



Working together to drive quality and growth in rail transport

Speeches by

Dr. Richard Lutz, Chairman of the Management Board and CEO
Dr. Levin Holle, Member of the Management Board
for Finance and Logistics

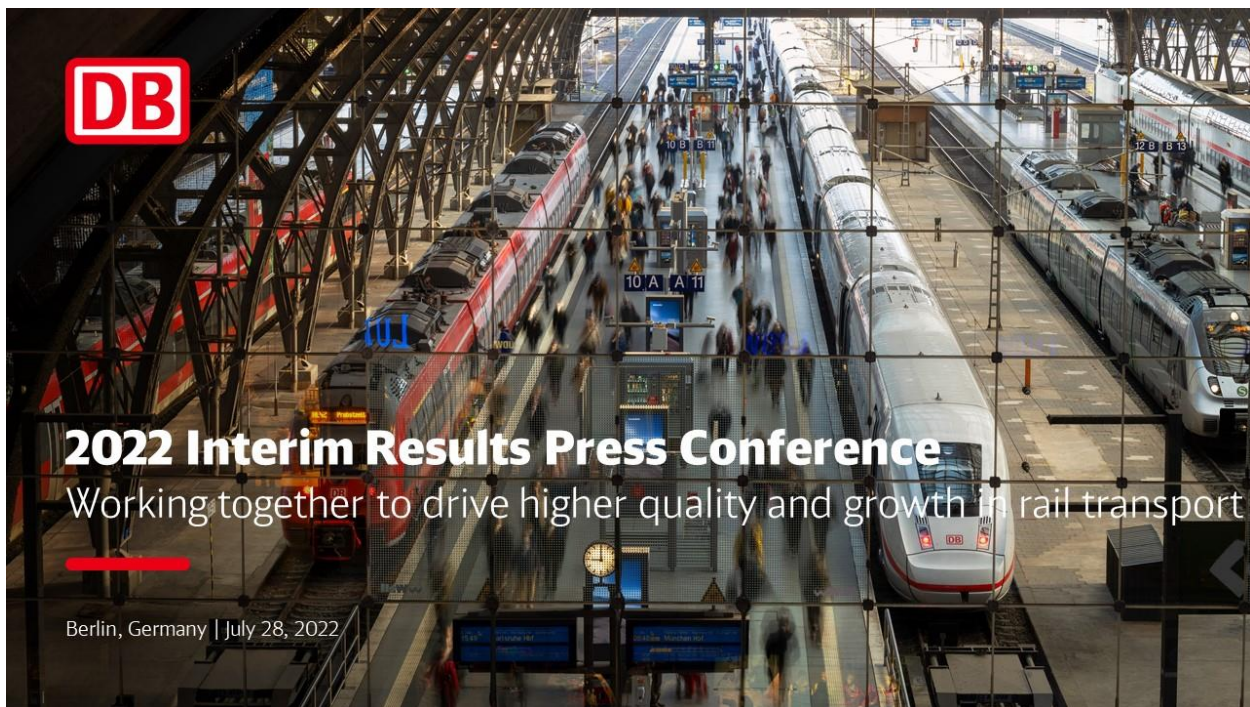
2022 Interim Results Press Conference

Deutsche Bahn AG

July 28, 2022

Check against delivery.



A – Dr. Richard Lutz

Press representatives,
ladies and gentlemen,

We continue to live in extraordinary times. The war in Ukraine grinds on. Inflation has soared to record highs; prices are climbing; energy prices in particular are ballooning. And the Covid-19 pandemic is not over yet, either.

In these difficult times, rail has proven once again that it is vital to business and society. It has secured supply chains and kept people moving.



Our free "helpukraine" tickets have enabled almost half a million people to find refuge in Germany and other parts of Europe.

When the war began, we moved quickly to set up a "rail bridge" – an airlift by rail, if you will – to transport essential supplies to Ukraine, and over a period of about four months, we carried nearly 1,000 shipping containers' worth of supplies.

DB Cargo is also currently working with its partners to transport as much Ukrainian grain to the EU as possible on our "grain bridge." That's multiple trains per week.

These efforts support Ukraine and also play an important role in helping ensure security of supply.

