Mobility
Networks
Logistics

„DB2020 – Our compass, even in challenging times"

Interim Results Press Conference 2013

Deutsche Bahn AG
DB Mobility Logistics AG

Speech by Dr. Richard Lutz
Chief Financial Officer (CFO)

Berlin, July 25, 2013

- Check against delivery. -

Ladies and gentlemen,

I, too, would like to welcome you to our Interim Results Press Conference today. As Rüdiger Grube said, I will now guide you through DB Group's business performance in the first half of 2013.

The motto of our 2013 Interim Report is:
"**DB 2020 – Our compass, even in challenging times**."

So why "challenging?" Rüdiger Grube has already touched on **the challenging environment**: the failure of the economic recovery to materialize, rising factor costs in Germany, and the one-off effects of the long winter and the flood, just to name a few of the key points. DB Group is used to dealing with challenges. But this frequency and intensity certainly make the current financial year, 2013, a special one.

Before I delve into details, let me just make three **preliminary remarks**:

- First of all: The first half of 2013 has presented us with a series of **challenges**. We are working on tackling these issues with composure, strength and energy, both in the short term – by taking countermeasures aimed at profit and liquidity – and in the long term. It goes without saying that competitive costs and lean structures are essential for us to grow profitably and sustainably.

- Second: Our DB2020 strategy is in place, and we will continue to work on implementing it throughout the Group. It is the **compass** that gives us direction and orientation – especially in tough times! Rüdiger Grube has presented a whole series of measures that we implemented in the first half of 2013. As we see it, the name of the game is: **"Stay on track."** That's because there can be no question that the path we have chosen with DB2020 is the right one. Nothing has changed in terms of DB's good market position.

- Third: **DB Group stands for financial stability and reliability**. Our business models are capital intensive, which is why having permanent access to the capital market at favorable terms and conditions is of essential importance to us. This is another reason why we pay such close attention to the **development of cash flow and debt**. That's how it was in the past, and that's how it's going to stay.

As usual, the first thing I'm going to do is give you an overview of the key data from the first half of 2013. Then I'll go into a little more detail on selected data before moving on to an outlook of the 2013 financial year as a whole.

First up: the **key data from the first half of 2013**.

H1 2013 – At a Glance

Burdens could not be fully compensated

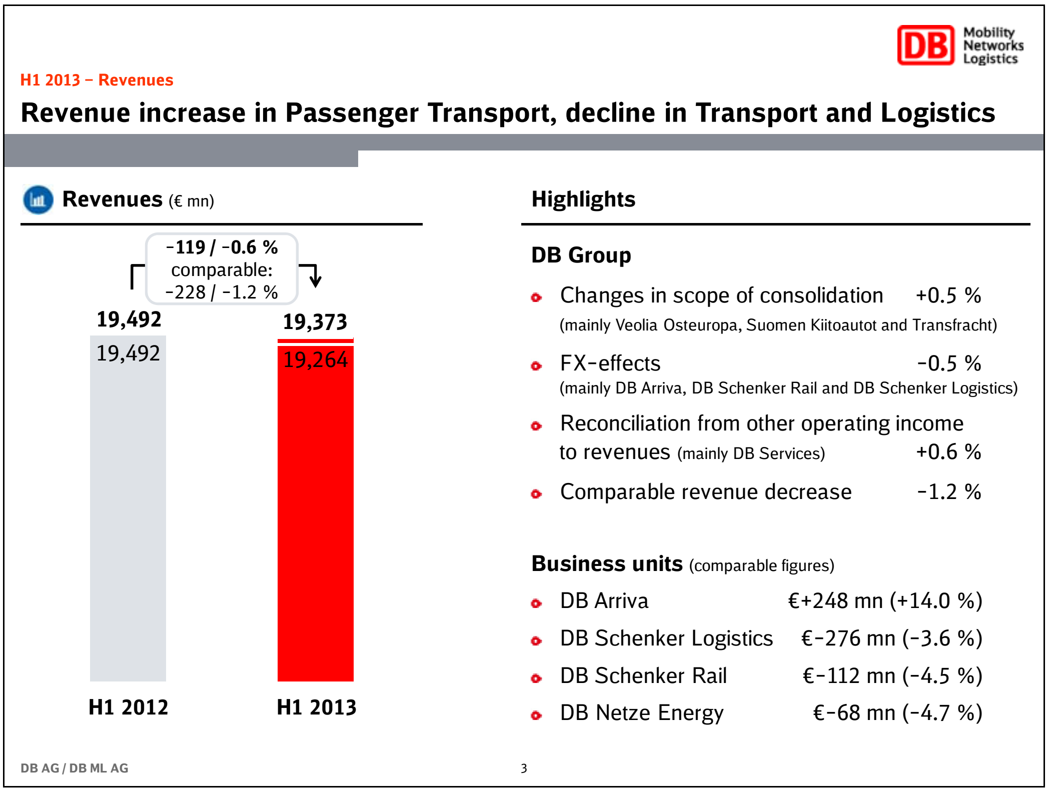
Selected key figures (€ mn)	H1 2013	H1 2012	Change €	Change %
Revenues	19,373	19,492	-119	-0.6
Revenues comparable	19,264	19,492	-228	-1.2
EBIT adjusted	1,018	1,321	-303	-22.9
Net profit (after taxes)	554	783	-229	-29.2
Gross capital expenditures	3,263	3,038	+225	+7.4
Net capital expenditures	1,598	1,408	+190	+13.5
Net financial debt as of Jun 30, 2013/Dec 31, 2012	16,982	16,366	+616	+3.8
ROCE %	6.1	8.1	-	-

