



# Development in 2016 Financial Year



---

Deutsche Bahn AG

---


Investor Relations

---

March 2017

# Positive development in 2016 financial year



 (€ mn)	<b>2016</b>	<b>2015</b>	+/- €	+/- %
<b>Revenues</b>	<b>40,576</b>	<b>40,468</b>	+108	+0.3
<b>Revenues comparable</b>	<b>41,114</b>	<b>40,467</b>	+647	+1.6
<b>EBIT adjusted</b>	<b>1,946</b>	<b>1,759</b>	+187	+10,6
<b>Net profit for the year</b>	<b>716</b>	<b>-1,311</b>	+2,027	-
<b>Dividend (payment in the following year)</b>	<b>600</b>	<b>850</b>	-250	-29.4
<b>Gross capital expenditures</b>	<b>9,510</b>	<b>9,344</b>	+166	+1.8
<b>Net capital expenditures</b>	<b>3,320</b>	<b>3,866</b>	-546	-14.1
<b>Net financial debt as of Dec 31</b>	<b>17,624</b>	<b>17,491</b>	+133	+0.8
<b>ROCE (%)</b>	<b>5.9</b>	<b>5.3</b>	-	-

# 2016 financial year at a glance

## Order book

- Slight decline as of Dec 31, 2016 by 0.8% to € 92.1 bn driven by DB Regional – positive development at DB Arriva (+8.6%)

## Comparability

- No significant effects from changes in the scope of consolidation

## Economic environment

- Global economic growth stagnating at low level (+2.3 %)
- Growth of world trade on a stable level (+1.7 %)
- Recovery of Eurozone continues
- Fall in commodity and oil prices, among other things: supply exceeded demand

## Performance figures

- Rail performance development in passenger transport mixed (DB Long-Distance: +6.9%, DB Regional: -3.9%, DB Netze Track: +1.2%)
- Mostly good development in transport and logistics (rail: -3.8%, land: +0.3%, air: +4.5%, ocean: +3.3%, contract logistics +5.6%)

## Revenues and profits

- Still challenging market and competitive environment, positive impact from omission of strike effects
- Revenue increase by 0.3% to € 40.6 bn (incl. negative impact from fx effects totaling € 0.7 bn)
- Comparable: +1.6% to € 41.1 bn (positive development at DB Arriva, DB Long-Distance and DB Netze Track)
- EBIT improved by € 187 mn to € 1.9 bn (mainly omission of strike effects and countermeasures)

## Value management

- Improvement in ROCE (driven by higher EBIT and lower capital employed), deterioration in key debt measures
- Target levels not yet reached (in line with mid-term planning)

## Indebtedness

- Net debt increased slightly compared to Dec 31, 2015 to € 17.6 bn

# Mixed performance development in 2016 across the rail business

## Railway in Germany – volume sold

**Long-distance rail**  
(bn pkm)



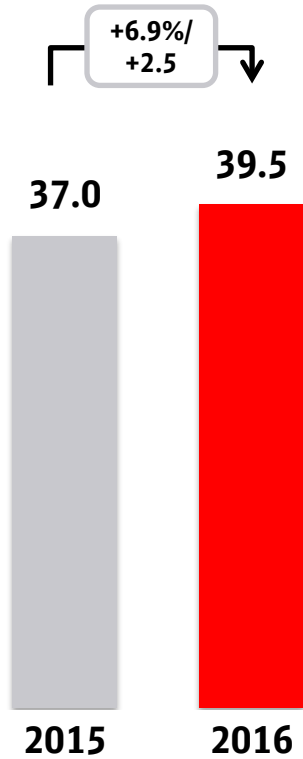
**Regional rail<sup>1)</sup>**  
(bn pkm)



**Rail freight**  
(bn tkm)



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



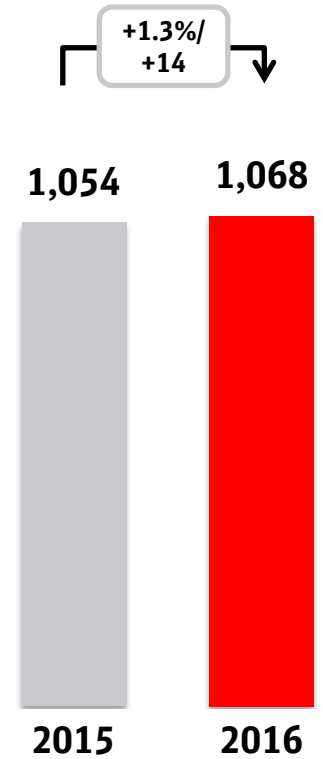
Market: ~+7.0 %



Market: ~+3.2 %



Market: ~-0.5%



Share of non-DB customers: 30.1%

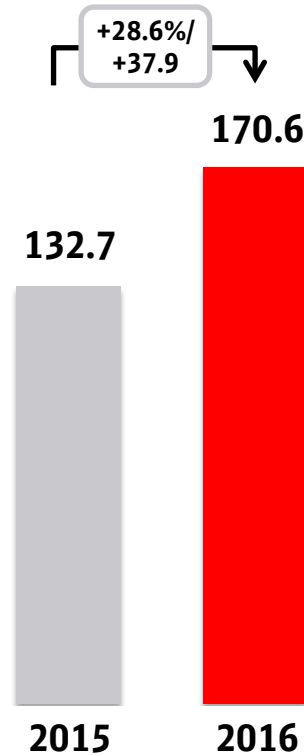
<sup>1)</sup> DB Regio and UBB Usedomer Bäderbahn GmbH.

# Positive performance development in 2016 at DB Arriva rail business – bus on previous year’s level

## DB Arriva – volume produced

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

**Bus**  
(mn bus km)



# Mostly positive performance development in 2016 in the freight forwarding and logistics business

## DB Schenker – volumes

**Land transport**  
(mn shipments)



+0.3%/  
+0.2



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



+1.4%/  
+51



Market: +2.0%

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



+3.3%/  
+64



Market: +1.3%

**Contract logistics** (€ mn)



+7.0%/  
+164

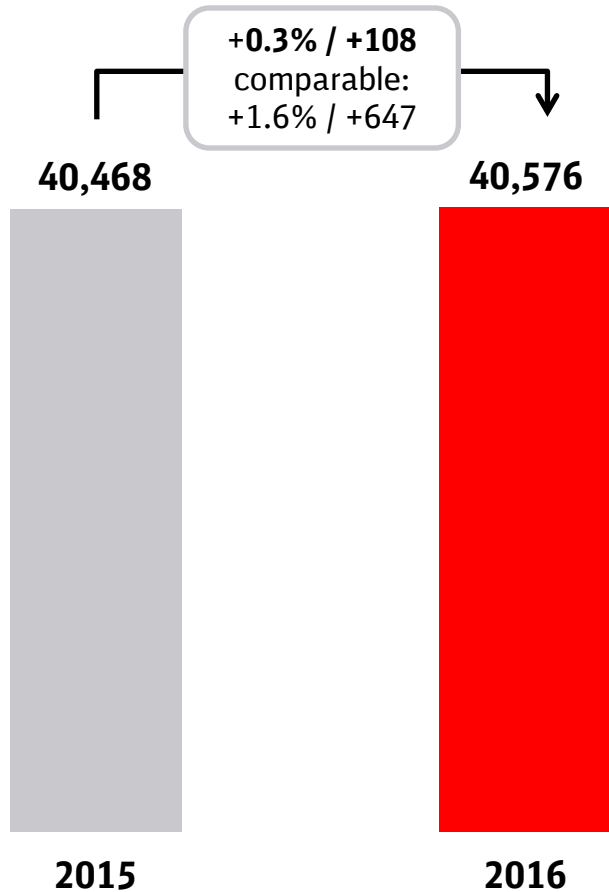


Market: +4.2%

<sup>1</sup>) Exports.

