

Transcript



(Start: 11:00 am)

Nicole Mommsen: Members of the press, colleagues, welcome to Deutsche Bahn AG's annual results press conference for the 2023 fiscal year.

My name is Nicole Mommsen, and I'm the head of Communications and Marketing. On the stage here with me to my left are Richard Lutz, Chairman of the Management Board, Levin Holle, Management Board Member for Finance and Logistics, Sigrid Nikutta, Management Board Member for Freight Transport, Michael Peterson, Management Board Member for Long Distance Passenger Transport, and Daniela Gerd tom Markotten, Management Board Member for Digitalization and Technology. Welcome! On my right are Berthold Huber, Management Board Member for Infrastructure, Evelyn Palla, Management Board Member for Regional Transport, and Martin Seiler, Management Board Member for Human Resources and Legal Affairs. - Thank you very much!

We are particularly pleased that so many of you have joined us in person today and would of course also like to say hello to all those who are tuning in online.

Before we get started, a few organizational notes: Richard Lutz will begin with his statement on the company situation in 2023 and give an overview of the progress made in implementing

our Strong Rail strategy. Levin Holle will then provide details of the financial figures. Richard Lutz will then take over once again.

We then start the usual Q&A session with the entire Management Board team. For those of you here with us in person today, if you have a question, please raise your hand and say your name. For those of you tuning in to the livestream, you can type in your questions at any time, even already during the speech.

Following the annual results press conference, we will be serving a light lunch and would be delighted if you would stay for a while.

With that, I would like to give you the floor Richard.

Dr. Richard Lutz: Thank you very much. - Members of the press, Ladies and gentlemen, 2023 was a turning point for the German rail sector. 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 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, and more and more companies want to transport their goods by climate-friendly 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 an 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 tools we need for better quality, more stability and further growth in climate-friendly rail transport.

Our top priority is to overhaul our existing network and stations and the general overhaul of heavily used 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's public service infrastructure company. DB InfraGO will tackle the overhaul 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!

Ladies and gentlemen, the trend is continuing: demand increased again last year. In our long-distance transport, volume sold in 2023 surpassed the levels seen prior to the Covid pandemic and current crises. 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 service was 64% last year, which is far below the standard we set for ourselves as well as the - not unreasonable - expectations of our passengers. 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 also 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. That's why we began spending high levels of our own funds in 2023 even as a pre-financing of 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 expansions 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 in this regard. We added an average of three new ICEs to our active fleet each month.

The 137th ICE 4 train, the final one, just joined. The day before yesterday in Berlin, we celebrated the on-time completion of this monumental project, which, by the way, was the largest procurement project in DB's history. 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 functions 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 the year. An additional maintenance shed is currently under construction there. And we also continued to invest in other maintenance depots, for example by putting EUR 55 million just 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 established absolute greenhouse gas budgets for our business units in the Integrated Rail System.

In addition to making traction power greener, we are stepping up our efforts in alternative drive systems and fuels across the whole 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 an der Saale.

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 DB in 2023.

We made this progress despite a 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 of course we are aware that this approach is only possible to a limited extent and not in the long term.

Levin Holle will now share the details of our financial performance in 2023. -Levin.

Dr. Levin Holle: Thank you very much, 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. As usual, the rest of the process is confidential, and we will only carry out the sale if it is financially advantageous for Deutsche Bahn.

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.

Dr. Richard Lutz: 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 - as indicated here - 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 has shown its clear commitment to single wagon transport here by providing funding for operating costs for the entire industry. 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, even while carrying out construction. 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. For example, we are increasing trains availability 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 these and the multitude of other measures we have instituted to help us to reach an 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 Regio, 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 levels 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 largely positive feedback we received from passengers during the closure. The general modernization of the Riedbahn line 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 will 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 modernisation. 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. And there is no question that we will only succeed in making rail service better if we are confident not only that our plan is the right one, but also that we will succeed. Germany needs 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. And the rail system is one of these works in progress.

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, for its people and for its economy.

That's why we're making a special effort this year: as the host of the 2024 European Cup, 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, and our employees are as diverse as the people who ride on our trains and visit our stations. That is why diversity, openness, respect and tolerance are the cornerstones of our culture as a company - both within the DB Group and in our interactions outside the DB Group, and why we see a united, free and democratic Europe as the foundation for doing business. Germany is an important transit country for passenger and freight traffic. We cannot allow nationalism to fragment Europe. This is why "Germany needs a strong sail" 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. And courage and optimism are what those implementing the Riedbahn project also bring to the table. That's why we would like to show you something before we come to your questions. Railroads are more than ballast and steel. The most important part of the railroad is the people who work there. Our documentary series "Bahnsinn Riedbahn" (That crazy Riedbahn dream) shows exactly that: the people behind the project tell their story. But have a look for yourself. Roll tape!

