

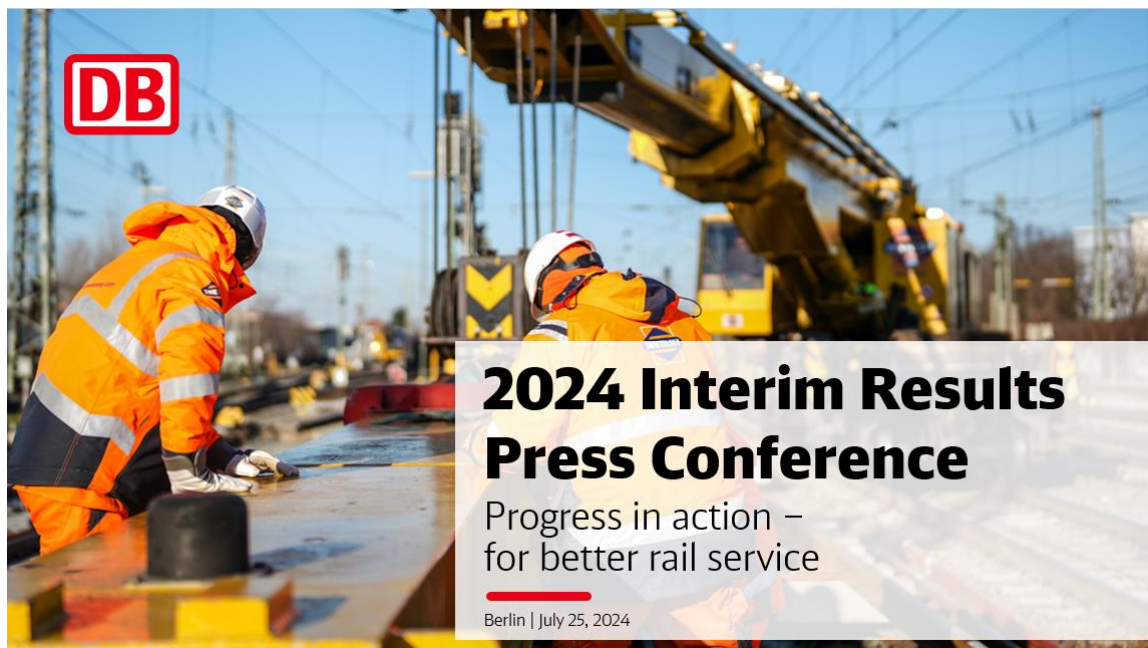
Speeches by Dr. Richard Lutz and Dr. Levin Holle

Interim results press conference

July 25, 2024

Progress in action – for better rail service

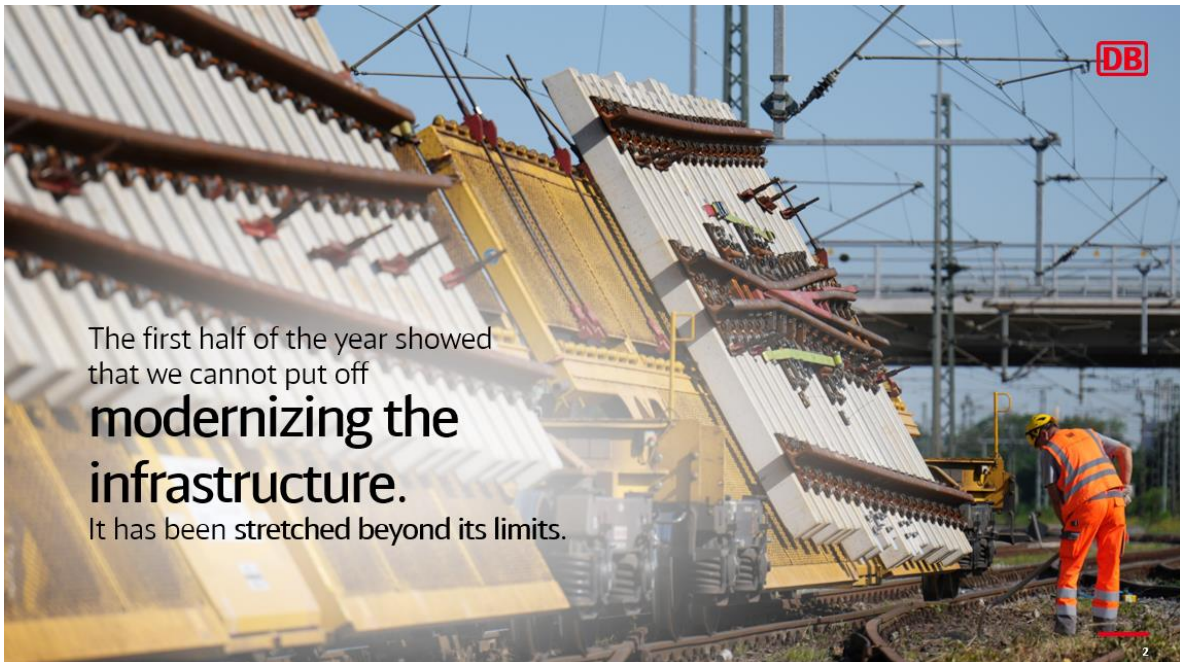
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Press representatives,
ladies and gentlemen,

