



*„Working together for better quality,
more customer focus and greater success.“*

2016 Interim Results Press Conference Deutsche Bahn AG

Speech by Dr. Rüdiger Grube
CEO and Chairman of
the Management Board

Berlin, July 27, 2016

- The spoken word takes precedence in the event of differences.-

Ladies and gentlemen,

I would also like to welcome you to our interim results press conference. Before I discuss our economic performance in the first half of the year, I would like to say a few words about the terrible incidents that recently occurred in Würzburg, Munich and Ansbach.

All of us were appalled and deeply saddened to learn of these brutal acts of violence. Our thoughts and sympathies are with the victims, with those who were injured, and with their families and friends. I would also like to thank our employees, as well as the law enforcement officers and first responders, who were involved in the response to these terrible incidents. Even the most sophisticated security plan will never be able to completely eliminate the possibility of such acts of violence.

And still: our trains and stations are some of the safest public spaces there are, and we at Deutsche Bahn work incredibly hard to ensure that they remain so. In response to the threat of terrorism, we at DB have long since stepped up our partnership with law enforcement, and we will be extending it further. Each day, some 3,700 DB security staff members and 5,000 members of the German Federal Police work to ensure the safety of our customers and employees in Germany. And each year, DB invests some EUR 160 million to this end. We consistently work to expand our video surveillance capabilities at stations and on trains. For video surveillance at stations alone, DB and the German Federal Police will be making additional investments of over EUR 85 million.

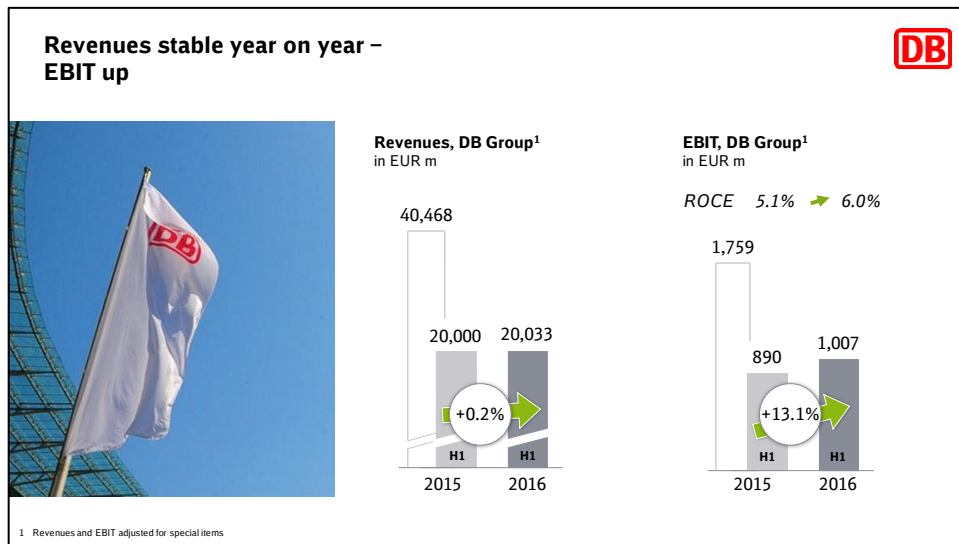
Several weeks ago, my fellow Board Member Ronald Pofalla charged a security technology task force with deploying new technology to make our system even more secure. Accordingly, we are currently testing body cameras for our security forces, and we plan to issue them to all our security staff members starting January 1 of next year at the latest.

Our medium-term planning also includes plans to raise headcount by several hundred employees at DB Sicherheit over the coming years. We will also be adapting the training we offer to address the new circumstances, and continuing to expand it.

In other words, we will continue to do our utmost, using all the resources at our disposal, to ensure a high level of security for our employees and for all rail travelers in Germany. In light of this, we were also very happy to learn of the initiative, announced by German Federal Interior Minister Thomas de Maizière on Monday and effective immediately, to step up the presence of Federal Police patrols at all German train stations and airports.

