the basis for new models for capacity allocation and schedule preparation, including for the Germany in sync plan.

INFRASTRUCTURE

Railway Law Reform Act

With the Federal cabinet resolution of January 13, 2021, the draft amendment of regulations in the railway sector, known as the Railway Law Reform Act (Eisenbahnrechtsbereinigungsgesetz, EbRbG) was passed. The changes, that are mainly affecting the General Railways Act (Allgemeines

Eisenbahngesetz, AEG) were passed by the plenum of the Upper House of Parliament (Bundesrat) in the second consultation on May 28, 2021. In addition to editorial adjustments, the EbRbG is fundamentally a reorganization of the laws relating to sidings, among other things, and the creation of new regulations on vegetation control, particularly with regard to threats to safe railway operations originating from third-party land.

FREIGHT TRANSPORT

Master Plan for Rail Freight Transport

The implementation of the Master Plan for Rail Freight Transport will continue as per the procedure thus far in order to supplement the work of the Rail Future Alliance. Important issues from the Master Plan for Rail Freight Transport are also included in the Master Plan for Rail Transport. The Future Rail Freight Transport program of the Federal Government provides the basis for helping to partly fund projects in the areas of digitalization, automation and vehicle technology. Following the initial funding of the program in the 2020 Federal budget in the amount of € 30 million, the program will continue with the same financial backing in 2021. As a further measure to strengthen rail freight transport, facility price support of € 40 million was assigned in the 2020 Federal budget for the first time, which increased to € 80 million in 2021. The funding guidelines for sidings were evaluated and published with new funding opportunities in March 2021, with € 34 million allocated in 2021. The evaluation of the combined transport funding guidelines is currently taking place; the new directive is expected to be published in early 2022.

Implementation of the national Rail Noise Protection Act

Since the schedule change in 2020/2021, the Rail Noise Protection Act has generally prohibited the use of noisy freight cars on the German rail network. DB Netz AG has updated its rail network terms and conditions of use in implementing the law. In a formal notice to the Federal Government, the European Commission expressed its opinion that the Rail Noise Protection Act contradicts EU law and that it considers the act to be in breach of interoperability requirements. The initiated procedure has not yet been completed.

PASSENGER TRANSPORT

Telecommunications signal supply throughout rail routes

The focus is currently on implementing the supply requirements from the 5G auction in 2019. As per the auction conditions, the railways are asked to cooperate with respect to the provision of coverage along the rail tracks. To fulfill this obligation to cooperate, DB Group has initiated the project master plan Connectivity Rail in order to make this a reality. In exchange with the mobile phone companies, central cooperation requirements were disclosed in the project and agreements were reached on the request for cooperation services. DB broadband GmbH is also contributing to the collaboration, with its extensive offer of fiber-optic capacity along the rail routes. The amendment to the Telecommunications Act (Telekommunikationsgesetz), which was passed with the approval of the Upper House of Parliament (Bundesrat) on May 7, 2021, which largely complies with the previous regulations, contains regulations on the shared use of rail infrastructure. A new addition was made with the objective of frequency regulation to ensure uninterrupted connectivity along transport routes by 2026 if possible. The competencies of the Federal Network Agency (Bundesnetzagentur; BNetzA) to enforce the supply requirements were also expanded.

We have reached an agreement with Deutsche Telekom on an overachievement of the supply requirements 2019. It was agreed that Deutsche Telekom would expand its mobile network on DB rail lines as quickly as possible, close existing gaps and significantly increase the performance of the network. By 2026 at the latest, there are to be no more supply gaps along the long-distance and regional rail lines. Together, both companies are investing a three-digit million euro amount.

European environment

DB GROUP

Multiannual financial framework and European expansion plan

On December 17, 2020, the institutions of the European Union (EU) definitively adopted the multiannual financial framework for 2021 to 2027 in the amount of around € 1.1 trillion at 2018 prices. The funding for transport from the Connecting Europe Facility is € 11.4 billion (plus an additional € 10 billion for the cohesion countries), € 81.4 billion (including € 5 billion from the structural plan) for the Horizon Europe research initiative and € 1.5 billion for military mobility. The core elements of the European Next Generation EU plan, which is intended to remedy the economic impact of the Covid-19 pandemic, amounting to € 750 billion, were also decided. Within the framework of Next Generation EU, an expansion and resilience facility is being set up to provide financial support totaling € 312.5 billion to member states for reforms and investment between 2021 and 2026. To do this, member states must submit national development plans with projects to the European Commission for assessment. For the national expansion and resilience plan (Aufbau- und Resilienzplan; DARP) the selection of projects is based on the assumption, that the funds being allocated to Germany in the amount of about € 26 billion are being used for measures of the economic stimulus and future readiness package. Grants of € 500 million are planned for investments in digital signaling technology and € 227 million for the promotion of alternative drives in rail transport. Following the approval of the DARP by the European Commission and the Council of the EU in July 2021, pre-financing of € 2.3 billion can be paid out to Germany.

The European Green Deal

The European Green Deal is the European Commission's road map for a sustainable, climate-oriented economy. As part of the European Green Deal, the Commission is setting the target of climate neutrality for Europe by 2050 (zero emissions). A key component in this regard is an European Climate Law, on which the EU institutions reached a political agreement on April 21, 2021. This also defines and increases the interim target for emissions reductions by 2030 – to at least 55%.

On July 14, 2021, the Commission presented a comprehensive package of legislation containing key proposals to achieve the new 55% target. This "Fit for 55" package concerns energy and transport policy in particular. It contains proposals for new EU emissions trading on road traffic and buildings, stricter CO_2 emissions requirements for newly registered passenger cars and light commercial vehicles (with the result that all new cars registered from 2035 must be emissions-free) and a CO_2 limiting tax. In addition, free emissions certificates and the kerosene tax exemption for air traffic are to be phased out.

European Year of Rail 2021

2021 has been declared the European Year of Rail by the European institutions. This is the first time that an European year has been dedicated to a specific sector and shows that the EU sees rail transport as a decisive component in achieving the objectives of the European Green Deal.

The themed year is intended to help to position rail as an environmentally friendly mode of transport and thus to achieve the objectives of the European Green Deal in the transport sector. The European Year of Rail will primarily build off the sector's and its stakeholders' communication measures. The journey of a special train through almost all European countries in September and October 2021 will be the highlight and a visible sign of the cross-border performance of the rail sector.

Trade and cooperation agreement between the United Kingdom and the EU

The United Kingdom and the EU agreed on a free trade agreement on December 24, 2020, which provisionally entered into force on January 1, 2021. The European Parliament also approved the agreement on April 27, 2021, meaning that the agreement finally entered into force on May 1, 2021. The agreement does not provide for customs duties or quotas for trade in goods between the EU and the United Kingdom and instead contains far-reaching regulations to guarantee fair competition. With regard to transport, the agreement provides for permanent networking in the areas of air, road and maritime transport, although market access is not on the same level as the domestic market. Rail traffic through the Channel Tunnel is secured until September 2021 in accordance with the EU Emergency Regulation, which has already been passed. During this time, France and the United Kingdom are to conclude a cross-border agreement in order to secure tunnel traffic in the long term. As negotiations for a cross-border agreement continue, the European Commission has presented a proposal to extend the EU Emergency Regulation until March 2022.

PASSENGER TRANSPORT

Agreement on the revision of the European Passenger Rights Regulation

Following the agreement between the Council and Parliament on October 1, 2020, and the subsequent formal acceptance, the revised version of the European Passenger Rights Regulation entered into force on June 7, 2021, and will apply as of June 7, 2023. The new version provides, that the currently applicable delay compensation levels remain unchanged (25% of the fare after one hour delay, 50% after two hours). In future, in the event of exceptional circumstances, a train operating company (TOC) will be able to release itself from the obligation to pay compensation for delays. The strict obligation to provide assistance to passengers with disabilities and passengers with limited mobility is generally limited to staffed stations. Four years after the regulation comes in to force, TOCs will also have to provide a mandatory number of bicycle stands when procuring new or substantially modernizing trails.

LEGAL TOPICS

Procedure regarding additional financing contributions for Stuttgart 21

At the end of 2016, in order to avoid risks under the statute of limitations, we initiated proceedings in the Stuttgart Administrative Court against the project partners seeking additional financing contributions on the basis of what is known as the negotiation clause. We submitted our surrejoinder in late June 2021. A hearing is not expected until the end of 2021 or, more likely, 2022 at the earliest.

Strong Rail

IMPLEMENTING STRONG RAIL

Under our Strong Rail umbrella strategy, we have acknowledged our social responsibility and defined our contribution to the transport and climate policy goals of the Federal Government. The guiding principle behind the Strong Rail strategy is the shift in the mode of transport towards rail with the aim of a sustainable change in climate and mobility policy. We have formulated this claim in the form of our inner ambition: "Germany needs a strong rail system. *For the climate. For people. For the economy. For Europe.*"

The *ruling of the Federal Constitutional Court* *4,* which calls for earlier and more specific climate policy measures, will, in our view, provide another major boost to the implementation of the strategy.

A differentiated picture emerged in the first half of 2021 regarding the achievement of major DB targets. Volume sold in rail freight transport is again on a significant growth course. In contrast, passenger volumes in long-distance and local rail passenger transport continue to be adversely affected by the Covid-19 pandemic. However, we have already seen significant trends toward recovery as restrictions have been gradually lifted.

Overall, the first half of 2021 has shown that our Strong Rail strategy is an important and effective guiding principle for our activities, even in times of crisis.

In the first half of 2021, further progress was made in the three strategic areas: ***more robust, more powerful*** and ***more modern.***

Strategic area: more robust

With the strategic area ***more robust,*** we have set ourselves the target of expanding capacity in terms of infrastructure, vehicles and personnel to transport significantly more people and goods with a higher level of quality.

- Despite Covid-19 restrictions, we have stuck to our course of expanding infrastructure capacity: construction projects remain at a very stable level. In the first half of 2021, in the existing network 553 km of track were built, 749 switches and 956,781 t of gravel were replaced. A total of 1,269 superstructure measures have been completed, and 376 measures, due for commissioning in the second half of 2021, were newly started in the period up to June 2021. About 2,000 individual measures are being implemented at about 1,000 stations, within the 2021 economic stimulus package. Construction has already begun at 265 stations.
- The draft of the 2040 network concept is available. The technical specification for the digital interlocking pilot is complete. Financing from Federal funds has been achieved.
- Key actions were taken as part of the "Fleet and depot expansion" building block. In the first half of 2021, eight *new ICE 4* *29* 13-part trains were delivered out of a total of 50, and 32 ICE 3 trains out of a total of 50 had been modernized by the end of June 2021. From 2023, we will continue to plan for significant increases in the capacity of our maintenance depots in Berlin, Hamburg and Frankfurt am Main, among others, and continue planning for new depots in Nuremberg and Cottbus. Preliminary planning has been completed for the new Cottbus depot.
- With the "100,000 employees" building block, we are ensuring that we recruit, train and retain the number of employees that it takes to make DB Group ***more robust*** overall and achieve the shift in the mode of transport. Despite Covid-19 restrictions, we continued our employment campaign using digital recruiting methods and following social distancing rules, with 16,800 job offers already issued.

Strategic area: more powerful

The strategic area ***more powerful*** has formed the anchor for our claim to increase our impact as an organization. We are focusing on achieving a high and sustainable level of performance by means of structural changes and a consistent focus on the common goal of achieving a strong rail system.

For example, the following interim targets were achieved in the first half of 2021:

- The main operational parameters of the Integrated Rail System were established using comprehensive modeling. This will allow for more focused planning and management across the relevant strategic parameters. The planning and management processes can be streamlined, which eases the regulatory organization workload.
- In vehicle maintenance, integrated process management was established in the regulatory organization.

- For the overarching processes "Provision and train run" the congestion management initiative was launched in the Frankfurt am Main area. The aim of the initiative is to reduce delays that are not caused by the delayed train itself, such as stand-still periods due to occupied tracks, trains crossing tracks in front of one another, and unplanned overtaking (so called secondary lost units).

THE FIFTH EMPLOYEE BUILDING BLOCK

We involve our employees in the implementation of our strategy as part of "15 employee building blocks." The objective is to develop additional building blocks that reflect the central concerns of employees and support the implementation of the strategy. These building blocks are created in a participation process that takes place every six months.

Four building blocks selected in 2020 were further developed:

- *"Safe travel"* *16* was launched in January 2020 and aims to improve employee safety.
- "My knowledge – Your knowledge – Our knowledge" was launched in June 2020 and addresses the employees' need to be able to access documented knowledge more easily.
- "Colleagues leave – their knowledge stays" started up in September 2020. It aims to provide access to knowledge of regulatory frameworks and to structure it in a more action-oriented way (for example by training the authors of the regulations), as well as to support the transfer of empirical knowledge that is key to success.
- "Knowing how railways run" was launched in January 2021 and aims to provide more system-related and interconnected knowledge for all managers and employees. For this purpose, a cross-business unit curriculum has now been developed, covering fundamental railway knowledge.

At the same time, during the period September 2020 to February 2021, the fifth building block "Just ask me" was developed together with a total of 315 building block participants in various virtual formats. The aim is to have employees become more involved in decision-making processes. Solutions are being developed to harness employees' practical knowledge even more effectively.

In June 2021 the expansion wave TeamDB began. Until December 2021, we will be working with 450 building block participants to find solutions that strengthen (cross-business unit) interdisciplinary cooperation within DB Group.

Strategic area: more modern

With the strategic area ***more modern,*** we are meeting the needs of our customers for more modern and attractive products and services. We firmly believe that new forms of mobility, similar to conventional mass public transport, are part of public services and therefore only offer real added value for customers, society and climate protection if they are provided as an integrated public transport service.

During the Covid-19 pandemic, there has been less demand for products and services using new forms of mobility. Since transport services are mainly used at the start and end of the travel chain (first and last mile), there is a high dependence on public transport demand. Notwithstanding this, there was progress in a number of projects in the ***more modern*** strategic area:

- Long-distance transport services will be expanded to include "super-fast sprinters" when the timetable change is carried out in December 2021.
- Direct connections to Frankfurt Airport have been extended to 22 stations in Germany, and intermodal transfers have been optimized.
- It is now possible to book online tickets after departure.
- An initial project for on-demand transport was set up as part of the framework contract with the Rhine-Main transport association (Rhein-Main-Verkehrsverbund; RMV), with more transport services being added in Essen, Offenbach, Leipzig and Darmstadt.
- The plan for fast connections in rail freight transport between major chemical plants has been completed. In combined transport, a direct connection linking the ports of Antwerp and Rotterdam to major economic centers is now in service. Six multimodal express connections were added in single wagon transport (Hamburg—Cologne, Hamburg—Berlin, Hamburg—Mannheim, Cologne—Munich, Cologne—Berlin, Munich—Mannheim).
- Digital further developments accelerated the commissioning of transport services via link-to-rail.

Green Transformation

Within the framework of the building block ***Environment and 100% green electricity,*** we have set ourselves the goal of pushing forward the Green Transformation in climate protection, conservation of resources, noise remediation and nature conservation. In the first half of 2021, for example, we concluded more contracts for the supply of ***renewable energy*** *45,* including ***wind power*** green ***no. 47.*** In addition, we have set ourselves the new goal of making ***DB Group climate-neutral as early as 2040*** *12.* In doing so, we are making a major contribution to the adjusted ***climate targets of the Federal Republic of Germany*** *4* and the ***EU*** *4,* which so urgently need to be achieved.

Product quality and digitalization

PUNCTUALITY

Punctuality (%)	**H 1 2021**	2020	H 1 2020
DB Group (rail) in Germany	94.7	95.1	95.6
DB rail passenger transport in Germany	94.9	95.2	95.7
DB Long-Distance	79.5	81.8	83.5
DB Regional	95.3	95.6	96.0
DB Cargo (Germany)	71.2	77.6	79.7
DB Arriva (rail: United Kingdom, Denmark, Sweden, the Netherlands, Poland and the Czech Republic)	95.2	93.1	91.5
DB Regional (bus) [1]	84.7	83.4	83.3
DB Cargo (Europe)	70.8	76.9	79.1

To measure punctuality, we compare the target arrival time to the actual time for every train / bus run. We summarize the arrival of trains on schedule or up to a defined maximum delay using a degree of punctuality.

[1] Value first half of 2020 adjusted as a result of a change in method in 2020.

Punctuality in rail transport in Germany decreased. The reasons for this development were:

- The increased network utilization caused by the ramping up of services, which had a negative effect on high-traffic lines and when services were disrupted in particular.
- The high level of construction activity, which led to limited capacities despite effective construction site management.
- Exceptional external events, especially the extreme winter weather conditions in February 2021. While the onset of winter in January 2021 had little impact on punctuality due to stable infrastructure availability and a high degree of coverage in the contingency plans, storm Tristan caused dangerous winter conditions at the beginning of February 2021. Despite deploying personnel and technology extensively, some rail operations had to be stopped as a precautionary measure. As a result, deployment and circulation processes were disrupted, leading to limited performance capability, particularly in freight and transport. The first heat wave in June 2021 also had a negative impact on vehicles and infrastructure, which also reduced punctuality.
- In mid-March 2021, there was a landslide on one of the busiest freight transport lines in Europe near Kestert in the Middle Rhine Valley. Although work began immediately to clear the area, the landslide still caused the line to close for more than 40 days on the right bank of the Rhine. Due to the widespread diversions that were necessary and the increased burden that this placed on the infrastructure on the left bank of the Rhine, journeys for all TOCs took longer. This had a major impact on operational performance in freight transport.

Compared to the first half of 2020, the decline in additional delays caused by slow-running sections, especially on the north–south axis centered around the Hamburg hub, had a positive effect for DB Long-Distance in particular.

Measures in rail freight transport

Growth in rail freight transport is one of the key factors in successfully shifting the mode of transport towards rail. In the first half of 2021, measures for the short and medium term were developed, and work began to implement them. Both analytical and simulation methods were used to assess possible measures. Those already implemented will be reviewed in the second half of 2021 to evaluate their effectiveness.

Strong for the summer

Intensive and comprehensive work was underway in the first half of 2021 within the Integrated Rail System to prepare for the summer period and the expected level of travel after travel restrictions were lifted. The program focused on further increasing and securing system stability. To this end, specific measures were developed and implemented in TOCs, rail infrastructure companies (RIC), and across the Integrated Rail System. Some of the focus areas centered on high system availability, smooth operations, and managing incidents onsite in passenger compartments and on platforms. Extensive monitoring was introduced to identify risks at an early stage and implement countermeasures swiftly.

Further development Strong S-Bahn (metro)
As the S-Bahn (metro) will have to deal with significant growth over the next few years, the necessary measures need to be developed and put in place to ensure the S-Bahn (metro) system continues to run efficiently. At DB Regional, DB Netze Track and DB Netze Stations, this is expected to further improve punctuality over the next five years. In addition to standardizing local best-practice approaches, such as the prevention of rail crossings on the Munich S-Bahn (metro), the lessons learned from the Covid-19 pandemic are being used to help to improve punctuality. For example, findings from the reduced number of passengers are being used to extrapolate measures, such as adjusting platform design, timetable adjustments, and infrastructure improvements.

Analysis winter onset effects
The extreme onset of winter at the beginning of 2021 had a strong impact on rail transport. We have analyzed how we performed under these conditions as part of a continuous improvement process. All relevant stakeholders have looked closely at the findings and have drawn up actions to be taken. The aim was to prepare the Integrated Rail System even better for harsh winter days, ensure a high level of reliability, and make sure customers stay well informed, even in challenging weather conditions. The analysis focused on technical equipment and procedures, planning and snow clearance measures, and operating concepts in the event of a disruption. Specific measures include bolstering the contingency plans and making infrastructure even more robust. Measures are currently being implemented.

Increasing vehicle availability
Several central initiatives aimed at increasing vehicle availability launched in the previous year were continued:

- The "Strong Maintenance of Vehicles" project laid the key groundwork and set a functional, technical objective for maintenance in the Integrated Rail System. The aim is to maximize vehicle availability for the TOCs while reducing maintenance costs.
- In addition, the overarching process for vehicle maintenance was established and covers all business units. This process addresses the challenges at the interfaces in conjunction with the business units, aiming to continuously improve vehicle maintenance. The overarching process was established on June 1, 2021.
- The "Strong Materials Management" project aims to prevent vehicles from standing stationary in maintenance due to missing parts. Actions to achieve this include the reconfiguration of the material requirements planning process. There is a particular focus on the availability of wheel sets and their secondary parts.

CUSTOMER SAFETY

More cameras on trains and in stations
As part of the video technology expansion program agreed with the Federal Government, about 750 cameras were newly installed, or installed as replacements for older technology, at 11 stations in the first half of 2021. Live images from the system are available to DB control centers and the Federal police. The Federal police have exclusive access to the footage saved. DB Group operates a total of more than 40,000 video cameras on trains and in stations.

Technical Safety Working Group
In the first half of 2021, DB Group and the Federal police carried out more assignments commissioned by the Technical Safety Working Group. In 2019 and 2020, the Technical Safety Working Group worked with the German Federal Ministry of the Interior (Bundesministerium des Innern, für Bau und Heimat; BMI), the German Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI), DB Group, and the Federal police to develop structural, personnel and organizational measures, and explored their feasibility with expert support. The goal of this was to further increase the safety of rail transport and its facilities. Now that the concept has been reviewed, selected aspects are due to be tested in practice. At the same time, DB Group launched a campaign on different social media channels to highlight the dangers posed by railway facilities.

Increased presence and situation-specific deployment
The security concept also provides for a continuous increase in the presence of our own safety personnel. The two-person and on-call teams formed from about 4,200 DB security personnel members are now being supplemented in all regions of DB Security by Mobile Support Groups (Mobile Unterstützungsgruppen; MUG) with eight rapid response personnel and a team leader. The MUG primarily support colleagues on patrol in the event they encounter violent people or in situations where they expect there to be many potential troublemakers. What is central to their particular credentials is providing effective support to the police force. In addition to meeting requirements stipulated in transport contracts, this also meets safety requirements on trains and in stations.

Prevention work restructured

In the first half of 2021, DB Group completed efforts to restructure its prevention work and set up six prevention teams across Germany. The prevention teams raise awareness about how to behave properly at railway facilities, explain the dangers of rail operations, and work together with the Federal police to prevent crime. The prevention teams are deployed at stations, railway crossings and freight yards if, for example, unauthorized track crossings increase. Specially equipped prevention vehicles contain informative materials and technology for giving presentations, and they can always be deployed wherever necessary. The prevention teams attend schools and youth organizations and organize information events for children and teenagers on the rail sector.

More information on the topic *safety* → 16.

DIGITALIZATION

Artificial intelligence in rail operations

We are further expanding the use of artificial intelligence (AI):

- On the Stuttgart S-Bahn (metro), AI helps the dispatcher to manage traffic as efficiently as possible in the event of a disruption. This ensures that more trains are on time and busy routes are kept free from congestion. We have developed the AI tool ourselves and will use it on other S-Bahn (metro) networks.
- AI is also proving to be increasingly effective in maintenance. AI automatically detects and reports damage to an ICE train. We will use this technology at several ICE depots in the future. Preliminary tests are also underway for regional and freight trains.

AI is a key tool for improving punctuality. The first tests on the Stuttgart S-Bahn (metro) increased punctuality by up to three percentage points when a disruption occurred. In larger transport networks, it is even possible to achieve double-digit increases in punctuality rates. In addition, existing rail capacities can be used even more efficiently, enabling more vehicles to be used and to be operated more frequently.

Digital S-Bahn (metro) Hamburg project wins mobility award

The Digital S-Bahn (metro) Hamburg project received the 2021 German Mobility Award. Together with Siemens Mobility, the DB Group team are putting Germany's first highly automated S-Bahn (metro) vehicles into service. In cooperation with the City of Hamburg, four of the city's S-Bahn (metro) trains are scheduled to start operating with digital control and with passengers on board from October 2021. The € 60 million project costs are being shared by the three parties involved.

New agreement on digital cooperation

Four years after DB Group and the French state-owned railway SNCF began cooperating on digitalization, further actions were agreed covering seven areas where the two parties are looking to push ahead with the automation of rail operations and boost the quality, attractiveness and performance capability of rail transport. The cooperation's subject areas also include energy management and reducing carbon emissions. The aim is to speed up the integration of new solutions and meet the requirements of the *European Green Deal* → 6.

Digitalization of seven regional lines

In cooperation with the German Railway Industry Association (Verband der Bahnindustrie in Deutschland e.V.; VDB), seven regional lines are being equipped with digital interlocking technology. This new technology replaces conventional systems of different construction types. By 2035 – five years earlier than previously planned – digital technologies are expected to be fully rolled out in Germany, which should make the environmentally friendly rail system even more efficient.

Thanks to a financing agreement with the Federal Government, additional funds for digital interlocking technology were made available at the beginning of December 2020.

Green Transformation

The impact of climate change affects us all. At DB Group, not only do we see its effect on our core business but also our customers, too. German and European climate targets can only be achieved through a major shift in the mode of transport to environmentally friendly rail. As one of Europe's largest transport infrastructure operators, we take responsibility for the environment. That is why we have embedded the DB Group's Green Transformation approach in our *Strong Rail strategy* *8.* It is our holistic approach to shaping a planet worth living on, in the here and now and for future generations.

This means our responsibilities toward society and the environment go hand in hand. Only by considering both people and the planet in our decision-making can we achieve the overarching targets of the Strong Rail strategy: for the climate, for people, for the economy, and for Europe. In order to drive the Green Transformation forward, we are focusing our efforts on topics that are important to us and our stakeholders. We have defined five areas of action for this: climate protection, nature conservation, resource conservation, noise remediation and social responsibility.

CLIMATE PROTECTION

Further development of the climate target

We aim to be climate-neutral as early as 2040. This decision, which we made in the first half of 2021, means that we have brought the previous target forward by ten years. This puts our target year well ahead of the target year set by the Federal Government of *2045 for the climate neutrality of Germany* *4.*

In order to achieve this objective, we will be powering our plants, stations and office buildings in Germany with 100% eco-power from 2025. In addition, we will make our heating supply "green" and gradually replace fossil fuels such as heating oil and natural gas. Increased energy efficiency is also expected to reduce consumption.

We are also emitting fewer greenhouse gases thanks to much younger train fleets in long-distance, regional and freight transport, as well as capital expenditures in green technologies. We are continuing to advance our ongoing activities to develop and use alternative drive units and fuels. Technology-independent pilot projects, together with partners from industry, are also focusing on greener local transport on road and rail. Plans include changing DB Regional Bus's bus fleet to one that uses more climate-friendly fuels, constructing new infrastructure for battery-powered trains, supplying hydrogen for fuel cell trains, and using alternative fuels on road and rail.

Digitalizing the rail industry and upgrading technical equipment, such as for maintenance, will also have a positive impact on our carbon footprint.

Further information on specific environmental measures can be found in the chapter *Development of business units* *26 ff.*

Climate resilience strategy

We are preparing for future extreme weather conditions with our climate resilience strategy. A key basis for the Group-wide package of measures is a study we commissioned to be conducted by the Potsdam Institute for Climate Impact Research (Potsdam-Institut für Klimafolgenforschung; PIK). For the study, the PIK analyzed weather data from 1961 to 2020, and using the results made projections on possible climate developments for the period 2031 to 2060.

The second and latest PIK study conducted for DB Group shows detailed forecasts of specific weather conditions in 34 transport regions for the first time. As a result, Germany is expected to have significantly more heatwaves and heavy rainfall but fewer sub-zero days in the winter. We are using this scientific data to develop a sound resilience strategy and, above all, prepare our infrastructure, vehicles and stations to an even greater extent so that they can withstand the impact of climate change more effectively. Our goal is to make our rail services more weatherproof.

We adopted a number of specific measures following the first PIK climate study (2018), making ourselves better-equipped to respond to the effects of climate change. One example is the ramping up of vegetation maintenance on the tracks. With more personnel, greater expertise, digital tools and expenditures of € 125 million annually, we have now become more weatherproof. Storm damage caused by trees has fallen by about 25% since 2018.

We have already prepared our rolling stock, such as the ICE 4, which is equipped to withstand outside temperatures up to 45°C. Older series are being completely overhauled so that they can be used for longer, and they are being fitted with climate-resilient systems.

NATURE CONSERVATION

The protection of biodiversity and natural habitats is another important task that we fulfill, in particularly in the operation and further development of our infrastructure. Our activities, especially those in the new construction and expansion of track infrastructure, enable us to meet all regulatory requirements relating to nature conservation, and a number of voluntary measures mean that we are even taking them one step further. DB Group is developing existing track-side vegetation control into a sustainable vegetation management system. A core part of this development is the early phasing out of the use of glyphosate. Together with partners from science and industry, we are working on developing alternative methods. We are working toward our objective of operating rail transport with no glyphosate by 2023.

RESOURCE CONSERVATION

We promote the efficient use of resources by reusing and recycling materials. Our goal is to keep our waste recycling rate at over 95%. Particularly where construction waste is concerned, we achieve a very high recycling rate due to an extensive re-use of materials. With regard to our other waste, especially municipal waste, we will also be increasing the scope of our waste management in the next few years. The new strategy for disposing of mixed municipal waste, which aims to recycle as much of the recyclable material contained therein, is showing signs of success. In addition, with the *redesign* green. *no. 87,* especially of rolling stock, we are extending the life cycle of our production equipment, using recycled materials and continuously optimizing our material cycles. By using innovative *3D printing processes* green. *no. 149,* we manufacture specific replacement parts in-house to reduce the consumption of raw materials in maintenance.

NOISE REMEDIATION

2030/2050 noise remediation target

We have achieved the target that we jointly set with the Federal Government to halve the amount of rail transport noise affecting local residents on Federal rail lines by 2020. By the end of 2020, all existing active freight cars in the DB Cargo fleet in Germany had been fitted with *whisper brakes* green. *no. 5* and, as part of the Federal Government's noise remediation program, fixed active and passive soundproofing measures were implemented on a total of 2,000 km of the rail network.

We know that continuing to reduce local residents from rail transport noise is a key requirement for successfully continuing the shift in the mode of transport toward rail. We are therefore continuing our efforts to achieve our 2030/2050 noise remediation target:

- In continuing the Federal Government's noise remediation program, we will reduce rail transport noise on a total of 3,250 km of existing lines by 2030. This in turn will alleviate noise pollution for about 800,000 people, thus more than half of the residents living near lines affected by rail transport noise.
- By 2050, we will have completely remedied the noise pollution caused by rail transport on the total of 6,500 km of existing DB lines, which in turn means that we will have remedied rail noise pollution for all of the about 1.6 million affected residents.

By the end of June 2021, we had fixed noise remediation measures in place on a total of 2,063 km of track. Using € 63.9 million from the Federal Government's budgetary funds, 29.6 km of noise barriers were built in the first half of 2021 as part of the Federal program, and 1,048 apartments were fitted with passive soundproofing measures.

The Federal Government's funding is essential for achieving the targets.

Innovative freight cars at DB Cargo

The European Railway Agency (ERA) has approved the m2 freight cars developed by DB Cargo. The m2 is the first freight car in Europe to be approved as a flexible modular system and not just for a specific purpose. The m2 cars are suitable for container transport, and thanks to exchangeable containers also for a variety of goods. Thousands of such cars are planned for deployment in the future. At the same time, digitalization is gaining momentum in rail freight transport. In cooperation with the BMVI, a digital test site was launched at the Munich-North marshaling yard. In future, it is expected that labor-intensive stages of train composition will be largely automated. This in turn can increase the capacity of marshaling yards by up to 40%. Progress has also been made with regard to noise remediation measures for freight cars. As a result of the BMVI innovative freight cars project, the use of absorber rings on wheel sets was investigated as a means of further reducing rail transport noise in newly procured freight cars. The first practical tests exploring this are due to be carried out.