- Ten days ago, we began work on one of the largest construction sites in Germany: the Riedbahn rail line. With work underway, excavators can be seen all along the line between Frankfurt and Mannheim. The start of this project marks a turning point in the long-term rehabilitation of Germany's rail system.
- Over the next five months, the Riedbahn will be transformed into the first high-performance corridor. Once the general modernization is completed, quality and availability on this line will be comparable to that of a new line, reducing disruptions by up to 80%. We are transforming a major source of quality concerns for the rail network into a bulwark of stability for the entire rail system.
- The general modernization of the Riedbahn, one of Germany's most congested lines, marks the start of the largest and most comprehensive overhaul and modernization program that the rail network and stations have undergone since the German Rail Reform 30 years ago. By 2031, we intend to overhaul and upgrade 41 highly congested lines in Germany to transform them into high-performance corridors.

- Last week's decision by Germany's Cabinet on the 2025 budget secured us the funds we need to begin the general overhaul. The decision signals a clear commitment to Strong Rail. Never before has the Government made this much funding available to overhaul and modernize Germany's rail infrastructure from the ground up.
- DB has made pre-financings for urgently needed infrastructure measures for the Government last year.. We did so at the expense of our own profits and increased our indebtedness..
- We continued on this path in the first half of 2024, as the state of the infrastructure will not tolerate any further delays.
- Increased maintenance expenses for infrastructure in particular put downward pressure on the profit situation, resulting in an operating loss of EUR 1.2 billion in the Integrated Rail System.
- We expect to receive Government funding for some of these additional expenses as a result of the new provisions of the German Federal Railway Infrastructure Development Act. This funding will have an impact on cash and profits in the second half of 2024.
- There is thus a delay between when these expenses were incurred and when funding will be paid, and this must be taken into account when assessing the profit situation for the first half of 2024. But even disregarding this one-off effect, the company would still have generated an operating loss due to the negative impact that the strikes and weather-related restrictions on infrastructure had on revenues and profits.
- Despite a first half of 2024 that proved difficult from an operational and financial point of view, we are standing by our goal to improve our profit by about EUR 2 billion compared with 2023 and aim to close the year with an operating profit of about EUR 1 billion for DB Group as a whole. To help us achieve this goal, we are redoubling our efforts to cut costs in the short term.

