



*„DB2020 – guiding us towards the future“*

## **Interim Results Press Conference 2014**

Deutsche Bahn AG  
DB Mobility Logistics AG

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

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Berlin, July 24, 2014

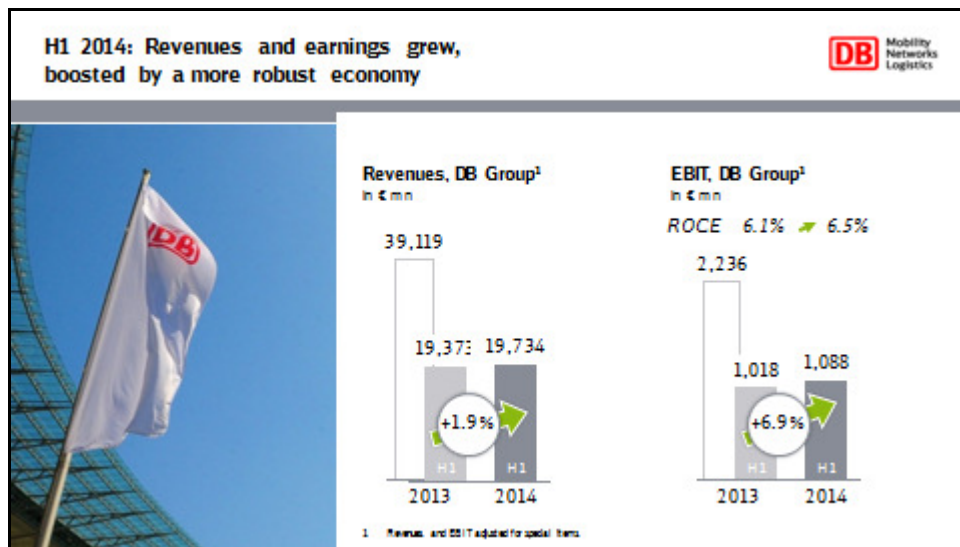
- The spoken word takes precedence. -

Ladies and gentlemen,

Welcome to our 2014 Interim Results Press Conference.

I would like to start by offering an overview of DB's most important key figures.

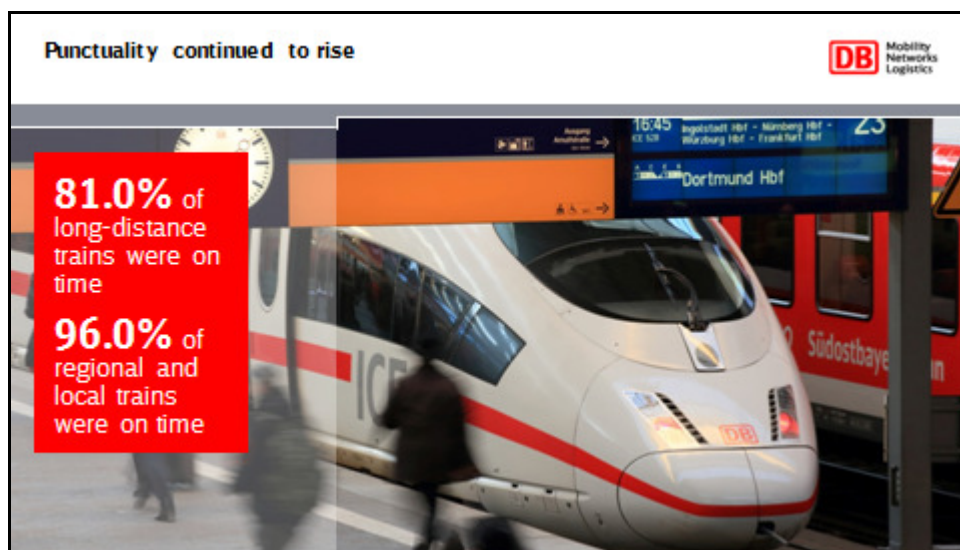
Then I will briefly discuss the progress we made in the three dimensions of our DB2020 strategy in the first half of the year. And finally I will take a look forward to the rest of the year.