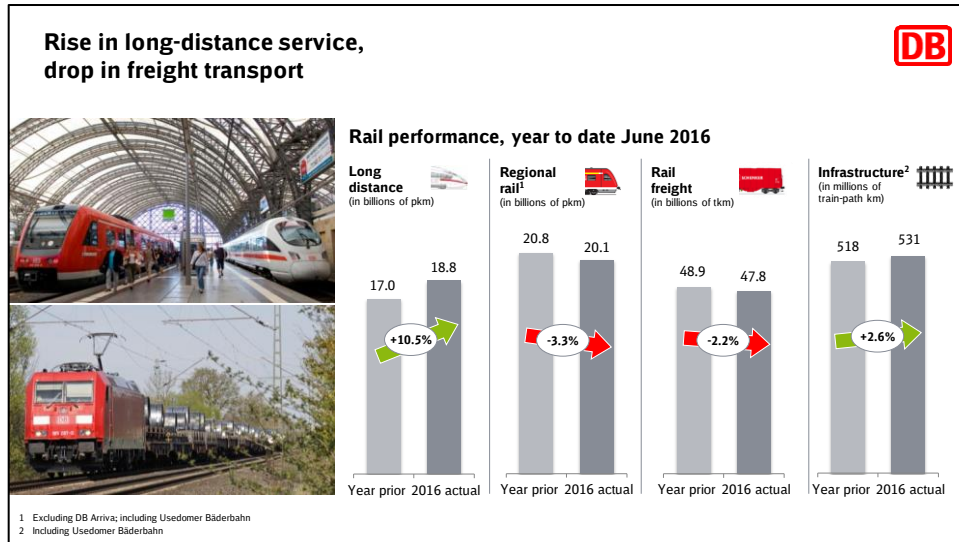
A year ago we informed you of our far-reaching work to restructure the DB Group. And we can report today that we have achieved initial successes which are reflected in our financial figures.

I will begin with our financial performance over the first half of the year. Then I will discuss the improvements we have made to the quality of what I like to call our "bread and butter business". And finally, I will look to the future and say a few words about the remaining months of the year.



Our earnings before interest and taxes, or EBIT, rose, with revenues constant. Despite the fact that competition became even fiercer across all our business segments and the price war intensified, our EBIT still rose some 13% year on year.

This development makes us confident that we will meet our financial targets for the 2016 fiscal year. Let me take a moment now to discuss each of our business units. At Long Distance we saw a year-on-year increase in patronage, with 10.6% more passengers on our long-distance trains.



In absolute terms, that was 6.4 million more passengers compared with the first half of 2015, or a total of 66.7 million long-distance passengers. Despite the rise in patronage, we of course still face a very price-sensitive market.

This new patronage record at Long Distance spurs us on. It is due in part to the new VDE 8.2 line, which we opened between Halle/Leipzig and Erfurt in December 2015, and to the expanded service we are able to offer as a result. Our special saver fares also helped boost passenger numbers. We sold a total of 2.3 million saver fare tickets in the first half of the year. Do not get me wrong, however: these tickets accounted for less than 6% of all the tickets sold.

We are doing very well in the fiercely competitive long-distance market in Germany, winning back market share and even continuing to expand it. In contrast, the situation is different now on the long-distance bus market in Germany. That market is not growing nearly as fast as it once was, and in fact it stagnated in the first half of 2016. This development is reflected in the average number of bus kilometers per week – the service schedule offered – which has remained almost unchanged since the beginning of the year.