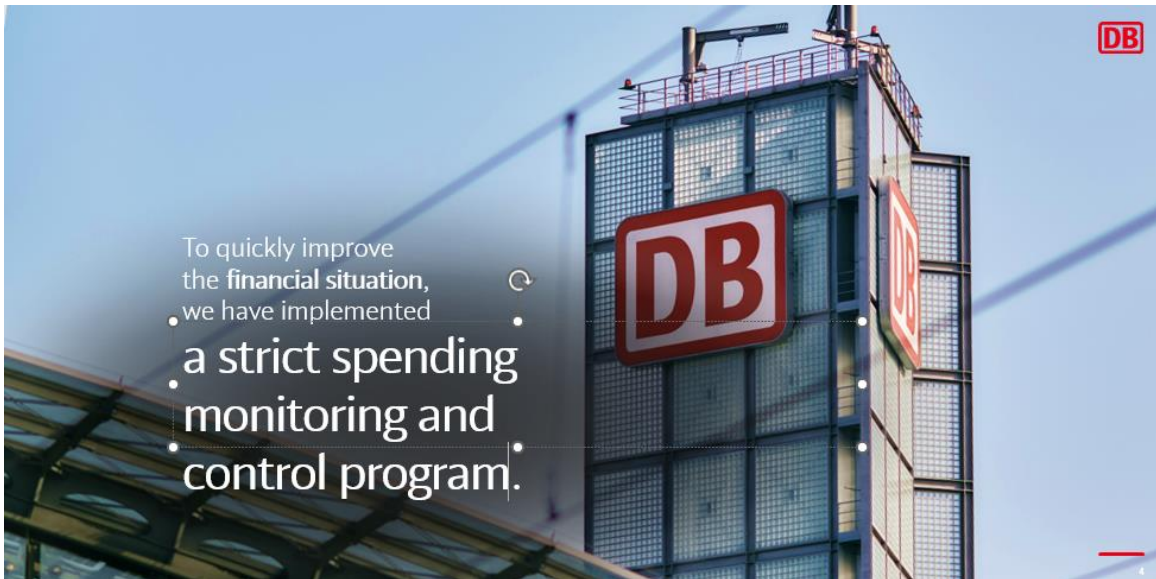


- The first half of 2024 once again made it blatantly clear, unfortunately, that we cannot afford to put off modernizing the rail infrastructure. It is too old, too prone to failure and too congested. It has been stretched beyond its limits in many places.
- The UEFA European Championship, which ended a little less than two weeks ago, put the spotlight on the structural weaknesses of Germany's rail system.
- In addition to high demand, which we expected, extreme weather also had an enormous impact on quality and punctuality. In June alone, an average of more than 400 long distance trains per day were affected by damage to the infrastructure - caused by external factors such as landslides, flooding and damage to embankments.
- Despite this, the 150,000 DB employees who were on duty around the time of the European Championship gave their all to get the best results given the current state of our rail system. Despite the disruptions in operations, they worked tirelessly to ensure that about 12 million passengers in long distance service alone got to their destinations - more than ever before at an international soccer tournament.
- For this, they have earned our thanks and respect. As have our customers, who have shown the patience that traveling by train often requires at the moment.
- They expect better in terms of quality, punctuality and stability, and rightly so. But to make lasting improvements, we have to modernize and overhaul the infrastructure from the ground up.
- In addition, we have introduced a number of short-term measures to improve our service quality overall.
- We have also introduced measures to stabilize DB Group's financial situation to ensure that we are able to implement our Strong Rail strategy over the long term.

- We will talk about all of these topics today. Welcome!



- What was true for June was also true for the entire first half of the year. We experienced more frequent extreme weather events than ever before – from freezing rain in January to flooding in southern Germany – which damaged the infrastructure and had a major impact on rail service and the quality of our operations.
- Specifically, in terms of operations, this meant that our punctuality was 26 percentage points lower on extreme weather days and we had to contend with operational disruptions in the weeks that followed. The extreme weather in the first half of the year together with strike effects and special events like the temporary closure of the Rauhebergtunnel lowered the punctuality in long-distance transport by seven percentage points.
- Flooding, which used to happen maybe once a century, is occurring more and more frequently. Major weather events like these are increasingly becoming the norm, creating additional challenges for the infrastructure in terms of its climate resilience. We will have to adjust to this new reality and take structural precautions to protect it from the consequences of extreme weather.
- Primarily as a result of the extreme weather, long distance service had a punctuality of 62.7% in the first half of the year, falling below last year's figures and our target for this year. In the first quarter, punctuality and reliability of all long distance and local transport companies as well as rail freight transport took a hit as a result of strikes and construction activities throughout Germany.
- The strikes also hit us hard financially. Along with certain major construction sites, strikes negatively impacted passenger bookings and demand for freight transport, where companies depend on reliable and climate-friendly logistics.



- To quickly improve the financial situation, we implemented a strict spending monitoring and control program , with which we aim to save a significant three-digit million euro amount . We are well on our way to achieving these savings.
- As announced at the annual results press conference in March, we have taken and expedited measures to quickly stabilize the system with our action plan for punctuality.
- We have made more rolling stock available to give us greater flexibility to respond to disruptions, delays, failures and cancellations. One of the ways we have been able to do this is to give light maintenance priority to our longer ICE 4 trains. We have reduced our speed restriction sections more quickly than before and we have done a better job of coordinating our efforts. And we have initiated measures to relieve bottlenecks in critical nodes.
- We have seen that these measures work: They have improved punctuality in weeks without any additional external disruptions. But here, too, the extreme weather had a negative impact. Damage caused by weather conditions necessitated urgent repairs, offsetting some of the improvements from the measures.
- We will continue to press ahead with the action plan and expect punctuality to improve in the second half of the year despite the challenging state of the infrastructure and the many extreme weather events.
- After achieving a 62.7% punctuality for long distance service in the first half of the year, we expect the punctuality for the year as a whole to be somewhere between 63% and 67%.
- Before I go into detail about what lies ahead, Levin Holle will give you a detailed overview of our key financial figures. Levin, the floor is yours.