Employees

NUMBER OF EMPLOYEES AND EMPLOYEE STRUCTURE

	Full-time employees (FTE) [1]					Natural persons (NP)				
			Change					Change		
Employees by business units	**Jun 30, 2021**	Jun 30, 2020	absolute	%	Dec 31, 2020	**Jun 30, 2021**	Jun 30, 2020	absolute	%	Dec 31, 2020
DB Long-Distance	19,026	18,320	+706	+3.9	18,794	20,088	19,411	+677	+3.5	19,873
DB Regional	37,350	36,980	+370	+1.0	37,159	39,488	39,142	+346	+0.9	39,299
DB Cargo	30,203	29,874	+329	+1.1	30,052	30,744	30,409	+335	+1.1	30,586
DB Netze Track	51,347	49,832	+1,515	+3.0	50,330	52,797	51,211	+1,586	+3.1	51,714
DB Netze Stations	6,778	6,302	+476	+7.6	6,525	7,132	6,645	+487	+7.3	6,864
DB Netze Energy	1,890	1,804	+86	+4.8	1,861	1,963	1,868	+95	+5.1	1,928
Other	58,187	56,735	+1,452	+2.6	57,878	60,843	59,383	+1,460	+2.5	60,589
Integrated Rail System	**204,781**	**199,847**	**+4,934**	**+2.5**	**202,599**	**213,055**	**208,069**	**+4,986**	**+2.4**	**210,853**
DB Arriva	44,345	46,477	-2,132	-4.6	46,008	47,326	49,544	-2,218	-4.5	48,796
DB Schenker	74,514	73,792	+722	+1.0	74,161	76,893	76,873	+20	-	76,629
DB Group	**323,640**	**320,116**	**+3,524**	**+1.1**	**322,768**	**337,274**	**334,486**	**+2,788**	**+0.8**	**336,278**
± Changes in the scope of consolidation	-501	-	-501	-	-	-559	-	-559	-	-
DB Group – comparable	**323,139**	**320,116**	**+3,023**	**+0.9**	**322,768**	**336,715**	**334,486**	**+2,229**	**+0.7**	**336,278**

[1] To guarantee better comparability, the number of employees is converted into full-time employees (FTE). Figures for part-time employees are measured in accordance with their share of the regular annual working time.

The number of DB Group employees increased as of June 30, 2021. This development was driven by the increase in employees at DB Netze Track, primarily in construction project management at DB Netz AG. Recruitment efforts, particularly in maintenance and construction projects, as well as in operations, will continue to be pursued consistently. The increased order volume resulted in an increase in personnel, particularly for DB Vehicle Maintenance and the DB E.C.O. Group. An increased level of vertical integration and the expansion of innovative topics led to an increase in employees at DB Systel. At DB Netze Stations, the increase is the result of increased project volumes in the construction sector. DB Long-Distance, DB Regional and DB Cargo also recorded an increase in the number of employees, particularly in operating areas, due to the recruitment of employees from the external labor market and the employment of vocational trainees who have completed their training. This is countered by the trend at DB Arriva, mainly due to lower service volumes on account of the Covid-19 pandemic.

As of June 30, 2021, the share of employees outside Germany was about 35% (as of June 30, 2020: about 36%).

			Change		
Employees by regions (FTE)	**Jun 30, 2021**	Jun 30, 2020	absolute	%	Dec 31, 2020
Germany	209,903	205,578	+4,325	+2.1	207,996
Europe (excluding Germany)	84,686	85,823	-1,137	-1.3	85,699
Asia/Pacific	16,836	16,694	+142	+0.9	16,764
North America	8,850	8,664	+186	+2.1	9,027
Rest of world	3,365	3,357	+8	+0.2	3,282
DB Group	**323,640**	**320,116**	**+3,524**	**+1.1**	**322,768**

			Change		
Employees by regions (NP)	**Jun 30, 2021**	Jun 30, 2020	absolute	%	Dec 31, 2020
Germany	218,985	214,735	+4,250	+2.0	217,028
Europe (excluding Germany)	89,092	90,666	-1,574	-1.7	89,990
Asia/Pacific	16,874	16,740	+134	+0.8	16,806
North America	8,951	8,984	-33	-0.4	9,163
Rest of world	3,372	3,361	+11	+0.3	3,291
DB Group	**337,274**	**334,486**	**+2,788**	**+0.8**	**336,278**

RECRUITING

DB Group's popularity among skilled employees is on the rise

The independent consulting and market research company Trendence Institute selects the most popular employers each year with the "Trendence Skilled Workers Barometer." Compared with the previous year, we were able to improve in non-academic professions by a total of 15 places and rose from 22nd place to seventh place. The survey among academics resulted in a significant leap from 55th place to 9th place. These were the best results to date, both in the target group of non-academics and among academics. DB Group was among the top 10 most popular employers in the rankings for the first time. For DB Group, this high ranking is a strong signal, especially during the Covid-19 pandemic. It is only through a high level of employer attractiveness that we can meet the high needs for personnel to fill open positions despite the tense situation on the labor market and thus achieve DB Group's business goals.

MANAGEMENT, QUALIFICATION AND TRANSFORMATION

Cooperation workshops started

The last employee survey took place at the end of 2020 – with the best results since records began. The follow-up process in the form of employee workshops was carried out in the first half of 2021. From February to June 2021, more than 2,800 of the newly developed "cooperation workshops" took place. Here, the results of the employee survey were analyzed across all teams with a focus on strengthening cooperation and specific potential for improvement was developed – on the basis of the compass for strong teamwork for a Strong Rail.

New performance assessment instruments

"Become better together. For our customers." In early 2021, we introduced new instruments for performance assessment and giving feedback under this motto. "My Performance Management" has been available to about 200,000 employees since early 2021 – and is intended to help combine the targets of Strong Rail with the further development of employees.

Vaccine campaign launched

Among other things, health protection at DB Group focused on dealing with the Covid-19 pandemic. An important element in recent months has been the offer of vaccinations to DB employees, administered in specially built vaccine centers by company doctors. Overall, this is possible at 45 locations in Germany. Since July 2021, DB Group has also offered to vaccinate relatives, without any advance notice being required.

WORK OF THE FUTURE

Future-oriented employment conditions

COLLECTIVE BARGAINING NEGOTIATIONS NOT YET CONCLUDED

Our aim in this collective bargaining negotiation with the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL) is to agree a collective wage package that is appropriate to the economic situation in order to ensure DB Group's readiness for the future. The GDL had terminated all relevant collective agreements with DB Group with effect from December 31, 2020 respectively February 28, 2021. The GDL had previously refused to join the Alliance For Our Railway initiated by the Federal Government. The trade union leadership has rejected several offers from DB Group and declared that the negotiations had failed after the fourth round of negotiations. The GDL has initiated a strike ballot and announced strikes.

THE GERMAN COLLECTIVE BARGAINING AGREEMENT ACT APPLIED

Since January 1, 2021, DB Group has had to apply the German Collective Bargaining Agreement Act (Tarifeinheitsgesetz; TEG). As long as there is no joint agreement with both trade unions involved, the TEG is to be applied to DB branches in which the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG) and the GDL represent the same professional groups; 71 of DB Group's 300 branches are affected. At 55 branches, only the regulations with the EVG will be applied in future. At 16 branches, however, train drivers and train personnel are only subject to the collective bargaining agreements of the GDL. DB Group is offering both trade unions an orderly coexistence and is prepared to hold appropriate discussions and conclude agreements.

The future of work and diversity

- The DB team is a reflection of society and is diverse. We employ employees from four generations and over 100 different cultures. We do all of this in well over 500 professional fields and with a high proportion of employees coming from a background of migration. We make a point of encouraging diversity. Diversity is part of our *Strong Rail strategy* → 7 f. and is firmly anchored in the strategy. One of our targets is to increase the proportion of women in management positions to 30% by 2024. In doing so, we want to become more successful overall and inspire more women to take on management positions. On the occasion of World Women's Day on March 8, 2021, we focused on the topic for a whole month.

- We are convinced that diverse teams are more successful and innovative. To mark Diversity Day on May 18, 2021, DB Group offered employees and the public online events for even greater equal rights and equal opportunities.
- "New work" affects all of DB Group's job profiles and working environments and is an important foundation for achieving a Strong Rail. It was precisely for this reason that the digital conference "New Work Week" was held in June 2021. An interactive program with over 70 items on the virtual agenda from the whole Group was organized under the motto "For employees by employees."

Smart HR

We are fundamentally modernizing our human resources management by digitalizing a large portion of our human resources processes and transferring them into Oracle Human Capital Management Cloud (HCM). In future, all human resources topics will be accessible via a central access point for employees, executives and HR managers. By switching to cloud-based software, employees can handle their HR matters more efficiently and autonomously. The new platform will primarily be used in the Integrated Rail System in Germany. About 200,000 employees will benefit from this.

SAFETY

24/7 threat management

Through our *threat management system (2020 Integrated Report* *→ 258)* more than 30 cases were registered in the first half of 2021 and those affected or reporting them were supported.

Attacks on employees

The enforcement of the Covid-19-related code of conduct has led to a persistently high potential for conflicts for employees in contact with customers. The slowly increasing number of passengers in the second quarter of 2021 once again resulted in a shift of focus and required the adjustment of security concepts. Our employees were attacked 1,211 times nationwide in the first half of 2021 (including threats and attempts). Just under 10% of cases were related to the enforcement of social distancing and hygiene rules. The most frequently affected professions are the train conductors at a rate of 46% and security and law enforcement at 42%.

Safe travel building block

As part of the implementation of the Strong Rail strategy, important issues are addressed from the employee's point of view in the employee building blocks.

With the employee building block "Safe travel," our employees have specified safety as a central area of action for DB Group. Measures are being implemented to ensure the safety of employees and customers.

- We have responded to the initial results of the standardized safety survey introduced in autumn 2020 as part of the passenger information system (Reisenden-Informations-Systems; RIS) for customer service representatives in local transport by commissioning additional safety patrols on particularly busy trains.
- There have also been more security personnel on DB Long-Distance trains since the beginning of the year. Their tasks are to monitor and enforce hygiene and distancing rules and to improve the subjective and objective safety of passengers.
- Since May 2021, we have been raising awareness of the safety of employees and the entire workforce with a multimedia campaign under the motto "Safety is everybody's business."
- From 2023, the development of a new IT platform should enable us to learn more quickly about dangerous situations, to respond without delay and to organize even more targeted help.

Further information on the topic of *customer safety* *→ 10 f.*

Business development

MARKET ENVIRONMENT IS GRADUALLY RECOVERING

Demand for mobility remains restrained, demand for freight transport recovers

The Covid-19 pandemic continued to dominate public life in Europe in the first half of 2021. Due to further waves of infection, authorities have once again issued restrictions on personal contact and curfews, as well as business closures, in order to limit the number of infections and to prevent the health systems from becoming overburdened. Compared with spring 2020, however, measures were limited in many places to targeted measures affecting contact-intensive services. In contrast, the production of goods was almost unhindered.

Accordingly, our environmental conditions have developed differently. For example, the demand for mobility remained significantly below pre-Covid-19 levels. However, a slow recovery began with the first loosening of restrictions in early summer. This recovery had already started in freight transport much earlier. The high demand for consumer goods and capital goods in Asia and the USA revived both local and European industrial production. As a result, transport demand has increased globally and in Europe, improving the environment for DB Group.

Recovery in the major economic regions is varying

The global economy has been on a recovery path since the summer of 2020, but this recovery is taking place at different rates depending on the economic region and on the extent and severity of the Covid-19 pandemic in that region. In China and large parts of Asia, economic output was once again at pre-Covid-19 levels in 2020 and grew strongly again in the first half of 2021. A significant upturn has also begun in the USA and North America as a whole, with a rising vaccine ratio and extensive government spending programs.

Global trade in goods also benefited from the high demand in these regions, which, despite some one-off effects such as the blocking of the Suez Canal or the Covid-19 outbreak in several Asian ports, exceeded the level of 2019.

In Europe, however, the continued recovery of the economy has been delayed in view of the high number of infections in winter 2020 and spring 2021. In view of high global demand, the industry already has full order books again, but production itself has been repeatedly limited by supply bottlenecks in various sectors.

In the services sector, the revival of economic activity did not start until the measures to contain the Covid-19 pandemic slowly came to an end in early summer 2021. The spending and short-time work programs in many countries, which, for example, were able to prevent a sharp rise in unemployment, continued to provide support.

This supportive effect applies in particular to Germany, where solid public finances have made comparatively high financial aid and investment possible. Germany is also benefiting from the global upswing more than most due to the significant role that the industrial sector plays in the overall economy. Economic output nevertheless only grew slightly in the first half of 2021, as losses in the first quarter and gains in the second quarter almost canceled each other out.

Energy markets

The central hedging policy of DB Group aims to minimize energy price fluctuations. Our activities are therefore not exposed to the full impact of changes in market prices, at least not in the short term.

GAS AND DIESEL

			Change	
Brent crude (USD / bbl)	**H 1 2021**	2020	absolute	%
Average price	65.2	43.2	+ 22.0	+ 50.9
Highest price	76.6	71.8	–	–
Lowest price	50.6	16.0	–	–
Final price as of Jun 30 / Dec 31	75.1	51.8	+ 23.3	+ 45.0

Source: Thomson Reuters

In the first half of 2021, the price of oil increased by about 50 % on a dollar basis compared to the same period in the previous year. For the Eurozone, this development was proportionally cushioned by a stronger euro.

Fuel prices in Germany, in addition to the increase in oil prices, were also driven by the addition of a CO_2 tax, and by the end of May 2021 these were about 15 % above the corresponding previous year's figure.

While generally rising fuel prices strengthen the competitive situation of railways compared to cars, in view of the Covid-19 restrictions in the first half of 2021, fuel price development was of minor importance for passengers' choice of transport mode in rail passenger transport. In contrast, the increase in diesel prices is likely to have at least contributed to the comparatively positive development in rail freight transport. However, rising fuel prices had a negative impact on land transport at DB Schenker and the bus business.

ELECTRICITY AND EMISSIONS CERTIFICATES

			Change	
	H1 2021	2020	absolute	%
BASE LOAD POWER (FOLLOWING YEAR) (€/MWH) [1]				
Average price	58.0	40.5	+17.5	+43.2
Highest price	72.4	50.0	–	–
Lowest price	48.7	33.9	–	–
Final price as of Jun 30/Dec 31	72.4	50.0	+22.4	+44.8
EMISSIONS CERTIFICATES (€/T CO_2) [2]				
Average price	44.0	24.8	+19.2	+77.4
Highest price	56.9	33.5	–	–
Lowest price	31.3	14.3	–	–
Final price as of Jun 30/Dec 31	56.4	32.7	+23.7	+72.5

Source: Thomson Reuters

The data for the first half of 2021 and for the year 2020 are based on information and estimates available as of July 2021.

[1] In Germany.

[2] Europe-wide emissions trading (EU-ETS).

Prices on the futures market for electricity rose significantly in the first half of 2021. The most important price drivers were the prices for emissions allowances (EUA under the European emissions trading system) and the price increase for natural gas. In DB Group's operating business our hedging activities had a dampening effect.

INCOME SITUATION

- *Economic development continues to be under pressure as a result of the effects of the Covid-19 pandemic on passenger transport.*
- *Very positive development of DB Schenker.*
- *Revenues are almost at pre-Covid-19 levels, and operating profit figures are improving.*

Comparability with the first half of 2020

The first half of 2021 also saw the income, financial and net assets situation of DB Group significantly impacted by measures to contain the Covid-19 pandemic. Covid-19 restrictions resulted in a sharp drop in passenger numbers in January and February 2021 compared to the corresponding months of the previous year, which were not yet affected by the Covid-19 pandemic.

Revenues

	H1		Change		
Revenues (€ million)	**2021**	2020	absolute	%	H1 2019
Revenues	21,784	19,423	+2,361	+12.2	22,014
± Special items	2	0	+2	–	–1
Revenues adjusted	**21,786**	**19,423**	**+2,363**	**+12.2**	**22,013**
thereof Integrated Rail System	9,309	9,036	+273	+3.0	10,958
± Changes in the scope of consolidation	–18	–6	–12	–	–
± Exchange rate changes	164	–	+164	–	–
Revenues comparable	**21,932**	**19,417**	**+2,515**	**+13.0**	**22,013**
thereof Integrated Rail System	9,293	9,030	+263	+2.9	10,958

Revenues increased, mainly driven by volume and freight rate development at DB Schenker. Revenue also increased again in the Integrated Rail System. Here, however, positive effects, especially from the recovery in demand at DB Cargo, additional concession fees at DB Regional and positive price effects in the infrastructure business units, were partly offset due to a decline in passenger numbers as a result of the Covid-19 pandemic. However, it should also be taken into account that the first quarter of 2020 was still largely free from Covid-19 restrictions. From April 2021, demand at DB Long-Distance and DB Regional increased noticeably again.

Special effects continued to be irrelevant for revenue development.

Changes in the scope of consolidation → 69 and exchange rate changes also had no noticeable effects:

- The effects of changes to the scope of consolidation related to the Other area (€ +13 million) and DB Netze Track (€ +5 million) in the first half of 2021, as well as DB Long-Distance (€ –4 million) and DB Netze Stations (€ –2 million) in the first half of 2020.
- The effects of exchange rate changes applied primarily to DB Schenker (€ –177 million) and DB Arriva (€ +16 million).

REVENUE DEVELOPMENT OF BUSINESS UNITS

	H1		Change		
External revenues adjusted by business units (€ million)	**2021**	2020	absolute	%	H1 2019
DB Long-Distance	996	1,417	–421	–29.7	2,310
DB Regional	3,902	3,676	+226	+6.1	4,361
DB Cargo	2,130	1,845	+285	+15.4	2,141
DB Netze Track	966	877	+89	+10.1	812
DB Netze Stations	243	292	–49	–16.8	303
DB Netze Energy	695	601	+94	+15.6	640
Other	270	228	+42	+18.4	280
Integrated Rail System	**9,202**	**8,936**	**+266**	**+3.0**	**10,847**
DB Arriva	1,930	2,058	–128	–6.2	2,687
DB Schenker	10,654	8,429	+2,225	+26.4	8,491
Consolidation other	–	–	–	–	–12
DB Group	**21,786**	**19,423**	**+2,363**	**+12.2**	**22,013**

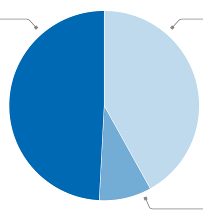
The external revenue development of the business units in the *Integrated Rail System* 27 ff. was predominantly positive. In addition to recovery effects in demand, price effects had an impact, particularly in the infrastructure business units. Declines in demand at DB Long-Distance related to the Covid-19 pandemic led to a significant decline in revenue between January and March 2021. The decline in rental business at DB Netze Stations as a result of the Covid-19 pandemic had an impact.

Revenues at DB Arriva fell mainly as a result of the cessation of the *Arriva Rail North (ARN) franchise (2020 Integrated Report* 157) on March 1, 2020. Adjusted for this effect, there was also a slight recovery here.

Driven by volume increases and higher freight rates, DB Schenker is showing a significant increase in revenue, again above the pre-Covid-19 level.

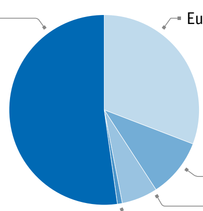
REVENUE STRUCTURE

External revenues adjusted by divisions (%) **H1 2021** | H1 2020



As a result of the disproportionate increase in revenues at DB Schenker and a simultaneous decline at DB Arriva, the revenue structure has shifted noticeably in favor of DB Schenker.

External revenues adjusted by regions (%) **H1 2021** | H1 2020



External revenues adjusted by regions (€ million)	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Germany	11,254	10,557	+697	+6.6	12,457
Europe (excluding Germany)	6,673	5,934	+739	+12.5	6,836
Asia/Pacific	2,213	1,665	+548	+32.9	1,504
North America	1,285	1,022	+263	+25.7	947
Rest of world	361	245	+116	+47.3	269
DB Group	**21,786**	**19,423**	**+2,363**	**+12.2**	**22,013**

The regional revenue development was positive across all regions and was driven by the development of DB Schenker in every region.

Income development

TRANSITION TO THE ADJUSTED STATEMENT OF INCOME

The transition to the adjusted statement of income is a two-step process. The *reclassification and adjustment procedure (2020 Integrated Report* 99) has not changed.

OPERATING PROFIT FIGURES

The following presentation describes the changes in the key items on the statement of income, adjusted for special items.

Exchange rate effects in the first half of 2021 had a negligible impact on income and expenses overall. Effects resulting from changes in the scope of consolidation were not significant as well. The effects are presented in the above table and are not discussed any further below.

The economic development of DB Group in the first half of 2021 was marked by the impact of the Covid-19 pandemic on passenger transport and the strong development of transport and logistics activities. Operating profit figures improved again. Growth on the income side had a positive effect in this case:

- The *revenue development* 18 f. was clearly positive mainly due to the development of DB Schenker. Overall, revenue growth was also recorded in the Integrated Rail System.
- Furthermore, other operating income increased significantly. This was mainly due to higher utilization of provisions for impending losses at DB Regional, performance-related higher train-path price subsidies, subsidization of single wagon transport at DB Cargo for the first time and higher insurance income for damages from previous years at DB Long-Distance.

As a result of business development, expenses increased significantly, especially at DB Schenker and DB Cargo, but in relation to income, the increase was lower overall:

- Cost of materials increased noticeably, primarily due to an increase in purchased transport services and higher freight rates at DB Schenker. In the Integrated Rail System, higher expenses for train-path and station use at DB Regional, mostly due to price and performance, higher purchased transport services at DB Cargo due to performance, additional burdens from a harsher winter and higher energy costs had a boosting effect. At DB Arriva, in particular, the cessation of the ARN franchise reduced expenses.

Transition to the adjusted statement of income (€ million)	H1							Change				
		Reclassifications										
	2021	**IFRS compounding / discounting**	**Net investment income**	**PPA amortization**	**Adjustment of special items**	**2021 adjusted**	2020 adjusted	absolute	thereof due to changes in the scope of consolidation	thereof due to exchange rate effects	%	H1 2019
Revenues	21,784	–	–	–	2	21,786	19,423	+2,363	+12	-164	+12.2	22,013
Inventory changes and other internally produced and capitalized assets	1,805	–	–	–	–	1,805	1,695	+110	+3	-0	+6.5	1,490
Other operating income	1,420	–	–	–	-17	1,403	1,257	+146	-11	+1	+11.6	1,116
Cost of materials	-12,706	–	–	–	24	-12,682	-10,766	-1,916	+1	+129	+17.8	-10,876
Personnel expenses	-9,409	–	–	–	60	-9,349	-9,077	-272	-15	+19	+3.0	-8,902
Other operating expenses	-2,092	–	–	–	12	-2,080	-2,375	+295	+8	-1	-12.4	-2,307
EBITDA / EBITDA adjusted	802	–	–	–	81	883	157	+726	-2	-16	–	2,534
Depreciation	-1,876	–	–	17	1	-1,858	-1,937	+79	-1	+3	-4.1	-1,777
Operating profit / loss (EBIT) | EBIT adjusted	**-1,074**	**–**	**–**	**17**	**82**	**-975**	**-1,780**	**+805**	**-3**	**-13**	**-45.2**	**757**
Net interest income | Net operating interest balance	-233	-2	–	–	–	-235	-282	+47	+0	+0	-16.7	-333
Operating income after interest	**-1,307**	**-2**	**–**	**17**	**82**	**-1,210**	**-2,062**	**+852**	**-3**	**-13**	**-41.3**	**424**
Result from investments accounted for using the equity method | Net investment income	-4	–	0	–	–	-4	-9	+5	–	+0	-55.6	–
Other financial result	5	2	0	–	–	7	-95	+102	+0	+1	–	-18
PPA amortization customer contracts	–	–	–	-17	–	-17	-26	+9	–	+0	-34.6	-32
Extraordinary result	–	–	–	–	-82	-82	-1,477	+1,395	–	-0	-94.4	-97
Profit / loss before taxes on income	**-1,306**	**–**	**–**	**–**	**–**	**-1,306**	**-3,669**	**+2,363**	**-3**	**-12**	**-64.4**	**277**

- Personnel expenses also increased. In addition to wage effects, the higher number of employees also impacted the Integrated Rail System. Additional burdens resulted from the positive development of business operations at DB Schenker. The cessation of the ARN franchise at DB Arriva in particular has had a mitigating effect.
- In contrast, other operating expenses fell noticeably, mainly due to lower additions to provisions for impending losses at DB Regional. In addition, effects from the cessation of the ARN franchise had an expense-reducing effect at DB Arriva. In contrast, expenses for related services rose at DB Schenker as a result of the positive business development.
- Depreciation also fell, although only slightly. In the Integrated Rail System, higher depreciation due to capital expenditures were more than offset, among other things, by the positive effects of vehicles reaching the end of their useful life. At DB Arriva, the cessation of the ARN franchise had a significant expense-reducing effect.

Operating profit after interest also improved, supported additionally by the development of interest rates.

The net investment income remained at a very low level, and the change was mainly driven by lower losses at GHT Mobility GmbH and Barraqueiro SGPS SA, Lisbon / Portugal.

The increase in the other financial result was mainly due to a net gain from the compounding or discounting of provisions.

Extraordinary charges fell significantly, mainly as a result of the omission of impairments at DB Arriva in the first half of 2020:

Extraordinary result (€ million)	H1			
	2021	**thereof affecting EBIT**	2020	thereof affecting EBIT
DB Long-Distance	–	–	1	1
DB Regional	0	0	0	0
DB Cargo	-19	-19	-13	-13
DB Netze Track	-1	-1	-2	-2
DB Netze Stations	–	–	3	3
DB Netze Energy	-25	-25	–	–
Other/consolidation Integrated Rail System	-38	-38	-70	-70
Integrated Rail System	**-83**	**-83**	**-81**	**-81**
DB Arriva	0	0	-1,396	-1,396
DB Schenker	0	0	0	0
Consolidation other	1	1	0	0
DB Group	**-82**	**-82**	**-1,477**	**-1,477**

The extraordinary result in the first half of 2021 consisted primarily of the following special items:
- Restructuring measures (mainly Other area), and
- additional energy expenses (DB Netze Energy).

The composition of the extraordinary result in the first half of 2020 is shown in the *2020 Integrated Interim Report* *21.*

NET PROFIT/LOSS (AFTER TAXES)

Excerpt from statement of income (€ million)	H1 **2021**	2020	Change absolute	%	H1 2019
Profit/loss before taxes on income	-1,306	-3,669	+2,363	-64.4	277
Taxes on income	-122	-80	-42	+52.5	-72
Actual taxes on income	-135	-80	-55	+68.8	-90
Deferred tax expenditure (-)/ income (+)	13	–	+13	–	18
Net profit/loss (after taxes)	**-1,428**	**-3,749**	**+2,321**	**-61.9**	**205**
DB AG shareholders	-1,443	-3,753	+2,310	-61.6	198
Hybrid capital investors	13	13	–	–	–
Other shareholders (non-controlling interests)	2	-9	+11	-122	7

Both profit before and after income taxes improved significantly. The income tax position declined overall. Actual taxes on income rose due to better results for some foreign Group companies. The partially offsetting deferred tax revenue resulted from additional temporary spreads at foreign Group companies.

OPERATING PROFIT DEVELOPMENT OF THE BUSINESS UNITS

EBIT adjusted by business units (€ million)	H1 **2021**	2020	Change absolute	%	H1 2019
DB Long-Distance	-1,144	-720	-424	+58.9	224
DB Regional	-359	-597	+238	-39.9	186
DB Cargo	-211	-352	+141	-40.1	-132
DB Netze Track	302	170	+132	+77.6	379
DB Netze Stations	-7	53	-60	–	123
DB Netze Energy	40	16	+24	+150	23
Other/consolidation Integrated Rail System	-194	-471	+277	-58.8	-376
Integrated Rail System	**-1,573**	**-1,901**	**+328**	**-17.3**	**427**
DB Arriva	-31	-153	+122	-79.7	101
DB Schenker	627	278	+349	+126	238
Consolidation other	2	-4	+6	–	-9
DB Group	**-975**	**-1,780**	**+805**	**-45.2**	**757**

The development of the *adjusted profit figures for the business units* *26 ff.* was varied:
- The business units in the Integrated Rail System developed inconsistently. DB Long-Distance recorded a further significant decline due to the continuing Covid-19 restrictions. DB Regional and DB Cargo were able to reduce their losses. Overall, there was a significant improvement in the infrastructure business units due to revenue growth. Only DB Netze Stations recorded negative development as a result of a decline in rental business due to the Covid-19 pandemic.
- DB Arriva performed significantly better again. However, the profit situation remained negative, primarily due to the effects of the Covid-19 pandemic.
- DB Schenker saw a positive development, driven mainly by the development in air and ocean freight.

FINANCIAL POSITION

- *A total of six bond transactions (total volume about € 2.7 billion).*
- *Ratings remain unchanged.*

Interest rate environment

Yield on ten-year German Federal bonds (%)	**H1 2021**	2020	Change (percentage points)
Average yield	-0.31	-0.48	+0.17
Highest yield	-0.07	-0.14	+0.07
Lowest yield	-0.62	-0.91	+0.29
End yield as of Jun 30/Dec 31	-0.20	-0.46	+0.26

Source: Thomson Reuters

Yields in the Eurozone are still very low. For example, the interest yield on ten-year German Federal bonds (bunds) consistently remained in the negative range, despite a slight increase.

Financial management system

Financial instruments (€ billion)	**Volume as of Jun 30, 2021**	**thereof utilized**	Volume as of Dec 31, 2020	thereof utilized
European debt issuance program	35.0	25.1	30.0	23.3
Australian debt issuance program (AUD 5 billion)	3.2	0.9	3.1	0.9
Multi-currency commercial paper program	3.0	1.1	3.0	–
Guaranteed credit facilities	4.9	2.9	5.0	2.9

In addition to sustainably increasing the enterprise value, the financial management of DB Group also aims to maintain a capital structure that is appropriate for ensuring a very good credit rating.

- For long-term debt financing, we have a European debt issuance program (EDIP), the volume thereof was increased from € 30 billion to € 35 billion. Under the EDIP, six senior bonds (total volume: € 2.7 billion) were issued and three senior bonds (total volume: € 0.9 billion) were repaid in the first half of 2021. As of June 30, 2021, the utilization rate decreased to about 72 % (as of December 31, 2020: about 78 %).
- We also have an Australian debt issuance program (Kangaroo Program) at our disposal, which was not further utilized by new issues in the first half of 2021. As a result, the degree of utilization as of June 30, 2021 remained unchanged at about 28 %.
- In terms of short-term external financing, a multi-currency commercial paper program remains available. As of June 30, 2021, the program had 16 issues in euros and US dollars with remaining maturities of a few weeks. As a result, the degree of utilization increased to 37 % (as of December 31, 2020: –).
- In addition, as of June 30, 2021, we had contractually promised credit facilities in the amount of € 4.9 billion, which are also used for the interim financing of the measures proposed by the Federal Government for the *partial compensation of Covid-19 losses* 3.
- As of June 30, 2021, we were also able to draw on credit lines, unchanged from before, of € 2.6 billion for the operating business. These credit lines are made available to our subsidiaries around the world and include both working capital financing and the provision of guarantees.

The leasing volume fell slightly due to repayments.

BOND ISSUES

Senior bonds

Bond issues H1 2021/ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	Maturity	Term (years)
CH0581947808	DB Finance	CHF	400	370	0.100	Jan 2036	15.0
XS2295280411	DB Finance	GBP	300	339	0.375	Dec 2026	5.8
XS2299091186	DB Finance	SEK	5,000	494	0.478	Feb 2026	5.0
XS2331271242	DB Finance	EUR	1,000	1,000	0.625	Apr 2036	15.0
CH0522158887	DB Finance	CHF	325	296	0.200	May 2033	12.0
XS2343565698	DB Finance	AUD	260	168	3.100	May 2041	20.0

In the first half of 2021, we issued six new senior bonds through the DB Group financing company Deutsche Bahn Finance GmbH (DB Finance) (equivalent to about € 2.7 billion). The funds were raised to refinance liabilities falling due and for ongoing general Group financing. All funds from senior bonds not issued in euros were converted into euros. Demand for the six public issues under the EDIP came primarily from institutional investors from Europe and Asia.

Credit ratings

Ratings DB AG	First issued	Last publication	Ratings: Short-term	Ratings: Long-term	Ratings: Outlook
S&P Global Ratings	May 16, 2000	Jun 11, 2020	A-1+	AA–	negative
Moody's	May 16, 2000	April 19, 2021	P-1	Aa1	negative

The creditworthiness of DB Group is constantly monitored and assessed by the rating agencies S&P Global Ratings (S&P) and Moody's. In the first half of 2021, S&P and Moody's did not make any changes to DB AG's rating estimates.

Additional information on the subject of *ratings* and the rating agencies' full analyses of DB AG are available on our *Investor Relations Web site*.