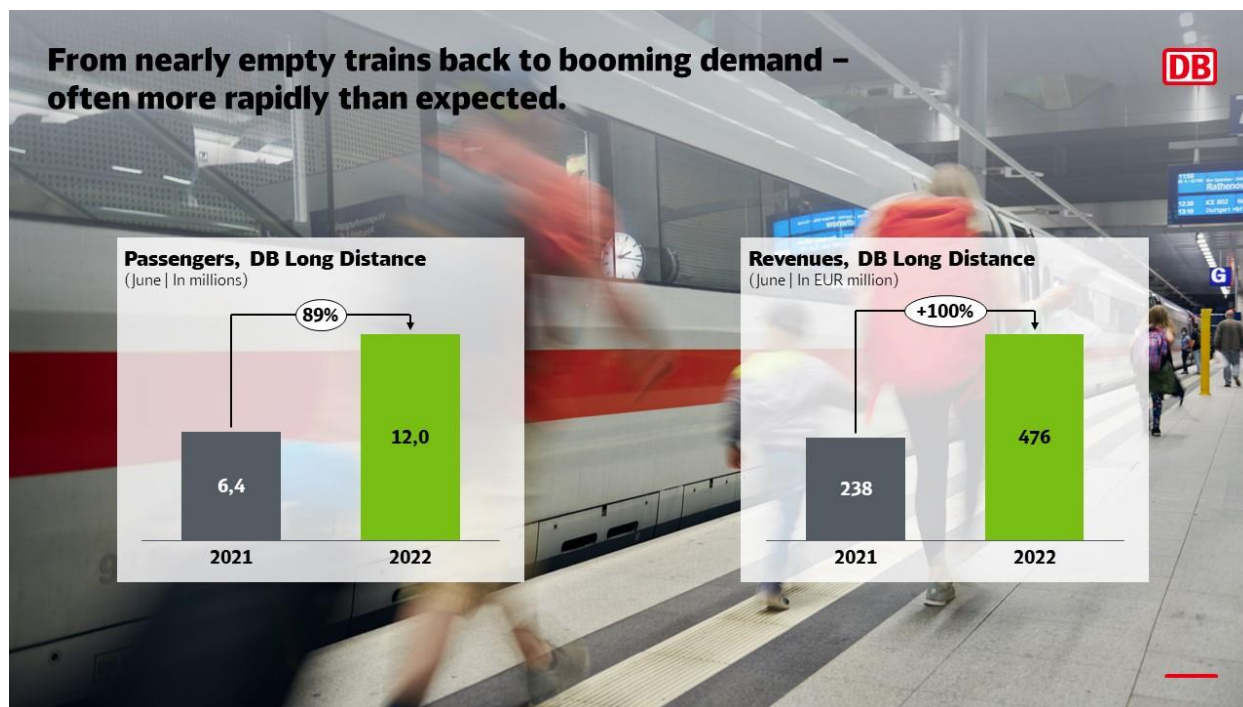
Yes, there are many uncertainties at the current moment – for DB as for so many companies and each and every member of society – but it is still clear that the trend towards climate-friendly mobility and logistics is stable and will continue.

Demand for rail transport is higher than ever before, with more and more people choosing rail travel and more and more companies looking to transport goods by train. We are grateful for the confidence that our customers have placed in us.

Robust demand across all our business units has had a positive effect on our financial performance. The first two years of the Covid-19 pandemic were challenging, but we have now returned to profitable business.

We saw this in the first half of the year, and we expect the trend to continue for the year as a whole, meaning that we expect to generate an operating profit for 2022. Following an operating loss of EUR 1.6 billion in 2021, our financial turnaround has been faster and more robust than we had anticipated at the start of the year.

Ladies and gentlemen, welcome to our interim results press conference.



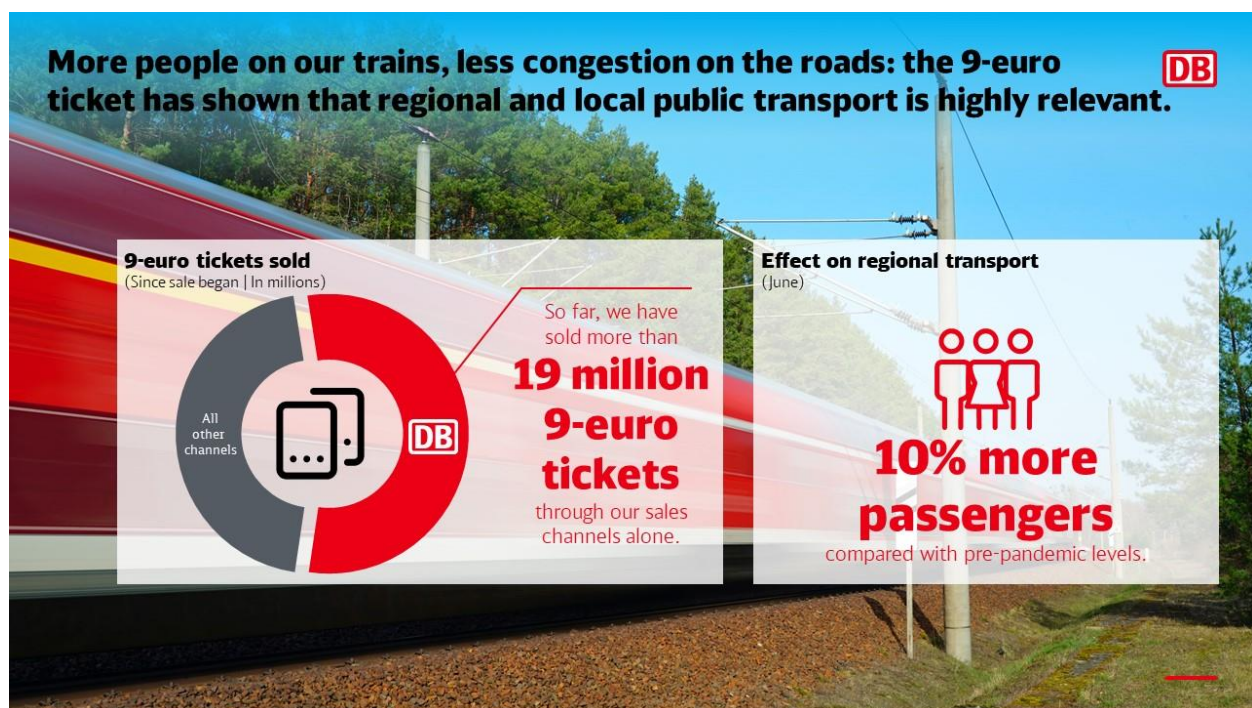
This turnaround – from nearly empty trains during the peak of the Covid-19 pandemic to new records in passenger transport demand in particular – has been incredibly quick, and in many cases quicker than we had expected.