# Revenue development impacted by sustained intense competitive environment

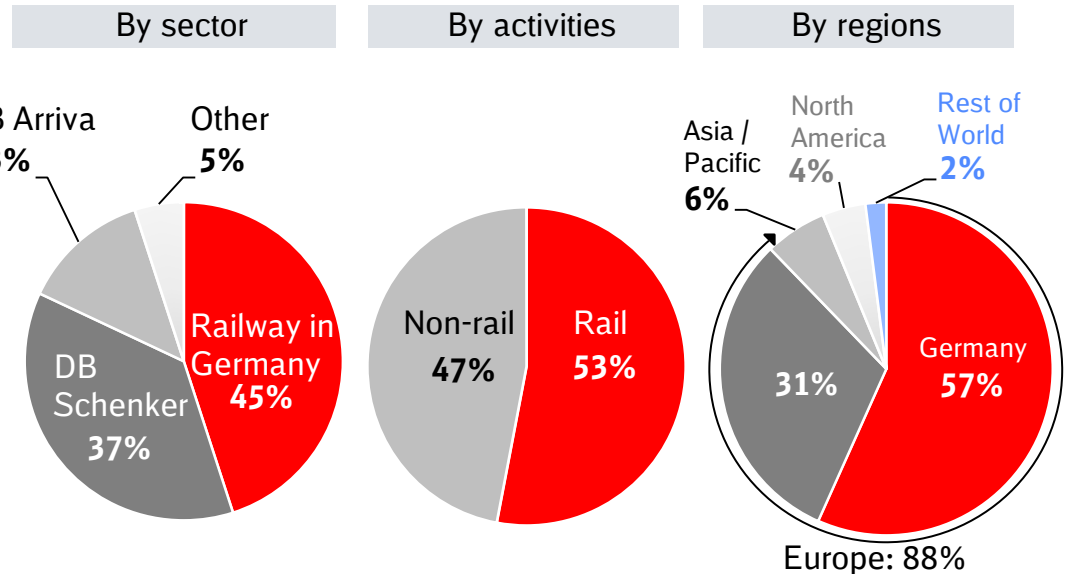
## Revenues (€ mn)



## Key impact factors

- ⊕ Increased performance DB Long-Distance and DB Netze Track
- ⊕ Growth DB Arriva
- ⊕ Omission of strike effects
- ⊖ Market and competitive pressure
- ⊖ Development of freight rates DB Schenker
- ⊖ Exchange rates

## No changes in revenue structure



# Stable revenue structure by sector, activities and regions compared to 2015

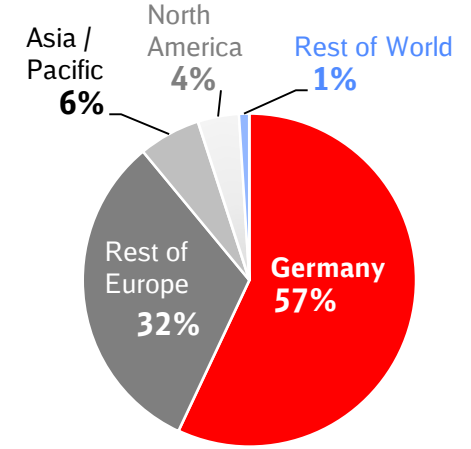
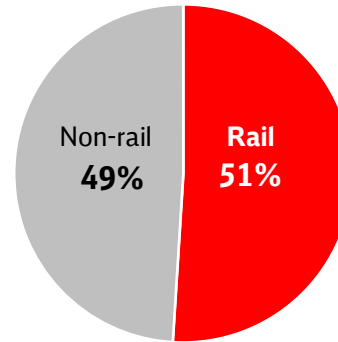
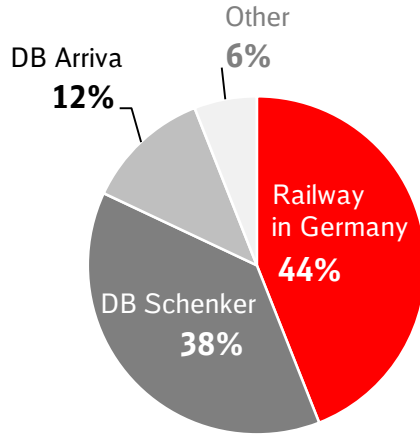


## By sector

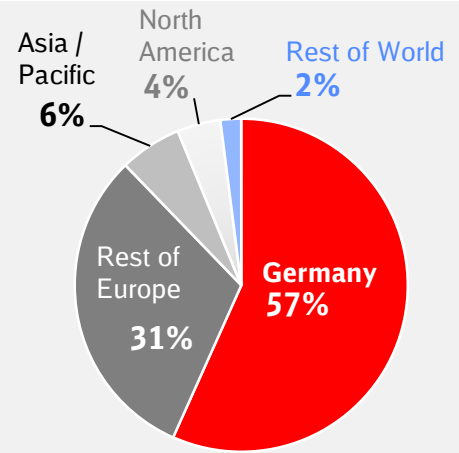
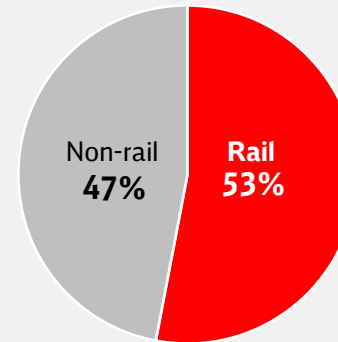
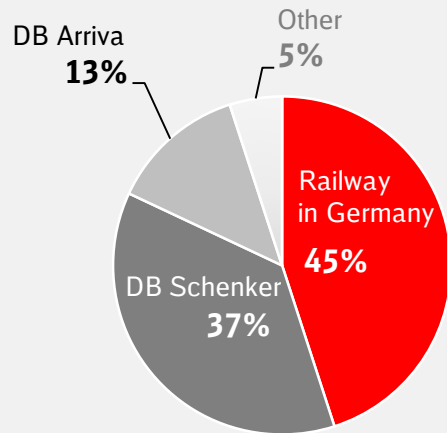
## By activities