Deutsche Bahn is picking up speed again after a difficult year in 2013. We saw increases in both revenues and EBIT, or earnings before interest and taxes.

At EUR 19.7 billion, revenues were up some 1.9% year on year.

At EUR 1.1 billion, EBIT was up 6.8% year on year.



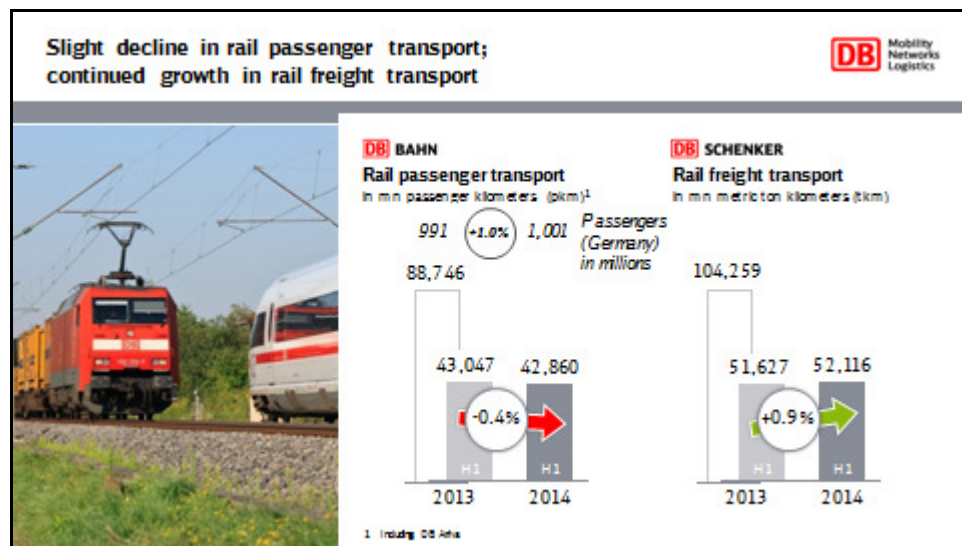
Punctuality also developed nicely. Although a number of factors caused delays to pick up again in recent weeks, punctuality was up year on year in the first six months of 2014.

Overall, 95.6% of Deutsche Bahn's passenger trains reached their destinations on time from January to June. The rate was 81% for long-distance trains.

And those figures would have been much better if we had not been hit by negative developments such as the severe thunderstorms in the Ela storm front that wreaked havoc in the western German state of North Rhine-Westphalia in early June.

Ela's impact on our service was felt for days in long-distance transport throughout Germany, and the storms caused some EUR 60 million in financial losses.

Despite storm front Ela and other regional weather events that caused significant disruptions to train operations this summer, the volumes transported by DB on the German rail network rose yet again.



Passenger kilometers were down by a slight 0.4%, but only because of a decline in long-distance transport.

Regional and local transport continued to grow. I will discuss the figures in a moment.

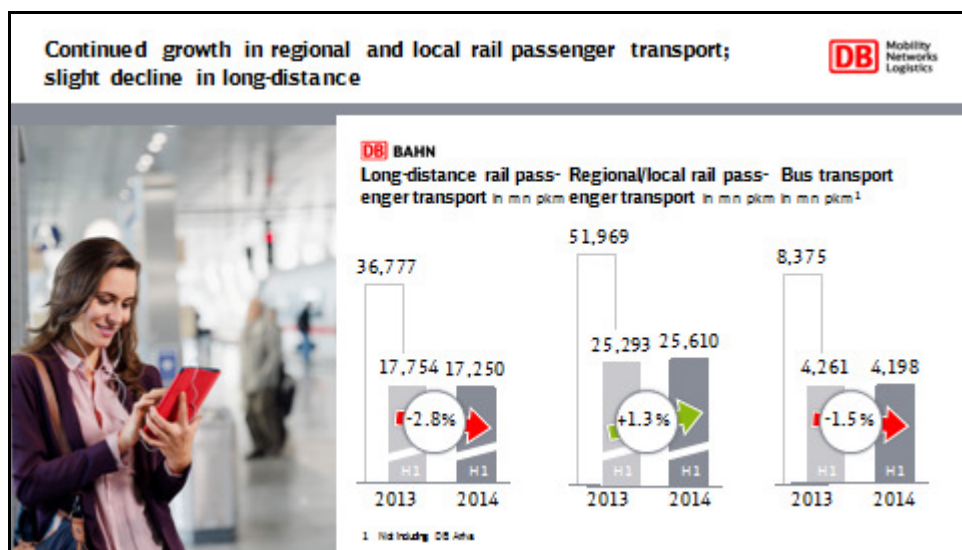
Our freight trains transported over 52 billion metric ton kilometers in the first six months of the year, a year-on-year increase of 0.9%.