The past two months have seen a higher transport performance than any May or June in the history of our long-distance service, and many more passengers than before the Covid-19 pandemic.

In June, we also generated the highest-ever long-distance revenues in our history. DB Long Distance more than doubled its revenues year on year.

DB Schenker continued to deliver excellent performance, which helped considerably in driving profits for the DB Group compared to the first half of 2021.

And volume sold in rail freight transport, which returned to pre-Covid-19 levels already last year, continued to grow.



The 9-euro ticket, a regional and local transport ticket that costs passengers just nine euros a month for travel in June, July and August 2022, has helped to drive the "run" on DB. In June, we had 10% more passengers on our regional trains compared with pre-Covid-19 levels.

By the middle of this week, we had sold more than 19 million 9-euro tickets through our sales channels alone.

The 9-euro ticket is an experiment, and what we can definitely say at this point is that it has been a successful one, with more people taking trains and buses, and a noticeable drop in traffic and congestion on roads.

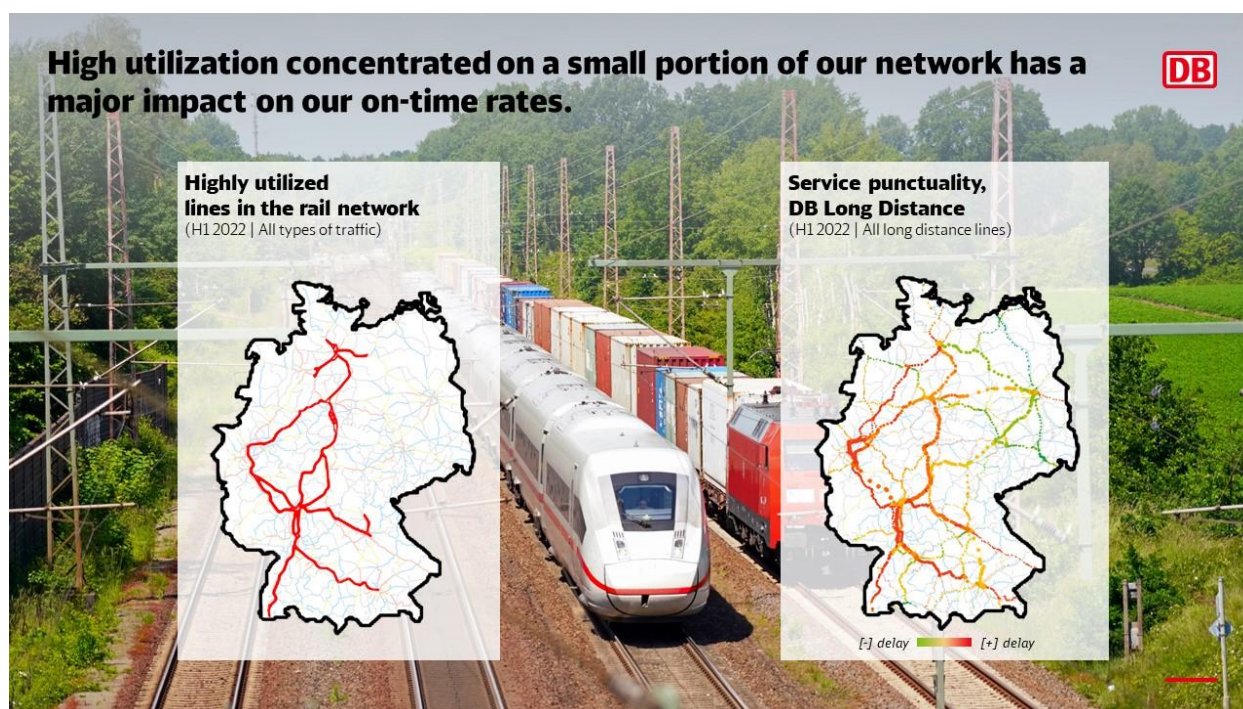
What's more, in a survey of people who purchased 9-euro tickets, one in five said they had not normally used regional and local public transport at all before. The 9-euro ticket is just one more example of how important it is to continue upgrading and expanding regional and local public transport.

The fact that our customers have returned so quickly shows us that it was definitely the right decision to stay the course even in difficult times and prepare for further growth with new trains, better service and more staff. We have already done a great deal to equip DB for booming demand.

Since 2019, we have hired roughly 90,000 new employees. So far this year, we have accepted some 19,500 applicants and have also raised our recruitment target for the year as a whole.

Additionally, we have continued to rejuvenate and expand our fleet, with more ICE trains serving Germany and Europe now than ever before. By the end of 2022, we will have over 360 ICEs, roughly 100 more than just five years ago.

And even now, we are already able to offer a record number of long-distance seats – more than three million – each week. That's 20% more than in 2019.



However, it is also important to acknowledge that, despite record capital expenditures and record levels of construction, our infrastructure is not currently keeping pace with traffic growth.

Demand is rising, and we are running more and more trains – 51,000 per day now, which is more than ever before – but the infrastructure used by those trains is limited in capacity to begin with, and even more limited due to construction work and, in some cases, outdated and failure-prone components.

This is especially the case for the highly utilized parts of our network – approximately 3,500 kilometers to date. Average capacity utilization on those lines is around 125%, not including construction work. Forecasts of traffic growth project such highly congested lines to account for more than 9,000 kilometers by 2030.

