



„DB2020 – guiding us toward the future“

Annual Results Press Conference for 2013 Financial Year

Deutsche Bahn AG
DB Mobility Logistics AG

Dr. Rüdiger Grube
CEO and Chairman of
the Management Board

Frankfurt, March 27, 2014

- The spoken word takes precedence. -

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Dear ladies and gentlemen,

On behalf of the entire Management Board, I would like to welcome you to our 2014 Annual Results Press Conference.


As we present our figures to you today, we also celebrate a special occasion: the 20th anniversary of Deutsche Bahn's founding. This special anniversary is reason enough to invite you to Frankfurt, the city where the history of Deutsche Bahn AG began in 1994.

Our annual report is also different than in years past. This time it is more than just a traditional report on what happened over the course of the year.

**20 years since the rail reform – a success story...
...yet there is still much ahead of us!**

Successes of rail reform

- +166% revenues
- +250% investments
- +400% earnings before taxes
- +286% ICE passengers
- +36% rail passenger transport
- +58% rail freight transport
- 20% cost to the federal budget
- Over 380 non-Group competitors now use DB's network



It also documents our success story over the past 20 years since the German rail reform. We have shared the positive developments since the rail reform with you on several occasions this year. And all of the facts, figures and data are also provided in detail in the annual report.

We want to continue and build on the successes presented in the report.

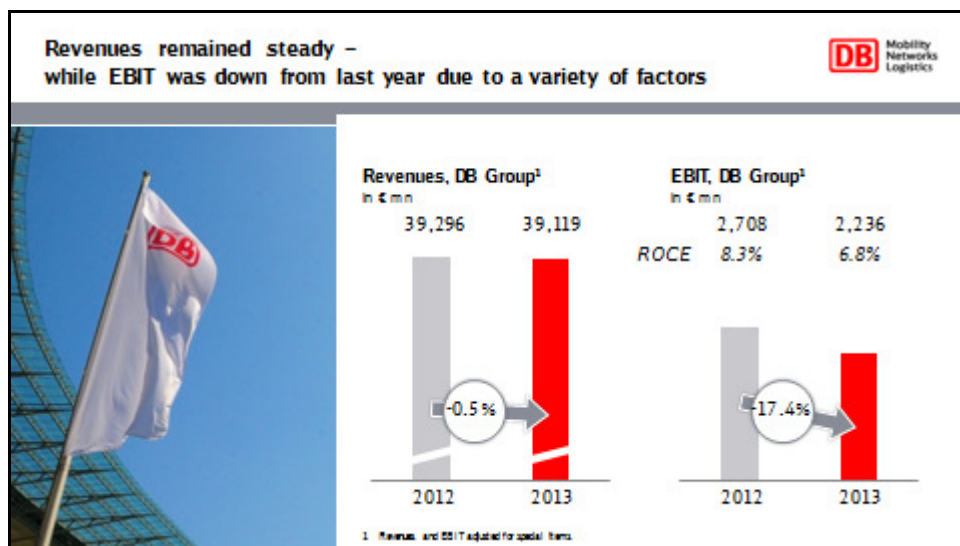
But success is not something we can take for granted! That was made clear to us in 2013.



Weather-wise in particular, we quite literally got caught in the rain in 2013. The devastating flooding in Germany in the early summer single-handedly caused financial losses in the hundreds of millions of euros.

On top of that came a tense economic situation on the European and global markets. Both were reflected in demand for our international transport and logistics services.

We also experienced pressure from rising factor costs, primarily for human resources and energy. Our CFO Richard Lutz will discuss the details in a moment.



Despite the challenges of 2013, Deutsche Bahn still managed to generate revenues of over EUR 39 billion, which is on par with the previous year's revenues.

EBIT, at EUR 2.236 billion, fell short of our expectations.