So when we consider both passenger and freight transport, our total transport volume rose.



Patronage developed particularly well: although passenger kilometers fell slightly, the total number of people who chose to travel on DB trains rose once again.

In the first half of 2014, 10 million more passengers took DB trains, with patronage topping one billion for the first time ever.

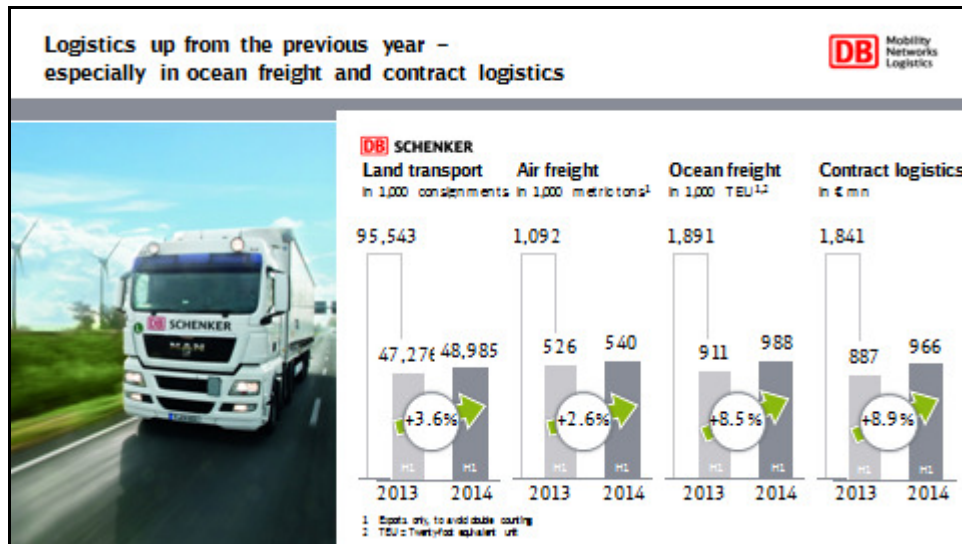


Let me now discuss passenger transport in more detail.

Long-distance transport saw a decline of 2.8%.

As I mentioned, though, regional and local transport continued to grow – by 1.3%.

Bus transport saw a slight decrease due to a decline in the number of schoolchildren in rural areas.



Logistics, on the other hand, had clear growth in all its business units. The green arrows on the slide illustrate the upward trend we saw across all our logistics segments.

We asserted ourselves well in 2014 on the global markets, where competition has become fiercer than ever. The fact of the matter is that competitive pressure is mounting – on all our business units around the world.

And Germany, where for example a dynamic market for long-distance bus service has emerged, is no exception. In the first half of the year, our competitors in the long-distance bus market diminished both our revenues and earnings by roughly EUR 50 million each, and we expect this market to continue such dynamic development.

In all this, we remain firmly committed to our DB2020 strategy, which guides us as we respond to changes on the market.

**Continued investment in rolling stock, infrastructure and service**

**Economic dimension – profitable market leader**

Customer and quality

**EXAMPLES**

**Investments in fleet**

- 56 new vareo trains operated by DB Regio NRW; new class 430 electric trains used for Stuttgart and Rhine/Main S-Bahn
- ICE-Ts modernized

**Infrastructure modernization**

- Own funding for maintenance increased by € 200 million
- Progress made in VDEB (Berlin-Munich) and Stuttgart 21 construction projects

**Service and innovation**

- Olympia Gold and Sieger (World Cup) Bahn Cards
- Progress made with digitalization: wireless internet expanded, new online services (Train Radar and Qooq)

Once again, we made major investments to raise satisfaction across all our customer groups. Specifically, our investments totaled EUR 3.4 billion in the first six months of the year. A full 65% went solely to infrastructure, and 95% of our gross investment stayed right here in Germany.