It is on those lines in particular that congestion and delays arise, and they have a massive impact on all the rail carriers and customers who use our network for passenger and freight service.

Our on-time rates and the quality of our service are not acceptable at the moment. They are not in line with what our passengers and freight transport customers expect of us, nor with what we expect of ourselves. There is no denying that fact.

At their core, the problems we currently face are the result of insufficient capacity and aging infrastructure. The German rail network, with its many bottlenecks and failure-prone components, is not well equipped to face current challenges or future growth.

If we do not make changes, the current operational situation will not get better; it will get worse. And so we need to make radical changes; we need a solution that tackles the root causes of the problem. And our infrastructure is the key to a sustainable solution of this kind: 80% of the rail system's quality comes down to the rail infrastructure.

That is why we have joined forces with the German government and the entire rail industry to make the radical changes we need. We will transform our highly utilized network into a high-performance network. It will no longer be our problem child; it will be a bulwark of stability for the entire rail system.

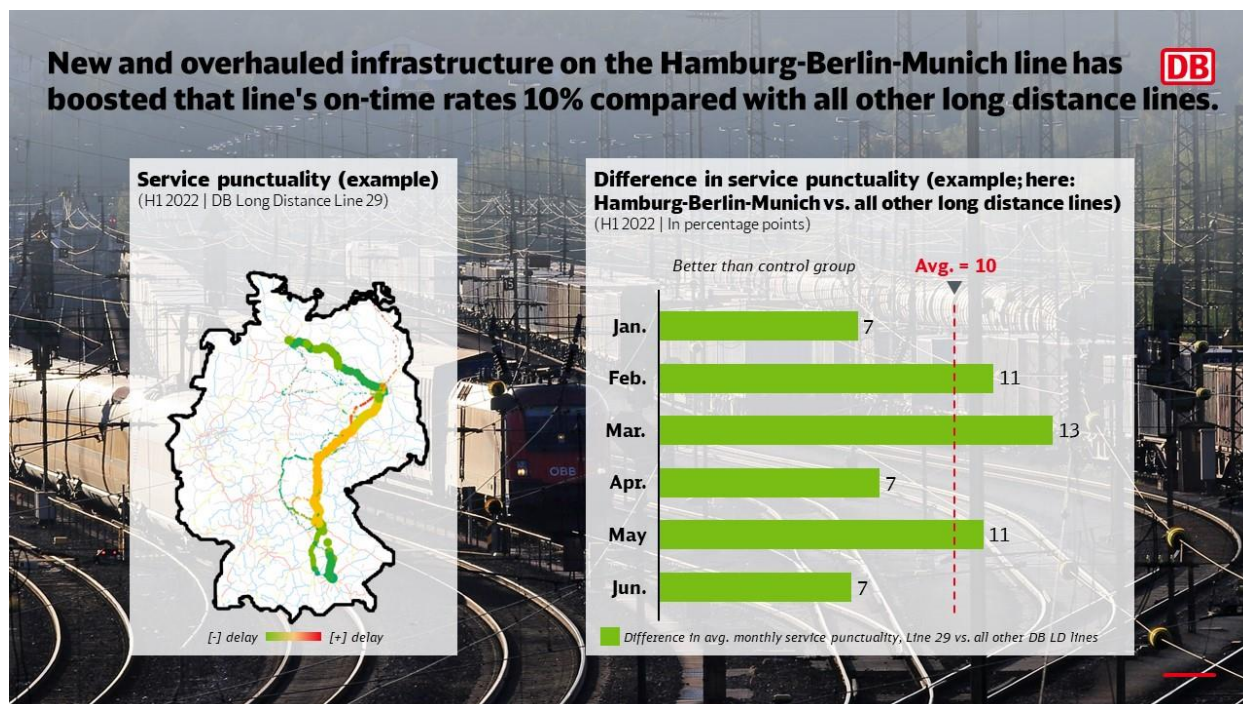
This high-performance network will be exactly what it sounds like: a network whose components, capacity, up-time and performance go far beyond today's levels.

Any measures that can be taken right away will be. We have already boosted preventive maintenance investments considerably. This year and next, we will do as much preventive maintenance on the rail network as we can without stopping rail operations. The major improvements we have seen in our financial situation will help us in this area.

In 2023, we will upgrade the lines that will be used to reroute traffic during the construction phase to follow. Our general overhaul of the first major rail corridor will start in 2024. We will consolidate construction work, replace equipment on a preventive basis in many cases, and keep our construction as customer-friendly and capacity-friendly as possible.

The result will be a robust, high-performance network with the capacity to handle more trains. Additionally, each corridor that is overhauled will then be virtually construction-free for many years, and this will help to stabilize the network as a whole – more and more as we complete more and more overhauls.

Our work to upgrade our infrastructure, build new lines and digitalize rail service will also continue unabated. Our goal is to make our infrastructure fit for the future in every way.



Our new and overhauled lines, such as the new line between Berlin and Munich, offer a taste of what the high-performance network will mean: for our long distance service between Hamburg, Berlin and Munich, on-time rates have very consistently been some 10 percentage points higher than the average in Germany.

This example clearly shows that delays in our network are not a universal given. In fact, they depend specifically on whether our infrastructure has enough capacity to meet current demand now and rising demand in the future. New and overhauled infrastructure makes it possible to offer very high quality. And that is why the approach we have chosen is the right one to take.