DB AG / DB ML AG 2

- In terms of **revenues**, we faced a slight decline of 0.6 % in the first half of 2013. There was a drop in comparable revenues of 1.2 %. The cyclically sensitive business units at DB Schenker were particularly affected by this decline. Our core business in Germany, which fell by 1.4 % year on year, was also affected.
- When looking at business models with high fixed costs, a drop in revenues also rears its head in terms of profits. **Adjusted EBIT** fell by € 303 million, or almost 23 %. Negative development was an issue in almost all business units. Along with the economy, additional rising factor costs in personnel and energy as well as one-off effects from the winter and the flood played a role.

- **Profit after taxes** fell by around 29 % to € 554 million. This development was mainly due to operating profit.
- We continued to step up our **capital expenditure activities**. Gross and net capital expenditures in the first half of 2013 were up year on year. Track infrastructure and our vehicle fleets continued to be the focus of our capital expenditures.
- **Net financial debt** went up slightly from the balance sheet date, December 31, 2012. This is the "seasonal" effect we have already seen in previous years and was mainly due to the € 525-million dividend we paid in the first half of the year.
- Our increased capital expenditure activities have also led to a rise in capital employed. Our **return on capital employed** fell by 2 percentage points to 6.1 % as a result of the decline in profit.

Now let's take a more detailed look at the development of the individual key figures in the following charts. First, let's take a look at the **development of revenues**:



The **slight drop in revenues** we are reporting for the first half of 2013 totaled 0.6 %, or around € 120 million. On a comparable basis, the decline in profits increased to around € 230 million or 1.2 %.

The development of revenues in Passenger Transport as well as at DB Netze Stations (+1.4 %) and DB Netze Track (+0.6 %) had a positive effect on the Group. The DB Arriva business unit posted significant growth (+14.0 %). Around € 200 million of the increase in revenues was due to tenders won in Sweden and the Netherlands.

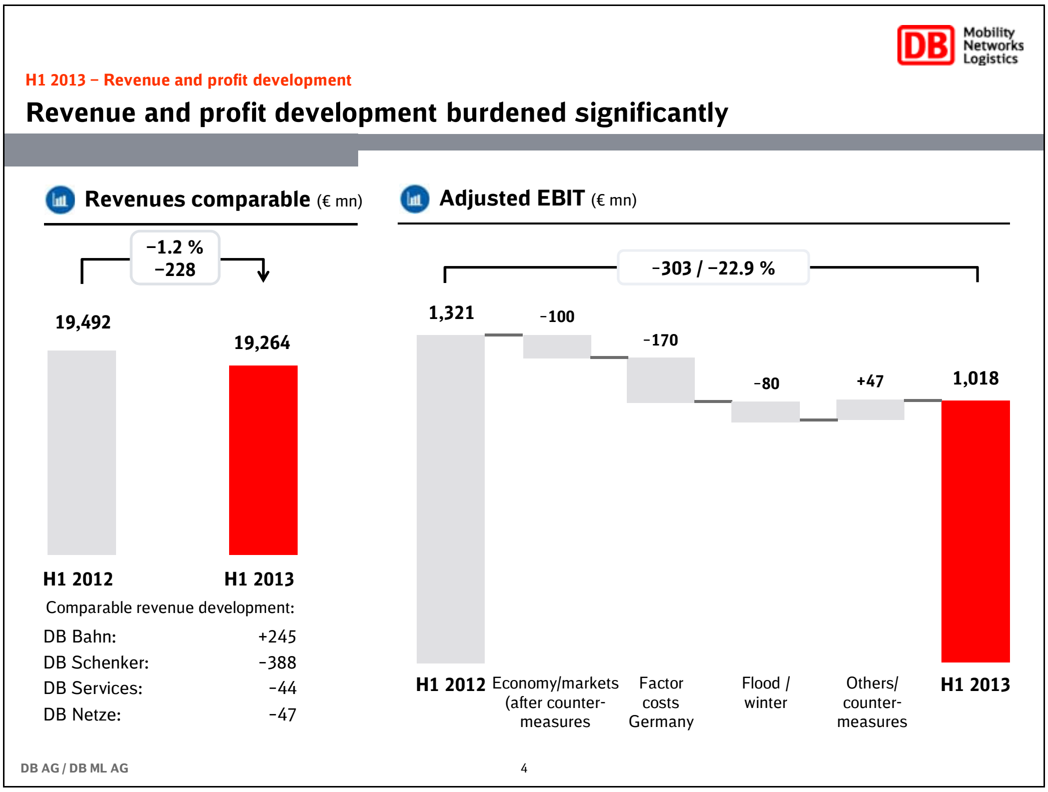
The drop in revenues within the Group was mainly caused by the **cyclically sensitive business units** in Transport and Logistics.