KEY ECONOMIC PERFORMANCE INDICATORS

- *The effects of the Covid-19 pandemic continue to put pressure on the development of ROCE and debt coverage.*

ROCE

ROCE	H1 2021	H1 2020	Change absolute	Change %	H1 2019
EBIT adjusted[1] (€ million)	– 975	– 1,780	+ 805	– 45.2	757
Capital employed as of Jun 30 (€ million)	43,124	41,840	+ 1,284	+ 3.1	42,114
ROCE (%)	**– 4.5**	**– 8.5**	**–**	**–**	**3.6**
Target value (%)	≥ 6.5	≥ 6.5	–	–	≥ 7.0

[1] Figures extrapolated to the full year for calculation purposes.

ROCE increased noticeably again as a result of the improvement in adjusted EBIT, but remained negative. The growth in capital employed resulted mainly from an increase in property, plant and equipment.

Debt coverage

Debt coverage (€ million)	H1 2021	H1 2020	Change absolute	Change %	H1 2019
EBITDA adjusted [1]	883	157	+ 726	–	2,534
+ Net operating interest balance [1]	- 235	- 282	+ 47	- 16.7	- 333
+ Current tax expenses [1]	- 135	- 80	- 55	+ 68.8	- 90
Operating cash flow after taxes	**513**	**- 205**	**+ 718**	**–**	**2,111**
Net financial debt as of Jun 30	32,002	27,513	+ 4,489	+ 16.3	25,409
+ Pension obligations as of Jun 30	5,343	5,917	- 574	- 9.7	5,270
+ Hybrid capital [2] as of Jun 30	1,003	1,003	–	–	–
/ Adjusted net debt as of Jun 30	**38,348**	**34,433**	**+ 3,915**	**+ 11.4**	**30,679**
Debt coverage (%)	**2.7**	**- 1.2**	**–**	**–**	**13.8**
Target value (%)	≥ 20	≥ 20	–	–	≥ 20

[1] Figures extrapolated to the full year for calculation purposes.
[2] As assessed by the rating agencies, half of the hybrid capital shown on the balance sheet is taken into account in the calculation of the adjusted net debt.

Debt coverage increased as of June 30, 2021, but remained very low:

- Operating cash flow after taxes increased, mainly as a result of the improved profits. The very strong development of DB Schenker more than compensated for the tense situation in the Integrated Rail System as a result of the Covid-19 pandemic.
- Adjusted net debt rose sharply as a result of higher *net financial debt* *23 f.* The decline in pension obligations had only a slight dampening effect.

STATEMENT OF CASH FLOWS

Summary statement of cash flows (€ million)	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Cash flow from operating activities	10	- 235	+ 245	–	1,386
Cash flow from investing activities	- 2,292	- 2,414	+ 122	- 5.1	- 1,857
Cash flow from financing activities	2,264	2,397	- 133	- 5.5	584
Net change in cash and cash equivalents	23	- 582	+ 320	–	119
Cash and cash equivalents as of Jun 30 / Dec 31	3,434	3,411	+ 23	+ 0.7	3,993

- The significant increase in cash flow from operating activities was mainly due to the improved *development of profits* *20 ff.* Working capital effects in particular had a partially compensating effect.
- Cash outflow from investing activities declined, driven primarily by lower payments for *net capital expenditures* *24.* In contrast, higher payments for company shares (SIGNON Deutschland GmbH at DB Netze Track) had a dampening effect.
- Cash inflow from financing activities fell mainly due to a lower *net inflow of funds from senior bonds* *22* (€ – 1,332 million) and a higher cash outflow from the repayment of leasing liabilities (€ – 83 million). This was counteracted by the *omission of the dividend payment to the Federal Government* *3* (€ + 650 million) and an increase in net inflows from the taking on and repayment of financial loans (€ + 632 million).
- On balance, DB Group was, as of June 30, 2021, virtually unchanged in cash and cash equivalents compared to the end of the previous year.

ASSET SITUATION

- *Net financial debt has risen due to the Covid-19 pandemic and capital expenditure activities.*
- *Capital expenditure in infrastructure and rail vehicles in Germany are driving capital expenditures.*
- *Equity ratio remains at a low level.*

Net financial debt

Net financial debt (€ million)	Jun 30, 2021	Dec 31, 2020	Change absolute	Change %	Dec 31, 2019
Senior bonds	25,878	24,021	+ 1,857	+ 7.7	20,966
Leasing liabilities	4,731	4,931	- 200	- 4.1	5,015
Commercial paper	1,050	–	+ 1,050	–	890
Interest-free loans	437	580	- 143	- 24.7	707
Other financial debt	3,870	3,792	+ 78	+ 2.1	1,115
Financial debt	**35,966**	**33,324**	**+ 2,642**	**+ 7.9**	**28,693**
− Cash and cash equivalents and receivables from financing	- 3,959	- 4,036	+ 77	- 1.9	- 4,397
± Effects from currency hedges	- 5	57	- 62	–	- 121
Net financial debt	**32,002**	**29,345**	**+ 2,657**	**+ 9.1**	**24,175**

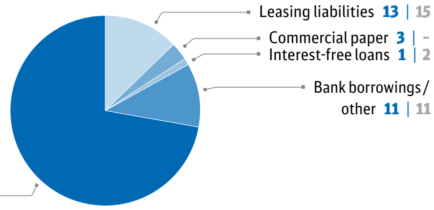
Net financial debt increased significantly as of June 30, 2021. This resulted from a net requirement for financial resources, mainly as a result of weak *profit development* *20 f.* due to the Covid-19 pandemic, while at the same time there is a high funding need for capital expenditures. In contrast, the development of income at DB Schenker and the non-payment of dividend payments to the Federal Government had a dampening effect.

- Financial debt increased noticeably:
  - The value in euros of the *outstanding senior bonds* *21 f.* was significantly higher due to issues. Exchange rate effects did not play a key role here as a result of closed hedging transactions.
  - Leasing liabilities and interest-free loans decreased as a result of repayments.

- Commercial paper liabilities increased significantly due to issues.
- Other financial debt increased slightly, mainly as a result of a slight increase in the balance from the repayment and absorption of short-term bank debts, mainly due to the continued need for interim financing of the *measures planned by the Federal Government to partly compensate for losses due to the Covid-19 pandemic* *3.*

- Our foreign currency senior bonds are mainly hedged against exchange rate fluctuations by means of corresponding derivatives, so that exchange rate effects are largely offset by the corresponding counter-position of the hedging transaction.
- Cash and cash equivalents fell slightly, with the result that net financial debt increased a touch more.

Composition of financial debt (%) — **as of Jun 30, 2021** | as of Dec 31, 2020



The maturity structure and composition of financial liabilities have changed slightly: short-term financial debt (up to one year) rose, particularly as a result of the commercial paper issues. In contrast, the proportion of financial debt at maturity fell in one to five years.

Due to issuances, the composition of financial debt shifted slightly in the direction of the commercial paper. In contrast, the proportions of interest-free loans and leasing liabilities were down as a result of redemptions.

Capital expenditures

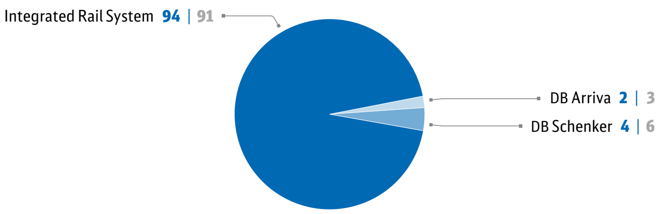
Capital expenditures (€ million)	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Gross capital expenditures	5,550	5,552	-2	–	4,825
thereof Integrated Rail System	5,212	5,034	+178	+3.5	4,241
⊖ Investment grants	2,891	2,782	+109	+3.9	2,475
thereof Integrated Rail System	2,882	2,777	+105	+3.8	2,468
Net capital expenditures	**2,659**	**2,770**	**-111**	**-4.0**	**2,350**
thereof Integrated Rail System	2,330	2,257	+73	+3.2	1,773

Gross capital expenditures remained almost unchanged at a very high level. An increase in the Integrated Rail System, primarily as a result of higher capital expenditures in vehicles, was more than offset by a decline at DB Arriva (effects from the cessation of the ARN franchise) and DB Schenker (decline of leasing activities).

The investment grants increased slightly and accounted for about 52% of gross capital expenditures (in the first half of 2020: about 50%).

As a result, net capital expenditure fell slightly.

Gross capital expenditures by divisions (%) — **H1 2021** | H1 2020



The focus of our capital expenditure activities continues to center on the Integrated Rail System for measures to improve performance and efficiency in the rail infrastructure sector as well as measures to rejuvenate and expand our vehicle fleet.

CAPITAL EXPENDITURE PRIORITIES

Gross capital expenditures by regions (€ million)	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Germany	5,200	5,092	+108	+2.1	4,299
Europe (excluding Germany)	271	393	-122	-31.0	457
Asia / Pacific	64	61	+3	+4.9	53
North America	9	25	-16	-64.0	28
Rest of world	7	2	+5	–	9
Consolidation	-1	-21	+20	-95.2	-21
DB Group	**5,550**	**5,552**	**-2**	**–**	**4,825**

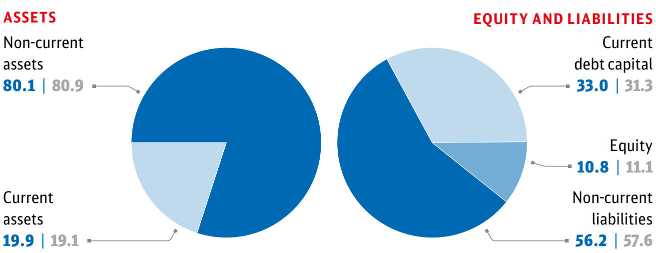
Net capital expenditures by regions (€ million)	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Germany	2,319	2,315	+4	+0.2	1,831
Europe (excluding Germany)	261	388	-127	-32.7	450
Asia / Pacific	64	61	+3	+4.9	53
North America	9	25	-16	-64.0	28
Rest of world	7	2	+5	–	9
Consolidation	-1	-21	+20	-95.2	-21
DB Group	**2,659**	**2,770**	**-111**	**-4.0**	**2,350**

In the regional breakdown of gross capital expenditures, the focus remained on Germany. The increase is mainly due to infrastructure measures and the capitalization of leasing agreements.

Balance sheet

Balance sheet (€ million)	Jun 30, 2021	Dec 31, 2020	Change absolute	Change %	Dec 31, 2019
Total assets	67,285	65,435	+1,850	+2.8	65,828
ASSETS					
Non-current assets	53,909	52,964	+945	+1.8	53,213
Current assets	13,376	12,471	+905	+7.3	12,615
EQUITY AND LIABILITIES					
Equity	7,274	7,270	+4	+0.1	14,927
Non-current liabilities	37,794	37,686	+108	+0.3	32,820
Current liabilities	22,217	20,479	+1,738	+8.5	18,081

Balance sheet structure (%) as of Jun 30, 2021 | as of Dec 31, 2020



There were no material changes to the International Financial Reporting Standards (IFRS) regulations for DB Group's consolidation and accounting principles that would result in any changes to the consolidated financial statements.

Total assets were slightly above the level at the end of the previous year:

- Non-current assets increased slightly, driven by property, plant and equipment (€ +803 million), mainly due to vehicle additions at DB Long-Distance, DB Regional and DB Cargo. This was supported by the increase in receivables and other assets (€ +72 million), partly as a result of higher receivables from plan assets at DB Arriva and an increase in intangible assets (€ +45 million).
- Current assets increased significantly. An increase in trade receivables (€ +765 million), mainly due to the business development at DB Schenker, was especially significant. Inventories also increased (€ +118 million), primarily for vehicle maintenance.

In structural terms, this did not result in any major changes on the asset side.

On the equity and liabilities side, equity remained virtually unchanged compared to the end of the previous year. The net loss (€ −1,443 million) was more than offset by counter-effects. This was mainly due to an increase in the changes recorded in the reserves in connection with the revaluation of pensions (€ +1,318 million).

The virtually stable equity level led to a slight decline in the equity ratio with a slightly higher balance sheet total.

- Non-current liabilities were almost at the same level as at the end of the previous year. The following effects largely compensated for this:
  - higher non-current *financial debt* *23 f.* (€ +1,668 million),
  - a decline in pension obligations (€ −1,174 million) mainly as a result of an increased interest rate in the revaluation, and
  - lower remaining liabilities (€ −359 million).
- Current liabilities, on the other hand, increased significantly. In essence, this development was characterized by:
  - increased current financial debt (€ +974 million). The main drivers were an increase in commercial paper (€ +1,050 million) due to issuance as well as higher short-term bank loans (€ +96 million). In particular, lower volume of bonds due in the short-term (€ −93 million) and lower leasing liabilities (€ −72 million) due to repayments had a dampening effect,
  - an increase in other liabilities (€ +403 million), and
  - higher trade liabilities, mainly due to reporting-date-related effects (€ +360 million), especially at DB Schenker.

In the structure of the equity and liabilities side, there was an immaterial shift in favor of short-term debt capital.

Procurement volume

The procurement volume corresponds to the contractual obligations to suppliers that DB Group has entered into. On subsequent realization these become capital expenditures or expenses (mainly cost of materials and other operating expenses). The total procurement volume amounted to € 16.5 billion (in the first half of 2020: € 18.6 billion):

- Freight and freight-forwarding services fell slightly to € 5.4 billion (in the first half of 2020: € 5.3 billion).
- Industrial products fell significantly to € 3.0 billion (in the first half of 2020: € 4.8 billion).
- In the case of construction and engineering services, the purchasing volume remained constant at € 3.6 billion (in the first half of 2020: € 3.6 billion).
- Third-party services fell to € 3.1 billion (in the first half of 2020: € 3.7 billion).
- Cable- and pipe-bound power and fuel increased slightly to € 1.4 billion (in the first half of 2020: € 1.2 billion).

Development of business units

Overview of business units

Revenues adjusted (€ million)	Total revenues					External revenues				
	H 1		Change			H 1		Change		
	2021	2020	absolute	%	H 1 2019	2021	2020	absolute	%	H 1 2019
DB Long-Distance	1,054	1,485	- 431	- 29.0	2,392	996	1,417	- 421	- 29.7	2,310
DB Regional	3,954	3,727	+ 227	+ 6.1	4,412	3,902	3,676	+ 226	+ 6.1	4,361
DB Cargo	2,265	1,968	+ 297	+ 15.1	2,270	2,130	1,845	+ 285	+ 15.4	2,141
DB Netze Track	2,938	2,732	+ 206	+ 7.5	2,803	966	877	+ 89	+ 10.1	812
DB Netze Stations	625	647	- 22	- 3.4	680	243	292	- 49	- 16.8	303
DB Netze Energy	1,458	1,309	+ 149	+ 11.4	1,410	695	601	+ 94	+ 15.6	640
Other	2,616	2,488	+ 128	+ 5.1	2,398	270	228	+ 42	+ 18.4	280
Consolidation Integrated Rail System	- 5,601	- 5,320	- 281	+ 5.3	- 5,407	–	–	–	–	–
Integrated Rail System	**9,309**	**9,036**	**+ 273**	**+ 3.0**	**10,958**	**9,202**	**8,936**	**+ 266**	**+ 3.0**	**10,847**
DB Arriva	1,931	2,059	- 128	- 6.2	2,690	1,930	2,058	- 128	- 6.2	2,687
DB Schenker	10,688	8,463	+ 2,225	+ 26.3	8,525	10,654	8,429	+ 2,225	+ 26.4	8,491
Consolidation other	- 142	- 135	- 7	+ 5.2	- 160	–	–	–	–	- 12
DB Group	**21,786**	**19,423**	**+ 2,363**	**+ 12.2**	**22,013**	**21,786**	**19,423**	**+ 2,363**	**+ 12.2**	**22,013**

Operating profit figures (€ million)	EBITDA adjusted					EBIT adjusted				
	H 1		Change			H 1		Change		
	2021	2020	absolute	%	H 1 2019	2021	2020	absolute	%	H 1 2019
DB Long-Distance	- 975	- 552	- 423	+ 76.6	367	- 1,144	- 720	- 424	+ 58.9	224
DB Regional	- 43	- 276	+ 233	- 84.4	512	- 359	- 597	+ 238	- 39.9	186
DB Cargo	- 30	- 176	+ 146	- 83.0	20	- 211	- 352	+ 141	- 40.1	- 132
DB Netze Track	649	516	+ 133	+ 25.8	708	302	170	+ 132	+ 77.6	379
DB Netze Stations	67	124	- 57	- 46.0	201	- 7	53	- 60	–	123
DB Netze Energy	81	60	+ 21	+ 35.0	65	40	16	+ 24	+ 150	23
Other/consolidation Integrated Rail System	51	- 196	+ 247	–	- 156	- 194	- 471	+ 277	- 58.8	- 376
Integrated Rail System	**- 200**	**- 500**	**+ 300**	**- 60.0**	**1,717**	**- 1,573**	**- 1,901**	**+ 328**	**- 17.3**	**427**
DB Arriva	166	93	+ 73	+ 78.5	326	- 31	- 153	+ 122	- 79.7	101
DB Schenker	916	569	+ 347	+ 61.0	499	627	278	+ 349	+ 126	238
Consolidation other	1	- 5	+ 6	–	- 8	2	- 4	+ 6	–	- 9
DB Group	**883**	**157**	**+ 726**	**–**	**2,534**	**- 975**	**- 1,780**	**+ 805**	**- 45.2**	**757**
Margin (%)	4.1	0.8	–	–	11.5	- 4.5	- 9.2	–	–	3.4

Capital expenditures (€ million)	Gross capital expenditures					Net capital expenditures				
	H 1		Change			H 1		Change		
	2021	2020	absolute	%	H 1 2019	2021	2020	absolute	%	H 1 2019
DB Long-Distance	675	573	+ 102	+ 17.8	169	675	573	+ 102	+ 17.8	169
DB Regional	259	189	+ 70	+ 37.0	273	246	188	+ 58	+ 30.9	269
DB Cargo	179	136	+ 43	+ 31.6	163	178	136	+ 42	+ 30.9	163
DB Netze Track	3,155	3,309	- 154	- 4.7	2,875	725	841	- 116	- 13.8	636
DB Netze Stations	491	497	- 6	- 1.2	397	142	236	- 94	- 39.8	216
DB Netze Energy	127	68	+ 59	+ 86.8	67	38	21	+ 17	+ 81.0	23
Other/consolidation Integrated Rail System	326	262	+ 64	+ 24.4	297	326	262	+ 64	+ 24.4	297
Integrated Rail System	**5,212**	**5,034**	**+ 178**	**+ 3.5**	**4,241**	**2,330**	**2,257**	**+ 73**	**+ 3.2**	**1,773**
DB Arriva	88	203	- 115	- 56.7	323	79	198	- 119	- 60.1	316
DB Schenker	250	315	- 65	- 20.6	261	250	315	- 65	- 20.6	261
Consolidation other	–	–	–	–	–	–	–	–	–	–
DB Group	**5,550**	**5,552**	**- 2**	**–**	**4,825**	**2,659**	**2,770**	**- 111**	**- 4.0**	**2,350**
thereof investment grants	2,891	2,782	+ 109	+ 3.9	2,475	–	–	–	–	–

BUSINESS UNITS IN THE INTEGRATED RAIL SYSTEM

Developments in the relevant markets

The developments described below are based on available data, which sometimes has different time horizons, since full information about developments in the first half of 2021 was not available as at the time of writing.

GERMAN PASSENGER TRANSPORT MARKET

- The slump in German passenger transport due to the effects of the Covid-19 pandemic initially continued in the first quarter of 2021. As the year progressed, there were signs of a gradual recovery. However, the start-up of demand varied greatly across the individual market segments of German passenger transport.
- Motorized individual transport declined double-digit in percentage terms in the first half of 2021 compared to the same period in the previous year, but is gradually approaching the pre-crisis level, mainly due to heavy local use. Rising fuel prices due to new CO_2 pricing remain of minor importance for the time being.
- At the beginning of 2021, the decline in domestic German air transport continued significantly. The gradual recovery in the middle of the year with very significant growth rates follows on from the very weak base in the previous year with operations almost completely discontinued from mid-March 2020.

Rail passenger transport

- In the first quarter of 2021, rail passenger transport experienced a significant decline in volume sold (–58.5%) compared to the corresponding period in the previous year, as Covid-19-related restrictions did not come into effect until March in the first quarter of 2020. DB volume sold fell by 61% in the same period.
- The restrictions in the second quarter of 2020 and the gradual renewed buildup of volume sold in the second quarter of 2021, with significant growth compared to the previous year, resulted in an increase of 36% in volume sold of DB Group rail passenger transport in the second quarter.
- Regional rail passenger transport suffered heavy losses in the first quarter (–53%) due to the lack of private and commuter journeys. DB Regional had a similarly significant decline in performance (–56.8%) in the first quarter of 2021 compared to the same period in the previous year.
- Compared with the second quarter of 2020, DB Regional recorded growth of 22.8% in the second quarter of 2021.
- Despite recovery in the first quarter of 2021, long-distance rail passenger transport remained significantly below the level of the corresponding quarter of the previous year due to significantly lower demand for private and business travel (–65.7% for the sector; –65.1% for DB Long-Distance).
- Compared with the second quarter of 2020, volume sold increased sharply by 52.2% for DB Long-Distance in the second quarter of 2021.
- FlixTrain gradually resumed operations at the end of May 2021.

Public road passenger transport

- Public road passenger transport suffered significant performance losses (–27.9%) to scheduled transport in the first quarter of 2021.
- Due to the publicly ordered and largely continued basic services, local bus transport saw a weaker decline in the first quarter of 2021 (–21%); DB Regional Bus posted a comparatively moderate decline in performance (–16.9%) in the first quarter of 2021 and significant growth of about 32% in the second quarter.
- Long-distance bus services had almost completely ceased operations between the beginning of the year and May 2021. Since the end of May 2021, market leader FlixBus has been re-expanding its offering with a limited network, with BlaBlaCar's bus services following in mid-June 2021.

GERMAN FREIGHT TRANSPORT MARKET

After two weaker months at the beginning of 2021, performance development since March 2021 has gained significant momentum compared to the corresponding month of the previous year, which was burdened by the effects of the Covid-19 pandemic. As a result, the second quarter of 2021 was also characterized by high growth rates, at times in double-digits, across all modes of transport.

- Despite the continued noticeable impact of the Covid-19 pandemic on the economy, recovery is once again having an increasingly positive impact on transport demand, for example from the increase in trading activities. Production and incoming orders, for example in the steel and automotive industry, are pointing toward a significant upward trend, although the automotive sector is also subject to renewed pressure due to the lack of semiconductors. On the other hand, the mineral oil business was weak, showing negative early effects, among other things, due to the introduction of the CO_2 tax at the beginning of the year and the ending of the VAT reduction at the end of 2020.

- In addition to the consequences of the Covid-19 pandemic, one-off effects also had an impact on performance development. The blockage of the Suez canal and its consequences for the hinterland transport of European ports, as well as restrictions on the freight transport line in the Middle Rhine Valley after a rockfall, limited the volume of services.
- Despite rising demand, the transport market continues to be characterized by high competition and price pressure on the part of the freight forwarders.
- In inland waterway transport, volume sold in the first quarter of 2021 was still just below the previous year's level, which was already low. While coal, container and grain transport in particular increased, a decline was recorded in the oil products, steel and chemicals freight groups in particular.

Rail freight transport

According to present publications by the Federal Statistical Office, the volume sold of freight railways increased by 6.4% by April 2021 compared to the same period in the previous year. Taking into account a further expansion of the reporting scope in rail freight transport statistics at the beginning of 2021, growth was recorded, particularly in combined transport and transport in the steel, automotive, agricultural/forestry, wood goods and stone/earth sectors. There were declines, particularly in the transport of mineral oil products.

Taking into account the developments of DB companies and the volume produced of rail freight transport in subsequent months, it can be assumed for the first half of 2021 that the performance increase already demonstrated by April has increased significantly once again.

- The steel, iron ore, scrap, coal, automotive, chemical and combined transport sectors recorded a slump in performance at DB companies in the corresponding period of 2020. However, it was precisely these segments that made a significant increase in performance in the first half of 2021.
- The corresponding level of the previous year was also significantly exceeded for transporting wood/wood goods and stone/earth. The development of mineral oil transport services was weak due to market conditions.
- Non-Group railways, according to our own calculations, were also able to significantly increase their performance and showed an overall development picture comparable to DB companies up to April 2021. Losses were mainly attributable to mineral oil and coal transport.

EUROPEAN RAIL FREIGHT TRANSPORT MARKET

Volume sold in European rail freight transport (EU 27, Switzerland, Norway and the United Kingdom), also developed significantly positively in the first months of 2021 compared to the corresponding period in the previous year. The reasons for this are the recovery in industrial production and trade, as well as baseline effects after the significant declines due to the Covid-19 pandemic, especially in the severely affected automotive and iron, coal and steel sectors. Combined transport is also developing very dynamically again.

The recovery in international trade is noticeable primarily in growth on the European corridors to the North Sea ports of Antwerp, Rotterdam and Hamburg, the southern ports and the Eurasian axis.

- Rail freight volume sold in the United Kingdom developed positively in the first few months of 2021. However, the picture differed depending on the goods sector. There were significant declines in coal and mineral oil transports as well as in international transport services. In contrast, metal and building materials transport developed positively. Volume sold at DB Cargo UK increased sharply in the first half of 2021.
- In Poland, rail freight volume sold by May 2021 had increased by about 8% compared to the same period in the previous year. The reason for the increase in performance is the economic recovery following the sharp declines caused by the Covid-19 pandemic. Industrial sectors, which had previously recorded the largest declines, developed particularly positively, such as the steel-intensive automotive and mechanical engineering industries. As a result, transport of iron ore and metal also increased significantly. Due to the further increase in transport connecting to China, combined transport continues to see above-average growth, rising by about 10% in the first quarter of 2021. DB Cargo Polska grew significantly above the market average.
- In France, the volume sold in the rail freight transport market also developed positively in the first few months of 2021. This is due to the recovery of the economy following the Covid-19 pandemic and baseline effects resulting from the strikes at the beginning of 2020. Positive development of volume sold was also seen in Euro Cargo Rail (ECR), which experienced growth well into the double-digit percentage range.

Road freight transport

After a weak start to the year, since March 2021, truck transport has also shown a significant recovery, supported primarily by increasing cross-border transport and persistently positive effects from the consumer goods and construction sectors, as well as e-commerce.

Stimuli from other sectors also increased again, but were still weak in some cases. Among other things, due to the sharp rise in fuel prices compared to the previous year and the increasing competition, especially from Central and Eastern Europe, there is still strong national and international competition and price pressure. The issue of driver shortages continues to be very important for the industry.

- According to our calculations, volume sold was about 6% above the corresponding previous year's level through May 2021.
- This development was also reflected in toll statistics from the Federal Office of Freight Transport through May 2021. The performance on the road network, which is subject to tolls, increased by 5.6%, after falling by almost 6% in the corresponding period in 2020. After the exceptional year 2020, the development of vehicles registered abroad was once again above average compared to trucks from Germany, and it achieved double-digit growth.

DB Long-Distance business unit

DEALING WITH THE COVID-19 PANDEMIC

DB Long-Distance ran a stable basic schedule from the beginning of January to the end of March 2021, which was about 85% of the regular schedule. This was based on the tried-and-tested schedule concept from November to mid-December 2020. The schedule was increased at times over the Easter holidays. With the falling incidence figures, the increasing utilization and the easing of official restrictions in national and international long-distance transport, the schedule increased to 95% of the regular schedule from May 10, 2021. Since the small schedule change on June 13, 2021, there have been no capacity restrictions due to the Covid-19 pandemic.

DEVELOPMENT OF OUR FLEET

Vehicle availability

In the first half of 2021, the vehicle availability of the ICE fleet was increased compared to the same period in the previous year. In order to reinforce the positive development in the future, ongoing vehicle projects will continue to be implemented consistently.

Vehicle projects continued

The vehicle projects to expand the ICE fleet were continued. Some progress was made in the first half of 2021:

- The first six multiple units (prototype train and pre-series) of the ICE 1 modernization were completed. Series production began in May 2021. Among other modifications, the trains will be equipped with new seat covers, carpets, a modern passenger information system and improved drive technology.
- The redesign of the ICE 3 was continued, and 32 403-series multiple units were completed. By the end of 2024, 50 ICE 3 trains will have received a redesign.
- Ten new ICE 4 trains (eight 13-car trains and two seven-car trains) were added in the first half of 2021. A total of 137 ICE 4 trains will be in service by the end of 2024. This means that the ICE 4 will be DB Long-Distance's largest fleet.

DIGITALIZATION AND INNOVATION

Real-time data on all long-distance trains in Google Maps

DB Group and Google are intensifying their cooperation to make travel planning in Google Maps for climate-friendly rail even more user-friendly. Live data from rail operations and a ticket link directly to the DB portals make planning and booking the trip easier. Google Maps is now also expanding the availability of these features for long-distance transport journeys. As part of the new collaboration, DB Group is including real-time data on all long-distance trains in Google Maps for the first time.

Digitalization of passenger rights

Since June 2021, customers have been able to claim their compensation digitally via their customer account in the event of a delay affecting a ticket purchased online or with a mobile phone. Using bahn.de or mobile phone on DB Navigator, rail passengers can select the relevant journey on long-distance and regional transport and apply for compensation.

ENVIRONMENTAL MEASURES

- Starting in June 2021, DB Long-Distance's onboard catering will replace the previously used plastic cutlery for to-go products with cutlery made from FSC-certified wood. This measure supplements the existing *reusable offer* green *no. 139* on trains and in company canteens.

OTHER EVENTS

- We are working with Lufthansa to optimize our joint train-to-flight offer. Five cities will be added to the Lufthansa Express Rail network, and Sprinter trains will also travel to Frankfurt Airport as early as December 2021. The new Sprinter connections link the largest German airport even more closely with rail.
- On the occasion of the 30th anniversary of Deutsche Bahn's high-speed trains, Federal President Frank-Walter Steinmeier christened a new ICE 4 in the name of the "Bundesrepublik Deutschland" at Berlin central station. The first XXL ICE (13-car) is the longest train in the ICE fleet and has been in service since June 2021.

DEVELOPMENT IN THE FIRST HALF OF 2021

- *Strict Covid-19 measures at the beginning of the year had a noticeably adverse effect on demand.*
- *Since April 2021, there has been a significant recovery in volume sold and passenger numbers.*
- *Weaker punctuality performance.*
- *Financial development strongly influenced by the effects of the Covid-19 pandemic.*

	H 1		Change		
DB Long-Distance	**2021**	2020	absolute	%	H 1 2019
Punctuality (rail) (%)	79.5	83.5	–	–	77.2
Customer satisfaction (SI)	80.3	80.4	–	–	77.4
Passengers (rail) (million)	27.2	41.0	- 13.8	- 33.7	71.8
Passengers (long-distance bus) (million)	–	0.1	- 0.1	- 100	0.3
Volume sold (rail) (million pkm)	7,664	11,634	- 3,970	- 34.1	20,894
Volume sold (long-distance bus) (million pkm)	–	25.0	- 25.0	- 100	83.0
Volume produced (million train-path km)	70.6	68.1	+ 2.5	+ 3.7	73.0
Load factor (%)	20.4	31.6	–	–	53.3
Total revenues (€ million)	1,054	1,485	- 431	- 29.0	2,392
External revenues (€ million)	996	1,417	- 421	- 29.7	2,310
EBITDA adjusted (€ million)	- 975	- 552	- 423	+ 76.6	367
EBIT adjusted (€ million)	- 1,144	- 720	- 424	+ 58.9	224
Gross capital expenditures (€ million)	675	573	+ 102	+ 17.8	169
Employees as of Jun 30 (FTE)	19,026	18,320	+ 706	+ 3.9	16,938

The punctuality of DB Long-Distance has again developed more weakly. In addition to a slump at the beginning of the year due to weather conditions, higher capacity bottlenecks on the network as a result of increased construction activity and higher capacity utilization also had a negative impact. In contrast, positive effects resulted from a lower number of excessive stopping times, mainly due to low passenger numbers and reduced effects from slow-running sections.

Customer satisfaction remains at a good level. The main drivers are maintaining a service during the second lockdown, the low capacity utilization (especially with sufficient distance from other passengers) and high punctuality.

The performance development in rail transport also declined sharply again overall due to the Covid-19 pandemic:

- The extension of measures to contain the Covid-19 pandemic led to a significant decline in passenger numbers and volume sold, especially at the beginning of the year, as the corresponding months of the previous year were not yet influenced by the effects of the Covid-19 pandemic. With the increasing easing of the measures, there has been a significant recovery in demand since April 2021.
- The volume produced increased slightly. Positive effects from lower Covid-19-related supply reductions exceeded negative effects from changes in supply, construction activities on the network and weather-related restrictions.
- Load factor reduced significantly as a result of the decline in volume sold and passenger numbers due to the Covid-19 pandemic.