In the coming years, we need to focus on making our infrastructure fit for growth and a shift of traffic to rail.

And we need to be clear on the fact that it will not always be possible to perfectly balance record construction levels with growing demand for climate-friendly rail transport.

The upshot of all this is that there will be an effect on our on-time rates. That is why we will do everything we can as we overhaul and modernize our network in the coming years to keep customer satisfaction as high as possible in both passenger and freight transport. We will inform customers well in advance, offer effective alternatives, ensure that passengers can make their connections despite construction work on their lines, and provide reliable service.

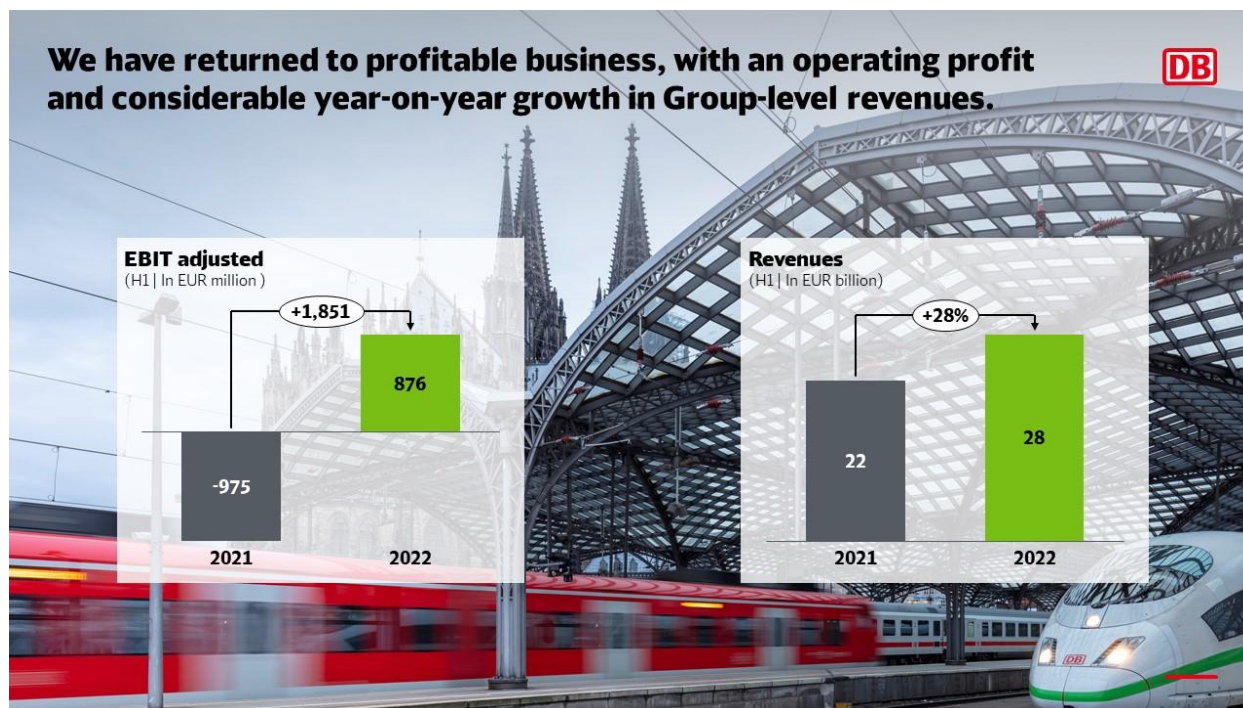
Anything that can improve the situation for our customers will be our top priority.

With that, I'd like to hand the floor over to Levin Holle, who will discuss our financial performance in the first half of 2022 in more detail. For us as for so much of society, inflation and soaring energy prices will be a challenge for some time to come, and Levin will talk about that as well. Levin, the floor is yours.

B – Dr. Levin Holle

Ladies and gentlemen,

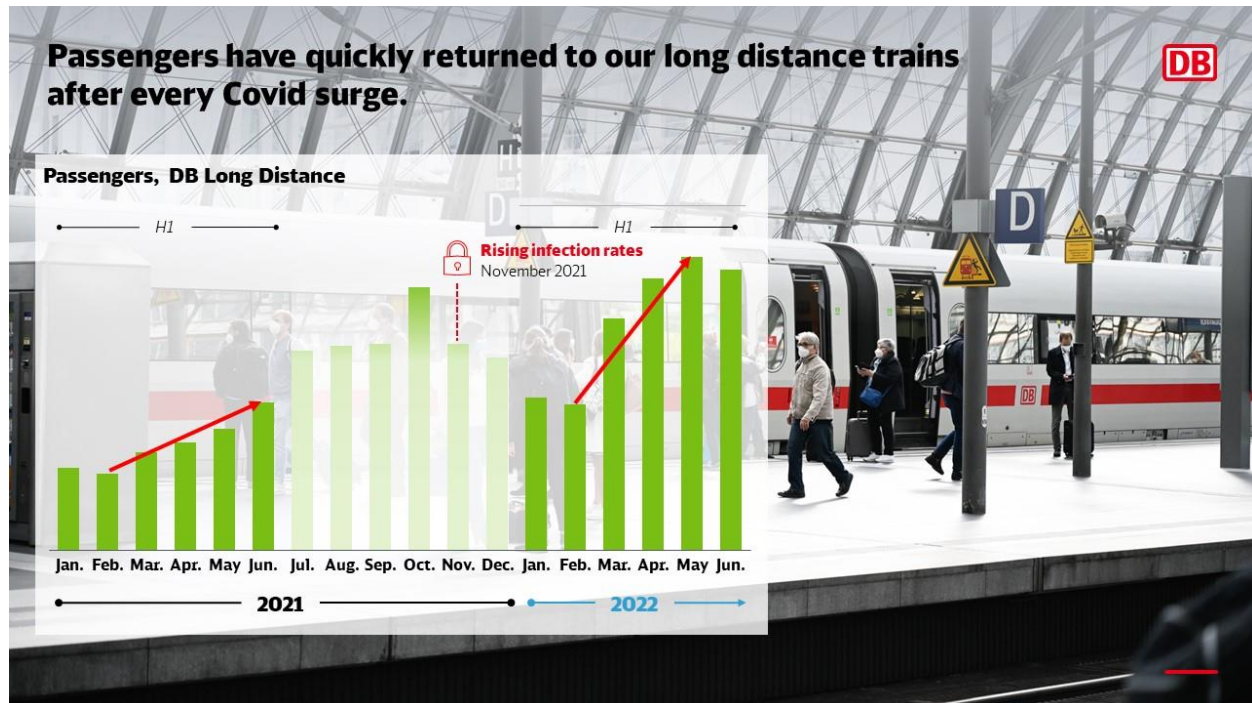
Richard Lutz mentioned our turnaround, and if we look at operating profit for the Group for the first six months of this year, we can see that we – each and every one of our employees and managers, all working together – achieved something significant: we generated an operating profit again. DB Group's business is profitable again.



