Development in 2017 Financial Year

Deutsche Bahn AG

Investor Relations

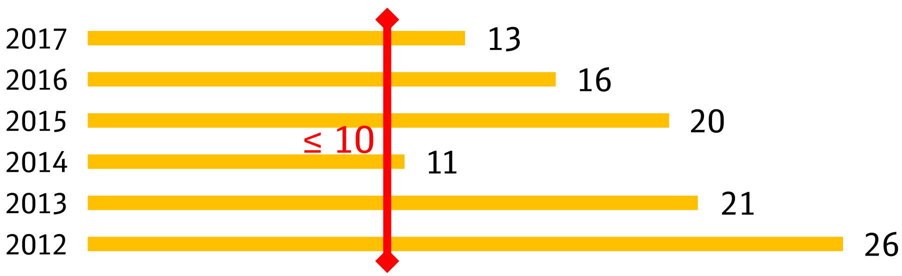
March 2018

Positive development of top targets in the social and environmental dimension

target 2020

Top employer

Employer attractiveness – (rank in Germany)

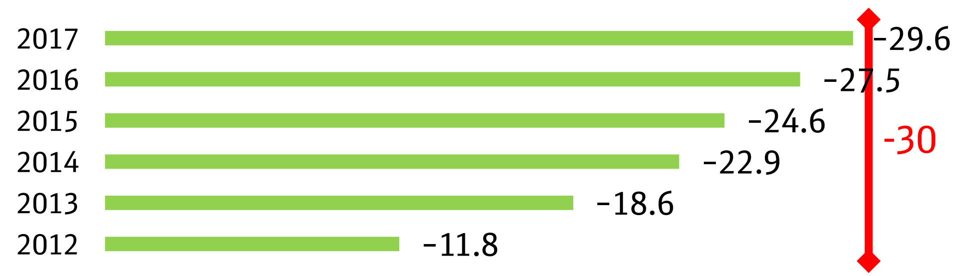


Employee satisfaction[1] (SI[2])

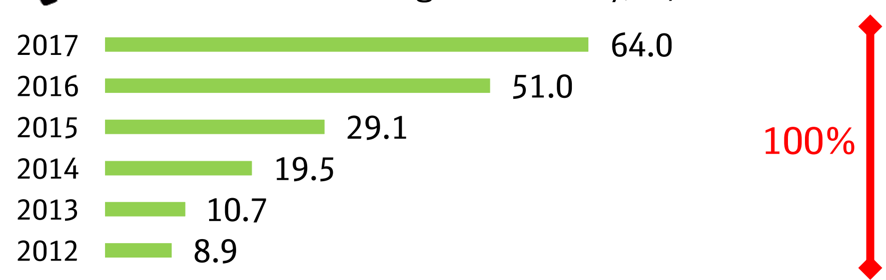
[1] Survey every two years. [2] Satisfaction index.

Eco-pioneer

Climate protection – (specific CO_2e emissions[1] compared to 2006, %)



Noise reduction – (share of freight cars equipped with V brakes DB Cargo in Germany, %)



[1] Carriers.

Mixed development of top targets in economic dimension, decline in product quality indicators

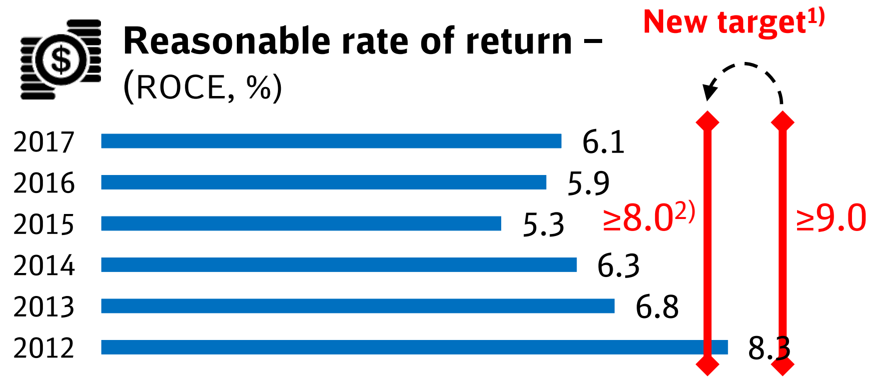
DB

Profitable quality leader

target 2020

Customer satisfaction – (passengers SI[1])

Reasonable rate of return – (ROCE, %)



Produktqualität – (punctuality DB rail in Germany, %)

Financial stability – (redemption coverage, %)

[1] Satisfaction index.

[1] New target value due to remaining low interest rates. [2] WACC 7.0.

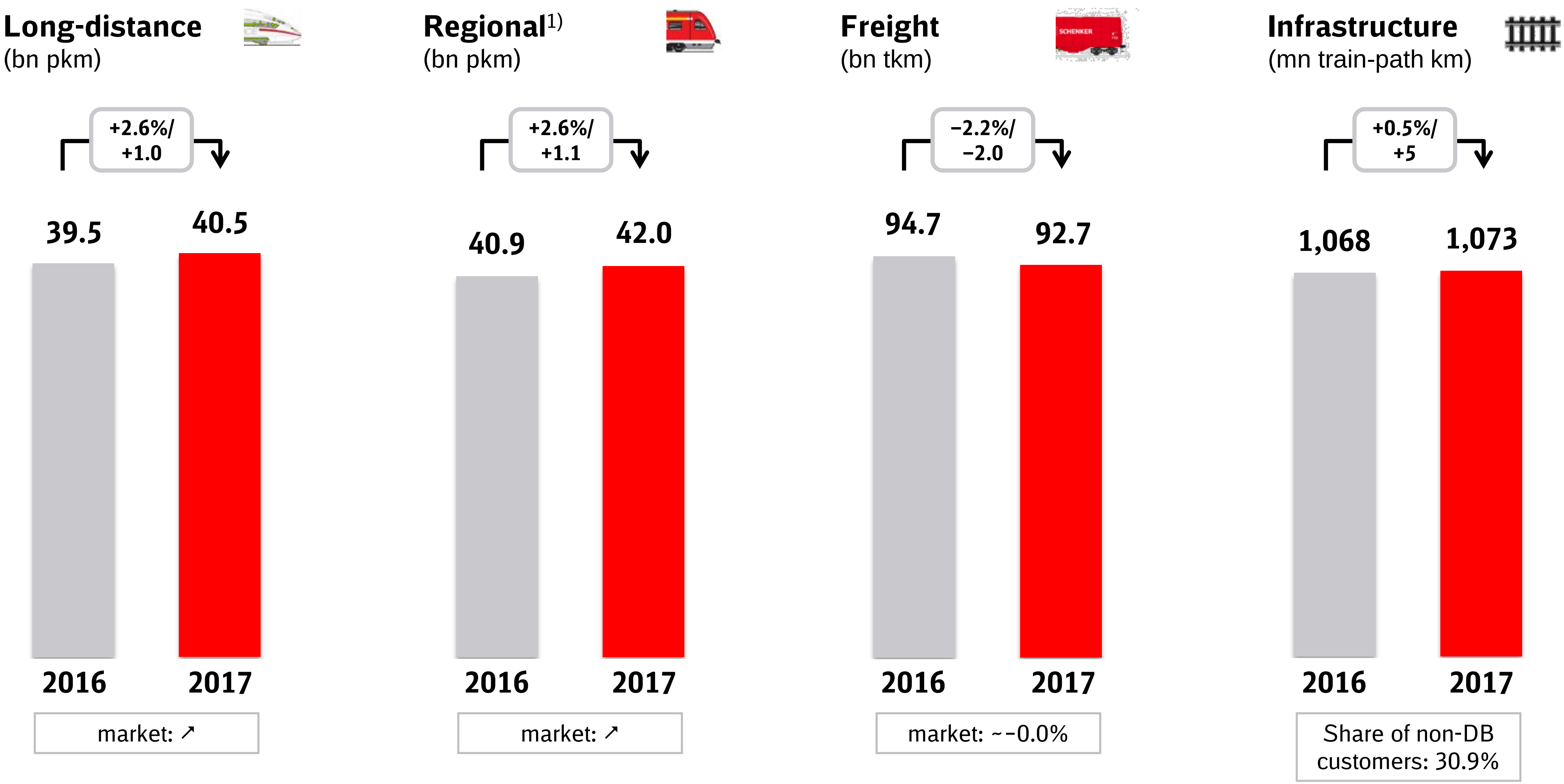
Significant positive development in 2017 financial year

