

ISSUER PROFILE

23 October 2017

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Deutsche Bahn AG

Key Facts and Statistics - H1 June 2017

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 Arriva plc (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 2017, it reported revenue of €42.2 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 2016), 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 group 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 17 European countries.

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 Cargo; DB Netze Track; DB Netze Stations; DB Netze Energy; DB Arriva; DB Schenker; and it includes also the area Subsidiaries/Other.

DB Long-Distance: This business unit provides national and cross-border long-distance rail services and road transport operations, along with other passenger transport services. As of 31 December 2016, it operated 1,358 trains per day, 265 Intercity Express (ICE) trains, 1,644 passenger cars and 257 locomotives. In the half year ended 30 June 2017 (H1 June 2017), this business unit accounted for 8.0% 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 2016, this business unit operated 22,769 trains per day, 11,501 rail cars, 12,871 buses, 3,614 coaches, 4,073 multiple units and 934 locomotives. In H1 June 2017, this business unit accounted for 16.3% of the company's revenue.

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 2016, it operated 4,362 trains per day, 2,817 locomotives and 84,827 cars, transported 277.4 million tonnes of freight, and reported a load capacity of 5,292 thousand tonnes. In H1 June 2017, this business unit accounted for 8.8% 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 Netze Track: This business unit is responsible for installing, maintaining and operating the complete track-related rail infrastructure in Germany. As of 31 December 2016, this business unit operated a line of 33,241 kilometres and also operated 3,207 stations, 2,922 stopping points and 2,776 interlockings. In H1 June 2017, 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 2016, it operated 5,367 stations. In 2016, this business unit reported 149.4 million station stops. In H1 June 2017, it accounted for 2.4% 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 2016, it operated 7,912 km of traction supply system and 212 train preheating plants. In 2016, this business unit reported 8,902 GWh of traction power, 17,589 GWh of stationary energy and about 433.7 million litres of diesel fuel. In H1 June 2017, it accounted for 5.4% of the company's revenue.

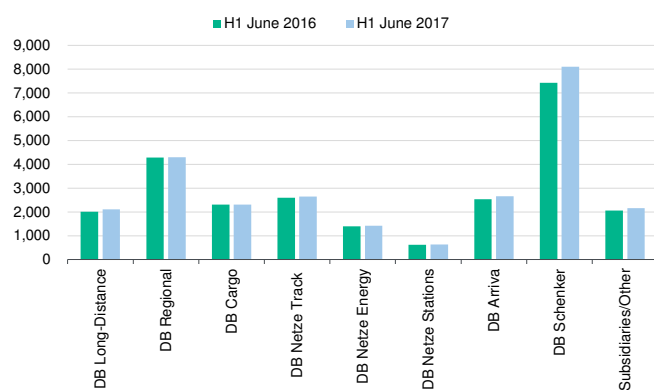
DB Arriva: This business unit has provided regional rail and bus passenger transport services in 14 European countries (excluding Germany) since 1 January 2011, when DB Arriva became part of the Passenger Transport Board Division. As of 31 December 2016, it operated 3,314 rail cars, 16,562 buses, 105 coaches, 1,183 multiple units and 27 locomotives. In H1 June 2017, this business unit accounted for 10.1% 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 2016, the group transported approximately 99.6 million shipments through its European land transport network, and exported 1,179 thousand tonnes of air freight and 2,006 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 2017, it accounted for 30.8% 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 2017, this business unit accounted for 8.1% of the company's revenue.