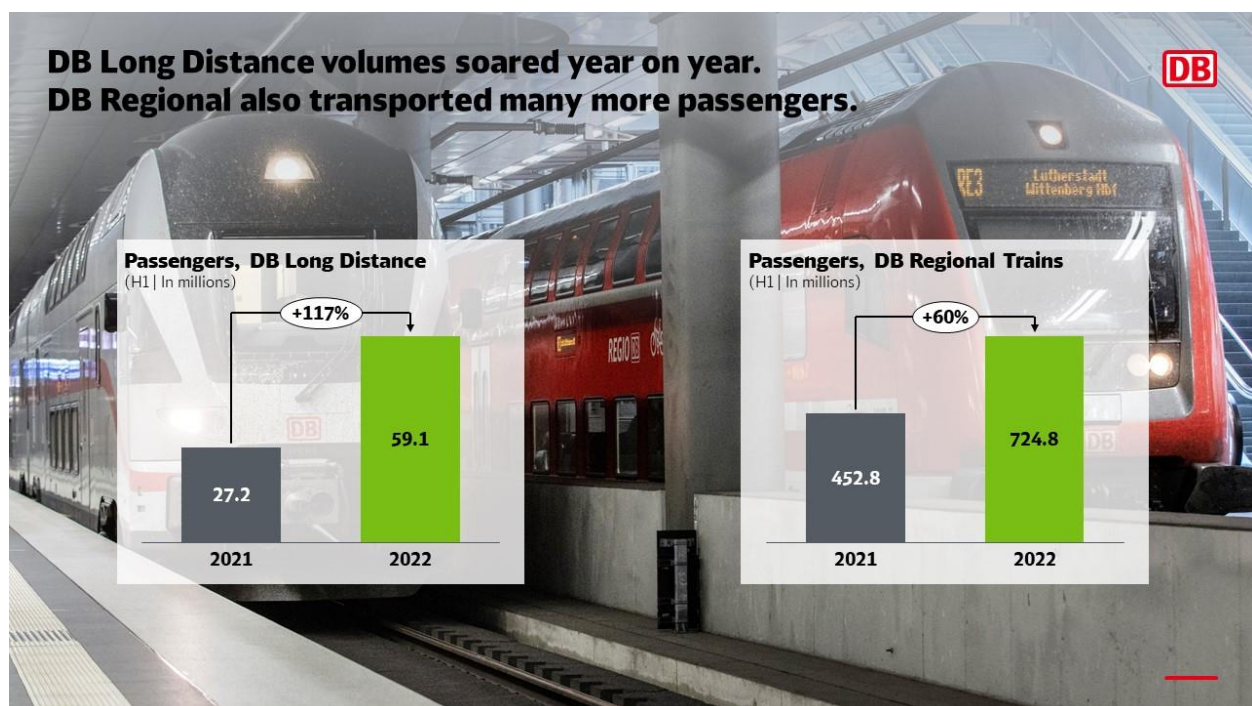
Twenty-eight months since the Covid-19 pandemic first hit Germany, I am pleased to present a positive operating profit figure again for the first time. We do still face challenges, both old and new, but an profit figure with a plus sign instead of a minus sign out in front is very good news.

Now for the details. In the first half of 2022 DB Group generated adjusted earnings before interest and taxes of EUR 876 million. That was an increase of roughly EUR 1.9 billion

compared to the first half of 2021. You may remember that the Covid-19 pandemic had driven us into the red. But demand has now returned with a vengeance, one might say. DB Group revenues saw a considerable year-on-year increase once again in the first half of 2022, rising more than 28% to roughly EUR 28 billion. DB Schenker, our logistics subsidiary, played a major role in driving this high performance, and I'll talk a bit more about that later on.



Our core business also grew considerably overall in the first half of 2022, and that applies to revenues, EBIT and transport volumes. This year has shown us that the trends we first saw in 2020 have continued: after every Covid-19 surge, demand for long distance rail passenger transport has quickly returned.