But our investments were not limited to infrastructure; we also continued to invest in modernizing our fleet. With the ICE 1 and ICE 2 redesigns complete, we began to modernize our ICEs with tilting technology. The modernization of our IC fleet - 770 cars - is also nearly complete.

Brand-new regional and local trains also started service, offering more customer comfort in places like North Rhine-Westphalia and on the Stuttgart and Rhine/Main S-Bahn networks. In Bavaria, DB Regio AG has now received new diesel locomotives. And thanks to the new approval process in place, the vehicles were delivered in only 11 weeks - a record.

As you know, the quality of rail transport in Germany depends greatly on the condition of the rail infrastructure. That is why we boosted the DB funds we spend on maintenance by another EUR 200 million. In fact, we spend much more on maintenance than we are required to by the Performance and Financing Agreement we signed with the German government in 2008. But it takes more than maintenance alone to preserve the quality and availability of the existing network. There needs to be progress on the investment side, too.

That concludes my remarks on infrastructure; let me now turn to sales and customer service. There, digital products are currently one focal point.

More and more tickets are being purchased digitally. Sales using the mobile internet have risen by over 50%, and we now sell some five million mobile phone tickets each year. Our BahnCards continue to be very popular, as our successful Gold BahnCard for the Olympic Games and our special World Cup BahnCard have shown.

We have placed a top priority on consistently digitalizing our business.



**Digitalization: On the way to Mobility 4.0 and Logistics 4.0**

**255** ICE trains with hotspots 2014

**120** stations with wireless internet

**13 mn** DB Navigator downloads

One example is that we have continued to equip more trains with wireless internet. By the end of the year, we will have powerful wireless reception on our entire 5,200 kilometer-long core ICE network. We are currently working with our partner, Deutsche Telekom, to test the recently installed transmission systems.

And as more and more people use smartphones and tablets, we continue to invest in the quality of our apps. The over 13 million DB Navigator downloads speak for themselves. We also added our mobile train radar, which lets app users track each of our trains live.

And we launched Qixxit, a multimodal mobility advisor platform that lets travelers plan trips from door to door – whether they are looking for the quickest, the cheapest or the most eco-friendly route.

DB's new digital products have made taking the train and accessing all our mobility options even easier and more convenient. Progress in the digital sphere also means progress in competition.

**Growth for DB: Successful tenders and new large-scale contracts** 



**Economic dimension – profitable market leader**  
Profitable growth



**EXAMPLES**

<p><b>Passenger transport expanded</b></p>  <ul style="list-style-type: none"> <li>■ New IRE connection between Berlin and Hamburg; international long-distance bus services expanded</li> <li>■ Contract award for DB Arriva in Slovenia</li> </ul>	<p><b>Success in rail freight transport and depots</b></p>  <ul style="list-style-type: none"> <li>■ Novell's contract for aluminum transport to England</li> <li>■ Major contracts to perform rolling stock maintenance for Bombardier and Veolia</li> </ul>	<p><b>Advancements in logistics</b></p>  <ul style="list-style-type: none"> <li>■ New logistics centers (including in Portugal)</li> <li>■ Contracts with companies including Embraer, Verner Group and Maxell</li> </ul>
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It was not just for our rail service that customers chose us in the first half of 2014: DB Arriva's successful bid for bus service in Koper, on the Mediterranean coast in Slovenia, is evidence of that.

We also hope to make further progress on the long-distance bus market, in particular with cross-border service. Our new Munich-Ljubljana-Zagreb and Düsseldorf-Eindhoven-Antwerp connections have been well received.


And new large-scale contracts in Germany and abroad testify to our competitiveness in the transport and logistics sector.

