



“Quality that persuades“

2017 Interim Results Press Conference

Deutsche Bahn AG

Berlin, July 26, 2017

Speech by Dr. Richard Lutz CEO



Ladies and gentlemen,

on behalf of the entire DB Management Board, I would like to welcome you to our 2017 interim results press conference.

Let me start with the most important message: we are on the right track. “Zukunft Bahn”, our multi-year quality improvement program, is successful, and it is the right approach to take. Our successes are visible: patronage is rising, as are revenues and earnings. The positive developments we saw in 2016 continued in the first half of 2017.

We can feel the wind in our sails, but we still have our feet firmly planted on the ground. We may be on track, but we still have a long way to go. We have achieved a great deal in many areas, and we still face challenges in others. It is our task to continue working on those challenges with discipline and determination.

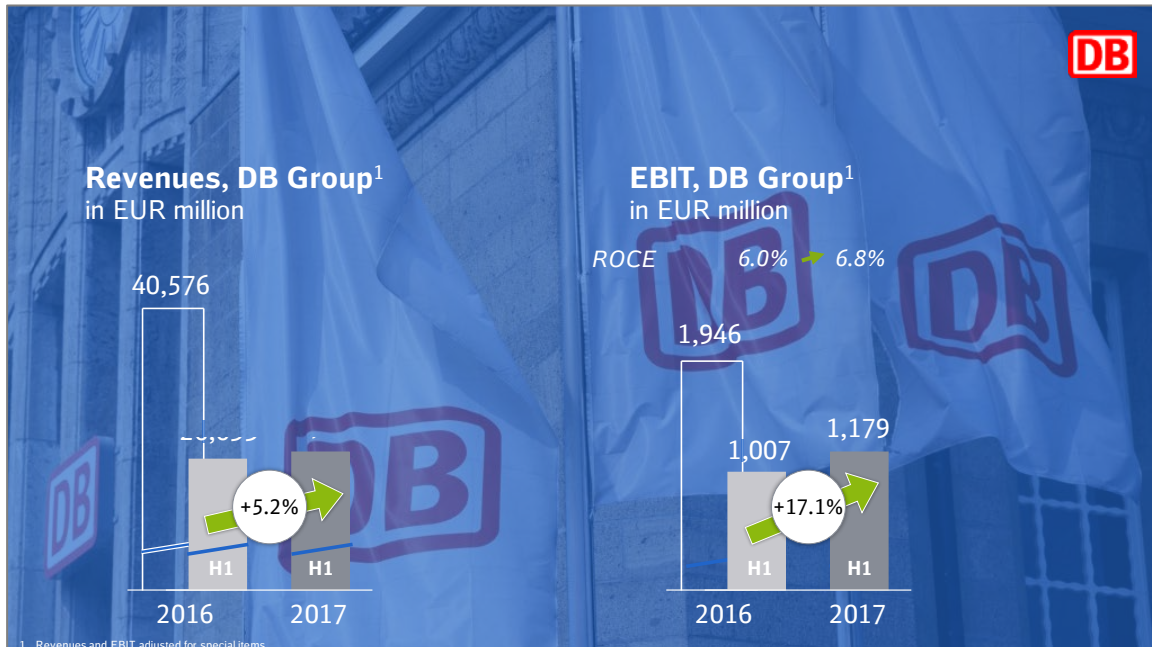
Our objective is always to make DB a little bit better, each and every day – just as I announced when I was first appointed CEO.

Let me begin by discussing long distance transport, where passenger numbers rose once again.



Over 68 million passengers used our long distance trains in the first half of 2017. That was a year-on-year increase of 1.6 million, or 2.4%.

And the increase was also reflected in our financials.