DB

(€ mn)	2017	2016	+/- €	+/- %	Comment
Revenues adjusted	42,704	40,576	+2,128	+5.2	▪ Performance increases drove development ▪ Almost all business units make a contribution ▪ Negative impact from FX effects (€-415 mn), no material effects from changes in the scope of consolidation
Revenues comparable	43,041	40,552	+2,489	+6.1	
EBIT adjusted	2,152	1,946	+206	+10.6	▪ DB Long-Distance drove development ▪ Burdens from operational restrictions (rail), tariff effects and quality improvement measures ▪ Higher taxes on income had a dampening effect
Net profit	765	716	+49	+6.8	
Dividend (payment in the following year)	450	600	-150	-25.0	▪ Dividend payment to the federal government will be fully invested in rail infrastructure
Gross capital expenditures	10,464	9,510	+954	+10.0	▪ Increase resulted mainly from significant increase in capex in rail infrastructure and rolling stock
Net capital expenditures	3,740	3,320	+420	+12.7	▪ Increase resulted mainly from capex in new ICE trains
Net financial debt as of Dec 31	18,623	17,624	+999	+5.7	▪ Driven by capex, payment with regard to the Disposal Fund Act and working capital
ROCE (%)	6.1	5.9	–	–	▪ EBIT increased disproportionately compared to capital employed
Order book regional transport (€ bn, as of Dec 31)	91.0	92.1	-1.1	-1.2	▪ Decline due to services rendered and FX effects

Mixed performance development of rail business in Germany

Key performance indicators (rail)

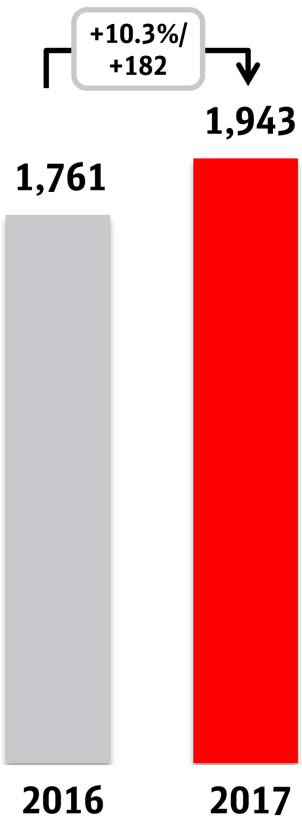


[1] DB Regional and UBB Usedomer Bäderbahn GmbH.

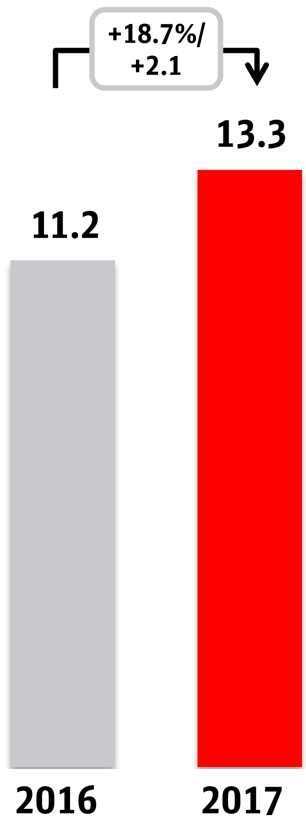
Positive performance development of DB Arriva in 2017

Performance indicators DB Arriva

Passengers (million)



Volume sold rail (billion pkm)



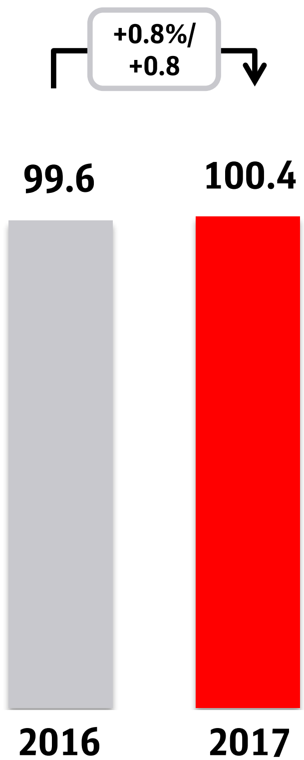
Volume produced rail (million train-path km)

Volume produced bus (million buskm)

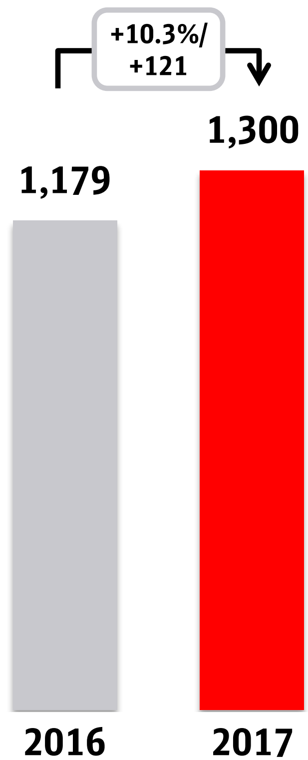
Positive performance development in the freight forwarding and logistics business in 2017

DB Schenker – Volume

Land transport
(mn shipments)

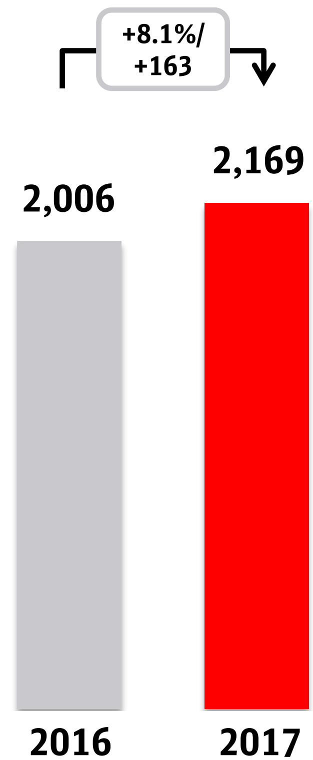


Air freight
(thousand t[1])



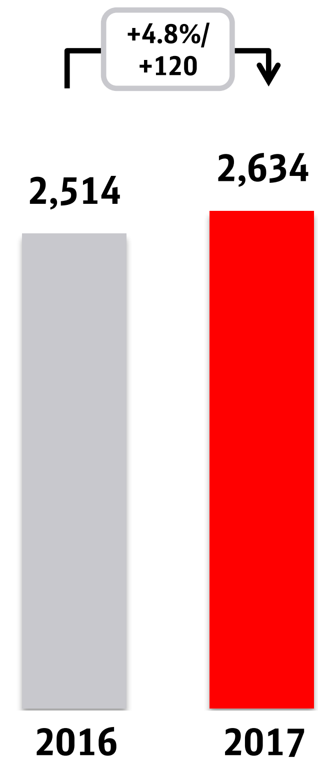
market: +10.0%

Ocean freight (thousand TEU[1])



market: +4.8%

Contract logistics (€ mn)

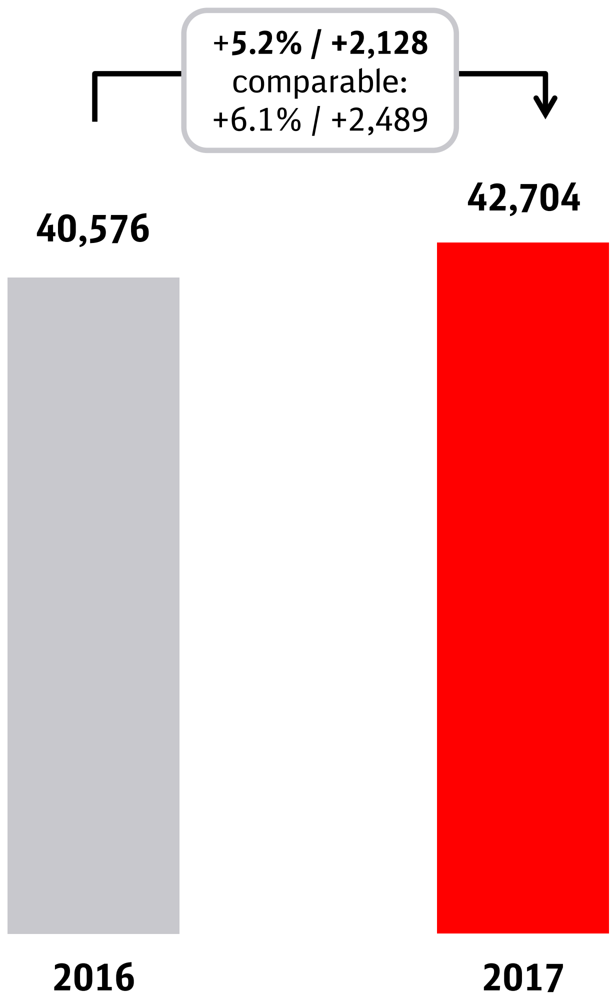


market: +3.0%

[1] Exports.