Dr. Levin Holle:

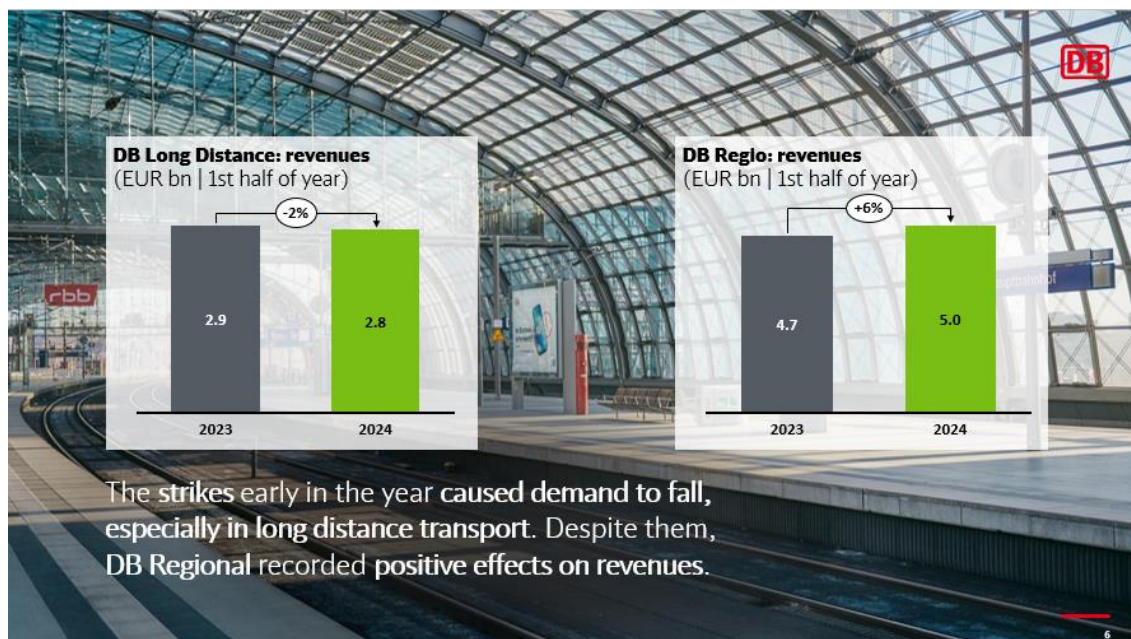
Ladies and gentlemen,

- I would also like to welcome you to our interim results press conference.
- Richard, as you explained, the poor state of the rail network in Germany and the difficult operational situation also greatly impacted our financial situation.
- In the first half of 2024, DB Group again made prefinancings for additional measures to make improvements to the rail infrastructure before Government funding will be made available. This was the only way we could immediately begin urgently needed work.
- The Government's new support for maintenance expenses will be implemented in the second half of this year. This support includes reimbursements for measures that were completed in 2023 as well as additional measures from 2024. Because of this, the additional expenses for the rail network had a negative effect on our bottom line in the half-year accounts.