(Video)

Thank you.

Nicole Mommsen: Many thanks from me as well. You will soon be hearing more about the "Bahnsinn Riedbahn".

Q&A

And now I would like to hand the floor over to you for questions. A quick reminder: If you are here in person, please raise your hand and state your name and your organization. If you are following the livestream, you can ask your questions in the question space any time.

Let's start here with the journalist from the *Augsburger Allgemeine*.

Christian Grimm (Augsburger Allgemeine Zeitung): Good morning, everyone. Christian Grimm from the *Augsburger Allgemeine*. I have two questions.

The first is for CEO Lutz. It is about punctuality. You promised that punctuality would improve. How will that be possible if the major overhaul doesn't start until the summer, when work on the Riedbahn begins? That is my first question.

And my second question, not surprisingly, is for Mr. Seiler. Mr. Seiler, what is the status of the dispute with Mr. Weselsky and the German Train Drivers' Union, GDL? Can we expect you to reach an agreement this week?

Dr. Richard Lutz: I'll start with the issue of punctuality because I think this is something that all of us are concerned about. We are not meeting the expectations that our customers rightly have of us, and we are of course also falling short of our own standards.

I mentioned that there is a high degree of correlation between the punctuality and reliability not only of long-distance service, but also of the entire system on the one hand, and customer satisfaction and customers' willingness to continue using the system on the other hand. We are happy and grateful that our passengers have been patient with us and have remained loyal, and I would like to thank them for that. In the past two years, we have experienced on-time rates and unreliability that really asked a lot of our passengers and of our colleagues who work on trains and in operations.

That is why we are aiming to achieve both: to build because there is no alternative in the long term - knowing full well that construction itself is part of the problem but that in the long term, it is the only solution and there is no other option - and, at the same time, to organize construction so that we minimize disruptions to and impacts on operations. This, in turn, will minimize the impact on reliability. It is going to be tough. We will fight our way up to the 70% mark from below. We saw this just in the first few weeks; you have the on-time rates that we report on a monthly basis.

I believe that keeping our standards high is the right thing to do, instead of setting a low bar and saying that we are only aiming for what we think we might be able to achieve. There is no question that we need radical changes. This is also the reason for our action plan for punctuality. We are rethinking many things and what we might be able to do differently than before. Our customers deserve it.

By the time construction on the Riedbahn is complete, on-time rates and reliability there will be fundamentally different. We expect the line to be some 80% less susceptible to disruptions

than it is now. This general overhaul in particular will allow us to restore and stabilize the system step by step and from the inside out.

That is the standard we are setting, and we will remain disciplined and determined to reach it together with the German government. Especially now - given the budget crisis and the requirement that the government not take on additional debt - we are infinitely grateful that these measures have finally been funded and that we are no longer driving the infrastructure into the ground.

Nicole Mommsen: Mr. Arnold from the dpa.

Martin Seiler: I wanted to address Mr. Grimm's second question, if I may.

Nicole Mommsen: Go ahead.

Martin Seiler: Mr. Grimm, you asked about the status of the collective bargaining negotiations with the GDL.

What I can say today is that we are definitely making progress. But we are still negotiating. We have also agreed that we would not share any preliminary arrangements so that we do not make it more difficult for us to reach an agreement in the final stages. But we are working hard to find a solution. And we hope that we will get there in the coming days. We will of course communicate this without delay.

I think it is important to note that we will not see any announcements of strikes or strikes themselves during these negotiations.

Nicole Mommsen: And now Mr. Arnold from the dpa.

Matthias Arnold (dpa): Thanks. You mentioned the high level of investment over the next few years. EUR 30 billion has been secured so far, but that still leaves a gap of around EUR 15 billion to be filled by 2027. What impact will this gap have on the general overhaul projects you would like to do after 2025 and on the new-build and upgrade projects in the rail requirements plan?

And a second question: Despite the current situation, you again recorded a significant increase in passenger numbers. How much would passenger numbers have grown if you had achieved

the on-time rate of around 70% you had originally set as a target for 2023? What impact does this have on demand? Thank you.

Nicole Mommsen: Richard, would you like to start?

Dr. Richard Lutz: Yes, sure. So, telling you the demand we could have generated if we had been better, more reliable or more punctual would be speculation. We do know one thing: we had already reduced our services to some extent compared to earlier plans because we knew we had to use infrastructure capacity for construction. There is no way around overhauling and modernizing the infrastructure. This means that we used more capacity for construction than for train traffic and therefore for growth. But all the figures show that there are no limitations whatsoever on the demand side. People want to take the train, and companies want to shift their cargo to climate-friendly rail. If we do not find a long-term, permanent infrastructure-side solution to the capacity, stability and quality problem in the infrastructure – some 80% of delays come from the infrastructure itself because it is too old, too prone to failure and too congested, resulting in bottlenecks, more congestion and delays – then we will fall short in the long term when it comes to growth. That is why there is no alternative to the general overhaul. The good news is indeed, as you mentioned, that the general overhaul is important not only to us, but also to the German government and the industry, and it is a high priority. It will also be fully funded for the next few years.