Revenue development mainly positive

Revenues (€ mn)



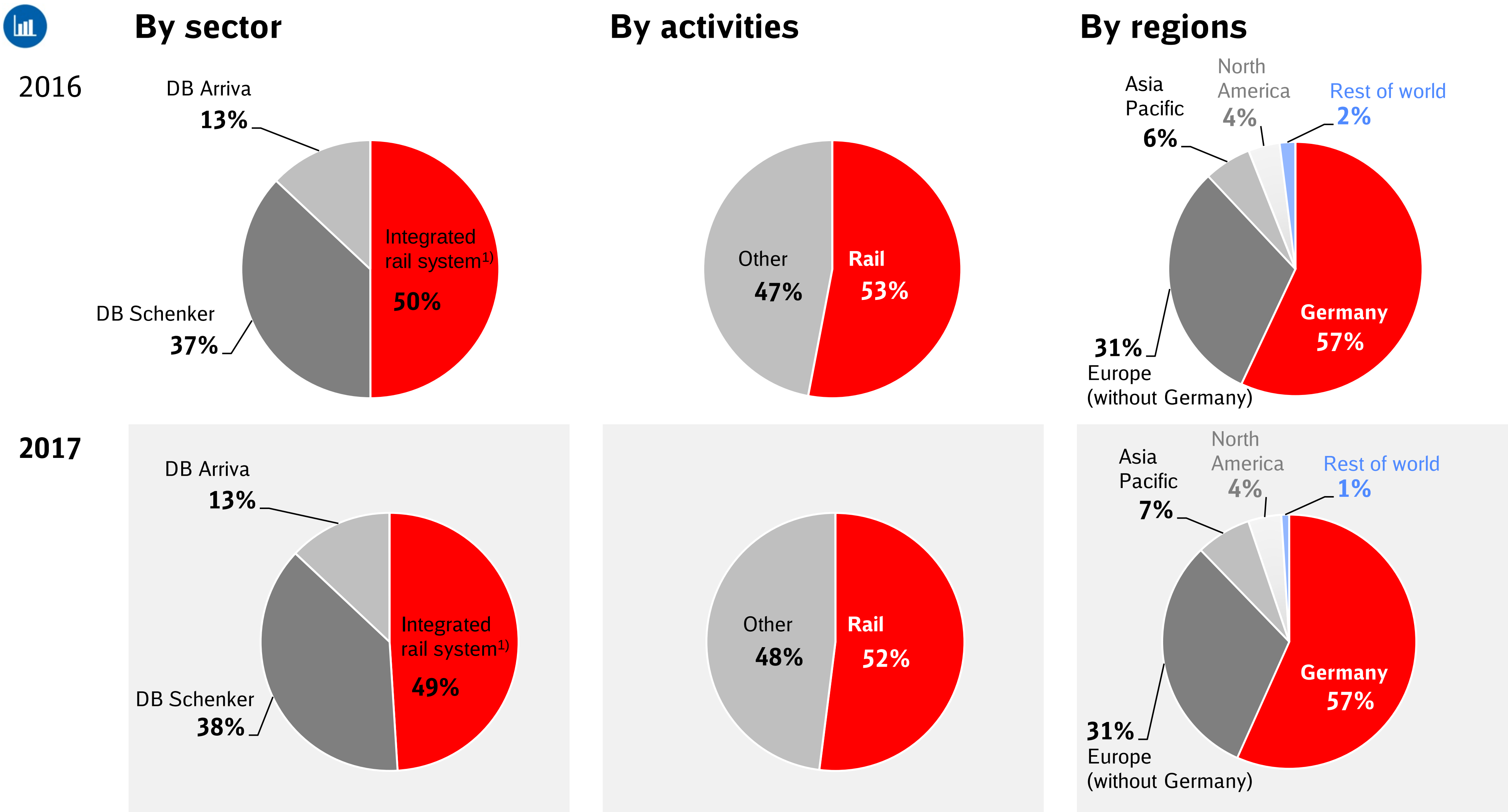
Key impact factors

- (+) Development of freight rates DB Schenker
- (+) Increased performance (mainly DB Long-Distance and DB Schenker)
- (+) Growth DB Arriva
- (−) Restrictions in rail services
- (−) FX effects

External revenue by business unit (€ mn)

	2017	2016	+/– €	+/– %
DB Long-Distance	4,193	4,012	+181	+4.5
DB Regional	8,629	8,529	+100	+1.2
DB Arriva	5,338	5,085	+253	+5.0
DB Cargo	4,209	4,230	–21	–0.5
DB Schenker	16,345	15,059	+1,286	+8.5
DB Netze Track	1,522	1,408	+114	+8.1
DB Netze Stations	540	519	+21	+4.0
DB Netze Energy	1,301	1,194	+107	+9.0
Other	627	540	+87	+16.1
DB Group	**42,704**	**40,576**	**+2,128**	**+5.2**

Stable revenue structure compared to 2016



[1)] Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.

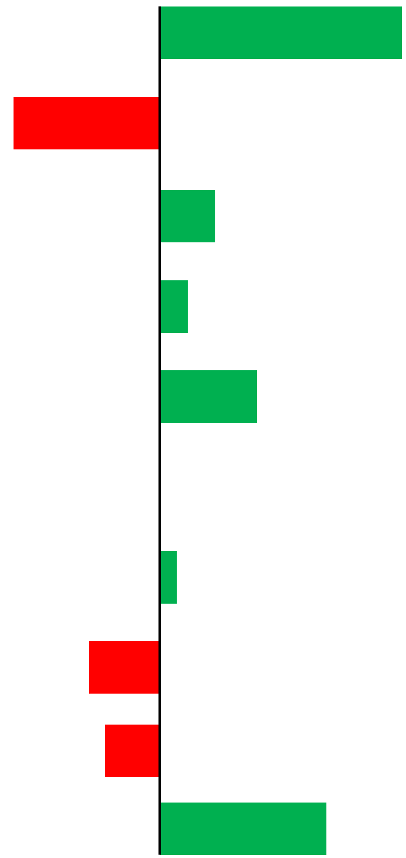
Comparable revenue structure also mainly positive, FX effects mainly at DB Arriva and DB Schenker

Total revenues (€ mn)	2017 effective	Adjustments Consol.[1]	FX[2]	2017 comp.	2016 comp.	+/– €	+/– %
DB Long-Distance	4,347	–	–	4,347	4,159	+188	+4.5
DB Regional	8,734	–	–	8,734	8,630	+104	+1.2
DB Arriva	5,345	–41	+227	5,531	5,093	+438	+8.6
DB Cargo	4,528	–9	+17	4,536	4,560	–24	–0.5
DB Schenker	16,430	–27	+171	16,574	15,128	+1,446	+9.6
DB Netze Track	5,364	–	–	5,364	5,228	+136	+2.6
DB Netze Stations	1,265	–	–	1,265	1,233	+32	+2.6
DB Netze Energy	2,794	–	–	2,794	2,779	+15	+0.5
Other/consolidation	–6,103	–1	–	–6,104	–6,258	+154	–2.5
DB Group	**42,704**	**–78**	**+415**	**43,041**	**40,552**	**+2,489**	**+6.1**