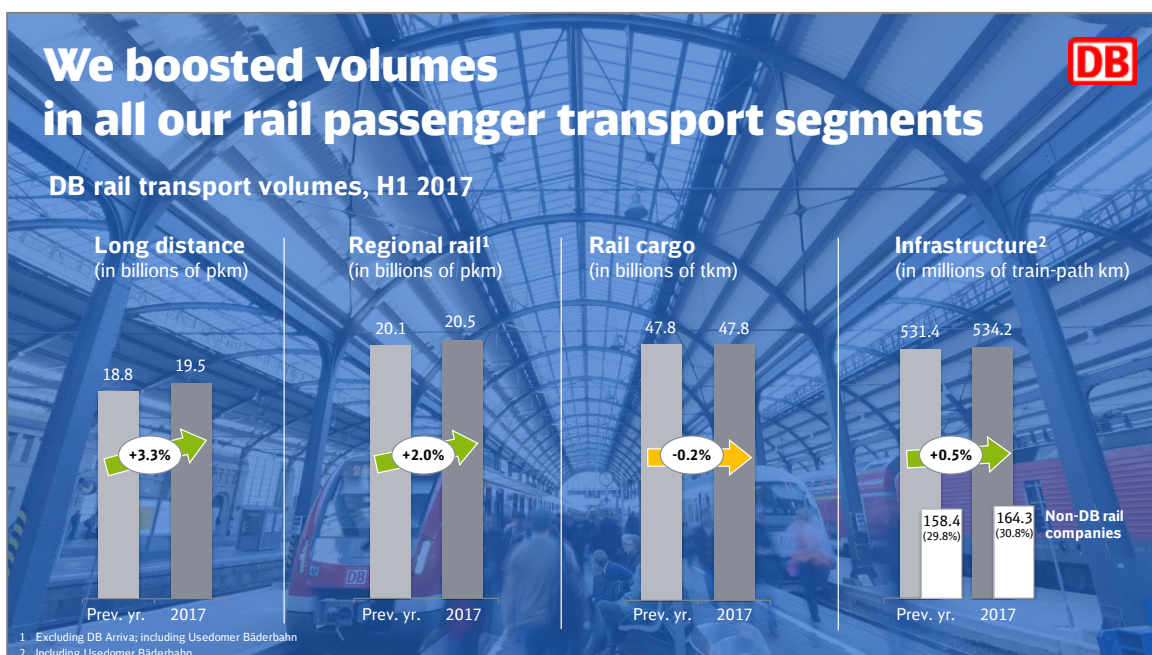


As you can see, we made major improvements in both revenues and EBIT.

With revenues of some EUR 21.1 billion and EBIT of some EUR 1.2 billion, we delivered successful performance. We are talking about an increase in revenues of 5.2%, and in adjusted EBIT of a full 17.1%.

What is particularly encouraging is that, as in the 2016 fiscal year, our EBIT was well above that of the previous year and also exceeded our expectations. Moreover, our success was facilitated by performance across our business units.

We also boosted volumes in rail passenger transport, as you can see on the next slide.



The increase was 3.3% at DB Long Distance, and 2.0% at DB Regio.

Our comprehensive program to realign our rail freight transport segment and make it more competitive is under way. We are pleased to report that we are seeing the first signs of growth we have seen at DB Cargo in Germany in five years.

In light of this, we welcome the German government's master plan for rail cargo transport, which Transport Minister Alexander Dobrindt presented on June 23. The plan includes specific measures to strengthen rail cargo transport in a lasting way by 2030.

One particular aspect of the plan which I would like to highlight is the reduction in track access charges, which is set to start in 2018.

We will use the momentum for growth that the master plan offers, and we will also send a clear signal about the importance of sustained growth in rail cargo transport by making our own investments here. We strongly believe that this approach will enable us to shift more traffic from the roads to the rails.

Developments have been positive in our infrastructure segment as well. Measured in demand for train-path kilometers, the year-on-year increase was 0.5%. In other words, the trend toward more rail traffic continued. And that is good news, because without rail it would be impossible to meet the ambitious environmental and energy targets that have been set.

What about our international business? The signs continue to point to growth at our DB Arriva subsidiary. We have spent recent years building a broader base for our business, in particular outside the UK. And this approach is paying off: DB Arriva was just awarded the contract to continue running regional rail transport in the northern part of the Netherlands for another 15 years. The franchise is worth EUR 1.6 billion.

