

ISSUER PROFILE

24 December 2018



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Deutsche Bahn AG

Key Facts and Statistics - H1 June 2018

Company overview

Deutsche Bahn AG (DB) is a mobility and logistics group that also owns and operates the German national rail infrastructure network. As a vertically integrated group, DB operates long-distance and regional passenger transport in Germany, provides passenger transport services in 14 European countries (excluding Germany) through its subsidiary DB Arriva, and provides freight transport and logistics services through its subsidiaries DB Cargo and DB Schenker. It also manages railway stations and other rail infrastructure in Germany.

DB operates in more than 130 countries worldwide. In the 12 months ended 30 June 2018, it reported revenue of €43.9 billion (as adjusted by Moody's).

Since the second stage of the German government's rail reforms came into effect in 1999, DB has acted as a management holding company for DB Group. In particular, it has exercised full ownership and control over its Passenger Transport, Freight Transport and Logistics, and Infrastructure divisions. The company is wholly owned by the Federal Republic of Germany.

Source: Company report (annual report Dec 2017), company data, Moody's research, Moody's Financial Metrics

Business description

DB is a vertically integrated mobility and logistics group based in Berlin. The company combines the rail infrastructure, and the passenger and freight transport services in Germany under its holding umbrella.

DB operates long-distance and regional passenger railway services in Germany, provides passenger transport services in 14 European countries outside of Germany through its subsidiary DB Arriva and provides rail freight transport services in Europe through its subsidiary DB Cargo. It also provides European land transport, air and ocean freight transport as well as logistics services through its subsidiary DB Schenker, and manages railway stations and other rail infrastructure in Germany.

Incorporated as a joint-stock company in 1994, DB is wholly owned by the Federal Republic of Germany. As a private joint-stock company, it is an independent legal entity with its own rights and obligations, and is subject to the same bankruptcy regime as any other limited liability company in Germany. Since the second stage of the German government's rail reforms came into effect in 1999, DB has acted as a management holding company for DB Group, with full ownership and control over its Passenger Transport, Freight Transport and Logistics, and Infrastructure divisions.

In 2002, the company acquired Stinnes AG (Stinnes), a global transport and logistics group, for about €2.5 billion. In 2003, DB's Transport and Logistics division was formed, following the full integration of the freight forwarding and logistics activities of Stinnes (including the DB Schenker business unit but excluding Stinnes' other operations, Brenntag AG and Interfer, which were sold in 2004).

In January 2006, the company bought BAX Global Inc., to strengthen its position as an international logistics service provider in key growth markets in the Asia Pacific region, in China and in the US.

In 2008, DB changed its legal structure and established DB Mobility Logistics AG (DB ML AG) as sub-holding company under the DB umbrella to prepare the DB ML AG for a possible initial public offering. However, due to adverse financial market conditions, the plan was postponed. Also in 2008, the company entered the UK rail passenger transport market by acquiring Laing Rail Ltd.. In 2011, the group concluded the acquisition of Arriva, which strengthened the group's presence in the regional bus and/or rail transport business.

In 2015, DB initiated a restructuring of its operations and simplified its brand architecture. In particular, it focused on the quality of services and the punctuality of rail transport. As part of the restructuring, the group's Supervisory Board decided to dissolve the two-tier holding structure of DB AG and DB Mobility Logistics AG. In the second half of 2016, DB Mobility Logistics AG was merged with DB AG, with retroactive effect from 1 January 2016.

In addition, the DB Services business unit was dissolved during the first half of 2016. The corresponding activities were allocated directly to the Subsidiaries/Other.

DB operates through the following eight business units: DB Long-Distance; DB Regional; DB Arriva; DB Cargo; DB Schenker; DB Netze Track; DB Netze Stations; DB Netze Energy; and also includes Subsidiaries/Other.

