



„Quality that persuades“

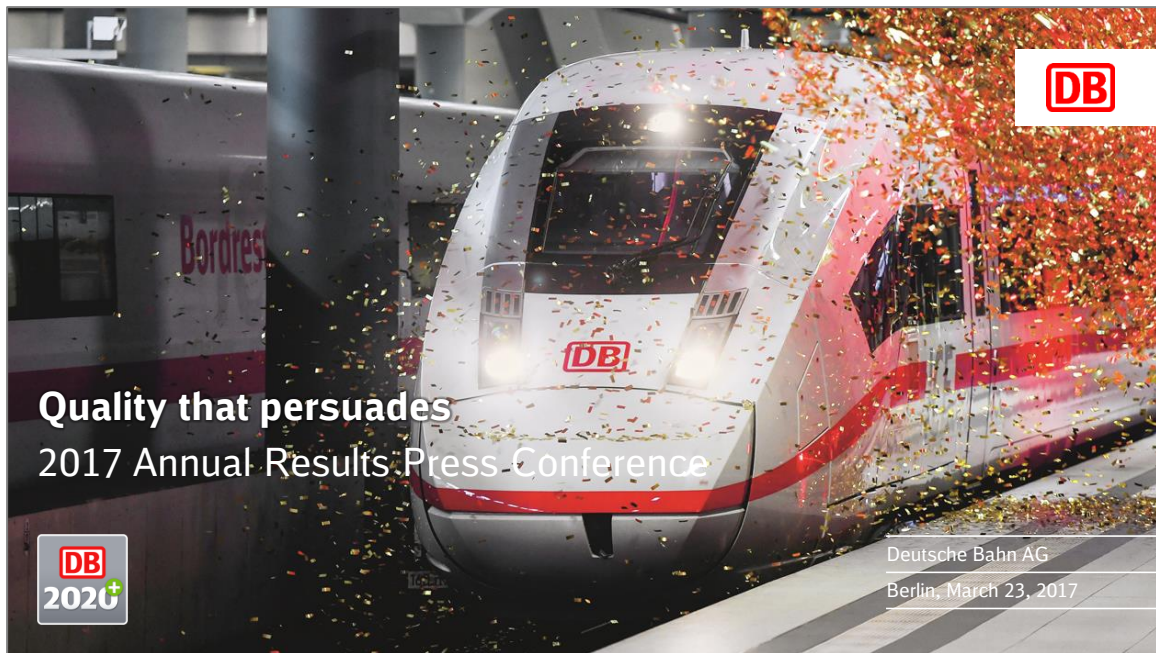
2017 Annual Results Press Conference

Deutsche Bahn AG

Speech by Dr. Richard Lutz
CEO and Chairman of
the Management Board

Berlin, March 23, 2017

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



Ladies and gentlemen,

On behalf of the entire DB Management Board, I would like to welcome you to our 2017 annual results press conference. I have two brief comments to make before I discuss the 2016 fiscal year and our expectations for 2017 in detail.

First: some of you were present yesterday after the annual general meeting, when Federal Minister Alexander Dobrindt and DB Supervisory Board Chairman Professor Utz-Hellmuth Felcht announced that I would be the new CEO of Deutsche Bahn.

I would like to take this opportunity to once again express my gratitude for the confidence placed in me. I look forward to the coming years. You may know that I come from a railway family in southwestern Germany. And so for me, being the CEO of Deutsche Bahn is truly a job like no other: it is a job close to my heart, and it is a great honor. And if you know me, then you also know that I will carry out my responsibility as CEO with dedication and follow-through. Interestingly, when I finished my doctorate, Deutsche Bahn was not necessarily the obvious choice for me.

And in fact the reason I ultimately decided to join DB had to do with the German Rail Reform, which had just been approved and which brought with it a spirit of optimism about the dawn of a new era.

I sense this spirit again today - especially in the changes we have initiated as part of our multi-year quality improvement program, Zukunft Bahn. And for me, of course, being appointed CEO marks the beginning of a new era in my life.

Today, I do not promise our customers and employees that all the problems at DB will just disappear into thin air overnight. But I do promise our customers and employees that I will work with my fellow Board Members and put all my energy into making Deutsche Bahn a more and more attractive company, step by step.

As we face the complex challenges of our times, it is essential that we have motivated and effective teams we can count on. And I am thrilled to say that we - Ronald Pofalla, Berthold Huber, Ulrich Weber and I - are exactly that kind of team.

Now the coming months will be about working with the Supervisory Board to develop our structures and our Management Board team in such a way that we can all work together to lead our company to a successful future.

Second: as you can see, this year we chose to hold our annual results press conference at a very special location, our ICE depot here in Berlin-Rummelsburg. The reason why we chose this location is right in front of you, live and in color, next to the ICE 2: our new star on wheels, the ICE 4. The ICE 4 offers modern travel convenience and innovative technology and is especially eco-friendly. These features, as well as many others, are what set it apart.

In the future, our most state-of-the-art train will receive some of its maintenance service here at the Rummelsburg depot, which is why we thought it especially fitting to hold our annual results press conference here. Instead of showing you models of our trains, as we usually do, we thought today would be a good opportunity to show you the real, life-size ones.

Ladies and gentlemen, now that I have addressed these two areas, let me move on to the 2016 fiscal year. You will recall that 2015 had been a difficult year for us. We had finished with a loss for the year of EUR 1.3 billion and had not reached our operational targets.