DB Long-Distance bus activities were discontinued at the end of the previous year.

As a result of the impact of the Covid-19 pandemic, operating profit figures have deteriorated significantly:

- Driven by the decline in demand due to the Covid-19 pandemic, there were significant revenue losses.
- The significant increase in other operating income (+64.4%/ € +56 million) had a slightly compensating effect, in particular due to higher income from insurance benefits (for damages from previous years), international transport services and vehicle sales.

Overall, expenses increased only slightly. Additional burdens, especially from higher personnel expenses, were partially offset, in particular, by savings related to the Covid-19 pandemic:

- The higher personnel expenses (+7.8%/€ +43 million) were primarily due to wage increases and the increased number of employees.
- Cost of materials increased slightly (+0.8%/€ +11 million). Higher expenses for energy due to price and volume factors and the use of infrastructure, as well as more intensive maintenance activities, resulted in an increase in expenses. In contrast, expenses were reduced as a result of lower expenses related to the Covid-19 pandemic for the use of goods in onboard catering, commissions, vehicle rent and BahnCard services. In addition, the discontinuation of long-distance bus activities had a dampening effect.

- Also, depreciation only changed slightly (+0.6%/€ +1 million). Higher depreciation due to capital expenditures on ICE 4 and Intercity 2 trains was largely offset by the opposite effects due to ICE 3, ICE T and Intercity 1 trains coming to the end of their useful lives.
- The decline in other operating expenses (−3.7%/€ −10 million) resulted mainly from savings in marketing, travel expenses and vehicle rent due to the Covid-19 pandemic. This was counteracted by higher expenses for IT measures to improve product quality.

Capital expenditure activities increased at a very high level and resulted primarily from continued *vehicle projects* → 29 (procurement of ICE 4 trains and modernization of the ICE 1 fleet in particular).

The number of employees increased as of June 30, 2021, due to the continued implementation of the Strong Rail strategy.

DB Regional business unit

DEVELOPMENT OF THE ORDER BOOK

Awarded transport contracts

German regional rail passenger transport market (million train-path km)	H1 2021 p.a.	H1 2021 total	H1 2020 p.a.	H1 2020 total
Tender procedures (number)	17	–	7	–
thereof to DB Regional	3	–	5	–
Awarded tender volume	69.0	785.9	18.9	186.4
thereof DB services (%)	56	–	63	–
thereof to DB Regional	34.7	378.3	14.5	144.5
Hit rate (%)	50	–	77	–
SIGNIFICANT CONTRACTS WON				
Transitional contract Hanover S-Bahn (metro)	9.4	14.1	–	–
Tilting technology network Thuringia	4.4	30.8	–	–
Munich S-Bahn (metro) ("1st MSBV")	20.9	333.4	–	–

German public road transport market (million commercial vehicle km)	H1 2021 p.a.	H1 2021 total	H1 2020 p.a.	H1 2020 total
Tender procedures (number)	113	–	91	–
thereof including participation by DB Regional	67	–	59	–
Awarded tender volume	92.0	753.7	60.7	519.0
thereof DB services (%)	26	–	39	–
thereof including participation by DB Regional	67.6	574.1	40.3	372.4
Hit rate (%)	21	–	32	–

In rail and bus transport in Germany, the awarded tender volume in the first half of 2021 increased compared with the same period in the previous year. The hit rate of DB Regional was lower in both markets than in the first half of 2020 due to intense competition.

New commissionings and cessations

New commissionings (rail) – 2020/H1 2021 [1]	Term	Million train-path km p.a.	thereof versus H1 2020 [2]
Allgäu D-network 25-series South (Lot 2)	12/2020–12/2021	1.7	+0.9
Network 4 Rhine Valley (Lot 2)	06/2020–12/2032	0.1	+0.0
Total		**1.8**	**+0.9**

[1] Services, respectively parts of the network, were previously provided by non-Group TOCs.
[2] Effect of the change on the year-on-year comparison. The linear calculation is carried out on a weekly basis by commissioning in the middle of the month.

Cessations (rail) – 2020/H1 2021 [1]	Term	Million train-path km p.a.	thereof versus H1 2020 [2]
RRX Lines Lot 1 (RE1)	06/2020–12/2033	3.6	-1.7
Stuttgart Network Lot Neckartal	06/2020–12/2032	2.1	-1.0
RRX Lines Lot 3 (RE 4)	12/2020–12/2033	2.4	-1.2
Glauchau – Gößnitz	06/2021–12/2025	0.1	–
Total		**8.2**	**-3.9**

[1] Services, respectively parts of the network, were previously provided by DB Regional.
[2] Effect of the change on the year-on-year comparison. The linear calculation is carried out on a weekly basis by changing the operator in the middle of the month.

Order book

Order book (€ billion)	Jun 30, 2021	Dec 31, 2020	Change absolute	Change %
DB Regional	77.6	70.3	+7.3	+10.4
secured	62.2	53.9	+8.3	+15.4
unsecured	15.4	16.4	-1.0	-6.1

Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

In the first half of 2021, DB Regional's order book increased. The additions from transport contracts of about € 11.2 billion were offset by disposals of about € 4.1 billion, mainly as a result of services rendered. In addition, changes in assumptions of about € 0.1 billion have a positive impact.

DEVELOPMENT OF OUR FLEET

Measures to improve the DB Regional vehicle fleet include the redesign of interiors, the installation of passenger information and video recording systems, and repainting. A total of 445 vehicles were redesigned and modernized, mainly for the S-Bahn (metro) lines in Hamburg, Munich and Berlin, as well as the diesel networks for Nuremberg and Allgäu.

We are further focusing on the procurement of new vehicles for transport contracts won. A total of 41 new vehicles were delivered in the first half of 2021 (thereof five vehicles will be used via a rental model). Vehicle availability improved again in the first half of 2021. Delays and restrictions relating to the delivery of new trains did, however, occur.

ENVIRONMENTAL MEASURES

- 830 diesel multiple units and locomotives in DB Regional's fleet have now been equipped with telematics systems. The *RegioEnergy Saving System (RESY) software* green *no. 8,* which supports train drivers in an efficient driving style, has already been activated on 390 vehicles. Thanks to RESY, a further 0.9 million liters of diesel were saved in the first half of 2021 and thus a total of 3.7 million liters since the introduction of RESY.
- DB Regional Bus is currently building and planning transport services and projects with climate-friendly drives at several locations.
- Since May 2021, DB Regional Bus has been using two *hydrogen buses* green *no. 53* with fuel cells in regular services around Niebüll and Husum. They are powered by climate-neutral hydrogen, which is produced using regional wind power. One tank is enough for 400 km, which corresponds to a usual operating day in regularly scheduled transport services.
- Since the end of May 2021, two *battery-powered electric buses* green *no. 63* have been in service in the Wolfsburg factory transport service. In addition, one battery-powered electric bus has been operating in scheduled transport in Oberstdorf since the beginning of March 2021 and four in Bad Tölz since the beginning of April 2021.

DEVELOPMENT IN THE FIRST HALF OF 2021

- *Covid-19 restrictions led to a negative development in demand.*
- *Operating profit figures showed better development.*

	H 1		Change		
DB Regional	**2021**	2020	absolute	%	H 1 2019
Punctuality (rail) (%)	95.3	96.0	-	-	94.7
Punctuality (bus) [1] (%)	84.7	83.3	-	-	82.1
Passengers (million)	646.1	807.3	-161.2	-20.0	1,259
thereof rail	452.8	621.5	-168.7	-27.1	977.7
Volume sold (million pkm)	10,277	14,097	-3,820	-27.1	23,661
thereof rail	8,189	12,115	-3,926	-32.4	20,382
Volume produced (rail) (million train-path km)	215.8	204.6	+11.2	+5.5	226.9
Volume produced (bus) (million bus km)	231.9	221.6	+10.3	+4.6	249.2
Total revenues (€ million)	3,954	3,727	+227	+6.1	4,412
External revenues (€ million)	3,902	3,676	+226	+6.1	4,361
Rail concession fees (€ million)	2,947	2,573	+374	+14.5	2,803
EBITDA adjusted (€ million)	-43	-276	+233	-84.4	512
EBIT adjusted (€ million)	-359	-597	+238	-39.9	186
Gross capital expenditures (€ million)	259	189	+70	+37.0	273
Employees as of Jun 30 (FTE)	37,350	36,980	+370	+1.0	36,362

[1] Value first half of 2020 adjusted as a result of a change in method in 2020.

Punctuality within regional rail passenger transport has declined. In addition to the onset of winter, the main drivers were the renewed increased utilization of the rail network in the first two months of 2021 and the operational impact of the high volume of construction. Punctuality in bus transport has improved.

The performance development in rail and bus transport varied. The number of passengers and volume sold in rail transport developed significantly below the weak level of the first half of 2020, due to the Covid-19 pandemic. The extension of measures to contain the Covid-19 pandemic led to a significant decline, especially at the beginning of the year, as the corresponding months of the previous year were not yet affected by the Covid-19 pandemic. With the increasing easing of measures, demand has also recovered since April 2021.

Effects from the Covid-19 pandemic also had a strong negative impact on demand in bus transport, especially in the first two months of 2021. Overall, however, this increased slightly as a result of higher volume produced.

The economic development of DB Regional improved again in the first half of 2021. Income gains exceeded additional expenses. As a result, operating profit figures improved, but remained under pressure.

The significantly lower number of passengers did not fully impact development. Due to the high proportion of gross contracts, the revenue risk lies primarily with the public transport authorities:

- The increase in revenues resulted primarily from higher rail transport concession fees, which more than compensated for the decline in ticket revenues, as well as performance gains and higher concession fees in bus transport.
- The increase in other operating income (+38.3%/€ +59 million) had a supporting effect, mainly due to higher utilization of provisions for impending losses.

On the expense side, there were additional expenses overall, mainly as a result of the higher volume produced due to the temporary reduced rail transport schedule in the first half of 2020 and higher personnel expenses:

- Cost of materials increased (+6.4%/€ +167 million) mainly as a result of increased volume produced on rail transport. Higher prices for energy and infrastructure utilization and higher maintenance activities also had a negative impact.
- Personnel expenses (+3.1%/€ +34 million) rose as a result of collective bargaining agreements and the higher number of employees.

The decrease in other expenses compensated for this:

- Other operating expenses (−29.2%/€ −145 million) declined significantly, mainly due to lower additions to the provision for impending losses.

- Depreciation (−1.6%/€ −5 million) decreased due, among other things, to vehicles reaching the end of their useful lives. On the other hand, vehicle purchases resulted in an increase in depreciation.

Capital expenditures increased primarily as a result of vehicle purchases and redesign projects resulting from tenders.

As of June 30, 2021, the number of employees increased, primarily in the bus line of business.

Rail line of business

- *Overall, demand is declining due to the Covid-19 pandemic – no longer any Covid-19-related restrictions on volume produced.*
- *Income growth due to higher concession fees.*
- *Development of profits continues to be adversely affected by the Covid-19 pandemic.*

	H1		Change		
Rail line of business	**2021**	2020	absolute	%	H1 2019
Passengers (million)	469.3	633.2	-163.9	-25.9	998.3
thereof rail	452.8	621.5	-168.7	-27.1	977.7
Volume sold (million pkm)	8,445	12,296	-3,851	-31.3	20,691
thereof rail	8,189	12,115	-3,926	-32.4	20,382
Volume produced (million train-path km)	215.8	204.6	+11.2	+5.5	226.9
Total revenues (€ million)	3,489	3,266	+223	+6.8	3,853
External revenues (€ million)	3,439	3,219	+220	+6.8	3,805
Rail concession fees (€ million)	2,947	2,574	+373	+14.5	2,803
EBITDA adjusted (€ million)	15	-82	+97	-	490
EBIT adjusted (€ million)	-265	-370	+105	-28.4	196
Gross capital expenditures (€ million)	200	174	+26	+14.9	249
Employees as of Jun 30 (FTE)	28,332	28,212	+120	+0.4	27,721

The development of transport performance in the rail line of business was weak overall. In addition to increased weather-related restrictions, declines related to the Covid-19 pandemic at the beginning of 2021 in particular had an impact, as the corresponding months of the previous year were not yet affected by the Covid-19 pandemic in the first quarter of 2020. As a result, the number of passengers and volume sold declined significantly. An improvement has been recorded since April 2021. Volume produced increased as a result of the temporarily reduced schedule in the first half of 2020 due to lockdown measures.

Overall income climbed more significantly than expenses. As a result, operating profit figures improved again. However, the weak performance development had a dampening effect:

- Revenues increased despite lower ticket revenues due to the Covid-19 pandemic, driven by higher concession fees. In addition to general increases by public transport authorities, a change in the contract for the Munich S-Bahn (metro) and the loss of a negative one-off Covid-19 effect in the first half of 2020 also had an impact.
- The other operating income also increased, mainly as a result of increased utilization of provisions for impending losses.

On the expense side, additional negative effects resulted mainly from the higher volume produced and price effects:

- Cost of materials increased as a result of the higher volume produced. This was particularly noticeable with higher expenses for the use of train paths and stations, as well as for energy. Price effects and more intensive maintenance also had a negative impact on development.
- Personnel expenses rose slightly in the wake of a greater number of employees and as a result of collective bargaining agreements.

The decrease in other expenses compensated for this:

- Other operating expenses declined significantly, mainly as a result of lower additions to provisions for impending losses.
- Depreciation also fell slightly. In addition to adjusting the useful life of vehicles to the contract term for the Rhine-Ruhr S-Bahn (metro), vehicles reaching the end of their useful lives also had an impact.

Capital expenditure activity increased within the framework of transport contracts won.

The number of employees was slightly above the level of June 30, 2020.

Bus line of business

- *Volume produced was back to the pre-Covid-19 level from March 2021.*
- *Revenue losses related to the Covid-19 pandemic also dominated the first half of 2021.*
- *Implementation of measures was delayed due to the Covid-19 pandemic.*

	H1		Change		
Bus line of business	**2021**	2020	absolute	%	H1 2019
Passengers (million)	176.7	174.1	+2.6	+1.5	260.5
Volume sold (million pkm)	1,832	1,801	+31	+1.7	2,970
Volume produced (million bus km)	214.8	208.3	+6.5	+3.1	236.0
Total revenues (€ million)	492	489	+3	+0.6	580
External revenues (€ million)	463	458	+5	+1.1	556
EBITDA adjusted (€ million)	-58	-194	+136	-70.1	23
EBIT adjusted (€ million)	-94	-227	+133	-58.6	-9
Gross capital expenditures (€ million)	59	15	+44	-	25
Employees as of Jun 30 (FTE)	9,018	8,768	+250	+2.9	8,641

The performance development in the bus line of business was slightly positive. Declines related to the Covid-19 pandemic in the first few months of the year, which, in the previous year had not yet been affected by the Covid-19 pandemic, were offset by performance gains.

The economic development improved: significant declines in expenses led to improved operating profit figures, with slight gains in income.

- Revenues increased slightly for performance-related reasons. Price effects supported the development.
- Other operating income increased significantly, mainly due to the utilization of provisions for impending losses.

On the expense side, there was significant relief driven by other operating expenses:

- Other operating expenses decreased as a result of lower additions to provisions for impending losses.
- Cost of materials fell, mainly as a result of reduced purchasing of transport services. In contrast, the procurement of personal protective equipment (PPE) and other protective equipment related to the pandemic had a negative impact on the first half of 2020.
- In contrast, personnel expenses rose as more services were performed independently, which increased the number of employees. Collective bargaining agreements also contributed to the increase in expenses.
- Depreciation also increased due to capital expenditures.

Capital expenditure activities increased, particularly in connection with transport contracts won.

The number of employees increased, mainly as a result of recruitment for the start of operations in the second half of 2020 and additional transport services in the first half of 2021.

DB Cargo business unit

MARKETS AND STRATEGY

In the first half of 2021, DB Cargo supported its customers in decarbonizing their transport chains and shifting transport services to rail. As a result of the services offered by climate-friendly rail freight transport in its Europe-wide network, DB Cargo was able to expand its customer base and successfully offer the first measures of its growth strategy to customers.

ENVIRONMENTAL MEASURES

DB Cargo is actively committed to climate-change mitigation and, as a provider of climate-friendly rail logistics services, plays a significant role in the shift in the mode of transport to rail:

- The plans for the modernization of the vehicle fleet includes, in particular, capital expenditures in vehicles with alternative drive technologies (such as hybrid technology) and dual-power locomotives. DB Cargo has therefore announced the tender of another shunting locomotive project that enables the use of additional alternative drive concepts for suppliers.
- In the first half of 2021, DB Cargo set up a nationwide rail freight network for an international beverage manufacturer, which included 13 of the customer's locations. This shift in the mode of transport from road to rail prevents about 1,900 tons of CO_2 emissions annually.
- A manufacturer of quality fruit juice that operates nationwide uses the new DB Cargo product EVplus. This single-wagon transport, door-to-door solution ensures that food also arrives at its destination quickly and safely. In total, up to 40% of CO_2 emissions can be saved annually for long-distance connections.
- The logistics service for new electric car batteries is being expanded into an industry network that will connect the first locations of the German automotive producers and battery manufacturers throughout Europe in a safe and eco-friendly way, by rail. As a result, Germany's largest automobile manufacturer will be avoiding 11,000 tons of CO_2 emissions in 2021 alone. The network is being continuously expanded, including by connecting the Škoda headquarters in Mladá Boleslav. In order to simplify access to the automotive railnet, a battery logistics center was also opened in Bremen. Another battery logistics center in Arnstadt is planned for the second half of 2021.
- The Deutsche Post DHL Group is also increasingly focusing on rail and CO_2-free transport with *DB eco plus* green *no. 1.* In the medium term, the Group's target is to triple the share of shipments transported by rail. In the long term, it would be possible to transport about 20% of packages by rail.
- European steel manufacturers are also focusing on green transport with DB Cargo. Without CO_2 emissions, steel can be moved every day by rail, in a freight cycle from voestalpine's sites to the major automobile manufacturers in the region and their suppliers. And in the opposite direction, the scrap from the automobile works returns to the steel plant in Linz. Since logistics partner CargoServ also uses exclusively CO_2-neutral, green electricity on the Austrian section of line, about 8,000 tons of CO_2 emissions are saved each year compared to truck transport.

OTHER EVENTS

- In the first half of 2021, DB Cargo launched the marketing campaign "Freight belongs on the rail network" in order to increase visibility for green logistics and climate-friendly rail freight transport.

DEVELOPMENT IN THE FIRST HALF OF 2021

- *Positive performance development due to improved economic environment for sectors predisposed to rail transport.*
- *Revenue growth in all segments (block train, single wagon and combined transport).*
- *Profit development improved noticeably overall.*

DB Cargo	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Punctuality (%)	70.8	79.1	–	–	73.8
Freight carried (million t)	115.1	103.0	+12.1	+11.7	122.4
Volume sold (million tkm)	43,010	38,190	+4,820	+12.6	43,738
Volume produced (million train-path km)	84.0	75.3	+8.7	+11.6	82.9
Capacity utilization (t per train)	512.0	507.5	+4.5	+0.9	527.8
Total revenues (€ million)	2,265	1,968	+297	+15.1	2,270
External revenues (€ million)	2,130	1,845	+285	+15.4	2,141
EBITDA adjusted (€ million)	-30	-176	+146	-83.0	20
EBIT adjusted (€ million)	-211	-352	+141	-40.1	-132
EBIT margin (adjusted) (%)	-9.3	-17.9	–	–	-5.8
Gross capital expenditures (€ million)	179	136	+43	+31.6	163
Employees as of Jun 30 (FTE)	30,203	29,874	+329	+1.1	29,198

The punctuality of DB Cargo has declined significantly as a result of the harsh winter, the increased construction activity on the German rail network and the increased network utilization as a result of Covid-19 restrictions being eased. Further restrictions arose in June 2021 due to the infrastructure damaged by heavy rain in the Munich-North marshaling yard.

The performance development was positive. The trend from the second half of 2020 continued. Growth in foreign trade, the significant increase in online trade due to the Covid-19 pandemic, and the recovery of the steel economy in Europe caused the values from the first half of 2020, which were weak due to the effects of the Covid-19 pandemic, to be significantly exceeded. Negative effects from extreme weather conditions, the landslide on the Rhine line, the consequences of the semiconductor shortage in the automotive industry, as well as the temporary closure of the Great Belt Bridge for trailer traffic and of the Suez canal, were compensated for by a Europe-wide sales initiative.

The economic development has improved noticeably, but remains tense. Operating profit figures rose significantly as a result of an increase in income:

- Revenues increased significantly and, as a result of the positive development in all segments, were again at about the pre-Covid-19 level:
  - The main drivers of higher revenues in block train transport were the transport of steel, coal and fertilizers. Among other things, lower demand for transport due to the semiconductor shortage in the automotive industry and due to the economic consequences of *Brexit* *6* had a dampening effect.
  - Revenue growth in single wagon transport is mainly the result of the development of demand in the steel and construction sectors, as well as adjustments to the product portfolio due to the inclusion of transport services for consumer-goods producers and the expansion of pulp and paper and wood transport.
  - In combined transport, continued positive development of transport routes to China resulted in a sales increase.
- Other operating income (+17.6%/€ +34 million) also increased, mainly as a result of higher subsidies, primarily the new facility price support and higher train-path price support due to higher performance.

On the expense side, there were additional burdens, primarily driven by performance in the cost of materials:

- Cost of materials increased (+11.0%/€ +132 million) due to higher expenses for purchased transport services, energy and train paths. This was partly counteracted by positive exchange rate effects.
- Personnel expenses increased (+2.8%/€ +25 million) as a result of personnel increases and collective bargaining agreements in all segments.
- Other operating expenses (+8.5%/€ +23 million) also increased as a result of the digitalization program.
- The slight increase in depreciation (+2.8%/€ +5 million) resulted primarily from capital expenditures in locomotives and freight cars.

Capital expenditures increased in the second quarter of 2021 as a result of recovery effects due to production and delivery delays on the part of vehicle suppliers, related to Covid-19 effects.

The number of employees increased as a result of the continued recruitment campaign.

Central Europe region

- *Performance gains due to economic recovery. New transport services in Belgium also had a positive effect.*
- *Dampening effects caused by storm Tristan, restriction of hinterland transport due to the blockage of the Suez canal and disruption in the Middle Rhine Valley after a rockfall.*
- *Noticeably improved revenue development – operating profit figures remain negative.*

	H1		Change		
Central Europe region	**2021**	2020	absolute	%	H1 2019
Freight carried (million t)	116.2	104.0	+ 12.2	+ 11.7	116.1
Volume sold (million tkm)	34,712	31,208	+ 3,504	+ 11.2	35,052
Volume produced (million train-path km)	67.6	60.9	+ 6.7	+ 11.0	64.8
Total revenues (€ million)	2,455	2,212	+ 243	+ 11.0	2,489
External revenues (€ million)	1,688	1,482	+ 206	+ 13.9	1,736
EBITDA adjusted (€ million)	- 80	- 152	+ 72	- 47.4	26
EBIT adjusted (€ million)	- 208	- 318	+ 110	- 34.6	- 80
Gross capital expenditures (€ million)	126	103	+ 23	+ 22.3	147
Employees as of Jun 30 (FTE)	21,893	21,624	+ 269	+ 1.2	19,343

There has been a recovery trend in performance development in Central Europe since the second half of 2020, and this continues after the declines in the steel and automotive industry and in combined transport due to the Covid-19 pandemic. The pre-Covid-19 level was reached.

The economic development remains very challenging. Although operating profit figures improved as a result of income gains, they are still negative:

- Revenue increased noticeably for performance-related reasons.
- Other operating income increased primarily as a result of higher grants, in particular for the new facility price support and the conversion of freight cars to whisper brakes, completed in 2020. Higher train-path price support and train-path price grants related to the Covid-19 pandemic in Switzerland, Italy and the Netherlands also had an effect.

However, the expense side experienced an increase, driven by cost of materials:

- Cost of materials increased as a result of increased purchased transport services and train-path and energy expenses. Lower maintenance expenses, among other things, had a expense-reducing effect.
- Personnel expenses also increased slightly, mainly due to a higher number of employees, particularly in Germany and Belgium.
- Other operating expenses and depreciation also increased slightly as a result of the digitalization program and the expanded capital expenditure program.

The growth in capital expenditures resulted mainly from leasing activities for freight cars. The delayed procurement of freight cars partially counteracted this.

The number of employees increased slightly, mainly due to recruitment in Germany and Belgium.

Western Europe region

- *Increased demand in all countries due to the economic situation.*
- *Burdens due to semiconductor shortages, particularly in Spain and as a result of Brexit.*

	H1		Change		
Western Europe region	**2021**	2020	absolute	%	H1 2019
Freight carried (million t)	22.9	19.8	+ 3.1	+ 15.7	24.7
Volume sold (million tkm)	5,852	4,885	+ 967	+ 19.8	6,308
Volume produced (million train-path km)	12.3	10.9	+ 1.4	+ 12.8	14.2
Total revenues (€ million)	347	295	+ 52	+ 17.6	358
External revenues (€ million)	261	231	+ 30	+ 13.0	288
EBITDA adjusted (€ million)	30	6	+ 24	–	32
EBIT adjusted (€ million)	- 11	- 33	+ 22	- 66.7	- 4
Gross capital expenditures (€ million)	47	- 13	+ 60	–	11
Employees as of Jun 30 (FTE)	4,280	4,313	- 33	- 0.8	4,335

The performance development in Western Europe is again showing a positive trend following the declines due to the Covid-19 pandemic. The situation in France developed particularly positively in the first few months due to the omission of negative strike effects and subsequently to declines in traffic as a result of the Covid-19 pandemic. A decline in transport resulting from the temporary closures of the automotive industry in Spain, due to the semiconductor shortage and the economic consequences of Brexit on the routes to the United Kingdom, had a dampening effect in some cases.

The economic development improved for performance-related reasons. Operating profit figures rose as a result of income development:

- On the income side, the recovery in demand had only a below-average effect, as pricing leeway was extremely limited due to continued high competition (including due to trucks in Spain).

Expenses rose slightly:

- Cost of materials increased, mainly as a result of volume-related factors, due to recovering demand and higher train-path prices in the United Kingdom. Train-path price reductions in France partially countered this impact.
- Depreciation increased slightly as a result of capital expenditures on the fleet.
- Personnel expenses were at the level of the first half of 2020.

The decline in other operating expenses had a partially dampening effect:

- Other operating expenses declined, partly as a result of lower other related services.

Capital expenditures increased compared to the first half of 2020, which was marked by a negative one-off effect.

The number of employees was at the level of the first half of 2020.

Eastern Europe region

- *Effects of the recovery from the Covid-19 pandemic and new customers have a very positive effect.*
- *Continued strong growth in Asian transport services.*
- *Economic development also significantly exceeds pre-Covid-19 levels.*
- *Optimization of the product and transport portfolio driven forward.*

	H1		Change		
Eastern Europe region	**2021**	2020	absolute	%	H1 2019
Freight carried (million t)	8.7	6.9	+1.8	+26.1	7.5
Volume sold (million tkm)	2,447	2,096	+351	+16.7	2,377
Volume produced (million train-path km)	4.0	3.4	+0.6	+17.6	3.9
Total revenues (€ million)	308	219	+89	+40.6	176
External revenues (€ million)	181	131	+50	+38.2	116
EBITDA adjusted (€ million)	19	11	+8	+72.7	13
EBIT adjusted (€ million)	8	-1	+9	–	3
Gross capital expenditures (€ million)	6	15	-9	-60.0	4
Employees as of Jun 30 (FTE)	4,030	3,937	+93	+2.4	3,893

The performance development, driven by recovery effects after declines in transport related to the Covid-19 pandemic, was again significantly positive and was above the pre-Covid-19 level. New transport services in Romania also had a supporting effect.

The economic development was pleasing: revenue growth exceeded the increase in expenses. Operating profit figures recovered significantly and were also above the pre-Covid-19 level.

- Revenues increased significantly due to demand, among other factors. The continued positive development in transport routes connecting to China and a sharp increase in single-wagon transport also had a supporting effect. Exchange rate effects had an offsetting effect.
- Other operating income remained essentially the same.

On the expense side, there was a significant but below-average increase due to performance. The positive business development in the Eurasian corridor as well as in Russia, Poland and the Czech Republic was decisive:

- Cost of materials increased significantly, mainly as a result of increased purchased transport services for transport routes connecting to China and the recovery in demand. Positive exchange rate effects had a partially compensating effect.
- Personnel expenses increased slightly as a result of performance-related personnel increases. Positive exchange rate effects also had a partially compensating effect here.
- Other operating expenses increased slightly as a result of higher rental expenses in Poland.
- Depreciation was at the level of the first half of 2020.

Capital expenditures fell significantly, mainly as a result of the conclusion of capital expenditure projects in Romania.

The number of employees increased, particularly as a result of performance-related recruitment.

Infrastructure

DEVELOPMENT IN THE RELEVANT MARKETS

Train-path demand in the first half of 2021 was characterized by catch-up effects. At the beginning of the second quarter of 2021, demand overall was at the level it was before the Covid-19 pandemic and thus significantly above the corresponding figure from the previous year. However, different developments were recorded in the individual transport types. While demand in the long-distance rail passenger transport and rail freight transport sectors has not yet fully recovered from declines caused by the Covid-19 pandemic, the expansion of the transport services resulting from the increase in regionalization funds in regional rail passenger transport led to additional growth, even in comparison with the pre-Covid-19 level.

The number of station stops in regional rail passenger transport increased by 6.9%, mainly as a result of the return to regular transport services after the Covid-19 pandemic, and was therefore 1.9% above the value from the first half of 2019. The share of non-Group railways continued to rise slightly.

PERFORMANCE AND FINANCING AGREEMENT III

In the first year of the Performance and Financing Agreement (Leistungs- und Finanzierungsvereinbarung; LuFV) III being implemented, we believe we were able to achieve the agreed targets in spite of the Covid-19 pandemic, subject to the audit by the Federal Railway Authority (Eisenbahn-Bundesamt; EBA). The respective Infrastructure Status and Development Report was provided to the Federal Government on April 30, 2021. The maintenance and modernization of the existing infrastructure will continue with the LuFV III, which has a term of ten years and a total volume of € 86 billion up to 2029. In the first half of 2021, one capital expenditure focus was on the renovation of the superstructure, thus on tracks and switches.

DIGITAL PLANNING AND CONSTRUCTION

The Building Information Modeling (BIM) method is now used regularly for new complex or standardizable projects and is constantly being further developed. DB Netz AG therefore meets the requirements of the Federal Government's tier plan. At DB Engineering&Consulting (DB E&C), BIM is mainly being applied in 2021 in order to increase efficiency and partially automate further production steps. To this end, work is being done to standardize BIM across the entire production chain. As of June 30, 2021, DB E&C was using BIM in about 240 DB Group infrastructure projects, thereof 80 were started in the first half of 2021. DB Netze Energy is currently using BIM for complex 16 Hz switchgear and S-Bahn (metro) rectifiers.

PREPARATION OF THE 2021/2022 SCHEDULE

About 83,000 train-path requests have been received for the schedule for 2022. As in the previous year, increased registration conflicts are to be expected, which are characterized by the fact that several TOCs have ordered the same time slot on the same infrastructure. The fact that competition on the rails is continuing to increase is demonstrated above all by the train-path applications from non-Group TOCs. As a result, the proportion of these in long-distance passenger rail transport has increased noticeably. The development in rail freight transport is similar, where registrations from non-Group TOCs have even grown by 17%. The scheduling process is subject to a strict regulatory framework and is monitored by BNetzA.

DEVELOPMENT OF THE INFRASTRUCTURE

In 2021, more than € 12.7 billion will be used to renew and maintain the network, stations and energy facilities. This includes € 5.4 billion from the LuFV funding (grants and own contribution) as well as € 2.5 billion for maintenance. In the first half of 2021, the impact of the Covid-19 pandemic on construction projects was kept to a minimum by means of effective crisis management. As a result of close monitoring and targeted countermeasures, disruptions that occurred were quickly resolved in many cases, working together with the construction industry, meaning that there was little impact on deadlines.