- At **DB Schenker Logistics**, the drop in revenues totaled around € 280 million, or 3.6 %. Rising revenues in the contract logistics/SCM line of business was offset by declines in European land transport and global air and ocean freight. Volume in both lines of business was also down year on year: The number of shipments in land transport fell 1.0 %, air freight tonnage was down 2.0 %, and ocean freight saw TEUs drop by 1.6 %. The economic downturn affected all segments and was felt in all regions.
- At **DB Schenker Rail**, comparable revenues fell by € 112 million, or 4.5 %. This more or less corresponds to the drop in transport services, which was down 4.4 % year on year. Developments in this business unit also reflect the fact that the economic climate in nearly all market segments and all regions of Europe has worsened.
- At **DB Netze Energy**, there was a drop in demand for traction current and diesel fuel for rail transport products, as well as significant declines in the third-party business with 50 Hz power.

For the first time since the 2009 crisis, DB Group did not record an increase in revenues year on year. But it would clearly be pushing it to compare the situation today to the situation back then. In the first half of 2009, the comparable drop in revenues totaled 14 %, and EBIT fell by more than half at the time. We're currently miles away from such proportions.

However, it must be said that the **economic growth** since the rapid recovery in 2010 has slowed. In the first half of 2010, DB Group's comparable revenues growth was 10.4 %. In the first halves of 2011 and 2012, growth slowed to 7.3 % (in 2011) and 1.8 % (in 2012). In 2013, we recorded a slight drop of 1.2 %.

When we're talking about business models with high fixed costs – like the kind DB Group has, especially in Germany – it's easy to see how drops in revenues and volume can have an immediate negative effect on the profit situation. However, the following chart shows that we not only had to contend with the economic climate when it came to **profits**, we also had to deal with additional burdens due to the development of factor costs in Germany and the one-off effects of the harsh winter and the June flood.



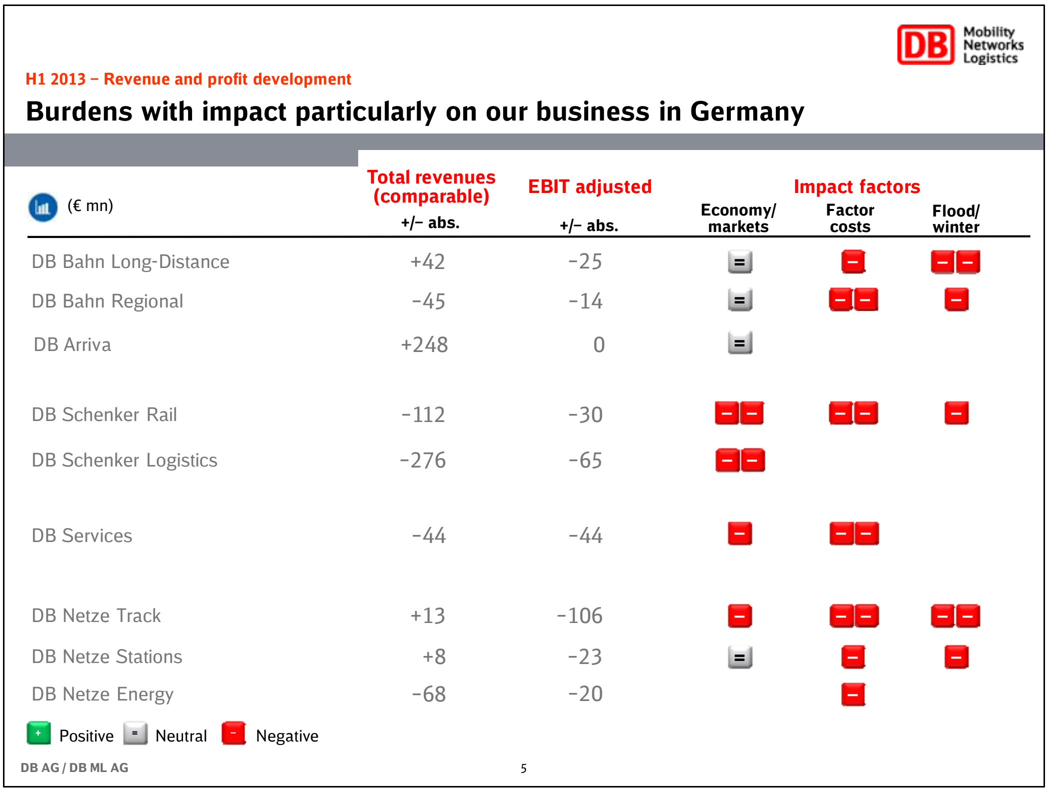
The overall decline in revenues at DB Schenker of nearly € 400 million had a negative impact on profit in these business units, even when we take cost cuts and countermeasures into account. If we also consider declines in volume in infrastructure, we end up with negative effects on profit of € 100 million for DB Group due to the **economy and the markets**.

With revenues also down in Germany, **specific factor-cost rises** had a 1:1 effect on profit. Personnel costs and energy played a pivotal role here, having a negative impact on profit of € 170 million year on year.

The one-off effects of the harsh **winter** and the **flood** in June totaled around € 80 million in losses. Around € 30 million of these were due to lost revenues on account of the flood-related restrictions in June. As Rüdiger Grube already mentioned, we are still busy looking at the extent of the damages. That's why we are not yet able to completely estimate the burdens that will result from the floods in the second half of the year. In terms of damage to infrastructure, we expect to reach an agreement with the Federal Government that will see the Federal Government fund the clean-up and repair efforts, just like after the Elbe flood in 2002.