This was due in part to special circumstances, such as storms and strikes. But we also faced structural challenges, which we addressed starting in mid-2015 with the restructuring of the Group and our Zukunft Bahn program.

Today, one year later, we can proudly say that we have turned things around.

2016 was a good year for our customers, which means that it was also a good year for us at DB. We raised the quality of our products and made substantial improvements to punctuality. We set a new passenger record in long distance transport. We set a new train path record on our network. And we generated earnings before interest and taxes of EUR 1.946 billion, improving again on the previous year's earnings, and by quite a respectable margin. This means that we met, and in some cases even exceeded, our operational targets. After posting losses of EUR 1.3 billion in 2015, we generated profits of a good EUR 700 million in 2016, enough to pay our dividend.

In short, the 2016 fiscal year demonstrated that the objectives of our Zukunft Bahn program were the right ones: better quality, more customer focus and greater success! We will draw strength and confidence from this fact as we look to the future. That makes us optimistic about the current fiscal year, despite its challenges. But more on that later.

First I would like to talk about our achievements in 2016 relating to customers and quality. The goal for our Zukunft Bahn program in 2016 was to eliminate annoyances. We wanted to make significant progress, especially in our four core areas:

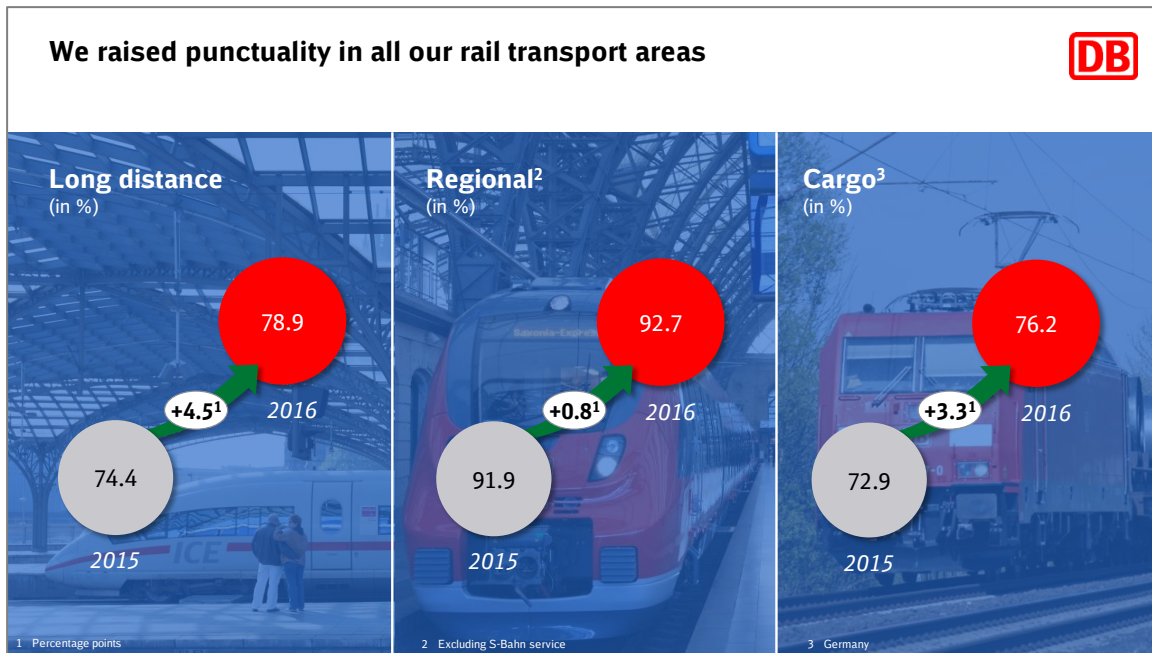
- punctuality,
- passenger information,
- vehicle quality
- and station quality.

When we take stock of last year – and taking stock is what annual results press conferences are for – we can say that we succeeded at nearly everything we set out to accomplish in 2016. We are still far from where we want to be, but we are making good progress. Let me give you a few examples.

We have substantially improved our punctuality



Punctuality is crucial for our customers, and this will not change. We can definitively say that we made substantial improvements to punctuality in 2016. And not only for our long distance trains. Regional services operated by DB Regio and rail freight services operated by DB Cargo also achieved better on-time rates.



Our long distance trains were punctual 78.9% of the time on average in 2016. That is 4.5 percentage points up from 2015 – and, incidentally, it is the greatest increase in the span of one year since 2011. We were able to make gains again in regional transport, from an already high level. And in rail freight transport, we not only bettered our on-time rate over 2015; we also far exceeded our targets.

Let me take a moment to mention something very important: we are not improving our quality at the expense of other rail companies. Quite the opposite, in fact – Germany's entire rail sector stands to benefit when DB's trains are on time.

The good news is that our momentum from 2016 has carried over into 2017. Let me give you an example. The average on-time rate of our long distance services as of March 15 is 83.9%, or 3.4 percentage points higher than it was last year. Another of our successes that benefits customers is the free wireless internet we introduced on our ICE trains nationwide, in both first and second class, on January 1, 2017.

**Wi-Fi has added real value
for our customers**



**Wi-Fi on all our ICEs:
Free in 1st and 2nd class**



The new service has been a hit with our customers, and independent experts have also given us good marks. We are especially pleased to see that customer satisfaction with our wireless internet service has nearly doubled.