DB Long-Distance: This business unit provides national and cross-border long-distance rail services and road transport operations. As of 31 December 2017, it operated 1,387 trains per day, 271 Intercity Express (ICE) trains, 1,481 passenger cars and 249 locomotives. In the half year ended 30 June 2018 (H1 June 2018), this business unit accounted for 8.4% of the company's revenue.¹

DB Regional: This business unit operates German regional rail and bus passenger transport services, including the Berlin and Hamburg S-Bahn (metro). As of 31 December 2017, this business unit operated 22,698 trains per day, 10,664 rail cars, 12,256 buses, 3,317 coaches, 3,816 multiple units and 942 locomotives. In H1 June 2018, this business unit accounted for 16.2% of the company's revenue.

DB Arriva: This business unit has provided regional rail and bus passenger transport services in 14 European countries since 1 January 2011, when DB Arriva became part of the Passenger Transport Board Division. As of 31 December 2017, it operated 3,246 rail cars, 16,953 buses, 87 coaches, 1,143 multiple units and 21 locomotives. In 2017, DB Arriva acquired 78.34% interest in Croatia's Autotrans Group, the largest private bus operator in the country. In H1 June 2018, this business unit accounted for 10.0% of the company's revenue.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

DB Cargo: This business unit pools the European activities for rail transport in freight transport services. It operates primarily in Germany, Denmark, the Netherlands, Italy, the UK, France, Poland and Spain. As of 31 December 2017, it operated 4,236 trains per day, 2,758 locomotives and 83,386 freight cars, transported 271.0 million tonnes of freight, and reported a load capacity of 5,179 thousand tonnes. In H1 June 2018, this business unit accounted for 8.4% of the company's revenue.

DB Schenker: This business unit provides the group's logistics activities worldwide, including European land transport, air freight, ocean freight and contract logistics. In 2017, the business unit transported approximately 100.5 million shipments through its European land transport network, and exported 1,300 thousand tonnes of air freight and 2,169 thousand tonnes of ocean freight. During the same period, this business unit reported warehouse space contract logistics of 8.0 million square meters. In H1 June 2018, it accounted for 30.9% of the company's revenue.

DB Netze Track: This business unit is responsible for installing, maintaining and operating the complete track-related rail infrastructure in Germany. As of 31 December 2017, this business unit operated a line of 33,348 kilometres and also operated 2,962 stations, 2,717 stopping points and 2,746 interlockings. In H1 June 2018, it accounted for 10.1% of the company's revenue.

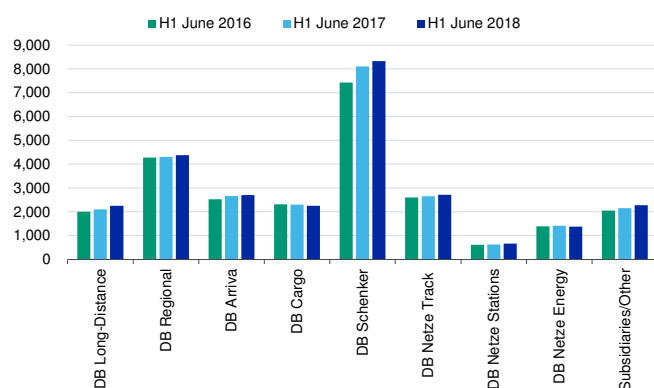
DB Netze Stations: This business unit comprises the operation, development and marketing of passenger stations and retail facilities in stations in Germany. As of 31 December 2017, it operated 5,365 stations. In 2017, this business unit reported 150 million station stops. In H1 June 2018, it accounted for 2.5% of the company's revenue.

DB Netze Energy: This business unit offers all of the conventional industry energy products in Germany in the field of traction energy and stationary energy. As of 31 December 2017, it operated 7,936 km of traction supply system and 210 train preheating plants. In 2017, this business unit reported 8,284 GWh of traction power, 19,331 GWh of stationary energy and about 436.1 million litres of diesel fuel. In H1 June 2018, it accounted for 5.1% of the company's revenue.