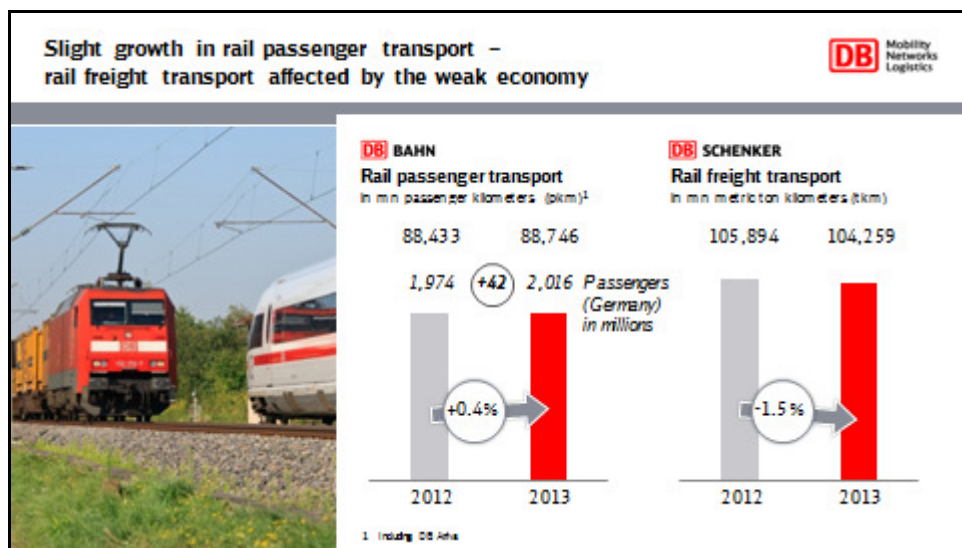
Our return on capital employed (ROCE) fell 1.5% last year.



But I am very pleased to report that our trains in Germany saw a new passenger record last year despite the capricious weather.

We had 42 million more passengers than the year before - a 2% increase. Such an uptrend is good news in this anniversary year of the rail reform.

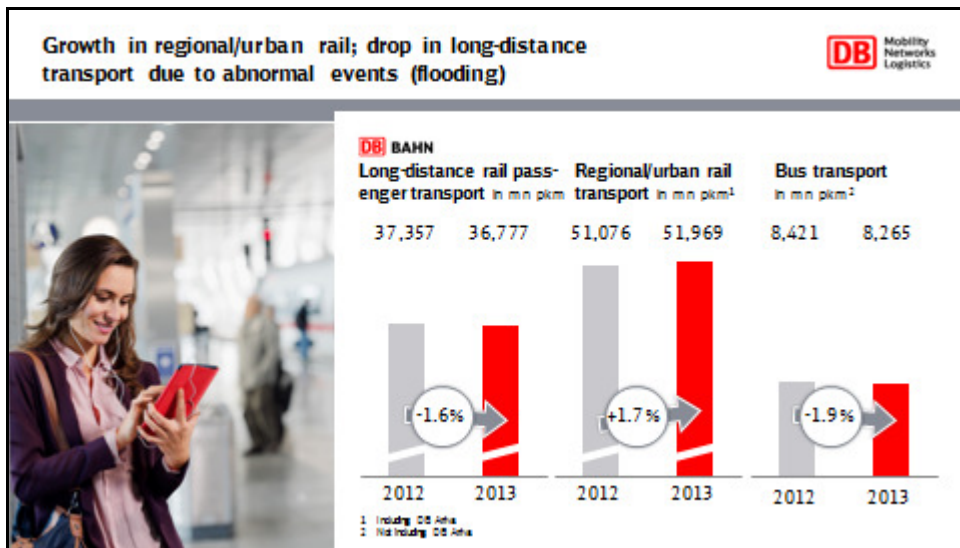
Remember, while rail passenger numbers continued their rise, new car registrations fell 4.2%, and passenger numbers for air travel within Germany fell 3.8%. These figures show that rail continues to be on the way up. The trend is unmistakable.



DB's passenger kilometers rose 0.4% overall. In light of this 0.4% rise, the 2.0% increase in passenger numbers is an impressive victory over our competition. We succeeded primarily in winning over new customers for rail.

