



“Improving quality – customers are our core concern”

Interim Results Press Conference 2010

Deutsche Bahn AG
DB Mobility Logistics AG

175 Jahre Eisenbahn
in Deutschland

DB AG / DB ML AG

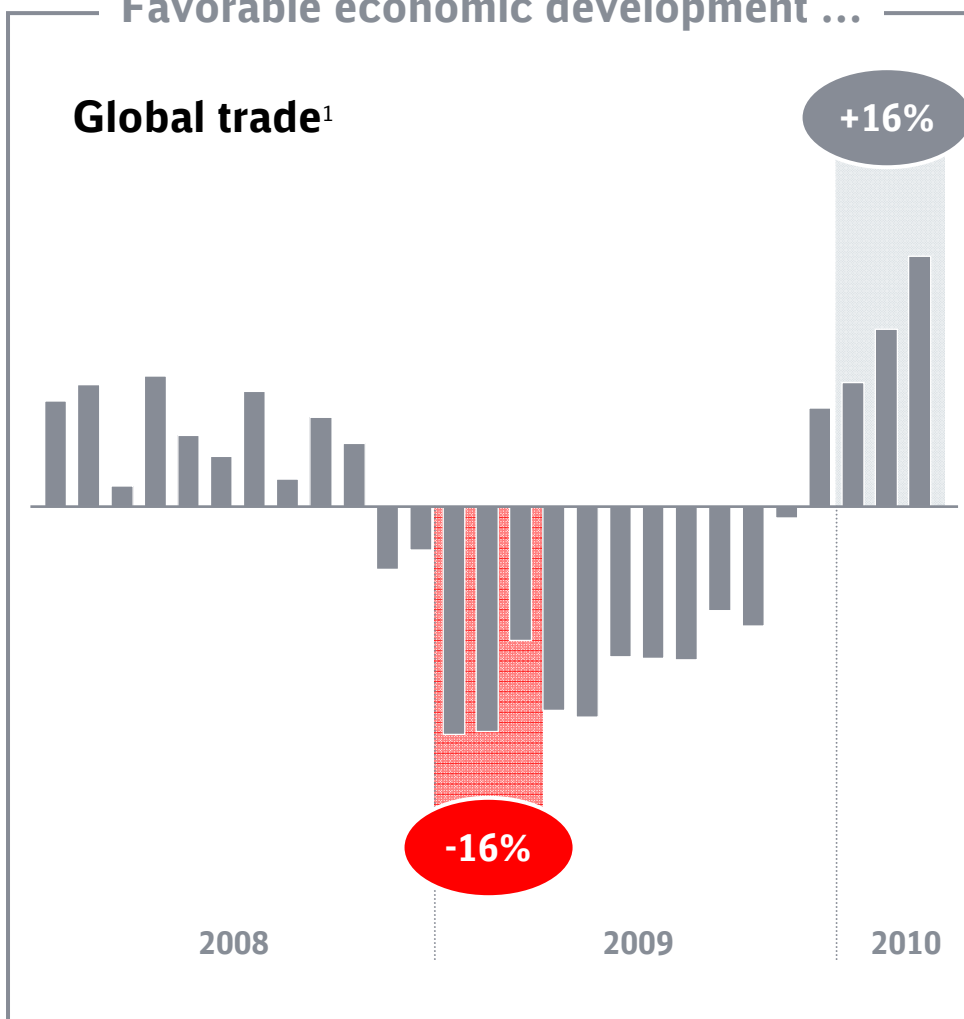
Dr. Rüdiger Grube -
CEO and Chairman of the Management Board

Dr. Richard Lutz - CFO

Berlin, July 28, 2010

Although the economic environment is calming visibly, firm statements about future developments are nearly impossible to make

Favorable economic development ...



... however, global markets remain uncertain

Following recovery global economy now moving into difficult waters (IfW)

Economic recovery dampened by debt crisis (HWWI)

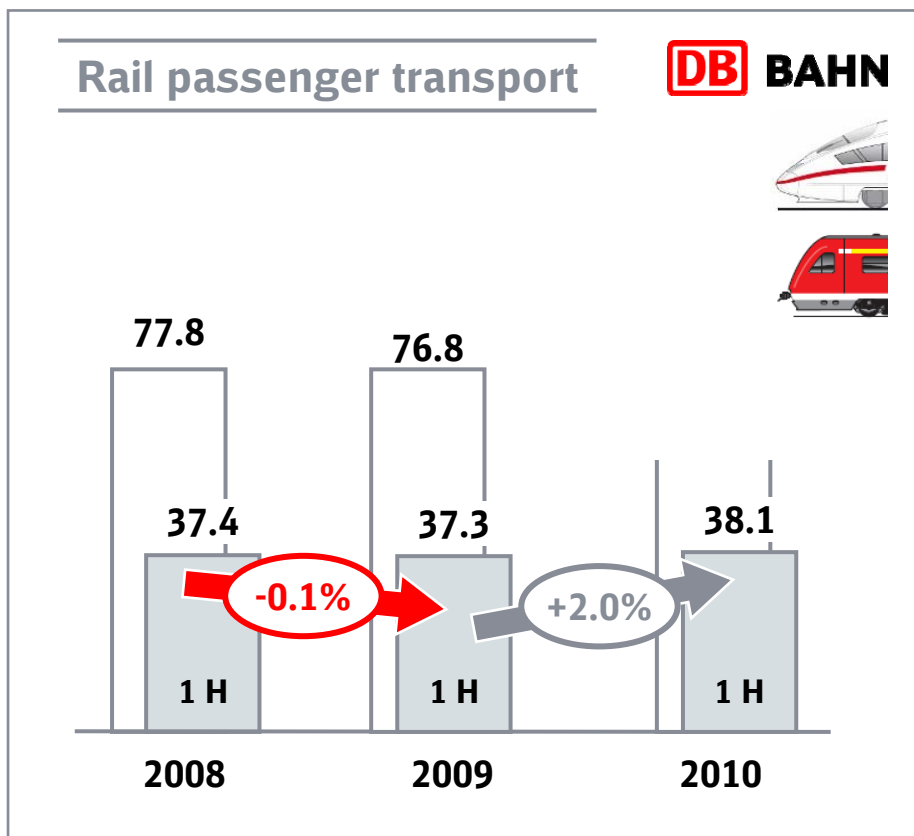
Welcome to the volatile world (McKinsey & Company)

Recovery progressing - risks remain large („Frühjahresgutachten“, BMWi)

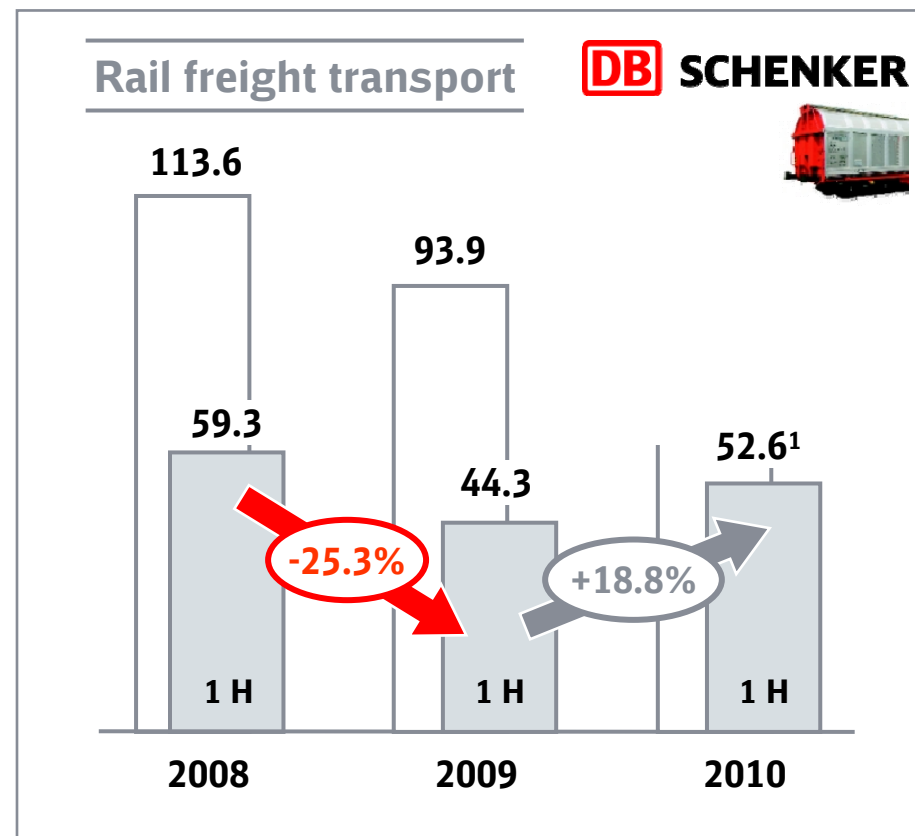
¹ Changes in percentage to previous year; Source: FERI