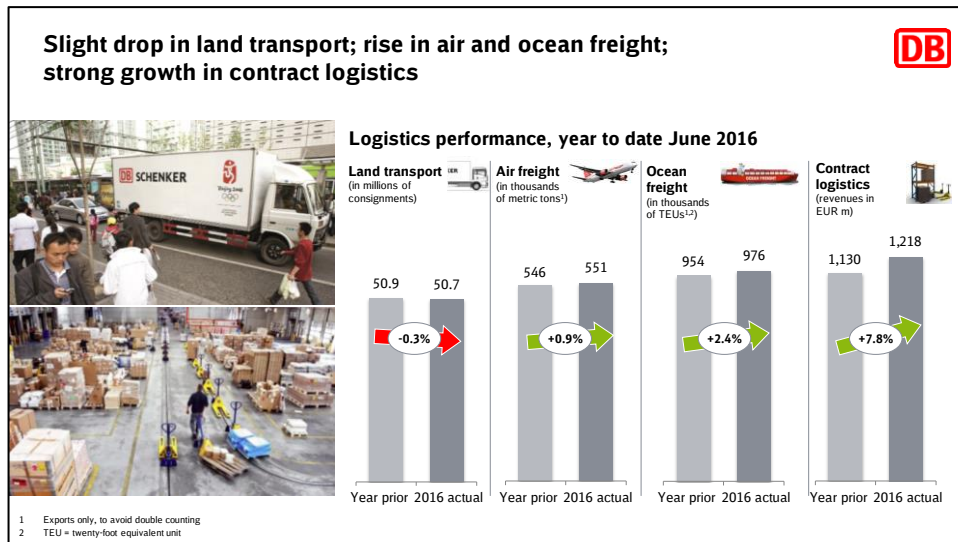
In rail transport at DB Regio, we saw a drop in passenger kilometers of 3.3%, due mainly to lost tenders. The fact of the matter is that we will only be able to tackle the competitive pressure in regional and local rail passenger transport if we make major changes to our business model and continue to improve the quality of our products. Here we are working with all the parties involved to improve quality, offer new products, make maintenance service more efficient and ensure competitive cost structures.

But there is one thing I would like to make very clear: we have been facing fierce competition in a deregulated regional passenger transport market for 20 years now. We have held our ground well, with a market share of some 70%, and we will continue to fight for each and every tender. We want to offer attractive services to win back lost contracts.

We are currently working to completely realign DB Cargo, our rail freight segment. Unfortunately, the results of our work are not yet visible in our figures. But we made major progress year on year in terms of punctuality, which rose by some 2% to 75.7% in the first half of the year. We want to continue to build on this progress, but we have definitely achieved the turnaround in punctuality: in the first six months of the year, we delivered the best punctuality rates in rail freight transport that we have had in recent years.

Still, we cannot be satisfied with a 2.2% drop in metric ton kilometers at DB Cargo. Here we continued to feel the effects of last year's strike, which led 8% to 10% of our customers to shift their business to our competitors. We are fighting for every single order here.

Our objective in restructuring DB Cargo is to further improve the quality of our products and thus attract more customers. For example, we are working to realign our sales organization, optimize our terminals, and boost productivity and competitiveness, with the goal of halting the downward trend and returning to a path of growth in the future.



In logistics at DB Schenker, developments were primarily positive. In land transport, DB Schenker defended our position as the market leader, with just a slight drop in volume. Air freight saw a slight increase, and ocean freight grew 2.4%. Contract logistics took a major step forward once again, with revenue growth of 7.8%. DB Schenker has launched a program called "Primus" to raise efficiency across the entire company.

DB Arriva also continued to perform very well. Patronage rose in the first half of 2016, due in part to DB Arriva's recent successful bid for the Northern Rail franchise, which it began operating on April 1. DB Arriva's patronage rose by some 5% year on year, with more than 854 million passengers using its services in 14 European countries from January to June.


Let me say a few words about the Brexit vote in the UK: As the second-largest economy in the EU, the UK has played, and continues to play, a very important role for Europe as a whole. Naturally, we are disappointed that the UK plans to leave the EU, but we will of course respect the decision.






For us at DB, the UK is the most important market after Germany. With 33,000 employees and EUR 3.7 billion in revenues in 2015, we are one of the largest foreign employers in the UK. It is hard to predict at the moment what the long-term political, economic and social consequences of Brexit will be, but we expect that the considerable rise in uncertainty on the financial markets will have

a negative impact on our business. However, what is essential now in our view is that the situation be stabilized as quickly as possible in order to minimize negative economic consequences. What that means for us at DB is that we will remain committed to our strategy, our international business and networks, and our targets for quality and financial performance across all our business units.