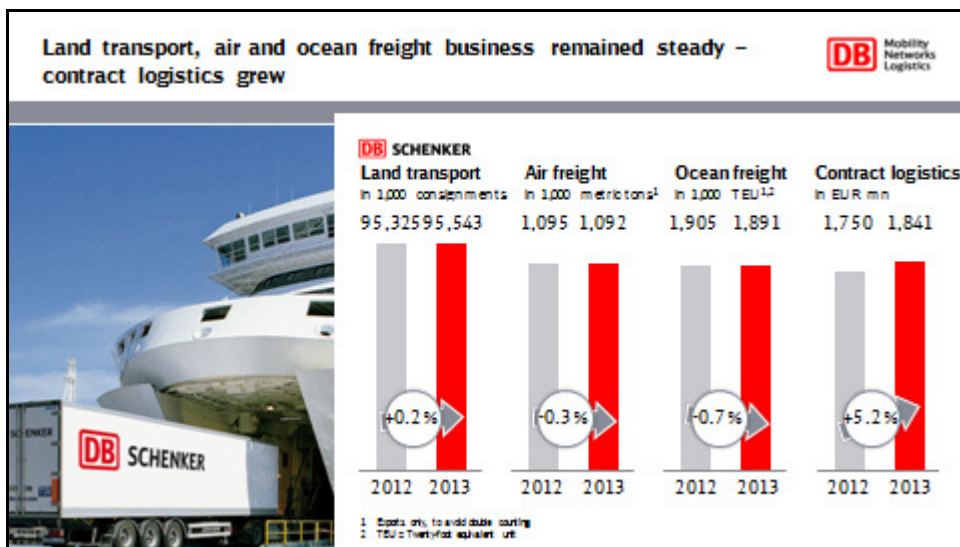
But the reality of this business is that we experienced a decline in our rail freight services in 2013, specifically, a decline of 1.5%. The weak market growth and the flooding plagued rail freight transport last year.

We are confident that our freight trains will pick up speed again this year, particularly since the market environment is gaining momentum.



Returning briefly to passenger transport: as you know, route closures due to flooding affected long-distance transport most of all. We saw a slight decline in passenger kilometers as a result. Performance in regional transport improved substantially, however, bolstered by S-Bahn ridership, whether in Berlin, Hamburg, Stuttgart or Munich.

The drop in bus transport can be attributed primarily to the continuing decline in the number of schoolchildren in rural areas.



Our transport and logistics business is much more sensitive to the economy than is passenger transport.

This was reflected not only in the volume transported by rail, but also in the transport volume in other modes.

Road haulage was up only slightly. Air and ocean freight even experienced a slight decline in 2013, though both are now on the way up again. Growth in contract logistics remained stable last year, at 5.2%.

Interim conclusion: Economic challenges; good progress in the social and environmental dimensions

DB 2020

- Customer and quality
- Profitable growth
- Cultural change/ employee satisfaction
- Resource conservation/ emissions and noise reduction

Profitable market leader Economic 

Top employer Social 

Eco-pioneer Environmental 

- Economic, social and environmental dimensions not yet in sufficient harmony with each other
- Economic dimension: business stable under difficult conditions
- Social, environmental dimensions: good progress made and a number of activities carried out



You are familiar with our DB2020 strategy and its three pillars: the economic, social and environmental dimensions.

We did not meet all of our targets for the economic dimension in the last financial year. Our plans were more ambitious.

But what is important to me is that although we might not have accomplished everything, we did accomplish a lot! Just consider the quality of our products.

Customer and quality:
First eight ICE 3 trains (class 407) delivered successfully