DB was able to increase its volumes sold in both the rail passenger and freight transport sectors during the first half of the year

Volumes sold rail – DB Bahn in billions of passenger kilometers



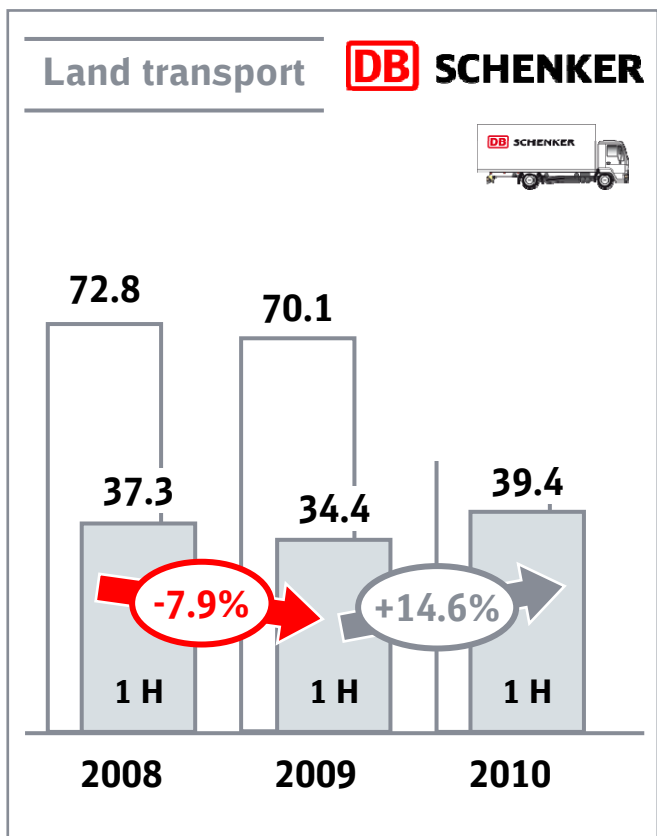
Volumes sold rail – DB Schenker in billions of ton kilometers



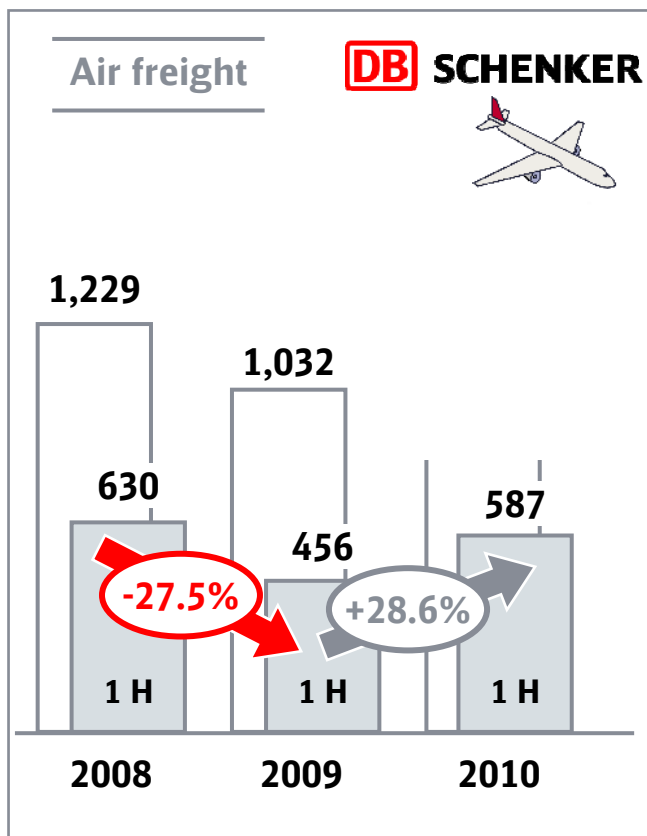
¹ Including DB Schenker Rail Polska, comparable change is +14.9%

A notable increase in volumes sold has been noted thus far in DB's land, air and ocean freight areas of business

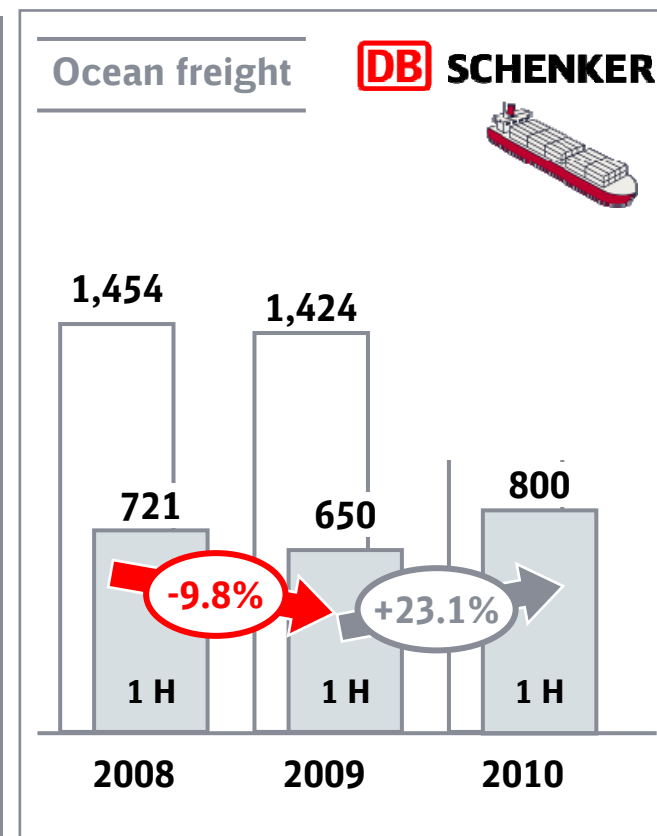
Volumes sold – land in millions of shipments