Altogether, the expenses we're talking about add up to around € 350 million. **Countermeasures** are being taken in all business units to enable us to soften the blow of the negative impact. However, we also have to say that these expenses will continue in the second half of the year and that we won't be able to compensate for these burdens entirely. I'll come back to this point during the outlook.

The following chart shows **the development of revenues and profit by business unit.**



H1 2013 – Revenue and profit development

Burdens with impact particularly on our business in Germany

(€ mn)	Total revenues (comparable) +/– abs.	EBIT adjusted +/– abs.	Impact factors: Economy/ markets	Impact factors: Factor costs	Impact factors: Flood/ winter
DB Bahn Long-Distance	+42	-25	=	–	– –
DB Bahn Regional	-45	-14	=	– –	–
DB Arriva	+248	0	=		
DB Schenker Rail	-112	-30	– –	– –	–
DB Schenker Logistics	-276	-65	– –		
DB Services	-44	-44	–	– –	
DB Netze Track	+13	-106	–	– –	– –
DB Netze Stations	+8	-23	=	–	–
DB Netze Energy	-68	-20		–	

\+ Positive = Neutral – Negative

DB AG / DB ML AG 5

The chart makes it clear that profit in all business units, except DB Arriva, was down on the previous year's developments. It also shows that the three influential factors – economy/markets, factor costs and flood/winter – impacted each business unit differently.

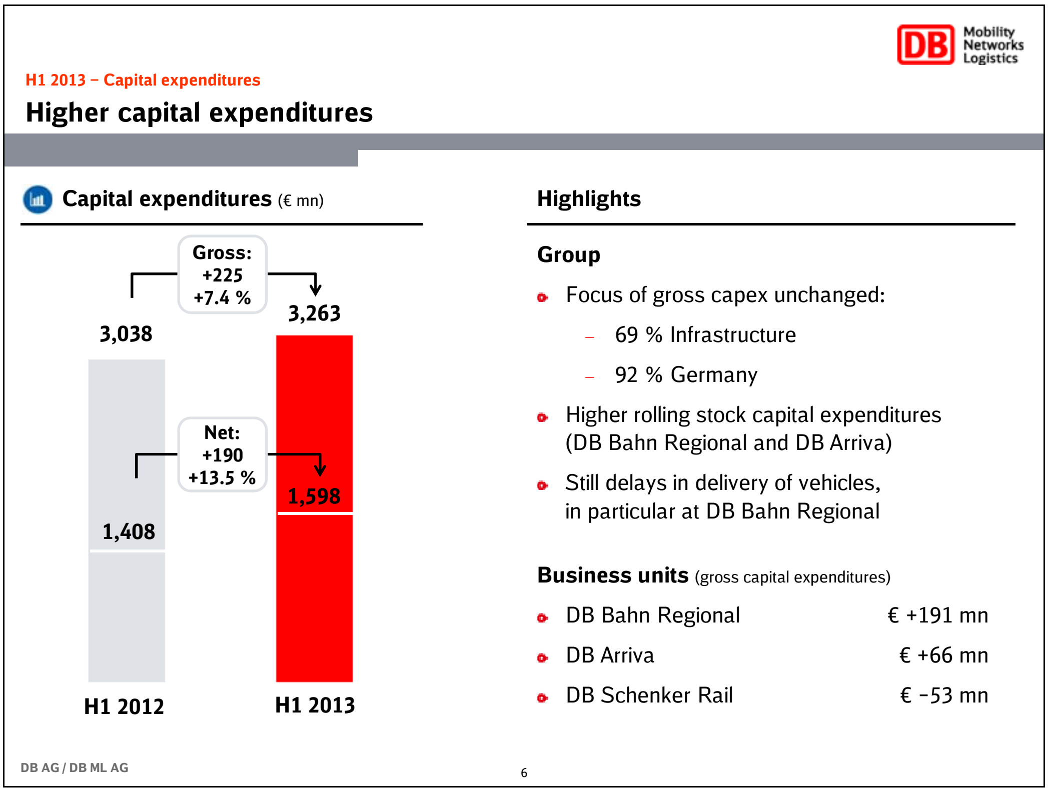
- The **economy** impacted the DB Schenker Rail and DB Schenker Logistics business units in particular. But DB Netze Track also felt a downstream effect due to lower track capacity utilization, as did DB Services because of a drop in in-house demand for service and maintenance. In contrast, Passenger Transport and DB Netze Stations have traditionally been very resilient to economic downturns.

- Rises in specific **factor costs** had a particular effect on the DB Bahn Regional, DB Schenker Rail, DB Services and DB Netze Track business units, which all have a business that requires a lot of employees.

- Infrastructure particularly felt the sting of the harsh, long **winter**, while the **floods** – which caused us to close the Hanover–Berlin line – had their primary impact in the form of lost revenues in long-distance transport. DB Schenker Rail was indirectly impacted due to line closures and the resulting detours.