DB Mobility Networks Logistics

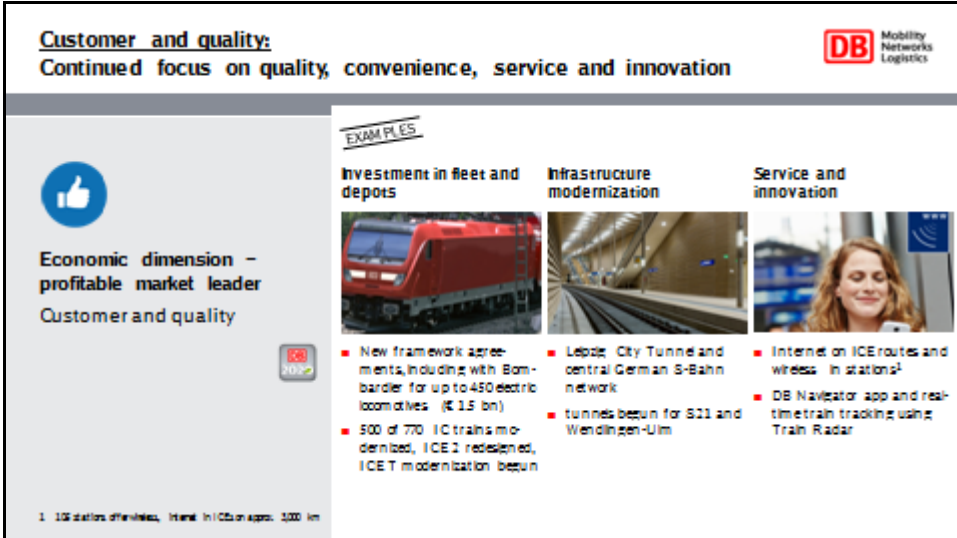


8 trains
as of March 2014

For example our vehicle fleet: just a few days ago, we received two more brand-new class 407 ICE 3s from Siemens. That means all eight trains in the first installment we were promised are delivered.

We will receive the rest of the trains as soon as they have been approved for service in Belgium and France. As you may know, the ICE 3 is not just intended for the German network, but also for international service.

Test runs are currently in progress in Belgium and France.



Customer and quality:
Continued focus on quality, convenience, service and innovation

Economic dimension – profitable market leader
Customer and quality

EXAMPLES

Investment in fleet and depots	Infrastructure modernization	Service and innovation
<ul style="list-style-type: none"> New framework agreements, including with Bombardier for up to 450 electric locomotives (€ 1.5 bn) 500 of 770 IC trains modernized, ICE2 redesigned, ICET modernization begun 	<ul style="list-style-type: none"> Leipzig City Tunnel and central German S-Bahn network tunnels begun for S21 and Wendlingen-Ulm 	<ul style="list-style-type: none"> Internet on ICE routes and wireless in stations¹ DB Navigator app and real-time train tracking using Train Radar

1. 100 stations offer wireless internet in IC cars approx. 300 km

We also finished modernizing our entire ICE 2 fleet, and are now in the process of doing the same for our ICE-Ts. Over half of our InterCity cars – 500 to be exact – were also modernized by the end of 2013.

And – although they were a long time coming – an additional 134 Talent 2 trains went into operation in regional transport, making travel noticeably more comfortable.

We also made visible progress in expanding infrastructure. For example, we opened the Leipzig City Tunnel, simultaneously starting service at six new train stations and launching the central German S-Bahn network. And we began digging the first tunnels for the Stuttgart 21 construction project and the new Wendlingen-Ulm line.

In addition, we equipped even more trains and stations with wireless internet. All ICEs will be equipped with wireless repeaters by the end of the year. Receiver technology for wireless internet will also be installed in IC cars as part of the modernization. In addition, travelers now have 30 minutes of free internet use at over 100 high-traffic stations.

Quality and service in what I like to call our bread-and-butter business will remain our key focus.

Not least because we face ever increasing competition – the most visible example being in regional transport.

Profitable growth: DB Regional increased its percentage of contracts won from 52% in 2012 to over 70% in 2013 despite stiff competition

DB Mobility Networks Logistics



>70% contract award rate

That's why we are delighted that we managed to win over 70% of all contracts in a year with more new awards than usual. Our award rate was significantly higher than the previous year's rate.

Our international mobility and logistics network also continued to grow in 2013.

Profitable growth:
Joint venture launched between DB Schenker Rail and Etihad Rail


DB Mobility Networks Logistics




10 year partnership agreement


For example, in Abu Dhabi on the Arabian Peninsula: for the first time, Deutsche Bahn is operating rail freight services outside of Europe, in a joint venture with Etihad Rail.

Profitable growth: In Passenger Transport and Transportation & Logistics, in part due to contract awards and network expansion








Economic dimension – profitable market leader
Profitable growth



EXAMPLES

<p>European passenger transport expanded</p>  <ul style="list-style-type: none"> ▪ Eastern European business of Veolia Transdev, DB Arriva launched new regional services in Poland ▪ Long-distance bus services expanded to supplement long-distance network 	<p>Successes in rail freight transport</p>  <ul style="list-style-type: none"> ▪ Oslo-Finmark freight services expanded ▪ Joint venture with Etihad Rail in the United Arab Emirates 	<p>Advancements in logistics</p>  <ul style="list-style-type: none"> ▪ Network expanded through partnerships, acquisitions and new terminals ▪ Over 30 shared logistics centers planned worldwide
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We have also set the course for further global growth with our new logistics centers in Singapore, Finland, the Czech Republic, the Netherlands and Switzerland.