Subsidiaries/Other: This business unit provides management, financing and other services through DB AG, as management holding company of DB Group. It also includes other subsidiaries and remaining activities. In H1 June 2018, this business unit accounted for 8.4% of the company's revenue.

Source: Company reports (interim report June 2018, annual report Dec 2017, Dec 2016, Dec 2015, Dec 2010, Dec 2008 and Dec 2002), company data, Moody's research

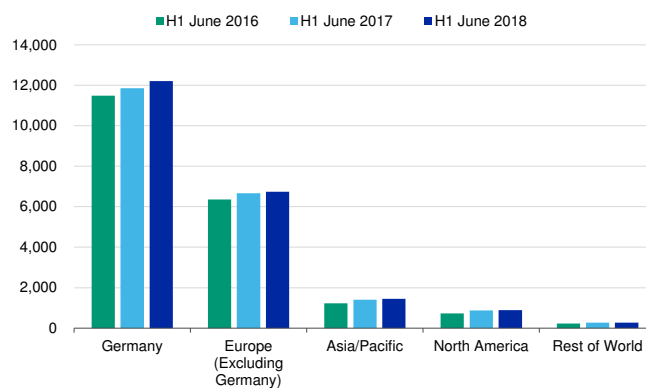
Exhibit 1
Revenue by business unit
(in € Million)



Note: Excluding consolidation and reconciliation

Source: Company reports (integrated interim report January - June 2018 and interim report January - June 2017)

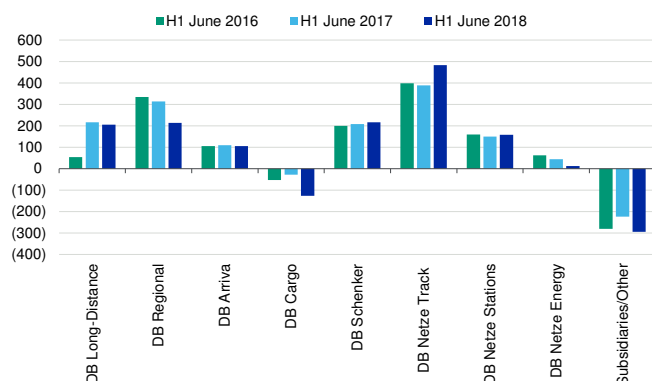
Exhibit 2
Revenue by geography
(in € Million)



Source: Company reports (integrated interim report January - June 2018 and interim report January - June 2017)

Exhibit 3

Operating profit by business unit (in € Million)



Note: Excluding consolidation and reconciliation

Source: Company reports (integrated interim report January - June 2018 and interim report January - June 2017)

Management strategy

In 2012, DB Group announced its DB2020 strategy, which created a framework that harmonises its economic, social and environmental dimensions in order to guarantee sustainable business success and social acceptance. As a reaction to the challenges that DB Group and especially the rail system in Germany are currently facing, DB announced the further development of its DB2020 strategy to DB2020+ in the first half of 2016.

To achieve its vision of shaping its progress and future, along with its goal of offering its customers excellent, eco-friendly mobility and logistics solutions by taking advantage of its digital expertise, DB has set targets for all three dimensions within the DB 2020+ strategy.

Economic: DB aims to become a profitable quality leader by achieving the following targets in its performance indicators:

- » Customer satisfaction: Offering first-class, innovative mobility and logistics products and solutions with a reasonable price-performance ratio. DB Group targets a score of around 79 in its customer-satisfaction index for passengers by 2020 (2017: 75.8).
- » Product quality: Improving punctuality in both passenger and freight transport to improve product quality. In order to do so, DB is using digital technology and mobile teams to significantly reduce the number of technical faults in both vehicles and infrastructure. DB aims to achieve more than 95% punctuality in Germany by 2020 (2017: 93.9%).
- » Appropriate returns/profitability: Enhancing its market positions by growing organically and expanding its portfolio through improvements in capacity utilisation and productivity, and through the continuous provision of competitive cost structures. The group targets return on capital employed ratio of at least 8.0% by 2020 (2017: 6.1%).
- » Financial stability: Targeting a sustained rise in enterprise value and focusing on maintaining and increasing capital structure. The group targets redemption coverage of at least 25% in 2020 (2017: 18.7%).