Our new passenger record in long distance transport is good news as well.

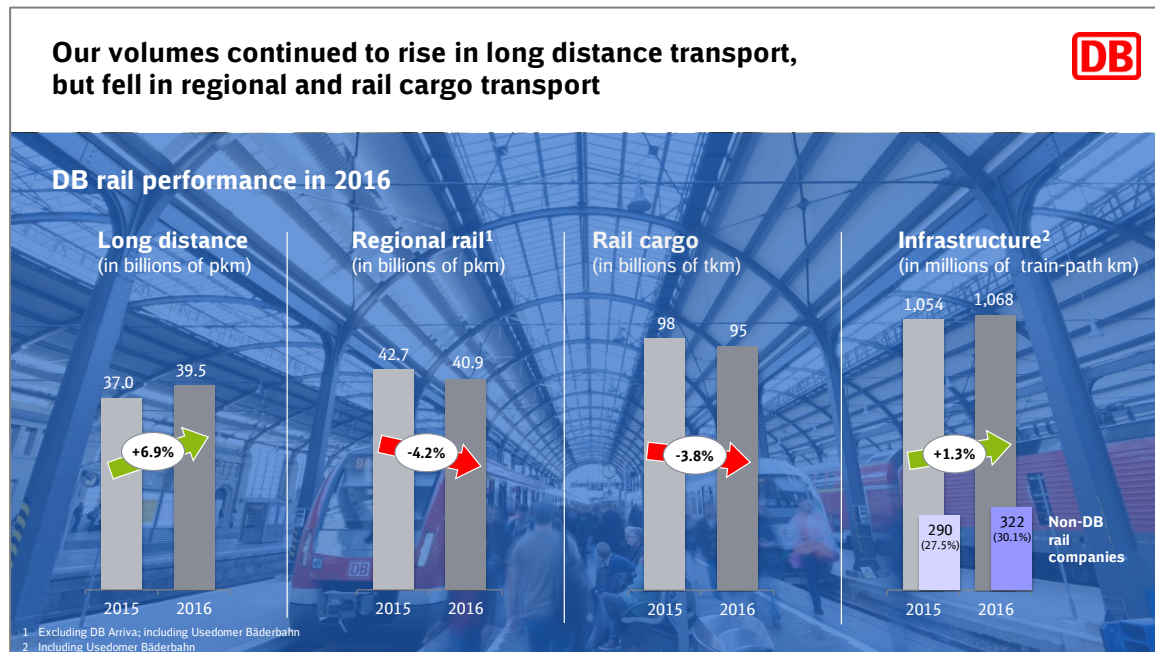
**We succeeded once again in raising
our long distance passenger numbers**



**2016 passenger record
+7 m passengers**
139 m long distance passengers

Over 139 million passengers used our long distance trains last year. That is a year-on-year increase of some 7 million, or 5.4%.

The record number of passengers also had an impact on volume sold at Long Distance, as the following figure shows.



DB was a decidedly more appealing choice for long distance transport. In addition to higher absolute passenger numbers, long distance transport also saw higher passenger kilometer numbers – up nearly 7%. Passenger kilometers in regional and local rail services were down, however. This was due primarily to lost tenders, in which some of our existing business was awarded to competitors. We are somewhat more optimistic about contract awards going forward because of DB Regio's recent successes in winning tenders and transport contract awards. The final contract awards for the Nuremberg S-Bahn and the Rheintalbahn network are two examples.

Our fundamental realignment of rail freight transport is under way. In infrastructure, train path kilometers were up 1.3% year on year. In other words, more trains traveled on Germany's rail infrastructure than ever before. And non-DB rail companies increased their share from roughly 27.5% in 2015 to more than 30% last year. This, too, was a new record. There is no question: our competitors are continuing to gain ground, and we want to – we will – defend our position with strong products and top quality.

Our Zukunft Bahn program has put us on the right track, and the successes we have achieved so far bear us out. I should also note that these successes were not just handed to us. They were the result of hard work. In some cases, they demanded a great deal of us. And in some cases, we had to learn to assert ourselves to win the game. But we were successful, and we realized how much fun it can be to be assertive, to shoot a goal, to win the game.

So how exactly did our successes come about? Let me offer you a couple of examples. First, measures to improve punctuality.

As part of our Zukunft Bahn program, we took targeted measures to raise punctuality

Zukunft
▶▶▶ **Bahn**

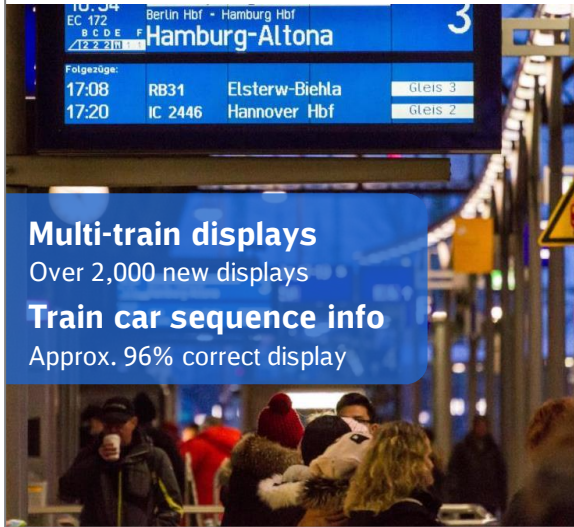
"PlanStart" teams
On-time departures at hub stations up an average of 16 percentage points

Our employees set out to hunt down every lost minute to improve our on-time rate. Our „PlanStart“ teams played a very important role here. They improved departure punctuality at the ten largest stations in Germany by an average of some 16 percentage points.