Volumes sold – air in thousand t¹

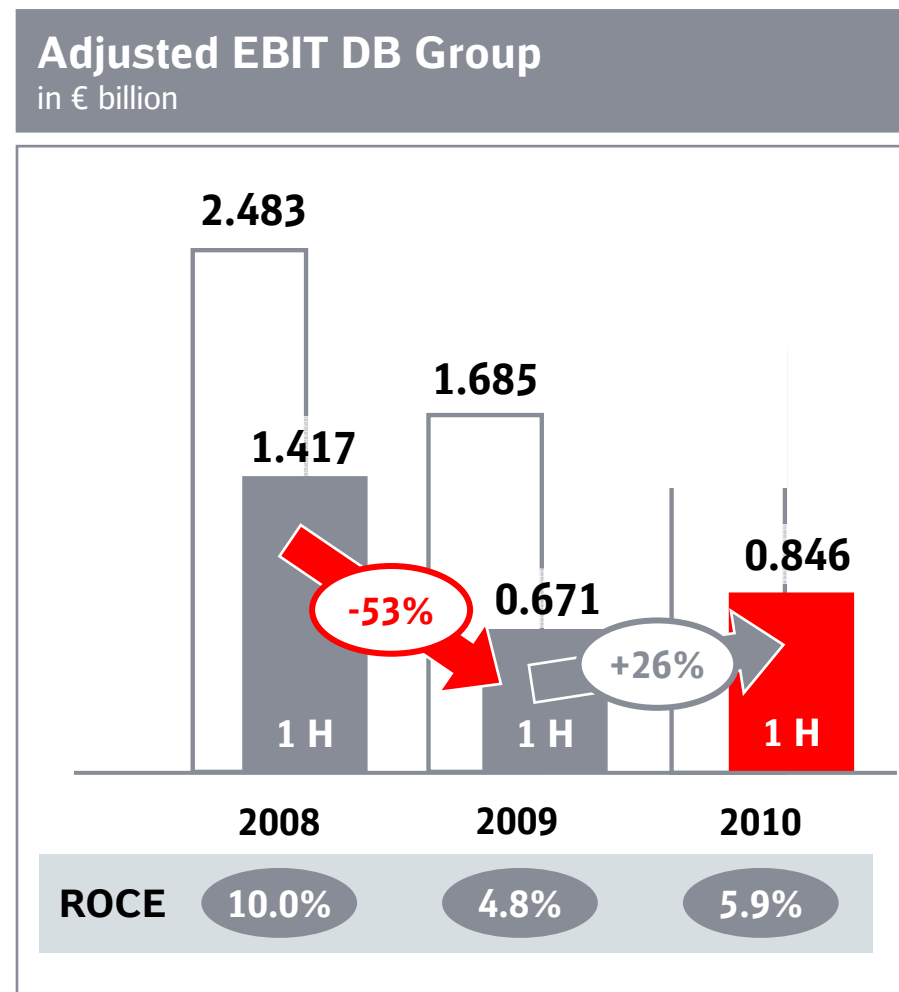
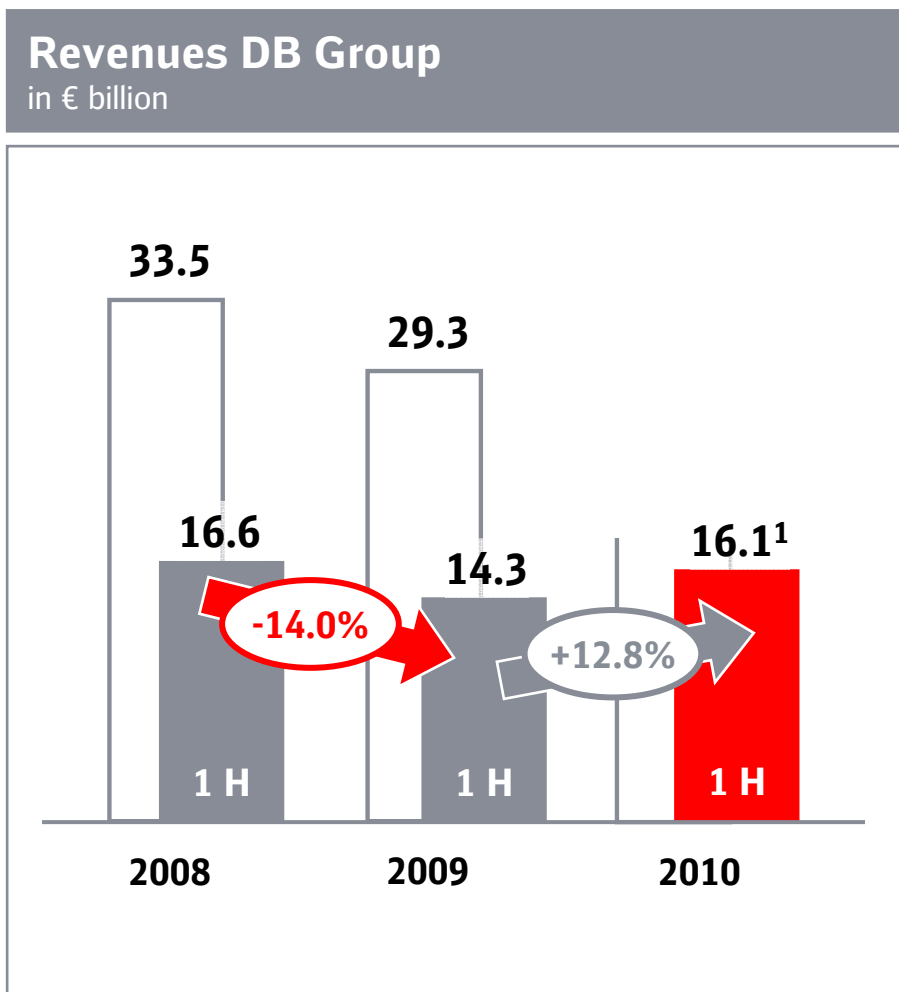


Volumes sold – ocean in thousand TEU¹



¹ Only exports taken into consideration to avoid counting figures twice

DB was able to take advantage of the recovery in the transport markets thereby achieving significantly higher revenues and profits



¹ Revenues including DB Schenker Rail Polska, comparable revenues are € 16 billion (+12%)

Four initiatives were announced during DB's Annual Results Press Conference in March 2010 to optimize the business and promote growth

Further straighten out and develop the railway business in Germany...



Customer & Quality Initiative



Engineering Initiative



Capital Expenditures Initiative

... and continue to grow sustainably and profitably



Market Initiative

DB's **Customer and Quality Initiative** has already led to first improvements for customers – additional measures are being implemented

Improvement measures achieved

EXAMPLES



- Increase **personnel** as needed
- Extend opening hours of **DB Lounges**
- Provide modern **smartphones** to **service staff**

Planned improvement measures

EXAMPLES



- **New standards** for station announcements
- Expand customer **service for passengers with reduced mobility**
- Equip all stations with **dynamic information signage**



The goal of the **Engineering Initiative** is to make operations even more reliable and ensure DB keeps its service promise to customers

Engineering master plan: More prevention, faster detection of defects, more efficient troubleshooting

Analysis phase

Fundamental analysis of three areas:

- Safety and quality
- Engineering
- Procurement



Structural changes

- Engineering **audit**
- Engineering **inspection**
- **Chief Quality Officer**
- ...

Process adjustments

- New **quality assurance system**
- Additional **quality milestones**
- Preparation of **sector handbook**
- **Documentation platform**
- ...

DB's **Capital Expenditures Initiative**, with outlays of over 41 billion euros in the next five years, will secure the Group's future

DB BAHN

EXAMPLES

Passenger transport

- **ICx** (over € 4 billion)
- **Redesign ICE 2** (€ 100 million)
- **Electric multiple-unit trains** for regional transport (approx. € 1.6 billion)
- **ICE** for international traffic (€ 500 million)



DB SCHENKER

EXAMPLES

Transportation & Logistics

- **Gravita shunting locomotives** (€ 250 million)
- **New wheel-sets** for freight cars (€ 40 million)
- **DB Schenker terminal** in Salzburg (€ 26 million)



DB NETZE

EXAMPLES

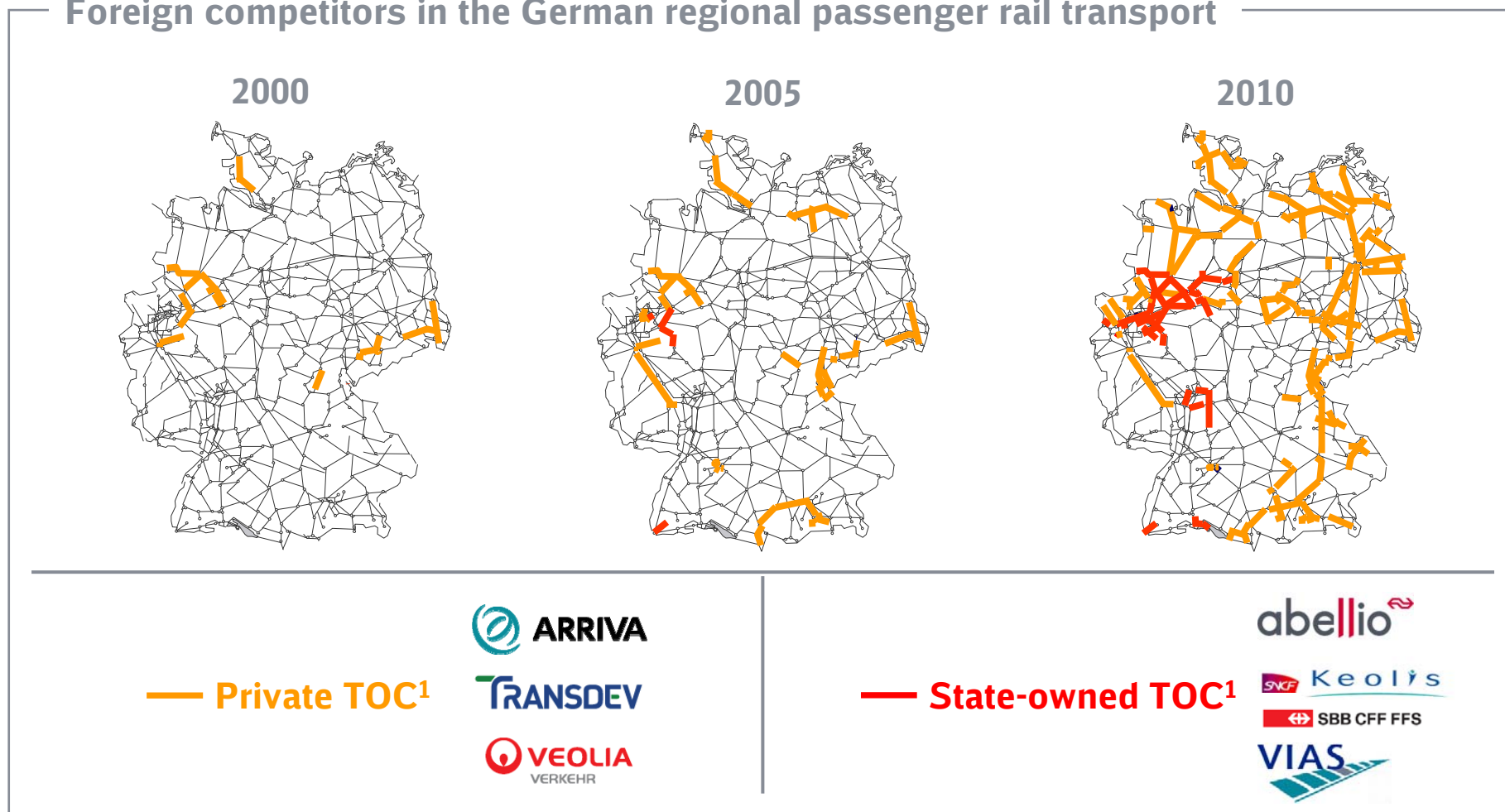
Infrastructure

- **Renovate stations** (€ 326 million)
- **Start construction of the Berlin-Cottbus line** (€ 130 million)
- **Start construction of the Ehringer Inn bridge** (€ 12 million)



