



Development in the first half of 2017




Deutsche Bahn AG

Investor Relations

July 2017

Positive development in the first half of 2017



 (€ mn)	H1 2017	H1 2016	+/- €	+/- %
Revenues	21,070	20,033	+1,037	+5.2
Revenues comparable	21,220	20,021	+1,199	+6.0
EBIT adjusted	1,179	1,007	+172	+17.1
Net profit	779	603	+176	+29.2
Dividend payment (for previous year)	600	850	-250	-29.4
Gross capital expenditures	4,108	3,472	+636	+18.3
Net capital expenditures	1,490	1,346	+144	+10.7
Net financial debt as of Jun 30, 2017/Dec 31, 2016	19,030	17,624	+1,406	+8.0
ROCE (%)	6.8	6.0	-	-

H1 2017 at a glance

Order book

- Increase as of Jun 30, 2017 by 2.2% to € 94.1 bn, driven by DB Regional – decline at DB Arriva (-3.3%)

Comparability

- No significant effects from changes in the scope of consolidation

Economic environment

- Stronger investment growth drives the more dynamic growth of global economy at the beginning of the year
- Stronger growth of world trade strengthen global demand for transport services
- Improved global demand and stable domestic economy accelerate macroeconomic growth in the Euro zone
- Trend of rising commodity and oil prices – dampening effects due to sustained high level of oil production and oil stocks

Performance figures

- Improvements in rail performance (DB Long-Distance: +3.3%, DB Regional: +1.6%, DB Arriva +29.2%, DB Netze Track: +0.5%)
- Mostly good development in transport and logistics (rail: -0.7%, land: +0.1%, air: +11.4%, ocean: +8.9%, contract logistics +5.7%)

Revenues and profits

- Positive momentum from market and competitive environment
- Revenue growth by 5.2% to € 21.1 bn (incl. negative impact from FX effects totaling € 0.2 bn)
- Comparable: +6.0% to € 21.2 bn (positive development at DB Schenker, DB Arriva and DB Long-Distance)
- EBIT improved by € 172 mn to € 1.2 bn (mainly growth at DB Long-Distance, but also in international businesses)

Value management

- ROCE increased (EBIT growth exceeds development of capital employed), key debt ratios improved
- Target levels not yet reached (in line with mid-term planning)

Indebtedness

- Net financial debt increased compared to Dec 31, 2016 to € 19,0 bn (in line with mid-term planning)

Positive performance development across the rail business in Germany



Railway in Germany – volume sold

Long-Distance rail (bn pkm)



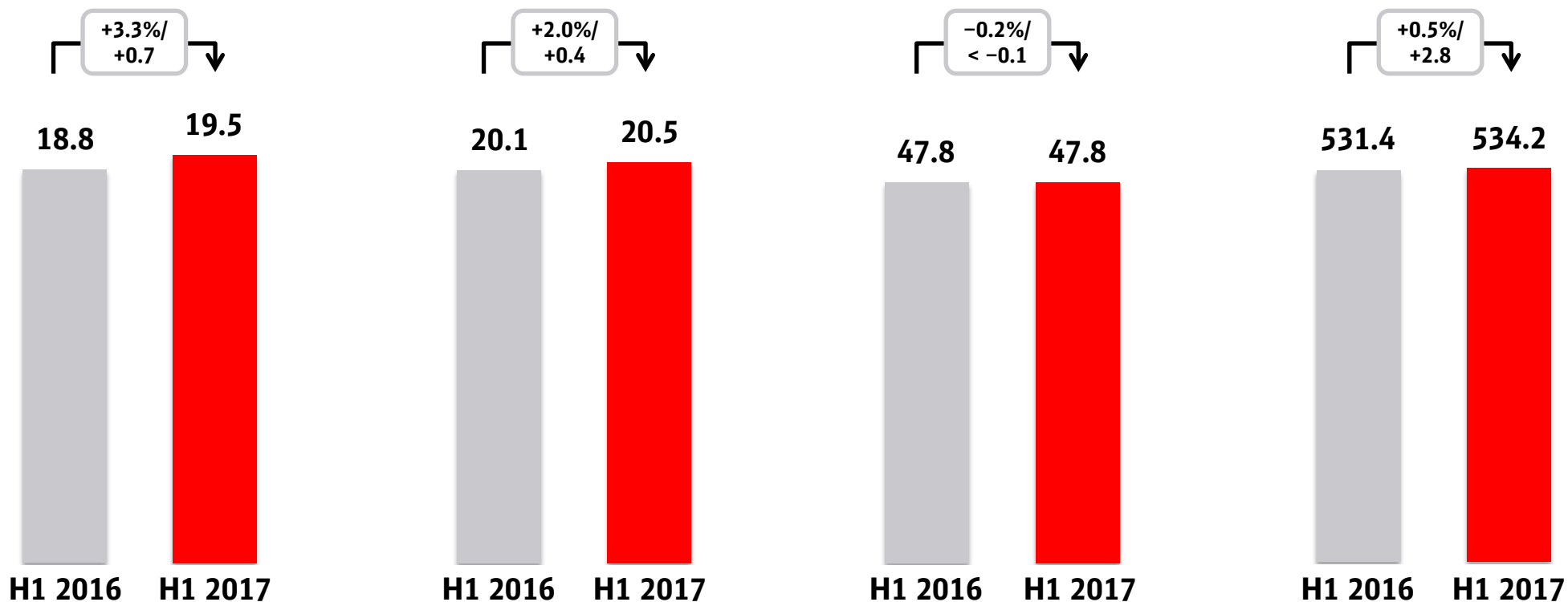
Regional rail¹⁾ (bn pkm)



Rail freight (bn tkm)



Infrastructure (mn train-path km)





¹⁾ DB Regional and UBB Usedomer Bäderbahn GmbH.