To sum up the overview of our performance in the first half of the year: It is clear that we cannot be satisfied with this performance, and we will continue to work very hard to raise quality, improve punctuality and boost our profitability further. Our work over the first half of the year to restructure the DB Group has laid important groundwork here, and I would like to address the specific aspects involved in more detail.

Important groundwork laid in the first half of the year – progress made in restructuring the Group



				
DB2020+	Zukunft Bahn	Dissolution of two-tier structure	Equity interests in Schenker & Arriva	Group programs
Enhancement of our strategy, with a clear focus on quality	Initial improvements for our customers	Merger of DB ML AG into DB AG	Supervisory Board request for implementation concept	New programs to digitalize DB

The starting point for our future work is our enhanced DB2020 strategy: we have now launched DB2020+, transforming our objective of becoming a profitable market leader into that of becoming a profitable quality leader. DB2020+ places the quality we offer our customers at the heart of our corporate strategy – and this is also reflected in our "Zukunft Bahn" program.



We remain fully committed to our original objective of bringing our economic, social and environmental dimensions into harmony. Specifically, this means that we will strive to become a profitable quality leader, top employer and eco-pioneer.

For the third dimension – our future environmental footprint – we have made our targets even more ambitious. We will strive to raise the share of renewables in our traction power from 35% to 45% by 2020 and lower our specific CO₂ emissions by not just 20%, but at least 30%.

Our "Zukunft Bahn" program aims to raise quality, and we have already made initial noticeable improvements for our customers in all of our four key areas:

- Punctuality
- Traveler information
- Rolling stock quality
- And station quality.

The initial successes of our *Zukunft Bahn* program are noticeable for customers and the public

Multi-train displays
Over 1,000 display boards activated; to be completed by September 30

Clean stations
Roughly 50% of intensive cleaning work completed

Elevator and escalator availability
Some 2,700 elevators and escalators, of a total of 3,100, equipped for remote monitoring

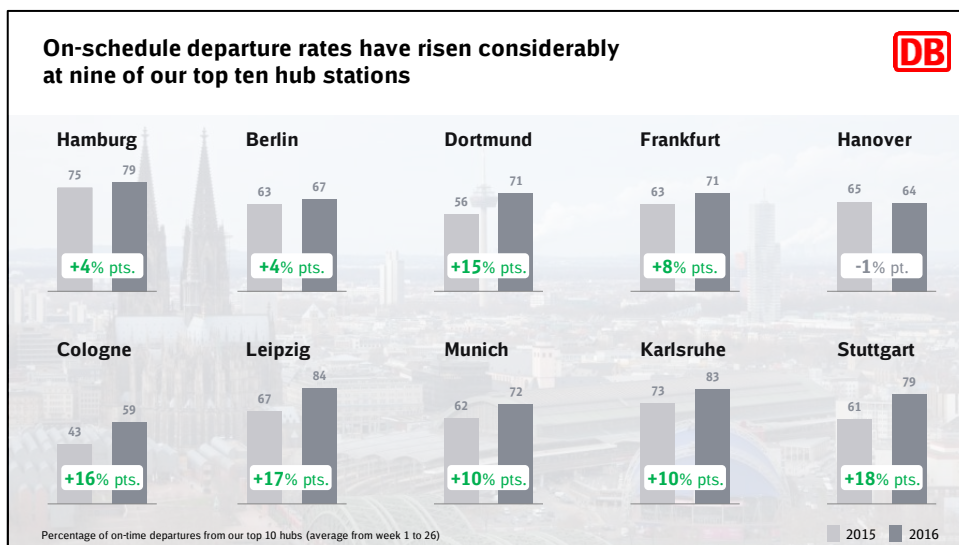
Train car sequence
Sequencing displayed correctly in some 97% of cases

ICE ReSET
Work successfully completed on all 248 ICEs!

Zukunft
Bahn

As of June 30, 2016; 1 As of July 27, 2016

For punctuality, our focus is on our large hub stations. The special teams we assigned to those stations have already made major improvements to on-schedule departure rates. Cologne, Leipzig and Stuttgart have even seen increases of over 15 percentage points.