In the first half of 2021, the following construction projects were started and commissioned as part of the requirement plan and the Municipal Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz; GVFG):

Start of construction in the first half of 2021

PROJECT		
1	Nuremberg – Erfurt expansion/new construction line (German unification transport project no. 8.1)	Eggolsheim – Strullendorf four-track expansion (plan approval section 21)
2	Halle/Leipzig hub (second construction stage)	Construction of new ESTW-A Angersdorf with track plan conversion (plan approval section 4)

Commissionings in the first half of 2021

PROJECT		
1	Halle/Leipzig hub (second construction stage)	West side of Halle central station: Conversion of passenger transport facility (plan approval section 1, construction phase 4.2)
2	Hamburg hub	two-track expansion of the northern curve of Kornweide
3	Rhein-Ruhr-Express (RRX)	Mülheim (Ruhr)-Styrum – Mülheim (Ruhr)-Heißen: establishment of a junction (plan approval section 4)
4	Breisgau Metro (S-Bahn)	Electrification of the Denzlingen – Elzach (Elztalbahn) line

- The Halle internal hub was officially commissioned in January 2021. The Federal Government, DB Group, the State of Saxony-Anhalt and the City of Halle invested a total of about € 800 million. We completely rebuilt the central station while train operations were still ongoing. In addition, 50 km of track and 200 switches were renewed and two electronic interlockings were installed. A modern marshaling yard was also created.

A further 172 projects under the requirement plan and the GVFG were in the planning or construction phases.

Additional information is available on the *Construction Information Portal (BauInfoPortal)* →.

Major developments in construction projects

- **Stuttgart—Ulm project:** Further progress has been made in the Stuttgart 21 sub-projects (to be commissioned in late 2025) and Wendlingen—Ulm new construction line (to be commissioned in late 2022).
- **Cologne hub:** The Cologne hub is to be expanded through a total of 17 infrastructure measures. In the Cologne—Aachen expansion line 4 project, work in the Aachen-Rothe Erde area is still in the implementation phase. Construction work on the Troisdorf—Bonn-Beuel S13 expansion project is progressing on schedule.
- **Oldenburg—Wilhelmshaven expansion line:** The conversion work at Sande station and Varel station is progressing rapidly. In addition to the ongoing expansion work in Oldenburg, work on the Alexanderstraße level crossing began in January 2021. Work on the new road and rail crossings will continue for the Sande track-laying project, with track construction having begun in June 2021. The overhead wire work was started on all of the above sections. Construction of the new Rastede substation, the Oldenburg switchgear and the two auto-transformer stations commenced in June 2021.
- **Frankfurt am Main hub:** Work on the Homburger Damm project near Frankfurt central station is in its final stage. In the Stadion project, the hearing procedures for the second stage of construction, along with plan approval section 1 (Frankfurt) and plan approval section 2 (Maintal) of the North Main S-Bahn (metro) are complete, meaning that the EBA can now prepare the plan approval decision. The feasibility study for the new Frankfurt long-distance railway tunnel has been completed. Following formal assignment in spring 2021, planning for the long-distance railway tunnel began in late June 2021.
- **Dresdner Bahn:** Construction began in April 2021 for the connection curve for the Dresden railway to connect to the Berlin Brandenburg Airport (BER). After completion, the shuttle service between Berlin central station and the airport station will run every 15 minutes with a target travel time of 20 minutes.
- **Berlin—Dresden expansion line:** The first construction phase is currently underway. Wünsdorf-Waldstadt station is in the implementation phase, with the conversion of the eastern part of the station having begun. The overall commissioning of the Wünsdorf-Waldstadt station is planned for late 2022. Zossen station is expected to be converted from 2022 to 2024. The construction financing agreement was concluded in February 2021. For the second construction phase, the drafts are currently being prepared (performance phase 3) across all project sections. In addition, coordination is ongoing on the crossing measures and construction technology with all project partners concerned.
- **Leipzig—Dresden expansion line** (German unification transport project [Verkehrsprojekte Deutsche Einheit; VDE] 9): in April 2021, construction work was completed to enable passenger and freight transport to continue to run on one track during future construction phases while the other track is being converted. The main construction phase will begin in September 2021.
- **Nuremberg—Ebensfeld expansion line:** In construction phase 23 Hallstadt—Breitengüßbach, platforms and new tracks in the Hallstadt station were put into operation in March 2021, among other facilities. Extensive archaeological excavation was completed in April 2021. Work is currently underway to build new track systems on the left side of the railway. Two new tracks will be built. On the about 21-km-long Forchheim—Strullendorf line, work on the four-track expansion will continue until 2025. The next few kilometers were started with plan approval section 19 (Forchheim—Eggolsheim). Others will follow with plan approval section plan 21 (Altendorf—Hirschaid—Strullendorf), for which construction permits were granted by the EBA in late May 2021.
- **External Halle hub:** The ongoing work in the Halle external hub will round off the entire project. The bridges in the Merseburger Straße area were torn down in February 2021. The new segments will be inserted in July 2021. In addition, tracks and platforms will be renewed and the mechanical switch towers will be replaced by a new electronic interlocking. The line is closed for construction work. It is expected to be commissioned in December 2021.

Major developments in projects in the planning phase

- **Frankfurt Stadion hub:** In the Frankfurt Stadion project, the plan approval documents for the third construction phase were submitted to the EBA in March 2021. The expansion to four tracks is intended to resolve the existing bottleneck and increase capacity coming from Mannheim to Frankfurt central station.
- **Dresden–Prague new construction line:** As part of the preliminary planning, two variants with sub-variants will be examined. As a result, a cross-border tunnel will be built that is at least 25 km long (thereof at least 14 km will be on the German side). This will be Germany's longest railway tunnel. The joint planning services of DB Netz AG and Správa železnic are to be awarded in 2021. Plans are progressing in the area of the existing line between Dresden and the planned branch in Heidenau.
- **Dresden–Görlitz expansion line:** The regional planning process for the traction current line was initiated in April 2021. The formal requirements for the project were established with the entry into force of the Structural Reinforcement Act for Mining Regions (Strukturstärkungsgesetz Kohleregionen). The Dresden–Görlitz electrification was included in the law. In 2021, the Federal Government and the Free State of Saxony will coordinate on the specific content of the project and on the modalities of financing and project implementation.
- **Bamberg hub:** The public presentation of the plan approval documents for the four-track expansion of the rail hub has been completed, and the objections are being processed. Due to the Covid-19 pandemic, the discussion procedure has not yet been finalized. The approval process is being heavily affected by extensive amendment requests from the City of Bamberg and changes to the regulations in connection with the draining of surface water. This may affect the deadline for the plan approval decision and the start of the main construction measures.
- **S-Bahn (metro) line S4 (Hamburg–Bad Oldesloe) new construction:** In coordination with the hearing authority and the EBA, the public presentation of the first plan amendment for plan approval section 2 is scheduled for late 2021. The plan approval decision is expected in 2022. The most recent talks on the hearing procedure are currently taking place for plan approval section 3. The hearings are scheduled to start in spring 2022.
- **Fehmarn Belt Fixed Link:** The processing of the about 250 objections for the Fehmarn section has been completed and the synopses have been handed over to the Office of Planning Approval for Transport (Amt für Planfeststellung Verkehr; APV). Public presentations of further plan approval sections are expected to follow in 2021. The draft and approval planning for the Fehmarn Sound Fixed Link was started in 2021, working together with planning partner DEGES for the road sections.
- **Rhine-Ruhr-Express (RRX):** Plan approval procedures have been initiated for 12 of the 15 plan approval sections. In total, construction permits have been granted for seven plan approval sections. The plan approval documents for plan approval section 3.1 (Düsseldorf-Angermund) were submitted in January 2021. Work on plan approval sections 1.2 (Leverkusen) and plan approval section 1.3 (Langenfeld) was completed on schedule. With the start of construction (construction preparation) for the Düsseldorf electronic interlocking, the first work in the Düsseldorf city area has begun. Plan approval section 4.0 (Mülheim) was commissioned together with the Duisburg electronic interlocking.
- **Expansion line 46/2 (Emmerich–Oberhausen):** To date, five out of 12 plan approval decisions have been issued. Construction work on the line expansion has begun and will be gradually expanded with the further plan approval decisions.
- **Four-track expansion of Heidelberg-Wieblingen–Heidelberg central station:** The fundamental evaluation was completed in February 2020. The as-built model was handed over to the general planner in April 2020. A decision on which option will be adopted is expected by the fourth quarter of 2021. Planning for the three other projects between Mannheim central station and Friedrichsfeld Süd was resumed at the beginning of 2021.
- **Karlsruhe–Durmersheim third track:** The announcement of additional local transport services by the State of Baden-Württemberg in February 2020 will require a sensitivity analysis for a fourth track. The signing of the financing agreement with the State of Baden-Württemberg is scheduled for 2021.
- **Relocation of the Hamburg-Altona station:** The main construction work began in the second quarter of 2021. Financing is secured. The ground-breaking ceremony took place on July 5, 2021.
- **Berlin-Brandenburg i2030 projects:** The rail infrastructure in Berlin and Brandenburg will be further developed together with the Federal states and the Berlin Brandenburg transport association (Verkehrsverbund Berlin Brandenburg; VBB). To this end, concrete expansion measures for the long-distance/regional railway and the Berlin S-Bahn (metro) are being pursued in a total of nine corridors. A total of 35 individual measures to increase capacity and

operating quality are being pursued in the Berlin S-Bahn (metro) corridor. The planning phase of the first tranche of these measures will start shortly.

- **Angermünde–Stettin expansion line:** The expansion for speeds of up to 160 km/h, continuous electrification and the construction of a second track will allow shorter travel times, more trains on the track and climate-friendly mobility. In addition, five stations on the line are being modernized. The Federal Government and DB Group signed the financing agreement in March 2021. The Federal Government has made about € 380 million available. In addition, the Federal states of Berlin and Brandenburg have each contributed € 50 million to the project in order to make a continuous, two-track expansion possible. The first building permit for expansion between Angermünde and Stettin has been available since June 2021. With this plan approval decision, the work between Angermünde and Passow can begin as planned in November 2021.

DB NETZE TRACK BUSINESS UNIT

General framework

BNETZA APPROVES TRAIN-PATH PRICES FOR 2021 AND 2022

As a result of changes in the Regionalization Act (Regionalisierungsgesetz; RegG) and the Railway Regulation Act (Eisenbahnregulierungsgesetz; ERegG), two fee approval procedures were needed for the 2021 train-path pricing system (TPS). The final fee increases approved by BNetzA are 2.4 % in long-distance passenger rail transport and rail freight transport and 1.8 % in regional rail passenger transport. In the decision dated March 5, 2021, BNetzA also approved the fees for the TPS 2022. Train-path usage fees will increase by 3.8 % for long-distance passenger rail transport, 0.5 % for rail freight transport and 1.8 % for regional rail passenger transport. Within the fee application, a fee increase of 4.6 % was planned for the long-distance passenger rail transport compared with the 2021 schedule year and a reduction in fees of 0.6 % for rail freight transport. Deviating from the application, BNetzA assumed a higher capacity of rail freight transport and adjusted a significant input parameter accordingly.

BNETZA SETS MAXIMUM LIMITS ON TOTAL COSTS FOR THE WORKING SCHEDULE PERIOD OF 2021/2022

For the 2021/2022 working schedule period, BNetzA set the upper limit for total costs at about € 5.5 billion in its decision of July 6, 2020. No decision has yet been taken by BNetzA for the 2022/2023 working schedule period.

Subsidiaries

DB Netz AG completed the full acquisition of SIGNON Deutschland GmbH on March 31, 2021. In particular, this secures our expertise for projects such as the construction of digital interlockings and track equipment with the European Train Control System (ETCS).

Development in the first half of 2021

- *Punctuality worse due to higher network utilization.*
- *Strong profit development drives significantly positive development of profit figures.*
- *Personnel expenses increased as a result of collective bargaining agreements and personnel expansion.*

	H 1		Change		
DB Netze Track	**2021**	2020	absolute	%	H 1 2019
Punctuality DB Group (rail) in Germany (%)	94.7	95.6	–	–	94.2
Punctuality (rail) in Germany [1] (%)	94.0	95.0	–	–	93.6
Train kilometers on track infrastructure (million train-path km)	547.7	512.1	+ 35.6	+ 7.0	542.3
thereof non-Group railways	203.0	184.9	+ 18.1	+ 9.8	179.9
Share of non-Group railways (%)	37.1	36.1	–	–	33.2
Total revenues (€ million)	2,938	2,732	+ 206	+ 7.5	2,803
External revenues (€ million)	966	877	+ 89	+ 10.1	812
Share of total revenues (%)	32.9	32.1	–	–	29.0
EBITDA adjusted (€ million)	649	516	+ 133	+ 25.8	708
EBIT adjusted (€ million)	302	170	+ 132	+ 77.6	379
Gross capital expenditures (€ million)	3,155	3,309	– 154	– 4.7	2,875
Net capital expenditures (€ million)	725	841	– 116	– 13.8	636
Employees as of Jun 30 (FTE)	51,347	49,832	+ 1,515	+ 3.0	48,021

[1] Non-Group and DB Group TOCs.

Punctuality declined, mainly as a result of increased utilization of the track infrastructure. The main reasons for this were the significantly higher train supply and an increase in infrastructure bottlenecks, partly as a result of higher construction activity on the network.

Train kilometers on track infrastructure increased significantly. This was driven particularly by the expansions in regional and freight transport. Demand increased among non-Group and internal customers equally.

The economic development recovered, and operating profit figures again showed noticeable improvements. The main drivers were performance-related gains on the income side:

- Revenues increased significantly due to demand. Positive price effects also had a revenue-increasing effect.
- The increase in other operating income (+7.8 %/€ +32 million), partly due to higher income from scrapping and the release of provisions, had a supporting effect. Grants also increased.

On the expense side, there were noticeable additional burdens, in particular for measures to expand capacity, improve quality and in connection with a harsher winter:

- Personnel expenses (+5.9%/€ +97 million) increased significantly as a result of the higher number of employees and due to collective bargaining agreements.
- The higher cost of materials (+6.0%/€ +60 million) is mainly due to the harsher winter and effects of the Covid-19 pandemic (including additional burdens from social distancing and hygiene measures).
- Other operating expenses (+0.2%/€ +1 million) remained almost unchanged. Expenses from the impairment of receivables and higher rental and further education costs, among other things, were almost completely offset by lower project expenses and a decline in travel expenses due to the Covid-19 pandemic.
- Depreciation (+0.3%/€ +1 million) also remained almost unchanged.

The capital expenditure activities declined slightly as a result of lower capital expenditures on new and expansion projects. We expect capital expenditures to expand again significantly in the second half of 2021.

The number of employees increased significantly to cover demand and ensure succession planning, particularly in the areas of maintenance, construction projects and operations.

DB NETZE STATIONS BUSINESS UNIT

General framework

APPROVAL PROCEDURE FOR STATION FEES FOR 2022

BNetzA is currently reviewing the approval of the requested station fees for DB Station&Service AG in 2022. Following the entry into force of the amendment to the ERegG, BNetzA will make a decision in accordance with the amended legal situation, which will result in an extension of the duration of the proceedings.

Development of the infrastructure

FEDERAL GOVERNMENT ECONOMIC STIMULUS PROGRAM FOR ATTRACTIVE STATIONS

As part of an economic stimulus/trade program, in 2020 the Federal Government made an additional € 40 million available to strengthen small and medium-sized enterprises while also increasing the attractiveness of stations. The funds were used for about 1,120 measures nationwide. The program will be continued in 2021 with a volume of € 120 million. The number of measures is also being further increased, with about 2,000 measures planned for implementation at about 1,000 stations.

CAPACITY AND FREQUENCY RECORDING

Capacity management is becoming significantly more important, which is why we have set up a project to this end. To enable the anticipated growth in passenger numbers, operational and structural measures must be taken to ensure the performance capability of capacity-critical stations. Germany in sync is contributing significantly to the passenger forecast for 2040, which forms a basis for the capacity categorization of stations. To this end, the first step is to create transparency about potential bottlenecks and their causes at about 100 selected stations by means of a structured "capacity check," from which short-, medium- and long-term measures to ensure performance will be derived. Video-based frequency management will be introduced for 15 stations in 2021. This will generate real-time data for the capacity assessment of the stations and allow passenger flows to be managed directly.

MODERNIZATION, COMMISSIONING AND CONSTRUCTION OF STATIONS

- After completion of the modernization work, which is expected in 2024, Dortmund central station will be fully accessible and will enable barrier-free networking of all modes of transport. In early July 2021, the third of the eight platforms to be modernized went back into operation after one year of construction work.
- From summer 2022, all platforms, platform roofs and some bridge structures above the level of the passenger tunnel will be gradually renewed at the Hanover central station. Construction work for the first construction phase is currently in the tender phase and the contract is expected to be awarded in the third quarter of 2021. Because the construction work needs to be concentrated solely over the summer holiday period, the modernization of the station is expected to be completed in 2032.
- The entire roof is being renewed at the Ostbahnhof in Berlin. Working and safety platforms are currently being constructed and the tension straps are being renewed in order to meet the requirements for the complete renewal, the installation of new skylights and the replacement of corrosion protection. Train services will also largely be able to continue during the work. The renewal measures will be completed by 2024.

Digitalization and innovation

PASSENGER INFORMATION OF THE FUTURE

As part of the renewal of the passenger information systems, a new central management and publication system (IRIS+) is being developed. In combination with the passenger information (Reisendeninformations; RI) platform, it will be used to provide passengers with information at the station. By the end of June 2021, 317 stations had been converted to the new system. As the passenger information system is renewed, new functions are constantly being implemented in the RI platform and IRIS+. In the first half of 2021, a new free-text function was introduced, which allows TOCs to provide individual information to passengers at the station, and a further fallback option in the event of data supply failures.

The software development for the next generation of dynamic visual display (DSAplus), the successor to the existing dynamic visual display, is moving forward with a view to a field test in the second half of 2021.

WIFI AT STATIONS

Through our new, free Internet services, we have launched a connected WiFi network, WIFI@DB. Some 141 stations, all DB Lounges, the entire ICE fleet, and the first regional trains and buses are already connected. We are continuously expanding our WiFi infrastructure.

SMART CITY AT DB NETZE STATIONS

The purpose of Smart City is to improve everyday life through smart and environmentally friendly offers, and we were able to take further innovative development steps in the first half of 2021:

- Dammtor station is the gateway to the Hamburg trade fair halls and thus also to the ITS World Congress 2021. We have furnished the central transfer tunnel from the platform to the trade fair halls and the historical displays in the concourse building with an audiovisual modern art installation.
- Since June 2021, we have been working on the forecourts at the Berlin-Charlottenburg and Cologne-Mülheim stations to improve the quality of stay for passengers thanks to our specially developed free-space kit – a combination of seats, a playing field for children and green islands as an urban plant laboratory.
- In cooperation with the Berlin district of Tempelhof-Schöneberg, we are testing a new solution on the logistical last mile – our micro hub. In the course of sustainable urban site development, the micro hub, which is partially supported by the BMVI, serves as a central storage and distribution location. From there, the local distribution takes place emissions-free via *e-bike* green. *no. 121* delivery.

NEW SERVICES AT FUTURE STATIONS

In 2020, we tested numerous new products and services together with our customers at 16 *future stations* green. *no. 74* across Germany and further measures were also implemented in 2021. We wanted to find out how we could improve the quality of stay at our stations and increase customer satisfaction with a mix of different services. One example of this is the first fully automated 24/7 supermarket opened in cooperation with Edeka Südwest at a station in Renningen.

As a consolidation program, a central product development team works with site developers from the regions to implement successful products from future stations and Smart City at more than 50 other stations nationwide.

Environmental measures

- The *Bike+Ride campaign* green. *no. 156* is intended to create up to 100,000 additional bicycle parking spaces nationwide, thereby initiating the sustainable expansion of the Bike+Ride infrastructure. More than 40 facilities with a total of more than 5,000 parking spaces have been constructed to date. In addition to two-tier bike rack systems, roofs and collective locking systems are now also accessible. There are complete concepts with agreed and, where necessary, approved spaces for more than 30,000 parking spaces. The municipalities are financially supported by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (Bundesministerium für Umwelt Naturschutz und nukleare Sicherheit; BMU) and we provide operational support with space testing and rent-free licensing.
- With the *Rad+ app* green. *no. 110,* we promote intermodal travel chains combining bicycle and railway. The app counts the number of kilometers cycled within an area of action, and these can be redeemed for discounts and rewards from retailers in the region and at the station. The app also rewards cyclists by counting how many kilometers have been collected in total by all users. Following the launch of Rad+ in 2020 at Ahrensburg and Freising stations, the app was rolled out in seven other German cities in the first half of 2021.
- About 60,000 t of waste is produced at our stations and on trains every year. Frequent errors in bins used by passengers make it difficult to separate recyclable materials and recycle them. For this reason, we are converting about 6,000 waste bins in stations and long-distance trains from the current four-bin separation to two-bin waste separation. To ensure that the waste is properly separated, 25 certified disposal companies carry out the sorting. This allows 85 % of the waste to be retained as cleanly separated materials for recycling.

Development in the first half of 2021

- *Positive development of demand, mainly as a result of the resumption of transport services.*
- *Additional burdens on profit development from hygiene, quality and capacity measures.*
- *Rental business greatly burdened by effects of the Covid-19 pandemic.*
- *Progress made with energy-saving measures.*

	H1		Change		
DB Netze Stations	**2021**	2020	absolute	%	H1 2019
Facility quality (grade)	2.83 [1]	2.86 [1]	–	–	2.89 [1]
Station stops (million)	77.9	73.3	+4.6	+6.3	76.2
thereof non-Group railways	23.0	21.1	+1.9	+9.0	19.4
Total revenues (€ million)	625	647	-22	-3.4	680
thereof station revenues (€ million)	482	442	+40	+9.0	451
thereof rental (€ million)	134	187	-53	-28.3	204
External revenues (€ million)	243	292	-49	-16.8	303
EBITDA adjusted (€ million)	67	124	-57	-46.0	201
EBIT adjusted (€ million)	-7	53	-60	–	123
Gross capital expenditures (€ million)	491	497	-6	-1.2	397
Net capital expenditures (€ million)	142	236	-94	-39.8	216
Employees as of Jun 30 (FTE)	6,778	6,302	+476	+7.6	6,002

[1] Preliminary figure.

Facilities quality was slightly below the level of the first half of 2020.

The increase in station stops resulted mainly from the resumption of transport services that had been temporarily suspended due to the Covid-19 pandemic. The driver was particularly the higher demand from intra-Group and non-Group customers in regional transport. The pre-Covid-19 level was exceeded overall.

On the other hand, economic development was still challenging, with operating profit figures down significantly. In addition to additional burdens, particularly for personnel and in connection with the Covid-19 pandemic, revenue development also contributed to this:

- The decline in revenues is largely the result of lower revenues from rental due to the Covid-19 pandemic. The increase in station revenues due to prices and demand partially compensated for this.
- Other operating income (+12.0%/€ +6 million) rose, in contrast, as a result of higher intra-Group income from cost allocations. Grants in connection with the renovation of stations *(Federal Government's trade program* → *42)* also increased. This was offset by lower income from the leasing of advertising space.

On the expense side, there were considerable additional burdens, in particular from the cost of materials and personnel expenses:

- Cost of materials (+9.0%/€ +27 million) increased, in part because of additional hygiene and safety measures at our stations made necessary due to the Covid-19 pandemic, and also because of the Federal Government's trade program as an economic stimulus, though this did not affect profits overall.
- Personnel expenses (+11.6%/€ +23 million) increased noticeably as a result of a higher number of employees overall and due to collective bargaining agreements.
- Other operating expenses also increased (4.3%/€ +5 million), mainly due to more services being purchased for hygiene and security measures required for Covid-19 reasons at our stations and in connection with IT services for the Group's *passenger information of the future* → *42 f.*
- Depreciation (+4.2%/€ +3 million) increased slightly as a result of capital expenditures.

Gross capital expenditures were almost at the level of the first half of 2020. Net capital expenditures fell noticeably as a result of significant increases in grants.

The number of employees increased, particularly in the areas of construction and facility management.

DB NETZE ENERGY BUSINESS UNIT

General framework

PROCEDURE FOR DEFINING TRACTION CURRENT GRID ACCESS

The procedure for the further development of business processes for access to the traction current grid, which was initiated by BNetzA in 2019, is approaching completion. In April 2021, BNetzA submitted a revised document on future automated business processes for public consultation. The procedure for defining should improve transparency and enforceability of the access rules, data formats and communication deadlines for all market partners (electricity suppliers, TOCs, vehicle owners and DB Netze Energy). BNetzA intends for this to increase the sense of responsibility of the owners of the railway vehicles. In order to supply traction current grid operators with obligatory usage data promptly, this information will be provided by the owners of the vehicles in future. This would improve the quality and speed of access processes all the way through to billing. DB Netze Energy welcomes this development. The business processes defined by the respective authority are expected to be adopted this year. An appropriate transitional period will then need to be defined for the development of the required IT systems by all the market partners involved.

Environmental measures

EXPANSION OF RENEWABLE ENERGIES IN THE TRACTION CURRENT PORTFOLIO

Building a mixed portfolio for a secure energy supply while increasing the share of renewable energies under an economically sustainable general framework is a core element of our green strategy:

- In addition to the contract for 260 GWh already concluded in 2020 with RWE, DB Netze Energy concluded an additional 15-year contract for the purchase of electricity from the ***offshore wind farm*** green ***no. 47*** Amrumbank West off Helgoland in 2021. From 2025, we will receive an addition of about 190 GWh per year. Every fourth wind turbine on Amrumbank will then be working for DB Group. Up to 153,000 t CO_2 per year will be saved compared with obtaining energy from a coal-fired power plant.
- A contract for supply from the Schluchsee hydroelectric power plant complex was also finalized with RWE. This is a pumped-storage power plant that can also supply renewable electricity from ***hydroelectric power*** green ***no. 16*** using the natural inflow of water. The ten-year contract includes an annual supply of 93 GWh.
- We are ensuring the continued operation of two wind farms in Lower Saxony that are more than 20 years old, which saves us about 50,000 t CO_2 p.a. by comparison with supplying electricity from coal power. The two wind farms provide about 90 GWh of electricity annually. By doing so, we are now also including onshore wind power plants in our green electricity portfolio. To date, there are few empirical figures regarding the reliability of wind turbines after 20 years of operation. The contract terms are therefore short in order to allow this information to be gathered initially.
- Another power purchase agreement has been concluded with ane.energy for the supply of wind power from the Hohen Pritz wind farm to DB Netze Energie's balancing group. From 2022 on, DB Group will be supplied with 38 GWh p.a. over a period of two years.
- The first cross-border power purchase agreement has been concluded with Statkraft for power supplied by the Mågeli hydroelectric power plant in Norway. The electricity is supplied (188 GWh p.a.) via the ocean cable connection (Nordlink interconnector) between Norway and Germany, which was only commissioned in April 2021 and which connects the two electricity market areas of Germany and Norway to one another for the first time. The term of the contract is ten years.
- The ***solar power park*** green ***no. 30*** in Gaarz near Plau am See went into operation on May 31, 2021. We obtain approximately 80 GWh of eco-power annually from the 90 ha Enerparc power plant. The electricity is to be supplied for 30 years.

ENERGY SUPPLY FOR ALTERNATIVE PROPULSION

In addition to further line electrification measures, DB Netze Energy is also implementing solutions to supply rolling stock with alternative propulsion. The aim is to provide climate-neutral rail operation as an alternative to diesel operation in future, even on sections without overhead lines. To this end, DB Netze Energy is pursuing various technological approaches:

- With regard to the energy supply of battery-powered trains, planning services for the construction of appropriate recharging infrastructure in Schleswig-Holstein and Rhineland-Palatinate are being provided together with DB Netze Track. Since the beginning of 2021, planning has been underway for the construction of recharging infrastructure in North Rhine-Westphalia.
- In terms of supplying ***hydrogen*** green ***no. 53,*** DB Netze Energy has been a project partner since November 2020 in a joint project sponsored by the BMVI between DB Group and Siemens Mobility for the approval and testing of the Mireo Plus H fuel cell drivetrain newly developed by Siemens Mobility for regional rail passenger transport. In this project, DB Netze Energy is responsible for the development of an innovative supply infrastructure for hydrogen. In addition, DB Netze Energy is constructing a hydrogen filling station in Frankfurt am Main as a pilot facility to supply our fuel cell road vehicles. This facility, which is designed not only to supply hydrogen but also to generate it on-site, is scheduled for completion in the fourth quarter of 2021.
- DB Netze Energy is also supporting the testing of alternative fuels within DB Group. This includes a field test of the ***advanced TrainLab*** green ***no. 159,*** in which 100 % HVO fuel (made from 100 % hydrogenated vegetable oil from plant and waste residues) is supplied through a mobile tank container in Halle / Saale. The test of the supply and operation of the mobile tank container was extended by another year until at least mid-2022.

Development in the first half of 2021

- *Recovery effects after Covid-19-related charges in the first half of 2020.*
- *Increased capital expenditures in traction current supply.*
- *High reliability of supply ensured even during the Covid-19 pandemic.*

DB Netze Energy	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Supply reliability (%)	99.99 [1]	99.99 [1]	–	–	99.99 [1]
Traction current (16.7 Hz and direct current) (GWh)	3,712	3,457	+255	+7.4	4,031
Traction current pass-through (16.7 Hz) (GWh)	1,168	976.7	+191.3	+19.6	717.9
Stationary energy (50 Hz and 16.7 Hz) (GWh)	6,835	6,981	−146	−2.1	7,268
Diesel fuel (million l)	195.8	185.5	+10.3	+5.6	208.3
Total revenues (€ million)	1,458	1,309	+149	+11.4	1,410
External revenues (€ million)	695	601	+94	+15.6	640
EBITDA adjusted (€ million)	81	60	+21	+35.0	65
EBIT adjusted (€ million)	40	16	+24	+150	23
Gross capital expenditures (€ million)	127	68	+59	+86.8	67
Net capital expenditures (€ million)	38	21	+17	+81.0	23
Employees as of Jun 30 (FTE)	1,890	1,804	+86	+4.8	1,747

[1] Preliminary figure (not rounded).

The high level of supply reliability was maintained.

Volume development was predominantly positive primarily as a result of recovery effects after the Covid-19-related decline in the first half of 2020:

- Sales of traction current increased above all as a result of higher demand from intra-Group customers.
- Traction current pass-through increased for non-Group customers. In addition to recovery effects, additional traffic led to an increase.
- In stationary energy, electricity sales fell slightly. The decline resulted from the omission of portfolio optimization measures on the energy market. Catch-up effects and the growth of the private client business were not able to fully compensate for this decline.
- The increased demand for diesel fuels is primarily due to intra-Group customers in regional and freight transport.

The economic development was very positive. The growth on the sales side was only offset to a lesser extent by higher energy purchase expenses. As a result of the income increases, operating profit figures also improved significantly above the pre-Covid-19 level.

- Revenues increased primarily as a result of volume-related increases in traction current sales. Higher sales volumes and prices of diesel fuel and higher prices in energy trading also had a positive effect.
- The increase in other operating income (+13.8%/€ +4 million) resulted mainly from higher income for internal services. This was counteracted by lower income from the release of provisions in the first half of 2021.

On the expense side, there were additional overall burdens in the cost of materials, mainly as a result of the recovery in demand:

- Cost of materials increased significantly (+11.0%/€ +128 million) due to the recovery in demand. Increased sales volumes and higher procurement prices in particular led to higher energy expenses.
- Personnel expenses (+9.0%/€ +6 million) increased significantly as a result of a higher number of employees.
- Depreciation (−6.8%/€ −3 million), in contrast, declined slightly, mainly due to the omission of negative one-off effects in the first half of 2020.
- Other operating expenses (−%/€ − million) remained at the previous year's level.

Capital expenditures increased significantly as a result of an increased volume under LuFV III. Net capital expenditures also increased as a result of higher proportions of DB funds in LuFV-financed projects and a one-off effect from the capitalization of a lease contract.

The number of employees increased, primarily in order to implement the higher project volume from LuFV III and through insourcing of future IT services.

SUBSIDIARIES/OTHER

The subsidiaries/other area comprises the governance functions and the legally dependent service units of the holding company DB AG. In addition, the legally independent service units of DB Group and the independent operational services are bundled in this segment. These are service units that are operating in particular as internal service providers on behalf of the business units of DB Group.

DB E.C.O. Group

- DB E&C is part of the Karlsruhe research project LogIK-Tram, which was launched in March 2021. Its goal is to shift freight transport more heavily to rail, including on medium and short lines. DB E&C provides support in the development of logistics and operator concepts as well as in the design of the freight tram system.
- As part of the Emmerich—Oberhausen expansion line project, DB E&C has taken over construction supervision for the insertion of the prefabricated bridge structure over the Rhine-Herne Channel. After eight months of construction, the steel framework construction was inserted at the end of March 2021.
- The electronic interlocking in Duisburg was commissioned at the end of May 2021 under the supervision of DB E&C. This allows capacity to be expanded and downtimes and delays to be minimized.