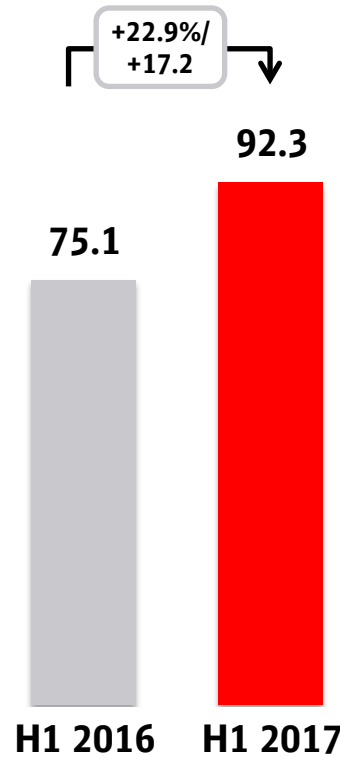
Positive performance development at DB Arriva



DB Arriva – volume produced

Rail
(mn train-path km) 

Bus
(mn bus km) 



With exception of parcel – positive performance development in the freight forwarding and logistics business

DB Schenker – volumes

Land transport
(mn shipments)



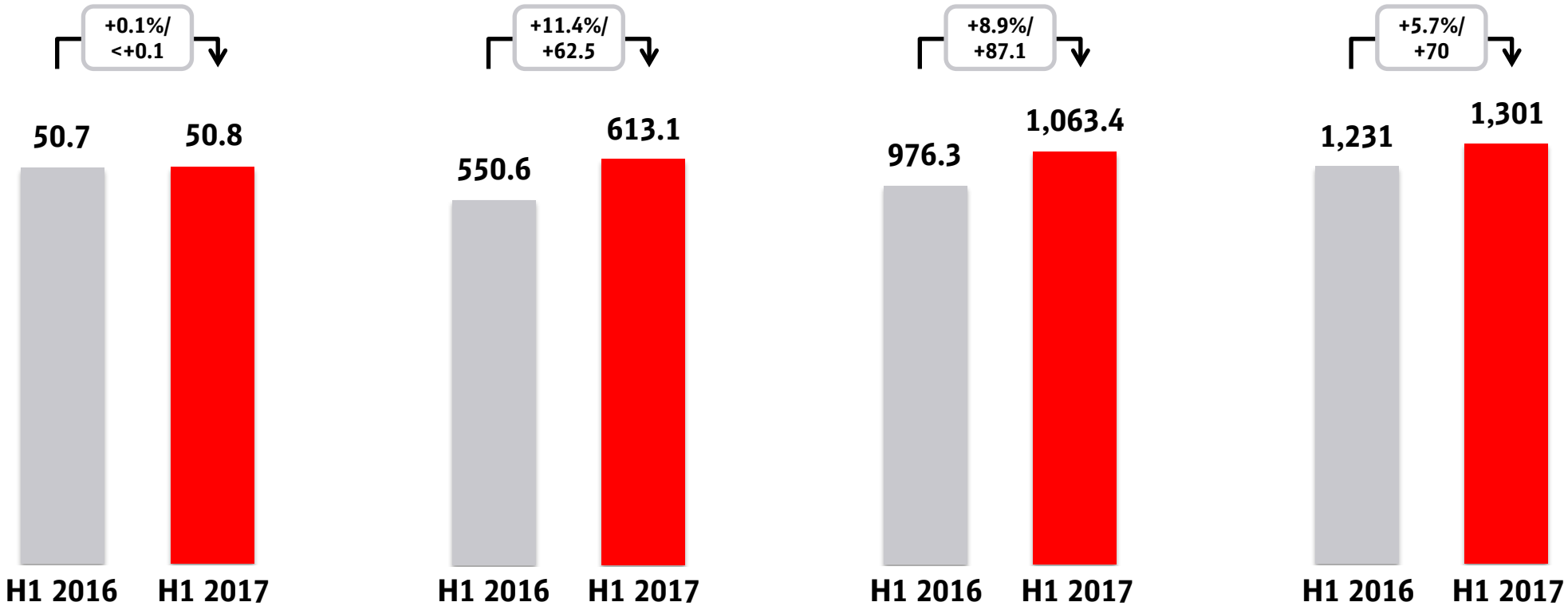
Air freight
(thousand t¹)



Ocean freight (thousand TEU¹)



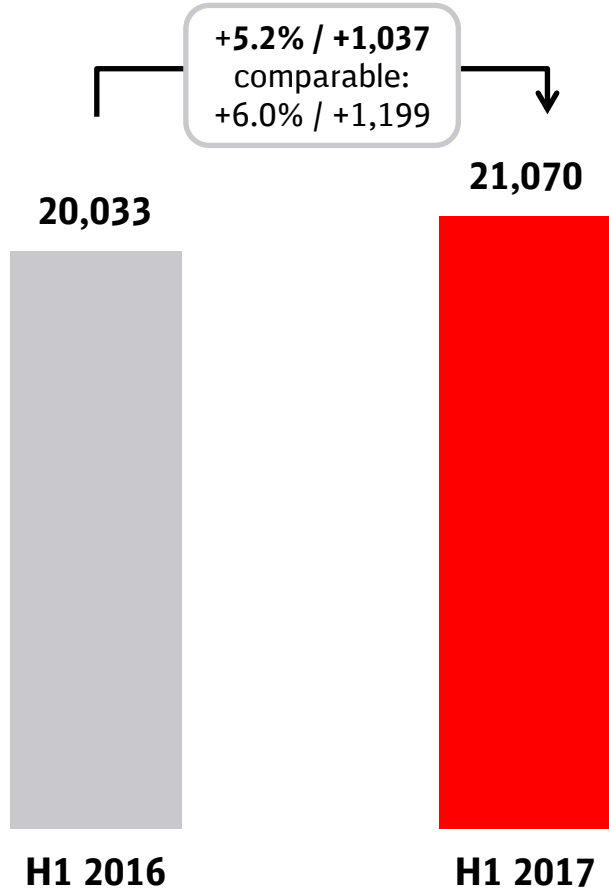
Contract logistics (€ mn)



¹) Exports.

Positive operational revenue development slightly restrained by negative FX effects

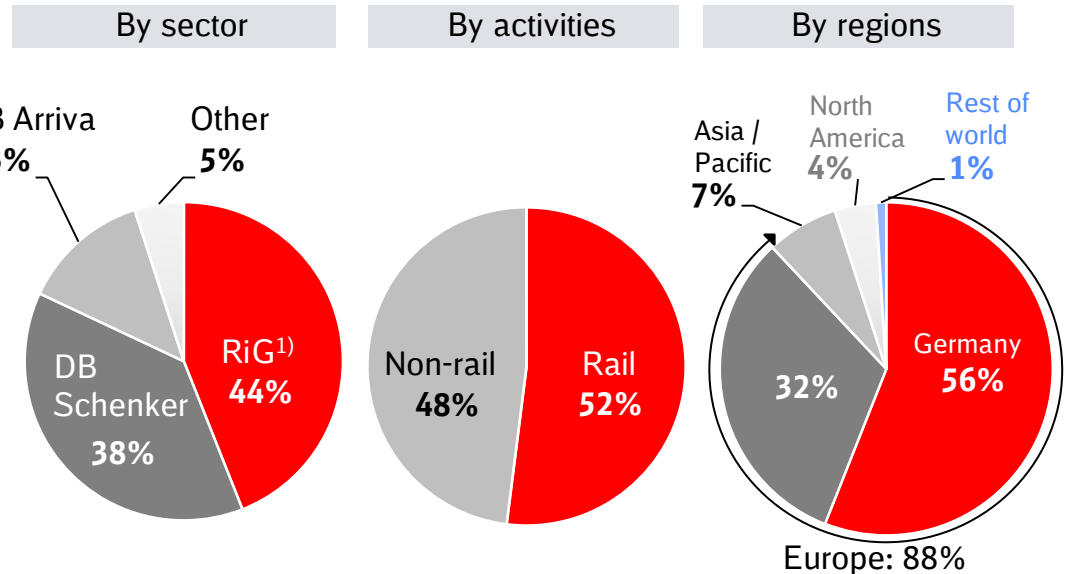
Revenues (€ mn)