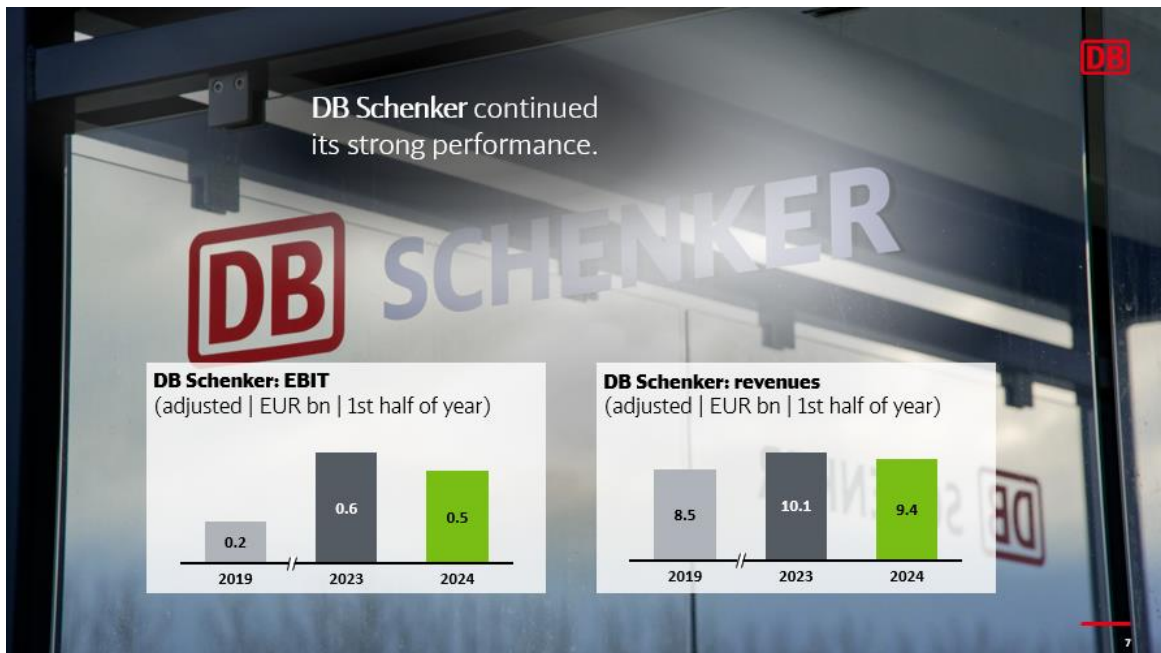


- With an operating loss of EUR 677 million in the first half of 2024, DB Group's performance was down significantly from the same period last year. Our core business, the Integrated Rail System, recorded a high operating loss of EUR 1.2 billion in the first six months. Even the considerable positive contributions from DB Schenker, our highly profitable logistics business unit, could not fully make up the difference.
- More than half of the loss in the Integrated Rail System was incurred in infrastructure. The main causes here are the poor condition of the infrastructure and substantial prefinancings for additional maintenance expenses. However, our the profitability of our train operating companies is also far too low.
- This is due to a number of negative factors such as poor punctuality and cost increases, particular for personnel. In addition, strikes by the German Train Drivers' Union (GDL) in the first quarter burdened our bottom line by roughly EUR 300 million.

- DB Group generated revenues of some EUR 22.3 billion in the first half of 2024 – about EUR 700 million less than in the first half of 2023. Revenues from DB's core business, the Integrated Rail System, were roughly on par with revenues in the first half of 2023. DB Group's transport companies DB Cargo and DB Long-Distance, saw revenues fall, while revenues at DB Regional increased.



- DB Long-Distance is an example of how severely rail companies were directly and indirectly impacted by the poor condition of the infrastructure, strikes and the difficult operational situation in the first half of 2024.
- Revenues at DB Long-Distance fell by about EUR 70 million compared with the same period last year to EUR 2.8 billion in the first six months of 2024.
- However, what keeps us motivated is this: Even after the difficult months of strikes at the beginning of the year, we have seen a significant increase in revenues from long distance transport in recent weeks. June was about 6% higher than in the same month last year.
- DB Regional saw a considerable increase, despite the strikes. Compared with the first half of 2023, revenues in the first half of 2024 increased by more than EUR 280 million to some EUR 5 billion.
- Rail volume sold at DB Regional rose by about 17% to 19.5 billion passenger kilometers. This is due in particular to the Germany-Ticket.



- Our logistics business unit, DB Schenker, continued to contribute greatly to the DB Group's bottom line in the first half of 2024, with about EUR 9.4 billion in revenues and EUR 520 million in operating profit.
- As freight rates in air and ocean freight normalized throughout the industry, revenues and profits fell slightly below those in the first half of 2023, but were still significantly higher than pre-Covid levels.
- At over EUR 500 million, Schenker's half-year profit is more than twice as high as in 2019, the last year before the Covid-pandemic. Thanks to a successful efficiency program, DB Schenker has good opportunities to continue leveraging additional profit potential in the future. The logistics business continues to offer excellent long-term growth prospects.
- Prospective buyers for DB Schenker are currently conducting their due diligence as planned in this phase of the sale process. We will only sell if there is a financial benefit for DB. This has not changed.
- As announced, we completed the sale of Arriva, our local transport operator in Europe, on May 31, 2024. DB Group is sharpening its focus on its core business – a strong rail system in Germany. By selling Arriva, DB Group has reduced its debt by more than EUR 1 billion. The previous year's figures have been adjusted in accordance with international accounting standards as a result of the sale. Details are available in the interim integrated report.
- The first large tranche of the equity injection promised by the Government has also helped to stabilize the indebtedness. Thanks to the roughly EUR 3 billion equity injection we received in June, DB Group's net financial debt as of June 30, 2024, was about EUR 1 billion lower compared to the end of 2023. We are extremely grateful to the Government for this support.