- In April 2021, DB E&C was commissioned with the task of electrification engineer (ENE engineer) for Rail Baltica together with partners from Spain and Italy. The Rail Baltica Global Project is a major project to connect the Baltic states to the European rail network.
- Since 2019, DB E&C has been providing services for the system integration of the project for the CRTG-EEG joint venture for the Red Line (24 km) light rail line in Tel Aviv/Israel. The first test run on a section took place in June 2021.
- Together with consortium partners, DB E&C in Romania successfully connected Terminal T1 of Bucharest International Airport Henri Coandă to the rail network.
- DB Engineering&Consulting USA Inc., together with Deutsche Bahn International Operations, is advising the authority in the US on preparing for operations of the California High-Speed Rail. Based on the studies we conducted as an early train operator in preparation for the operation of California High-Speed Rail, the California High-Speed Rail Authority has adopted the business plan, including the political recommendation to launch an interim high-speed train between the cities of Merced and Bakersfield as the first building block, while the additional funding needed for the completion of phase 1 between San Francisco and Los Angeles is being determined.

Development in the first half of 2021

- *Personnel expenses increased, mainly as a result of a higher number of employees.*
- *Digitalization and Group projects advanced.*
- *Significant income gains drive improved profit.*

	H1		Change		
Subsidiaries/other	**2021**	2020	absolute	%	H1 2019
Total revenues (€ million)	2,616	2,488	+128	+5.1	2,398
DB Business Services	2	2	-	-	31
DB Operational Services	3,003	2,890	+113	+3.9	2,759
Other/consolidation	-389	-404	+15	-3.7	-392
External revenues (€ million)	270	228	+42	+18.4	280
EBITDA adjusted (€ million)	14	-151	+165	-	-119
EBIT adjusted (€ million)	-263	-455	+192	-42.2	-366
DB Business Services	-36	-83	+47	-56.6	-36
DB Operational Services	23	-56	+79	-	-59
Other	-250	-316	+66	-20.9	-271
Gross capital expenditures (€ million)	327	283	+44	+15.5	318
DB Business Services	3	1	+2	-	2
DB Operational Services	169	164	+5	+3.0	202
Other	155	118	+37	+31.4	114
Net capital expenditures (€ million)	327	283	+44	+15.5	318
Employees as of Jun 30 (FTE)	58,187	56,735	+1,452	+2.6	54,926
DB Business Services	11,636	11,926	-290	-2.4	11,907
DB Operational Services	43,984	42,081	+1,903	+4.5	40,576
Other	2,567	2,728	-161	-5.9	2,443

The increase in total revenues was driven by higher revenues from intra-Group customers of DB Operational Services companies. This resulted mainly from a higher demand for digitalization and cyber security solutions (DB Systel), for Covid-19-related cleaning and hygiene services (DB Services) and security services (DB Security). A higher project volume in DB Vehicle Maintenance also had a revenue-increasing effect.

Revenues from non-Group customers increased at a low level. This was mainly the result of recovery-related growth at DB Sales and increased project business of the DB E.C.O. Group.

The operating profit figures in the Other area were significantly affected by corporate management functions performed for the business units. There is no cost transfer to the business units by means of Group charges. In the first half of 2021, the operating profit figures of adjusted EBITDA and adjusted EBIT developed significantly better, mainly as a result of income increases. Expenses were at the level of the first half of 2020. Burdens resulted from higher personnel expenses, mainly due to an increase in the number of employees required for capacity and quality measures. In addition to countermeasures, the positive business development at DB Systel, DB Connect and DB Services, among others, more than compensated for the effects.

The increase in capital expenditures resulted mainly from vehicle purchases at DB Connect and effects from extensions of existing rental and lease agreements at DB Real Estate.

The number of employees rose mainly due to an expansion of employees at DB Operational Services companies, particularly at DB E&C, DB Systel, DB Vehicle Maintenance, DB Services and DB Security due to expanded digitalization and quality measures, additional hygiene and safety requirements due to the Covid-19 pandemic, and an increase in the vertical range of production. Due to changes in demand, on the other hand, the number of employees at DB Group's HR service providers fell.

DB ARRIVA BUSINESS UNIT

Development in the relevant markets

European passenger transport continued to suffer immensely in the first half of 2021 from the effects of the Covid-19 pandemic.

The European railways had already ceased cross-border connections from March 2020 to a considerable extent and, in some cases, drastically reduced their national services, primarily in Spain and Italy, among others. State-supported basic services in regional and long-distance transport remained in place, however. The Covid-19 restrictions and disruption to passenger operations extended into the first half of 2021. Some easing of the restrictions led to an increase in services in most European countries as of May 2021, along with the continuation of strict hygiene and safety measures. Nevertheless, demand remained weak.

European long-distance bus services came to a complete standstill back in 2020, except for a brief resumption in the late summer and fall of 2020. Operations have been gradually resuming since spring 2021.

Order book

AWARDED TRANSPORT CONTRACTS

Transport contracts awarded (rail) – H1 2021		Term	Volume (million train-path km) p.a. [1]	total [1]
Czech Republic	MoT Trains (R14)	12/2022–12/2027	1.7	8.5
Sweden	E20 Train Roslagsbanan [2]	06/2021–12/2021	3.2	1.6
Total [1]			**4.9**	**10.1**

[1] Differences due to rounding are possible.
[2] Extension of existing contract.

Transport contracts awarded (bus) – H1 2021		Term	Volume (million bus km) p.a. [1]	total [1]
United Kingdom	London (17 separate lines) [2]	2–5 years	17.5	41.4
Hungary	BKK A7+BKK A8 [3]	2 years	11.2	22.4
Czech Republic	City of Trinec	01/2022–12/2031	1.2	12.0
Slovakia	City of Trnava	06/2021–05/2031	1.2	11.6
Sweden	E20 Bus Norrort [3]	06/2021–12/2021	17.2	8.6
Sweden	Kristianstad	12/2022–12/2023	3.5	3.5
Serbia	Leoni passenger transport [3]	02/2021–01/2022	2.6	2.6
Serbia	City of Kragujevac [3]	07/2021–07/2022	2.4	2.4
Slovakia	City of Komarno	07/2021–06/2031	0.2	1.8
Other [1),2)]		0–4 years	1.5	2.2
Total			**58.5**	**108.5**

[1] Differences due to rounding are possible.
[2] Including extensions of existing contracts.
[3] Extension of the existing contract.

MAJOR COMMISSIONINGS

Major commissionings (rail) – 2020/H1 2021 [1]		Term	Million train-path km p.a.	thereof versus H1 2020
Czech Republic	MoT (R14)	12/2020–12/2027	1.7	+0.9
Total [2]			**1.7**	**+0.9**

[1] Services were previously not provided by DB Arriva.
[2] Differences due to rounding are possible.

Major commissionings (bus) – 2020/H1 2021 [1]		Term	Million bus km p.a.	thereof versus H1 2020
Czech Republic	Pilsen Region South	06/2020–06/2030	10.0	+4.2
Czech Republic	Pilsen Region North	03/2020–03/2030	8.2	+1.4
Sweden	Kristianstad	12/2020–12/2023	3.5	+1.8
Slovakia	City of Trnava	06/2021–05/2031	1.2	+0.1
Total [2]			**22.9**	**+7.5**

[1] Services were previously not provided by DB Arriva.
[2] Differences due to rounding are possible.

MAJOR CONTRACT CESSATIONS

Major contract cessations (bus) – 2020/H1 2021 [1]		Cessation	Million bus km p.a.	thereof versus H1 2020
Sweden	Halland South (Halmstad City)	06/2020	5.9	-2.5
Czech Republic	Královéhradecký region	02/2021	6.9	-2.9
Denmark	Movia A18	06/2021	5.0	-0.4
Total [2]			**17.8**	**-5.8**

[1] Services were previously provided by DB Arriva.
[2] Differences due to rounding are possible.

ORDER BOOK

Order book (€ billion)	Jun 30, 2021	Dec 31, 2020	Change absolute	Change %
DB Arriva	13.2	14.4	-1.2	-8.3
secured	9.4	10.2	-0.8	-7.8
unsecured	3.8	4.2	-0.4	-9.5

Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

Overall, in the first half of 2021 the order book declined. The additions from transport contracts awarded of about € 0.4 billion were offset by disposals of about € 1.7 billion, mainly as a result of services rendered. Changes in assumptions of about € 0.1 billion have a positive impact.

Digitalization and innovation

- DB Arriva has started operating four new buses specially adapted for wheelchair users in the Zlinsky region, Czech Republic. The buses feature an electric platform, helping wheelchair passengers to board safely and with ease.

- DB Arriva's shared-mobility service in Denmark, SHARE NOW, has extended its operational area to the city of Lyngby. It has also expanded its fleet with 100 new electric Fiat 500e vehicles. The municipality of Copenhagen plans to boost parking spaces for both electric cars and shared mobility, which could improve the attractiveness of these city cars.

Environmental measures

- In the first half of 2021, Udine was the first Italian city to introduce five natural gas vehicles on its suburb lines, with capital expenditures of about € 1.3 million financed by DB Arriva.
- DB Arriva placed its first order in the Netherlands with Solaris in February 2021 for ten new hydrogen buses. The buses are to replace diesel vehicles in regional transport in the Achterhoek region. Capital expenditures of € 6.4 million is supported by the province of Gelderland and the EU. It is expected that the buses will be delivered in December 2021 and will enter service in early 2022.
- In April 2021, DB Arriva rolled out 18 new WINK trains in the Netherlands, offering passengers in the provinces of Groningen and Fryslân a more comfortable and environmentally friendly journey. The newly designed articulated rail car (Gelenktriebwagen; GTW) trains not only have a modern appearance, but have also been fitted with batteries that can store the trains' braking energy, making them quieter at the station. Storing the braking energy means the train does not have to idle when at a standstill to keep its systems, including lighting and air-conditioning, working, and this reduces its environmental impact.

Development in the first half of 2021

- *Performance development at the beginning of the year still significantly influenced by Covid-19 effects.*
- *Revenue decline, partially mitigated through government support payments.*

DB Arriva	H1 2021	H1 2020	Change absolute	Change %	H1 2019
Punctuality (rail) (United Kingdom, Denmark, Sweden, the Netherlands, Poland and the Czech Republic) (%)	95.2	91.5	–	–	92.3
Passengers bus and rail (million)	555.2	599.4	- 44.2	- 7.4	1,124
Volume sold (rail) (million pkm)	1,570	2,871	- 1,301	- 45.3	5,973
Volume produced (bus) (million bus km)	475.3	439.3	+ 36.0	+ 8.2	542.0
Volume produced (rail) (million train-path km)	52.4	57.4	- 5.0	- 8.7	81.4
Total revenues (€ million)	1,931	2,059	- 128	- 6.2	2,690
External revenues (€ million)	1,930	2,058	- 128	- 6.2	2,687
EBITDA adjusted (€ million)	166	93	+ 73	+ 78.5	326
EBIT adjusted (€ million)	- 31	- 153	+ 122	- 79.7	101
Gross capital expenditures (€ million)	88	203	- 115	- 56.7	323
Employees as of Jun 30 (FTE)	44,345	46,477	- 2,132	- 4.6	52,590

The development in the first half of 2021 was particularly influenced by the effects of the Covid-19 pandemic.

Punctuality in passenger transport increased significantly, mainly as a result of the cessation of the ARN franchise, along with lower capacity utilization due to lower passenger numbers as a result of the Covid-19 pandemic and the discontinuation of negative effects of storms in the United Kingdom in the first quarter of 2020.

The performance development continued to be greatly impacted by the effects of the Covid-19 pandemic and the cessation of the ARN franchise. Thus, the development was down significantly, particularly in rail transport. Also the overall number of passengers (bus and rail) declined. In bus transport, recovery effects and new traffic had a positive impact, meaning that the decline in the number of passengers was less severe and volume produced increased again.

The economic development improved, mainly as a result of additional government support measures, but remains strained.

Overall, income continued to decline:

- Revenues decreased, mainly as a result of the cessation of the ARN franchise and due to the impact of the Covid-19 pandemic. Government support measures, new traffic, and exchange rate effects had a positive compensating effect.
- Other operating income (– 9.5 % / € – 23 million) declined as well. Lower income from utilizing the provision for impending losses was partially offset by higher Covid-19-related government support measures.

On the expense side, there was considerable relief:

- The other operating expenses (– 38.3 % / € – 158 million) decreased significantly, mainly as a result of the cessation of the ARN franchise and lower franchise payments through government support.
- Depreciation (– 19.9 % / € – 49 million) decreased as a result of the cessation of the ARN franchise, partially offset by an increase due to new traffic in Mainland Europe.
- The decrease in personnel expenses (– 3.3 % / € – 36 million) resulted primarily from the cessation of the ARN franchise.
- The decrease in the cost of materials (– 4.5 % / € – 32 million) was also largely due to the cessation of the ARN franchise. Rising costs for the use of rail infrastructure at UK Trains had the opposite effect, however, increasing expenses.

Capital expenditures decreased, mainly as a result of the cessation of the ARN franchise and the conclusion of major capital expenditures for new traffic in Mainland Europe. Capital expenditures have also been delayed by the postponement of new contract awards, resulting in contract extensions.

The number of employees decreased mainly as a result of driver turnover at UK Bus, with workers not being replaced due to the reduced services operated.

UK BUS LINE OF BUSINESS

- *Recovery has begun – but negative Covid-19 effects still persist.*
- *Government support measures have a compensatory effect.*

	H1		Change		
UK Bus line of business	**2021**	2020	absolute	%	H1 2019
Passengers (million)	160.2	189.3	- 29.1	- 15.4	353.7
Volume produced (million bus km)	152.0	139.3	+ 12.7	+ 9.1	172.8
Total revenues (€ million)	404	421	- 17	- 4.0	543
External revenues (€ million)	404	420	- 16	- 3.8	542
EBITDA adjusted (€ million)	33	25	+ 8	+ 32.0	59
EBIT adjusted (€ million)	- 11	- 24	+ 13	- 54.2	15
Gross capital expenditures (€ million)	7	21	- 14	- 66.7	28
Employees as of Jun 30 (FTE)	14,185	15,419	- 1,234	- 8.0	15,475

The number of passengers at UK Bus decreased as a result of Covid-19 effects. It should be noted here that the first months of the previous year were not affected by the Covid-19 pandemic. Demand has been recovering since March 2021.

The volume produced increased again, as fewer transports were canceled due to the Covid-19 pandemic.

The economic development was better. Revenue losses were more than offset by higher government support payments and led to a reduction in operating loss.

Income development was slightly positive:

- Revenue development declined, particularly as a result of Covid-19-related lower numbers of passengers and the discontinuation of the bus sales and hire business of Arriva Bus and Coach.
- In contrast, other operating income increased significantly, mainly as a result of higher Covid-19 support measures such as state bus service support grants.

The expense side showed stable development overall:

- Personnel expenses increased slightly.
- Cost of materials also increased slightly as a result of higher volume sold and higher maintenance. This was partly offset by lower expenses in connection with the discontinuation of the bus sales and hire business of Arriva Bus and Coach.

The decrease in other expense items ended up fully compensating for this:

- Other operating expenses decreased mainly as a result of lower purchased services and the absence of one-time effects in connection with the discontinuation of Arriva Bus and Coach.
- Depreciation decreased slightly as a result of lower capital expenditures.

This decrease in capital expenditures resulted from measures being postponed due to the Covid-19 pandemic.

The number of employees fell noticeably, mainly as a result of driver turnover, with workers not being replaced due to the reduced services operated.

UK TRAINS LINE OF BUSINESS

- *Continued negative Covid-19 effects, mitigated by government support measures.*
- *Services of Grand Central temporarily suspended during UK lockdown, until March 2021.*
- *Cessation of the ARN franchise on March 1, 2020.*

	H1		Change		
UK Trains line of business	**2021**	2020	absolute	%	H1 2019
Passengers (million)	40.0	74.8	- 34.8	- 46.2	180.5
Volume sold (million pkm)	821.7	2,085	- 1,263	- 60.6	4,846
Volume produced (million train-path km)	22.2	31.8	- 9.6	- 30.2	55.0
Total revenues (€ million)	535	728	- 193	- 26.5	1,071
External revenues (€ million)	520	711	- 191	- 26.9	1,048
EBITDA adjusted (€ million)	13	44	- 31	- 70.5	105
EBIT adjusted (€ million)	- 5	1	- 6	–	38
Gross capital expenditures (€ million)	4	39	- 35	- 89.7	179
Employees as of Jun 30 (FTE)	4,849	4,958	- 109	- 2.2	10,965

The performance development at UK Trains was negatively impacted by the cessation of the ARN franchise. In addition, Covid-19-related impacts such as the commercial decision to temporarily suspend Grand Central had an adverse effect. However, it also needs to be taken into account that the beginning of 2020 was not influenced by Covid-19 effects.

The economic development was shaped by the ongoing negative Covid-19 effects. The operating profit figures worsened, driven by the significant decline in revenues:

- Revenues fell sharply, mainly due to the cessation of the ARN franchise and the decline in passenger numbers. Government Covid-19 support measures had a partially compensating effect.
- Other operating income also decreased sharply, mainly due to the cessation of the ARN franchise.

On the expense side, the cessation of the ARN franchise and CrossCountry contract changes led to a significant decline:

- Other operating expenses decreased significantly, mainly due to the cessation of the ARN franchise, lower franchise payments through to government support and reduced rental expenses following the direct award of CrossCountry (offsetting effect in the cost of materials).
- Cost of materials also dropped significantly, mainly because of the cessation of the ARN franchise. Higher infrastructure utilization expenses at CrossCountry had a partially offsetting effect.
- The decrease of personnel expenses resulted primarily from the cessation of the ARN franchise.
- The cessation of the ARN franchise resulted in a large decrease in depreciation.

The decline in capital expenditures also resulted from the cessation of the ARN franchise.

The number of employees fell slightly.

MAINLAND EUROPE LINE OF BUSINESS

- *Recovery has begun – but negative Covid-19 effects persist.*
- *Government support measures have a compensatory effect.*
- *New traffic in the Czech Republic has a positive effect.*

	H1		Change		
Mainland Europe line of business	**2021**	2020	absolute	%	H1 2019
Passengers (bus) (million)	315.4	293.3	+ 22.1	+ 7.5	527.7
Passengers (rail) (million)	39.6	42.0	- 2.4	- 5.7	62.6
Volume sold (rail) (million pkm)	748.0	785.7	- 37.7	- 4.8	1,127
Volume produced (bus) (million bus km)	323.3	299.9	+ 23.4	+ 7.8	369.2
Volume produced (rail) (million train-path km)	30.1	25.6	+ 4.5	+ 17.6	26.4
Total revenues (€ million)	1,083	994	+ 89	+ 9.0	1,165
External revenues (€ million)	1,006	925	+ 81	+ 8.8	1,097
EBITDA adjusted (€ million)	149	51	+ 98	–	182
EBIT adjusted (€ million)	17	- 65	+ 82	–	70
Gross capital expenditures (€ million)	77	139	- 62	- 44.6	106
Employees as of Jun 30 (FTE)	24,969	25,692	- 723	- 2.8	25,725

The performance development in Mainland Europe was differentiated and characterized by ongoing Covid-19 effects, a recovery in demand, and new traffic:

- In rail transport, the number of passengers and volume sold declined as a result of Covid-19-related restrictions, particularly at the beginning of the year. In terms of volume produced, the Covid-19 effects were more than offset by new traffic in the Czech Republic.
- With bus transport, the effects from new traffic exceeded the Covid-19-related losses. The Covid-19 impact varied by region, depending on the extent of restrictions. The number of passengers and volume produced increased.

The economic development was much more positive again, driven by a noticeable growth in income:

- The significant increase in revenues was mainly due to the partial recovery of business activities and new traffic in the Czech Republic. Exchange rate effects had a positive impact as well.
- The other operating income also increased, mainly as a result of Covid-19 support measures and the utilization of provisions for impending losses.

The expense side was significantly influenced by the (re-) expansion of services as well:

- The increase in the cost of materials was driven in particular by higher fuel expenses as a result of the expansion of services. Moreover, new traffic in the Czech Republic and negative exchange rate effects also increased expenses.
- Personnel expenses increased as a result of the expansion of services and because of exchange rate effects.
- Depreciation increased significantly, mainly due to capital expenditure activity for new transport contracts in the Czech Republic.
- Other operating expenses fell slightly.

The decrease in capital expenditures also resulted from the conclusion of capital expenditure measures for new transport services. Capital expenditures have also been delayed due to the deferral of new contract awards, resulting in contract extensions.

The number of employees fell slightly.

DB SCHENKER BUSINESS UNIT

Development in relevant markets

LAND TRANSPORT

Europe

Transport demand in European land transport increased significantly in the first quarter of 2021 and also in the months thereafter, significantly above the corresponding level of the previous year and in some cases even reached the pre-crisis level seen in 2019. There was a noticeable sharp decline in available shipping space in the first quarter of 2021. The scarce capacity was largely due to the strong development in demand, and partly due to the longer periods of time that trucks transporting goods in the inland waterways were having to stay in the ports due to the overloading of container shipping occurring at the time. DB Schenker recorded a noticeable increase in the volume of shipments in the first half of 2021.

Americas

The gradual recovery of the North American economy (USA, Canada and Mexico) led to a solid revival of transport demand. The recovery was noticeably slower in South America. Compared with the previous year, which had been marked by drastic slumps since April 2020, there was significant growth in both revenues and shipment figures in the first few months of 2021, but the level of 2019 has not yet been reached again.

Asia / Pacific

Since November 2020, the market for international truck transport in Asia has been noticeably overloaded due to the further increase in demand as a result of the Covid-19 pandemic subsiding. Development was strengthened by restrictions in ocean freight, in particular container shortages and lack of ship capacity. Transport services also suffered from very volatile production due to disruptions in the supply chains, such as chip shortages in the electronics and automotive industry and new localized Covid-19 outbreaks.

AIR FREIGHT

Compared with the poor start to 2020, which was dominated by the effects of the Covid-19 pandemic, the global air freight market recorded strong growth rates in early 2021. As of April 2021, the market recovery was robust, with an increase of 16 % compared with the same period in the previous year. As most of the passenger aircraft planned for intercontinental flights were still not in use, growing demand continued to face a shortage of capacity. As a result, air freight rates remained at a consistently high level and significantly above their historical averages. DB Schenker's tonnage rose sharply.

OCEAN FREIGHT

After extreme declines in volume in the first half of 2020, followed by a rapid upswing in demand, global container freight ended 2020 with a decline. 2021 started with good growth in the first half of the year, but there were several barriers that had a negative impact on market capacity. The significant container shortage in Asia, extremely low timetable reliability, which was exacerbated by the blockage of the Suez Canal, and a lack of ship capacity all led to extreme overloading in the ports. In mid-2021, this situation was exacerbated by backlogs in Asian ports, such as Yantian, which were triggered by renewed outbreaks of Covid-19. As a result of these disruptions, freight rates remain at a record level. DB Schenker's freight volumes showed a recovery.

CONTRACT LOGISTICS

The global recovery of trade, production and industry beginning in the second half of 2020 and thus also the demand for contract logistics services continued in the first few months of 2021. However, disruptions in international supply chains have long been noticeable. The arising problems with chip and semiconductor supply led to stagnating or declining revenues in the automotive industry; in contrast, the food, healthcare and hygiene, and high-tech sectors continued to develop very positively. E-commerce, which is already growing dynamically, also contributed significantly to market growth. DB Schenker recorded significant revenue growth in the first half of 2021.

Digitalization and innovation

- DB Schenker uses its own IT innovations to achieve greater efficiency and less empty space in all modes of transport. With the new BinPACKER algorithm, the loading planning process is managed in such a way that objects of different sizes are stacked in a smarter manner. Mathematical algorithms are used to calculate the best loading solution for truck loads or pallets in the warehouse, for example. Pilot tests on container and truck loading have shown that BinPACKER helps to increase capacity utilization by up to 10 %.
- By using the network-based platform Microsoft Azure, DB Schenker is making logistics smarter and supply chains more efficient. In the future, cloud-based services will be connected to real logistics solutions. DB Schenker has already launched the first cloud projects of the Azure migration program in several countries. The goal is to optimize volume, capacity and supply chain performance almost in real time using new big data solutions.

- DB Schenker owns part of the Croatian start-up Gideon Brothers, which specializes in robotics and AI solutions in warehouse logistics. As one of the investors, DB Schenker is in the Series A financing round, contributing a total of USD 31 million, which will be used to drive the development and marketing of the AI- and 3D-vision-based autonomous mobile robots (AMR). The technology has already been implemented in DB Schenker's warehouse in Leipzig.

Environmental measures

- DB Schenker and Lufthansa Cargo have implemented a 100% CO_2-neutral air freight connection as a scheduled service between Frankfurt am Main and Shanghai. The energy consumption of the connection is 100% covered by sustainable aviation fuel, which consists mainly of biomass waste, for example used vegetable and cooking oil.
- In 2021, a further 36 Fuso eCanter (Daimler) electric light trucks were delivered. This means that DB Schenker now operates the world's largest eCanter fleet. Ten Volvo trucks also belong to the ***electric DB Schenker fleet*** green ***no. 122.***
- Standing at a total of 46, the number of ***eco warehouses*** green ***no. 112*** at DB Schenker also continued to increase in the first half of 2021. Our newest eco warehouses in Sydney, for example, use solar energy and energy-saving LED lighting concepts and implement efficient recycling systems.
- In 2021, delivery transport will be completely switched to electric vehicles in ten Norwegian cities. Also in 2021, five other DB Schenker locations worldwide will contribute to the concept of sustainable cities with comprehensive measures to reduce energy and emissions, avoid waste, increase recycling, and promote social commitment.

Other events

- Against the backdrop of the continuing Covid-19 pandemic, DB Schenker has expanded its global network of air freight connections to counter the ongoing shortage of freight capacity. The first line covering three continents commenced at Munich Airport in January 2021. DB Schenker's 43 flights can carry as much freight as 135 passenger aircraft. The first new connection runs from Chicago via Munich to Tokyo and Seoul, before returning to Germany and then heading to the USA. Every week, 400 t of freight are transported.
- DB Schenker relies on a partnership with SkyCell to use special containers for vaccines. The hybrid pharmaceutical containers are able to maintain an internal temperature of −80°C to −15°C for at least five days and temperatures from +2°C to +8°C and +15°C to +25°C for more than eight days. With this partnership, DB Schenker is expanding its existing portfolio of logistics services in the healthcare sector.

Development in the first half of 2021

- *Very positive market environment after the Covid-19 pandemic puts a strain on the first half of 2020.*
- *Strong improvement in profits, particularly in air and ocean freight.*
- *Extensive measures to improve efficiency and digitalization.*

	H1		Change		
DB Schenker	**2021**	2020	absolute	%	H1 2019
Shipments in land transport (thousand)	56,316	51,659	+4,657	+9.0	53,860
Air freight volume (export) (thousand t)	712.1	495.3	+216.8	+43.8	578.9
Ocean freight volume (export) (thousand TEU)	1,000	992.1	+7.9	+0.8	1,115
Total revenues (€ million)	10,688	8,463	+2,225	+26.3	8,525
External revenues (€ million)	10,654	8,429	+2,225	+26.4	8,491
Gross profit margin (%)	32.5	35.2	-	-	35.9
EBITDA adjusted (€ million)	916	569	+347	+61.0	499
EBIT adjusted (€ million)	627	278	+349	+126	238
EBIT margin (adjusted) (%)	5.9	3.3	-	-	2.8
Gross capital expenditures (€ million)	250	315	-65	-20.6	261
Employees as of Jun 30 (FTE)	74,514	73,792	+722	+1.0	75,981

Volume development reflected the macroeconomic recovery. Volume rose significantly, especially in air freight and land transport, and in some cases even above pre-Covid-19 levels. In addition to the positive market effects, DB Schenker was also able to benefit from its own measures such as securing transport activities at an early stage.

Overall, economic development was also very pleasing, with operating profit figures rising in all lines of business. Accordingly, gross profit improved significantly, driven in particular by air and ocean freight (+16.4%). Adjusted for exchange rate effects, the increase was even more significant.

Income development was positive, driven by strong revenue growth:

- Revenue increased significantly as a result of volume development. Higher freight rates also had a positive effect, particularly in air and ocean freight. Negative exchange rate effects, in contrast, reduced revenue.

- Other operating income (–2.8 %/€ –3 million) fell slightly at a low level. This was due, among other things, to lower income from other services for third parties and operating leases.

Development on the expense side was primarily driven by volume and freight rate development. In contrast, measures to improve productivity had a positive effect:

- The cost of materials (+31.5 %/€ +1,744 million) increased due to the development of freight rates in air and ocean freight and the positive volume development. Exchange rate effects, in contrast, reduced expenses.
- The increase in other operating expenses (+10.5 %/€ +77 million) was mainly driven by the increased volumes. This was counteracted by lower expenses for travel and representation services due to the Covid-19 pandemic, along with exchange rate effects, which had a negative impact on costs.
- Personnel expenses increased (+3.1 %/€ +54 million), partly as a result of performance development. Exchange rate effects, in contrast, reduced expenses.
- Depreciation (–0.7 %/€ –2 million) was around at the level of the first six months of 2020.

The significant decline in capital expenditures resulted from the cessation of extensive leasing activities in the first half of 2020. Adjusted for this effect, the volume of capital expenditures increased slightly. The focus of capital expenditures continued to be on the modernization and digitalization of the businesses and the Europe region.

Due to the volume development, the number of employees was slightly above the level as of June 30, 2020.

LAND TRANSPORT LINE OF BUSINESS

- *Significant recovery to above pre-Covid-19 levels.*
- *Quality improvements with positive effects.*
- *Further increase in demand for the digital platforms Connect4land and Drive4Schenker.*

	H 1		Change		
Land transport line of business	**2021**	2020	absolute	%	H 1 2019
Shipments in land transport (thousand)	56,316	51,659	+ 4,657	+ 9.0	53,860
Total revenues (€ million)	3,721	3,277	+ 444	+ 13.5	3,638
External revenues (€ million)	3,690	3,246	+ 444	+ 13.7	3,606
EBITDA adjusted (€ million)	207	146	+ 61	+ 41.8	175
EBIT adjusted (€ million)	116	56	+ 60	+ 107	95
Employees as of Jun 30 (FTE)	22,481	21,573	+ 908	+ 4.2	21,868

In land transport, demand recovered significantly and even rose above pre-Covid-19 levels. Growth was achieved in particular in direct, system and special transport services. The development was also spread widely across regions.

The economic development was very strong, with operating profit figures developing significantly positively as a result of a noticeable increase in income. The pre-Covid-19 level was exceeded:

- Revenue increased significantly due to price and performance factors. Adjusted for exchange rate effects, the increase was somewhat less pronounced.
- Other operating income remained roughly stable.

Development on the expenses was marked by rising volume development in the cost-intensive areas of direct, system and special transport. In comparison with income, however, the increase was significantly less strong overall:

- The cost of materials increased noticeably, in line with the development of demand. Slightly rising prices and exchange rate effects supported the development.
- Other operating expenses increased due to IT costs being subject to reclassification measures not affecting profits applied internally within the business unit.
- Personnel expenses increased due to performance and exchange rate effects.

The number of employees increased as a result of higher demand.

AIR AND OCEAN FREIGHT LINES OF BUSINESS

- *Strong recovery in demand, especially in air freight.*
- *Significant increase in freight rates.*
- *Air freight: various measures to secure transport operations, standardization and productivity improvements implemented.*
- *Ocean freight: projects to improve efficiency and optimize organization implemented worldwide.*
- *Very strong economic development.*

	H 1		Change		
Air and ocean freight lines of business	**2021**	2020	absolute	%	H 1 2019
Air freight volume (export) (thousand t)	712.1	495.3	+ 216.8	+ 43.8	578.9
Ocean freight volume (export) (thousand TEU)	1,000	992.1	+ 7.9	+ 0.8	1,115
Total revenues (€ million)	5,545	3,883	+ 1,662	+ 42.8	3,531
External revenues (€ million)	5,543	3,881	+ 1,662	+ 42.8	3,530
EBITDA adjusted (€ million)	481	220	+ 261	+ 119	128
EBIT adjusted (€ million)	450	189	+ 261	+ 138	101
Employees as of Jun 30 (FTE)	13,107	13,568	– 461	– 3.4	13,972

The performance development was varied:

- In air freight, it was significantly positive and rose above the pre-Covid-19 level. This was driven by increased demand for transport for electronic, automotive and medical goods. A massive, non-sustainable shift in transport demand from ocean freight also contributed.