Key impact factors

- ⊕ Increased performance DB Long-Distance and DB Netze Track
- ⊕ Growth DB Arriva
- ⊕ Development of volumes and freight rates DB Schenker
- ⊖ Exchange rates
- ⊖ Operational development DB Cargo in Western Europe

No changes in revenue structure



¹⁾ Railway in Germany.

Stable revenue structure compared to first half of 2016

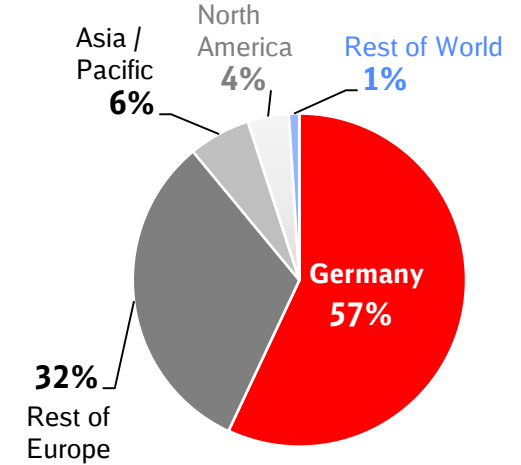
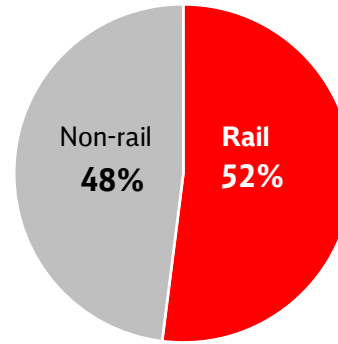
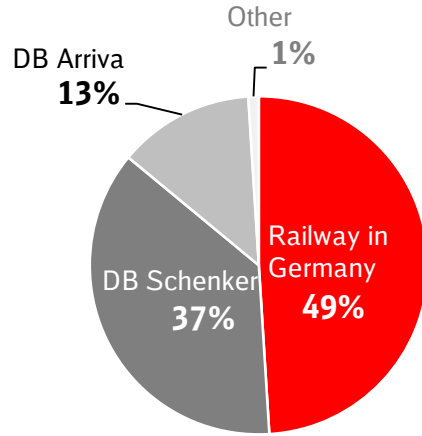


By sector

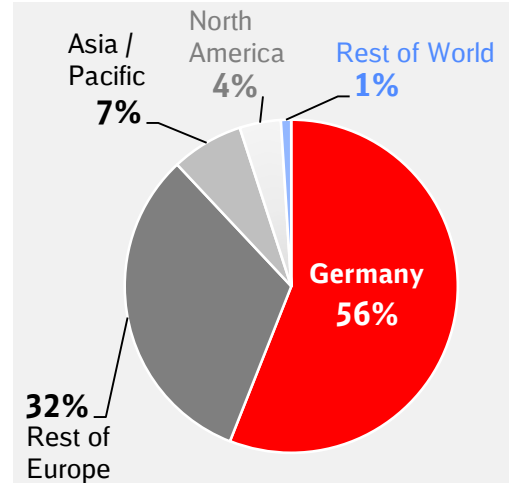
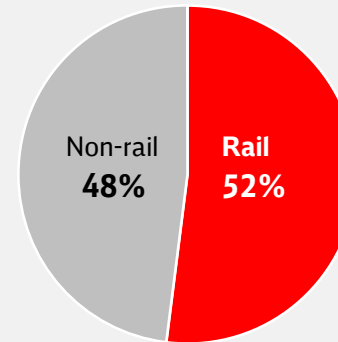
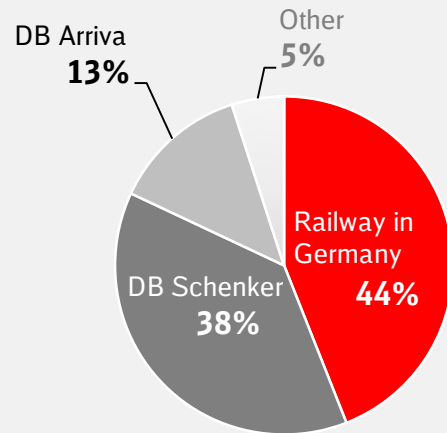
By activities

By regions


H1 2016



H1 2017



Positive development of comparable revenues on business unit level

 Total revenues (€ mn)	H1 2017 effective	Adjustments		H1 2017 comp.	H1 2016 comp.	+/- €	+/- %
		Consol. ¹⁾	FX ²⁾				
DB Long-Distance	2,107	-	-	2,107	2,006	+101	+5.0
DB Regional	4,304	-	-	4,304	4,269	+35	+0.8
DB Arriva	2,662	-16	+175	2,821	2,527	+294	+11.6
DB Cargo	2,306	-	+14	2,320	2,311	+9	+0.4
DB Schenker	8,103	-13	-10	8,080	7,433	+647	+8.7
DB Netze Track	2,652	-	-	2,652	2,601	+51	+2.0
DB Netze Stations	635	-	-	635	623	+12	+1.9
DB Netze Energy	1,416	-	-	1,416	1,391	+25	+1.8
Other/consolidation	-3,115	-	-	-3,115	-3,140	+25	-0.8
DB Group	21,070	-29	+179	21,220	20,021	+1,199	+6.0

¹⁾ Changes in the scope of consolidation. ²⁾ Effects from changes in exchange rates.