Next, passenger information. We made a major improvement by installing over 2,000 new multi-train displays.

We enhanced traveler information for our customers and improved the quality of our rolling stock

Zukunft
▶▶ **Bahn**



We are now also able to provide our passengers with more reliable information, using the train car sequence display on our DB Navigator app, for example. Train car sequence was shown correctly on station platform displays around 96% of the time. And we rejuvenated our entire long distance fleet with our RESET program.

Ladies and gentlemen, all of this is to show you that we made rail operations in Germany a top priority in 2016. And that was the right thing to do. Three-fourths of capital employed at the DB Group goes to rail operations in Germany, as does 90% of capital expenditure – and rail operations in Germany currently pose the greatest challenges for us. Nevertheless, there are two other areas we cannot forget if we want to ensure that our strategy and our business remain viable for the long term. We need to continue to internationalize our business activities, and we need to take a proactive stance toward digitalization. It is not a matter of “either/or” in this situation; we must be able to accomplish both.

We need to use our Zukunft Bahn program to ensure the competitive strength of rail operations in Germany and, simultaneously, press ahead with internationalization and digitalization. Only if we set our sights on both of these objectives will we be successful long term.

I'll come back to digitalization before I conclude. But first I would like to talk about our two international business units. We have made good progress with internationalization. The signs point to growth at our DB Arriva subsidiary.

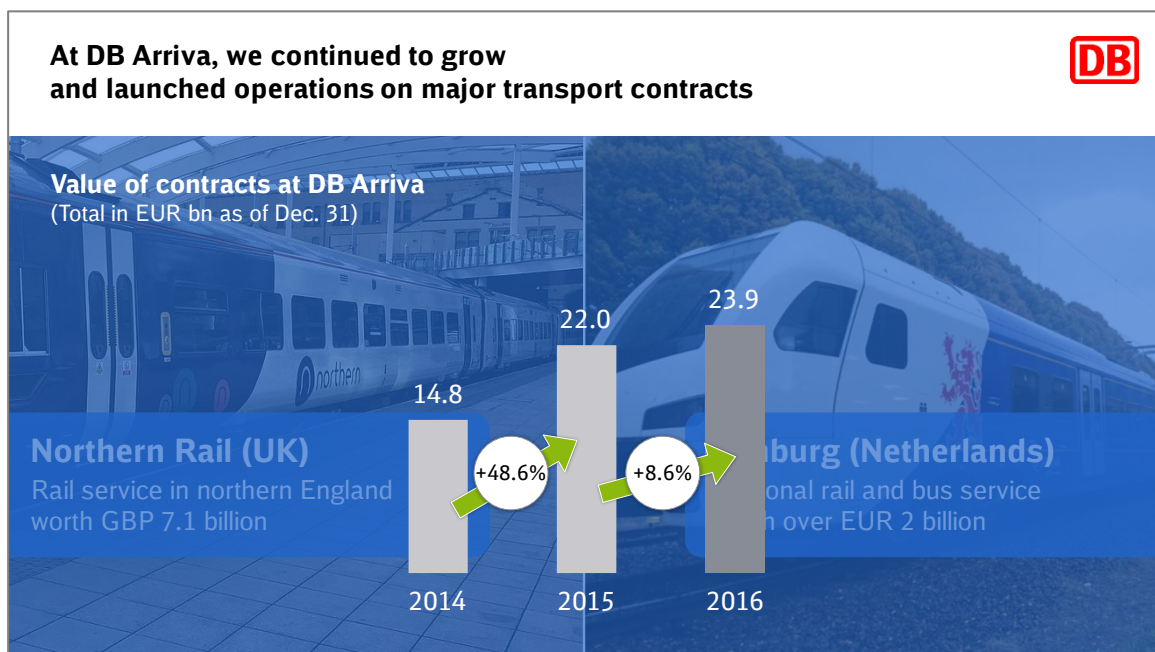
At DB Arriva, we continued to grow and launched operations on major transport contracts 