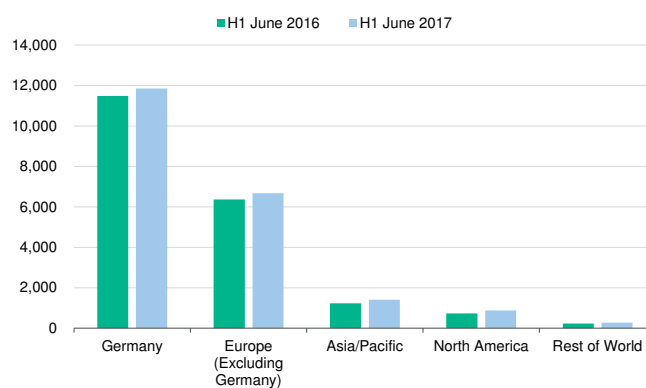
Source: Company reports (interim report June 2017, annual report Dec 2016, Dec 2015, Dec 2010, Dec 2008 and Dec 2002), company data, Moody's research

Exhibit 1
Revenue by business unit
(in € Million)



Note: Excluding consolidation and reconciliation
Source: Company report (interim report June 2017)

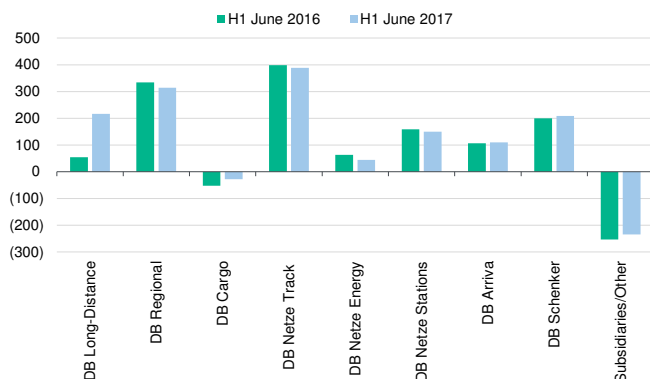
Exhibit 2
Revenue by geography
(in € Million)



Source: Company report (interim report June 2017)

Exhibit 3

Operating profit by business unit (in € Million)



Note: Excluding consolidation and reconciliation
Source: Company report (interim report 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 (2016: 76.0).
- » 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 (2016: 94.3%).
- » 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 9.0% by 2020 (2016: 5.9%)
- » 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 (2016: 18.1%).

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 (2016: 3.7).
- » 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 (2016: 16).

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 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.

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.

Source: Company reports (interim report June 2017, annual report Dec 2016), 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