Average overall punctuality in long-distance transport was 78.4% in the first half of the year. And we have witnessed a further clear upward trend in the first few weeks of July. The positive results of the work by our hub station teams, and of other *Zukunft Bahn* measures, are having an increasingly positive impact on punctuality as a whole. Thus we remain committed to our target of 80% punctuality in long-distance transport for 2016.

We will need to work very hard to achieve this target, because we are also carrying out more construction projects than ever before in the history of Deutsche Bahn. We are currently carrying out the largest investment program in the history of Deutsche Bahn to modernize the rail infrastructure in Germany. These conflicting targets - punctuality on the one hand and necessary modernizations on the other - challenge our employees in new ways each and every day.

But modernizing our infrastructure is about much more than just our rail network; it also includes the infrastructure at our stations.

The initial successes of our *Zukunft Bahn* program are noticeable for customers and the public

Multi-train displays
Over 1,000 display boards activated; to be completed by September 30

Clean stations
Roughly 50% of intensive cleaning work completed

Elevator and escalator availability
Some 2,700 elevators and escalators, of a total of 3,100, equipped for remote monitoring

Train car sequence
Sequence displayed correctly in some 97% of cases

ICE ReSET
Work successfully completed on all 248 ICEs¹

Zukunft
Bahn

As of June 30, 2016; 1 As of July 27, 2016

We also carried out extensive quality checks on our 248 ICE trains as part of our "ReSET" program. We repaired functional defects in the passenger areas and improved cleanliness. Just to give you a sense of the scale of ReSET: if you took all the carpet we cleaned on our ICEs and put it together, it would cover an area the size of 13 soccer fields.

Now to the next aspect of our restructuring process: in addition to improving our operations, we have made our corporate structures much more streamlined.

Important groundwork laid in the first half of the year – progress made in restructuring the Group 

				
DB2020+	Zukunft Bahn	Dissolution of two-tier structure	Equity interests in Schenker & Arriva	Group programs
Enhancement of our strategy, with a clear focus on quality	Initial improvements for our customers	Merger of DB ML AG into DB AG	Supervisory Board request for implementation concept	New programs to digitalize DB

We are currently finalizing the merger of DB ML AG into DB AG, which will apply retroactively as of January 1 of this year. By dissolving our two-tier holding structure, we are eliminating red tape at DB, reducing complexity and making reporting lines shorter and more straightforward. Over the medium term up until 2020, we will be cutting costs at the corporate level by EUR 710 million. We are well into the implementation phase here.

That brings me to the next aspect of our restructuring process: possible minority shareholdings in DB Arriva and DB Schenker. The Supervisory Board has commissioned the Group Management Board to present a detailed implementation concept for third-party equity interests in DB Arriva and DB Schenker by the end of the year. It is still too early to say whether the Brexit vote will have an impact on an IPO at DB Arriva. We are currently in the analysis phase. But we will of course take the situation on the financial markets into account when we make our decision on this matter. What we will certainly continue to focus on and dedicate our efforts to implementing in the coming months is our quality improvement program, Zukunft Bahn.

Digitalization in particular will play an increasingly important role here, and there are three key areas we will be tackling to this end:



- First: our customer interface. Our aim is to make travel even more convenient, comfortable and attractive.
- Second: we will digitalize our internal processes and workflows to raise the availability of our technical assets.
- And third: we will develop completely new digital, data-driven business models.

The objective here is to manage the entire mobility chain from door to door, offering lean, convenient, flexible and customized travel options.

Another aspect we are currently working on is autonomous driving on the road – for cars, buses and trucks alike. Fully automatic driving on rail is also a very important strategic Group program for us. Such a development will not happen overnight; rather, it will be an evolving process. Nevertheless, we expect to be running fully automatic trains by 2025 at the latest and playing an important leading role in digitalizing rail traffic.