- In ocean freight, it was only slightly above the low level of the first half of 2020. Performance increases in the Asia/Pacific region and recovery trends were almost completely eliminated by the strained situation regarding the availability of equipment and capacity.

Th economic development was very satisfactory. The adjusted profit figures improved due to the significant increase in revenues:

- Revenue increased significantly, mainly as a result of freight rate developments. Volume development also brought about a significant revenue increase in air freight. Adjusted for exchange rates, the increase was even more pronounced.
- Other operating income increased significantly at a low level as a result of volume development and Covid-19-related grants.

The volume and freight rate development in air freight were particularly noticeable on the expenses side:

- The cost of materials increased significantly, mainly as a result of higher air freight volumes and freight rate development. Exchange rate effects, in contrast, reduced expenses.
- Other operating expenses increased due to IT costs being subject to reclassification measures not affecting profits applied internally within the business unit.
- Personnel expenses remained virtually unchanged. A performance-related increase was almost completely offset by countermeasures in the trade fair business and due to exchange rate effects.

The number of employees fell as a result of the Covid-19-related volume development in the trade fair business.

CONTRACT LOGISTICS LINE OF BUSINESS

- *Significant recovery of business activities following stricter restrictions as a result of the Covid-19 pandemic.*
- *The growth drivers are Asia/Pacific and America – a lack of semiconductors is slowing development in Europe.*
- *Productivity improvement measures being implemented.*
- *Significant increase in profits.*

	H1		Change		
Contract logistics line of business	**2021**	2020	absolute	%	H1 2019
Total revenues (€ million)	1,422	1,303	+119	+9.1	1,356
External revenues (€ million)	1,421	1,302	+119	+9.1	1,355
EBITDA adjusted (€ million)	188	159	+29	+18.2	165
EBIT adjusted (€ million)	61	34	+27	+79.4	41
Employees as of Jun 30 (FTE)	23,888	23,792	+96	+0.4	24,293

The development in contract logistics followed the trend in the overall market thanks to the business line's portfolio that is diversified geographically and by market sector. There was also a slight increase in market share overall (especially in the region Asia-Pacific and America). Developments in Europe were slowed by the semiconductor shortage and the greater dependence on the automotive industry.

The economic development was very satisfying in a challenging market environment. Adjusted profit figures rose, driven by disproportionately high earnings growth, even significantly above the pre-Covid-19 level.

- Revenues increased significantly again, driven by recovery effects following the stricter restrictions as a result of the Covid-19 pandemic. Effects from interruptions to production and supply chains were more than offset, primarily by the electronics and consumer sectors. Adjusted for exchange rate effects, revenues increased even more sharply.
- Other operating income fell slightly at a low level.

On the expense side, the recovery in demand was particularly noticeable:

- Other operating expenses increased due, among other things, to IT costs being subject to reclassification measures not affecting profits applied internally within the business unit. Exchange rate effects, on the other hand, partially reduced costs.
- The cost of materials increased in line with revenue development. Exchange rate effects, on the other hand, partially reduced costs.
- Personnel expenses were approximately at the level of the first half of 2020. Increases in expenses due to a higher number of employees were almost entirely offset by exchange rate effects.

The number of employees remained almost stable.

Opportunity and risk report

Our business activities are associated with risks as well as opportunities. Our business policy therefore aims to take advantage of opportunities through our opportunity management system, while also actively managing those risks identified within the framework of our risk management system. There were no changes to DB Group's *risk management system (2020 Integrated Report* *168 ff.)* in the first half of 2021. The opportunity/risk profile remains strongly shaped by the effects of the Covid-19 pandemic. The most likely scenario was taken into account in the *anticipated development in 2021* *60 f.* When doing so, it was assumed that demand in passenger transport will recover significantly in the second half of 2021 due to the increasing vaccination rate and accumulated travel occasions, and that there will be no further lockdown.

Further opportunity and risk assessment is carried out in relation to the updated expected development of DB Group in 2021, with reference to the adjusted operating profit (EBIT adjusted). In view of the continuing uncertainty about development resulting from new variants of the virus or delays in combating the pandemic, our forecasts continue to be subject to increased uncertainty. In the event of a delayed recovery phase, we expect an additional impact on profits of up to € 0.9 billion. This contrasts with an opportunity of € 0.5 billion from additional government support, primarily for the local transport industry.

There is no valid way of quantifying the financial impact of the *floods* *57* at present, as the current situation does not allow for the assessment of many facilities.

The other opportunities and risks are relatively low and only consist of probable opportunities and risks (probability of occurrence [PO] > 40 % and ≤ 70 %). Compared to the *assessment as of December 31, 2020 (2020 Integrated Report* *170 ff.)* the overall assessment has slightly improved in relation to the EBIT forecast for the 2021 financial year (€ + 0.1 billion):

- For the *forecast of EBIT development for the 2021 financial year* *60 f.,* factoring in countermeasures, there are further risks in the amount of € 0.3 billion (thereof very likely [vl; PO > 70 %]: € 0.0 billion). These risks arise primarily from the areas of regulation as well as economic climate, market and competition. Further risks include ongoing *collective bargaining negotiations with the GDL* *15,* including possible strikes, and the effects of the floods, which cannot currently be assessed.
- Opportunities for EBIT development amount to € 0.2 billion (thereof vl: € 0.0 billion) and also arise from the area of economic climate, the market and competition.

The general price increases observed and supply bottlenecks that occurred at times for raw materials in the first half of 2021 could lead to higher risks from capital expenditure projects.

According to our analyses of risks, countermeasures (including financial support from the Federal Government), hedging and precautionary measures, as well as in line with the opinion of the Group Management Board based on the current risk assessment and our mid-term planning, there are no risks that, individually or jointly, would pose a threat to DB Group as a going concern.

Events after the balance sheet date

BOND ISSUES

Through DB Finance we issued two further senior bonds after June 30, 2021:

ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	Maturity	Term (years)
XS2357951164	DB Finance	EUR	1,000	1,000	1.125	May 2051	29.9
XS2362566932	DB Finance	NOK	2,000	196	2.215	Jul 2036	15.0

Until mid-July 2021, eight bonds equivalent to about € 3.9 billion had been placed in 2021.

INTERFERENCES DUE TO FLOODING

From July 14, 2021, onwards, storm Bernd led to severe flooding, particularly in North Rhine-Westphalia and the Rhineland-Palatinate, resulting in multiple days of severe and protracted rainfall which caused catastrophic damage in the affected regions. This also included serious damage to our infrastructure. Tracks, switches, signaling, bridges, stations, interlockings and vehicles were badly damaged. A total of about 600 km of track and over 50 bridges along with dozens of stations and stops were affected. Discussions have been started with the Federal Government on the financing of damage repair measures. Several main and secondary lines are or were no longer accessible due to the flood. However, important traffic routes and connections were resumed a few days after the severe storms. Apart from a few exceptions, passengers can travel on long-distance trains again without restrictions or limitations. The operational situation in rail freight transport has improved. On the S-Bahn (metro) and regional transport, however, longer restrictions are expected on some lines as a result of extensive repair and reconstruction measures.

In addition, the storm also caused considerable damage and problems to rail operations in Saxony, Bavaria and Baden-Württemberg. In some cases, cross-border passenger and freight transport in the direction of Austria and the Czech Republic was significantly restricted.

Outlook

Despite the current upward trend, there is still great uncertainty about the further development of the Covid-19 pandemic and thus about economic development. Our forecasts are based on the assumption that the effects of the Covid-19 pandemic on economic life will continue to decrease and that there will be no significant changes in the geopolitical situation. It also cannot be estimated whether, to what extent and with what impact the GDL could organize industrial action in the second half of 2021.

ECONOMIC ENVIRONMENT

Anticipated development (%)	2020	2021 (Mar forecast)	**2021 (Jul forecast)**
World trade	- 5.9	+ 9.0	+ 11.5
GDP world	- 3.7	+ 5.5	+ 6.0
GDP Eurozone	- 6.9	+ 4.0	+ 5.0
GDP Germany	- 5.3	+ 3.5	+ 3.5

Expectations for 2021 are rounded to the nearest half percentage point.
Source: Oxford Economics

As the vaccination rate is increasing and the number of infections is declining, European governments have already noticeably reduced the restrictions on economic and public life in early summer. The environment for mobility and transport providers is thus expected to gradually recover. There has already been a significant recovery in freight transport.

The risks associated with the Covid-19 pandemic nevertheless remain high. For example, it cannot be ruled out that new variants of the virus or the colder weather in autumn will cause infection numbers to increase significantly again and that new measures to combat the Covid-19 pandemic will be necessary.

- For the rest of the year, strong growth in global economic output is expected, meaning that the level of 2019 will be exceeded this year. In addition to the USA and China, Europe in particular will contribute to this growth in the second half of 2021. In many emerging markets, further development depends strongly on the current spread of the Covid-19 virus, as, given the low vaccination rates, comprehensive containment measures may have to be taken again in the event of high infection rates. The major beneficiary of the high momentum is the sharply growing trade in goods. As the consumption of goods has recovered much more quickly than services, demand for transport is high. The current high freight rates for air and ocean transport also reflect this development.
- Domestic demand in the Eurozone will also increase over the course of the year. In view of the high level of activity in trade and industrial production, the willingness of many companies to invest is increasing again. Supply chain bottlenecks should also decrease over the course of the year, enabling the large numbers of orders to be processed. At the same time, private consumption is on the upswing and is supported, among other things, by the above-average savings made during the Covid-19 pandemic.
- Due to the late end of many measures to contain the Covid-19 pandemic – by global comparison – the German economy is not expected to grow strongly enough in 2021 to reach its 2019 level again. Nevertheless, the onset of comprehensive recovery in all economic sectors had led to a significant rise in inflation by the summer of 2021. However, this increase is mainly due to one-off effects such as the significant increase in the oil price and the end of the value added tax (VAT) reduction and is expected to flatten out again in subsequent years.

TRANSPORT MARKETS

Passenger transport

Anticipated market development (%)	2020	2021 (Mar forecast)	**2021 (Jul forecast)**
German passenger transport (based on pkm)	- 18.0	+ 12.0	+ 7.0

Expectations for 2021 are rounded to the nearest half percentage point.

The further development of the German passenger transport depends strongly on the extent and speed of the recovery in the second half of 2021. Furthermore, the possible impact of industrial action of the GDL cannot be estimated.

Despite a noticeable recovery in the second half of the year, the expected growth for 2021 as a whole is not sufficient to compensate for the slump in the previous year.

Commuting and business travel will only gradually increase. It can be assumed that working from home and digital communication will have a prolonged effect.

The fact that commuter transport is only recovering gradually has a dampening effect on public transport demand in particular. Given these conditions, regional rail passenger transport has a longer path to recovery ahead of it in the coming years overall. Long-distance rail passenger transport should benefit from gains from long-distance air and bus services.

Overall, the general trend towards strengthening and expanding public passenger transport is intact; there is a steadily increasing social consensus around strengthening rail transport.

Also in European passenger transport, the development will be specific to the mode of transport and will vary from region to region. With their planned return to normal timetables during the summer months, the railways are laying the foundations for the recovery of rail passenger transport.

Freight transport and logistics

Anticipated market development (%)	2020	2021 (Mar forecast)	**2021 (Jul forecast)**
German freight transport (based on tkm)	-3.8	+4.0	+4.0
European rail freight transport (based on tkm)	-6.6	+6.0	+5.0
European land transport (based on revenues)	-7.6	+6.0	+6.0
Global air freight (based on t)	-9.9	+6.0	+14.5
Global ocean freight (based on TEU)	-1.0	+5.0	+6.5
Global contract logistics (based on revenues)	-3.3	+5.5	+6.5

Expectations for 2021 are rounded to the nearest half percentage point.

In the second half of 2021, the strong growth that was shown in the second quarter of 2021, especially in the German freight transport market, will not continue. This is due to weakening baseline effects after the recovery that had already started in the second half of 2020. However, growth for the year as a whole should remain strong and will only just fall short of the 2019 level.

- Rail freight transport was hit hard in 2020, primarily by the declines in the iron, coal and steel and bulk goods sectors, as well as in the automotive sector. The recovery in these areas is affecting an above-average increase in performance overall. However, the pre-crisis level will not yet be reached overall. After the decline in 2020, combined transport is also expected to contribute to growth again. The damage caused by the *floods* → 57 will have a negative impact. Furthermore, the ongoing supply chain problems due to restrictions in Asian ports as a result of Covid-19 outbreaks are expected to have a negative impact on hinterland traffic. The effects of possible industrial action by the GDL are not yet foreseeable.
- Truck transport continues to benefit from positive stimuli from the consumer goods industry, the continuing growth of e-commerce and the construction industry. After the lowest decline in 2020 compared to other modes of transport, however, the positive baseline effects will not be as strong. Overall, growth is expected to be strong, but slightly below average. The pre-crisis level is likely to be reached again.
- Inland waterway transport will also recover after the drop in performance in 2020. However, it will still be below the increase in rail performance, as the freight groups that are developing weakly for the year as a whole, such as mineral oil transport, have a stronger impact on inland waterway transport and the share of the combined transport growth segment is lower. Additional negative impacts could occur depending on the duration of the flood-related restrictions. It will not yet be possible to return to the pre-crisis level.
- Assuming a further stabilization of transport demand in the second half of 2021, significant growth in volume sold is expected for the European rail freight transport market in 2021. However, the overall market will not yet return to the level of 2019.
- A slight recovery in European land transport is anticipated in the second half of 2021 driven by the economic recovery and increasing trade dynamics. However, the level of 2019 will probably not yet be reached.
- For the global air and ocean freight markets as well as global contract logistics, further recovery and growth is expected in the second half of 2021, significantly above pre-crisis levels. However, risks include prolonged disruptions to international supply chains and the possible resurgence of the Covid-19 pandemic in the second half of 2021.

Infrastructure

For the further course of the year 2021, train-path demand is expected to continue along the positive development course seen at the start of the second quarter. At the end of 2021, it is expected to exceed both the previous year's figure and the level of 2019. A risk for train-path demand results from possible industrial action by the GDL.

The fundamentally positive outlook for train-path demand is driven, among other things, by the increase in regional rail passenger transport thanks to the increase in regionalization funds. In addition, the long-distance rail passenger traffic that has been absent up to now is expected to fully resume, and it is expected that this traffic will be further expanded. Due to the positive economic development, rail freight transport expects a faster recovery than previously forecast. The positive development is supported by the additional train-path price support.

Station stops are expected to increase slightly year-on-year compared to 2019 levels. The share of non-Group railways will continue to increase slightly. Rental income in stations will continue to decline in 2021 due to the effects of the Covid-19 pandemic.

PROCUREMENT MARKETS

As a baseline scenario, we do not expect any physical bottlenecks on the procurement side for the second half of 2021. Exceptions may arise in the case of materials that are strongly dependent on raw materials (in particular steel and wood) and if capacities above the quantities already contracted need to be procured. The huge monetary policy and fiscal aid programs, together with the vaccination progress in the Western world, are showing the desired stimulus effect for the global economy. This gives rise to a difficult situation in some markets, resulting from an extremely strong increase in demand and an additional shortage of supply due to the Covid-19 pandemic. In addition to the highly volatile raw materials markets, we are also witnessing an unprecedented price momentum in the logistics sector.

The high momentum in the recovery of oil demand coincides with the good production discipline of OPEC+, the delay in the return of Iranian oil exports, and the pressure on oil companies to play a role in protecting the climate. Oil prices are therefore likely to be well supported.

Efforts to protect the climate are speeding up structural change in the energy sector. The expansion of renewable energies is expected to further strengthen price fluctuations on the electricity spot market due to their limited predictability. While the withdrawal from nuclear energy and coal-fired energy generation has the potential to generate higher prices on the production side, developments in the mobility sector will have a significant impact on the momentum of demand.

FINANCIAL MARKETS

With the Covid-19 pandemic having been gradually pushed back, the economy is recovering worldwide. Due to the increased demand set against a supply that remains reduced, prices are rising again, especially in America. As a result, yields increased in the common currencies. This trend should continue in the second half of 2021, meaning that government bonds in the Eurozone are also expected to return to positive interest rates.

DEVELOPMENT OF DB GROUP

- *Development of DB Group in 2021 will continue to be strongly influenced by the consequences of the Covid-19 pandemic.*
- *Despite restrictions related to the Covid-19 pandemic, we are still implementing the Strong Rail strategy.*
- *Capital expenditure activity remains at a high level.*
- *Profit development probably significantly above the previous year's level.*

Our forecasts for the development of DB Group in the 2021 financial year are based on our expectations of developments in the market, competition and environment, and the success in implementing the planned measures. Another very important basic assumption is that we expect the recovery trend that has been visible since spring 2021 to continue, and that there will be no further noticeable setbacks related to the Covid-19 pandemic. Opportunities and risks in relation to our forecast for the 2021 financial year are presented in the *opportunity and risk report* → 56.

Overall, the situation continues to be characterized by great uncertainty in terms of the development of the Covid-19 pandemic and the speed of recovery. Furthermore, it cannot be estimated whether, to what extent and with what impact, industrial action by the GDL could take place. The consequences of the *floods in Germany* → 57 are currently not yet assessable as well.

Top targets Strong Rail

Anticipated development	2020	2021 (Mar forecast)	2021 (Jul forecast)
Passengers (rail) long-distance transport (million)	81.3	> 100	> 90
Passengers (rail) local transport (million)	1,215	> 1,250	> 1,200
Volume sold rail freight transport (Germany) (billion tkm)	56.2	> 59	> 59
Train kilometers on track infrastructure (Germany) (million train-path km) [1]	1,066	~ 1,100	~ 1,100
Customer satisfaction DB Long-Distance (SI)	80.2	80	80
Customer satisfaction DB Regional (rail) (SI)	69.0	70	70
Customer satisfaction DB Cargo (SI)	68	65	65
Punctuality DB Long-Distance (%)	81.8	79	79
Punctuality DB Regional (rail) (%)	95.6	95	95
Punctuality DB Cargo (Germany) (%)	77.6	75	72
Share of renewable energies in the DB traction current mix (%)	61.4	62	62
Employee satisfaction (SI)	3.9	-	-
ROCE (%)	- 7.0	↗	↗
Debt coverage (%)	0.8	↗	↗

↗ above previous year's figure; → at previous year's level; ↘ below previous year's figure

[1] DB Netze Track plus Usedomer Bäderbahn (UBB).

Based on the development in the first half of the year and the current assessments for the second half of 2021, we have partially adjusted our expectations:

- The performance development in local and long-distance transport in Germany will be somewhat weaker than assumed in March 2021 due to the longer-than-expected restrictions related to the Covid-19 pandemic.

The Group-wide employee survey takes place every two years. As part of the follow-up process, cross-team cooperation workshops will be carried out in the first half of 2021. Building on the results of the survey, the aim of these workshops is to work on cooperation and on the five principles of the compass for strong teamwork.

Additional key figures for income, financial and asset situation

Anticipated development (€ billion)	2020	2021 (Mar forecast)	2021 (Jul forecast)
Revenues	39.9	> 41	> 42
EBIT adjusted	- 2.9	~ - 2	~ - 2
Gross capital expenditures	14.4	> 15	> 15
Net capital expenditures	5.9	> 6	> 6
Maturities	2.3	2.2	2.2
Bond issues (senior)	5.4	> 5	> 5
Net financial debt as of Dec 31	29.3	< 30	~ 31

Based on the development to date and the current estimates for the second half of 2021, we have partially adjusted our expectations:

- Revenues will increase somewhat more strongly than previously expected, driven by DB Schenker.
- Taking into account the positive effects of the planned, and with regards to the timing, slightly changed support measures from the Federal Government to compensate for DB Group's losses from the Covid-19 pandemic, and the assumed development of the Covid-19 pandemic, net financial debt is expected to be somewhat higher as of December 31, 2021, than assumed in March 2021.

Due to the improvement in operating profit, the positive effects of the planned compensation measures for the Covid-19 pandemic *(train-path price support* *→ 3)* and the absence of extraordinary impairments on goodwill at DB Arriva in the previous year, net loss for the year will be significantly lower, but is expected to remain a loss.

Additional environmental key figures

Anticipated development	2020	2021 (Mar forecast)	2021 (Jul forecast)
Specific greenhouse gas emissions in comparison to 2006 (%)	- 34.4	- 33.6	- 37.1
Track kilometers noise remediated in total as of Dec 31 (km)	2,039	2,100	2,100
Recycling rate (%)	95.6	> 95	> 95

- Our expectations for the reduction of specific greenhouse gas emissions compared to 2006 have increased significantly due to more positive developments, particularly at DB Schenker in land transport as well as in air and ocean freight.
- The expectations for the other environmental key figures are unchanged compared to the *2020 Integrated Report* *→ 182.*

Forward-looking statements

This management report contains statements and forecasts pertaining to the future development of DB Group, its business units and individual companies. These forecasts are estimates made based on information that is available at the current time. Actual developments and profits may diverge from the current expectations as a result of the non-materialization of the assumptions upon which our forecasts are based or the materialization of risks such as those presented in the risk report.

DB Group does not assume any obligation to update the statements made within this management report.

Consolidated interim financial statements (unaudited)

Consolidated statement of income

(€ million)	H1 2021	H1 2020	2020
Revenues	21,784	19,423	39,901
Inventory changes and internally produced and capitalized assets	1,805	1,695	3,564
Overall performance	23,589	21,118	43,465
Other operating income	1,420	1,276	3,439
Cost of materials	-12,706	-10,767	-22,757
Personnel expenses	-9,409	-9,155	-18,297
Depreciation and impairments	-1,876	-3,375	-5,372
Other operating expenses	-2,092	-2,380	-5,235
Operating income (EBIT)	**-1,074**	**-3,283**	**-4,757**
Result from investments accounted for using the equity method	-4	-9	-21
Net interest income	-233	-347	-615
Other financial result	5	-30	-91
Financial result	**-232**	**-386**	**-727**
Loss before taxes on income	**-1,306**	**-3,669**	**-5,484**
Taxes on income	-122	-80	-223
Net loss (after taxes)	**-1,428**	**-3,749**	**-5,707**
Net profit/loss			
thereof net loss attributable to shareholder of Deutsche Bahn AG	-1,443	-3,753	-5,710
thereof remuneration entitlement of hybrid capital investors	13	13	26
thereof net profit/loss for the year attributable to non-controlling interests	2	-9	-23
Earnings per share (€ per share)			
Undiluted	-3.36	-8.73	-13.28
Diluted	-3.36	-8.73	-13.28

RECONCILIATION OF CONSOLIDATED COMPREHENSIVE INCOME

(€ million)	H1 2021	H1 2020	2020
Net loss (after taxes)	-1,428	-3,749	-5,707
Changes due to the revaluation of defined benefit plans	1,318	-547	-1,067
Changes in profit/loss items recognized directly in equity which are not reclassified to the income statement	1,318	-547	-1,067
Changes resulting from currency translation	32	-71	-173
Changes resulting from market valuation of securities/reclassification of cash flow hedges	0	0	1
Changes resulting from market valuation of cash flow hedges	115	-46	-23
Share of profit items not recognized in the income statement due to investments accounted for using the equity method	4	1	-
Changes in profit/loss items recognized directly in equity which are reclassified to the income statement	151	-116	-195
Balance of profit/loss items covered directly in equity (before taxes)	**1,469**	**-663**	**-1,262**
Revaluation of defined benefit plans	-26	-24	-21
Changes in deferred taxes on profit items recognized directly in equity, which are not reclassified to the income statement	**-26**	**-24**	**-21**
Deferred taxes relating to the change in the market valuation of cash flow hedges	1	14	1
Changes in deferred taxes on profit items recognized directly in equity, which are reclassified to the income statement	**1**	**14**	**1**
Balance of profit/loss items recognized directly in equity (after taxes)	**1,444**	**-673**	**-1,282**
Comprehensive income	**16**	**-4,422**	**-6,989**
Comprehensive income			
thereof comprehensive income attributable to shareholder of Deutsche Bahn AG	1	-4,425	-6,987
thereof remuneration entitlement of hybrid capital investors	13	13	26
thereof comprehensive income for the year attributable to non-controlling interests	2	-10	-28

Consolidated balance sheet

ASSETS

(€ million)	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
NON-CURRENT ASSETS			
Property, plant and equipment	48,507	47,704	46,710
Intangible assets	2,335	2,290	2,372
Investments accounted for using the equity method	463	458	498
Other investments and securities	67	57	56
Receivables and other assets	1,212	1,140	803
Derivative financial instruments	167	151	143
Deferred tax assets	1,158	1,164	1,215
	53,909	**52,964**	**51,797**
CURRENT ASSETS			
Inventories	2,055	1,937	1,928
Other investments and securities	1	1	1
Trade receivables	5,614	4,849	4,776
Other receivables and other assets	2,163	2,205	2,202
Income tax receivables	57	55	66
Derivative financial instruments	52	13	26
Cash and cash equivalents	3,434	3,411	3,696
Held-for-sale assets	0	0	1
	13,376	**12,471**	**12,696**
Total assets	**67,285**	**65,435**	**64,493**

EQUITY AND LIABILITIES

(€ million)	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
EQUITY			
Subscribed capital	2,150	2,150	2,150
Reserves	–1,872	–3,316	2,728
Generated profits	4,859	6,302	2,822
Equity attributable to shareholder of Deutsche Bahn AG	**5,137**	**5,136**	**7,700**
Non-controlling interests	132	132	146
Hybrid capital	2,005	2,002	2,005
	7,274	**7,270**	**9,851**
NON-CURRENT LIABILITIES			
Financial debt	28,738	27,070	26,399
Other liabilities	375	734	595
Derivative financial instruments	232	319	357
Pension obligations	5,343	6,517	5,917
Other provisions	2,537	2,576	2,442
Deferred items	408	316	312
Deferred tax liabilities	161	154	148
	37,794	**37,686**	**36,170**
CURRENT LIABILITIES			
Financial debt	7,228	6,254	5,012
Trade liabilities	6,672	6,312	5,291
Other liabilities	3,711	3,308	3,824
Income tax liabilities	234	191	217
Derivative financial instruments	15	60	120
Other provisions	3,556	3,465	3,050
Deferred items	801	889	958
	22,217	**20,479**	**18,472**
Total assets	**67,285**	**65,435**	**64,493**

Consolidated statement of cash flows

	H1		
(€ million)	**2021**	2020	2020
Loss before taxes on income	- 1,306	- 3,669	- 5,484
Depreciation on property, plant and equipment and intangible assets	1,876	3,375	5,372
Write-ups / write-downs on non-current financial assets	1	12	56
Result of disposal of property, plant and equipment and intangible assets	- 14	64	96
Result of disposal of financial assets	0	1	- 1
Result of the sale of consolidated companies	–	- 3	- 3
Interest and dividend income	- 34	- 78	- 115
Interest expenses	268	424	729
Foreign currency result	- 11	9	25
Result of investments accounted for using the equity method	4	9	21
Other non-cash expenses and income [1]	708	930	2,233
Changes in inventories, receivables and other assets	- 1,001	94	- 831
Changes in liabilities, provisions and deferred items	- 189	- 1,144	- 29
Cash generated from operating activities	302	24	2,069
Interest received	18	13	28
Received (+) / paid (-) dividends and capital distribution	6	7	0
Interest paid	- 219	- 218	- 519
Paid (-) / reimbursed (+) taxes on income	- 97	- 61	- 158
Cash flow from operating activities	**10**	**- 235**	**1,420**
Proceeds from the disposal of property, plant and equipment and intangible assets	116	109	228
Payments for capital expenditures in property, plant and equipment and intangible assets	- 5,228	- 5,251	- 13,284
Proceeds from investment grants	2,891	2,782	8,516
Payments for repaid investment grants	- 37	- 32	- 48
Proceeds from sale of financial assets	0	0	0
Payments for investments in financial assets	- 12	- 22	- 24
Proceeds from sale of shares in consolidated companies less net cash and cash equivalents sold	–	5	4
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired	- 21	- 5	- 40
Proceeds from disposal of investments accounted for using the equity method	0	0	0
Payments for additions of investments accounted for using the equity method	- 1	0	- 1
Cash flow from investing activities	**- 2,292**	**- 2,414**	**- 4,649**
Payments for the acquisition of non-controlling interests	–	–	- 2
Distribution of profits to shareholder	–	- 650	- 650
Distribution of profits to non-controlling interests and hybrid capital investors	- 12	- 6	- 27
Payments for redemption leasing liabilities	- 581	- 498	- 995
Proceeds from issue of senior bonds	2,648	4,165	5,327
Payments for redemption of senior bonds	- 882	- 1,067	- 2,078
Proceeds from interest-free loans	–	–	8
Payments for redemption and repayment of interest-free loans	- 157	- 163	- 163
Proceeds from borrowings and commercial paper [2]	1,265	791	2,795
Payments for redemption of borrowings and commercial paper [2]	- 17	- 175	- 1,509
Cash flow from financing activities	**2,264**	**2,397**	**2,706**
Net changes in cash and cash equivalents	**- 18**	**- 252**	**- 523**
Cash and cash equivalents as of Jan 1	3,411	3,993	3,993
Changes in cash and cash equivalents due to changes in exchange rates	41	- 49	- 63
Cash and cash equivalents as of Jun 30 / Dec 31	**3,434**	**3,696**	**3,411**

[1] Including additions to other provisions.

[2] Change in items included between the reporting dates.