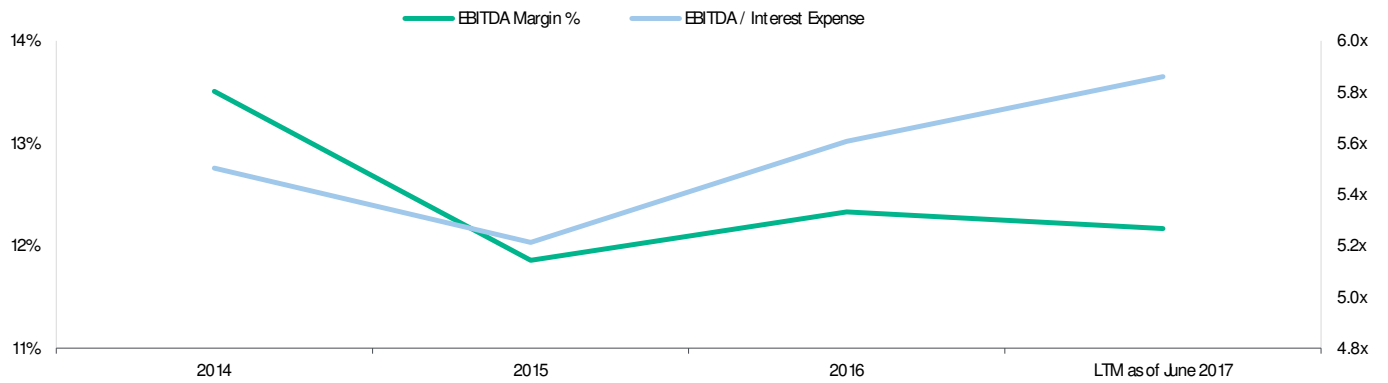
Deutsche Bahn AG

(in € Million)	LTM as of 30-June-17	31-Dec-16	31-Dec-15	31-Dec-14
INCOME STATEMENT				
Revenue/Sales	42,194	41,154	40,986	40,328
EBITDA	5,134	5,074	4,860	5,447
EBIT	998	886	513	1,262
Interest Expense	876	905	932	990
Net Income	366	214	(806)	509
BALANCE SHEET				
Cash & Cash Equivalents	2,906	4,450	4,549	4,031
Current Assets	10,449	11,034	10,860	10,353
Net Property, Plant & Equipment (PP&E)	43,479	43,422	43,073	43,245
Total Assets	60,640	61,161	60,073	60,106
Current Liabilities	17,460	16,314	15,519	14,039
Total Debt	31,275	31,529	30,130	28,914
Total Liabilities	47,376	48,601	46,814	45,724
Shareholders' Equity	13,264	12,560	13,259	14,382
CASH FLOW				
Funds from Operations (FFO)	6,467	6,104	6,062	5,979
Cash Flow from Operations (CFO)	4,177	4,938	4,717	5,007
Capital Expenditures (CAPEX)	(4,447)	(4,268)	(5,462)	(4,946)
Cash from Investing Activities	(4,141)	(3,955)	(5,144)	(4,387)
Dividends	(612)	(863)	(710)	(208)
Retained Cash Flow (RCF)	5,855	5,241	5,352	5,771
Share Repurchases	–	–	–	–
Cash from Financing Activities	(803)	(1,029)	911	514

LTM = last 12 months

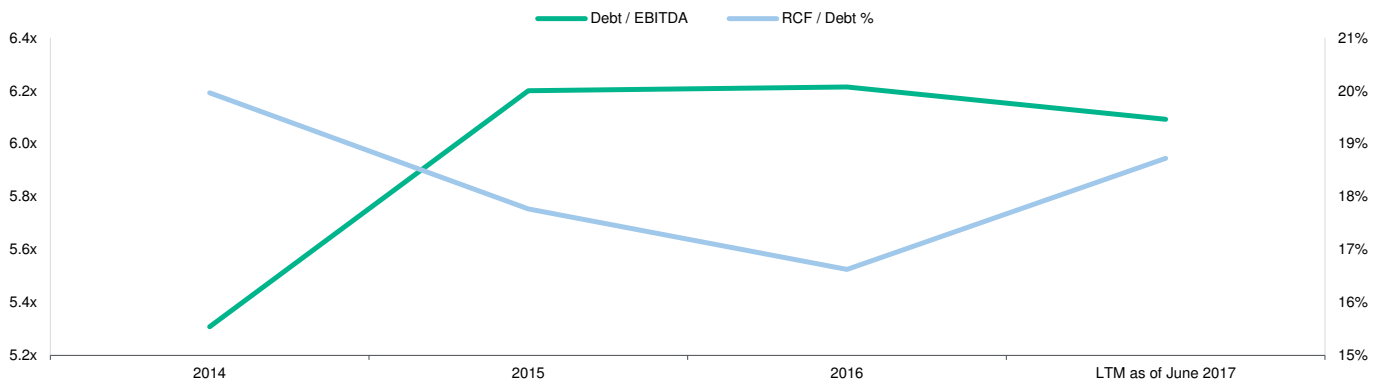
Source: Moody's Financial Metrics

Exhibit 5
EBITDA Margin and EBITDA/Interest Expense (Adjusted)



As of 30 June 2017
 Source: Moody's Financial Metrics

Exhibit 6
Debt/EBITDA and RCF/Debt (Adjusted)