Northern Rail (UK)
Rail service in northern England worth GBP 7.1 billion

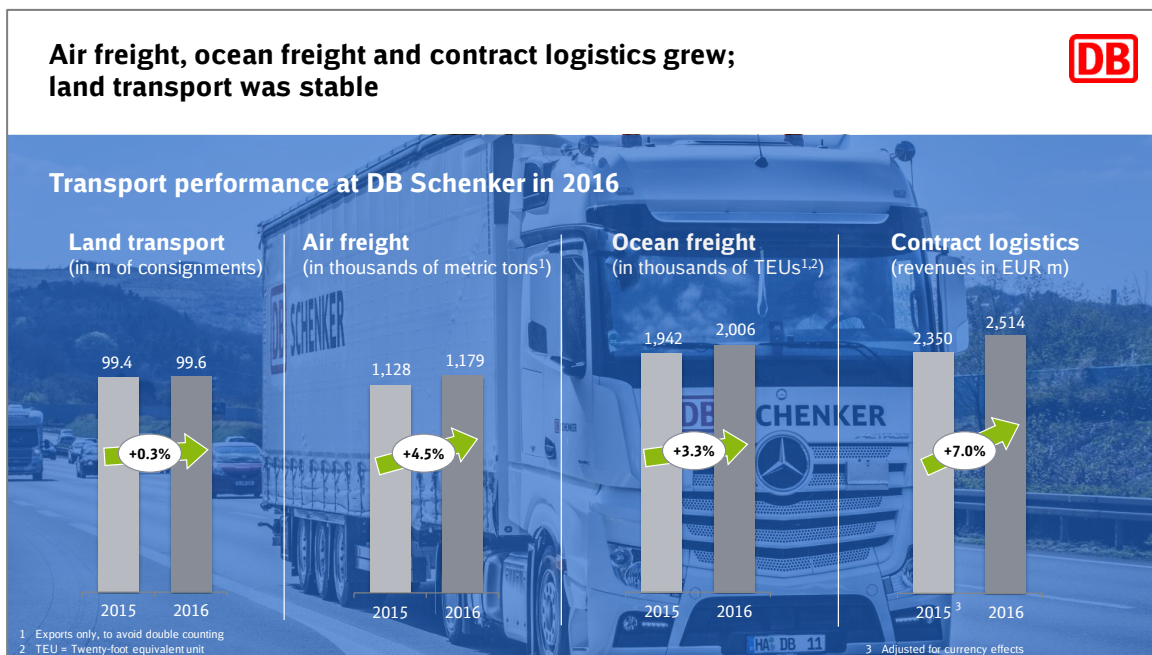
Limburg (Netherlands)
Regional rail and bus service worth over EUR 2 billion

The large-scale franchises that we were awarded, which include Northern Rail and Limburg, got off to a good start in 2016 and are making progress. Our contract award success is also reflected in our order books, which have seen a marked increase at DB Arriva over the past three years.



However, the upcoming Brexit and the corresponding drop in the value of the pound sterling pose challenges for our business. In light of these factors, we will do all we can to continue to expand our activities with DB Arriva not only in the UK, but also in the rest of Europe. DB Arriva is starting in an excellent position in this regard compared with the competition. We see potential for growth in Eastern European markets most of all.

In logistics, all arrows are pointing up at DB Schenker, our other major international business.



Contract logistics in particular made gains again and increased its revenues by 7% year on year, to EUR 2.5 billion. In contract logistics specifically, and at DB Schenker as a whole, we are taking advantage of the opportunities afforded by digitalization to put ourselves in a good position for the future.

Here are two examples:



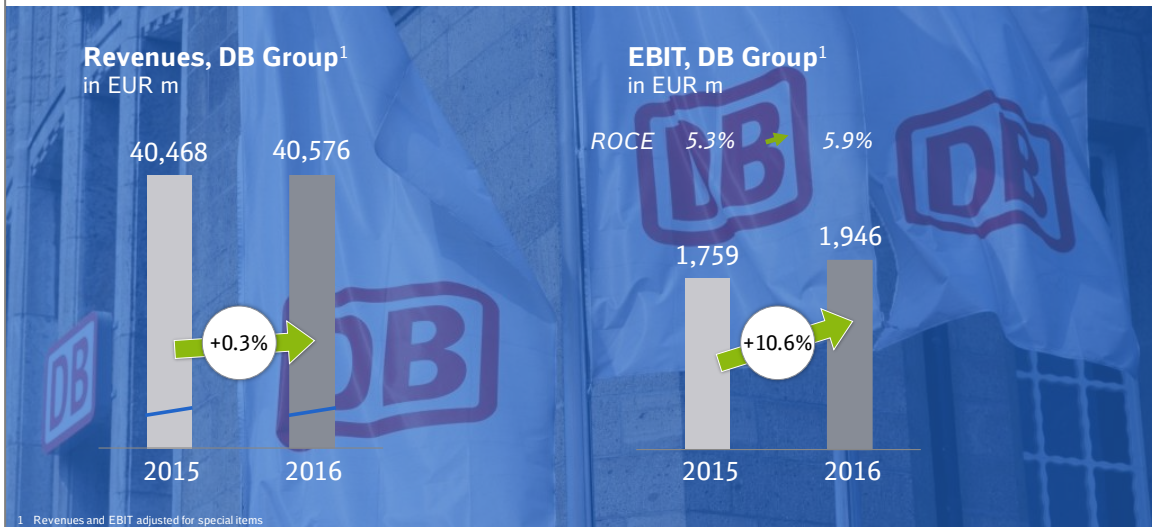
First, we are working on the digital logistics center of the future as part of our strategic innovation partnership with the IT provider Cisco. Second, we are putting DB Schenker's European land transport activities on a new footing by partnering with uShip. We signed an agreement with the US online freight marketplace in 2016 and have now officially launched our partnership. For the first time, we are connecting land transport carriers and freight online, using just smartphones and tablets and uShip technology.

Ladies and gentlemen, better quality, more customer focus and greater success will remain our rallying cry, not only for our Zukunft Bahn program, but also for all of our business activities. We are confident that lasting economic viability can only be achieved if product quality and customer satisfaction drive our ideas and our actions.

Our financial performance in the 2016 fiscal year shows that product quality and customer satisfaction do not preclude business success.