Consolidated statement of changes in equity

		Reserves											
(€ million)	Subscribed capital	Capital reserve	Currency translation	Fair value valuation of securities	Fair value valuation of cash flow hedges	Revaluation of pensions	Other movements	**Total**	Generated profits	**Equity attributable to shareholder of Deutsche Bahn AG**	Hybrid capital	Non-controlling interests	**Equity**
As of Jan 1, 2020	2,150	6,310	94	1	-149	-2,843	-13	**3,400**	7,225	**12,775**	1,997	155	**14,927**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	–	1	**1**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	-1	**-1**
− Dividend payment/remuneration hybrid capital	–	–	–	–	–	–	–	**–**	-650	**-650**	-5	-1	**-656**
± Withdrawal from capital reserve	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
± Other changes	–	–	–	–	–	–	–	**–**	–	**–**	–	2	**2**
± Comprehensive income	–	–	-70	1	-32	-571	–	**-672**	-3,753	**-4,425**	13	-10	**-4,422**
thereof net profit/loss (after taxes)	–	–	–	–	–	–	–	**–**	-3,753	**-3,753**	13	-9	**-3,749**
thereof currency effects	–	–	-70	–	–	–	–	**-70**	–	**-70**	–	-1	**-71**
thereof deferred taxes	–	–	–	–	14	-24	–	**-10**	–	**-10**	–	–	**-10**
thereof market valuation/reclassification	–	–	–	0	-46	–	–	**-46**	–	**-46**	–	–	**-46**
thereof revaluation of defined benefit plans	–	–	–	–	–	-547	–	**-547**	–	**-547**	–	–	**-547**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	1	–	–	–	**1**	–	**1**	–	–	**1**
As of Jun 30, 2020	**2,150**	**6,310**	**24**	**2**	**-181**	**-3,414**	**-13**	**2,728**	**2,822**	**7,700**	**2,005**	**146**	**9,851**

		Reserves											
(€ million)	**Subscribed capital**	**Capital reserve**	**Currency translation**	**Fair value valuation of securities**	**Fair value valuation of cash flow hedges**	**Revaluation of pensions**	**Other movements**	**Total**	**Generated profits**	**Equity attributable to shareholder of Deutsche Bahn AG**	**Hybrid capital**	**Non-controlling interests**	**Equity**
As of Jan 1, 2021	2,150	871	-75	2	-171	-3,930	-13	**-3,316**	6,302	**5,136**	2,002	132	**7,270**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	–	0	**0**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
− Dividend payment/remuneration hybrid capital	–	–	–	–	–	–	–	**–**	–	**–**	-10	-2	**-12**
± Withdrawal from capital reserve	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
± Other changes	–	–	–	–	–	–	–	**–**	0	**0**	–	0	**0**
± Comprehensive income	–	–	32	4	116	1,292	–	**1,444**	-1,443	**1**	13	2	**16**
thereof net profit/loss (after taxes)	–	–	–	–	–	–	–	**–**	-1,443	**-1,443**	13	2	**-1,428**
thereof currency effects	–	–	32	–	–	–	–	**32**	–	**32**	–	0	**32**
thereof deferred taxes	–	–	–	–	1	-26	–	**-25**	–	**-25**	–	–	**-25**
thereof market valuation/reclassification	–	–	–	0	115	–	–	**115**	–	**115**	–	–	**115**
thereof revaluation of defined benefit plans	–	–	–	–	–	1,318	–	**1,318**	–	**1,318**	–	–	**1,318**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	4	–	–	–	**4**	–	**4**	–	–	**4**
As of Jun 30, 2021	**2,150**	**871**	**-43**	**6**	**-55**	**-2,638**	**-13**	**-1,872**	**4,859**	**5,137**	**2,005**	**132**	**7,274**

Segment information according to segments

Jan 1 through Jun 30 or respectively as of Jun 30 (€ million)	DB Long-Distance		DB Regional		DB Cargo		DB Netze Track		DB Netze Stations		DB Netze Energy	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
External revenues	996	1,417	3,902	3,676	2,130	1,845	966	877	243	292	695	601
Internal revenues	58	68	52	51	135	123	1,972	1,855	382	355	763	708
Total revenues	1,054	1,485	3,954	3,727	2,265	1,968	2,938	2,732	625	647	1,458	1,309
Other external income	107	60	161	108	211	176	345	295	42	42	14	12
Other internal income	36	27	52	46	16	17	98	116	14	8	19	17
Inventory changes and other internally produced and capitalized assets	6	10	27	24	13	18	637	584	55	41	14	12
Total income	1,203	1,582	4,194	3,905	2,505	2,179	4,018	3,727	736	738	1,505	1,350
Cost of materials	-1,323	-1,312	-2,765	-2,598	-1,332	-1,200	-1,052	-992	-326	-299	-1,292	-1,164
Personnel expenses	-595	-552	-1,120	-1,086	-909	-884	-1,736	-1,639	-221	-198	-73	-67
Other operating expenses	-260	-270	-352	-497	-294	-271	-581	-580	-122	-117	-59	-59
EBITDA	-975	-552	-43	-276	-30	-176	649	516	67	124	81	60
Depreciation [2]	-169	-168	-316	-321	-181	-174	-347	-346	-74	-71	-41	-42
Impairments recognized/reversed [2]	–	–	0	0	0	-2	0	0	–	–	–	-2
EBIT (operating profit/loss)	-1,144	-720	-359	-597	-211	-352	302	170	-7	53	40	16
Operating interest balance [3]	-15	-7	-20	-24	-28	-29	-61	-78	-16	-16	-7	-7
Operating income after interest [3]	-1,159	-727	-379	-621	-239	-381	241	92	-23	37	33	9
Property, plant and equipment	5,952	4,979	6,213	6,394	3,025	2,960	21,105	20,544	3,545	3,542	1,146	1,152
+ Intangible assets	57	40	44	36	188	201	188	151	54	41	8	14
thereof goodwill	0	0	5	6	1	1	12	–	–	–	–	–
+ Inventories	181	167	561	540	204	180	243	227	0	–	91	93
+ Trade receivables [4]	32	31	859	782	517	412	128	137	45	119	127	132
+ Receivables and other assets [4]	222	221	839	749	203	197	353	551	42	20	164	144
− Receivables from financing and earmarked bank deposits [4]	–	–	–	–	–	–	–	–	–	–	–	–
+ Income tax receivables	–	–	0	0	2	2	–	0	–	0	0	0
+ Held-for-sale assets [4]	–	–	–	–	–	–	–	–	–	–	–	–
− Trade liabilities [4]	-343	-212	-852	-758	-428	-358	-526	-566	-71	-67	-388	-257
− Miscellaneous and other liabilities [4]	-182	-196	-774	-722	-193	-221	-651	-821	-240	-225	-54	-57
− Income tax liabilities	0	0	-1	-1	-3	-2	–	–	0	-1	–	–
− Other provisions	-29	-24	-2,315	-1,955	-193	-149	-483	-351	-29	-24	-28	-24
− Deferred items	-420	-489	-251	-114	-17	-5	-168	-307	-104	-113	-1	-2
− Deferred liabilities [4]	-88	-103	-193	-220	-188	-214	-281	-289	-23	-24	-10	-10
− Held-for-sale liabilities [4]	–	–	–	–	–	–	–	–	–	–	–	–
Capital employed [5]	5,382	4,414	4,130	4,731	3,117	3,003	19,908	19,276	3,219	3,268	1,055	1,185
Net financial debt	4,060	2,758	1,893	2,822	2,793	2,908	10,651	10,340	1,688	1,706	633	736
Investments accounted for using the equity method	0	0	5	5	35	33	2	2	0	0	0	0
Result from investments accounted for using the equity method	0	0	0	0	3	3	0	0	–	–	–	0
Gross capital expenditures	675	573	259	189	179	136	3,155	3,309	491	497	127	68
Investment grants received	–	–	-13	-1	-1	–	-2,430	-2,468	-349	-261	-89	-47
Net capital expenditures	675	573	246	188	178	136	725	841	142	236	38	21
Additions due to changes in the scope of consolidation (acquisition of companies)	–	–	–	–	–	16	27	1	–	–	–	–
Employees [6]	19,026	18,320	37,350	36,980	30,203	29,874	51,347	49,832	6,778	6,302	1,890	1,804

[1] Relating to special items and reclassification PPA amortization of customer contracts as well as the reconciliation of capital employed to the external display.

[2] The non-cash items are included in the segment result shown.

[3] Key figure from internal reporting, no external figures.

[4] Content allocation in accordance with management reporting.

[5] Profit transfer agreements were not assigned to segment assets or liabilities.

[6] The number of employees comprises the workforce, excluding vocational trainees, and dual degree students at the end of the reporting period (part-time employees have been converted to full-time employees).

Subsidiaries / Other		Consolidation		Integrated Rail System		DB Arriva		DB Schenker		Consolidation other		DB Group adjusted		Reconciliation [1]		DB Group	
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
270	228	–	–	9,202	8,936	1,930	2,058	10,654	8,429	–	–	21,786	19,423	- 2	0	21,784	19,423
2,346	2,260	- 5,601	- 5,320	107	100	1	1	34	34	- 142	- 135	–	–	–	–	–	–
2,616	2,488	- 5,601	- 5,320	9,309	9,036	1,931	2,059	10,688	8,463	- 142	- 135	21,786	19,423	- 2	0	21,784	19,423
195	217	–	–	1,075	910	219	242	102	105	7	–	1,403	1,257	17	19	1,420	1,276
598	572	- 809	- 775	24	28	0	0	4	4	- 28	- 32	–	–	–	–	–	–
503	452	542	540	1,797	1,681	3	5	2	2	3	7	1,805	1,695	–	–	1,805	1,695
3,912	3,729	- 5,868	- 5,555	12,205	11,655	2,153	2,306	10,796	8,574	- 160	- 160	24,994	22,375	15	19	25,009	22,394
- 1,425	- 1,492	4,687	4,446	- 4,828	- 4,611	- 685	- 717	- 7,282	- 5,538	113	100	- 12,682	- 10,766	- 24	- 1	- 12,706	- 10,767
- 1,945	- 1,833	82	- 2	- 6,517	- 6,261	- 1,047	- 1,083	- 1,785	- 1,731	–	- 2	- 9,349	- 9,077	- 60	- 78	- 9,409	- 9,155
- 528	- 555	1,136	1,066	- 1,060	- 1,283	- 255	- 413	- 813	- 736	48	57	- 2,080	- 2,375	- 12	- 5	- 2,092	- 2,380
14	- 151	37	- 45	- 200	- 500	166	93	916	569	1	- 5	883	157	- 81	- 65	802	92
- 277	- 264	32	29	- 1,373	- 1,357	- 196	- 213	- 289	- 290	1	1	- 1,857	- 1,859	- 18	- 27	- 1,875	- 1,886
–	- 40	–	–	0	- 44	- 1	- 33	0	- 1	–	–	- 1	- 78	–	- 1,411	- 1	- 1,489
- 263	- 455	69	- 16	- 1,573	- 1,901	- 31	- 153	627	278	2	- 4	- 975	- 1,780	- 99	- 1,503	- 1,074	- 3,283
- 47	- 77	–	–	- 194	- 238	- 13	- 16	- 28	- 28	–	–	- 235	- 282	–	–	–	–
- 310	- 532	69	- 16	- 1,767	- 2,139	- 44	- 169	599	250	2	- 4	- 1,210	- 2,062	–	–	–	–
3,033	2,659	- 799	- 772	43,220	41,458	2,414	2,504	2,895	2,768	- 22	- 20	48,507	46,710	–	–	48,507	46,710
288	257	- 65	- 52	762	688	199	249	1,375	1,436	- 1	- 1	2,335	2,372	–	–	2,335	2,372
28	14	–	–	46	21	0	0	1,131	1,147	–	–	1,177	1,168	–	–	1,177	1,168
671	592	- 69	- 39	1,882	1,760	89	99	84	69	–	–	2,055	1,928	–	–	2,055	1,928
342	296	–	–	2,050	1,909	304	327	3,232	2,515	–	–	5,586	4,751	28	25	5,614	4,776
1,004	1,073	- 1,214	- 1,280	1,613	1,675	561	409	777	703	- 74	- 85	2,877	2,702	498	303	3,375	3,005
–	–	–	–	–	–	–	–	–	–	–	–	–	–	- 525	- 329	- 525	- 329
5	7	–	–	7	9	11	21	39	36	–	–	57	66	–	–	57	66
–	–	–	–	–	–	–	–	–	–	–	–	–	–	0	1	0	1
- 630	- 651	–	1	- 3,238	- 2,868	- 661	- 558	- 2,674	- 1,971	–	–	- 6,573	- 5,397	- 99	106	- 6,672	- 5,291
- 794	- 889	1,212	1,280	- 1,676	- 1,851	- 305	- 288	- 618	- 521	74	84	- 2,525	- 2,576	- 1,561	- 1,843	- 4,086	- 4,419
- 31	- 37	–	1	- 35	- 40	- 59	- 79	- 150	- 103	10	5	- 234	- 217	–	–	- 234	- 217
- 2,276	- 2,349	7	- 3	- 5,346	- 4,879	- 335	- 195	- 403	- 408	- 9	- 10	- 6,093	- 5,492	–	–	- 6,093	- 5,492
- 46	- 60	2	–	- 1,005	- 1,090	- 190	- 169	- 14	- 11	–	–	- 1,209	- 1,270	–	–	- 1,209	- 1,270
- 338	- 321	81	–	- 1,040	- 1,181	- 182	- 171	- 437	- 385	–	–	- 1,659	- 1,737	1,659	1,737	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1,228	577	- 845	- 864	37,194	35,590	1,846	2,149	4,106	4,128	- 22	- 27	43,124	41,840	–	–	43,124	41,840
7,677	3,016	–	–	29,395	24,286	1,108	1,103	1,499	2,124	–	–	32,002	27,513	–	–	32,002	27,513
354	348	–	–	396	388	54	98	13	12	–	–	463	498	–	–	463	498
- 7	- 13	–	–	- 4	- 10	- 1	0	1	1	–	–	- 4	- 9	–	–	- 4	- 9
327	283	- 1	- 21	5,212	5,034	88	203	250	315	–	–	5,550	5,552	–	–	5,550	5,552
0	0	–	–	- 2,882	- 2,777	- 9	- 5	–	–	–	–	- 2,891	- 2,782	–	–	- 2,891	- 2,782
327	283	- 1	- 21	2,330	2,257	79	198	250	315	–	–	2,659	2,770	–	–	2,659	2,770
–	–	–	–	27	17	–	–	–	–	–	–	27	17	–	–	27	17
58,187	56,735	–	–	204,781	199,847	44,345	46,477	74,514	73,792	–	–	323,640	320,116	–	–	323,640	320,116

INFORMATION BY REGIONS

Jan 1 through Jun 30 or respectively as of Jun 30 (€ million)	External revenues		Non-current assets [1]		Capital employed [1]		Gross capital expenditures		Net capital expenditures		Employees [1]	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Germany	11,254	10,557	44,771	42,923	37,819	36,287	5,200	5,092	2,319	2,315	209,903	205,578
Europe (excluding Germany)	6,673	5,934	5,646	5,681	4,425	4,683	271	393	261	388	84,686	85,823
Asia/Pacific	2,213	1,665	1,125	1,107	1,252	1,262	64	61	64	61	16,836	16,694
North America	1,285	1,022	244	267	511	447	9	25	9	25	8,850	8,664
Rest of world	361	245	39	35	76	58	7	2	7	2	3,365	3,357
Consolidation	–	–	-887	-846	-959	-897	-1	-21	-1	-21	–	–
DB Group adjusted	**21,786**	**19,423**	**50,938**	**49,167**	**43,124**	**41,840**	**5,550**	**5,552**	**2,659**	**2,770**	**323,640**	**320,116**
Reconciliation	-2	0	–	–	–	–	–	–	–	–	–	–
DB Group	**21,784**	**19,423**	**50,938**	**49,167**	**43,124**	**41,840**	**5,550**	**5,552**	**2,659**	**2,770**	**323,640**	**320,116**

[1] As of balance sheet date.

Notes to the consolidated interim financial statements

BASIC PRINCIPLES AND METHODS

The unaudited and condensed interim financial statements as of June 30, 2021, are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the European Union (EU) and their interpretation by the IFRS Interpretations Committee. The requirements of IAS 34 (Interim Financial Reporting) have been followed. The accounting policies underlying the consolidated financial statements 2020 have been consistently applied for these interim financial statements.

There are no other new standards, interpretations and amendments of the IAS/IFRS standards which are significant for Deutsche Bahn Group (DB Group) and which are the subject of mandatory adoption within the reporting period.

COMPARABILITY WITH THE FIRST HALF OF 2020

After due consideration is given to the following issues, the financial information presented for the first half of 2021 is comparable with the financial information for the first half of 2020:

Details of major events and transactions

INFORMATION REGARDING MAJOR IMPACT OF THE COVID-19 PANDEMIC ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As was the case in the first half of 2020, the first half of 2021 also experienced considerable effects arising from the Covid-19 pandemic. Whereas revenues improved in virtually all segments, the pre-Covid-19 level was mostly still missed significantly. In the segment DB Schenker however, revenues increased considerably compared with the first half of 2020, namely to € 10,688 million (in the first half of 2020: € 8,463 million), and were also higher than the pre-Covid-19 level. In DB Group, revenues in the first half of 2021 amounted to € 21,784 million (in the first half of 2020: € 19,423 million). For further information please refer to the details regarding revenues from contracts with customers (IFRS 15).

Particularly in connection with the Covid-19 pandemic, provisions have been created for loss-making passenger transport contracts as a result of lower ticket revenues. At DB Regional, the additions as of June 30, 2021, amounted to € 56 million (in the first half of 2020: € 213 million).

Within the framework of various state support programs, grants were extended to companies of DB Group in connection with the Covid-19 pandemic. These grants were extended to individual subsidiaries of DB Group, for instance for maintaining passenger services, particularly in the segments DB Regional and DB Arriva. If they are not concession fees, these grants are disclosed in DB Group mainly under other operating income. In the first half of 2021, income from government grants increased to a total of € 463 million (in the first half of 2020: € 272 million).

ESTIMATE AND FORECAST UNCERTAINTIES

As a result of the Covid-19 pandemic and also in view of the fact that it is very difficult to foresee the consequences as of June 30, 2021, estimates and forecasts in the first half of 2021 are subject to a particular degree of uncertainty.

This is applicable for instance for determining provisions for loss-making passenger transport contracts, determining the value of doubtful receivables or for assessing possible impairments of assets.

LIQUIDITY MANAGEMENT AND GOING-CONCERN ASSUMPTION

In connection with the financial burdens resulting from the Covid-19 pandemic, short-term funds have been obtained particularly by way of issuing commercial paper, utilizing short-term credit lines as well as issuing senior bonds. In view of the unrestricted access of DB Group to the capital market and the agreed financing commitments for infrastructure capital expenditures as well as the measures planned by the Federal Government with the aim of providing partial compensation for Covid-19 damages, the going-concern assumption for DB Group is assured for the foreseeable future without any restrictions.

CHANGES IN DB GROUP

Movements in the scope of fully consolidated companies of DB Group are detailed in the following:

Number	Germany Jun 30, 2021	Rest of world Jun 30, 2021	Total Jun 30, 2021	Total Jun 30, 2020	Total Dec 31, 2020
FULLY CONSOLIDATED SUBSIDIARIES					
As of Jan 1	115	404	**519**	**542**	**542**
Additions	1	0	**1**	**1**	**3**
Additions due to changes in type of incorporation	0	0	**0**	**3**	**3**
Disposals	0	0	**0**	**-6**	**-29**
Disposals due to changes in type of incorporation	0	0	**0**	**0**	**0**
As of Jun 30 / Dec 31	**116**	**404**	**520**	**540**	**519**

Additions of companies and parts of companies

In the first half of 2021, DB Group incurred a net expense of € 21 million (in the first half of 2020: € 5 million net) for acquisitions in accordance with IFRS 3. This relates to the following company:

Company	Activities	Segment
SIGNON Deutschland GmbH (SIGNON), Berlin	Service provider in equipment technology for rail infrastructure in Germany	DB Netze Track, since March 31, 2021

This addition is not of a material nature for DB Group.

Goodwill is to a large extent substantiated by the synergy effects expected for the period after the acquisition. The following findings have resulted:

(€ million)	2021	thereof SIGNON
PURCHASE PRICE		
Payments made	24	24
+ Outstanding purchase price payments	–	–
Total transferred equivalent	**24**	**24**
– Fair value of net assets acquired	13	13
Goodwill	**11**	**11**

After being initially consolidated, SIGNON has generated revenues of € 5 million and a net profit of € 0 million.

Disposals of companies and parts of companies

There were no disposals from the scope of consolidation in the first half of 2021.

Effects on the consolidated statement of income

Overall, the effects of the changes in the scope of consolidation on the consolidated statement of income which have occurred compared with the first half of 2020 are not of a material nature.

INFORMATION REGARDING THE CHANGES IN FINANCIAL LIABILITIES (IAS 7)

					Non-cash-effective changes									
			Cash-effective changes (inflow [+] / outflow [-])		Acquisition (+) / sale (-) of companies		Effects from changes in exchange rates		Addition (+) / disposal (-) of leasing liabilities and financial receivables		Compounding [1]			
(€ million)	**Jan 1, 2021**	Jan 1, 2020	**Jun 30, 2021**	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020
Financial receivables and earmarked bank deposits	-856	-393	120	-72	–	7	10	0	-37	42	–	–	-763	-416
LIABILITIES FROM FINANCING														
Interest-free loans	580	707	-157	-163	–	–	–	–	–	–	14	16	437	560
Senior bonds	24,021	20,966	1,766	3,098	–	–	83	-283	–	–	8	7	25,878	23,788
Commercial paper	–	890	1,050	787	–	–	–	–	–	–	–	–	1,050	1,677
Bank borrowings	3,304	626	98	-73	–	3	-1	0	–	–	–	–	3,401	556
EUROFIMA loan	200	200	–	–	–	–	–	–	–	–	–	–	200	200
Leasing liabilities [1]	4,931	5,015	-581	-498	–	-531	32	-53	349	427	0	-3	4,731	4,357
Liabilities from transport concessions	191	77	-13	5	–	–	–	–	–	–	–	–	178	82
Other financial liabilities	97	212	-7	-31	1	10	0	0	–	–	–	–	91	191
Liabilities from financing	**33,324**	**28,693**	**2,156**	**3,125**	**1**	**-518**	**114**	**-336**	**349**	**427**	**22**	**20**	**35,966**	**31,411**
Total	**32,468**	**28,300**	**2,276**	**3,053**	**1**	**-511**	**124**	**-336**	**312**	**469**	**22**	**20**	**35,203**	**30,995**

[1] The outflow for leasing liabilities including interest paid amounted to € 621 million in the first half of 2021 (€ 539 million in the first half of 2020). This interest element is netted under compounding.

INFORMATION CONCERNING REVENUES FROM CONTRACTS WITH CUSTOMERS (IFRS 15)

Revenues of DB Group are broken down as follows:

(€ million)	H1 2021	H1 2020	2020
Revenues from freight and passenger transport services [1]	19,279	17,066	35,058
thereof concession fees for rail transport	3,619	3,172	6,529
Revenues from operating rail infrastructure	1,086	993	2,050
Revenues from letting and leasing	147	209	374
Revenues from sales of products [1]	891	805	1,690
Other revenues	395	376	805
Revenue reductions	-14	-26	-76
Total	**21,784**	**19,423**	**39,901**

[1] Figure as of June 30, 2020, adjusted.

The revenues from freight and passenger transport services were generated mainly by companies operating in the segments DB Schenker, DB Regional, DB Cargo, DB Arriva and DB Long-Distance. Revenues from operating rail infrastructure relate to the segments DB Netze Track and DB Netze Stations. Rental and leasing revenues were generated mainly in the segment DB Netze Stations, and revenues from sales of products were mainly generated in the segments DB Netze Energy and DB Schenker. Other revenues relate to virtually all segments.

The order book of customer contracts with contractually agreed outstanding revenues (secured revenues) was broken down as follows:

Secured order book (€ million)	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
Passenger transport contracts	71,610	64,142	63,240
Logistics and freight transport contracts [1]	909	248	167
Other contracts [1]	727	197	118
Total	**73,246**	**64,587**	**63,525**

[1] Contracts with a duration of at least 12 months and a total volume of at least € 5 million.

Most of the secured order book will be fulfilled within a period of ten years, with percentages declining over a period of time.

The increase in the order book in the case of passenger transport contracts was attributable almost exclusively to the segment DB Regional; there was a slight decline in the order book in the segment DB Arriva. In the case of the other contracts, there was an increase in the segment Subsidiaries/Other.

Claims relating to contractual assets [1] of € 68 million were recognized together with the other receivables and assets. Long-term contractual assets accounted for € 25 million.

The contractual liabilities in DB Group include advance payments received as well as other payments received in advance in relation to revenues for subsequent periods (for example for season tickets). Obligations from contractual liabilities of € 1,002 million (thereof non-current € 107 million) were shown under the trade payables and deferred items.

CONTINGENT RECEIVABLES AND LIABILITIES, AND GUARANTEE OBLIGATIONS

Contingent receivables were stated as € 29 million as of June 30, 2021 (as of December 31, 2020: € 33 million; as of June 30, 2020: € 29 million). They mainly comprised a recovery claim in conjunction with construction grants which have been provided but which had not been sufficiently determined as of the closing date in terms of the specific amount and the time at which the claim would become due. Possible further public sector compensation payments in connection with the Covid-19 pandemic are not recognized in the contingent receivables, because – due to the lack of a legal basis – it is not possible to assess the time at which they occur, nor the extent to which they will occur.

As of the balance sheet date, no contingent receivables had been recognized for all injunction proceedings in view of the high level of uncertainty relating to refund claims, the timing of refunds and the probability of refunds.

The contingent liabilities were broken down as follows:

(€ million)	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
Other contingent liabilities	136	132	116
Total	**136**	**132**	**116**

Other contingent liabilities also comprise risks arising from litigation which had not been stated as provisions because the expected probability of occurrence is less than 50 %.

There are also contingencies of € 17 million from guarantees as of June 30, 2021 (as of December 31, 2020: € 16 million; as of June 30, 2020: € 15 million). As of June 30, 2021, property, plant and equipment with carrying amounts of € 22 million (as of December 31, 2020: € 19 million; as of June 30, 2020: € 13 million) were also used as security for loans. The reported figure essentially related to rolling stock used at the operating companies in the segment DB Long-Distance.

DB Group acts as guarantor mainly for equity participations and working groups (Arbeitsgemeinschaften), and is subject to joint and several liability for all working groups in which it is involved.

INFORMATION REGARDING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the cash and cash equivalents (as of June 30, 2021: € 3,434 million; as of December 31, 2020: € 3,411 million; as of June 30, 2020: € 3,696 million), trade receivables and other financial assets (as of June 30, 2021: € 8,268 million; as of December 31, 2020: € 7,505 million; as of June 30, 2020: € 7,042 million) approximate the fair values as of the balance sheet date.

The carrying amounts of the trade payables, the other and miscellaneous financial liabilities (as of June 30, 2021: € 8,485 million; as of December 31, 2020: € 8,047 million; as of June 30, 2020: € 7,211 million) as well as the current financial debt approximate the fair values as of the closing date.

[1] The contractual assets also show claims relating to work-in-progress from long-term orders.

Of the figure stated for receivables and other assets as of June 30, 2021, € 721 million was attributable to non-financial assets (as of December 31, 2020: € 689 million; as of June 30, 2020: € 739 million). Of the figure stated for other liabilities of June 30, 2021, € 2,273 million was attributable to non-financial assets (as of December 31, 2020: € 2,307 million; as of June 30, 2020: € 2,499 million).

The fair value of the non-current financial debt amounted to € 30,544 million as of June 30, 2021 (as of December 31, 2020: € 29,825 million; as of June 30, 2020; € 28,383 million).

The derivative financial instruments recognized at fair value are classified under valuation level 2 and to a lesser extent under valuation level 1. There have been no reclassifications between the valuation levels in the first half of 2021.

OTHER FINANCIAL OBLIGATIONS

Capital expenditures in relation to which DB Group has entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, are broken down as follows:

(€ million)	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
COMMITTED CAPITAL EXPENDITURES FOR			
Property, plant and equipment	19,488	18,499	18,627
Intangible assets	34	32	37
Acquisition of financial assets	428	435	441
Total	**19,950**	**18,966**	**19,105**

The slight increase in the order commitment in property, plant and equipment was particularly due to the planned capital expenditure projects relating to own construction services. In the case of some supply arrangements, there are independent admissions of guilt with regard to fulfilling the order commitment; these are opposed by claims of the same amount, backed by bank guarantees and insurance policies with very good ratings. The order commitment for the acquisition of property, plant and equipment also contains future obligations for vehicles in connection with transport contracts to be recognized in accordance with IFRIC 12.

The acquisition of financial assets related to outstanding contributions for EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel/Switzerland which have not been called in.

RELATED-PARTY DISCLOSURES

Major economic relations between DB Group and the Federal Republic of Germany (Federal Government) relate to liabilities due to the Federal Government arising from loans which have been extended (present value as of June 30, 2021: € 437 million; as of December 31, 2020: € 580 million; as of June 30, 2020: € 560 million). There are also service relationships arising from the fees paid to the Federal Government within the framework of pro forma billing[1] for the assigned civil servants, cost refunds for the secondment of service provision personnel as well as from investment grants which have been received. The guarantees received from the Federal Government primarily relate to the loans received from EUROFIMA as well as the outstanding contributions and liabilities arising from collective liability of Deutsche Bahn AG (DB AG) at EUROFIMA.

In the Federal budget 2020, there was provision for an increase in equity of € 5 billion out of Federal funds in order to provide partial compensation for damages resulting from the Covid-19 pandemic. On the basis of the advanced negotiations with the European Commission, these funds have been reduced by about € 3.1 billion, and diverted in the same amount to other measures: the Federal funds for maintaining the track infrastructure of the Federal railways have been increased by € 650 million, and the spending for supporting the train path prices in rail freight transport has been increased by € 600 million. A figure of about € 1.8 billion was included in the Federal budget 2021 for supporting the train path prices in rail passenger transport. The state-aid negotiations with the European Commission have not yet been concluded in relation to all measures.

The Federal funds of € 11 billion which have been additionally provided on the basis of the climate package of the Federal Government for strengthening rail transport until 2030 have so far not yet been disbursed, because the relevant funds are still subject to a consultation with the European Commission regarding state aid.

OTHER DISCLOSURES

Bond issues and repayments

In the first half of 2021, the following senior bonds were issued by Deutsche Bahn Finance GmbH (DB Finance):

Volume of issue	Term (years)	Coupon (%)	Placing
CHF 400 million (about € 370 million)	15.0	0.100	Institutional investors in Switzerland
GBP 300 million (about € 339 million)	5.8	0.375	Institutional investors mainly in the United Kingdom
SEK 5 billion (about € 494 million)	5.0	0.478	Institutional investors mainly in Scandinavia
€ 1 billion	15.0	0.625	Institutional investors mainly in Europe
CHF 325 million (about € 296 million)	12.0	0.200	Institutional investors in Switzerland
AUD 260 million (about € 168 million)	20.0	3.100	Institutional investors in Korea and Taiwan

In the same period, a total of four senior bonds of DB Finance which had become due were repaid in total for € 700 million and SEK 1.6 billion (about € 182 million).

No dividend payment to the Federal Government

For the 2020 financial year, no resolution regarding the appropriation of profit was adopted due to the lack of cumulative profit of DB AG eligible for distribution. In the first half of 2020, DB AG paid a dividend of € 650 million for the 2019 financial year to the Federal Republic of Germany.

Number of issued shares

The number of issued shares is unchanged at 430,000,000.

[1] For the work of the allocated civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if an employee covered by collective bargaining arrangements were to be employed instead of the allocated civil servant.

Current collective bargaining negotiations with the GDL

The leadership of the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL) has rejected several offers from DB Group and declared that the negotiations had failed after the fourth round of negotiations. The GDL has initiated a strike ballot and has announced strikes. It is not possible at present to assess the impact of possible industrial action.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Bond issues

After June 30, 2021, the following senior bonds were issued by DB Finance:

Volume of issue	Term (years)	Coupon (%)	Placing
€ 1 billion	29.9	1.125	Institutional investors mainly in Europe
NOK 2 billion (about € 196 million)	15.0	2.215	Private placement

Rail services and infrastructure affected by flooding

Starting July 14, 2021, the storm Bernd caused devastating damage to our infrastructure particularly in North Rhine-Westphalia and the Rhineland-Palatinate due to persistent and heavy rain, resulting in far-reaching consequences for rail operations. Tracks, switches, signaling, bridges, stations, interlockings and vehicles suffered severe damage. Several main and secondary lines were no longer serviceable, and some are still not serviceable. Major routes resumed service a few days after the extreme weather. However, some S-Bahn (metro) and regional services are expected to have to cope with lengthy restrictions on some lines as a result of extensive repair and reconstruction measures. The storm also caused considerable damage and problems for rail operations in Saxony, Bavaria and Baden-Württemberg. It is not possible at present to make a reliable estimate of the resultant financial impact on DB Group. Discussions with the Federal Government have started with regard to the financing of the damage repair measures.

Berlin, July 21, 2021

Deutsche Bahn Aktiengesellschaft
The Management Board

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The Integrated Interim Reports and Integrated Reports of Deutsche Bahn Group, the Annual Financial Statements of Deutsche Bahn AG, the Annual Report of DB Fernverkehr AG, DB Regio AG, DB Station&Service AG and DB Netz AG (only available in German), as well as up-to-date information are also available on the Internet at *db.de/reports*.

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DB service numbers

Since April 1, 2021, the DB Group has been offering its customers in the passenger transport sector in Germany all information by telephone at local rates. A new hotline bundles information about timetables, tickets and the BahnCard, and navigates travelers to the right service team.

- **DB service number:** +49-30-2970. Information about fares and timetables, information about Deutsche Bahn services and BahnCard.
- **Services for travelers with reduced mobility hotline:** +49-30-65212888. Contact for planning accessible travel.
- **Passenger rights service center:** +49-30-586020920. Information on fare reimbursements under the EU Passenger Rights Regulation.
- **Lost and found service:** +49-30-586020909. Report lost or found objects in the train or station.

Customers can find answers to frequently asked questions and other contact options at *bahn.de/hilfe*.

Social media

DB GROUP

The DB Group has an extensive presence on various social media channels: Facebook, Instagram, YouTube, Twitter and TikTok.

PASSENGER TRANSPORT

Our passenger transport team is also available on various social media channels for conversations, discussions and for service and product questions. Find us on: Facebook, Instagram, YouTube and Twitter.

Financial calendar

MARCH 31, 2022
Annual Results Press Conference, publication of the 2021 Integrated Report

JULY 28, 2022
Interim Results Press Conference, publication of the Integrated Interim Report January–June 2022

Sustainable production

Paper made from certified sustainable production. *The printing company is certified according to FSC and PEFC standards. Each year, suitable audits are performed to review compliance with the strict rules in place for handling certified paper.*

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C016267

Mineral-oil-free printing inks. *This report was printed using mineral-oil-free inks based on renewable raw materials.*

Conserving resources. *Using no-process printing plates saves on development, cleaning and rubberizing after exposure. Chemicals and fresh water are no longer used to wash the printing plates, and power consumption is reduced.*

Energy-efficient printing. *An energy management strategy has been implemented at the printing company and an energy audit was carried out in accordance with DIN EN 16247-1.*

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