As of 30 June 2017
 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

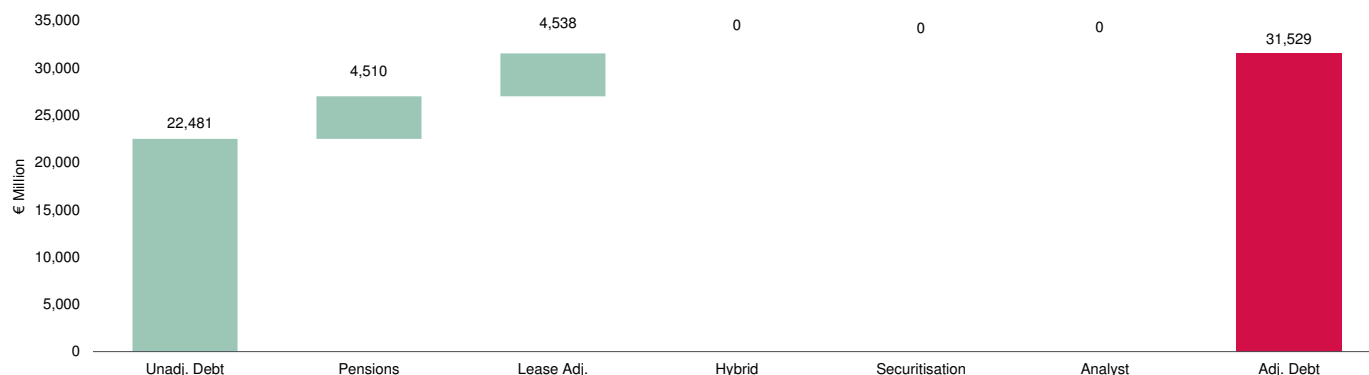
(in € Million)	31-Dec-16	31-Dec-15	31-Dec-14
SHORT- TERM DEBT			
Short-Term Debt	46	31	23
Current Portion of Long-Term Debt	2,393	2,644	1,138
Total Short-Term Debt	2,439	2,675	1,161
LONG-TERM DEBT			
Equipment Trust	-	-	-
Secured Debt	-	-	-
Senior Debt	21,844	21,971	19,718
Subordinated Debt	-	-	-
Financial Liabilities – Non-Current	58	-	-
Capitalized Leases	533	426	593
Gross Long-Term Debt	22,435	22,397	20,311
Less Current Maturities	(2,393)	(2,644)	(1,138)
Net Long-Term Debt	20,042	19,753	19,173
Total Debt	22,481	22,428	20,334
Total Adjusted Debt	31,529	30,130	28,914
SHAREHOLDERS' EQUITY			
Preferred Stock	-	-	-
Common Stock & Paid-In Capital	5,389	5,875	5,104
Retained Earnings	7,022	7,185	9,203
Accumulated Other Comprehensive Income	149	199	75
Total Equity	12,560	13,259	14,382
Total Adjusted Equity	12,560	13,259	14,382
Adjusted Book Capitalization	44,403	43,740	43,547
Adjusted Market Capitalization			
Adjusted Debt/Adjusted Book Capital (%)	71.01	68.88	66.40
Holding Company Debt/Total Debt (%)	-	-	-
Secured Debt/Total Debt (%)	-	-	-

Source: Moody's Financial Metrics

Of DB's total adjusted debt in 2016, the largest components were those related to lease and pension adjustments.