In Europe, the most important step toward making DB more competitive was our acquisition of the Eastern European business of Veolia Transdev.

Now that I have touched on the economic dimension of our corporate strategy, I would like to turn to the social and environmental dimensions. We have achieved measurable success in the social dimension.

Top employer: In 2013 over 11,000 new employees hired in Germany alone




since 2009


40,000
new employees


18,000
new vocational trainees and cooperative education students

We welcomed over 11,000 new employees in 2013 and some 4,000 new vocational trainees, cooperative education students, and professionals starting out in our "Chance plus" program, making DB one of the leading companies in Germany when it comes to new hires and vocational training.


This success is due in part to our employer branding campaign.

Top employer: Becoming a top employer with strong recruiting performance and employee satisfaction








Social dimension – top employer
Cultural change/
employee satisfaction



EXAMPLES

Talent acquisition	Employees & corporate culture	Corporate citizenship
 <ul style="list-style-type: none"> Some 30% more applications after campaign Over 11,000 external and some 4,000 new vocational trainees/cooperative edu. students hired in DE (2013) 	 <ul style="list-style-type: none"> Over 10,000 employee survey follow-up workshops DB's first own daycare center, "Bahnbini" opened 	 <ul style="list-style-type: none"> DB foundation aid to typhoon victims in the Philippines Some 90 projects submitted for "DB trainees fighting hatred and violence" program

Since launching "A job like no other," we have received 30% more applications. We are continuing the campaign this year to get even more people excited about the diverse range of careers available at Deutsche Bahn.

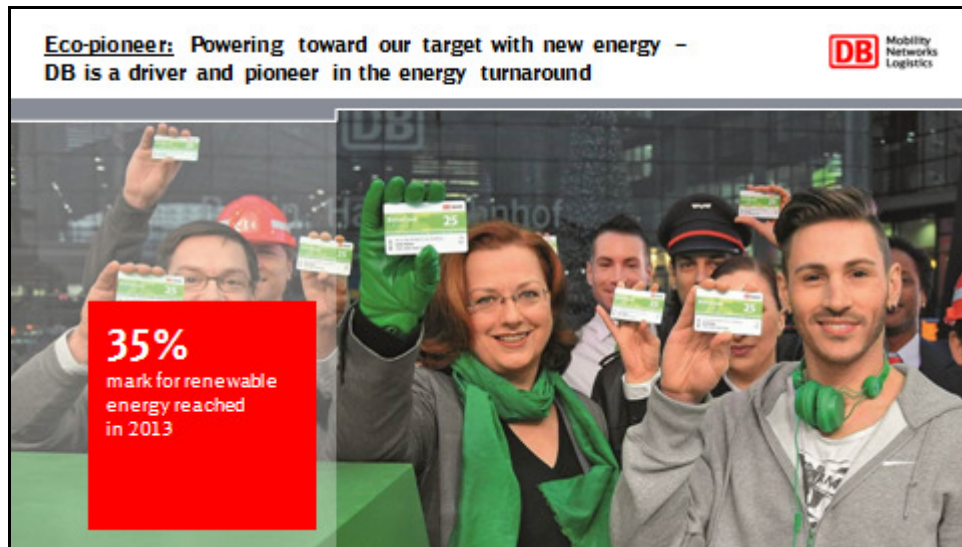
As we continue along our path to becoming a top employer, we are also developing our corporate culture further. Greater involvement and targeted professional and career development for our employees are on the agenda, as is making it easier for employees to balance their careers and family lives. DB's first company childcare facility, which we opened here in Frankfurt in 2013, has been very well received.

These days, employers must act responsibly across all areas to appeal to potential employees. And acting responsibly includes broad-scale corporate citizenship. Based on this idea, we established the Deutsche Bahn Foundation in 2013, which we will use to further expand our commitment to society.