DB is facing increasing competition in Germany, with foreign railways – above all – pushing into the market

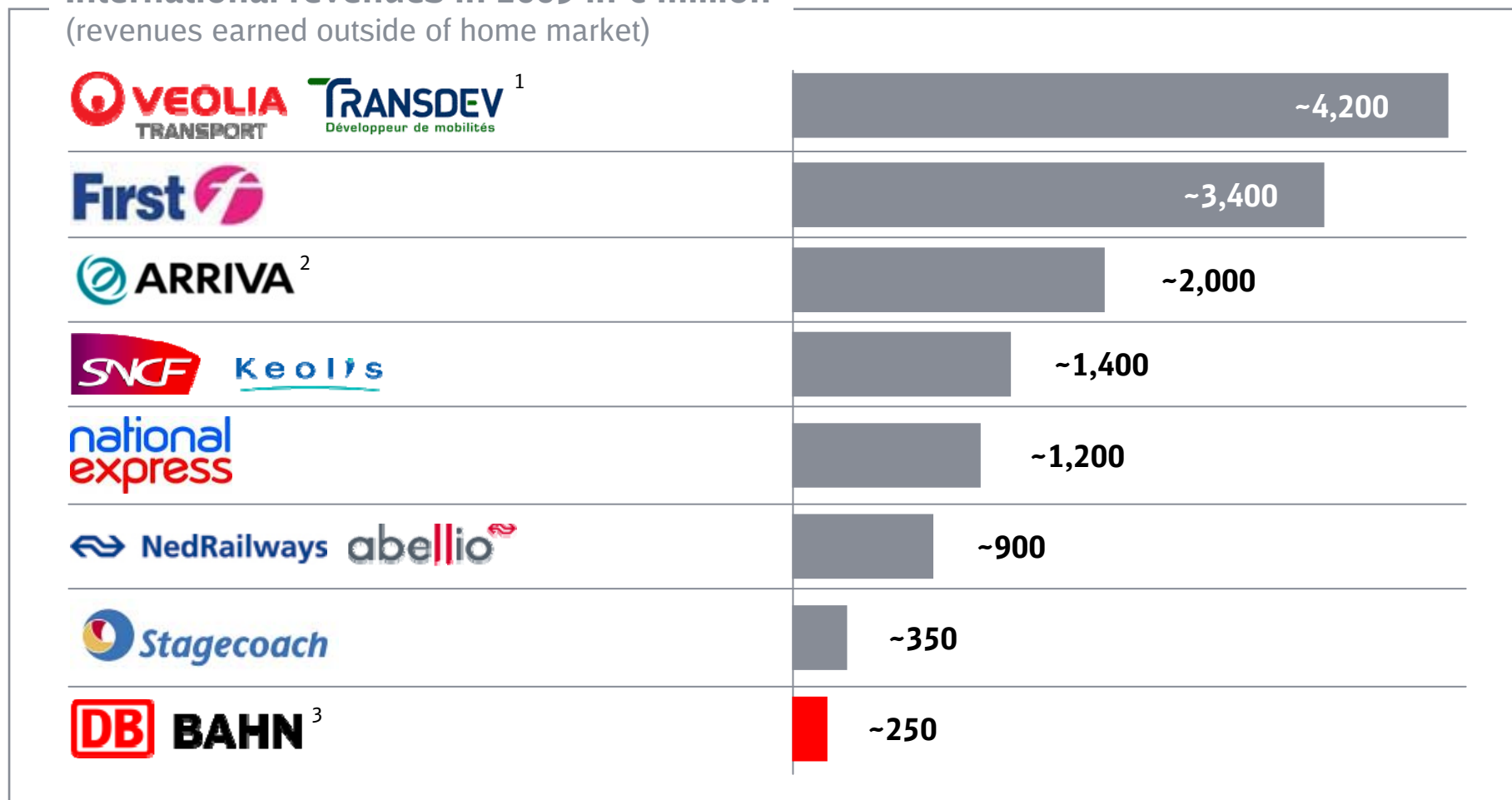
Foreign competitors in the German regional passenger rail transport



¹ TOC = Train Operating Companies

DB must expand into European markets in order to avoid being left behind

International revenues in 2009 in € million
(revenues earned outside of home market)



¹ Merger planned to be completed by end of 2010

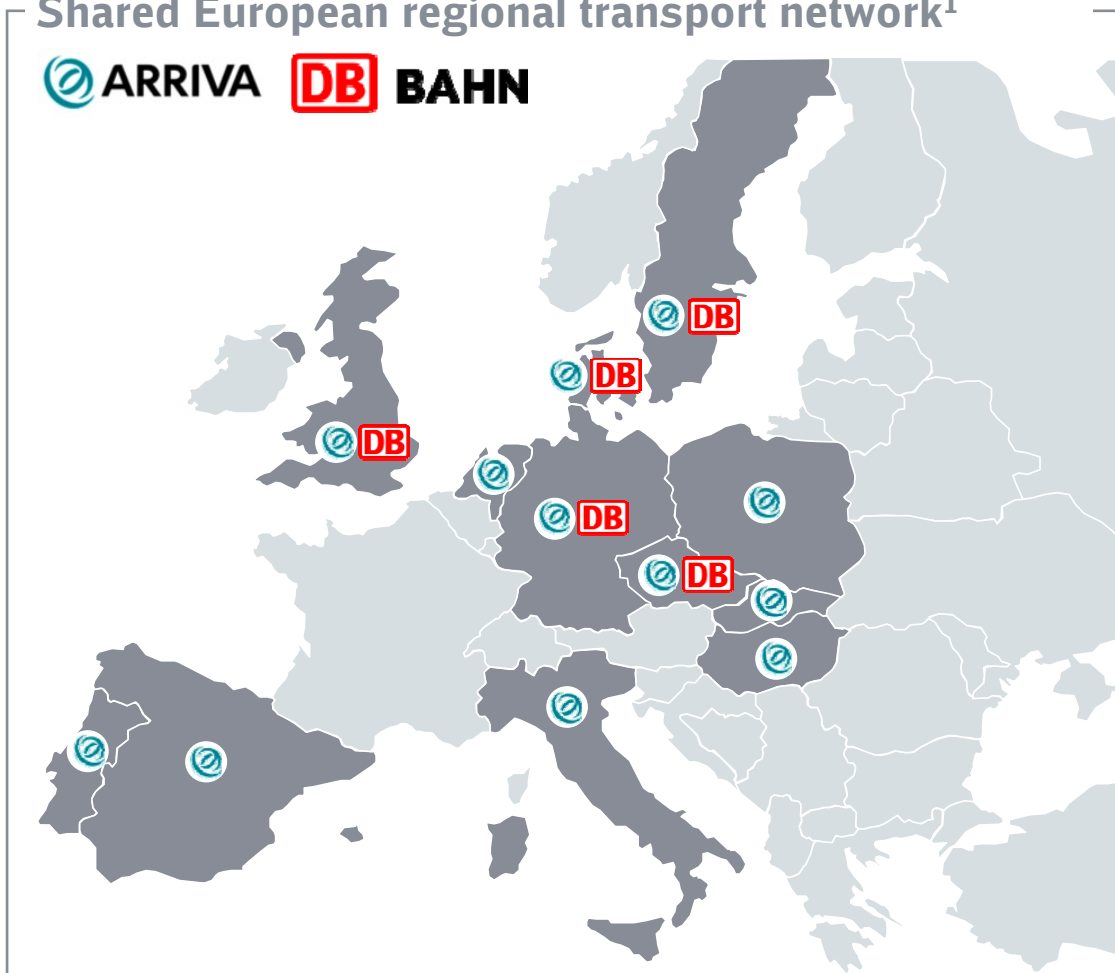
² Arriva outside of UK

³ Including DB international routes to NL/ Belgium

Together with Arriva DB is significantly expanding its European regional passenger transport network