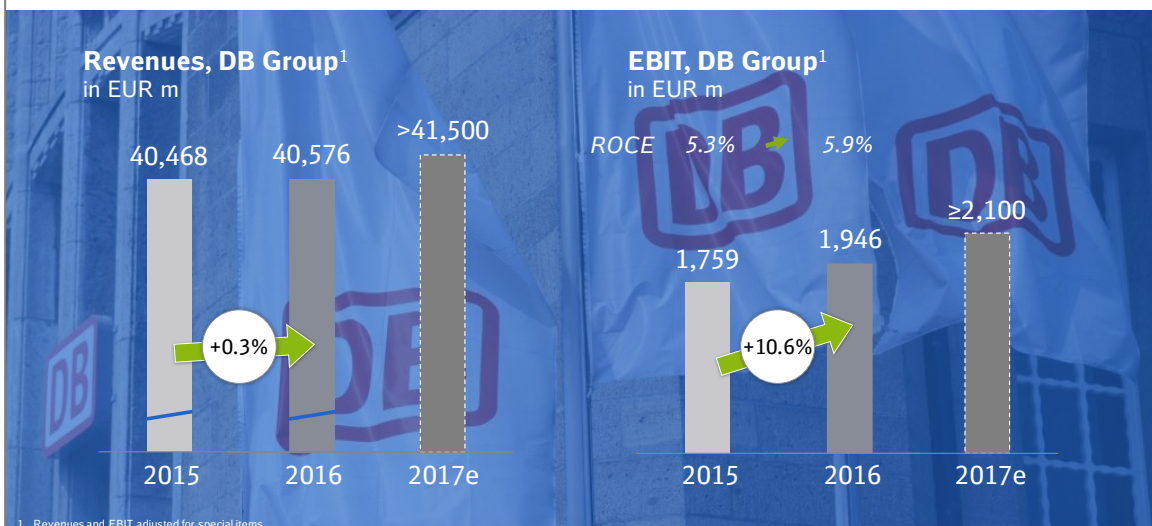
After all, revenues and EBIT also rose in 2016.

**We are on the right track:
2016 was a successful year for the DB Group**



At 0.3%, the increase we reported in revenues was rather modest. However, in comparable terms – in particular after adjusting for currency effects – that increase was 1.6%. After years of falling EBIT, it is especially good news that EBIT in 2016 was up from 2015 and also exceeded our expectations. We currently expect to see similarly positive developments in 2017.

**We are on the right track:
2016 was a successful year for the DB Group**



For the current fiscal year, we are forecasting revenues of over EUR 41.5 billion and EBIT of at least EUR 2.1 billion.

The first few months of the year are consistent with this assumption: revenue and EBIT performance is very encouraging at the moment. To sum up, 2017 got off to a very respectable start.

At this point, let me emphasize something that is very important to me: our diversity is what makes us strong. Our success in 2016 was bolstered by each and every one of the business units of Deutsche Bahn. We will continue to build on that strength.

Ladies and gentlemen, now that I have given you the financial outlook for the current fiscal year, let us turn to the specific activities on our agenda for our customers in 2017. This much is already clear: we will strive for more improvements in the quality and products we offer the customers of our rail services in Germany.

One of our primary targets is to continue to improve punctuality in all rail transport segments. For example, we are aiming for an 81% on-time rate in long distance transport. But we will only be able to achieve this rate if the entire DB team is involved - if we have the best possible preparation, demonstrate unwavering spirit and remain fully committed. In other words, we must truly embody the spirit of Zukunft Bahn.

Now I would like to hand the floor over to my fellow board members Ronald Pofalla and Berthold Huber. Ronald as the Board Member for Infrastructure and Berthold as the Board Member for Passenger Transport are responsible for ensuring that DB's infrastructure is fit for the future and that we can offer strong mobility solutions. And those two factors are essential if we are to ensure the future success of our rail operations.

Ronald Pofalla: Thank you, Richard. Ladies and gentlemen, welcome!

Reliable infrastructure is absolutely essential for on-time rail service. That is why we, with the support of the German government, are investing record amounts in the network and are systematically continuing our modernization work.

We are investing more than ever before to modernize the rail network – and are reducing delays at the same time



**Investments rail network 2017
EUR 7.5 billion** 

Modernization, new construction & upgrades

Some EUR 7.5 billion will be put toward infrastructure modernization, new construction and network upgrades this year alone – with even greater investment in the years to come. The modernization of our track infrastructure is made possible by the Performance and Financing Agreement in place between the German government and DB. And halfway through the largest infrastructure modernization program in the history of DB, we are right on target.

What specific improvements have been made so far? Infrastructure deficiencies in 2016 were down 55% from 2010. We also improved the quality of our rail bridges, modernizing some 200 of them in 2015 and 2016. Grouping construction sites and ensuring professional construction management are absolutely crucial in light of the number of construction sites in the existing network – as many as 850 a day at peak times.

We are investing more than ever before to modernize the rail network – and are reducing delays at the same time



**Investments rail network 2017
EUR 7.5 billion**
Modernization, new construction & upgrades

**Delays reduced by
11% in 2016**
Despite increase in construction volume

In 2016 alone, optimized construction management allowed us to reduce delays by 11% despite a 12% increase in construction. But that's not enough. We need to build like never before, yet we cannot allow construction to become an inconvenience. We are getting better at reconciling these two opposing factors, but we do not always succeed. That is why we consistently strive to minimize the impact for all rail operators equally. And that is also why we are in contact with all of the parties that are affected. We work together to find fair solutions that everyone can get behind, even publicly. The fact of the matter is, the entire industry needs to pull together to ensure quality and punctuality.

