

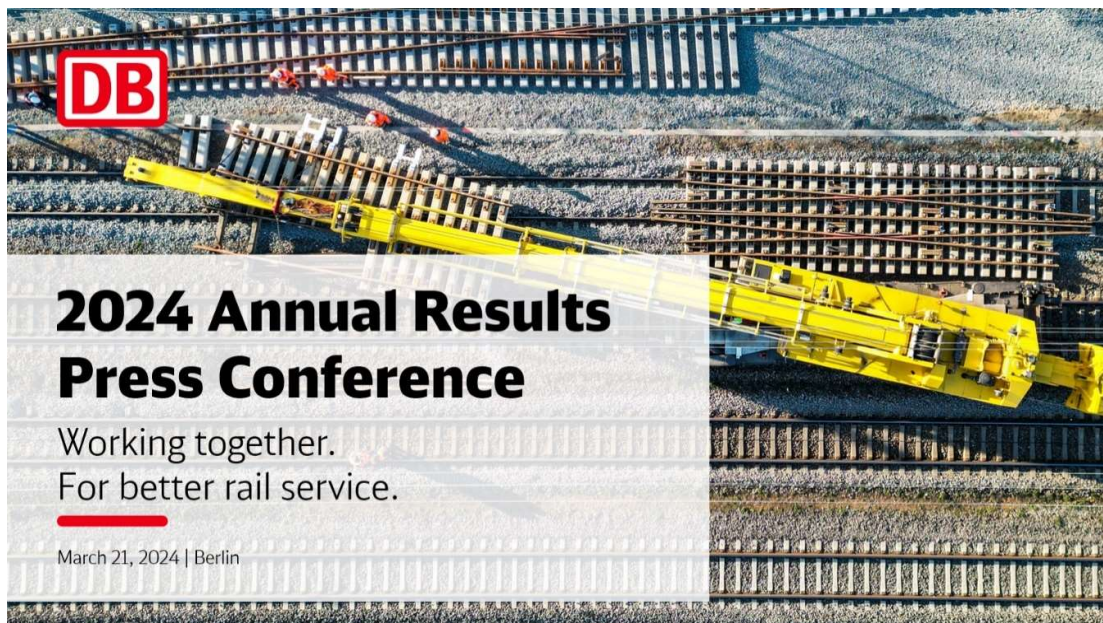
Speeches by Dr. Richard Lutz and Dr. Levin Holle

Annual results press conference

March 21, 2024

Working together for better rail service

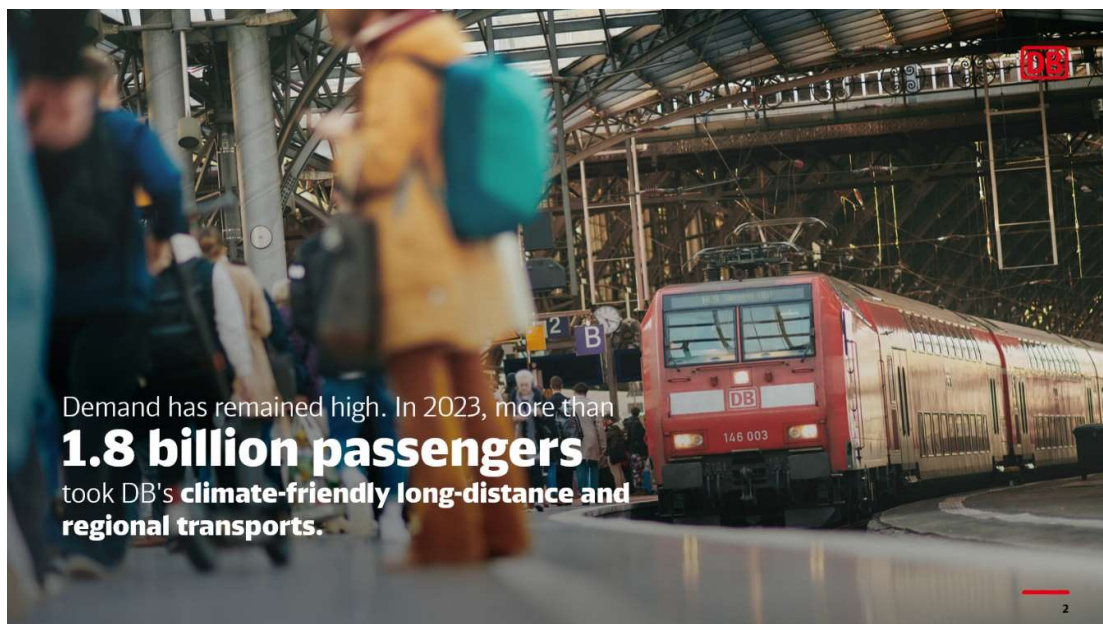
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Press representatives,
ladies and gentlemen,