Shared European regional transport network¹

 **ARRIVA**  **DB**  **BAHN**



Takeover of Arriva

- Train and bus routes in **twelve European countries**
- Takeover **strengthens DB's market position** in Europe
- Additional **growth opportunities**
- **Closing** planned for **end of August**

¹ Pending approval of cartel authorities

The **Market Initiative** aims to further develop the Group via acquisitions as well as organic growth



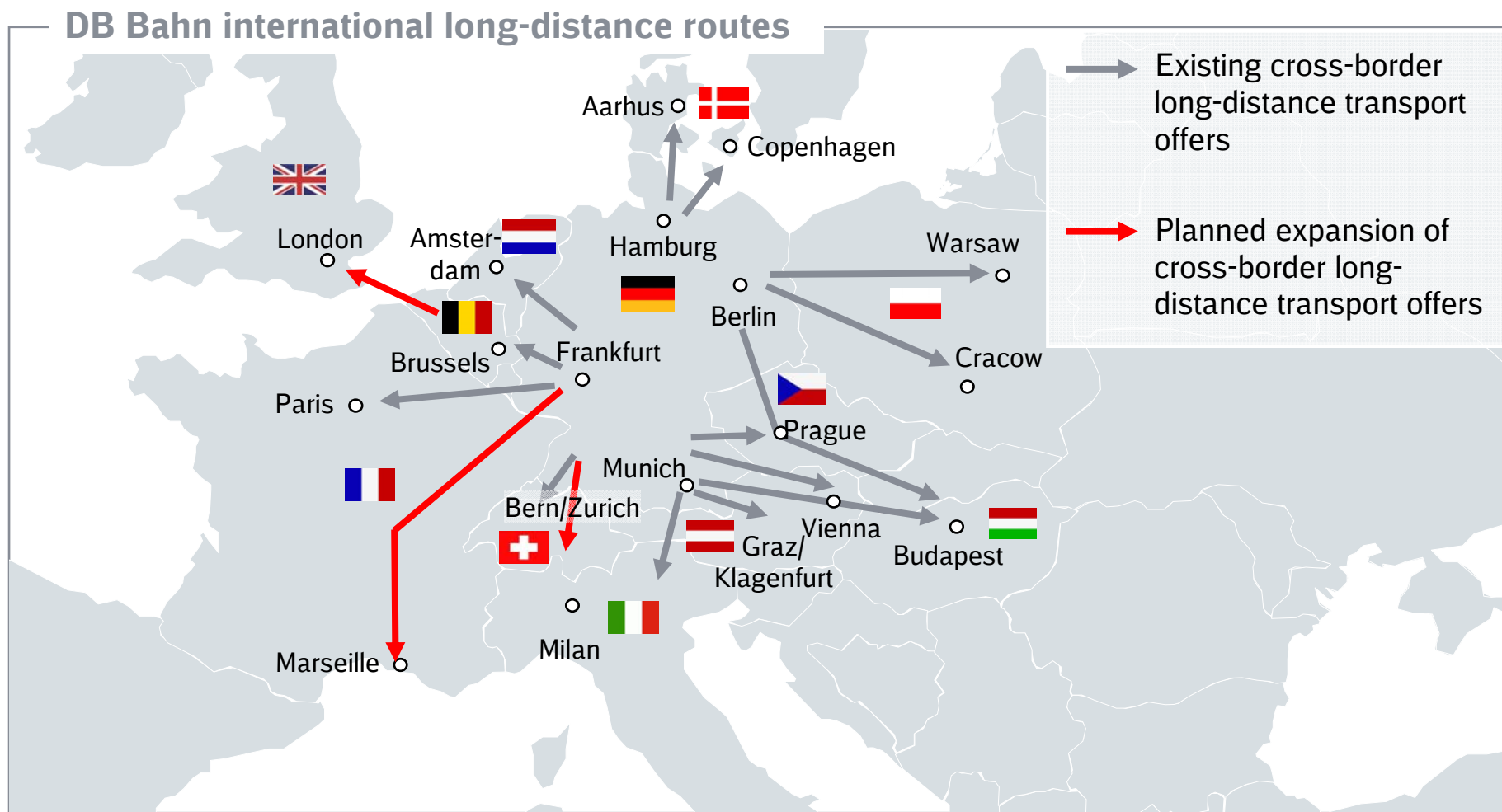
Develop networks

- ✓ Takeover of **Arriva** Group
- ✓ **DB Schenker Rail Bulgaria**

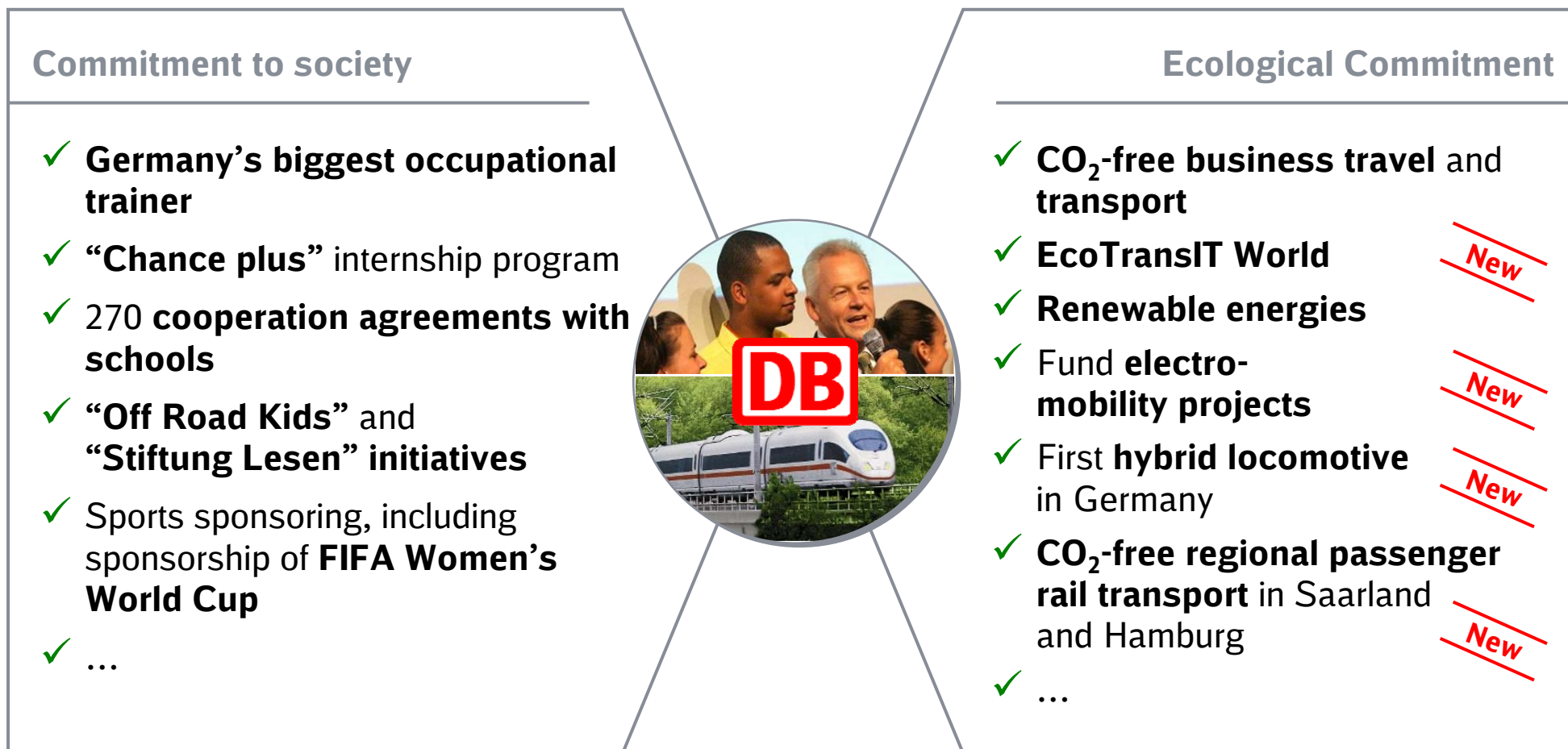
Densify networks

- ✓ **Joint Venture** with **SBB**
- ✓ **Tender won** in Sweden
- ✓ **Rail freight connection** “**Moscovite**” to Moscow