This is not as a threat to our train drivers. On the contrary: fully automatic driving on rail will offer many opportunities for us to continue to enhance train driving as a profession. It is also our aim to use the opportunities afforded by technology to reduce costs and power consumption, raise punctuality and generate more rail capacity. In driving this development forward, we will of course work closely with our partners in the industry – as well as with policy makers, our employees and their representatives.

Our second major area of focus with regard to digitalization involves using digital means to connect our assets and business processes.

Our third area of focus is developing completely new, data-driven business models - this too is a strategic Group program we have launched. To make rapid progress in this area, we plan to establish our own new company in the second half of the year. At "DB Digital Ventures", we will develop completely new, data-driven business models and prepare them for market launch. To this end, we want to take our collaboration with start-ups to the next level and offer our customers new business services.

As we look to the second half of 2016, the following aspects will continue to apply: We will consistently focus on improving our "bread and butter business" - without losing sight of the future. We will continue to put major efforts into raising average long-distance punctuality to 80% by the end of 2016.



The test runs for our new ICE 4s will also begin this fall as scheduled. The new trains will start service on time when the 2017 schedule change comes into effect.

At a conference on our products on October 20 we will also present new services on board our long-distance trains. Such services will include the WiFi technology on our ICEs, which will extend free internet access to second class starting at the end of the year.

We will also introduce you to the new services on our ICE Portal. In addition to digital newspapers, we will also be offering movies and TV shows going forward.


Let me close with a brief summary.

- First: we are optimistic and determined to achieve our 2016 financial targets.
- Second: with Zukunft Bahn, we will make lasting improvements to quality and thus to customer satisfaction in German rail transport. By continuing to develop our digital mobility platforms, we will make DB much more attractive for our customers in 2017.
- And third: for us, digitalization means really making things happen.

As you can see, we are taking a very active role, and taking advantage of our opportunities. We want to be a leader for new technology, not a follower.

Before I close, I would like to thank all our DB employees for their work and dedication. You do incredible things for our company. Thank you.

And now I would like to give the floor to our CFO, my colleague Dr. Richard Lutz.

Photo credits			
Front page	Pablo Castagnola	Slide 12	Pablo Castagnola
Slide 2	Jet-Foto/Kranert		
Slide 3	From top: Bartłomiej Banaszak, Wolfgang Klee		
Slide 4	From top: Maurice Weiss, Michael Neuhaus		
Slide 5	Volker Emersleben (desktop); From left: Oliver Lang (2.), Max Lautenschläger (4.), Fotolia (#63201256) (5.)		
Slide 6	From top (clockwise): Christian Bedeschinski, Tobias Heyer, James O. Jenkins		
Slide 7	Bartłomiej Banaszak (desktop); From left: Kai Michael Neuhold, Bartłomiej Banaszak, DB Station & Service AG, Oliver Lang, Martin Jehnichen		
Slide 8	Axel Hartmann		
Slide 11	From left: Max Lautenschläger, Sergey Nivens, Rancz Andrei		

Disclaimer

This information contains forward-looking statements or trend information that are based on current beliefs and estimates of Deutsche Bahn AG's management and involves known and unknown risks and uncertainties. They are not guarantees of future performance. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities, and risk adequate pricing, as well as the words "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, or continue", "potential, future, or further", and similar expressions identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause the Company's actual results or performance to be materially different from those expressed or implied by such statements. Many of these risks and uncertainties relate to factors that are beyond Deutsche Bahn AG's ability to control or estimate precisely, e.g. future market and economic conditions and the behavior of market participants. Deutsche Bahn AG do not intend or assume any obligation to update these forward-looking statements. This document represents the Company's judgment as on the date of this presentation.

Contact:

Deutsche Bahn AG

Corporate Communications
Potsdamer Platz 2
10785 Berlin

Investor Relations
Europaplatz 1
10557 Berlin

Tel. +49 (0)30 297-61030
Fax +49 (0)30 297-61919
E-Mail presse@deutschebahn.com

Tel. +49 (0)30 297-64031
Fax +49 (0)30 297-64036
E-Mail ir@deutschebahn.com