Social: DB aims to be a top employer by achieving the following targets in its performance indicators:

- » Employee satisfaction: Improving employee satisfaction through continuous cultural-development processes. DB Group targets a score of 4.0 in its employee satisfaction index in 2020.
- » Employer attractiveness: Increasing DB Group's attractiveness as an employer through an employer-branding campaign, professional and modern recruiting, and social media activities. The group aims to be among the top 10 companies in Germany in terms of employee attractiveness by 2020 (2017 rank: 13).
- » Recruiting and retaining around 19,000 new employees including young professionals.

- » Digitalising HR processes.

Environmental: DB aims to be an eco-pioneer by excelling in the following performance indicators:

- » Reduction in CO₂ emissions: Continuing to increase the share of renewable energy to 100% in the current mix, increasing energy efficiency in operations and production, and continuously renewing the vehicle fleet.
- » Noise reduction: Halving rail transport noise in Germany over 2000–20.
- » Developing climate targets through 2030 and aiming to be carbon-neutral by 2050.

In March 2017, the group unveiled its digitalization strategy through which it aims to invest mainly across three areas: customer interface, supporting processes and new data-driven business models.

- » **Customer interface:** The group aims to create new digital products which enhances mobility and logistics for customers.
- » **Supporting processes:** The group seeks to further improve predictive maintenance of its rail operations through digitisation by equipping its components with modern sensor technology that helps in reducing disruption time.
- » **New data-driven business models:** DB seeks to promote innovation and development internal and external data-driven business models. It has established Deutsche Bahn Digital Ventures GmbH that will support entrepreneurs and start-ups in developing new digital business models. The company has provisionally kept €100 million aside till 2019 to support start-ups and entrepreneurs. In the first half of 2018, the group invested in three US startups: GoKid, Ridecell and Trillium, expanding its expertise and presence in shared mobility space.

Source: Company reports (interim report June 2018, annual report Dec 2017), company data

Financial highlights

Overview

Company Type:	Public (wholly owned by Government of Germany)
Fiscal Year End:	31 December
Auditor:	PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Note: The financials presented below have been adjusted for Moody's analytic purposes. To see how adjustments have been made, please see [Moody's Financial Metrics](#), a fundamental financial data and analytics platform that offers insight into the drivers of Moody's Corporate ratings.

