

Press Release

Six-point program: leaner, faster and more customer focused

Dr. Grube: "Deutsche Bahn is modernizing its structures; DB2020 will remain our compass" • Higher revenues in the first half of 2015 • Strikes and storms put pressure on EBIT • Savings of EUR 700 million planned at the corporate level alone

(Berlin, July 28, 2015) Deutsche Bahn is launching an extensive restructuring program to make the Group fit for the future. "DB is going to become leaner, faster, more efficient and even more customer focused. Leaner management and structures, and more focus on customers, will enable us to successfully tackle the rapidly changing challenges in the world of mobility and logistics," said DB CEO Dr. Rüdiger Grube who presented the company's new alignment at the 2015 interim results press conference today.

The DB AG Supervisory Board had approved the restructuring program the previous day. The program involves six points. First, the number of Group Management Board Members will be reduced from eight to six. Second, DB Mobility Logistics AG, which was created years ago in anticipation of a potential IPO, will be merged with DB AG, the Group holding company. This step will reduce duplicate structures and simplify coordination and approval processes.

Third, the current Technology and Environment Division will be reassigned. Technology, DB Systemtechnik and Safety and Quality Management will be assigned to the new Infrastructure, Services and Technology Division, while Procurement and IT (CIO) will be assigned to the Finance/Controlling Division; Environment to the new Economic, Legal and Regulatory Affairs Division; and responsibility for Sustainability to the Chairman and CEO.

Fourth, the allocation of duties on the Management Board will be modified. One key aspect of this change is that DB's integrated rail operations in Germany will be better linked than before: DB Schenker Rail will join DB Long Distance, DB Regio and DB Sales in the new Traffic and Transport Division. "This will enable us to focus even more on rail operations in Germany, which is what the German public also focuses on - and rightly so," said Dr. Grube.

Fifth, the service functions and DB-internal services will be reorganized and brought together in a DB Global Service Center, with a focus on transparency, cost and efficiency. Sixth, the option will be available for DB Arriva and DB Schenker Logistics to be partially privatized to boost strategic development and finance further growth.

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"The transformation will start on August 1," said Dr. Grube. "Deutsche Bahn is modernizing its structures; DB2020 will remain our compass." The measures that have now been approved include additional savings compared with the previous budget of more than EUR 100 million at the corporate level; when previously approved measures are also taken into account, corporate and the corporate functions alone will be saving a total of over EUR 700 million by 2020. The efficiency measures also include streamlined decision-making bodies and reporting processes, a review of the Group's real estate portfolio, and the decision that Board Members will each have only one office going forward, instead of offices in multiple locations.

The next step will be to address areas for action at the level of the business units and tap additional potential for overarching synergies. These measures will be developed in the second half of the year and presented to the Supervisory Board together with the medium-term planning for the period until 2020 at the Supervisory Board's meeting on December 16, 2015.

In his discussion of the figures for the first half of 2015, Dr. Grube noted that the multiple strikes by the German train driver's union (GDL) over many months, and the multiple storms in Germany, had had a very negative impact on Deutsche Bahn during that period. "The strikes demanded enormous patience from our customers, cost our employees a great deal of time and energy, and lost our company key revenues," said Dr. Grube. "We saw a negative impact on our earnings of some EUR 500 million in 2014 and 2015."

Revenues rose by 1.3%, or EUR 266 million, year on year, to EUR 20 billion, but the rise was due in part to positive currency effects. Adjusted earnings before interest and taxes (EBIT) fell by 18.2%, or EUR 198 million, to EUR 890 million. "Had it not been for the strikes, which cost us EUR 252 million, our EBIT would also have been slightly above that of the previous year; but that cannot hide the fact that we are also facing structural challenges, which we are determined to tackle with the transformation we have set in motion," said Dr. Grube.

"We cannot be satisfied with our earnings in the first half of the year," said CFO Dr. Richard Lutz. "But we are optimistic that now, that the strikes are over, we will be in a position to generate an EBIT of EUR 2 billion in the second half of the year. We plan to use the measures we have launched and plan to launch to give us the room we need to finance our planned investments, growth and digitalization campaigns in a sound manner."

The strikes and the bad weather also meant that Passenger Transport was unable to offer the service it had planned to. The number of passengers using DB trains fell by 1.6%, or 16 million, in the first half of the year, to 985 million.

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At 1.2%, the drop in long distance was less severe than that in regional and local transport (2.8%).

International subsidiary DB Arriva was more successful in its performance. In the first half of the year, total revenues rose by EUR 165 million, or 7.5%, over the same period last year, up to nearly EUR 2.4 billion. Passenger kilometers (pkm) rose by 2.5% to 4.3 billion. Adjusted EBIT fell slightly, by EUR 3 million or 2.9%, to EUR 101 million.

Rail freight transport also felt the negative impact of the strikes and storms. Metric ton kilometers (tkm) fell 6%, from 52.0 billion to 48.9 billion, in the first half of the year. Dr. Alexander Hedderich, the CEO of DB Schenker Rail AG, will be resigning his post effective August 31 of this year and will be leaving the DB Group.

Logistics at DB Schenker grew in the first half of the year. The number of Land Transport consignments was up 3.8% year on year, Air Freight saw a rise of 1.1%, and Contract Logistics even rose 16.6%. Only Ocean Freight saw a drop: 3.5% in the first half of the year. Jochen Thewes, currently CEO Region Asia/Pacific at DB Schenker, will be taking over as the CEO of Schenker AG and thus as the head of the DB Schenker Logistics Business Unit on September 1 of this year.

Note for the media:

An electronic press kit containing DB-related footage will be available for television media starting at 10:00 am, and original audio from the interim results press conference will be available starting at 2:30 pm. To obtain these materials, please contact Jens Wohlfarth at +49 (0) 30 7261-46204 or jwo@fischerappelt.de.

A press kit with original audio from Dr. Rüdiger Grube will be available for radio media starting at 1:00 pm: www.deutschebahn.com/mediathek.