DB's rail passenger transport services saw a huge rush of passengers in the first half of 2022, and that applies to DB Long Distance and DB Regional alike.

In the first six months of 2022, 59.1 million passengers used our long-distance trains. That was an increase of 117%. In regional and local transport, the increase was some 60%. The 9-euro ticket, which was introduced in June, certainly played a role here, as Richard mentioned.

DB Cargo, our rail freight transport subsidiary, had a rather different experience last year from that of DB Long-Distance, seeing no major drops in business. DB Cargo lifted revenues and transport volumes slightly. However, DB Cargo also faced a negative impact from the war in Ukraine and high levels of construction work.

As always, you will find more details about performance at each of our business units in our integrated interim report.



I'd like to take a moment to talk about the greatest driver of our profits. DB Schenker, our logistics subsidiary, delivered record revenues and record profits once again. DB Schenker's EBIT (adjusted) was already strong in the first half of 2021, and the business unit nearly doubled it in the first half of 2022, to some EUR 1.2 billion. That made H1 2022 DB Schenker's most successful half-year in its 150-year history.

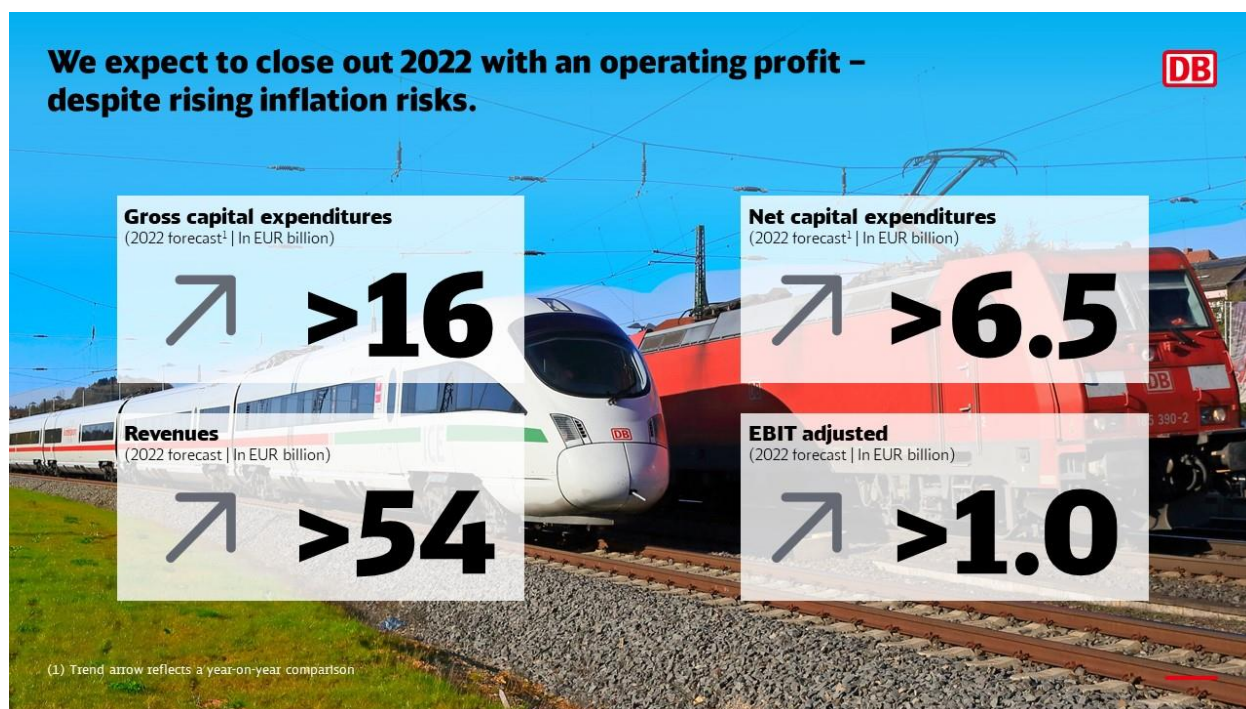
Just like last year, growth was driven by DB Schenker's air and ocean freight business. But all its other segments lifted profits as well. DB Schenker's financial success is down to incredible performance by employees and managers alike. In the face of extreme challenges, they kept supply chains running around the globe and made sure that goods arrived safely at their destinations. DB Schenker played a major role in bolstering the DB's favorable performance overall.

DB Arriva, our local transport provider in Europe, also made progress in the first half of 2022. The company lifted its adjusted EBIT year on year and performed as expected overall.

DB stayed the course in H1 2022, and we joined with the German government to continue investing at high levels. Gross capital expenditures of some EUR 5.4 billion in total was

invested primarily in rail infrastructure in Germany, as in previous years. Going forward, we plan to use these funds in a more targeted, effective and customer-friendly way: for a general overhaul of our busiest corridors, as Richard mentioned.

What we can say across the board is that we are very deliberately investing in our future – in new trains, better service for our customers and more capacity for climate-friendly rail. We also boosted our net capital expenditures again in the first half of 2022. Since our operating cash flow is currently not sufficient to cover these capital expenditures fully, there has been an effect on our debt level. Net financial debt rose from January 1 to June 30 but remained within the expected range.



As I'm sure you are well aware, inflation has risen considerably and is affecting virtually every company in Germany. We are certainly feeling the significant effect of soaring energy prices, which is a major financial challenge.