Exhibit 4

Selected adjusted financial data

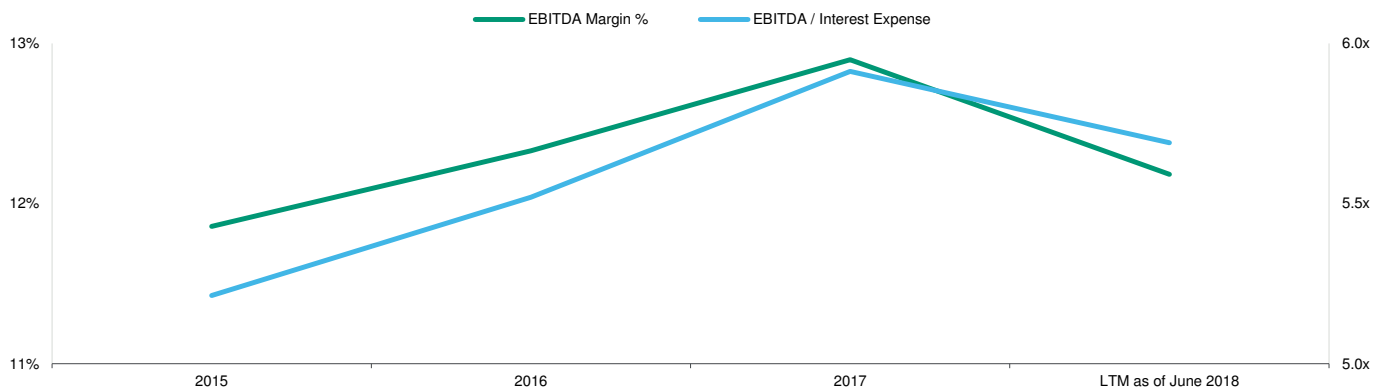
Deutsche Bahn AG

(in € Million)	LTM as of 30-Jun-2018	31-Dec-17	31-Dec-16	31-Dec-15
INCOME STATEMENT				
Revenue/Sales	43,877	43,355	41,154	40,986
EBITDA	5,345	5,592	5,074	4,860
EBIT	891	1,093	900	513
Interest Expense	939	946	919	932
Net Income	(47)	185	214	(806)
BALANCE SHEET				
Cash & Cash Equivalents	3,673	3,397	4,450	4,549
Current Assets	12,219	11,186	11,357	11,004
Net Property, Plant & Equipment (PP&E)	45,471	44,918	43,922	43,073
Total Assets	63,840	62,121	61,685	60,217
Current Liabilities	17,127	15,982	16,448	15,519
Total Debt	33,093	31,701	32,364	30,274
Total Liabilities	49,851	48,048	49,212	46,958
Shareholders' Equity	13,989	14,073	12,473	13,259
CASH FLOW				
Funds from Operations (FFO)	6,111	6,496	6,090	6,062
Cash Flow from Operations (CFO)	4,428	3,896	4,745	4,717
Capital Expenditures (CAPEX)	(5,906)	(5,482)	(4,254)	(5,462)
Cash from Investing Activities	(5,555)	(5,188)	(3,941)	(5,144)
Dividends	(463)	(612)	(863)	(710)
Retained Cash Flow (RCF)	5,648	5,884	5,227	5,352
Share Repurchases	-	-	-	-
Cash from Financing Activities	1,914	291	(850)	911

LTM = last 12 months

Source: Moody's Financial Metrics

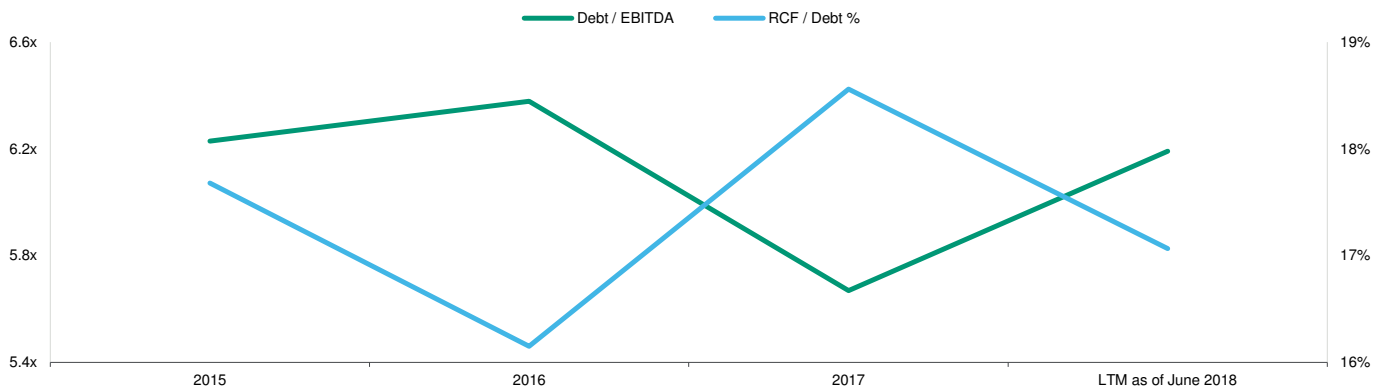
Exhibit 5

EBITDA margin and EBITDA/Interest expense (Adjusted)