DB's long-distance travel possibilities are increasingly crossing national borders with connections to all of Europe



DB is meeting its responsibilities with wide range of social and ecological commitments



**Our thanks to all
DB employees!**





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Highlights H1 2010

General conditions

- Positive impact from world-wide economic recovery on transport and logistics markets
- Stable framework for passenger transport
- No major special items

Passenger transport

- Positive impact from one-time effects on performance and revenues (severe winter, strikes in air transport and ash clouds)
- Limited availability of vehicle fleet in long-distance transport
- Burdens on profits at S-Bahn Berlin due to limited availability of vehicles

Transport and logistics

- Significant recovery of volumes in all relevant markets, rail freight transport increases performance and gains market shares
- Pre-crisis level in all relevant markets not yet reached
- Margins under pressure

Infrastructure

- Increased train-path demand, especially in rail freight transport
- Trend of increasing non-Group usage continues
- Significant cost burdens due to severe winter

Positive performance development, especially in transport and logistics

Passenger transport	Transport and logistics									
Rail	DB Schenker Rail									
<ul style="list-style-type: none"> ↗ Total volume sold (+2.0%) DB Bahn Long-Distance ↗ Volume sold (+3.8%) DB Bahn Regional ↗ Volume sold (+0.5%) ↘ Volume produced (-0.8%) 	Volume sold	<table border="1"> <tr> <td>DB</td> <td>Market^{1), 2)}</td> </tr> <tr> <td>European market (tkm)</td> <td>↗ +18.8% ↗ >10%²⁾</td> </tr> <tr> <td>DB comparable³⁾</td> <td>↗ +14.9%</td> </tr> <tr> <td>German market (tkm)</td> <td>↗ +14.6% ↗ >3%</td> </tr> </table>	DB	Market ^{1), 2)}	European market (tkm)	↗ +18.8% ↗ >10% ²⁾	DB comparable ³⁾	↗ +14.9%	German market (tkm)	↗ +14.6% ↗ >3%
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Bus	DB Schenker Logistics									
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Infrastructure										
<ul style="list-style-type: none"> Train-path demand ↗ Train kilometers (+2.9%) ↗ Share of non-Group railways from 16.7 % to 18.6 % 	<ul style="list-style-type: none"> Station stops ↘ Stops (-0.4%) 									

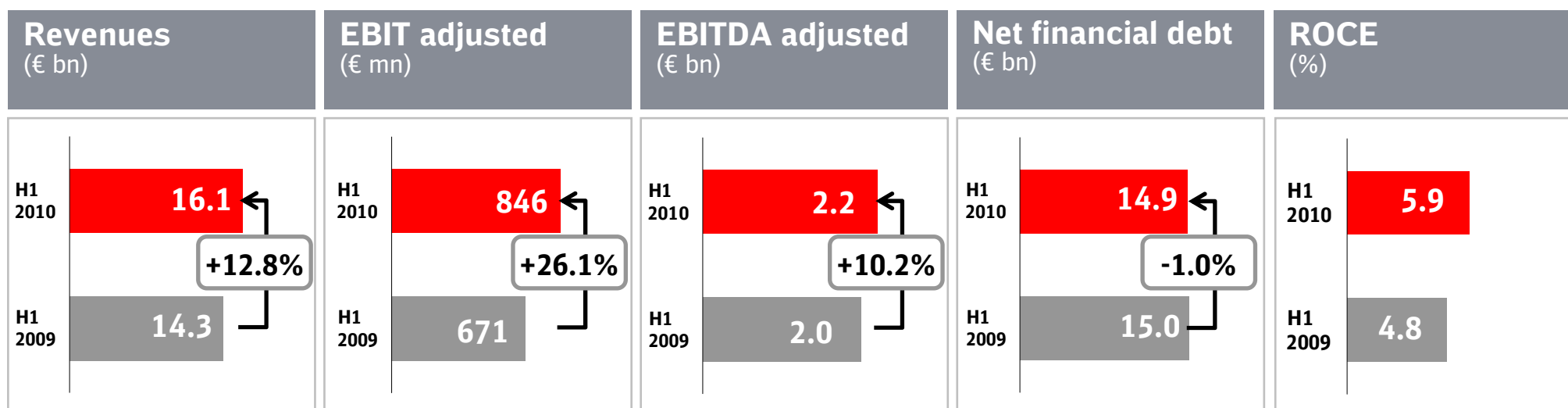
Change H1 2010 vs H1 2009

¹⁾ Preliminary DB estimates; ²⁾ Only rail transport; ³⁾ Excluding DB Schenker Rail Polska

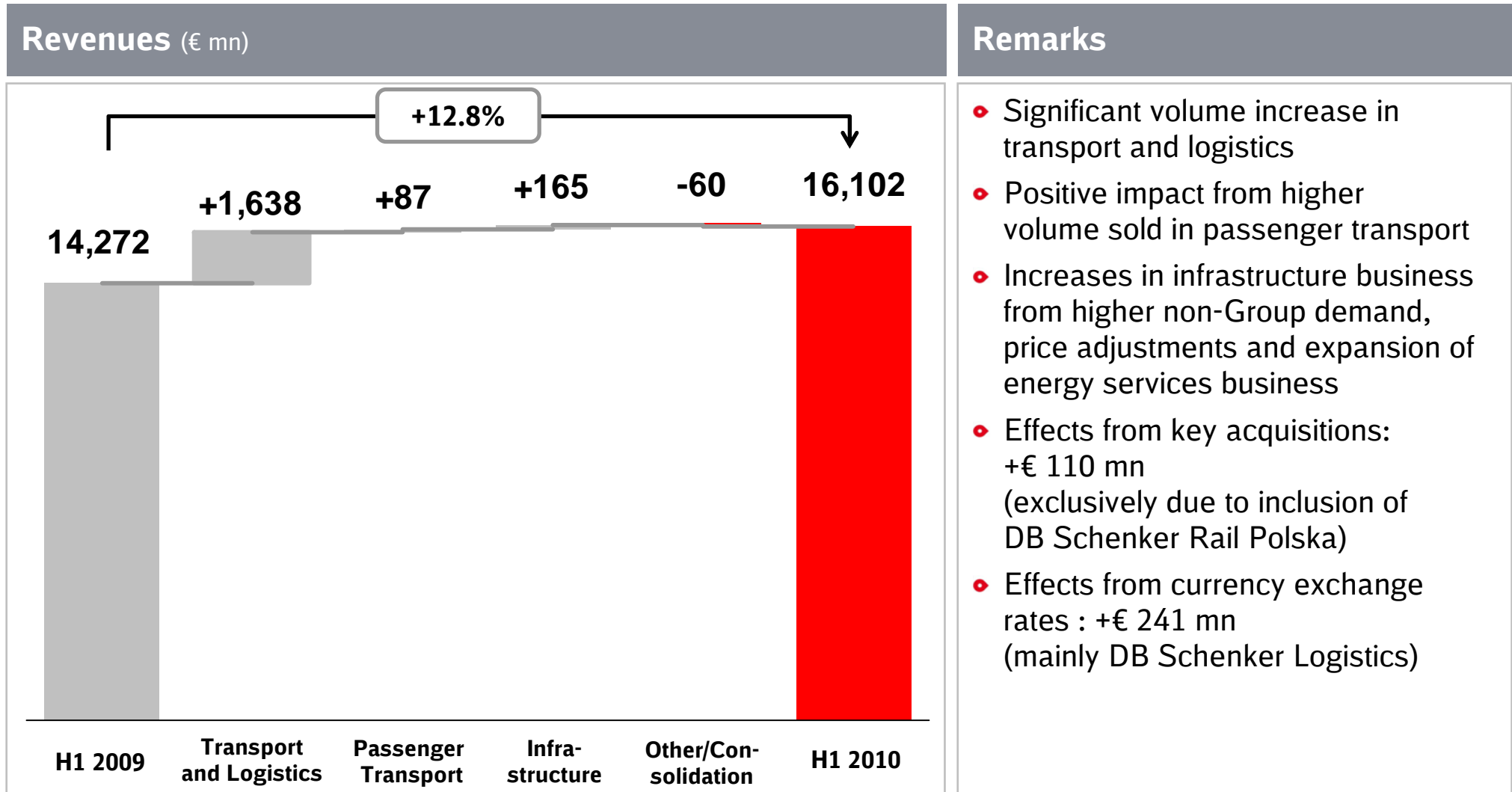
Significant improvement of all key financials