## By regions

2015




2016





# Mixed development of comparable revenues on business unit level

 <b>Total revenues</b> (€ mn)	2016 effective	Adjustments		2016 comp.	2015 comp.	+/- €	+/- %
		Consol. <sup>1)</sup>	FX <sup>2)</sup>				
DB Long-Distance	4,159	-	-	4,159	4,053	+106	+2.6
DB Regional	8,653	-	-	8,653	8,670	-17	-0.2
DB Cargo	4,560	-	+53	4,613	4,766	-153	-3.2
DB Netze Track	5,228	-	-	5,228	5,015	+213	+4.2
DB Netze Stations	1,233	-	-	1,233	1,199	+34	+2.8
DB Netze Energy	2,779	-	-	2,779	2,812	-33	-1.2
DB Arriva	5,093	-59	+423	5,457	4,843	+614	+12.7
DB Schenker	15,128	-96	+217	15,249	15,451	-202	-1.3
Other/consolidation	-6,257	-	-	-6,257	-6,342	+85	-1.3
<b>DB Group</b>	<b>40,576</b>	<b>-155</b>	<b>+693</b>	<b>41,114</b>	<b>40,467</b>	<b>+647</b>	<b>+1.6</b>

<sup>1)</sup> Changes in the scope of consolidation. <sup>2)</sup> Effects from changes in exchange rates.

## Overall positive EBIT development on business unit level



(€ mn)

## EBIT adjusted











## Operating profit after interest

## Extraord. res.


	2016	2015	+/- €	2016	2015	+/- €	2016
DB Long-Distance	173	165	+8	172	163	+9	0
DB Regional	636	669	-33	582	617	-35	2
DB Cargo	-81	-183	+102	-141	-254	+113	-48
DB Netze Track	561	568	-7	311	296	+15	-4
DB Netze Stations	221	254	-33	183	215	-32	-1
DB Netze Energy	126	66	+60	110	48	+62	-244
DB Arriva	280	270	+10	253	233	+20	-7
DB Schenker	410	395	+15	366	353	+13	-4
Other/consolidation	-380	-445	+65	-611	-671	+60	-91
<b>DB Group</b>	<b>1,946</b>	<b>1,759</b>	<b>+187</b>	<b>1,225</b>	<b>1,000</b>	<b>+225</b>	<b>-397</b>

## Mixed EBITDA development across business units



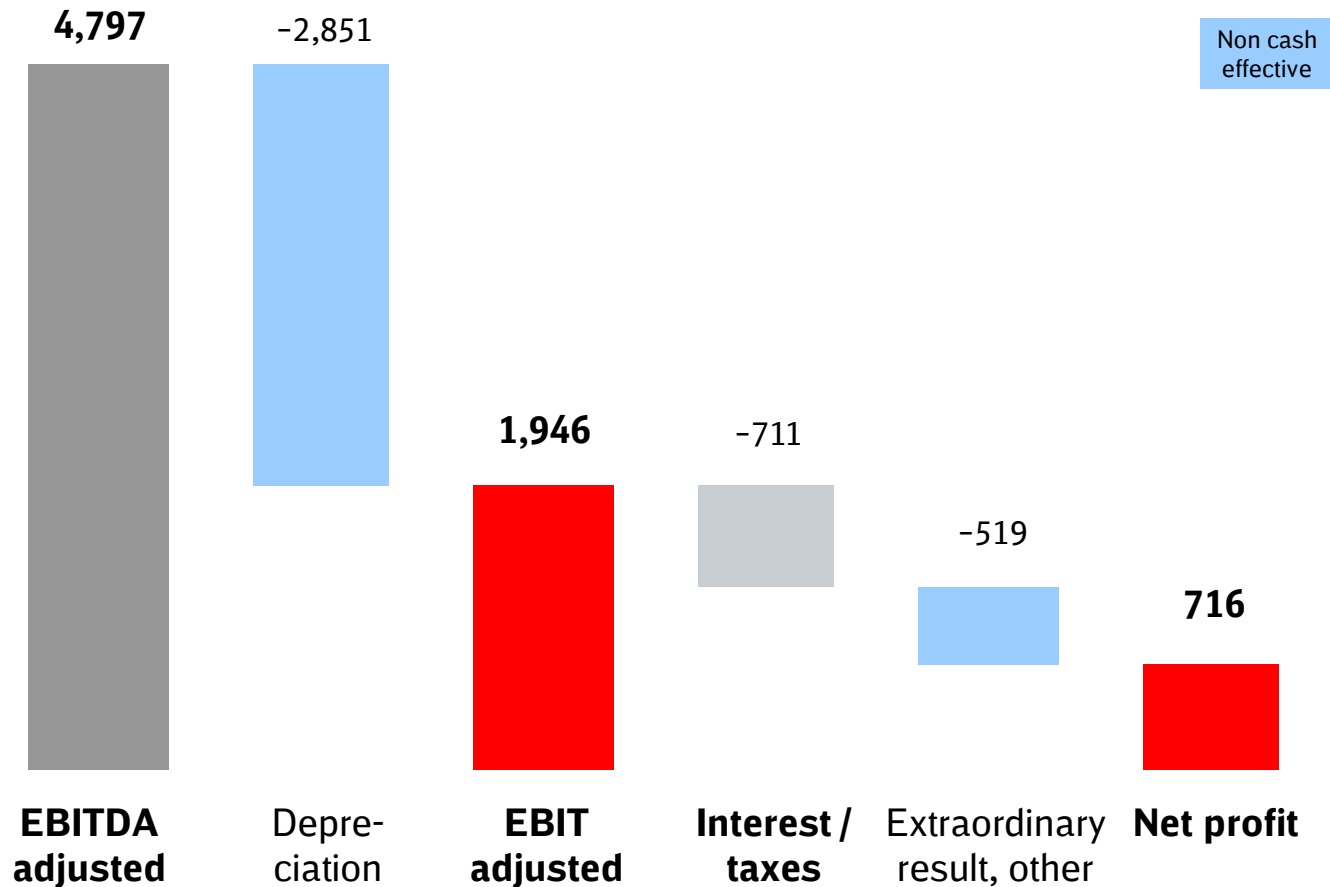
 <b>EBITDA adjusted</b> (€ mn)	<b>2016</b>	<b>2015</b>	<b>Changes by business units</b> (€ mn)	
DB Long-Distance	<b>419</b>	438		-19 -4.3%
DB Regional	<b>1,272</b>	1,316		-44 -3.3%
DB Cargo	<b>108</b>	120		-12 -10.0%
DB Netze Track	<b>1,484</b>	1,491		-7 -0.5%
DB Netze Stations	<b>359</b>	391		-32 -8.2%
DB Netze Energy	<b>197</b>	133		+64 +48.1%
DB Arriva	<b>525</b>	525	-	- -
DB Schenker	<b>599</b>	589		+10 +1.7%
Other/consolidation	<b>-166</b>	-225		+59 -26.2%
<b>DB Group</b>	<b>4,797</b>	<b>4,778</b>		<b>+19 +0.4%</b>