And you are right. Although we have more money for the infrastructure than ever before, there are still funding gaps, at least in part. There aren't any gaps in the immediate future. I think it is important to make sure that this message gets across. At the end of the day, of course, as an infrastructure company, we can only design and build what is funded. We and the German government, the German transport ministry have agreed that we want to continue working on this comprehensive infrastructure overhaul and modernization program, the largest of its kind, and that we also want to close these funding gaps. But what is important is that, at least for now, we actually plan everything that is planned and build everything that needs to be built, and, in particular, systematically implement the priority of "maintenance before new builds and upgrades." The existing network has to come before completely new projects from the rail requirements plan. And then we have to follow through. After all, our current problem is not that we have new-build lines that are not yet in operation. Our problem is that the quality and availability of the existing network limit us in terms of growth and the modal shift, and above all in terms of quality and stability.

Nicole Mommsen: Thank you. Corinna Budras from the *Frankfurter Allgemeine Zeitung*.

Corinna Budras (FAZ): Thank you. I was wondering if you could go into a little more detail about the investments made while waiting on funding from the German government. When will the funding from the government be available? And why hasn't it been made available yet? Does it have to do with the difficult budget negotiations? Is it related to the German Federal Railway Infrastructure Development Act? And how much of an issue is it for you that the bill is now apparently going through another round in the Mediation Committee?

Nicole Mommsen: Levin Holle.

Dr. Levin Holle: Sure. We had intense discussions about this with the German government, our shareholder, at the beginning of last year. We clearly demonstrated what the infrastructure needed. And then we had to decide: Do we wait a whole year for the necessary legal and financial foundations to be laid in the federal budget or do we get started right away? We then decided together with the government that it would be wrong to wait and let another whole year go by before beginning the urgently needed repairs. That is why, in consultation with the German government, we made advance payments in 2023 - over EUR 1 billion in operating expenses, plus over EUR 1 billion in capital expenditure. This money is now earmarked in the 2024 federal budget for settlement. In other words, our upfront payments will be offset by the German government over the course of the year. We are still waiting on certain legal requirements, in particular the German Federal Railway Infrastructure Development Act that you mentioned. The relevant version has already been passed by the Bundestag, and from our side of things, it would be good for it to be made law as quickly as possible.

Nicole Mommsen: Let me take an online question. We have three similar questions about the Stuttgart 21 project, which we will have Berthold Huber answer. I will read one as an example.

What specifically will it look like for Stuttgart 21 to open in phases? Which parts of the project will open at the end of 2025? And which parts won't open until later? What digital technology is still missing?

From Thomas Wüpper, from the *Stuttgarter Zeitung* editorial office.

Berthold Huber: I would be happy to answer that question. We discussed Stuttgart 21 with the Supervisory Board yesterday, as we always do. We are still aiming to open Stuttgart 21 at

the end of 2025. We will be discussing what that will look like – what Mr. Wüpper refers to as opening in phases – with the project partners, so primarily with the city of Stuttgart and the state of Baden-Württemberg. These discussions will begin tomorrow. We will, of course, provide information as soon as a decision has been made. But please understand that will first speak with the project partners, make a decision together and then communicate the specifics.

Nicole Mommsen: Here in front, on the left.

Michael Cordes (DVZ): Michael Cordes from *Deutsche Verkehrs-Zeitung*. My questions are about DB Cargo. I don't know whether they should be addressed to Richard Lutz as the Chair of the Supervisory Board of DB Cargo, or to Ms. Nikutta.

First, the European Commission has opened investigations into Germany regarding potential violations of state aid rules in its support for DB Cargo. As far as I am aware, the Commission has now held talks with DB. Can you prevent DB Cargo from being split up? If so, when does DB Cargo have to be in the black by to avoid being split up? And how many jobs will be cut as a result?

And second, if I may, I would like to ask Mr. Holle about the process of selling DB Schenker. You mentioned that briefly. I would be interested in knowing how many parties have expressed interest. And what are the next steps; when is the sale expected to be completed? Thank you.

Nicole Mommsen: Thank you. Let's have Sigrid Nikutta answer the question about DB Cargo.

Dr. Sigrid Evelyn Nikutta: Yes, gladly, Mr. Cordes. You are absolutely correct. There is an investigation into the Federal Republic of Germany. This means that we are working very, very closely with the German government. Talks are taking place with the Commission, the German government and ourselves. The terms you mentioned are not being used, but the point is, and rightly so: how will you demonstrate to us that DB Cargo – after being in the red and facing challenging developments for decades, and when it is still in the red – is on a path that will enable it to compete and be profitable? There is no set requirement as such, but it is a discussion process that is of course framed a certain way.