In particular DB Long-Distance drives EBIT development in the first half of 2017



(€ mn)

	EBIT adjusted			Operating net profit			Extraord. res.
	H1 2017	H1 2016	+/- €	H1 2017	H1 2016	+/- €	H1 2017
DB Long-Distance	216	54	+162	221	53	+168	–
DB Regional	314	334	-20	293	307	-14	28
DB Arriva	110	106	+4	96	91	+5	0
DB Cargo	-28	-53	+25	-52	-83	+31	-1
DB Schenker	208	200	+8	190	182	+8	-1
DB Netze Track	389	398	-9	250	271	-21	-3
DB Netze Stations	150	159	-9	130	140	-10	-3
DB Netze Energy	44	63	-19	37	55	-18	-15
Other/consolidation	-224	-254	+30	-318	-382	+64	-72
DB Group	1,179	1,007	+172	847	634	+213	-67


Mixed EBITDA development across business units



EBITDA adjusted (€ mn)

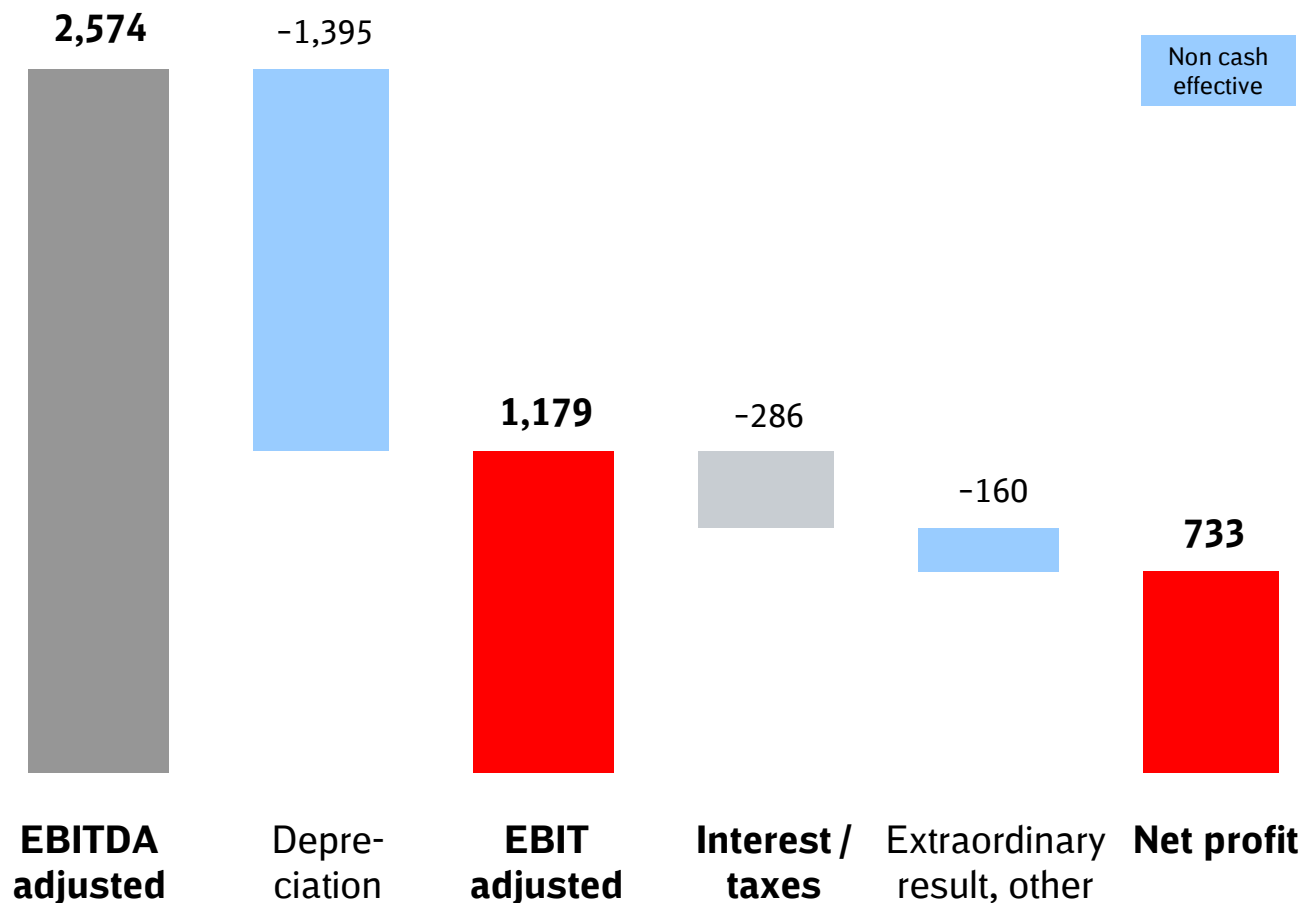
	H1 2017	H1 2016	Changes by business units (€ mn)	
DB Long-Distance	328	184	+144	+78.3%
DB Regional	634	651	-17	-2.6%
DB Arriva	238	232	+6	+2.6%
DB Cargo	82	39	+43	+110%
DB Schenker	305	294	+11	+3.7%
DB Netze Track	815	838	-23	-2.7%
DB Netze Stations	217	227	-10	-4.4%
DB Netze Energy	79	98	-19	-19.4%
Other/consolidation	-124	-148	+24	-16.2%
DB Group	2,574	2,415	+159	+6.6%

Significant positive profit development – earnings improvements exceeded increasing expenses

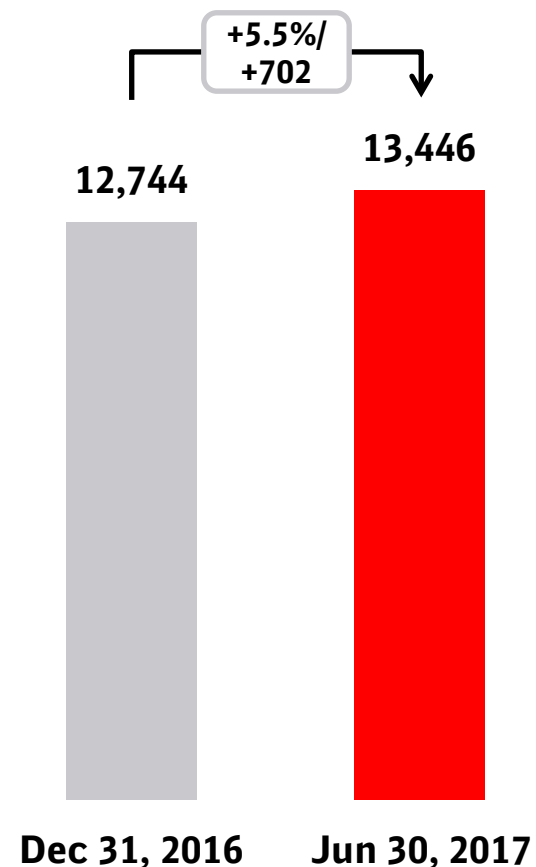
 Adjusted P&L (€ mn)	H1 2017	H1 2016	+/- €	+/- %	Driver
Revenues	21,070	20,033	+1,037	+5.2	<ul style="list-style-type: none"> Revenue development is somewhat better on a comparable basis due to negative FX effects
Total income	23,678	22,394	+1,284	+5.7	
Cost of materials	-10,396	-9,560	-836	+8.7	<ul style="list-style-type: none"> Revenue growth largely driven by DB Schenker and DB Arriva
Personnel expenses	-8,148	-7,788	-360	+4.6	
Other operating expenses	-2,560	-2,631	+71	-2.7	<ul style="list-style-type: none"> Operational development particularly of DB Long-Distance had significantly positive impact on profits
EBITDA adjusted	2,574	2,415	+159	+6.6	
Depreciation	-1,395	-1,408	+13	-0.9	<ul style="list-style-type: none"> Still cost pressures particular in the Railway in Germany
EBIT adjusted	1,179	1,007	+172	+17.1	
Financial result	-379	-438	+59	-13.5	<ul style="list-style-type: none"> Extraordinary burdens increased slightly
Extraordinary result	-67	-6	-61	-	
Profit before taxes	733	563	+170	+30.2	<ul style="list-style-type: none"> Net profit again significantly positive
Taxes on Income	46	40	+6	+15.0	
Net profit	779	603	+176	+29.2	