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

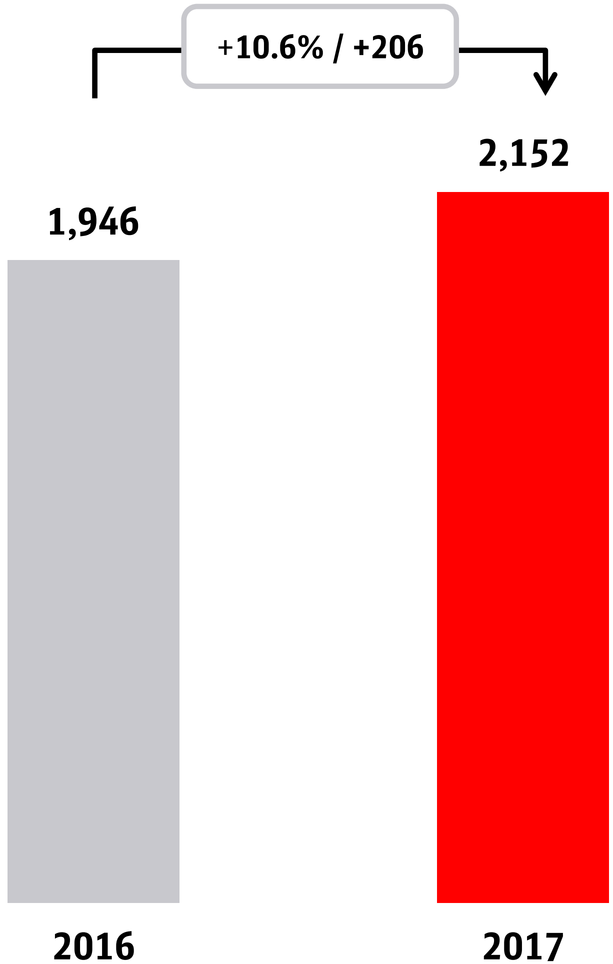
EBITDA development positive, with exception of DB Regional and DB Netze Energy

EBITDA adjusted (€ mn)	**2017**	**2016**	**Changes by business units** (€ mn)	
DB Long-Distance	**611**	419	+192	+45.8%
DB Regional	**1,156**	1,272	–116	–9.1%
DB Arriva	**569**	525	+44	+8.4%
DB Cargo	**130**	108	+22	+20.4%
DB Schenker	**676**	599	+77	+12.9%
DB Netze Track	**1,484**	1,484	–	–
DB Netze Stations	**372**	359	+13	+3.6%
DB Netze Energy	**141**	197	–56	–28.4%
Other/consolidation	**–209**	–166	–43	+25.9%
DB Group	**4,930**	**4,797**	**+133**	**+2.8%**



EBIT development mainly driven by DB Long-Distance and DB Netze Track as well as the international businesses

EBIT adjusted (€ mn)



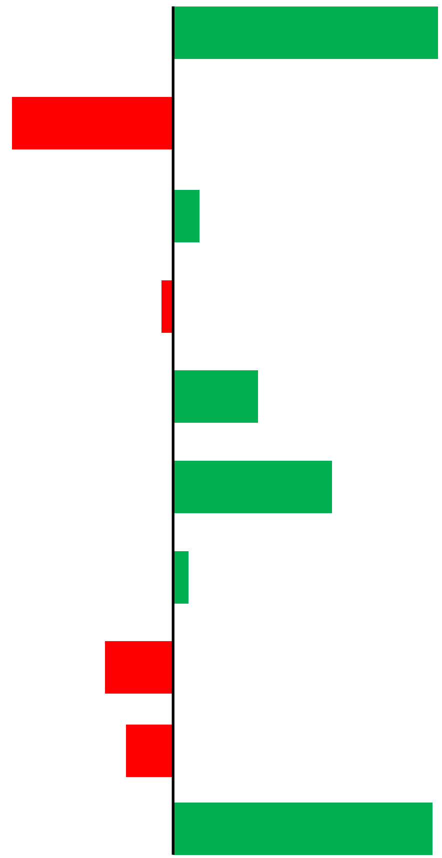
Key impact factors

- Increased performance mainly at DB Long-Distance and DB Schenker
- Price and performance effects at DB Netze Track
- Growth due to new services and M&A at DB Arriva

- Restrictions in rail services in Germany
- Additional measures to improve quality
- Collective development, particularly in Germany

Mixed EBIT development across business units

EBIT adjusted (€ mn)	2017	2016	Changes by business units (€ mn)	
DB Long-Distance	381	173	+208	+120%
DB Regional	508	636	-128	-20.1%
DB Arriva	301	280	+21	+7.5%
DB Cargo	–90	-81	-9	+11.1%
DB Schenker	477	410	+67	+16.3%
DB Netze Track	687	561	+126	+22.5%
DB Netze Stations	233	221	+12	+5.4%
DB Netze Energy	72	126	-54	-42.9%
Other/consolidation	–417	-380	-37	+9.7%
DB Group	**2,152**	**1,946**	**+206**	**+10.6%**



Significant positive profit development – income growth exceeds higher operating expenses

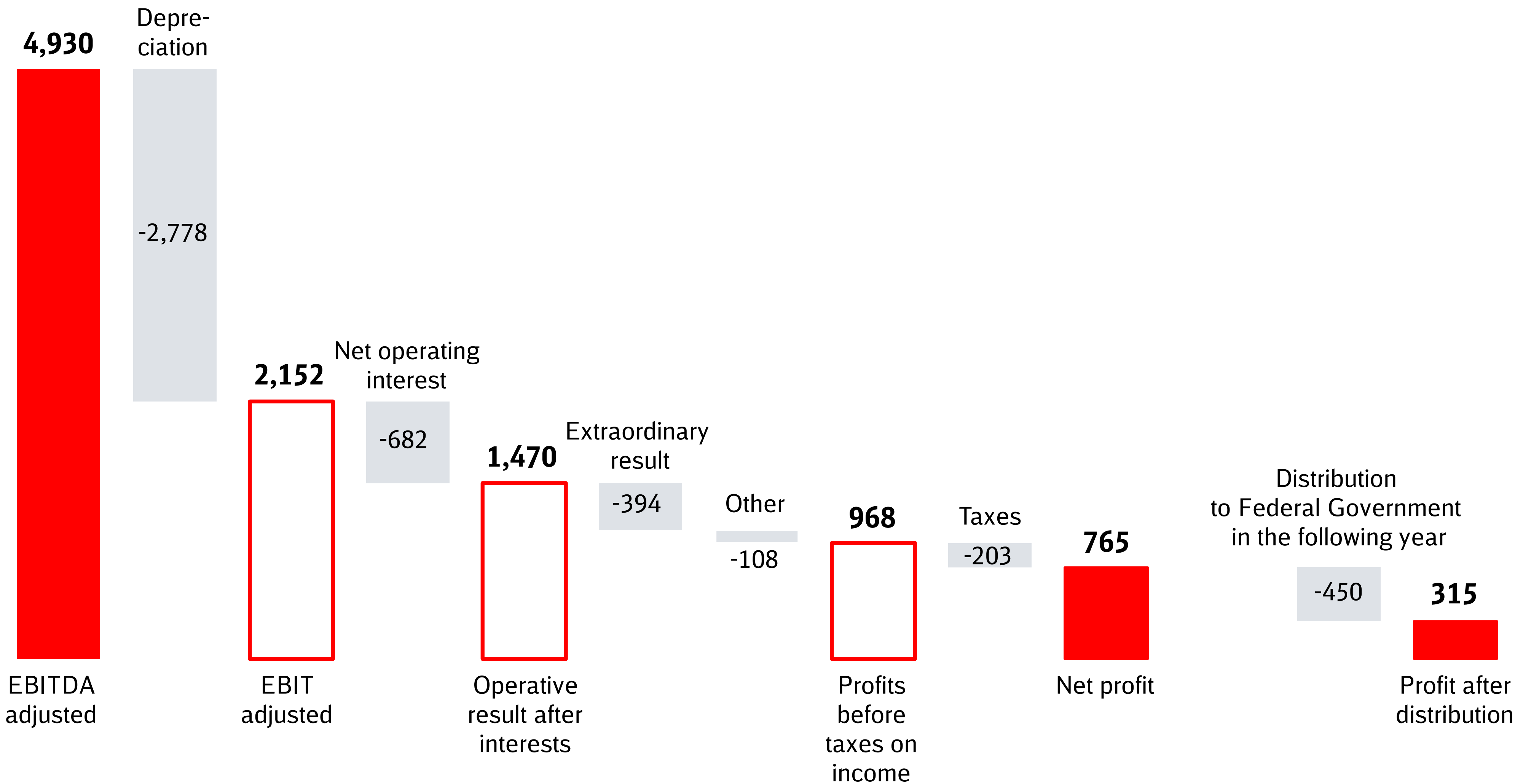
Adjusted P&L (€ mn)	**2017**	**2016**	+/- €	+/- %
Revenues	42,704	40,576	+2,128	+5.2
Total income	48,406	45,967	+2,439	+5.3
Cost of materials	-21,441	-19,858	-1,583	+8.0
Personnel expenses	-16,363	-15,669	-694	+4.4
Other operating expenses	-5,672	-5,643	-29	+0.5
EBITDA adjusted	**4,930**	**4,797**	**+133**	**+2.8**
Depreciation	-2,778	-2,851	+73	-2.6
EBIT adjusted	**2,152**	**1,946**	**+206**	**+10.6**
Financial result	-790	-843	+53	-6.3
Extraordinary result	-394	-397	+3	-0.8
Profit before taxes	**968**	**706**	**+262**	**+37.1**
Taxes on Income	-203	10	-203	–
Net profit	**765**	**716**	**+49**	**+6.8**