- The considerable increase in Government funding made it possible for DB Group to further increase its capital expenditures in the rail network and in better rail service in the first half of 2024.
- Net capital expenditures rose by 35% compared to the first half of 2023 to some EUR 4 billion. Net capital expenditures in a high-performance rail infrastructure alone rose significantly, by EUR 1.3 billion, to EUR 2.4 billion. Gross capital expenditures by DB Group and the Government rose by EUR 1 billion, or 18%, to EUR 7.3 billion in the same period.
- The amendment to the German Federal Railway Infrastructure Development Act passed in June cleared the way for the Government to pay direct financial support for infrastructure maintenance expenses. We expect to receive the first funds from this important new funding instrument in the fourth quarter of 2024. The Government has made an important improvement to the financing architecture for the infrastructure through this new mechanism.
- Modernizing the rail infrastructure is a project for the long term. Its success will depend on the ability to secure financing and be economically viable in the long run.
- As a result of the major increase in Government funding, we will receive about 60% more funds from the Government for infrastructure measures in 2024 than in previous years. We also expect to receive a similar level in 2025 and 2026, which means that we can begin to modernize the existing network as planned.
- Modernizing the existing network has the highest priority in terms of the quality of the infrastructure. We at DB Group will also need to greatly increase our efforts to cut costs and work more efficiently.
- DB Cargo has begun an extensive transformation, but the need to reorganize extends well beyond DB Cargo. All businesses in the Integrated Rail System must become profitable

again. To do this, we need to significantly improve our cost efficiency. In the short term, we are managing the situation with qualified spending restrictions.

- In the medium and long term, structural cost-cutting measures in administration and at the business units will be crucial. This also includes reducing the number of employees we need. In the future, we will have to provide more rail with fewer people.
- Our goal remains to return to a scenario where our rail companies once again can finance their capital expenditures from their cash flow.



- Together with the Government, DB Group will continue to invest at a very high level in the second half of 2024, especially in rail infrastructure.
- DB Group expects gross capital expenditures to come to roughly EUR 21 billion for 2024 as a whole. We expect net capital expenditures to increase to around EUR 11 billion.
- And we expect Group revenues of some EUR 45 billion in 2024. We are standing behind our goal of roughly EUR 1 billion in operating profit for DB Group in 2024 as a whole.
- All forecasts will depend on factors such as the development of our operations and performance and the further inflow of Government funds.
- We want the general modernization of the Riedbahn, which has just begun, to be a shining example of the improvements we are able to make for customers with more Government funding and a new construction concept.
- This will also be important in the medium and long term because we know that people want to take the train and we expect to see high demand for climate-friendly mobility to continue in the future.

- I'll hand the floor back to you, Richard.

Dr. Richard Lutz:

- Thank you, Levin. You said it: Demand for climate-friendly mobility has remained high. We also saw that during the European Championship.
- That is why we launched our Strong Rail strategy five years ago in order to meet growing demand and do our part to reach Germany's climate and transport policy targets. Strong Rail is our compass and will remain so.



- However, it is also true that the infrastructure has degraded faster than we expected in the past five years and is now not only limiting growth and the modal shift, but also the quality and stability of rail operations. The critical state of infrastructure and operations has come to a head.
- In addition, the crises in recent years – from the pandemic and the war in Ukraine to rising costs due to inflation and the shortage of skilled workers – have put DB Group and its business units in a precarious financial situation.
- That is why we are determined in our actions: We are using the additional funds approved by the Cabinet for the urgently needed modernization of the existing network. In addition, we have initiated measures to improve the quality of operations and stabilize the DB Group's financial situation.