Significant positive profit development – noticeable increase in equity

Net profit (€ mn)

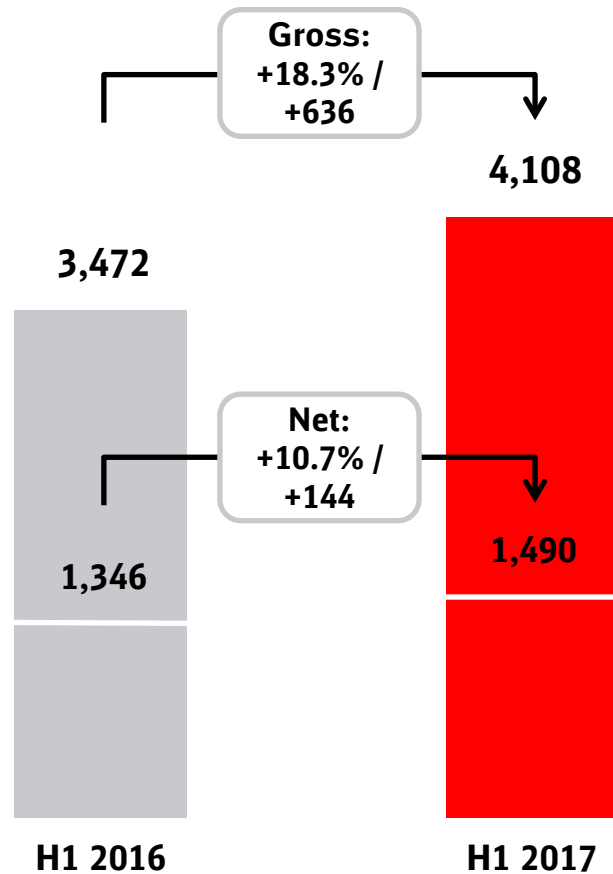


Equity (€ mn)



Capex increased due to higher capex in infrastructure and rolling stock

Capital expenditures (€ mn)



Highlights

- Focus of gross capital expenditures unchanged:
 - 90% Railway in Germany (thereof 78% Infrastructure)
 - 93% 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 Long-Distance, DB Arriva and DB Cargo

Gross capex particular at DB Netze Track increased, rose vehicle capex



Capital expenditures (€ mn)