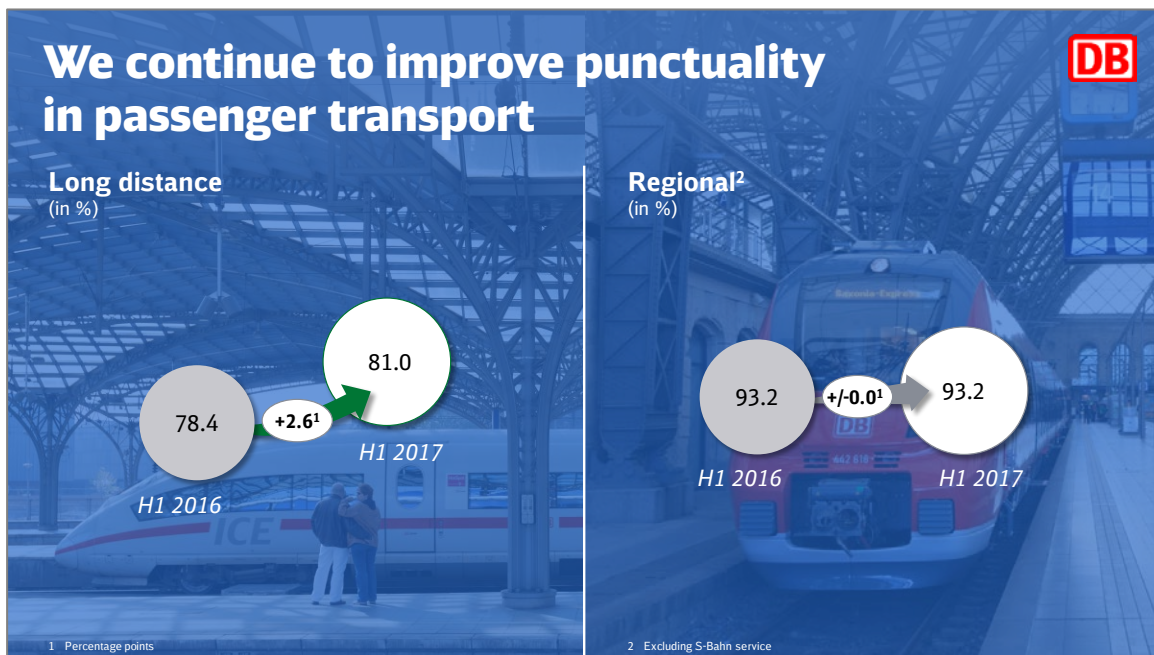
Our logistics business at DB Schenker is also doing well.



We are particularly pleased with growth in our air and ocean freight business of 11.4% and 8.9% respectively.

Contract logistics grew again as well, raising its currency-adjusted revenues by 5.7% to EUR 1.3 billion.

That brings me to our current on-time rates. A glance at the slide will tell you that we continued to do well in the first half of the year, especially in long distance transport.



DB Long Distance delivered an average on-time rate of 81.0%, 2.6 percentage points better than in the first half of 2016. At DB Regio, our on-time rate was stable at a high level, 93.2%.

We are not yet satisfied with punctuality as a whole, however. There is more to be done to make our service better and more reliable for our customers.

As for our target for the year of 81% punctuality in long distance transport, we remain optimistic. However, the series of arson attacks perpetrated throughout Germany on June 19 not only hurt our infrastructure, but also had a very serious impact on our punctuality in particular.

The major storms that hit Germany in late June also disrupted regional and long distance transport across the country.

So now it's time to roll up our sleeves – because high punctuality won't happen by itself. We have a great deal of work to do in both long distance and regional transport. And the same applies to freight transport.

What drives us is an understanding that on-time trains and reliable connections are the most important factors in customer satisfaction. That is why we are doing everything we can to improve in this regard. We are making record investments in our infrastructure, but that also means more construction sites. With this in mind, we are working to use new measures and methods to improve workflows and raise our performance during construction.

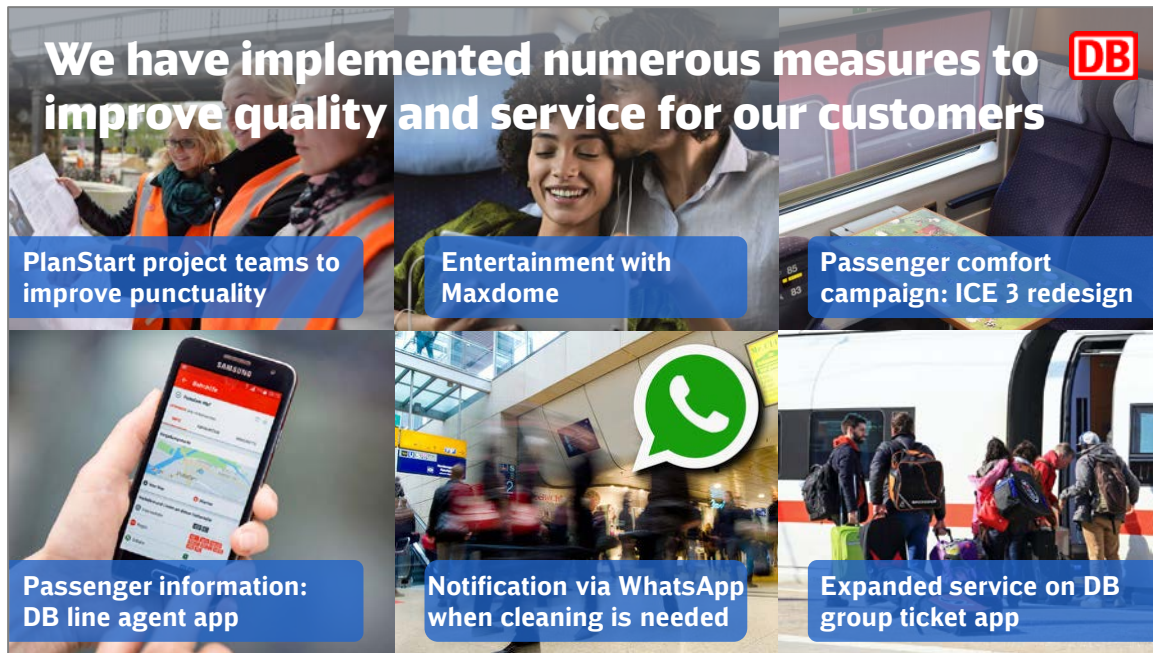
A key factor here is our new construction situation center, which opened on July 1 of this year. The situation center manages and optimizes all the work in this area.