Change processes and additional **countermeasure programs** are underway in the affected business units to deal with labor and employment concerns. The number of employees fell year on year, especially in the DB Bahn Regional, DB Schenker Rail and DB Services business units, as well as in the land transport and air and ocean freight lines of business at DB Schenker Logistics. We are taking a closer look at processes and structures to identify additional potential for improving productivity and increasing efficiency. This also affects services from service providers and cost structures in corporate management, of course. We are using sound judgment in the process and are gearing our actions toward the goals of the DB2020 strategy. We will act accordingly wherever we see additional needs. For instance, this will affect maintenance at DB Netze Track and the difficult operating situation at Passenger Transport due to a lack of vehicle capacity, which was worsened by the flood.

Regardless of the current challenges, which we are meeting with strength and determination, nothing has changed in terms of DB's good position in its markets. That's why we continued to **invest in the future of our company**, and the future of rail transport in Germany, in the first half of 2013.



Our **capital expenditure strategy** was particularly reflected in the increase in net capital expenditures of € 190 million, or 13.5 %. In total, gross capital expenditures increased fairly strongly by € 225 million, or 7.4 %, to € 3,263 million.

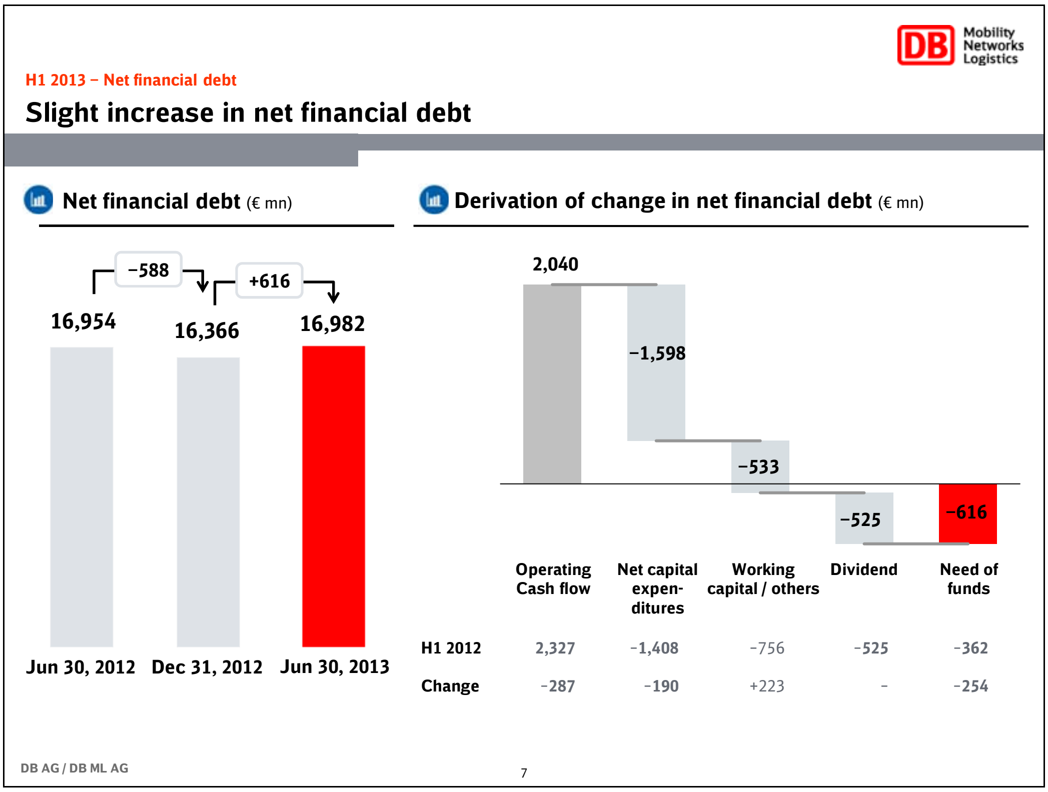
Infrastructure, at about 70 %, and Germany, at about 90 %, remained **the key areas of capital expenditure**. Significant capital expenditures at the business-unit level were:

- The **DB Bahn Regional** business unit contributed an increase of € 191 million. Vehicle capital expenditures for tenders won had an impact on this business unit. However, the addition of vehicles remains behind schedule and below our expectations. Lower revenues, higher expenses and the replacement concepts agreed upon with ordering organizations had a negative effect on the profit situation overall.

- In the **DB Arriva** business unit, we continued on our profitable path of growth and invested a great deal in expanding our business activities. Along with the capital expenditure discussed here, it is also worth mentioning the acquisition of Veolia Transdev's Eastern European business operations. This has made DB Arriva the largest international operator of passenger transport services in Eastern Europe.

Capital expenditure activities were down in the **DB Schenker Rail** business unit. This resulted from the completion of procurement programs as well as from the conscious decision to postpone capital expenditures due to the decline in performance.

Our capital expenditure also has to be financed, of course. The following chart shows how **net financial debt** developed.



The negative operating profit development was also reflected in the development of **operating cash flow**, which – at around € 287 million – fell to a comparable extent as adjusted EBIT.

On account of the negative development of operating cash flow and the increase in **net capital expenditures**, net financial debt went up by € 616 million as of June 30, 2013. This corresponds to an increase of just under 4 %. We will continue to keep an eye on how our **net financial debt** develops.