Gross capital expenditures

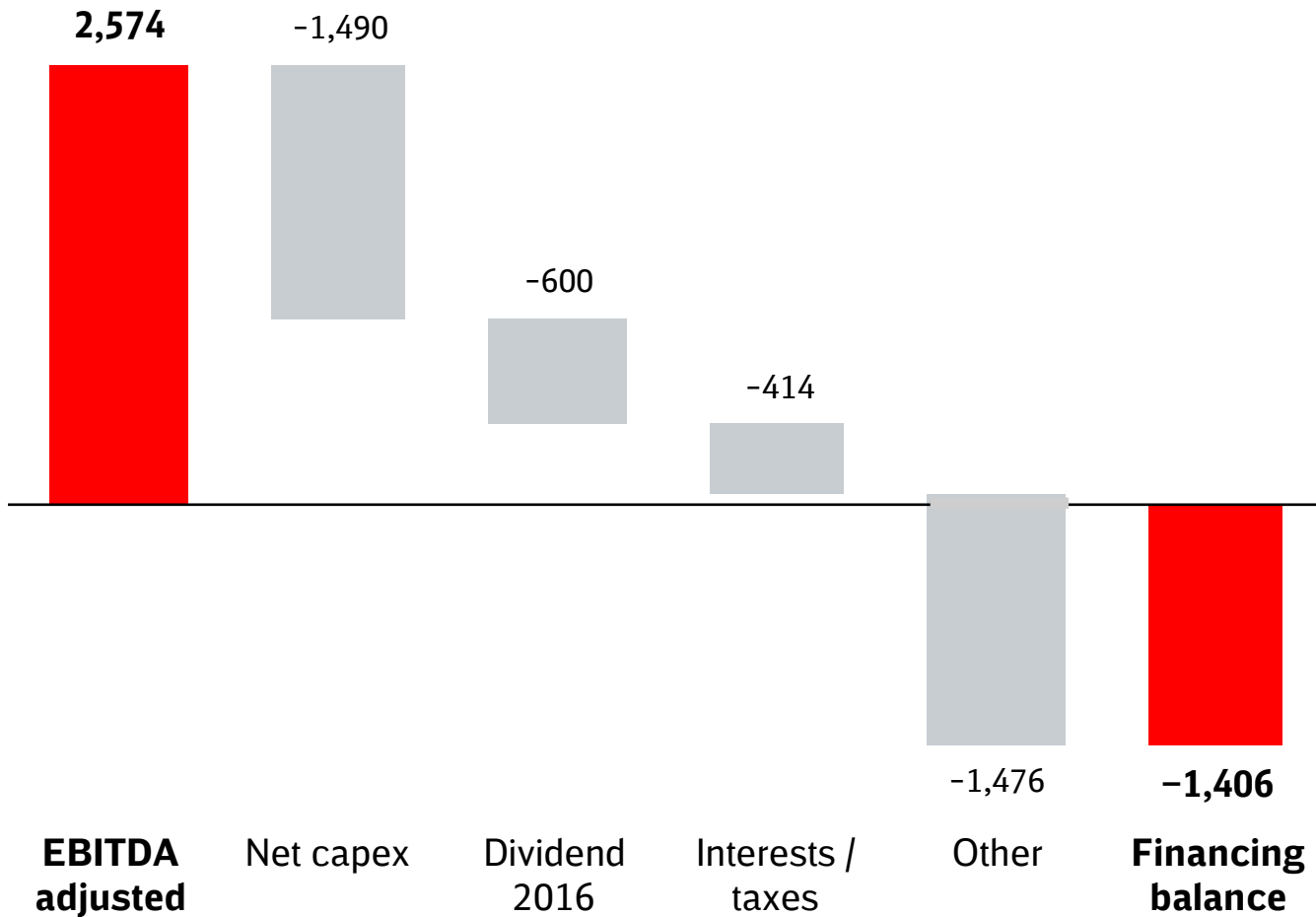
Net capital expenditures

	H1 2017	H1 2016	+/- €	+/- %	H1 2017	H1 2016	+/- €	+/- %
DB Long-Distance	215	156	+59	+37.8	215	156	+59	+37.8
DB Regional	164	137	+27	+19.7	134	135	-1	-0.7
DB Arriva	184	127	+57	+44.9	184	127	+57	+44.9
DB Cargo	110	52	+58	+112	108	50	+58	+116
DB Schenker	76	72	+4	+5.6	76	72	+4	+5.6
DB Netze Track	2,907	2,495	+412	+16.5	525	515	+10	+1.9
DB Netze Stations	253	182	+71	+39.0	80	69	+11	+15.9
DB Netze Energy	48	49	-1	-2.0	17	20	-3	-15.0
Other/consolidation	151	202	-51	-25.2	151	202	-51	-25.2
DB Group	4,108	3,472	+636	+18.3	1,490	1,346	+144	+10.7

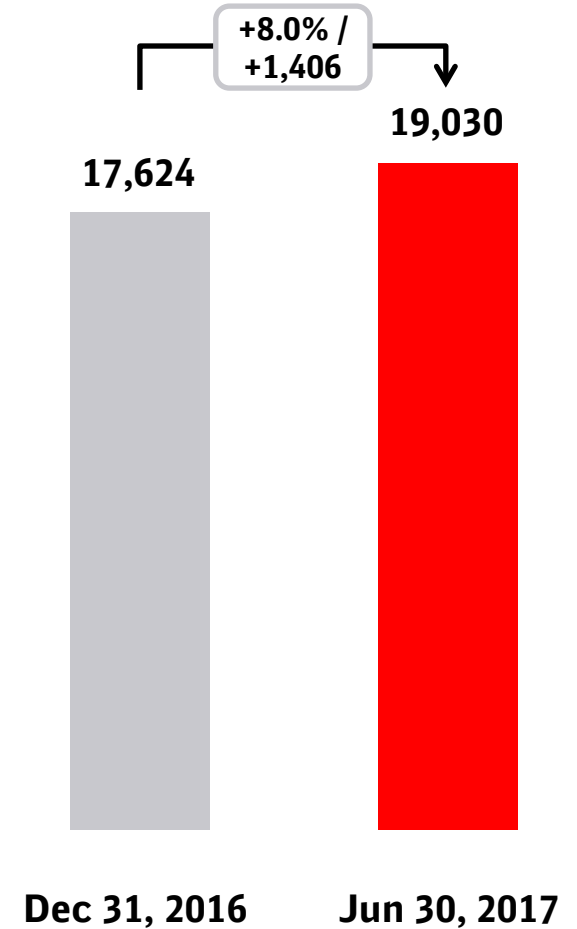
Net financial debt increased slightly due to high level of capex



Financing (€ mn)



Net financial debt (€ mn)



Structure of balance sheet with no material changes – equity ratio improved



(€ mn, as of Jun 30/Dec 31)

Assets

Non-current assets

Property, plant and equipment	38,941	38,884	+57	+0.1
Intangible assets	3,567	3,682	-115	-3.1
Deferred tax assets	1,647	1,511	+136	+9.0

Current assets

Trade receivables	4,366	3,974	+392	+9.9
Cash and cash equivalents	2,906	4,450	-1,544	-34.7

Equity and liabilities

Equity

Non-current liabilities

Financial debt	18,398	20,042	-1,644	-8.2
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Current liabilities

Financial debt	3,829	2,439	+1,390	+57.0
Trade liabilities	5,204	5,100	+104	+2.0

Total assets

	2017	2016	+/- €	+/- %
2017	45,653	45,589	+64	+0.1
2016	11,034	11,034	-585	-5.3
Total	56,102	56,623	-521	-0.9

Maturity structure
as of Jun 30, 2017/Dec 31, 2016

Assets

Non-current assets
(81%, 2016: 81%)

Current assets
(19%, 2016: 19%)

Total € 56.1 bn

Equity and liabilities

Equity
(24%, 2016: 23%)

Non-current liabilities
(47%, 2016: 51%)

Current liabilities
(29%, 2016: 26%)

Total € 56.1 bn

Railway in Germany: high capital employed, underproportional profit contribution



Key figures H1 2017 (€ mn)

	DB Group	RiG ¹⁾	Share (%) of DB Group	RIC ²⁾	Share (%) of DB Group	DB Netz AG	Share (%) of RIC ²⁾
Revenues	21,070	9,223	43.8	4,493	21.3	2,573	57.3
EBITDA adjusted	2,574	1,843	71.6	1,091	42.4	799	73.2
Depreciation	-1,395	-1,058	75.8	-524	37.6	-422	80.5
EBIT adjusted	1,179	785	66.6	567	48.1	377	66.5
Net operating interest income	-332	-282	84.9	-166	50.0	-139	83.7
Operating profit after interest	847	503	59.4	401	47.3	238	59.4
Other income parts	-114	-62	54.4	-25	21.9	-3	12.0
Profit before taxes on income (EBT)	733	441	60.2	376	51.3	235	62.5
Taxes on income	+46	+132	-	-	-	-	-
Net profit	779	573	73.6	376	48.3	235	62.5
Gross capital expenditures	4,108	3,690	89.8	3,202	77.9	2,905	90.7
Investment grants	2,618	2,617	100	2,586	98.8	2,382	92.1
Net capital expenditures	1,490	1,073	72.0	616	41.3	523	84.9
Intangible assets / property, plant and equipment	42,508	34,639	81.5	24,770	58.3	20,560	83.0
Capital employed	34,581	27,036	78.2	21,586	62.4	17,777	82.4
Equity	13,446	12,494	92.9	9,704	72.2	7,620	78.5
Net financial debt	19,030	15,806	83.1	11,778	61.9	10,112	85.9
Adjusted net financial debt	23,828	16,123	67.7	12,095	50.8	10,132	83.8
Return on capital employed (ROCE) (%)	6.8	5.8	-	5.3	-	4.2	-
Operating cash flow after taxes	2,682	1,581	58.9	946	35.3	665	70.3
Gearing (%)	142	127	-	121	-	133	-
Redemption coverage (%)	19.3	16.1	-	15.6	-	13.1	-
Net financial debt / EBITDA (multiple)	3.7	4.3	-	5.4	-	6.3	-

Possible differences are due to rounding.