We are also working full speed ahead on the next steps in Zukunft Bahn, our multi-year quality improvement program.

We on the DB Management Board made it very clear when we said, just about a year and a half ago, that our goal was to improve our quality and service – and thus gain more customers.

Of course we have not yet gotten to where we want to go. But we are making good progress; we are on the right path. Our employees are working hard for “Zukunft Bahn”. Step by step, we are becoming better and more customer friendly.

We have further improved customer service overall – on both a large and a small scale.



Let me share just three examples with you.

- Our PlanStart teams are responsible for making sure that our trains leave their first stations on time. These teams, which started their work in early 2016, raised the percentage of on-time departures at the ten hub stations in Germany with the highest traffic volumes from 60% to 83% so far. The program is doing so well that we are now expanding it and adding more stations.
- The DB line agent is a new app that notifies travelers in the event of disruptions. The app sends DB customers in Germany push messages to update them on the status of their specific connections, providing information on the current situation and on the alternatives available.
- Travelers and visitors to our stations can use WhatsApp to notify us of areas that need to be cleaned, and we recently expanded this service to cover more large stations.

Ladies and gentlemen, at the most recent annual results press conference, we told you about our investments to modernize our rail network, build new lines and upgrade existing ones.

In addition to this investment campaign for our rail network, we have now also launched a comprehensive modernization campaign for our stations.



We will be investing EUR 5.5 billion over the coming five years in the modernization and maintenance of our stations – that is unprecedented, a new record.

The idea is to invest in areas that will directly improve our customers' experience at stations:

- by improving accessibility,
- by giving our stations a more pleasant atmosphere,
- by providing digital service,
- and by making our elevators and escalators more reliable.

Our new DB Information service will offer better passenger information at large stations. State-of-the-art information counters will be set up at all our central stations starting this fall.

As you can see, we are working steadily to become a little better each and every day. And one key factor here is the large investments we are making – particularly in infrastructure, because infrastructure drives growth, and growth drives prosperity.

An excellent example of this principle is German Unity Transport Project 8, or VDE 8, the largest infrastructure project since the German Rail Reform.



The project will celebrate its completion on December 10, when the full VDE 8 line opens for service.

Some of you had the opportunity to see this impressive line for yourself in mid-June, so I will be brief here.

- We are talking about the largest service expansion in the history of DB.
- Some 17 million people – 17 million potential rail customers – stand to benefit directly from the new connection.
- It is also very important to me to emphasize the fact that the project will benefit all our customers: in long distance, regional and local transport.

But at DB, we do not just focus on fast connections between cities; we also focus on mobility and logistics solutions within those cities.



In other words, we focus on making those cities smart cities. The objective of our Smart City program is to take a different view of mobility and logistics and offer convenient, eco-friendly solutions to improve quality of life in urban areas.