As of 30 June 2018

Source: Moody's Financial Metrics

Exhibit 6

Debt/EBITDA and RCF/Debt (Adjusted)

As of 30 June 2018

Source: Moody's Financial Metrics

Capital structure and debt maturity

Note: The financials presented below have been adjusted for Moody's analytic purposes. To see how adjustments have been made, please see [Moody's Financial Metrics](#), a fundamental financial data and analytics platform that offers insight into the drivers of Moody's Corporate ratings.

Exhibit 7

Capital structure

Deutsche Bahn AG

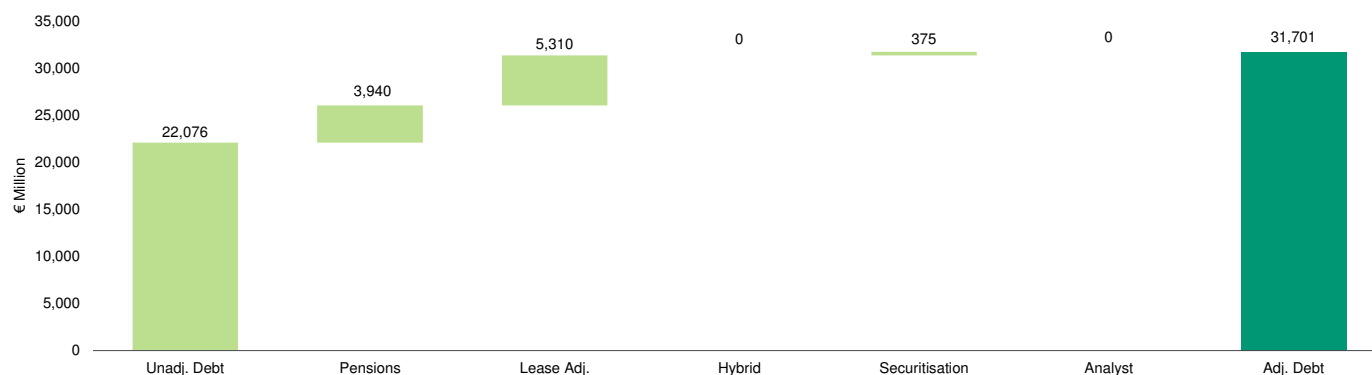
(in € Million)	31-Dec-17	31-Dec-16	31-Dec-15
SHORT- TERM DEBT			
Short-Term Debt	58	46	31
Current Portion of Long-Term Debt	2,302	2,393	2,644
Total Short-Term Debt	2,360	2,439	2,675
LONG-TERM DEBT			
Equipment Trust	-	-	-
Secured Debt	200	200	200
Senior Debt	21,265	21,644	21,771
Subordinated Debt	-	-	-
Financial Liabilities – Non-current	52	58	-
Capitalized Leases	501	533	426
Gross Long-Term Debt	22,018	22,435	22,397
Less Current Maturities	(2,302)	(2,393)	(2,644)
Net Long-Term Debt	19,716	20,042	19,753
Total Debt	22,076	22,481	22,428
Total Adjusted Debt	31,701	32,364	30,274
SHAREHOLDERS' EQUITY			
Preferred Stock	-	-	-
Common Stock & Paid-In Capital	6,972	5,315	5,875
Retained Earnings	7,110	7,000	7,185
Accumulated Other Comprehensive Income	(9)	158	199
Total Equity	14,073	12,473	13,259
Total Adjusted Equity	14,073	12,473	13,259
Adjusted Book Capitalization	46,060	45,149	43,884
Adjusted Market Capitalization	-	-	-
Adjusted Debt/Adjusted Book Capital (%)	68.83	71.68	68.99
Holding Company Debt/Total Debt (%)	-	-	-
Secured Debt/Total Debt (%)	0.91	0.89	0.89

Source: Moody's Financial Metrics

Of DB's total adjusted debt in 2017, the largest components were those related to lease and pension adjustments.