- **2023 was a turning point for rail in Germany.**
- Together with the German government and in close collaboration with the rail and construction industries, we launched the **largest and most comprehensive capital expenditure program for the rail network and stations** since the German Rail Reform in 1994.
- Not only is the program a **major breakthrough for a strong rail in Germany**; it is **simply necessary**. This has become more than obvious in the past two years.
- **Demand has steadily increased**, and this is **very good news indeed**. More and more people want to take the train. More and more companies want to transport their goods by rail.

- But this high demand is at odds with **a rail network that has reached its limits, and in many places even exceeded them.** The network is not only too congested; it is simply too old and too prone to failure.
- This is **extremely detrimental to quality and stability** and makes it **nearly impossible to grow rail business or shift traffic to rail.**
- That is why we and the German government decided to **get to the root of the problem and find a lasting solution.**
- The rail infrastructure has been underfunded for decades. We have set out to change that. **No more running our rail infrastructure into the ground** – it's time to overhaul and modernize it from top to bottom.
- The German government is providing additional funding of **some EUR 30 billion** initially, including own funds contributed by DB. Never before has this much been spent in rail infrastructure.
- This means that, despite the tight budget situation, we have **the funding to take the action we need to take** for comprehensive rail infrastructure and station modernization in 2024 and 2025.
- We have the crucial **lever we need for better quality, more stability and further growth in climate-friendly rail transport.**
- **Our top priority is to modernize our existing network and stations.** The general modernization of highly utilized corridors will be a critical aspect of this.
- Last year, we laid **the groundwork for this ambitious program with the German government** and formed a new company, **DB InfraGO AG**. DB InfraGO will tackle the modernization of our infrastructure as part of the integrated DB Group.
- With that, let me welcome you to our annual results press conference. My fellow board members and I would like to thank you for your interest in our **2023 financial figures** and our future outlook. Welcome!



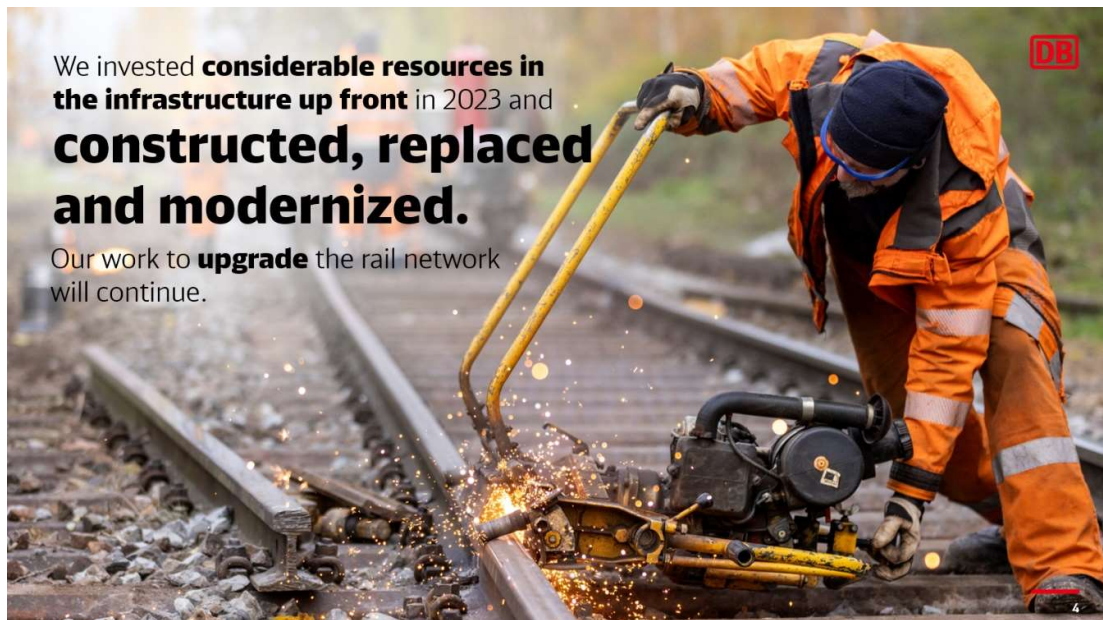
Demand has remained high. In 2023, more than
1.8 billion passengers
took DB's **climate-friendly long-distance and regional transports.**