A first step is the roundtable on construction site management, which aims to increase transparency and develop solutions together. The roundtable participants include: the German government, local authorities, associations, rail operators and DB Netz. In light of this, the relevant expert committees have already held a number of talks with all of the rail operators, as part of an industry-wide dialogue.

Ladies and gentlemen, in addition to our modernization campaign, we are also building a number of new lines and upgrading others. We are taking big steps toward the finish line of our largest project by far. German Unity Transport Project 8, or “VDE 8”, will be completed by the end of the year.

**When the Nuremberg–Erfurt high-speed line (VDE 8.1) opens,
we will start a new era in long distance transport**



The final section, which connects Nuremberg and Erfurt, will open at the timetable change, ushering in a new era in rail transport. Future passengers on the ICE Sprinter will be able to get from Berlin to Munich in just under four hours - an unbeatable journey time.

And a large-scale infrastructure project will very soon take shape in Munich itself. We will break ground on the second core S-Bahn route on April 5. This project is without a doubt a quantum leap for public transport in the Munich area.

Now I would like to hand the floor over to my colleague Berthold Huber. His remit includes DB Long Distance, which also happens to be a project client.

Berthold Huber: Thank you, Ronald. Ladies and gentlemen, once again, welcome!

Allow me to continue with the good news about openings in 2017. You already hinted at one project. Our first carbon-neutral ICE maintenance depot in Germany will open in Cologne at the end of the year.

**As part of our work to remain an eco-pioneer,
we are investing in eco-friendly maintenance**



DB Long Distance is investing some EUR 220 million and securing 400 jobs. The depot will be able to perform maintenance on all ICE classes, including the ICE 4. Until the ICE 4 begins scheduled operations in December, we are using it as a test train to try out new innovative on-board services, including food service, for our customers.

After some 15 years in service, our ICE 3 fleet will undergo a redesign. We are investing some EUR 210 million in our 66 ICE 3 trains. In the future, the fully refurbished ICE 3 trains will also operate as ICE Sprinters on the VDE 8 line - and as Ronald mentioned, it will take them less than four hours to get from Munich to Berlin. The ICE 3 modernization is another milestone in our Zukunft Bahn program, which aims to make rail services as a whole more reliable, more convenient and more appealing for our customers.

Our new ICE 4 is also a symbol of our work to ensure better quality. All of us are looking forward to the launch of the new ICE 4, which will serve as the backbone of our long distance campaign for the next decade of rail in Germany.

The ICE 4 is set to start regular service



We are staying the course we set in Spring 2015. By 2030, we will expand our long distance services by 25%, linking more cities and regions.

We have set out to increase our passenger numbers by some 50 million by 2030 and have already brought 10 million new passengers on board.

Moreover, digital products and services will be indispensable if we want to offer our customers a modern travel experience. That is why our colleagues at our four lead depots - in Hamburg, Berlin, Frankfurt and Munich - are installing a new video service on our ICE Portal, which will play movies and TV shows. Passengers will soon have access to 50 free movies and TV shows, some of which will rotate monthly, thanks to our partnership with the video streaming provider maxdome. This new service will ensure top entertainment on board our trains. Passengers will be able to watch movies and TV shows:

- without having to download them in advance,
- without using data
- and without dropouts in tunnels.

It couldn't be more convenient. Some of you may have noticed that we have already begun testing the new service on our trains. We will be expanding it to all our ICEs, train by train, over the coming weeks.

We want to add value for our customers by offering digital services - beginning with free wireless internet - not only on our long distance trains, but on our regional trains as well. In North Rhine-Westphalia, which is Germany's most populous state and where some 1.2 million passengers take our trains and buses each day, we are working with local authorities to begin equipping regional trains with receiver technology similar to the technology used on the ICEs. Pilot projects are already being conducted in other states, with similar success. We hope to be able to offer wireless internet to more regional transport customers and are in talks with mobile network operators and local authorities.

Ladies and gentlemen, now I would like to say a few words about rail freight transport. Last year, we did a lot of the preparatory work that was needed to restructure DB Cargo so that we would be able to offer our customers better quality at competitive prices.

Reaching consensus with employee representatives last year was, and remains, an important step. This being the case, 2017 at DB Cargo will be all about implementing Zukunft Bahn. Our efforts to strengthen rail freight are not only directed inward; we are also working with external partners. At the rail freight roundtable of the German Federal Ministry of Transport and Digital Infrastructure, we and other industry representatives are meeting to discuss the difficult situation facing the rail freight transport sector, and the steps that need to be taken in response.

That brings me to the end of my brief look at the Traffic and Transport Board Division. Richard Lutz will now continue with a look ahead.

Dr. Richard Lutz: Thank you, Ronald and Berthold.

Ladies and gentlemen, as you will have gathered, we have set an ambitious agenda for this year and in general are doing a great deal as a company to make progress

for our customers. But we are not only working on earnings potential over the next twelve months. We are also already hard at work building the mobility and logistics of tomorrow.

Digitalization is an essential tool and a driving force for raising quality for our customers. Our course is set; we will continue to focus on three crucial areas for action:

- the interface with our customers,
- our operating processes
- and new data-driven business models.



There will be a number of improvements for our customers in 2017, including passenger information: Our digital car sequence displays will soon be available for Intercity trains. And beginning in Fall 2017, our new DB Information 4.0 counters will be introduced progressively at all major train stations as the first point of contact for service-related questions.