¹⁾ Railway in Germany.

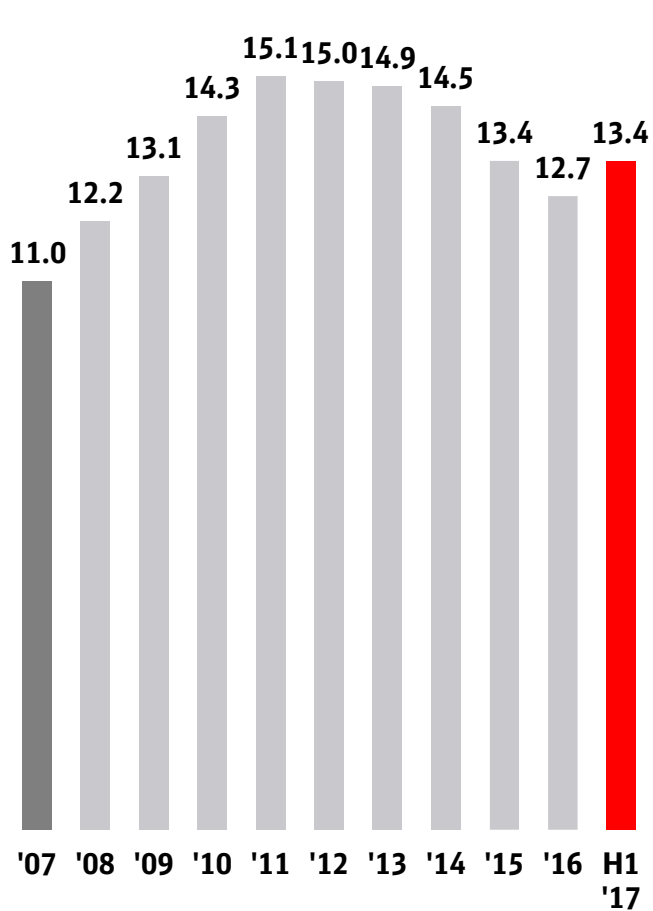
²⁾ Rail infrastructure companies.

Development of equity and net financial debt



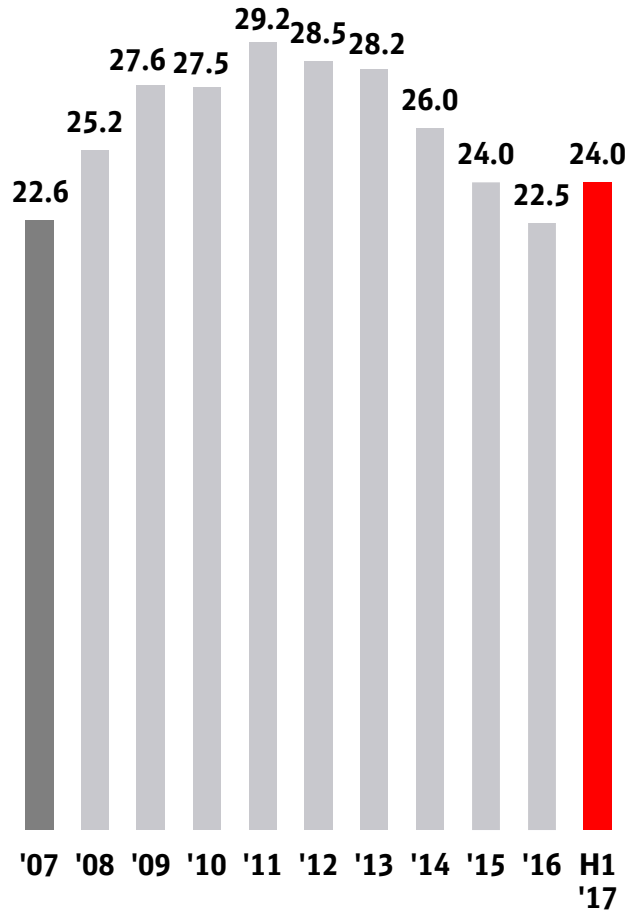
Equity

(€ bn)



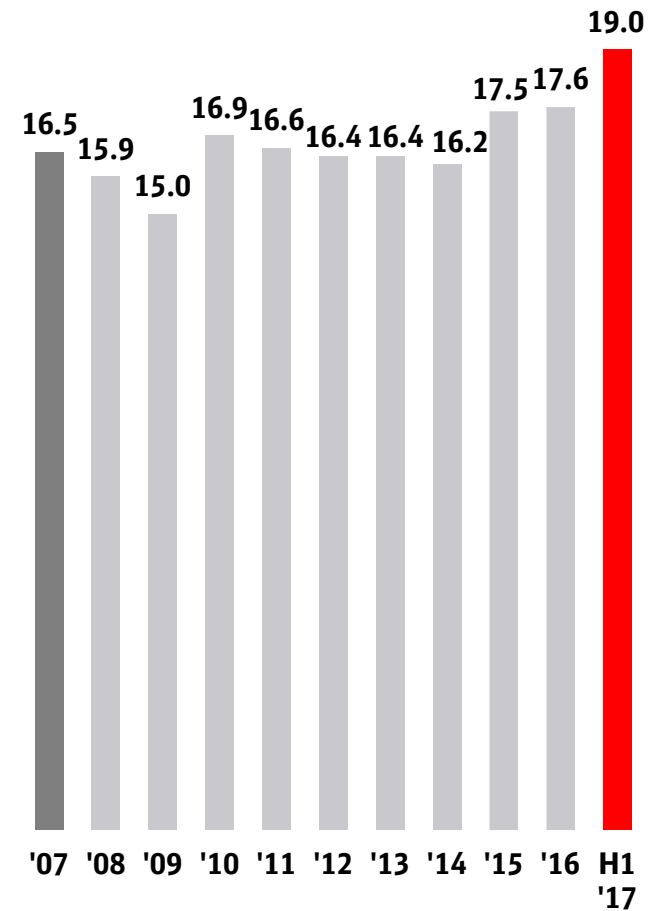
Equity ratio

(%)



Net financial debt

(€ bn)