A drop in profit and cash flow also reduces our **financing leeway for capital expenditures** in our business, of course. For this reason, we will adapt our capital expenditure planning to fit the changing market situation as the year continues. Just like in the past, we will strike a **sensible balance** between seizing profitable growth opportunities, on the one hand, and maintaining financial stability, on the other hand. DB will remain **a stable, reliable and credible name** for its investors.

As I finish up my presentation, let me touch on our **outlook for the 2013 financial year**:

DB Mobility Networks Logistics

2013 Financial Year – Outlook

Outlook for 2013 Financial Year adjusted

Expected development in H2 2013

- Development in the second half of the year is traditionally a little bit stronger compared to the first half
- Ongoing high economic uncertainties
- Flood impact not yet fully accessible

Outlook (€ mn)	**2012**	2013 (as of March 2013)	**2013** (as of July 2013)
Revenues	39,296	~41,000	~39,500
EBIT adjusted	2,708	>2,800	~2,200
ROCE (%)	8.3 %	>8.3 %	~6.5 %
Net capital expenditures	3,487	>4,000	~4,000
Net financial debt as of Dec 31	16,366	~17,000	**~17,000**

DB AG / DB ML AG 8

Developments in the first half of the year will have an effect on **2013 as a whole**, especially considering that some of the challenges we faced – such as the economy, factor costs and the flood – will continue to be an issue in the second half of the year.

Unfortunately, some of the concerns we raised in our outlook at the Annual Results Press Conference in March have materialized. On account of developments in the first half of the year and the current forecast for the rest of the year, we need to revise our **outlook** correspondingly:

- We expect **revenues** for the 2013 financial year to total around € 39.5 billion, which would be only slightly higher than last year. Currently, we see only sideward movement in comparable revenues. In contrast to the performance in the first half of the year, which was down year on year, we expect to see a slight improvement in the second half of the year. Because the second half of 2012 was already economically troubled, we believe this forecast is realistic. However, it is also associated with a high degree of uncertainty.

- **Profit development** for 2013 as a whole will be weaker than in 2012 due to the burdens already seen in the first half of the year. We currently expect **adjusted EBIT** to come in at around € 2.2 billion. That would be a decline of around € 0.5 billion year on year. Here, too, we face a great deal of uncertainty – not only on account of economic developments, but also due to the impact of the floods, which we can't yet fully estimate. We also assume that we will not be burdened with additional regulatory effects or the planned change to EEG costs.

- We have not revised our outlook for the development of **net financial debt**. We will be able to compensate for declines in profit and cash flow through lower capital expenditures and other working capital management measures. We are able to ensure the **financial stability** of DB Group, which continues to have top priority for us.

Investor Relations
Europaplatz 1, 10557 Berlin
Tel.: +49 (0)30 297-64031, E-mail: ir@deutschebahn.com

As you can see, we are facing **special challenges** this year following a very good 2012. But that's nothing new for the management team and our employees. The success of recent years **wasn't a walk in the park** and was something we had to work hard to achieve. Now we're going to do what we always do when the going gets tough: We're going to roll up our sleeves and face the challenges with energy and with a plan. What gives us strength and optimism is the fact that the path we've chosen with our DB2020 strategy is the right one. That's because DB's market position and its good prospects for the future, thanks to its products and its employees, remains fundamentally the same. We don't see a **change in the trend** overall. And that's why we will stay on track and keep our eyes focused on our sustainable strategy, in keeping with the motto of our 2013 Interim Report:
"**DB 2020 – Our compass, even in challenging times**."

Thank you for your attention. Dr. Grube, our fellow Management Board members and I will be happy to answer your questions.

DB Mobility Networks Logistics

Note

H1 2013 – At a Glance

Highlights first half of 2013

General conditions
- Germany impacted by weak economic development as well
- Economic momentum still on a low level
- Uncertainties due to sovereign debt crisis are still existing
- High burdens from increasing energy, personnel and maintenance expenses (including winter services)

Passenger Transport
- Moderate positive development in German rail passenger transport
- Challenging economic environment for DB Arriva
- Acquisition of eastern European business of Veolia Transdev

Transport and Logistics
- Decline in demand in Eurozone drives negative volume development in rail freight transport
- Weak development in transport and logistics business: Volume decline in ocean freight, air freight and European land transport

Infrastructure
- Train-path demand slightly lower
- Restrictions caused by flood (mainly closure of Berlin–Hanover link)
- Again higher non-Group train-path demand, share increased to 23.5 %

DB AG / DB ML AG 11

H1 2013 – Revenue development

Mixed revenue development on business unit level

Total revenues (€ mn)	H1 2013 effective	Adjustments			H1 2013 comp.	H1 2012 comp.	Change	
		Scope.Cons.[2]	FX	Reconciliation			€	%
DB Bahn Long-Distance	2,011	–	0	–	2,011	1,969	+42	+2.1
DB Bahn Regional	4,380	–	–	–	4,380	4,425	-45	-1.0
DB Arriva	2,031	-46	+35	–	2,020	1,772	+248	+14.0
DB Schenker Rail	2,410	-44	+7	–	2,373	2,485	-112	-4.5
DB Schenker Logistics	7,405	-13	+47	–	7,439	7,715	-276	-3.6
DB Services [1]	1,523	–	–	–	1,523	1,567	-44	-2.8
DB Netze Track [1]	2,344	–	–	–	2,344	2,331	+13	+0.6
DB Netze Stations	567	–	–	–	567	559	+8	+1.4
DB Netze Energy [1]	1,393	–	–	–	1,393	1,461	-68	-4.7
Other/consolidation [1] /transition	-4,691	+15	–	-110	-4,786	-4,792	+6	-0.1
DB Group	19,373	-88	+89	-110	19,264	19,492	-228	-1.2