We are investing up to 0.5% of EBIT directly in projects carried out in the following four areas:

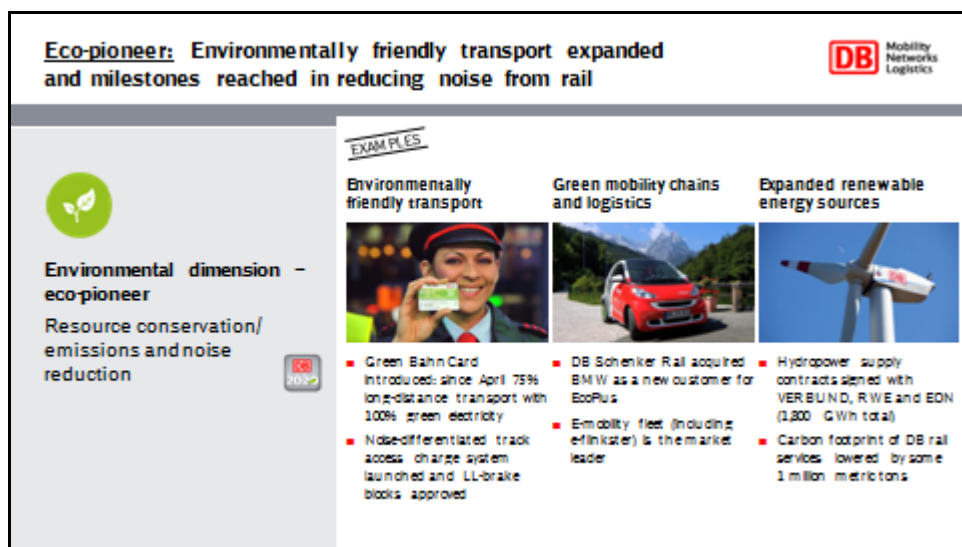
- Integration and social work
- Education and culture
- Environmental protection and nature conservation
- And humanitarian aid

In terms of the environmental dimension – at the risk of sounding almost overdramatic – we soared to new heights in 2013:



35% renewable energy sources in the traction current mix, a target we had originally hoped to reach by 2020. Our head start over the public grid is now even greater, even earlier.

And just to make it clear: the customers of Deutsche Bahn are currently making a tremendous contribution to the energy revolution!



Eco-pioneer: Environmentally friendly transport expanded and milestones reached in reducing noise from rail

Environmental dimension – eco-pioneer
Resource conservation/ emissions and noise reduction

EXAMPLES

Environmentally friendly transport	Green mobility chains and logistics	Expanded renewable energy sources
<ul style="list-style-type: none"> Green Bahn Card introduced since April 75% long-distance transport with 100% green electricity Noise-differentiated track access charge system launched and LL-brake blocks approved 	<ul style="list-style-type: none"> DB Schenker Rail acquired BMW as a new customer for EcoPlus Emobility fleet (including eLinkster) is the market leader 	<ul style="list-style-type: none"> Hydropower supply contracts signed with VERBUND, RWE and EDN (1,800 GWh total) Carbon footprint of DB rail services lowered by some 1 million metric tons

Three-fourths of all long-distance journeys are now powered by 100% green electricity – as are the Hamburg S-Bahn network and all regional transport in the German state of Saarland.

By introducing green long-distance transport on April 1, 2013, we helped to reduce the DB Group's overall carbon footprint by roughly one million metric tons for the year.


Rail today can be shown to be not only the safest and most efficient mode of transport – in terms of both the service it provides and the energy it consumes – but also the most environmentally friendly mode.







We are working to reduce CO2 emissions in other areas of the transport sector as well. For example, by expanding carsharing. By linking our “flinkster” brand to Multicity, Ford2Go and, soon, Car2Go, we are not only expanding the car network as a whole. We are also able to offer our customers an ever growing fleet of environmentally friendly electric vehicles.

DB is already the largest operator of electric vehicles, not only in Germany, but in all of Europe.

All of these examples make it clear that Deutsche Bahn is systematically pursuing its DB2020 strategy for sustainable business success across all dimensions, even when times get tough.

And pursuing the strategy will no doubt remain a major feat in 2014.

Our challenges in 2014 

<ul style="list-style-type: none"> ■ DB will face a number of challenges again in 2014 ■ Infrastructure funding will play a major role 	Infrastructure funding	Factor cost growth	Added cost due to EEG
			
	Rolling stock deliveries/ product quality	Regulation (EU, German Federal Network Agency)	Volatile markets
			

We have serious challenges ahead of us:

Rail infrastructure, in particular the existing network, is chronically underfunded. Factor costs – from staff and materials to energy, as I mentioned – continue to rise. The reform of the German Renewable Energy Act, or EEG, threatens to continue the undue pressure put on rail. And late deliveries of new trains continue to be an issue.