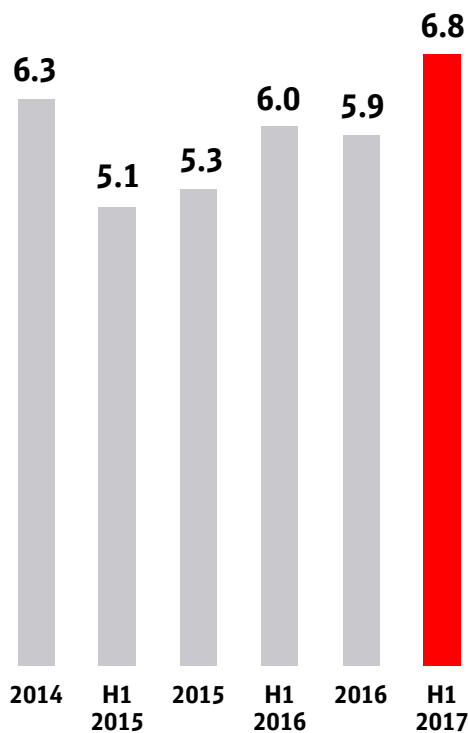


Development of key value management figures



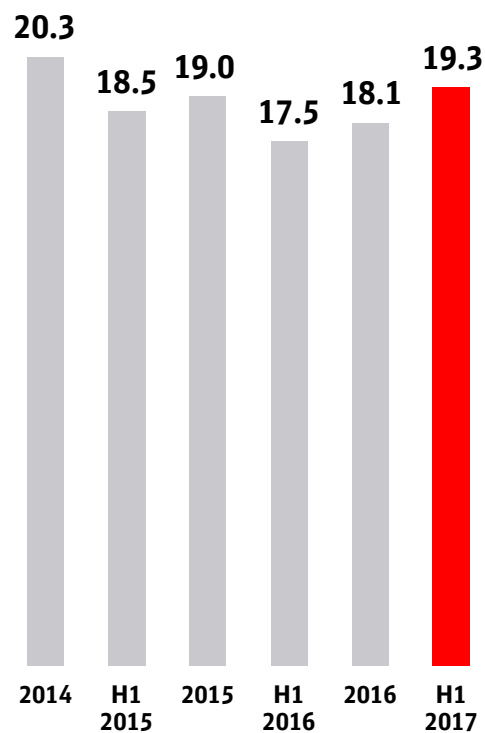
ROCE (%)

Target: $\geq 9\%$



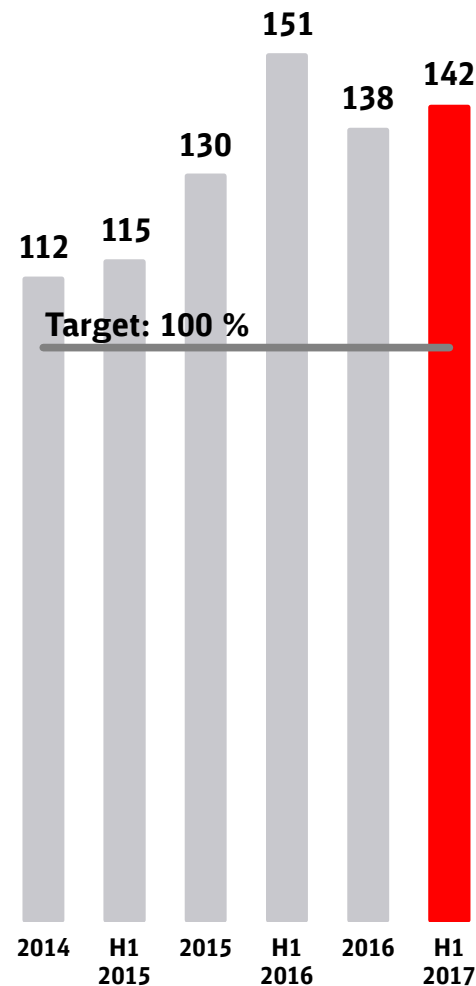
Redemption coverage (%)

Target: $\geq 25\%$



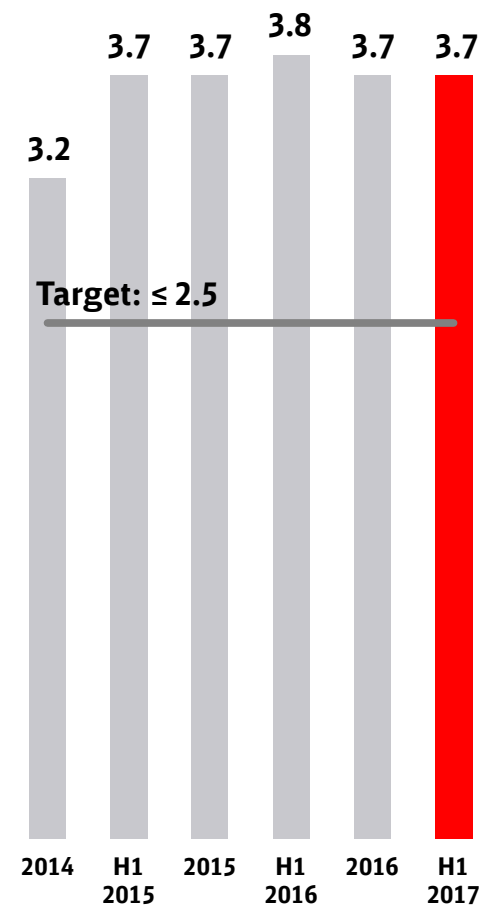
Gearing (%)

Target: 100%




Net financial debt/EBITDA (multiple)

Target: ≤ 2.5



Outlook for 2017 financial year 2017



 Outlook (€ bn)	2016	2017 (Forecast March)	2017 (Forecast July)	
Revenues adjusted	40.6	> 41.5	> 42.5	▪ Growth primarily at DB Arriva and DB Schenker
EBIT adjusted	1.9	≥ 2.1	≥ 2.2	▪ Positive effects from revenue growth
ROCE (%)	5.9	≥ 6.0	> 6.0	▪ Positive effect from EBIT improvement
Redemption coverage (%)	18.1	≥ 18.5	> 18.5	▪ Positive effect from profit improvement partially offset by higher net financial debt
Gross capital expenditures	9.5	≥ 10.5	> 10.5	▪ Increase due to higher infrastructure grants (LuFV II)
Net capital expenditures	3.3	≥ 3.5	~ 4.0	
Maturities	2.3	2.1	2.1	▪ Tapping financial markets to refinance the maturing financial liabilities
Bond issues Bond issues so far	2.1 -	< 2.0 0.1	< 2.0 1.0	▪ Financing needs will be covered mostly by the issue of bonds
Net liquidity as of Dec 31	4.5	~3.5	~3.5	▪ Short- and medium-term liquidity supply is secured
Net financial debt as of Dec 31	17.6	< 19.0	< 19.0	▪ Net financial debt is expected to continue to increase due to high level of capex