Ladies and gentlemen, **the trend is continuing: demand increased again last year.**

- In our long-distance transport, **volume sold in 2023 surpassed pre-Covid levels. Volume sold also increased considerably** in regional transport, by **over 9% year on year.** The Germany-Ticket, which is valid for local and regional transport throughout Germany, played a major role.
- More than **1.8 billion passengers** took our trains in 2023, a **year-on-year increase of more than 5%.** By taking the train instead of driving, they traveled the climate-friendly way: our long-distance passengers reduced their **greenhouse gas emissions** by **7.5 million tons.**



- In terms of quality, however, we are not satisfied. Our punctuality in long-distance services was **64% last year, which is far below the standard we set for ourselves**.
- Deteriorating infrastructure is one of the factors. Another factor directly related to long-distance performance is that more of our infrastructure is under construction than ever before.
- **Almost half our long-distance trains passed through at least one construction site last year on average.** We replaced more rail ties than ever before.
- All of this work is absolutely essential. If we want to prevent the infrastructure from deteriorating further, our **only option** is to **maintain construction at record levels**.



We invested **considerable resources in the infrastructure up front** in 2023 and **constructed, replaced and modernized.**

Our work to **upgrade** the rail network will continue.

- That's why we began spending high levels of our own funds in 2023 as a pre-financing of the funds committed by the German government from 2024 onwards. That enabled us to start **upgrading, replacing and modernizing** right away.
- These pre-financed expenditures were one of the reasons why we saw a **negative adjusted EBIT** in 2023 of about **EUR 1 billion**.
- We increased our **net capital expenditures, financed from own funds**, by a good **16%** to about **EUR 7.6 billion**. Levin Holle will go into our financial details in a moment.
- We have never had any doubt that the **Strong Rail strategy we adopted in 2019 is how we will meet the need for mobility and logistics in the face of the climate crisis.**
- That is why we have **continued to expand rail services** despite the Covid pandemic, the war in Ukraine and the energy crisis. Achieving Germany's climate and transport policy objectives will simply not be possible without rail, or without Deutsche Bahn.



- And we made progress on our expansion path in line with our Strong Rail strategy in 2023.
- Our **long-distance fleet is now larger and more modern than ever before**. 2023 was an absolute record year. We added an average of three new ICEs to our active fleet each month.
- The **137th ICE 4** train just joined. We celebrated the on-time completion of this monumental project in Berlin the day before yesterday. Manufacturer Siemens, politicians, and some of you were there with us. **Our ICE 4 fleet – the backbone of long-distance transport – is now complete.**
- At the **timetable change in December**, we expanded our services to an extent not seen for 20 years.
- We introduced **new sales IT**, which added many features to DB Navigator, our mobility app. DB Navigator is already the most popular mobility app in Germany.



- In Cottbus, we built **Germany's most modern ICE maintenance depot in record time** and put it into operation at the beginning of 2024. An additional maintenance shed is currently under construction there. And we continued to invest in other maintenance depots, for example by putting EUR 55 million toward the depot in Cologne.