# Significant positive profit development – operational expenses decreased, income on previous year's level

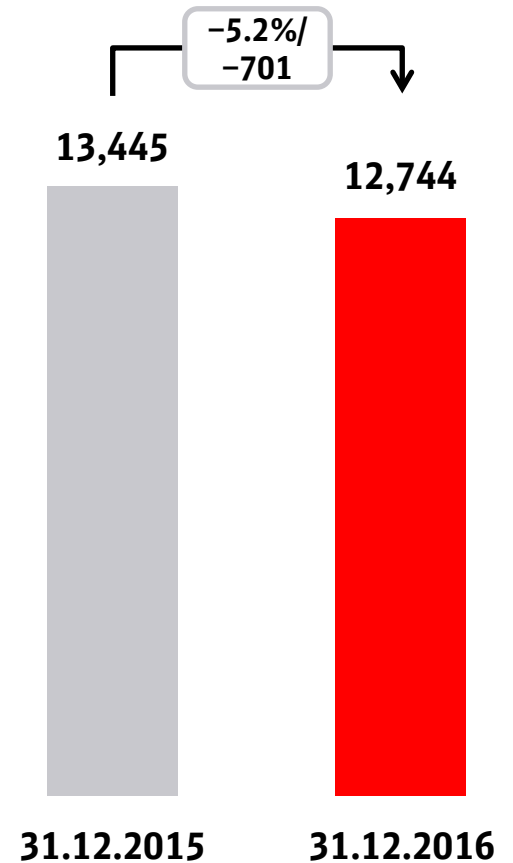
 <b>Adjusted P&amp;L</b> (€ mn)	<b>2016</b>	<b>2015</b>	<b>+/- €</b>	<b>+/- %</b>	<b>Driver</b>
Revenues	40,576	40,468	+108	+0.3	<ul style="list-style-type: none"> <li>Revenue development is somewhat better on a comparable basis due to negative FX effects</li> </ul>
Total income	45,967	45,930	+37	+0.1	
Cost of materials	-19,858	-20,165	+307	-1.5	
Personnel expenses	-15,669	-15,462	-207	+1.3	<ul style="list-style-type: none"> <li>Omission of strike effects had significantly positive impact on revenues and profits</li> </ul>
Other operating expenses	-5,643	-5,525	-118	+2.1	
<b>EBITDA adjusted</b>	<b>4,797</b>	<b>4,778</b>	<b>+19</b>	<b>+0.4</b>	<ul style="list-style-type: none"> <li>Omission of burdens due to Group restructuring had significantly positive impact on extraordinary result and profits</li> </ul>
Depreciation	-2,851	-3,019	+168	-5.6	
<b>EBIT adjusted</b>	<b>1,946</b>	<b>1,759</b>	<b>+187</b>	<b>+10.6</b>	<ul style="list-style-type: none"> <li>Continued competitive and cost pressure in all business units</li> <li>Profit after taxes again significantly positive</li> </ul>
Financial result	-843	-877	+34	-3.9	
Extraordinary result	-397	-1,814	-1,417	-78.1	
<b>Profit before taxes</b>	<b>706</b>	<b>-932</b>	<b>+1,638</b>	-	
Taxes on Income	10	-379	+389	-	
<b>Net profit</b>	<b>716</b>	<b>-1,311</b>	<b>+2,027</b>	-	

# Net profit with significant positive development – equity lower due to pension effects and dividend payment

**Net profit** (€ mn)

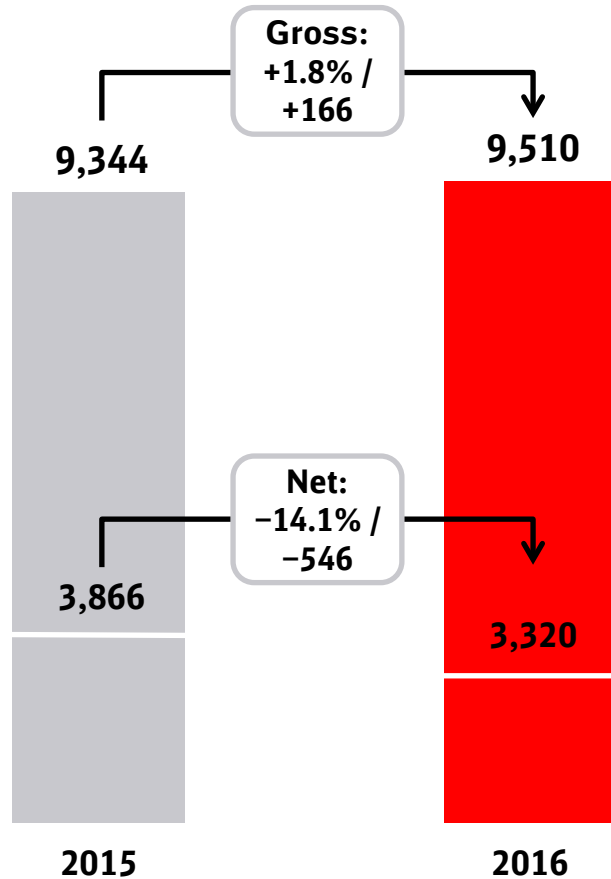


**Equity** (€ mn)



Gross capex increased slightly due to higher investment grants – net capex declined, but remained on a high level

### Capital expenditures (€ mn)



### Highlights

- Focus of gross capital expenditures unchanged:
  - 90% Railway in Germany (thereof 73% infrastructure)
  - 94% Germany
- Net capital expenditures defined as gross capital expenditures less investment grants

### Key impact factors

- ⊕ Higher infrastructure capital expenditures
- ⊕ Higher investment grants due to LuFV II
- ⊕ Increase of rolling stock capex at DB Arriva due to operation starts in the Netherlands and UK
- ⊖ Decrease of rolling stock capex at DB Long-Distance, DB Regional and DB Cargo