Highlights












- Revenues up by 12.8 % to € 16.1 bn (comparable basis: +12.1%)
- EBIT adjusted improved by € 175 mn to € 846 mn
- EBITDA adjusted increased by € 0.2 bn to € 2.2 bn
- Net financial debt down by € 151 mn to € 14.9 bn
- ROCE climbs to 5,9%



Revenue increase mainly in transport and logistics

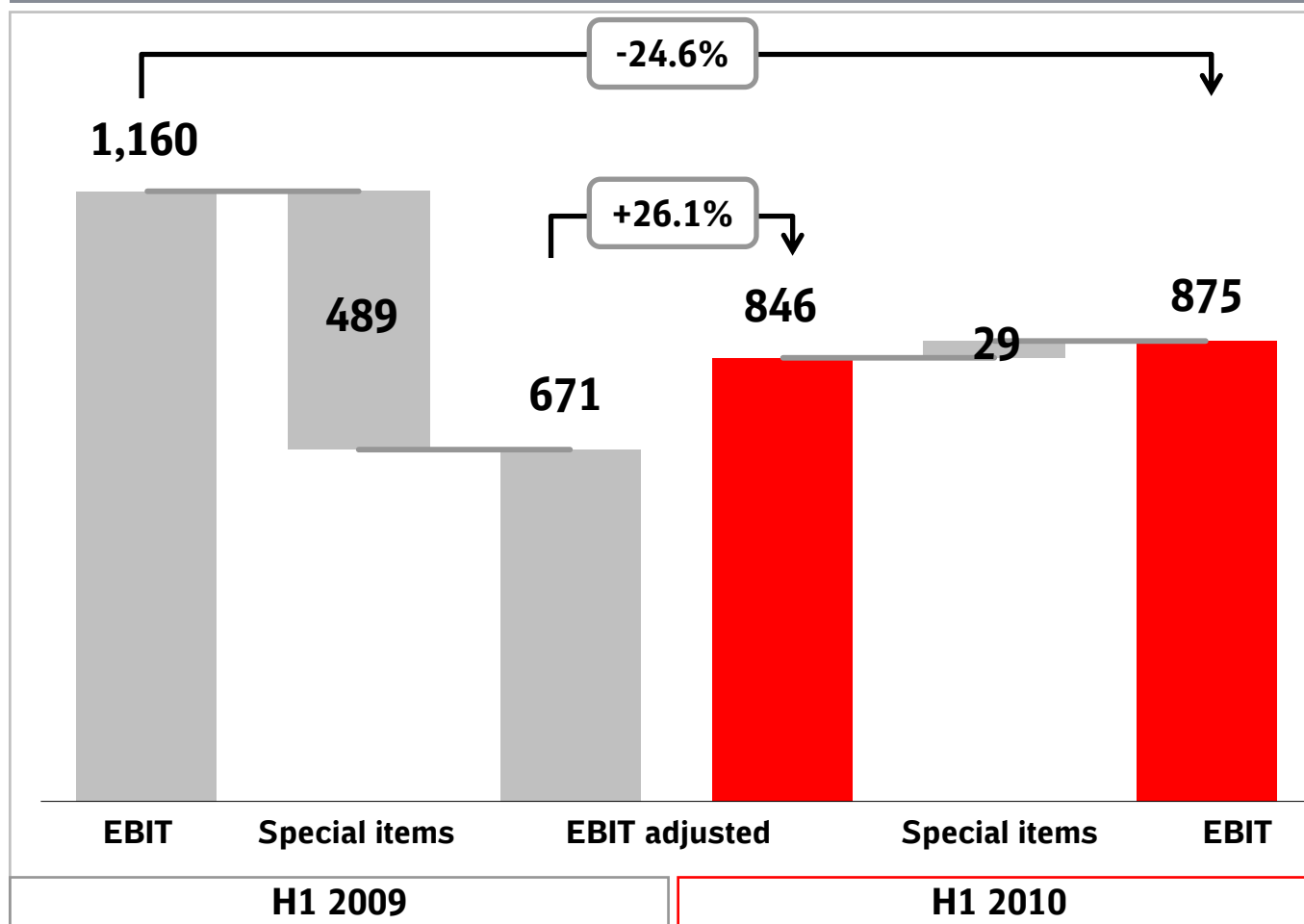


Revenue growth in almost all business units

Total revenues (€ mn)	H1 2010	H1 2009	Change by business units (€ mn)		
DB Bahn Long-Distance	1,828	1,729		+99	+5.7%
DB Bahn Regional	3,753	3,782		-29	-0.8%
DB Bahn Urban	634	617		+17	+2.8%
DB Schenker Rail	2,268	1,899		+369	+19.4%
DB Schenker Logistics	6,746	5,477		+1,269	+23.2%
DB Services	557	575		-18	-3.1%
DB Netze Track	2,198	2,126		+72	+3.4%
DB Netze Stations	524	512		+12	+2.3%
DB Netze Energy	1,230	1,149		+81	+7.0%
Other	352	341		+11	+3.2%
Consolidation	-3,988	-3,935		-53	+1.3%
DB Group	16,102	14,272		+1,830	+12.8%

Significant lower volume of special items than in H1 2009

EBIT and EBIT adjusted (€ mn)



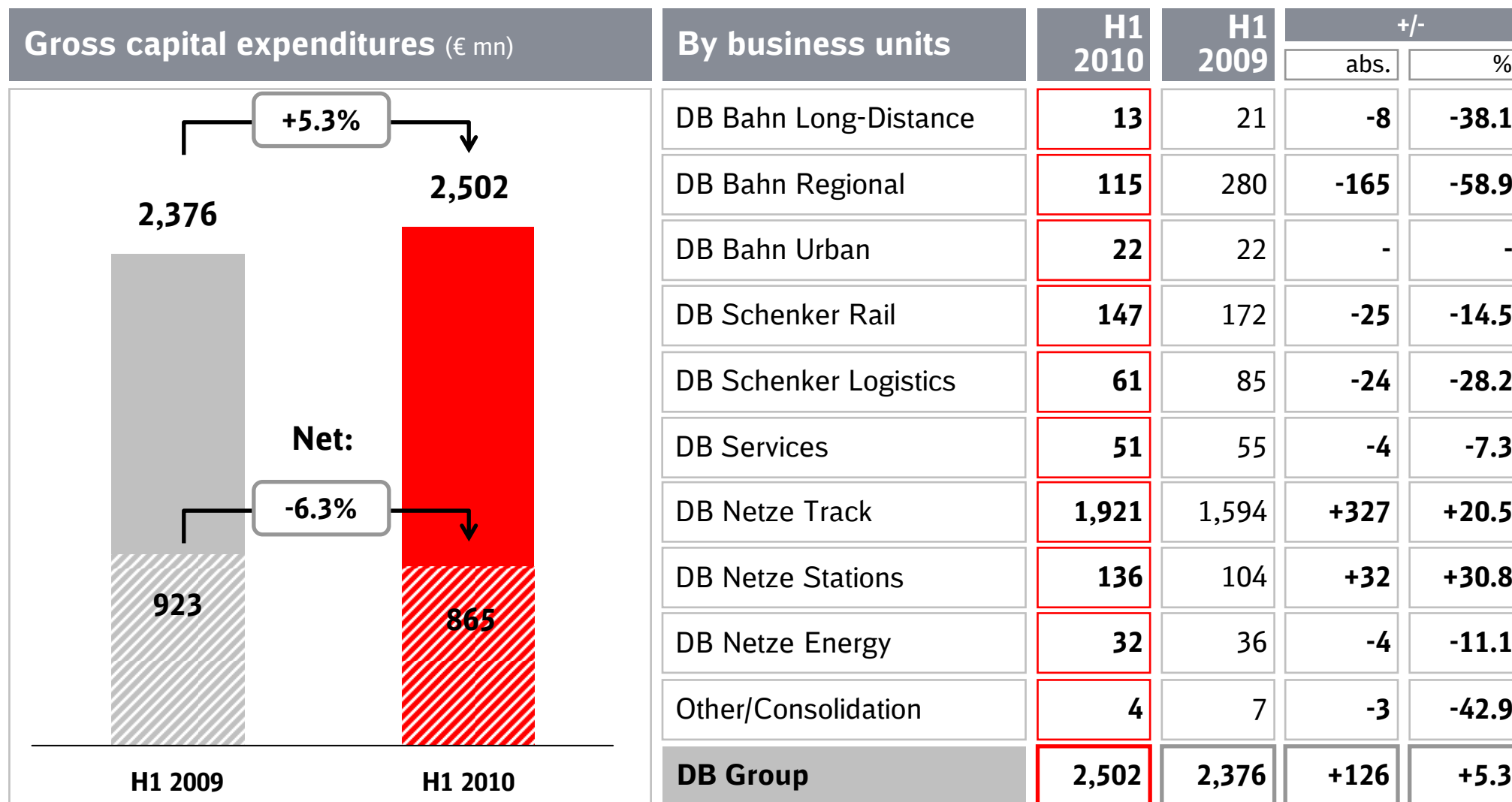
Special items

- **H1 2010**
Special items mainly due to partial reversal of provisions for technical risks
- **H1 2009**
Special items mainly due to project Stuttgart 21