But we also offered our customers new products in what I like to call our "bread and butter business" – that is, rail passenger transport. For example, we launched an InterRegioExpress connection between Berlin and Hamburg. And we agreed with SNCF, our French partner railway, to continue our Alleo joint venture and further expand rail service between Germany and France.


We also made measurable progress in the social dimension of our DB2020 strategy, with the objective of becoming a top employer.

**Top employer: Progress toward our target** 




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**Social dimension – top employer**  
Cultural change/  
employee satisfaction



**EXAMPLES**


<p><b>Talent acquisition</b></p>  <ul style="list-style-type: none"> <li>■ Employer branding campaign continued</li> <li>■ Employer rankings among college students improved considerably</li> </ul>	<p><b>Employees &amp; corporate culture</b></p>  <ul style="list-style-type: none"> <li>■ Dialogue on corporate culture continued at five workshops on the future</li> <li>■ Advancements in the collective bargaining agreement designed to address demographic change</li> </ul>	<p><b>Corporate citizenship</b></p>  <ul style="list-style-type: none"> <li>■ Deutsche Bahn Foundation provided support to the German Foundation for Depression Aid (SDD)</li> <li>■ Expanded cooperation with Bahnhofsmission aid organization at stations</li> </ul>
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"A job like no other," our employer branding campaign, continued to have a very positive impact. DB saw major boosts to its popularity in a number of employer rankings.


Just to give you one example: Universum's most recent independent study has Deutsche Bahn in the top ten for the first time for prospective engineers. Other rankings point in the same direction.

Our DB2020 strategy is also about expanding our corporate citizenship, which we are doing with our new Deutsche Bahn Foundation. One of the Foundation's new activities is its support for the German Foundation for Depression Aid (SDD), with which we work very closely.


That sums up my remarks on the economic and social dimensions. Let me now move on to our third strategic pillar, the environmental dimension.

**More for the environment: Less CO<sub>2</sub> and less noise** 




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



**EXAMPLES**

<p><b>Environmentally friendly transport</b></p>  <ul style="list-style-type: none"> <li>■ Expanding CO<sub>2</sub>-free transport service by DB Schenker Rail</li> <li>■ Over 11,000 quiet freight cars in Germany's rail network</li> </ul>	<p><b>Green mobility</b></p>  <ul style="list-style-type: none"> <li>■ Work begun to equip some 10,000 Arriva buses with systems to cut fuel consumption</li> <li>■ Carsharing partnership between DB and Daimler (increasing the percentage of electric cars in the fleet)</li> </ul>	<p><b>Environment-oriented infrastructure</b></p>  <ul style="list-style-type: none"> <li>■ First smart mobility platform at Berlin Südkreuz Station</li> <li>■ Europe's first green station opened in Kerpen-Horrem</li> </ul>
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At our last Annual Results Press Conference, we reported that we had already met our target of powering 35% of our traction current from renewable sources – and that seven years earlier than planned.

Today I would like to emphasize that we in no way plan to rest on our laurels in this area.

Let me give you three specific examples to illustrate this fact:

First, we added more completely CO<sub>2</sub>-free freight trains to our portfolio this year.

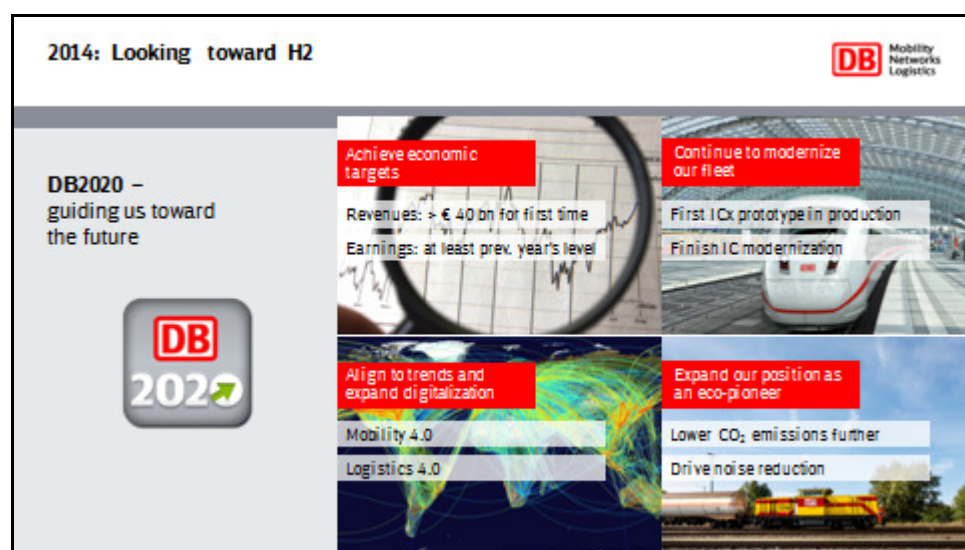
Second, we are a driver in expanding electromobility. When Flinkster and Car2Go are linked this year, our carsharing customers will have access to over 1,000 electric cars.