Key impact factors

- Revenue development dampened by negative FX effects
- Other operating income increased, partly due to the reimbursement of nuclear fuel tax
- Operating expenses increased mainly due to the development of freight rates at DB Schenker and tariff effects in Germany
- Among other things, burdens in connection with restrictions in rail services had a dampening effect
- Continued competitive and cost pressure in all business units
- Development of the deferred tax position dampened the development
- Nevertheless, net profit developed significantly positive

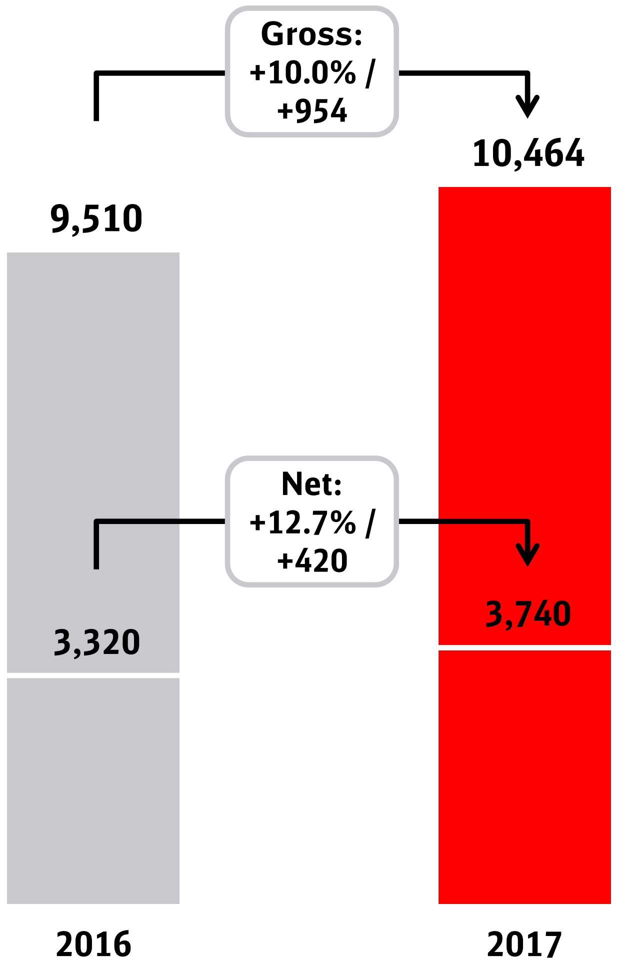
Significant positive profit development 2017

Net profit (€ mn)



Capex increase significantly due to higher investment grants and higher rolling stock capex

Capital expenditures (€ mn)



Highlights

- Focus of gross capex unchanged:
  - 94% integrated rail system[1)] (thereof 72% infrastructure)
  - 95% Germany
- Net capex defined as gross capex less investment grants

Key impact factors

- (+) Higher rolling stock capex at DB Long-Distance
- (+) Higher infrastructure capex due to LuFV II
- (−) Decrease of capex in Other

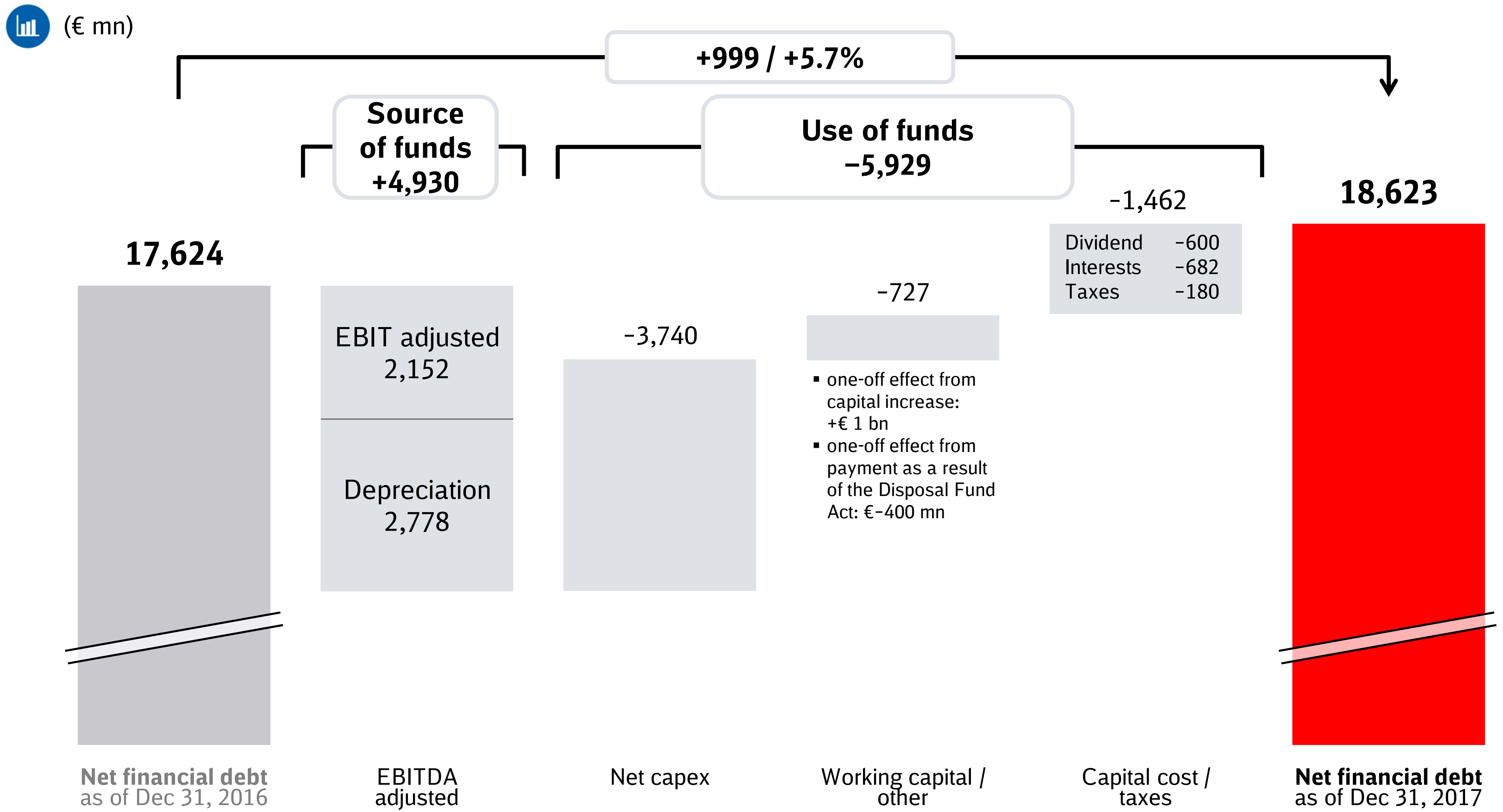
[1)] Mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies.