# Gross capex higher mainly at DB Netze Track, decline of vehicle capex in Germany after peak in 2015



## Capital expenditures (€ mn)

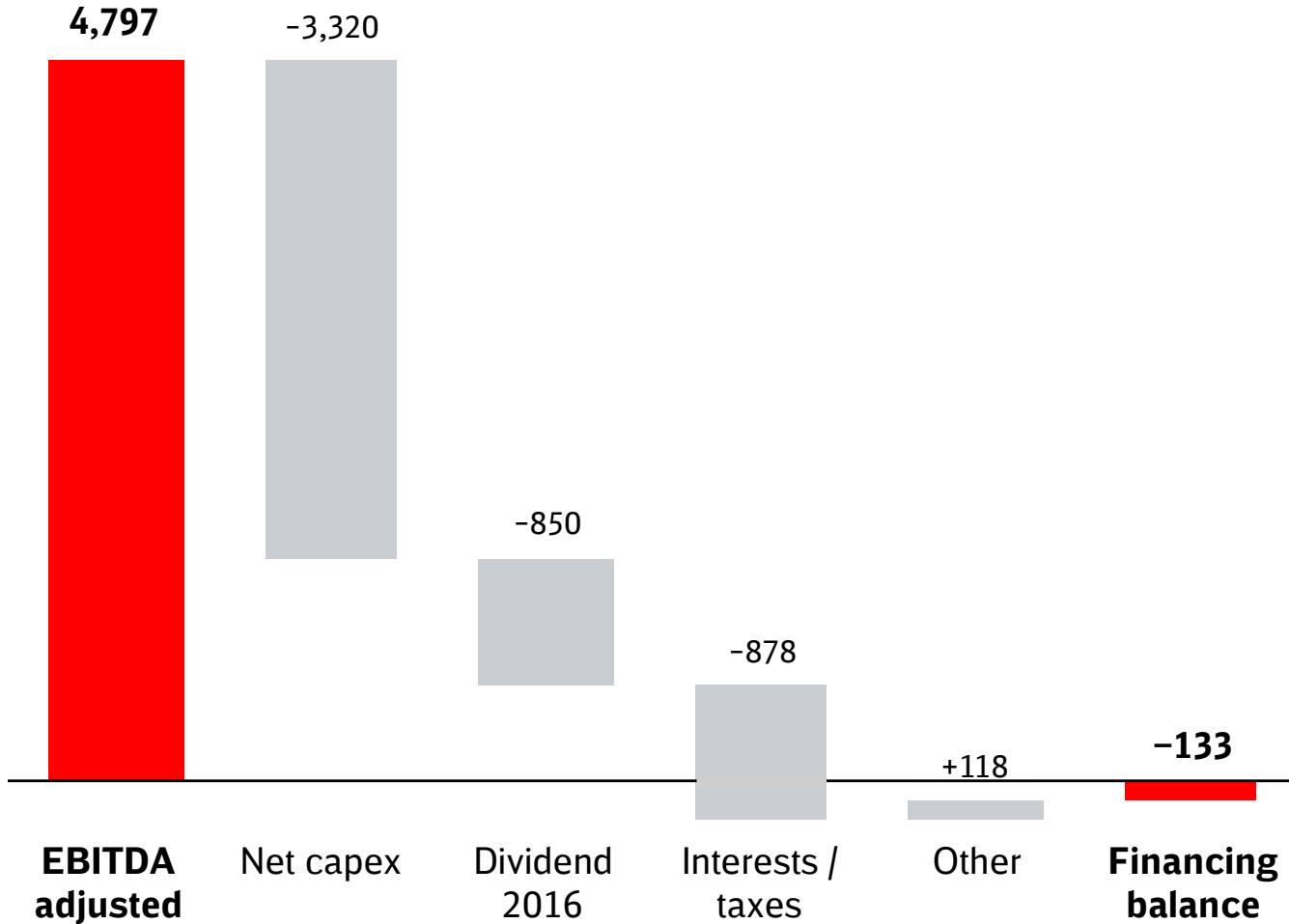
## Gross capital expenditures

## Net capital expenditures

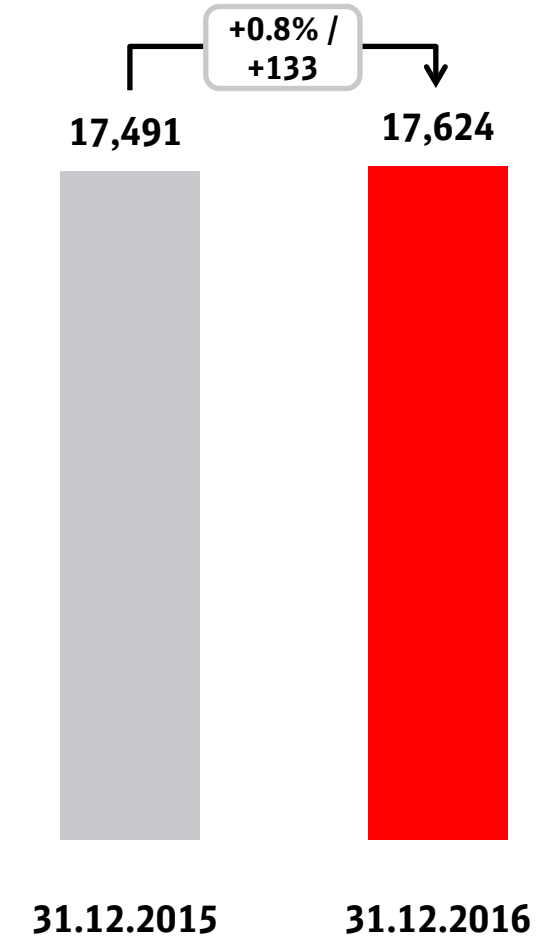
	2016	2015	+/- €	+/- %	2016	2015	+/- €	+/- %
DB Long-Distance	416	673	-257	-38.2	416	670	-254	-37.9
DB Regional	693	881	-188	-21.3	632	866	-234	-27.0
DB Cargo	304	451	-147	-32.6	303	445	-142	-31.9
DB Netze Track	6,226	5,823	+403	+6.9	688	914	-226	-24.7
DB Netze Stations	584	533	+51	+9.6	117	88	+29	+33.0
DB Netze Energy	174	167	+7	+4.2	52	68	-16	-23.5
DB Arriva	359	276	+83	+30.1	358	276	+82	+29.7
DB Schenker	209	238	-29	-12.2	209	238	-29	-12.2
Other/consolidation	545	302	+243	+80.5	545	301	+244	+81.1
<b>DB Group</b>	<b>9,510</b>	<b>9,344</b>	<b>+166</b>	<b>+1.8</b>	<b>3,320</b>	<b>3,866</b>	<b>-546</b>	<b>-14.1</b>

# Net financial debt increased slightly due to high level of capex

## Financing (€ mn)



## Net financial debt (€ mn)





## Structure of balance sheet with no material changes



(€ mn, as of Dec 31)

## Assets

### Non-current assets

Property, plant and equipment	38,884	39,059	-175	-0.4
Intangible assets	3,682	3,762	-80	-2.1
Deferred tax assets	1,511	1,335	+176	+13.2

### Current assets

Trade receivables	3,974	4,018	-44	-1.1
Cash and cash equivalents	4,450	4,549	-99	-2.2

## Equity and liabilities

### Equity

12,744 13,445 -701 -5.2

### Non-current liabilities

28,709 28,091 +618 +2.2

20,042 19,753 +289 +1.5

### Current liabilities

15,170 14,523 +647 +4.5

2,439 2,675 -236 -8.8

5,100 4,679 +421 +9.0

### Total assets

56,623 56,059 +564 +1.0

Maturity structure

## Assets

Non-current assets  
(81%, 2015: 81%)

Current assets  
(19%, 2015: 19%)

Total € 56.6 bn

## Equity and liabilities

Equity  
(23%, 2015: 24%)

Non-current liabilities  
(51%, 2015: 50%)

Current liabilities  
(26%, 2015: 26%)