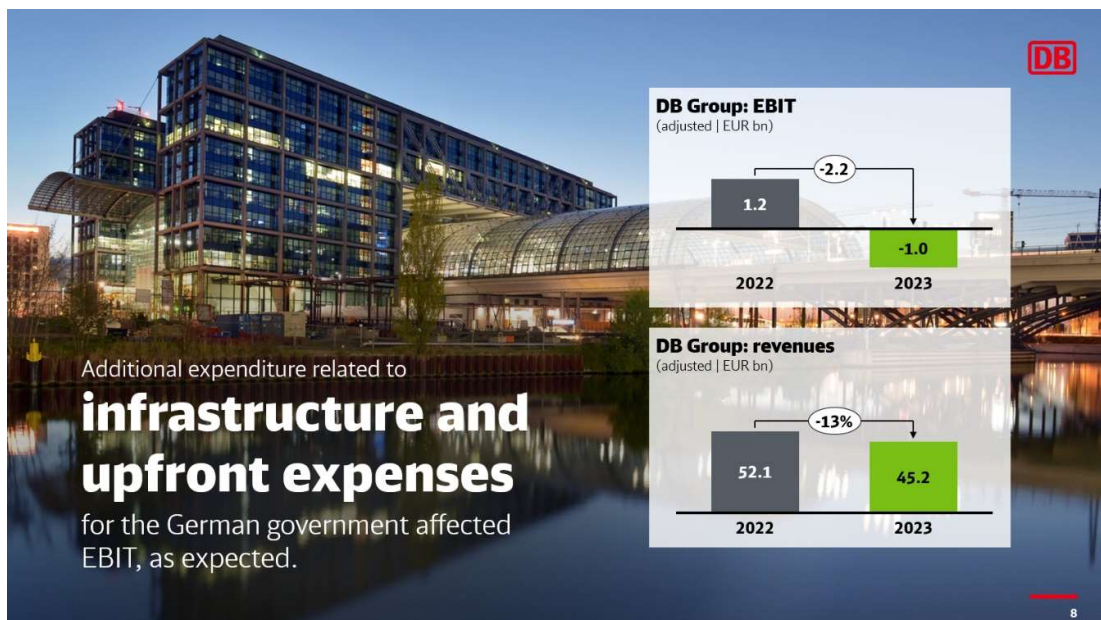


- We also made progress in our efforts to become climate neutral by 2040. Last year, for the first time, we set **greenhouse gas budgets for our** business units in the Integrated Rail System.

- In addition to making **traction current** greener, we are stepping up our efforts in alternative drive systems and fuels across DB Group. For example, we are **boosting** our use of **biofuel**: we used nearly 14 million liters in 2023, a year-on-year increase of 11 million liters.
- At **DB Cargo, we are forging ahead with the move to flexible bi-mode locomotives**, which can switch between diesel and electric traction. These new locomotives simplify shunting for single wagon transport, making it faster, better and more efficient. Just last week, my fellow Management Board Member Sigrid Nikutta put the **first locomotive into service** in Halle.
- In addition we also successfully increased our human resources capacity. In an increasingly **tight labor market, we** inspired **nearly 30,000 people** to pursue a career at Deutsche Bahn in **2023**.
- We made this progress despite **a very challenging economic environment**, and precisely because we **stuck to our Strong Rail course**.
- But in sticking to this course and our convictions, we **used up the financial leeway we had**. We decided to do this knowing that the additional expenditures would have a negative impact on our balance sheet. And we know that this approach has its limits.
- Levin Holle will now share the details of our financial performance in 2023. Levin, the floor is yours.

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- Thank you, Richard. I would also like to **welcome you** to our annual results press conference.