Increased capital expenditures mainly at DB Long-Distance, DB Netze Track and DB Netze Stations

Capital expenditures (€ mn)

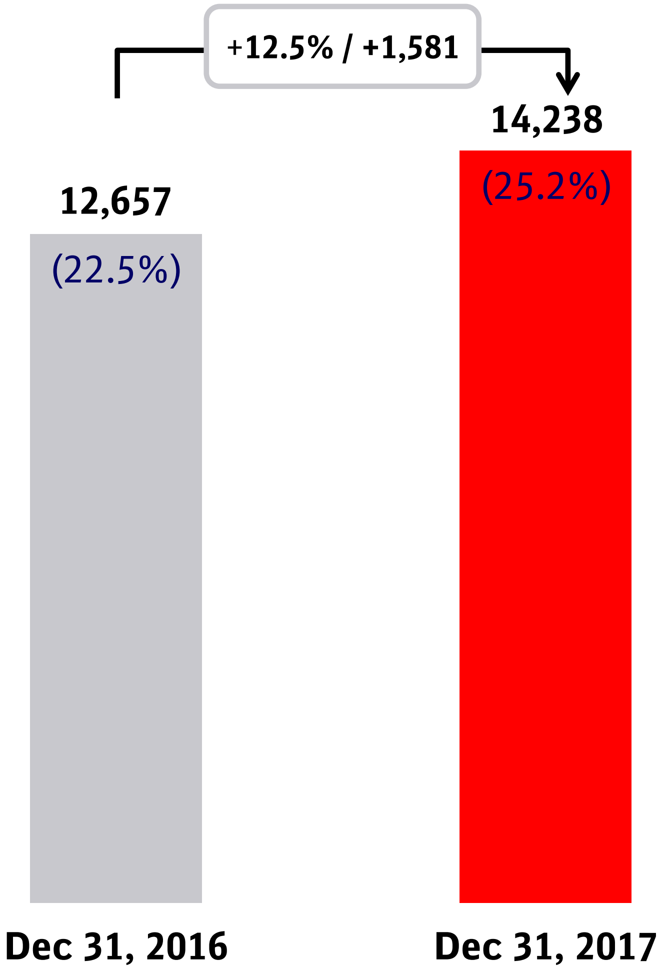
	Gross capex				Net capex			
	2017	**2016**	+/- €	+/- %	**2017**	**2016**	+/- €	+/- %
DB Long-Distance	**1,060**	416	+644	+155	**1,060**	460	+644	+155
DB Regional	**674**	693	-19	-2.7	**628**	632	-4	-0.6
DB Arriva	**374**	359	+15	+4.2	**372**	358	+14	+3.9
DB Cargo	**328**	304	+24	+7.9	**324**	303	+21	+6.9
DB Schenker	**246**	209	+37	+17.7	**246**	209	+37	+17.7
DB Netze Track	**6,601**	6,226	+375	+6.0	**660**	688	-28	-4.1
DB Netze Stations	**709**	584	+125	+21.4	**103**	117	-14	-12.0
DB Netze Energy	**177**	174	+3	+1.7	**53**	52	+1	+1.9
Other/consolidation	**295**	545	-250	-45.9	**294**	545	-251	-46.1
DB Group	**10,464**	**9,510**	**+954**	**+10.0**	**3,740**	**3,320**	**+420**	**+12.7**

Net financial debt increased among other due to higher capex



Equity increased significantly, among other due to capital increase

Equity/equity ratio
(€ mn)



Key impact factors

- Capital increase of the Federal Government (€ 1 bn)
- Net profit of the year
- Changes in reserves related to the revaluation of pensions
- Equity ratio improved as equity rose disproportionately

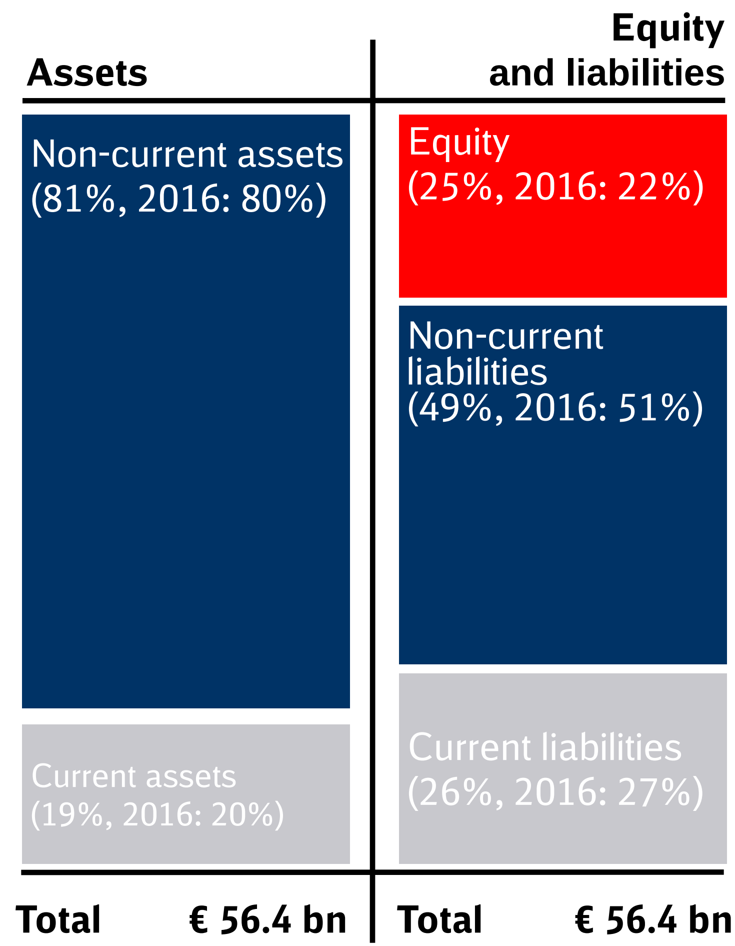
- Dividend payment to the Federal Government
- Changes recognized in reserves related to exchange- rate volatilities

Changes on the equity and liability side in favor of equity – balance sheet without significant structural changes

(€ mn, as of Dec 31)

	2017	2016	+/– €	+/– %
Assets				
Non-current assets	**45,625**	**45,290**	**+335**	**+0.7**
Property, plant and equipment	39,608	38,884	+724	+1.9
Intangible assets	3,599	3,691	–92	–2.5
Deferred tax assets	1,416	1,511	–95	–6.3
Current assets	**10,811**	**11,034**	**–223**	**–2.0**
Trade receivables	4,571	3,974	+597	+15.0
Cash and cash equivalents	3,397	4,450	–1,053	–23.7
Equity and liabilities				
Equity	**14,238**	**12,657**	**+1,581**	**+12.5**
Non-current liabilities	**27,510**	**28,525**	**–1,015**	**–3.6**
Financial debt	19,716	20,042	–326	–1.6
Current liabilities	**14,688**	**15,142**	**–454**	**–3.0**
Financial debt	2,360	2,439	–79	–3.2
Trade liabilities	5,157	5,100	+57	+1.1
Total assets	**56,436**	**56,324**	**+112**	**+0.2**

Maturity structure



Integrated rail system: high capital employed, under proportional profit contribution

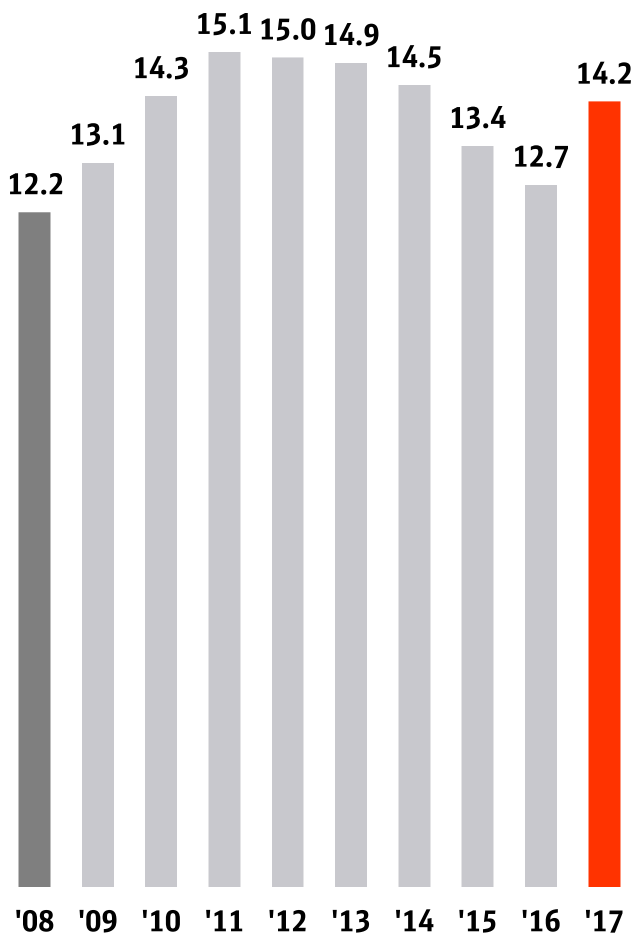
Key financial figures 2017 (€ mn)