Exhibit 8

Components of debt

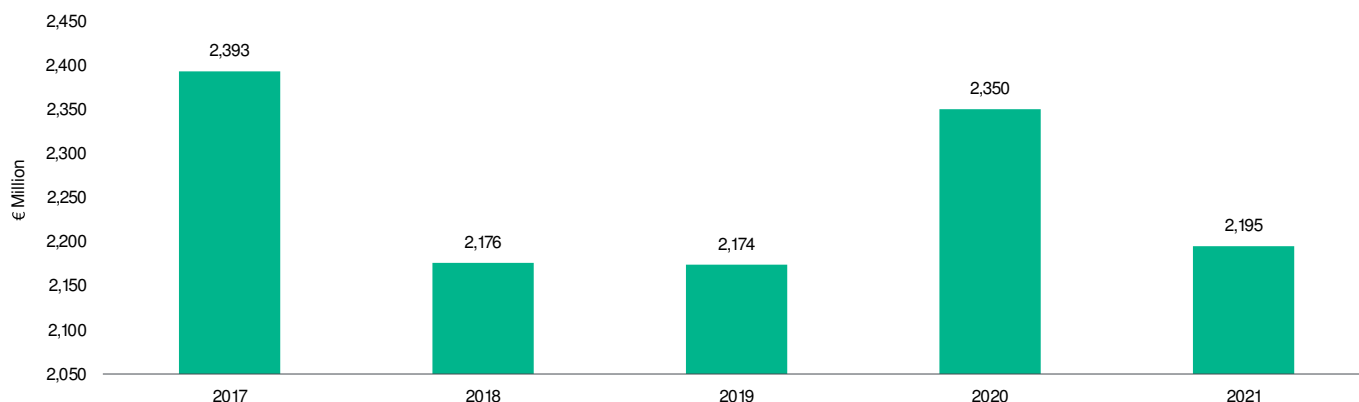


As of 31 Dec 2016

Source: Moody's Financial Metrics

Exhibit 9

Upcoming long-term debt maturities



As of 31 Dec 2016

Source: Moody's Financial Metrics

Company management

Exhibit 10

Deutsche Bahn AG

Management Board	Current Title	Age	Previous Roles
Dr. Richard Lutz	CEO and Interim Member of the Management Board for Digitalization&Technology	53	DB: Member of the Management Board, Finance/Controlling; DB: Corporate Controlling; Kaiserslautern University: Research Assistant to the Chair for Business Management Studies
Ulrich Weber	Member of the Management Board, Human Resources and Law	67	Evonik Industries AG: Member of the Management Board and Industrial Relations Director; RAG Aktiengesellschaft: Member of the Management Board and Industrial Relations Director; RWE Rheinbraun AG: Member of the Management Board and Industrial Relations Director
Berthold Huber	Member of the Management Board, Traffic	N/A	DB Long-Distance Transport Division: Head; DB Netz AG: Member of the Management Board, Human Resources; DB Regio: Chairman of the Regional Management

Ronald Pofalla	Member of the Management Board, Infrastructure	58	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
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As of 26 Sep 2017

Exhibit 11

Deutsche Bahn AG

Supervisory Board	Affiliation
Prof. Dr. Dr. Utz-Hellmuth Felcht	DB: Chairman of the Supervisory Board
Alexander Kirchner	DB: Deputy Chairman of the Supervisory Board (Employee Representative); German Railway and Transport Union (EVG): Chairman
Dr. Michael Frenzel	DB: Member of the Supervisory Board (Shareholder Representative); Federal Association of the German Tourism Industry: President
Dr.-Ing. Dr. h.c. Jürgen Großmann	DB: Member of the Supervisory Board (Shareholder Representative)
Dr. Ingrid Hengster	DB: Member of the Supervisory Board (Shareholder Representative); KfW Bank: Member of the Executive Board
Johannes Schmalzl	DB: Member of the Supervisory Board (Shareholder Representative); Federal Ministry of Finance: Ministerial Director
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
Michael Odenwald	DB: Member of the Supervisory Board (Shareholder Representative); Federal Ministry of Transport and Digital Infrastructure, Kleinmachnow: State Secretary
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
Ludwig Koller	DB: Member of the Supervisory Board (Employee Representative); DB Fernverkehr 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
Fred Nowka	DB: Member of the Supervisory Board (Employee Representative); DB Netz AG: Chairperson of the Central Works Council
Mario Reiβ	DB: Member of the Supervisory Board (Employee Representative); DB Schenker Rail AG: Chairperson of the Central Works Council
Regina Rusch-Ziemba	DB: Member of the Supervisory Board (Employee Representative); German Railway and Transport Union (EVG): Deputy Chairman
Jens Schwarz	DB: Member of the Supervisory Board (Employee Representative) and Chairperson of the Central Works Council, Chemnitz

As of 26 Sep 2017

Source: Company data

Ownership structure

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

Source: Company report (annual report Dec 2016)

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, 12 October 2017](#)

Sector in-depth

» [Passenger Railways - Europe: New EU Rules on Market Opening Pose Limited Risks to Incumbent Operators, 6 April 2017](#)

Rating methodology

» [Global Passenger Railway Companies, 14 June 2017](#)

Other

» [Moody's: European rail monopolies to sidestep impact of EU plans to open up markets, boost competition, 6 April 2017](#)

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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