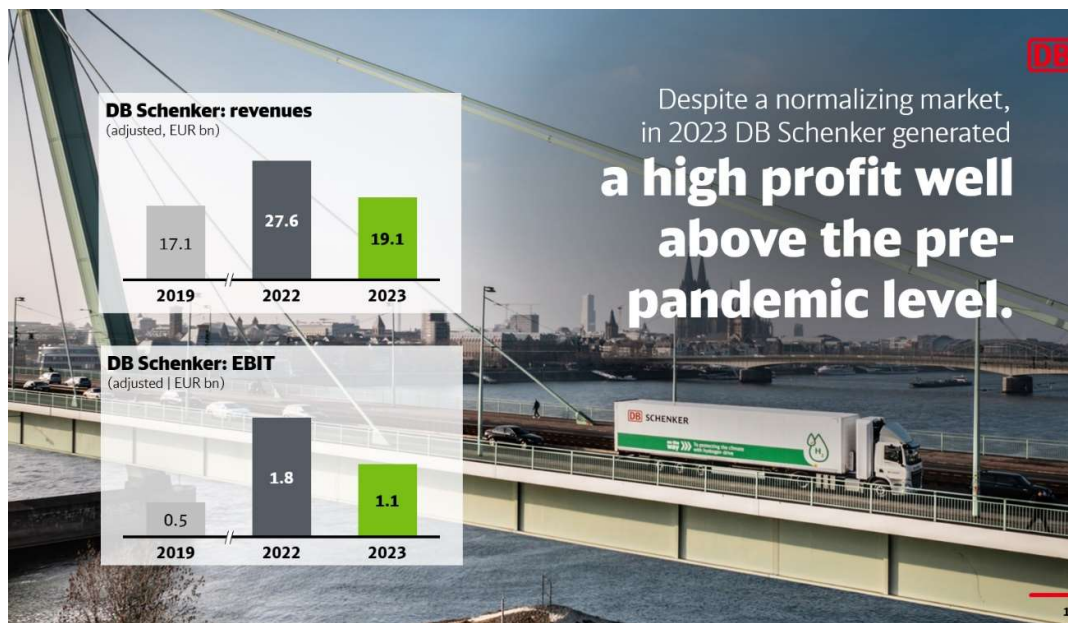
- Richard, as you mentioned, **additional** spending on **infrastructure**, which included a **high level of** pre-financing of measures for the German government, had a **major impact on** our **operating profit** in 2023. **As expected**, DB Group closed out the financial year with an adjusted **operating loss** of nearly EUR 1 billion.
- In our **core business**, the Integrated Rail System, a **large part** of the operating losses came from lower adjusted EBIT in our rail infrastructure business unit, which fell some **EUR 1.7 billion** year on year. This drop was due primarily to **additional expenses** for **maintaining, renewing** and **modernizing** our rail network – additional expenses that include over EUR 1 billion that we pre-financed for the German government. We chose to accept this impact in 2023 so that **urgently needed** work on our infrastructure could **begin immediately**.
- **EBIT for DB Group** as a whole was also hit by **inflation**, in particular the significant increase in personnel expenses, and by **multiple strikes, with negative effects amounting to almost EUR 200 million**. All of our rail operators saw **much higher** costs in 2023. In addition, **DB Cargo**, our rail freight business unit, lost **cargo volume** due to negative **economic developments**, particularly in sectors such as steel and chemicals.
- DB Group generated **revenues** totaling roughly **EUR 45.2 billion** in the 2023 financial year, a decline of some 13% from the previous year. This decrease can largely be attributed to the industry-wide **freight rate normalization** in international logistics. We will go **into this** more later.



- Despite the challenges, we also saw **positive developments**. **Revenues from DB Group's rail operations increased** overall. Our **core business** now generates a **much higher share of** Group revenues. **DB Long-Distance** increased its total revenues by **18.4%** year on year to **EUR 5.9 billion** in 2023. **DB Regional**, our business unit for regional and local transport, generated **EUR 9.7 billion** in total

revenues, an **increase of 7.4%**. The **trend is moving in the right direction**. Demand for **passenger transport continued to increase** in 2023. DB Cargo also increased its total revenues.