	DB Group	Int. Rail System[1]	Share of DB Group (%)	RIC[2]	Share of DB Group (%)	DB Netz AG	Share of RIC[2] (%)
Revenues	**42,704**	**21,265**	49.8	**9,230**	21.6	**5,196**	56.3
EBITDA adjusted	**4,930**	**3,687**	74.8	**1,962**	39.8	**1,459**	74.4
Depreciation	-2,778	-2,312	83.2	-994	35.8	-788	79.3
EBIT adjusted	**2,152**	**1,375**	63.9	**968**	45.0	**671**	69.3
Net operating interest income	-682	-605	88.7	-295	43.3	-245	83.1
Operating profit after interest	**1,470**	**770**	52.4	**673**	45.8	**426**	63.3
Other income parts	-502	-314	62.5	-34	6.8	5	-
Profit before taxes (EBT)	**968**	**456**	47.1	**639**	66.0	**431**	67.4
Taxes on income	-203	-1	0.5	-	-	-	-
Ergebnis nach Steuern / Net profit	**765**	**455**	59.5	**639**	83.5	**431**	67.4
Profit and loss transfer[3]	-	-	-	-635	-	-390	61.4
Gross capital expenditures	**10,464**	**9,836**	94.0	**7,474**	71.4	**6,590**	88.2
Investments grants	6,724	6,722	100	6,671	99.2	5,940	89.0
Net capital expenditures	**3,740**	**3,114**	83.3	**802**	21.4	**650**	81.0
Intangible assets / property, plant and equipment	**43,207**	**36,407**	84.3	**24,300**	56.2	**20,139**	82.9
Capital Employed	**35,093**	**29,059**	82.8	**21,727**	61.9	**17,882**	82.3
Equity	**14,238**	**14,053**	98.7	**10,354**	72.7	**8,439**	81.5
Net financial debt	**18,623**	**16,824**	90.3	**11,320**	60.8	**9,415**	83.2
Adjusted net financial debt	**23,557**	**19,202**	81.5	**11,635**	49.4	**9,436**	81.1
Return on capital employed (ROCE) (%)	**6.1**	**4.7**	–	**4.5**	–	**3.8**	–
Operative cash flow after rtaxes	**5,147**	**3,434**	66.7	**1,712**	33.3	**1,223**	71.4
Gearing (%)	**131**	**120**	–	**109**	–	**112**	–
Redemption coverage (%)	**18.7**	**15.2**	–	**14.7**	–	**12.9**	–
Net financial debt / EBITDA (multiple)	**3.8**	**4.6**	–	**5.8**	–	**6.5**	–

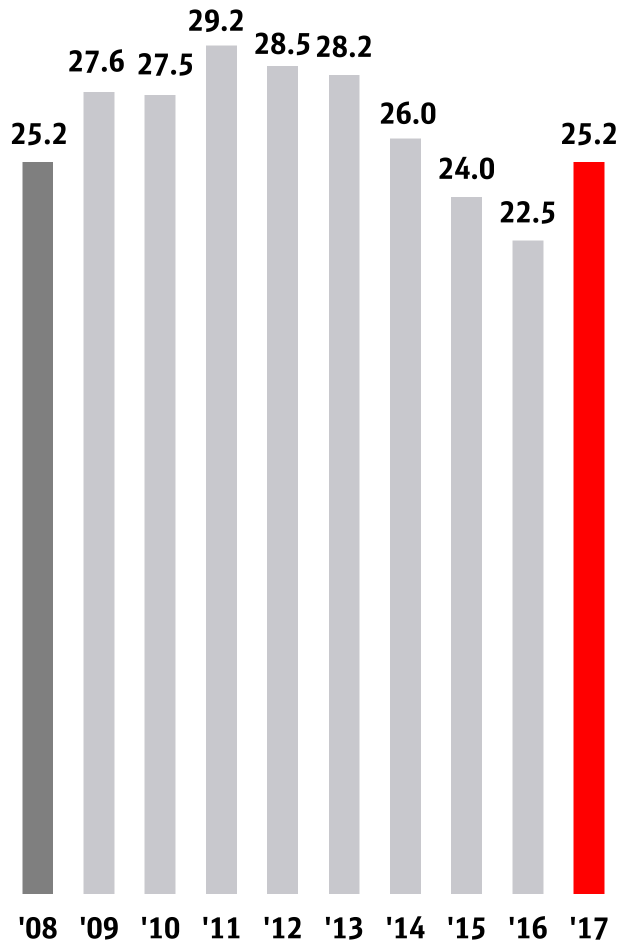
Possible differences are due to rounding.
[1] Integrated rail system (mainly passenger transport activities in Germany, rail freight transport activities, operational service units and rail infrastructure companies).
[2] Rail infrastructure companies.
[3] Before taxes (because of single tax entity for income tax purposes at the DB AG level) and excluding group charges for corporate functions. Based on German GAAP.

Development of equity and net financial debt

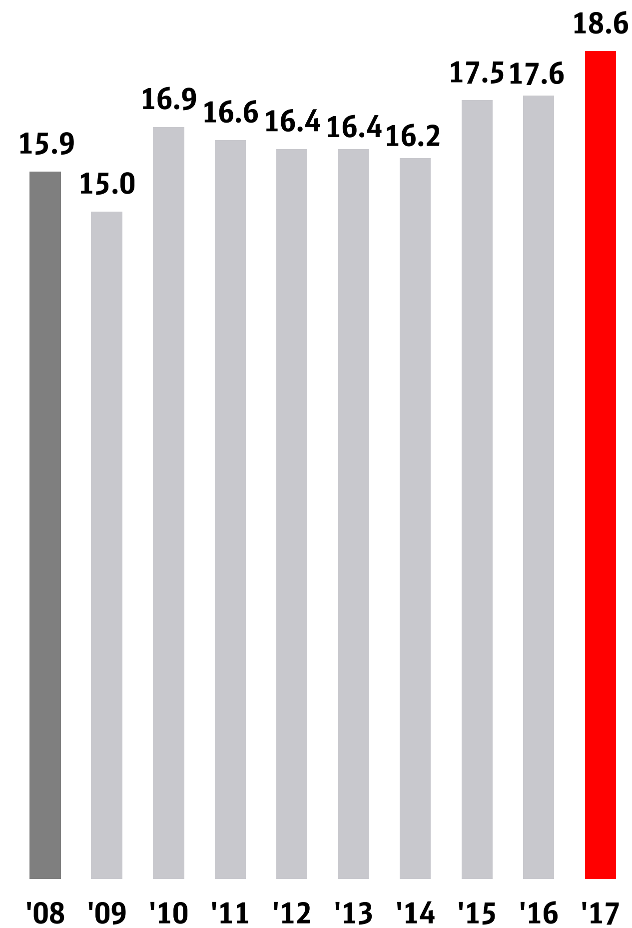
Equity
(€ bn)



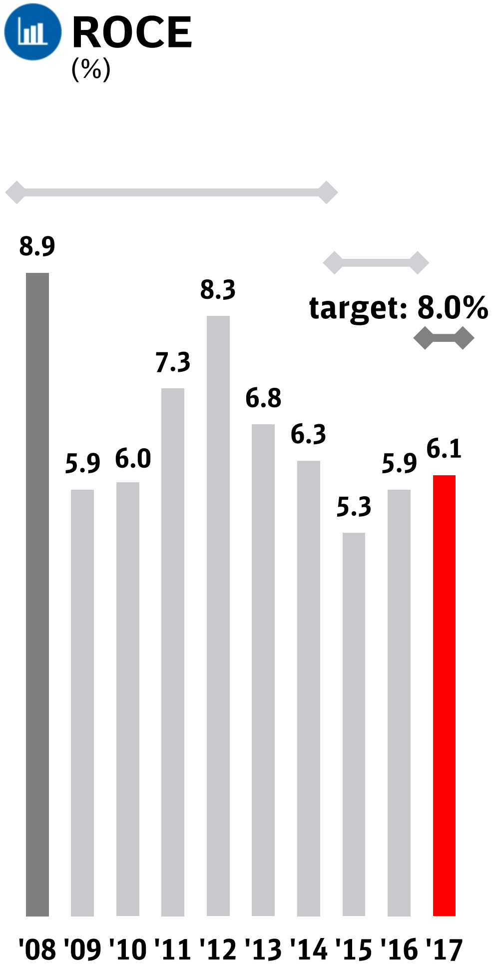
Equity ratio
(%)