Exhibit 8

Components of debt

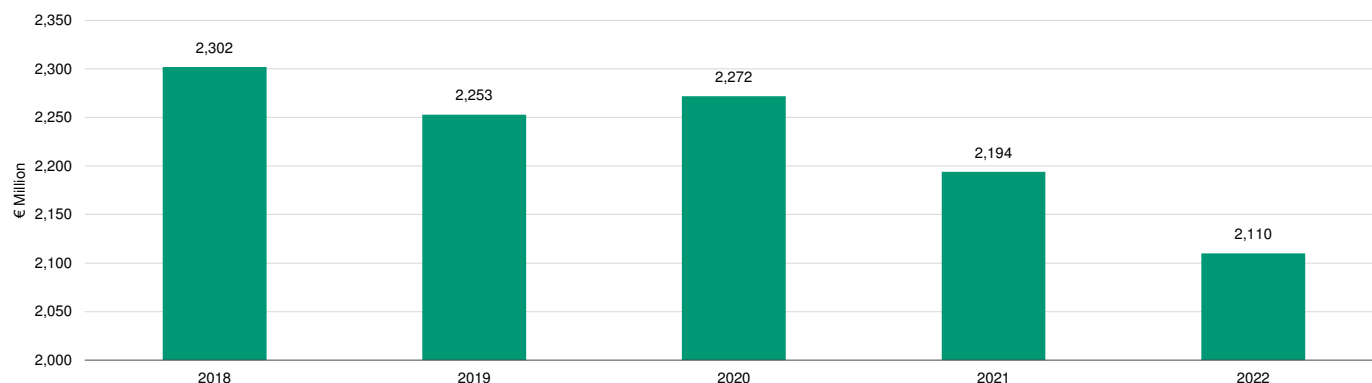


As of 31 Dec 2017

Source: Moody's Financial Metrics

Exhibit 9

Upcoming long-term debt maturities



As of 31 Dec 2017

Source: Moody's Financial Metrics

Company management

Exhibit 10

Deutsche Bahn AG

Management Board	Current Title	Age	Previous Roles
Dr. Richard Lutz	Chief Executive Office and Chairman of the Management Board	54	DB: Member of the Management Board, Finance and Controlling; DB: Head, Corporate Controlling; Kaiserslautern University: Research Assistant to the Chair for Business Management Studies
Ronald Pofalla	Member of the Management Board, Infrastructure	59	DB: Member of the Management Board, Economic, Legal and Regulatory Affairs; DB: Chief Representative, Political and International Relations; Chief of Staff of the German Chancellery and Federal Minister for Special Affairs
Berthold Huber	Member of the Management Board, Traffic	53	DB Fernverkehr AG: Chief Executive Officer; DB Netz AG: Member of the Management Board, Human Resources; DB Regio AG: Chairman of the Regional Management
Alexander Doll	Member of the Management Board, Freight Transport and Logistics	48	Barclays Bank plc: Chief Executive Officer, Germany Lazard Hd. : Co-Head Investment Banking, global Head Transport and Logistics UBS Investment Bank: Managing Director

Prof. Sabina Jeschke	Member of the Management Board, Digitalization and Technology	50	RWTH Aachen University: Director of the IMA/ZLW & IfU Cybernetics Lab, Department of Mechanical Engineering; RWTH Aachen University: Associate Dean, Department of Mechanical Engineering; University of Stuttgart: Professor, Department of Electrical Engineering, Institute for IT Service Technologies (IITS)
Martin Seiler	Member of the Management Board, Human Resources and Legal Affairs	54	Deutsche Telekom: Director of Human Resources and Industrial Relations, Deutsche Telekom Kundenservice GmbH; DHL: Human Resource Management (Switzerland and Germany); DHL: HR Director (Express and Logistics Business)