- **DB Arriva**, our European subsidiary for regional and local transport, saw **positive performance** following difficult years during the Covid pandemic. In 2023, it was once again **in the black on an adjusted basis**. Its profits were **up year on year and came in above budget**.
- As required by International Financial Reporting Standards (IFRS), **DB Arriva's figures** for 2023 are already being reported separately because we **are well into the sale process**. Our **Integrated Report** contains **transparent, comprehensive** information on this and all of our business units.
- The **reasons** behind the sale of DB Arriva are no secret. We at Deutsche Bahn want to **focus more** on our **core business** – a **strong rail for Germany**. We monitor all our major shareholdings to determine whether they are consistent with this **strategic objective**. And we **systematically adjust** our business portfolio accordingly.
- In October 2023, we **signed an agreement to sell** DB Arriva. The new owner intends to continue the business and make **additional investments**. **As announced**, we expect to complete the sale of DB Arriva in 2024.
- At the end of last year, we also **entered the next phase** in our exploration of a potential **sale of DB Schenker** when we publicly announced an **open, non-discriminatory bidding process**. We have been **very pleased with the general market interest** in our attractive logistics subsidiary. The rest of the process will be **confidential, as is customary**. We will only sell if it makes financial sense to do so.



- **DB Schenker** has delivered an **extraordinarily high contribution to Group profits** for years. During the Covid pandemic, **markets** were in a **special situation**, with global transport capacity in short supply and rates for air and ocean freight extremely high. DB Schenker achieved the **best performance** in its **history** over this period.
- We now know from **2023** that even **with normalized** global freight rates, DB Schenker remains a **reliable profit contributor**, with profits we can be **very happy with** and **good** prospects for the future.
- Adjusted operating **profit** at DB Schenker was **EUR 1.1 billion** in 2023, **well short of the previous year**, but this was **expected**, and it mirrored the trend **throughout the logistics industry**. **Operating profit** was still **more than twice as high** as it was **before** the Covid pandemic. And DB Schenker's 2023 **revenues**, at **EUR 19.1 billion**, were also **above** pre-Covid levels.
- DB Schenker owes its **excellent and stable growth** in part to a **successful transformation program**, which prepared the business unit for **changing market conditions at an early stage**. The logistics market will also continue to offer **excellent opportunities for growth over the long term**.



- In 2023, starting from an already high level, **DB Group further increased its capital expenditures** in **more efficient infrastructure** and **better rail service** to a new **record high**. **Gross capital expenditures** by DB Group and the German government increased by **almost 12%** year on year to about **EUR 16.9 billion**. **Net capital expenditures, financed** from DB Group's own funds, saw even higher growth – **a good 16%** year on year – and increased to about **EUR 7.6 billion**. The lion's share was spent on **infrastructure**, with a significant share of pre-financing for funding from the German government.

- **Germany** needs a **high-performance rail system**, and so, **as planned and in coordination with our owner**, we allowed our **net financial debt** to increase to this end. This has not changed the fact that we are a **reliable partner** on the **capital markets** and **are paying** attention to our **credit ratings**.
- To be **clear**, this means that we need our **operations** to become **significantly** more profitable again. Our **train operating companies** will need to return to **profitability** and to become able to finance their **capital expenditures** from **their own cash flow**. We are **working on this**.
- The **additional** funds from **tax payers** that the **German government** is making available for rail from 2024 are a **show of confidence**, but they also put the **onus** on us to manage these funds **as efficiently** as possible.
- All this means for us: We will have to handle **costs** and **resources differently** at DB Group in the **coming years**. Starting with **overhead**, we will work step by step to **automate, standardize** and **digitalize** processes much more throughout the Integrated Rail System. To this end, we have **launched** an **efficiency program** in the first areas of Deutsche Bahn; **my own Finance Division** is part of this first wave. The sharp rise in costs, which is due in part to collective bargaining agreements, leaves us no other choice.
- **Investing record amounts** in the **future of rail**, using funds **efficiently** and working **more productively** all **go together**.



- In **2024**, we will continue to follow the **plan** we **agreed on** with the **German government**. We want to continue to **ramp up capital expenditures** in **rail infrastructure** on a **massive scale**. Based on the significant increase in budgetary funding from the German government, we expect gross capital expenditures of **some EUR 21 billion** for the year as a whole. **Net capital expenditures** from **our own**

funds is set to **increase significantly** in 2024 based on additional equity from the German government.