For the short term, we have energy price hedges in place for a number of major areas, which has kept our half-year profit figures mostly free of the impact of rising energy prices this year. And we will certainly work to continue minimizing cost increases. Ultimately, though, we are not immune to overall price trends.

There are many things, such as iron, steel and, in particular, electricity, that DB will not be able to purchase at the same prices as before. Energy prices in particular have ballooned, and we will have to take a very close look at the impact that this will have.

But let's look now at our forecast for this year as a whole. There is of course a great deal of uncertainty associated with any type of forecast at the moment. Nevertheless, we currently expect to see the positive momentum in our business from the first half of the year carry over into the second half as well.

We plan to continue to increase our capital expenditures year on year for 2022 as a whole, to over EUR 16 billion gross and over EUR 6.5 billion net.

For 2022, we expect Group-level revenues of more than EUR 54 billion. And we are firmly committed to defending what we fought so hard to achieve in the first six months of this year: a turnaround and positive profit figures.

This means that we expect to close out 2022 at the Group level with an adjusted EBIT of more than EUR 1 billion.

Back to you, Richard.

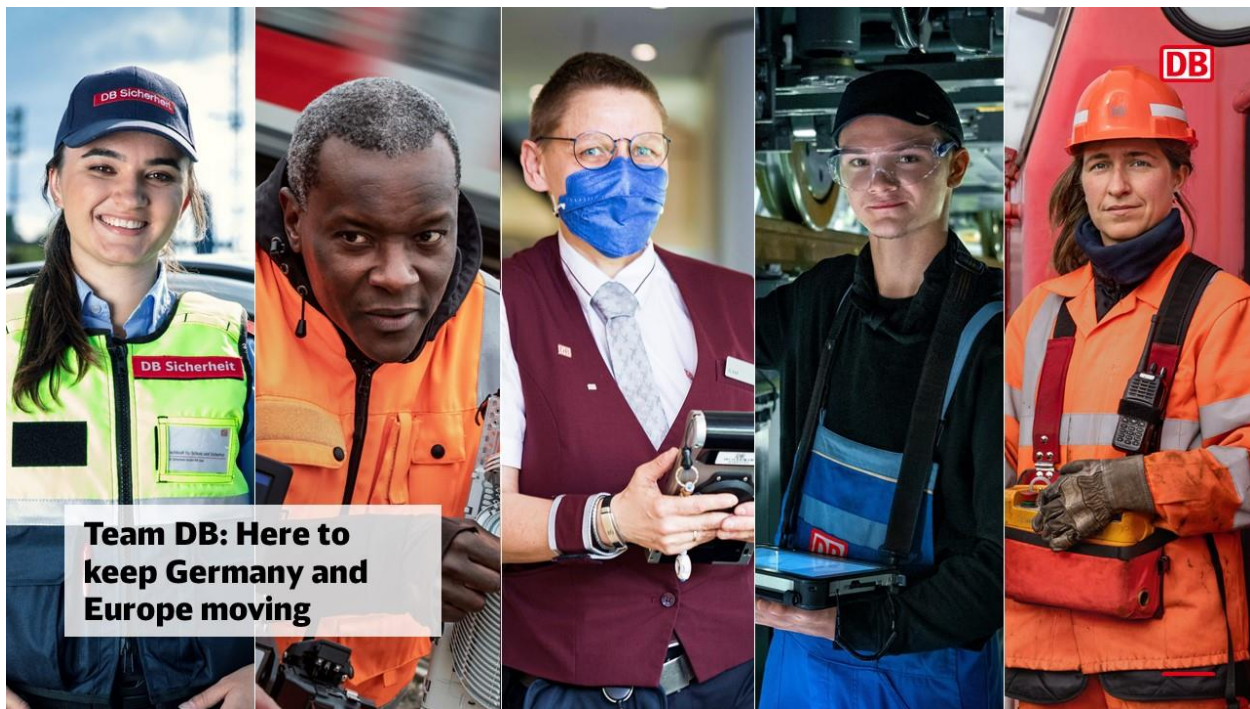


C – Dr. Richard Lutz

Thank you, Levin. As you said, we are continuing to invest in our future. In the first half of this year, we laid an important foundation to launch our new high-performance network.

Our management team is in place: we have several new additions who will stand us in good stead as we face the challenges that lie ahead. Specifically, Berthold Huber is our new Board Member for Infrastructure, Evelyn Palla our new Board Member for Regional Transport, and Dr. Michael Peterson our new Board Member for Long-Distance Passenger Transport.

For the first time, all our rail carriers – Long-Distance, Regio and Cargo – are directly represented on the Group Management Board. And that means that our Management Board is much more closely connected now to our core operations. Our new members will also bring new perspectives to the table. And the Board is now younger on average, with more female members as well.



I've been saving the most important thank-you for last. At the end of the day, we are a company by the people, for the people, if you will. And our employees are the "soul" of the rail business – on our trains, at our stations, in our customer service centers, at our depots, at our signaling facilities, out there on our tracks, and in our dispatching centers, to name just a few. They are the ones who keep our rail service running, who serve our customers each and every day and who truly give their all – with a love of what they do, with passion and with dedication. Our employees deserve our heartfelt thanks, particularly with operations as challenging as they are right now.

At "Team DB," in collaboration with the German government and the rail industry, we will make the rail network fit for growth and for shifting traffic to rail. If Germany and Europe are to achieve their climate targets, a strong rail system will be essential.

Thank you.

Photo credits



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