Differentiated EBIT development on business unit level

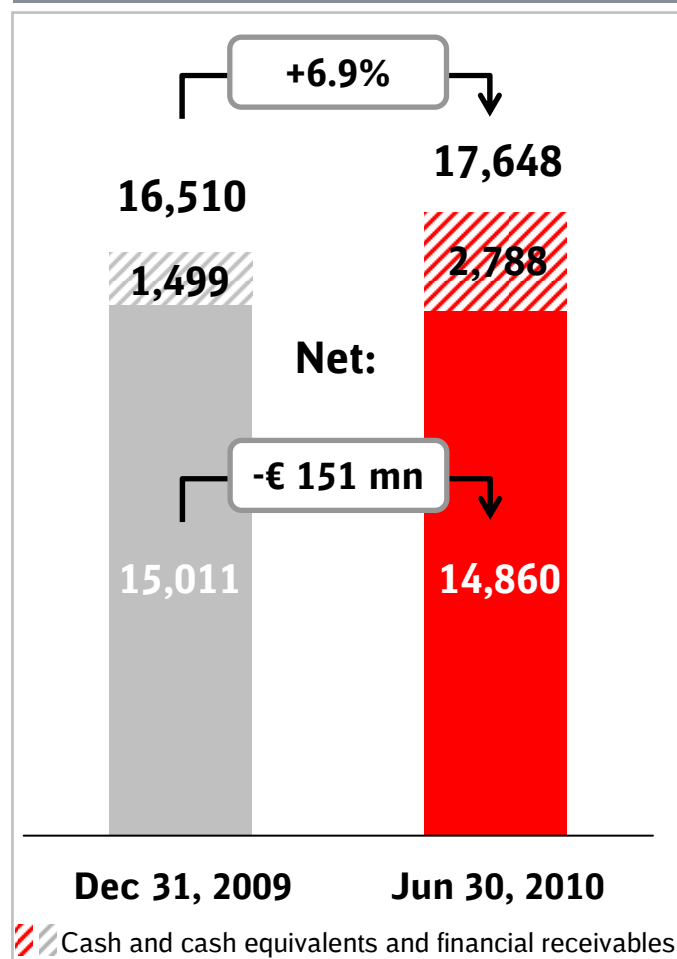
EBIT adjusted (€ mn)	H1 2010	H1 2009	Change by business units (€ mn)		
DB Bahn Long-Distance	80	57			+23 +40.4%
DB Bahn Regional	420	456			-36 -7.9%
DB Bahn Urban	27	55			-28 -50.9%
DB Schenker Rail	-19	-121			+102 -
DB Schenker Logistics	110	37			+73 +197%
DB Services	74	57			+17 +29.8%
DB Netze Track	237	243			-6 -2.5%
DB Netze Stations	123	127			-4 -3.1%
DB Netze Energy	40	54			-14 -25.9%
Other/Consolidation	-246	-294			+48 -
DB Group	846	671			+175 +26.1%

Gross capex spending continued on a high level

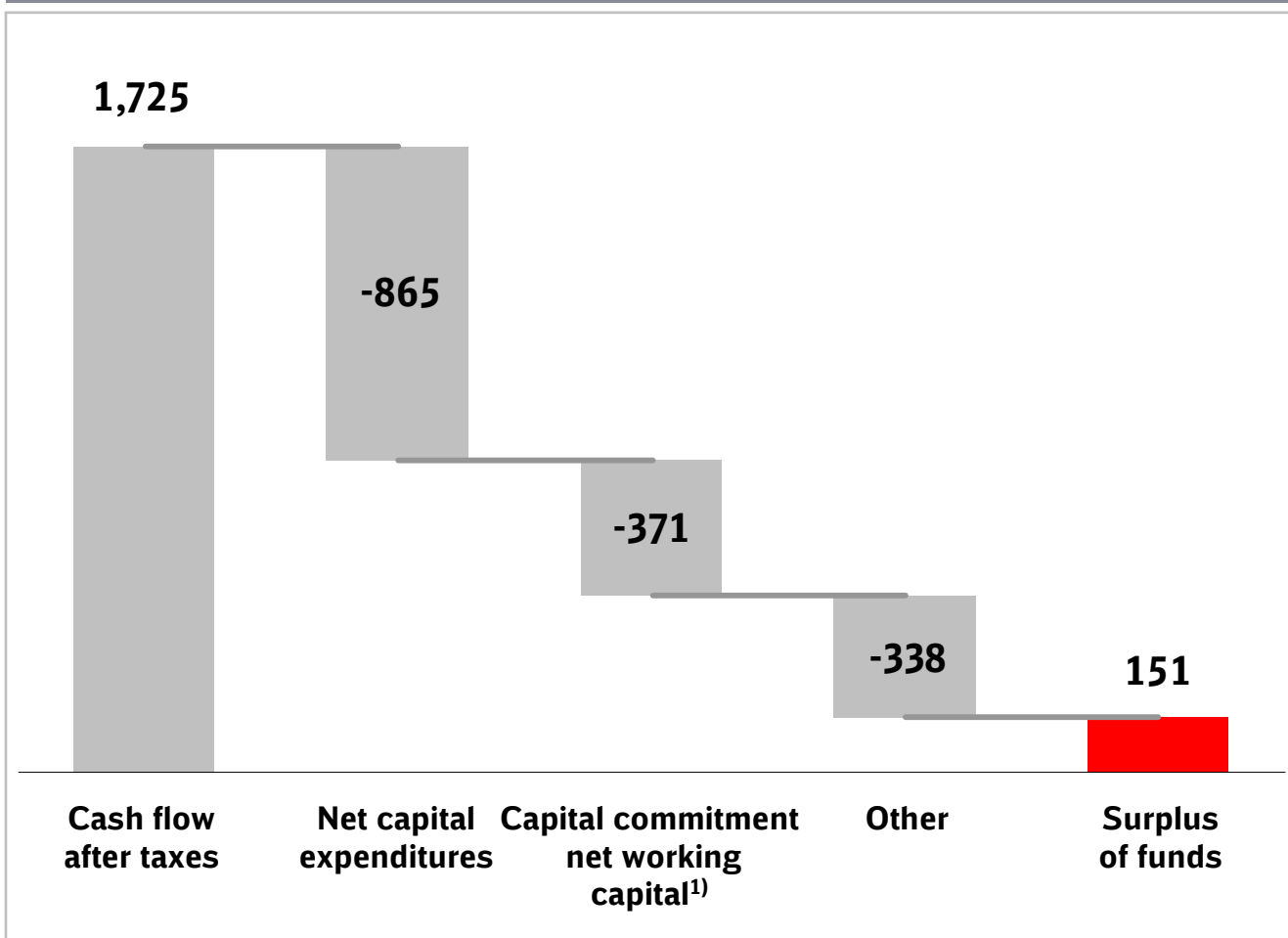


Further decline in net financial debt

Financial debt (€ mn)



Derivation of surplus of funds (€ mn)



¹⁾ Inventories + trade receivables + trade liabilities

Noticeable positive development in 2010 financial year expected

€ mn	2009	2010	DB Group – Outlook 2010 financial year (as of July 2010)
Revenues - comparable	29,335	↗	◊ Increase expected due to recovery of economy and volumes
EBIT adjusted	1,685	↗	◊ Disproportionate increase of operating expenses compared to revenues expected
ROCE	5.9%	↗	◊ Slight improvement expected due to increase in adjusted EBIT and higher capital employed
Net financial debt	15,011	↗	◊ Increase due to Arriva acquisition expected (excluding Arriva: decline)
Gross capex	6,462	↗	◊ Modernization process should continue on a higher level

This outlook is still subject to substantial caveats regarding continuing uncertainties from to the economic development and is based on the following assumptions:

- ◊ Continuing of the economic recovery that started in 2009
- ◊ Positive effects from economic development in Germany and the Euro-Area
- ◊ Recovery of the German rail freight market after significant reductions in volumes in 2009
- ◊ Growth of the global air and ocean freight markets



Thank you very much for your attention

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