[1] Previous year's figure adjusted for reconciliation from other operating income to revenues , [2] Changes in the scope of consolidation

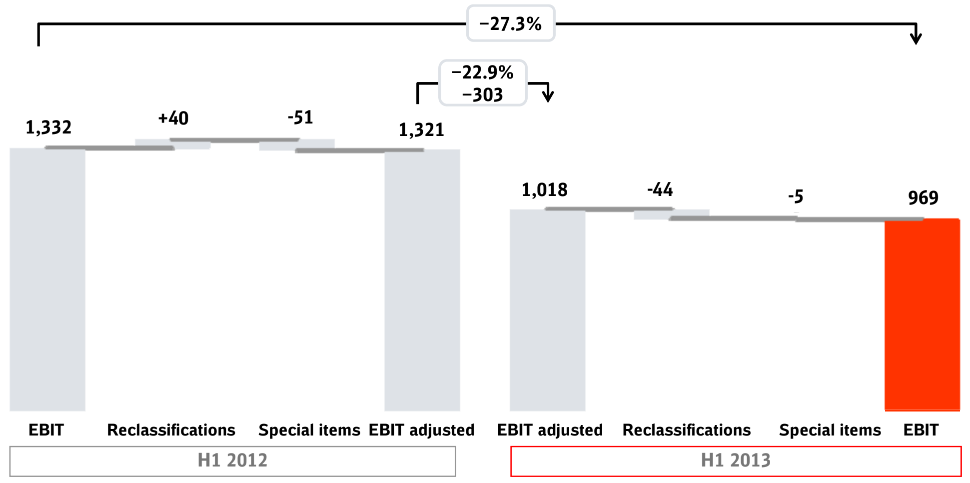
DB AG / DB ML AG 12

Deutsche Bahn AG / DB Mobility Logistics AG
Investor Relations
Europaplatz 1, 10557 Berlin
Tel.: +49 (0)30 297-64031, E-mail: ir@deutschebahn.com

H1 2013 – Profit development

EBIT development weakened

EBIT and EBIT adjusted (€ mn)



H1 2013 – Profit development

Declining EBIT development on business unit level

(€ mn)	EBIT adjusted H1 2013	EBIT adjusted H1 2012	Change absolute	Operating income after taxes H1 2013	Operating income after taxes H1 2012	Change absolute	Extra ordinary result H1 2013
DB Bahn Long-Distance	**167**	192	−25	**168**	195	−27	–
DB Bahn Regional	**433**	447	−14	**414**	421	−7	–
DB Arriva	**94**	94	–	**71**	83	−12	**−3**
DB Schenker Rail	**−6**	24	−30	**−50**	−20	−30	–
DB Schenker Logistics	**136**	201	−65	**116**	185	−69	–
DB Services	**4**	48	−44	**−1**	40	−41	–
DB Netze Track	**292**	398	−106	**92**	178	−86	–
DB Netze Stations	**117**	140	−23	**93**	109	−16	–
DB Netze Energy	**35**	55	−20	**27**	47	−20	–
Other/consolidation	**−254**	−278	+24	**−332**	−348	+16	**−2**
DB Group	**1,018**	**1,321**	**−303**	**598**	**890**	**−292**	**−5**

Deutsche Bahn AG / DB Mobility Logistics AG
Investor Relations
Europaplatz 1, 10557 Berlin
Tel.: +49 (0)30 297-64031, E-mail: ir@deutschebahn.com