Total € 56.6 bn

# Railway in Germany: high capital employed, underproportional profit contribution



## Key figures 2016 (€ mn)

	DB Group	RiG <sup>1)</sup>	Share (%) of DB Group	EIU <sup>2)</sup>	Share (%) of DB Group	DB Netz AG	Share (%) of EIU
<b>Revenues</b>	<b>40,576</b>	<b>18,182</b>	<b>44.8</b>	<b>9,063</b>	22.3	<b>5,070</b>	-
<b>EBITDA adjusted</b>	<b>4,797</b>	<b>3,337</b>	<b>69.6</b>	<b>2,006</b>	<b>41.8</b>	<b>1,459</b>	<b>72.7</b>
Depreciation	-2,851	-2,197	77.1	-1,122	39.4	-914	81.5
<b>EBIT adjusted</b>	<b>1,946</b>	<b>1,140</b>	<b>58.6</b>	<b>883</b>	<b>45.4</b>	<b>545</b>	<b>61.7</b>
Net operating interest income	-721	-615	85.3	-303	42.0	-250	82.5
<b>Operating profit after interest</b>	<b>1,225</b>	<b>525</b>	<b>42.9</b>	<b>580</b>	<b>47.3</b>	<b>295</b>	<b>50.9</b>
Other income parts	-519	-875	169	-261	50.3	7	-
<b>Profit before taxes on income (EBT)</b>	<b>706</b>	<b>-350</b>	-	<b>319</b>	<b>45.2</b>	<b>302</b>	<b>94.7</b>
Taxes on income	10	-143	-	-	-	-	-
<b>Profit after taxes of income / net profit</b>	<b>716</b>	<b>-207</b>	-	<b>319</b>	<b>44.6</b>	<b>302</b>	<b>94.7</b>
Profit and loss transfer <sup>3)</sup>	-	-	-	-483	-	-272	56.3
<b>Gross capital expenditures</b>	<b>9,510</b>	<b>8,595</b>	<b>90.4</b>	<b>6,974</b>	<b>73.3</b>	<b>6,218</b>	<b>89.2</b>
Investment grants	6,190	6,179	99.8	6,126	99.0	5,537	90.4
<b>Net capital expenditures</b>	<b>3,320</b>	<b>2,416</b>	<b>72.8</b>	<b>848</b>	<b>25.5</b>	<b>681</b>	<b>80.3</b>
<b>Intangible assets / property, plant and equipment</b>	<b>42,566</b>	<b>34,573</b>	<b>81.2</b>	<b>24,650</b>	<b>57.9</b>	<b>20,431</b>	<b>82.9</b>
<b>Capital employed</b>	<b>33,143</b>	<b>26,078</b>	<b>78.7</b>	<b>21,501</b>	<b>64.9</b>	<b>17,847</b>	<b>83.0</b>
<b>Equity</b>	<b>12,744</b>	<b>12,492</b>	<b>98.0</b>	<b>9,343</b>	<b>73.3</b>	<b>7,386</b>	<b>79.1</b>
<b>Net financial debt</b>	<b>17,624</b>	<b>14,731</b>	<b>83.6</b>	<b>12,088</b>	<b>68.6</b>	<b>10,433</b>	<b>86.3</b>
<b>Adjusted net financial debt</b>	<b>22,626</b>	<b>16,953</b>	<b>74.9</b>	<b>12,398</b>	<b>54.8</b>	<b>10,446</b>	<b>84.3</b>
<b>Return on capital employed (ROCE) (%)</b>	<b>5.9</b>	<b>4.4</b>	-	<b>4.1</b>	-	<b>3.1</b>	-
<b>Operating cash flow after taxes</b>	<b>4,924</b>	<b>3,177</b>	<b>64.5</b>	<b>1,746</b>	<b>35.5</b>	<b>1,219</b>	<b>69.8</b>
<b>Gearing (%)</b>	<b>138</b>	<b>118</b>	-	<b>129</b>	-	<b>141</b>	-
<b>Redemption coverage (%)</b>	<b>18.1</b>	<b>15.6</b>	-	<b>14.0</b>	-	<b>11.6</b>	-
<b>Net financial debt / EBITDA (multiple)</b>	<b>3.7</b>	<b>4.4</b>	-	<b>6.0</b>	-	<b>7.2</b>	-

Possible differences are due to rounding.

<sup>1)</sup> Railway in Germany.

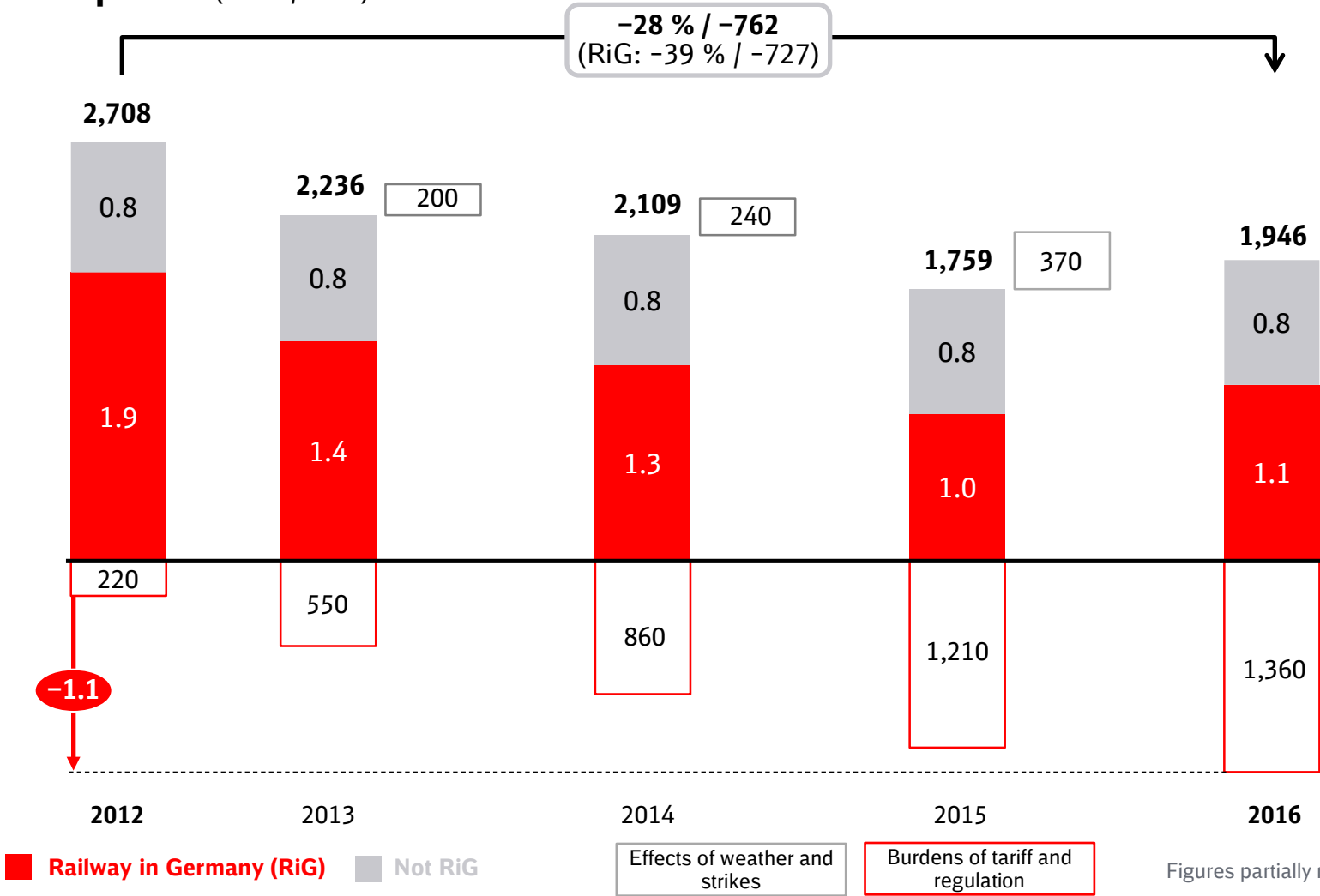
<sup>2)</sup> Rail infrastructure.