As of 7 Sep 2018

Exhibit 11

Deutsche Bahn AG

Supervisory Board	Affiliation
Michael Odenwald	DB: Chairman of the Supervisory Board
Alexander Kirchner	DB: Deputy Chairman of the Supervisory Board (Employee Representative); German Railway and Transport Union (EVG): Chairman
Guido Beermann	DB: Member of the Supervisory Board (Shareholder Representative); Federal Ministry of Transport and Digital Infrastructure: State Secretary
Dr. Ingrid Hengster	DB: Member of the Supervisory Board (Shareholder Representative); KfW Bank: Member of the Executive Board
Dr. Levin Holle	DB: Member of the Supervisory Board (Shareholder Representative); Ministry of Finance: Head of Department VII
Prof. Dr. Susanne Knorre	DB: Member of the Supervisory Board (Shareholder Representative)
Dr. Jürgen Krumnow	DB: Member of the Supervisory Board (Shareholder Representative)
Kirsten Lüthmann	DB: Member of the Supervisory Board (Shareholder Representative); German Bundestag, Hermannsburg: Member
Jürgen Beuttler	DB: Member of the Supervisory Board (Employee Representative); DB Fernverkehr AG: Head of ICT and CIO of Long Distance Transport, Privacy and Compliance
Jörg Hensel	DB: Member of the Supervisory Board (Employee Representative); DB Schenker Rail AG: Chairman of the Central Works Council
Klaus-Dieter Hommel	DB: Member of the Supervisory Board (Employee Representative); German Railway and Transport Union (EVG): Deputy Chairman
Jürgen Knorzer	DB: Member of the Supervisory Board (Employee Representative); DB Regio AG: Chairman of the Central Works Council
Heike Moll	DB: Member of the Supervisory Board (Employee Representative); DB Station & Service AG: Chairperson of the Central Works Council
Mario Reiß	DB: Member of the Supervisory Board (Employee Representative); DB Schenker Rail AG: Chairman of the Central Works Council
Regina Rusch-Ziemba	DB: Member of the Supervisory Board (Employee Representative); German Railway and Transport Union (EVG): Deputy Chairperson
Jens Schwarz	DB: Member of the Supervisory Board (Employee Representative) and Chairperson of the Central Works Council
Veit Sobek	DB: Member of the Supervisory Board (Employee Representative); DB Netz AG: Chairman of the Works Council
Stefan Müller	DB: Member of the Supervisory Board (Shareholder Representative); Member of the German Bundestag, Großenseebach
Eckhardt Rehberg	DB: Member of the Supervisory Board (Shareholder Representative); Member of the German Bundestag, Marlow
Oliver Wittke	DB: Member of the Supervisory Board (Shareholder Representative); Parliamentary State Secretary in the Federal Ministry of Economics and Energy, Gelsenkirchen

As of 20 Nov 2018

Source: Company data

Ownership structure

Deutsche Bahn AG is wholly owned by the Federal Republic of Germany.

Source: Company report (annual report Dec 2017)

Peer group

- » [SNCF Mobilités](#)
- » [Norges Statsbaner AS](#)
- » [Ceske Dráhy, a.s.](#)

Related websites and information sources

For additional information, please see:

The company's website

- » www.deutschebahn.com

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Moody's related research

Issuer page on Moodys.com

- » [Deutsche Bahn AG](#)

Credit opinion

- » [Deutsche Bahn AG: Update to credit analysis, October 2018](#)

Sector in-depth

- » [Passenger Railways - Europe: New EU Rules on Market Opening Pose Limited Risks to Incumbent Operators, April 2017 \(1061730\)](#)

Rating methodology

- » [Global Passenger Railway Companies, June 2017 \(1072090\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.

Endnotes

- ¹ Throughout this section, such percentages have been calculated excluding consolidation and reconciliation.

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