Regulatory efforts haven't let up either. The European Court of Justice's ruling on fare refunds in the event of delays due to force majeure is only one example.

We on the Management Board have witnessed one thing in particular over the past five years: political decisions are having an ever greater impact on Deutsche Bahn's success as a company. The work involved in responding to this development has grown too extensive for the CEO to handle alone.

For that reason – and because the head of our Economic, Political and Regulatory Affairs department is retiring in any case – we have no choice but to restructure and reorganize public policy work at Deutsche Bahn.

There are three parameters here that I want to be very clear about:

First, the DB Management Board is not going to get any bigger.

Second, a staff replacement will not mean higher costs, but in fact lower ones.

And third, we will of course adhere to any applicable cooling-off periods for former politicians entering the business world.

To summarize: there will be changes, because we face greater and greater challenges in the political sphere.

Finally, the economy remains a challenge: it may have recently begun to recover, but that recovery is on shaky ground.

Yet we remain self-assured and confident as we face up to these challenges. We, as Deutsche Bahn, are pioneers in many areas. That gives us the opportunity to shape the mobility of the future in a real and lasting way.



Ambitious targets for 2014

Bottom line in 2013

- 1 Business stabilized despite major challenges
- 2 Passenger numbers grew again
- 3 Progress made in becoming a top employer
- 4 Renewable energy target exceeded
- 5 DB Regional back on track to success

Our targets in 2014

- 1 Expand revenues and earnings
- 2 Secure infrastructure funding
- 3 Improve punctuality
- 4 Continue to improve employee satisfaction
- 5 Further expand role as eco-pioneer

So, how can we sum up 2013?

- Revenues at the same level as the year prior and EBIT of EUR 2.236 billion.
- Roughly 42 million more passengers on our trains in Germany.
- Over 11,000 new hires and 4,000 new vocational trainees in Germany alone.
- 35% renewable energy in the traction current mix – seven years earlier than planned.
- And a high contract award rate in regional transport.

Now, you may ask, how will we proceed this year, in 2014?

We will do all we can to deliver on our revenue and profit targets. All in all, we are somewhat more optimistic than we were in 2013. The economic environment is once again moving in a more positive direction. Nevertheless, growth forecasts these days are about as predictable as long-range weather forecasts.

We will campaign for a viable long-term solution to secure infrastructure funding from the German government.

We will improve our bread-and-butter business step by step, with a focus on punctuality, which I should add has been high since the beginning of the year.

We will continue to work on specific projects to improve employee satisfaction levels, which we will survey again in the fall and will subsequently make public.

And we will work to continue expanding our role as an eco-pioneer.

Ladies and Gentlemen, our approach shows that we remain committed to pursuing the aims of the rail reform. Not only do we want to continue the successes of the past twenty years, we want to cement and further expand them!

In 2014, we are rolling up our sleeves and taking a proactive approach.

Finally, let me make one more personal remark. After five years at the helm of Deutsche Bahn, I would like to stress one thing in particular: what this company and its employees accomplish makes me extremely proud each and every day.

Our team makes an essential contribution to this country's economic growth. It is the backbone of industry in Germany, and increasingly in Europe. Moreover, our team takes great responsibility for society as a whole. Simply by the fact of ensuring mobility in Germany, not to mention all of the other work it does.


I am proud to work for this company and have the honor of running it together with my colleagues.

Thank you for your time. I would now like to hand the podium over to our CFO Richard Lutz.

Thank you very much.

Speech given by Dr. Rüdiger Grube, CEO and Chairman of the Management Board Deutsche Bahn AG and DB Mobility Logistics AG, on the occasion of the Annual Results Press Conference held on March 27, 2014 in Frankfurt.

The spoken word takes precedence.

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Slide 8	Left column from the top: Jo Kirohner, Claus Weber, Marzit Wild; middle: ClipDealer (#70420), right: jettyimages (#308272075)	Slide 19	Clockwise from top left: Uwe Miethe, DB AG, Claus Weber, ClipDealer (#18475700), ClipDealer (#1775134), Jet-Foto/Kranert
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Slide 10	DB/Siemens		
Slide 11	From the left: Bombardier, Martin Jehnichen, DB AG/Manz		

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