- For the **current year**, we anticipate **higher Group revenues** of about **EUR 47 billion**. We want to **significantly improve** our **bottom line** and generate an **operating profit** of over **EUR 1 billion**. Above all, we expect to see a **strong recovery** in EBIT from **DB Group's rail operations**. One of the **key factors** here will be the **German government's repayment** of the pre-financed expenditures **in 2023** for urgent **infrastructure** work.
- **All** of these **forecasts** come with a **high degree of uncertainty** given the **unpredictability** of current **geopolitical** crises, **overall economic developments** and **ongoing collective bargaining disputes**, among other factors.
- Despite the risk, if we continue to **systematically** implement our **joint plan** with the **German government** for a **high-performance rail system** in Germany, DB Group will see **markedly better financial performance** in **2024**.
- Richard, **back to you** now for **more on the future**.

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- Thank you, Levin.
- As you mentioned, this year we will **once again significantly increase** our **capital expenditures together with the German government**. **Budgeted capital expenditures** of roughly **EUR 21 billion** is a **good sign** for the future.

- With this level of capital expenditures, we are putting **more momentum than ever behind our roadmap for a strong rail in Germany**. We are also **becoming a more efficient and modern organization, reducing redundant structures, and focusing increasingly on digitalization and automation**.
- Our workload on site is already high, and with the **shortage of skilled workers**, we have to take action now. Our experience with infrastructure has shown us that **if we do not take action early on, we will not be able to grow as planned**.
- **Using digitalization and automation to a greater extent** will be an important factor in our ability to meet these demographic challenges. The **gantry and gate-mounted cameras** that we use in classification yards and maintenance depots are a good example. An AI application analyzes the condition of our trains. This technology helps make repair work faster and more efficient, **keeps employees from having to do monotonous and repetitive tasks, and generates more capacity**.



- **We are also continuing to move forward with the transformation** of DB Cargo, our rail **freight business unit**. We are making DB Cargo competitive to secure its long-term future, and to secure jobs. The German government's clear commitment to single wagon transport shown with the support for operating costs in is an important factor here.
- Our **freight customers expect stability and quality**. That is why we are also implementing **improvement measures in the short term** to increase reliability for freight transport customers as well as for other train operating companies and passengers.
- **For example**, we are **cutting down on sections where trains have to reduce their speeds due to construction work**. We are providing passengers and freight customers with better information about changes to train schedules and the like. We have **developed a new construction system with set work windows**, which makes

planning much easier for everyone involved. **We will also continue to improve our rail replacement services when line sections need to be closed.**

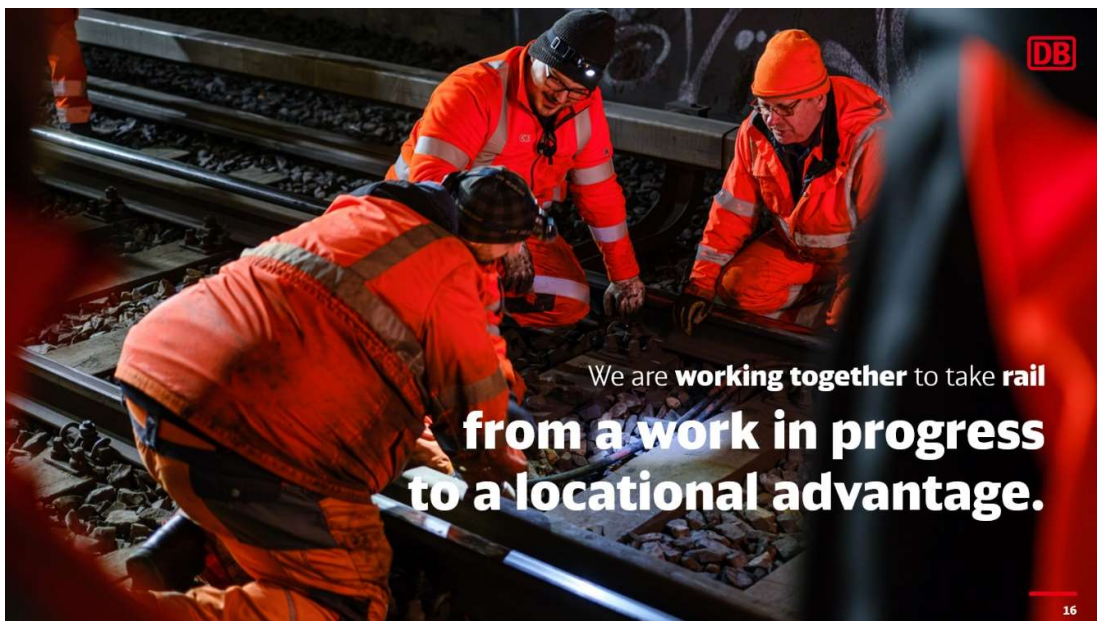
- We have launched an **action plan for punctuality** at long-distance transport. We are making **more trains available at the beginning of the day** to give us more of a buffer over the course of the day.
- We are also focusing on lines where particularly low on-time rates can cause knock-on delays across the entire network.
- Our goal is for all of these measures to help us to **reach a punctuality of about 70%** for our **long-distance service**. This is an **important target** because we know that customer satisfaction suffers particularly when our trains are not on time. We have set a similar target for freight transport. And at DB Regional, the minimum on-time rate across all our products is about **93%**.