At the same time, we will continue to make advancements in automating all rail operations - our core business. In essence, this means both a digital roadmap for more rail capacity and automation of all operations on the ground, specifically our signal towers and control-command and signaling systems.

Moreover, we want to use digitalization to further increase connectivity between rail and other modes of transport – for both passenger service and freight service. That is why we are working on finding smart ways of connecting mobility solutions where rail and road transport can complement each other. We have conducted pilot projects for self-driving shuttles. And this year we will be setting up an area in the German state of Bavaria to test autonomous driving on public roads. In logistics, we are working with our partner MAN to test interconnected truck platoons.

Ladies and gentlemen, digitalization is associated with such sweeping changes that we decided to establish a dedicated ecosystem for DB's digital transformation in 2016. The focus is on developing new data-driven business models. And that means new models both within and outside our core business.

Finally, I would like to address one last topic that is very dear to me. All of these monumental projects and milestones – the small steps and giant leaps – would be unimaginable without the dedication of our employees. 2016 was such a good year because the entire DB team pulled together.

With Zukunft Bahn, we launched a large-scale quality movement – thanks in particular to our employees



We showed that Zukunft Bahn was a major, across-the-board quality movement – at our stations, on our platforms, at our signal towers, on our trains and at depots like

this one. Our managers and employees put in outstanding work last year. I would like to express my heartfelt thanks to them on behalf of the entire Management Board.

I would also like to say a special thank-you to someone who is not here today: Rüdiger Grube. For Rüdiger Grube, people – whether they were customers, managers or employees – were always incredibly important.

My fellow Board Members and I would like to thank Rüdiger Grube for the years of teamwork, appreciation and friendship. We wish him all the very best for the future.

Ladies and gentlemen, the new Management Board team at Deutsche Bahn has a clear goal: We want to work each and every day to make our company better, and a more appealing choice, for our customers. We will continue to put all of our strength into pursuing our ambitious quality targets – with confidence and with passion.

2017, this special year for DB, is about no less than: Quality that persuades.



Thank you.

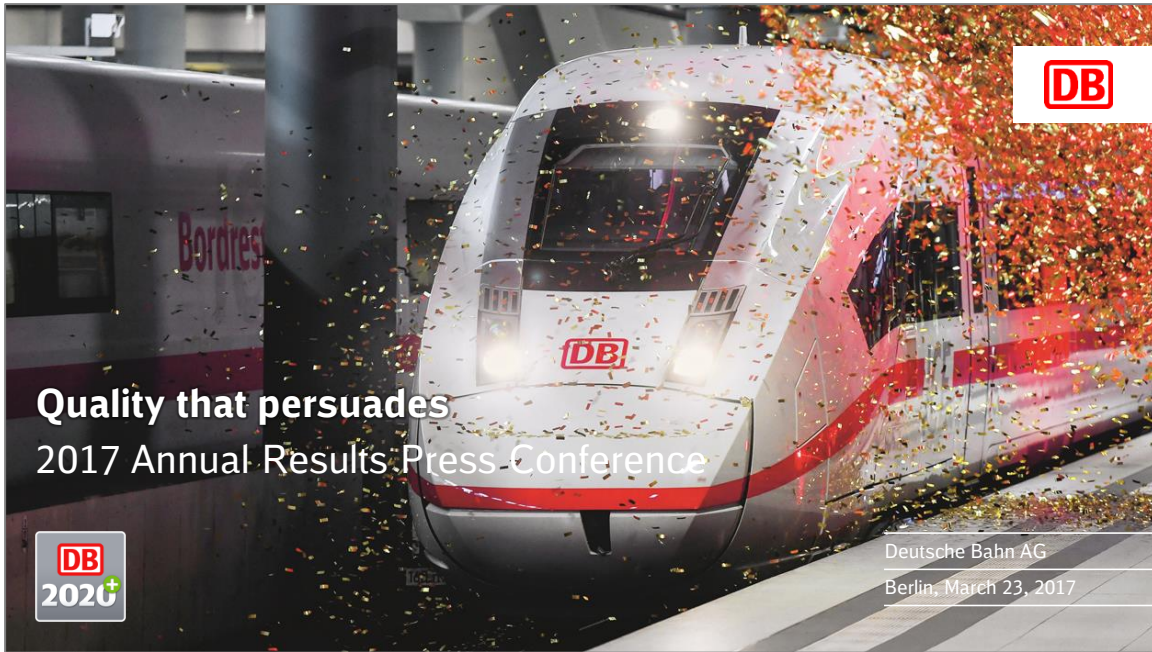


Photo credits



Front page	Max Lautenschläger	Slide 12	From left: Schenker, Claus Weber
Slide 2	Axel Hartmann	Slide 13, 14	Wolfgang Klee
Slide 3	From left: Axels Hartmann, Christoph Müller, Wolfgang Klee	Slide 15, 16	Frank Kniestedt
Slide 4	Deutsche Bahn	Slide 17	Volker Emerleben
Slide 5	Uwe Mieth	Slide 18	Bernhard Fischer
Slide 6	Oliver Lang	Slide 19	Max Lautenschläger
Slide 7	Deutsche Bahn	Slide 20	From left: Deutsche Bahn, Sergey Nivens, Getty Images #586970661
Slide 8	From left: Kai Michael Neuhold, Oliver Lang	Slide 21	Deutsche Bahn
Slide 9, 10	Arriva	Slide 22, 23	Max Lautenschläger
Slide 11	Michael Neuhaus		



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