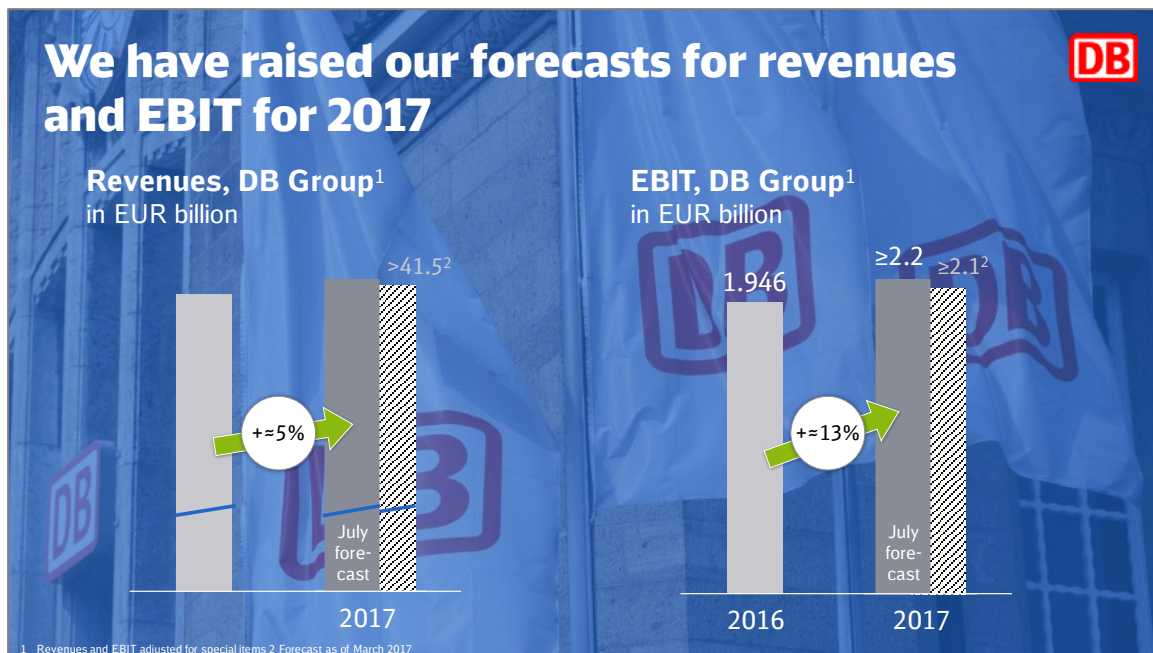
In addition to running on-demand shuttles – which will pool passengers who are traveling the same routes and transport them together – we will also expand bicycle transport to boost integrated mobility.

In logistics, too, we are focusing on sustainable solutions. Our first pilot project will be conducted in partnership with the city of Hamburg.

We also continue to make progress on digitalization, developing new business models in collaboration with startups and technology partners.

We want to further expand our networks and develop new mobility solutions – solutions that go beyond our core business and, for the first time, include options for the acquisition of equity interests.

Ladies and gentlemen, in summary, I can say that we at Deutsche Bahn have made our services even more attractive. We are making good progress, and we are moving in the right direction. In light of our strong financial performance, we have decided to raise our forecasts for the 2017 fiscal year.



For revenues, we have raised our expectations from over EUR 41.5 billion to over EUR 42.5 billion. And we have also set a more ambitious target for EBIT, raising our forecast from at least EUR 2.1 billion to at least EUR 2.2 billion in light of the strong first half of the year. We also expect an increase in ROCE, to over 6.0%.

And although we have raised our forecast for net capital expenditure from EUR 3.5 billion to EUR 4.0 billion, we still expect net financial debt to remain below EUR 19 billion, as we announced at the annual results press conference in March.

As you can see, we are taking the funds available from our improved performance and investing them back into our business: for our customers, for the future of our company and employees - and without driving up our debt.

Ladies and gentlemen, what is also clear is that we still have a long way to go. We have chosen the right path, but it is not always an easy one.

Now we need to put all our efforts into using the momentum we have and continuing our upward trend. That is our ambition, and our motivation - on the Management Board and together with our managers and over 300,000 DB employees.

For the benefit of our customers, we will make 2017 about no less than: quality that persuades.



Thank you.

Photo credits



Front page	Max Lautenschläger
Slide 2	Deutsche Bahn AG
Slide 3	Wolfgang Klee
Slide 4	Oliver Lang
Slide 5	Michael Neuhaus
Slide 6	Axels Hartmann, Christoph Müller
Slide 7	From top left (clockwise): Deutsche Bahn AG, Deutsche Bahn AG, Oliver Lang, Uwe Miethe, Deutsche Bahn AG, Pablo Castagnola
Slide 8	Deutsche Bahn AG
Slide 9	Deutsche Bahn AG / Barteld Redaktion
Slide 10	Deutsche Bahn AG
Slide 11	Wolfgang Klee

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
Potsdamer Platz 2
10785 Berlin

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

Investor Relations
Europaplatz 1
10557 Berlin

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