<sup>3)</sup> Before taxes (because of single tax entity for income tax purposes at the DB AG level) and excluding group charges for corporate functions. Based on German GAAP.

# Turnaround at the Railway in Germany – but there are still major challenges

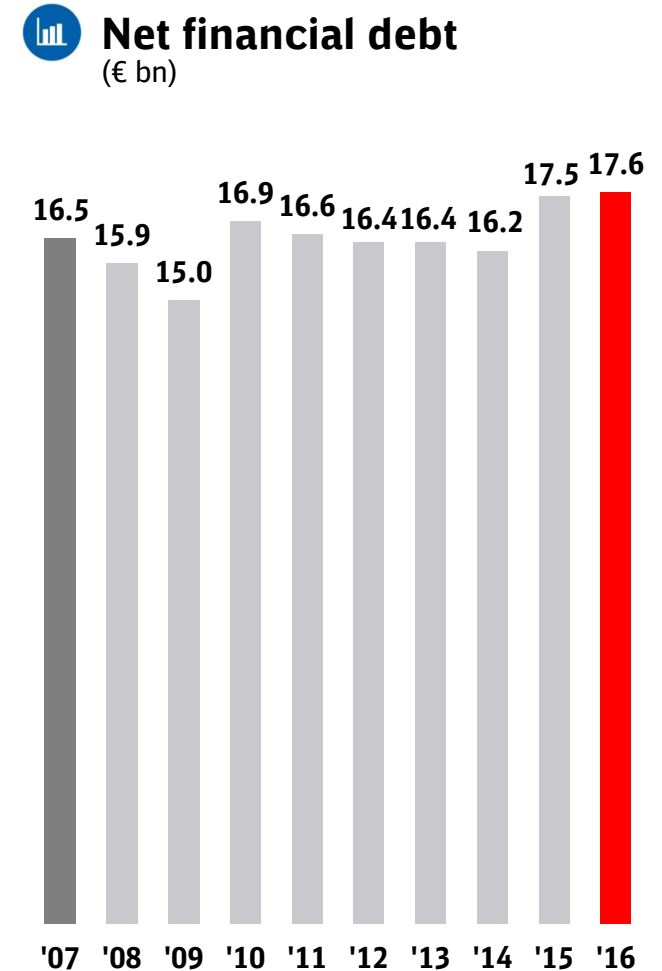
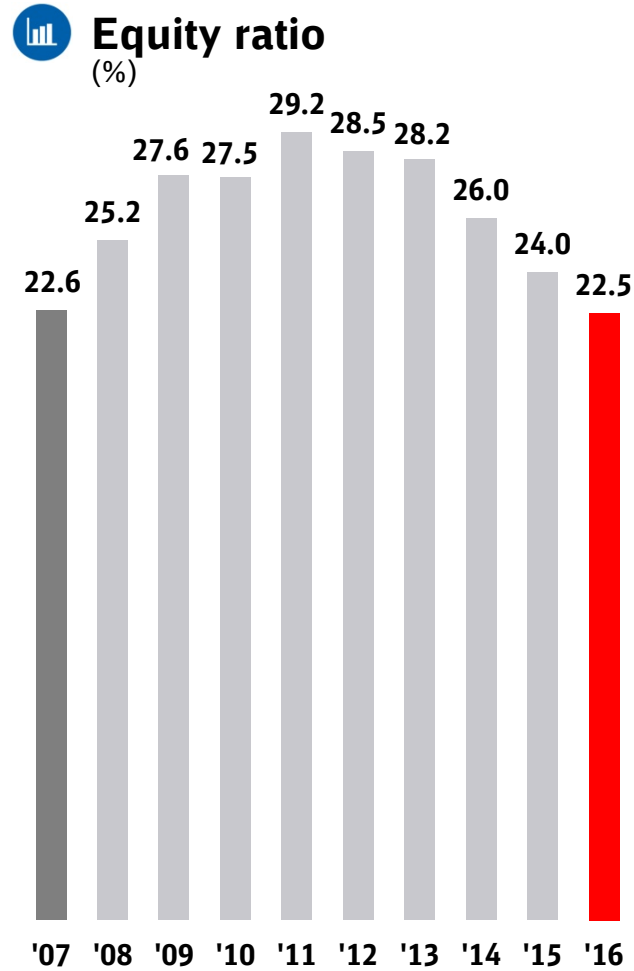
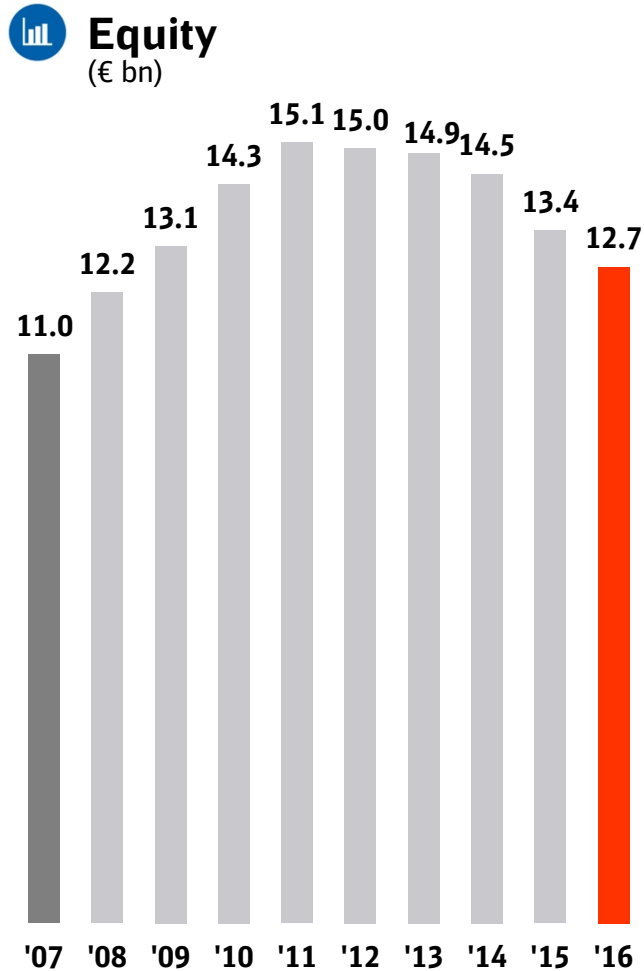


## EBIT development (€ mn / € bn)



Figures partially rounded.