- I said it at the outset: The start of construction on the Riedbahn marks a decisive turning point in the sustainable modernization of our infrastructure. We are starting to work on the long-term recovery of the railway system.
- A general modernization, the name says it all: Within a very short time, we will renew everything on the 70-kilometer section – tracks, switches, overhead lines, signaling equipment and railroad crossings. And that's not all. We are also renewing 20 stations on the line as well as freight service facilities.
- The project volume is in a league of its own. Thanks to our new approach of grouping renewal work across disciplines, we can do four times as much construction work in just five months than was possible using our previous methods – and ensure stable operations for the coming years without piecemeal construction.
- Despite the construction, we will make sure that passengers and goods reach their destination reliably. Efficient rail replacement service with over 150 new replacement buses, a robust rerouting concept for passenger and freight traffic, and maximum transparency and information for passengers and residents will help us to make the leap into the future of a better infrastructure in a way that is acceptable to all stakeholders, in spite of the constraints.



- We're applying this standard to all construction. Our express goal is to strike the best possible balance between service and construction.
- We are learning from the general modernization and will plan our construction sites differently in the future. We will rely on grouping construction work in scheduled windows, which should also help to stabilize operations.
- Today, piecemeal construction means that we have to manage nearly three million train runs a year ad hoc, in other words, outside the existing timetable, which results in frequent timetable changes. This not only makes planning difficult for our passengers. It also presents everyone involved with an almost impossible task that takes an exceptional level of commitment from all employees on the DB team.
- That is why our new solution is a reversal of the way we used to do things. We are creating fixed windows in which we can group and standardize the construction needed for maintenance and modernization. In this way, we will ensure timetable stability for transport companies and reliability for passengers.
- In addition, we will be able to increase the amount of construction work while also extending construction-free time, allowing us to greatly reduce short-term closures and restrictions to operations.
- In the second half of 2024, the new construction management concept will be implemented for maintenance. The concept will not be fully implemented for larger upgrade and modernization projects until the 2026/2027 timetable change, since this type of construction concept requires a substantial change in processes for both DB InfraGO AG and the train operating companies, meaning that regulatory requirements for the announcement of construction measures must be observed.

- The key point here is that we cannot settle for either modernizing the network or ensuring stable rail operations. We have to do both at the same time.
- As we mentioned, we will also continue and expedite the measures from our action plan for punctuality in the second half of the year.
- This is because the current poor operating quality is increasingly jeopardizing our ability to achieve climate and transport policy goals. This is true not only for passenger transport, but also for freight transport and the companies that depend on reliable and climate-friendly logistics.



- There is no question that we need a strong financial foundation to continue to invest and modernize. For transport policy goals to be reached, it is essential that Deutsche Bahn be financially successful.
- We will therefore be working full speed ahead in the coming years to continue to stabilize the Group's financial situation. In addition to our targeted investment policy, this includes organizing the company in a way that is better and more efficient overall.
- In view of the growing shortage of skilled workers, we are on the way to making the most of digitalization and automation to increase DB Group's productivity with the Strong Together program.
- What this means is that we will standardize, automate and digitalize much more, in part to allow us to use our employees more efficiently and to bring the greatest possible benefit to our customers. All of this is important for increasing our productivity. And especially in light of the shortage of skilled workers, it is crucial for our future viability.

- The good news in this context is that the transformation of our freight transport subsidiary DB Cargo is making progress, milestone by milestone. The goal is to have a competitive company. We are pleased that DB Cargo, together with its social partners, has succeeded in setting the course to create the internal conditions to make the company competitive.



Ladies and gentlemen,

- All the measures I have outlined are in pursuit of one goal: a new and better railway - for our customers, for our country and for our employees, who do their absolute best every day. Our three-pronged approach of modernizing the infrastructure, improving the quality of operations and stabilizing economic viability is the right way to ensure that we achieve better rail service for the long term.
- Next up on our agenda will be the general modernization of the Hamburg-Berlin and Emmerich-Oberhausen lines in 2025. Construction site by construction site, corridor by corridor, we are stopping the rail infrastructure from becoming obsolete and are reversing the trend.
- It is about more than DB Group. Because DB Group, as a provider of rail service, is part of everyday life for people in Germany. And right now, it's no longer working as many people rightly expect - indeed, as we ourselves expect.
- It is about getting life back on track for people and getting day-to-day business back on track for companies. It is about Germany's appeal as a business location and sustainable mobility for the people here.
- By ensuring better rail service, we are also contributing to a bright future for Germany and to the well-being of everyone.
- Germany needs a strong rail system.

- Thank you.