- But the factor that will most effectively improve quality, increase stability and generate more rail capacity in the long term is and will remain the **general modernization of 40 of our highly utilized lines by 2030.**
- The German government has introduced a **bill to amend the German Federal Railway Infrastructure Development Act** and has made the necessary funds available in the 2024 budget. This will lay the foundation for us to successfully implement our general modernizations in the coming years.
- The successful test on the Riedbahn gives us a lot of confidence for this ambitious program. The line between Frankfurt and Mannheim was closed in January for preparatory measures. We worked with all the construction companies involved to **successfully manage** a very **ambitious construction plan**. We installed five times

more building material than in a traditional construction project, achieving the same level as we had planned for the general modernization.

- In addition, by implementing a **good rerouting plan and stable rail replacement service**, we also managed to find an acceptable solution for our customers during construction. We know this from the mostly positive feedback we received from passengers during the closure.
- The general modernization of the Riedbahn will transform **a notoriously failure-prone piece of infrastructure into a bulwark of stability for the rail system in Germany**.
- But that's not all we're doing. We are also tackling stations, and not only on the Riedbahn. **This year alone, we will transform 100 stations into attractive and sustainable stations of the future with enough capacity to accommodate increasing passenger numbers**. Hundreds more stations are to follow in the coming years.



- Ladies and gentlemen, there are people who doubt whether we will be able to manage such a complex undertaking as the general modernizations. **And yes, a challenge of this size requires a lot of courage and a willingness to take risks**. Our test on the Riedbahn at the beginning of the year has definitely given us a lot of momentum.
- There is no question that we can make rail services better only if we are confident that our plan is right and will succeed.
- Germany needs change. A change in direction, if you will – towards **confidence and the future**.

- There are many works in progress in Germany: climate protection, digitalization, infrastructure renewal, shortages of skilled workers and the need to reduce red tape.
- Rail has always been inextricably linked to social development, prosperity and progress. We are part of this tradition, and it is up to us to help continue it.
- It is up to us to do our homework **and help create a prosperous future for our country through better rail service.**
- We will **work closely** with the **German government, the rail sector** and the **construction industry** to take rail from a "typical German work in progress" to a location advantage for our country.
- That's why **we're making a special effort this year:** as the host of EURO 2024 this summer, in the general modernization of the Riedbahn, and every single day at our stations and on our trains – everywhere.



- Our employees show their full commitment to our customers each and every day, and on behalf of the entire Management Board, I would like to thank each and every one of them.
- We're a **company by people for people.**
- **Diversity, openness, respect and tolerance are the cornerstones of our culture as a company** – both within DB Group and in our interactions outside DB Group.
- For us, a united, free and democratic Europe is the foundation for doing business. Germany is an important transit country for passenger and freight traffic. **We cannot allow nationalism to fragment Europe.**

- **"Germany needs a strong rail" applies both literally and figuratively.**
- **We take our responsibility to society seriously. We are committed to **joining forces with business and policymakers and working with courage and optimism to help make our country more modern and fit for the future.****
- Thank you.

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