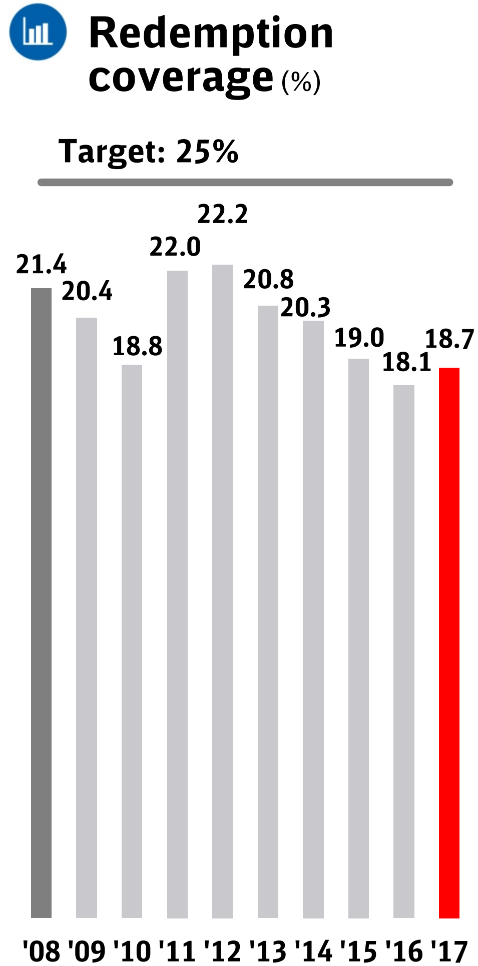


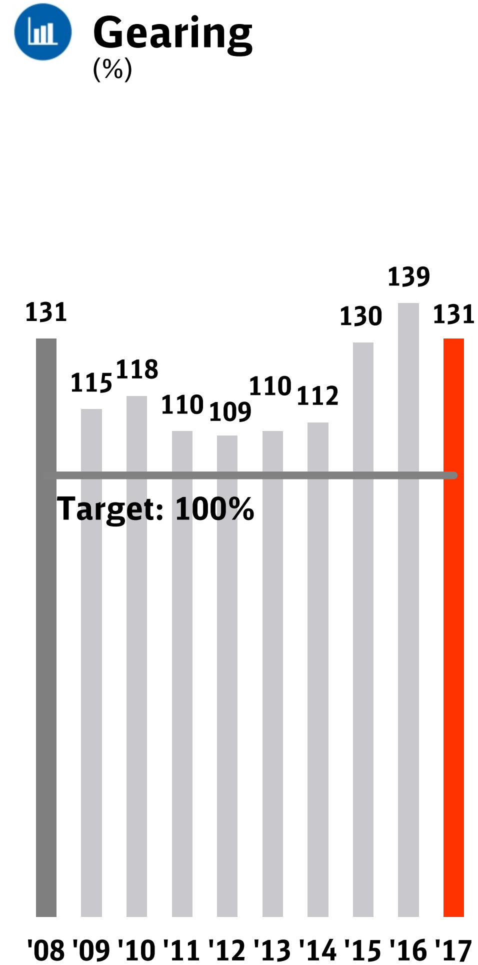
Net financial debt
(€ bn)

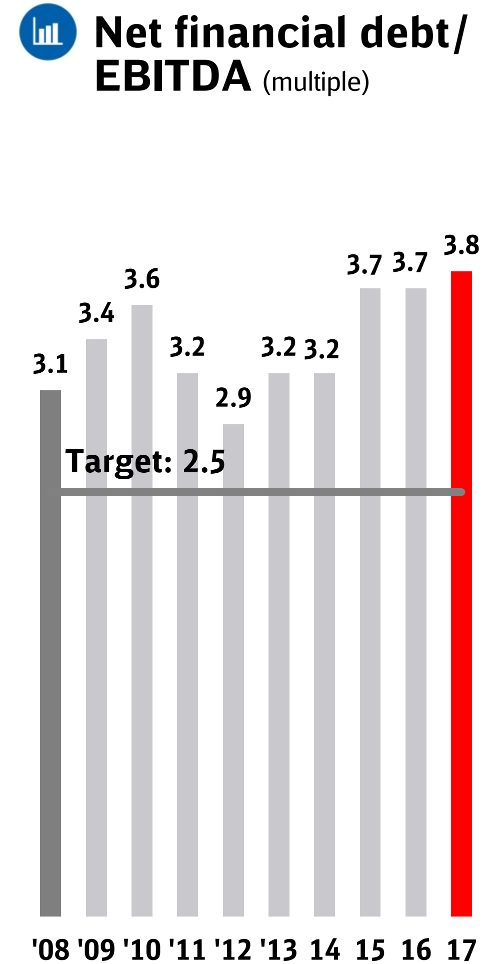


Development of key value management figures









Nine bonds issued in 2017, total volume of around € 2.0 bn

No.	Date of issue	Volume (€ mn)	Currency	Maturities (years)	Interest cost all-in € (%)	Credit Spread (%)
1	Feb 08[1)]	**79**	NOK	15.0	1.46[2)]	0.34
2	May 31	**500**	EUR	15.5	1.54	0.35
3	Jun 27	**341**	GBP	8.0	0.63[2)]	0.08
4	Jul 11[1)]	**55**	SEK	15.0	1.54[2)]	0.16
5	Sep 21	**285**	AUD	7.0	0.71[2)]	0.18
6	Sep 21	**117**	AUD	10.0	1.12[2)]	0.22
7	Oct 18	**261**	CHF	13.0	1.37[2)]	0.26
8	Oct 23	**100**	AUD	15.0	1.54[2)]	0.25
9	Nov 28	**300**	EUR	7.0	3mE +21	0.17
Total 2017:		**2,037**		**Ø 11.1**[3)]	**Ø 1.17**[3)]	**Ø 0.22**[3)]
Informational purpose: Capital market activities 2018 (as of March 22, 2018):						
1	Jan 11	**1,000**	EUR	9.9	1.09	0.13
2	Feb 08	**750**	EUR	15.5	1.68	0.20
3	Mar 06[1),4)]	**94**	AUD	14.6	1.59[2)]	0.18
Total 2018:		**1,844**		**Ø 12.4**[3)]	**Ø 1.35**[3)]	**Ø 0.16**[3)]

[1)] Private placement. [2)] swapped in EUR. [3)] Volume weighted average. [4)] Increase.

- **EUR issue (May 2017):** EUR bond has the longest duration of a DB Group benchmark issue so far
- **GBP issue (June 2017):** DB Group's first GPB bond since 2013
- **AUD issue (September 2017):** first bond under the new AUD Debt Issuance program
- **CHF issue (October 2017):** longest CHF senior bond issued by a non-Swiss company so far
- **EUR issue (November 2017):** demand more than threefold exceeds the issue volume
- **EUR issue (January 2018):** stringent requirements for offers to retail investors of the new EU capital market regulation MiFID II
- **AUD issue (March 2018):** increase of the AUD bond issued in October 2017

Further improvement in 2018 financial year expected

Outlook (€ bn)	**2017**	**2018** (Forecast)	
Revenues adjusted	**42.7**	**~ 44**	▪ Growth mainly at DB Schenker, DB Arriva and DB Long-Distance
EBIT adjusted	**2.15**	**≥ 2.2**	▪ Positive effects from revenue growth – tariff effects and measures to improve quality have a dampening effect
ROCE (%)	**6.1**	**~ 6.0**	▪ Positive effects from EBIT improvement are compensated by higher capital employed
Redemption coverage (%)	**18.7**	**≥ 18.5**	▪ Positive effects from profit improvement will be more than offset by higher net financial debt
Gross capital expenditures	**10.5**	**> 12**	▪ Increase due to higher investment grants for infrastructure (LuFV II) and higher rolling stock capex, especially at DB Long-Distance
Net capital expenditures	**3.7**	**> 4.5**	
Maturities	**2.1**	**2.2**	▪ Refinancing of liabilities via the international capital markets
Bond issues	**2.0**	**≤ 3**	
Bond issue 2018 so far	–	1.8	
Net liquidity as of Dec 31	**3.4**	**~ 3**	▪ Short- and medium-term liquidity provision remains secured
Net financial debt as of Dec 31	**18.6**	**≤ 20**	▪ Net financial debt will rise due to high capex levels

Contact details and further information

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