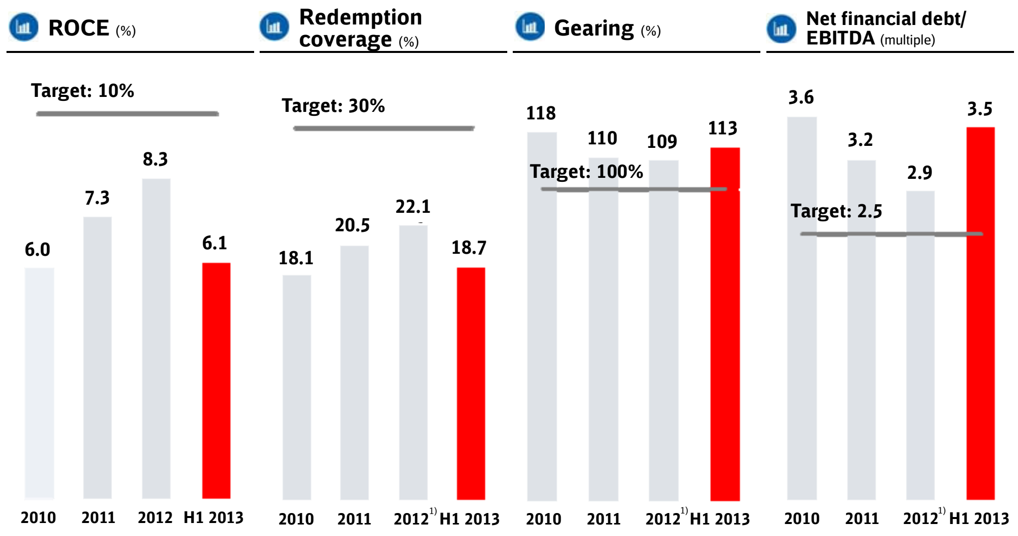
H1 2013 – Capital expenditures

Significant increase in capital expenditures

Capital expenditures (€ mn)	Gross capital expenditures H1 2013	Gross H1 2012	Gross Change €	Gross Change %	Net capital expenditures H1 2013	Net H1 2012	Net Change €	Net Change %
DB Bahn Long-Distance	**75**	57	+18	+31.6	**75**	57	+18	+31.6
DB Bahn Regional	**469**	278	+191	+68.7	**467**	276	+191	+69.2
DB Arriva	**158**	92	+66	+71.7	**155**	92	+63	+68.5
DB Schenker Rail	**66**	119	-53	-44.5	**66**	119	-53	-44.5
DB Schenker Logistics	**104**	98	+6	+6.1	**104**	98	+6	+6.1
DB Services	**104**	125	-21	-16.8	**104**	125	-21	-16.8
DB Netze Track	**1,993**	2,001	-8	-0.4	**485**	509	-24	-4.7
DB Netze Stations	**241**	189	+52	+27.5	**103**	71	+32	+45.1
DB Netze Energy	**32**	60	-28	-46.7	**18**	42	-24	-57.1
Other/consolidation	**21**	19	+2	+10.5	**21**	19	+2	+10.5
DB Group	**3,263**	**3,038**	**+225**	**+7.4**	**1,598**	**1,408**	**+190**	**+13.5**

H1 2013 – Value mangament

Development of key value managament figures temporarily slowed down



[1)] Figure adjusted due to retroactive application of IAS 19.

Deutsche Bahn AG / DB Mobility Logistics AG
Investor Relations
Europaplatz 1, 10557 Berlin
Tel.: +49 (0)30 297-64031, E-mail: ir@deutschebahn.com

Mobility
Networks
Logistics

Mobility
Networks
Logistics

H1 2013 – Key figures infrastructure

Infrastructure: High capital employed, underproportional profit contribution

Key figures H1 2013 (€ mn)	DB Group	DB Netz AG	DB Station& Service AG	DB Energy GmbH	Total Infra-structure	Share (%) of DB Group
Revenues	19,373	2,263	559	1,393	4,215	-
EBITDA adjusted	2,460	752	180	77	1,009	41.0
Abschreibungen	-1,442	-453	-66	-42	-561	38.9
EBIT adjusted	1,018	299	114	35	448	44.0
Net operating interest income	-420	-199	-24	-8	-231	55.0
Operating income after interest	598	100	90	27	217	36.3
Other profit items	-49	0	2	-12	-10	-
Profit before taxes	549	100	92	15	207	37.7
Taxes	5	-	-	-	-	-
Profit after taxes	554	100	92	15	207	37.4
Profit	554	100	92	15	207	37.4
Gross capital expenditures	3,263	1,984	241	29	2,254	69.1
Investment grants	-1,665	-1,509	-138	-14	-1,661	99.8
Net capital expenditures	1,598	476	103	15	594	37.2
Property, plant and equipment	41,878	20,511	3,261	967	24,739	59.1
Capital employed	33,350	17,716	2,966	879	21,561	64.7
Equity	15,022	7,466	1,583	595	9,644	-
Net financial debt	16,982	10,239	1,377	211	11,827	69.6
Adjusted net financial debt	21,811	10,256	1,447	414	12,117	55.6
Return on capital employed (ROCE) %	6.1	3.4	7.7	7.9	4.1	–
Operating cash flow	2,040	552	156	69	777	38.1
Gearing %	113	137	87	35	123	–
Redemption coverage %	18,7	10,8	21,5	33,5	12,9	–
Net financial debt / EBITDA (multiple)	3.5	6.8	3.8	1.4	5.8	–

Deutsche Bahn AG / DB Mobility Logistics AG
Investor Relations
Europaplatz 1, 10557 Berlin
Tel.: +49 (0)30 297-64031, E-mail: ir@deutschebahn.com

Photography

Front page Max Lautenschläger

Disclaimer

This information contains forward-looking statements or trend information based on currently known and available information, beliefs, and forecasts of the management of Deutsche Bahn Group. This presentation solely serves for informational purposes and includes 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", and similar expressions identify forward-looking statements. These forward-looking statements apply only for the time of being released and are subject to certain known and unknown 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/DB Mobility Logistics AG´s ability to control or estimate precisely, e.g. future market and economic conditions and the behaviour of market participants. Deutsche Bahn AG and DB Mobility Logistics 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.

Kontakt:

Deutsche Bahn AG/
DB Mobility Logistics AG

Group Communication
Potsdamer Platz 2
10785 Berlin, Germany

Tel. +49 (0)30 297-61131
Fax +49 (0)30 297-61919
E-Mail presse@deutschebahn.com

Investor Relations
Europaplatz 1
10557 Berlin, Germany

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