# Development of equity and net financial debt

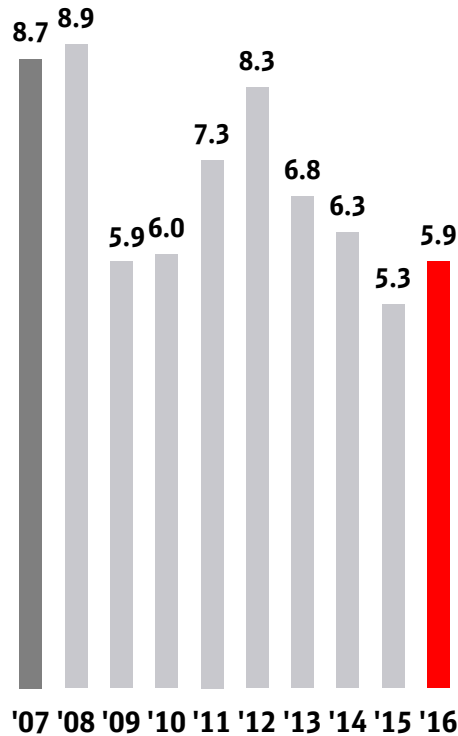


## Development of key value management figures



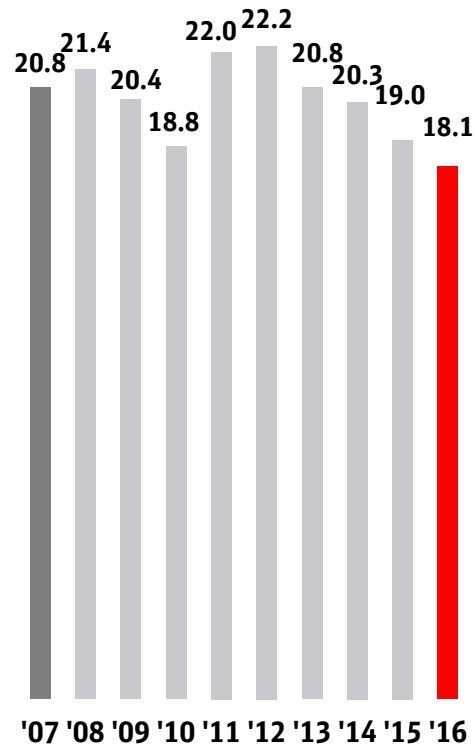
### ROCE (%)

Target: 9.0 %



### Redemption coverage (%)

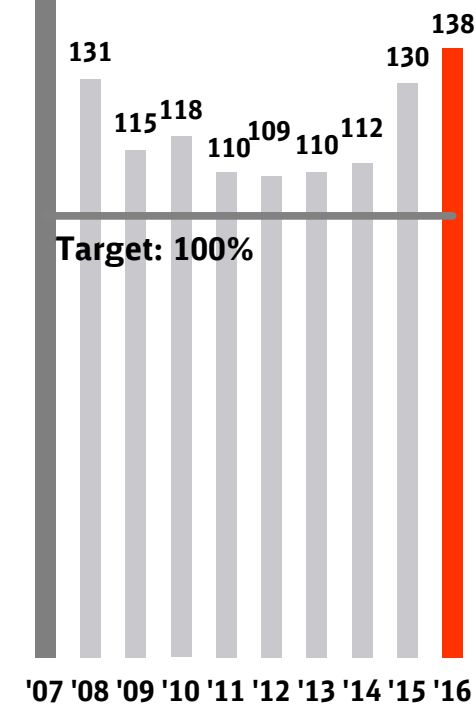
Target: 25%



### Gearing (%)

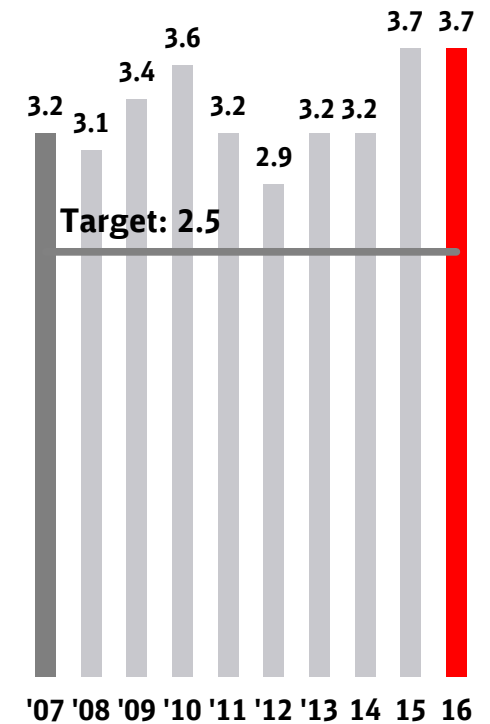
151

Target: 100%




### Net financial debt/ EBITDA (multiple)

Target: 2.5



# Further improvement in 2017 financial year expected



 <b>Outlook</b> (€ bn)	<b>2016</b>	<b>2017</b> (Forecast)	
<b>Revenues adjusted</b>	<b>40.6</b>	<b>&gt; 41.5</b>	▪ Growth primarily at DB Arriva and DB Schenker
<b>EBIT adjusted</b>	<b>1.9</b>	<b>≥ 2.1</b>	▪ Positive effects from revenue growth
<b>ROCE (%)</b>	<b>5.9</b>	<b>≥ 6.0</b>	▪ Positive effect from EBIT improvement
<b>Redemption coverage (%)</b>	<b>18.1</b>	<b>≥ 18.5</b>	▪ Positive effect from profit improvement partially offset by higher net financial debt
<b>Gross capital expenditures</b>	<b>9.5</b>	<b>≥ 10.5</b>	▪ Increase due to higher infrastructure grants (LuFV II)
<b>Net capital expenditures</b>	<b>3.3</b>	<b>≥ 3.5</b>	
<b>Maturities</b>	<b>2.3</b>	<b>2.1</b>	▪ Tapping financial markets to refinance the maturing financial liabilities
<b>Bond issues</b> Bond issues so far	<b>2.1</b> –	<b>&lt; 2.0</b> 0.1	▪ Financing needs will be covered mostly by the issue of bonds
<b>Net liquidity</b> as of Dec 31	<b>4.5</b>	<b>~3.5</b>	▪ Short- and medium-term liquidity supply is secured
<b>Net financial debt</b> as of Dec 31	<b>17.6</b>	<b>&lt; 19.0</b>	▪ Net financial debt is expected to continue to increase due to high level of capex