And third, the first green train station in Europe went online exactly five weeks ago. The station, which is located near Cologne, runs completely CO<sub>2</sub> free.

To put it in a nutshell, Deutsche Bahn does not just remain a partner and role model in the energy revolution; we are also a driver and pioneer. Why? Because we firmly believe it is the right thing to do. But in order for the energy revolution to work, Germany will need to establish a framework that actually supports an energy revolution in the transport sector.

Finally, our environmental targets also include better protecting the environment and local residents from freight train noise. Since the "whisper" brake was approved, we have retrofitted over 3,000 freight cars. A total of 11,000 quiet DB freight cars now operate on the German rail network.

Ladies and gentlemen, before I close, I would like to take a look to the future.



First, let me discuss our company's profitability: we are confident today that we will complete the 2014 financial year as planned. We are currently on track, and that is thanks to each and every one of Deutsche Bahn's 310,000 employees around the world.

Our team will enable us to exceed the EUR 40 billion mark in revenues this year for the first time. For EBIT, we aim to reach at least the previous year's level.

That will take effort and the highest possible focus, because although economic prospects may seem positive, the markets in which we operate around the world remain very volatile.

There is also no way at this point to predict the results of the collective bargaining negotiations currently in progress.

And we should also not forget the recent storm damage I mentioned. We are generally seeing more and more extreme weather events, with a serious impact on rail operations.

And other well-known challenges remain, in particular infrastructure funding.

According to the most recent calculations, government investment in federal highways has risen by 50% since 2006, and in federal waterways even by 86%, while federal railways have seen only a 2% increase.

Other challenges we currently face include:

- Funding for local public transport, also known as regionalization funds
- Tendering conditions in regional and local rail passenger transport
- And distortions of competition to the detriment of rail related to power, value added tax rates and rules governing compensation in the event of delays.

Nevertheless, when we consider the general trends of our time, we believe there are still major opportunities for Deutsche Bahn. That is why we will continue to work hard on implementing our DB2020 strategy.

Just a few brief examples here:

- The first ICx is in production and will be completed in the second half of the year so that the first test runs can begin in 2015.
- We will also continue to progress with digitalization: we have already started to test the new ICE portal, a mobile information and entertainment application for train travel that includes current news, games, music and videos.
- To take our eco-pioneership to the next level, we plan to set up a CO<sub>2</sub> compass for our employees, with the objective that we ourselves at DB will conserve resources in a more targeted way and actively contribute to protecting the environment.

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How can we sum up the first half of 2014?

Deutsche Bahn is back on an upswing, in terms of both revenues and EBIT.

And, if you compare now to the first half of 2013, Deutsche Bahn has:

- Trains that are more punctual
- Even better digital services
- And 10 million more passengers.

However, one thing is very clear: it will take effort to make the second half of the year what we want it to be.


There is little these days that can be planned and predicted. But that simply means there is more for us to shape ourselves. And we at DB are determined, confident, and ready to take on this challenge.

DB2020 has given us a clear goal, and we will pursue this goal with dedication and persistence, even if we sometimes quite literally have to fight our way through the wind and rain to do so.

It is our goal to be an outstanding company; outstanding for our customers, our employees and our owner.

The first half of 2014 was a positive six months for us. And that motivates us not only for the next six months, but also for 2015.

Thank you.

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