There is a framework. One of the aspects of the framework is what Richard Lutz mentioned in his speech: How will the Federal Republic of Germany deal with single wagonload transport? Historically, single wagonload transport has been the biggest loss-maker by far at DB Cargo. There is also very little competition here. We've now made good progress on this with the aid

for operating costs for the entire industry – not for DB Cargo alone, for the entire industry. This is a crucial piece.

Another crucial piece, which Richard Lutz also had a slide in his presentation about, is the transformation of DB Cargo. Because it is of course important for DB Cargo to do its own homework to increase its competitive strength. This is something we are discussing. You can follow the discussion process since part of it is public at this point.

I think it is very important to emphasize that this transformation will mean change – change towards more responsibility, even at smaller units at DB Cargo. It will also mean that we will become leaner. We need to become leaner and faster, especially in administrative processes. We are all in agreement about that at the company. DB Cargo will need fewer employees in the future. But all of them will find a job within our company, DB AG. We have a Group-wide employment pool. That is the goal.

Michael Cordes (DVZ): A quick follow-up: Could you say when you would like to be in the black by?

Dr. Sigrid Evelyn Nikutta: That also depends on many aspects of the framework, including the funding scenario, for example reductions in track access charges for rail freight operators and the like. Of course, it will also depend on how quickly the internal transformation helps us achieve results. We will agree on a pathway for this with the Commission, but the pathway hasn't been finalized yet. We have assumed a pathway for budgeting purposes for DB AG, but as I said, it will depend on many factors.

Nicole Mommsen: And then we had the question about Schenker.

Dr. Levin Holle: Mr. Cordes, to your questions about Schenker: Because we are wholly owned by the German government, we cannot simply sell on the open market. We have to hold an organized, non-discriminatory bidding process that follows the rules of EU state aid law. We've started that process. We had very widespread interest in the first phase – we heard from over 20 interested parties. The process from here on out will take place in phases. Because ultimately we can only sell to one bidder. And of course we want to sell to the highest bidder. The bidders have received financial information about Schenker and can now use this information to submit their first non-binding offers in the next few days. Then we will take a look and significantly narrow the field. Then comes the next phase, as is customary in these processes: due diligence. That is when the bidders will speak with Schenker's Management

Board, see the audited subgroup financial statements, and receive the due diligence reports. The bidders will then submit binding offers in the subsequent phases, which we will then use to decide who to sell to and how. But, as I have always said, we will only sell if there is a clear financial benefit for DB.

Since you asked about the timeline: the transaction will not be completed this year. That would be very unlikely because we would have to meet a number of external conditions between the time when we sign a purchase agreement, which would happen this year, and when we complete the transaction. We would need approval from the authorities, and so on. It's just like Arriva. The timeline is rather long, in other words. That is why it won't be possible to close this year.

Nicole Mommsen: Thank you. Next, we have Mr. Schwietering from the *Tagesspiegel*.

Caspar Schwietering (Tagesspiegel): Thanks for taking questions. I have some questions about personnel, both for Mr. Seiler and Ms. Nikutta.

To Mr. Seiler first: You've just gone through what I'd call two more tough rounds of collective bargaining, and I've heard that there are always conflicts between GDL and EVG members in the works councils. How will you restore industrial peace?

And my second question to you: It sounds like working hours will be reduced after all. You had presented the prospect of a 36 hour work week to the GDL. Perhaps you could speak about the demand for train drivers that will arise in the coming years. How many additional people will you need?

And to Ms. Nikutta: You've talked about turning DB Cargo around. There is also an intense conflict with the EVG in particular, who says you want to outsource everything to subsidiaries. How do you intend to resolve this?

Martin Seiler: Mr. Schwietering, let's start with the first part. Industrial peace will come when we have a collective bargaining agreement. At that point, we will have a duty to maintain industrial peace.

By implementing the German Act on Collective Agreement Unity, as is required by law, we have agreed that the collective bargaining agreement that applies in any given part of the company will always be the one with the trade union that represents the majority of employees at that part of the company. We systematically implement this at our company, and we will

again this time around. So according to the Act, we will have achieved industrial peace once we have a collective bargaining agreement. However, as you know since you have covered us for a very long time, we of course have a competition situation. We have two competing trade unions at the company. It goes without saying that the two trade unions debate with each other.

As far as the issue of the collective bargaining agreement and outcome is concerned, I mentioned earlier – and I stand by this – that we will not provide any progress reports, either on working time issues or on other topics. You know that what matters now is for us to come to an agreement. Any communication about preliminary arrangements or progress could make this more difficult. We do not want that. This is also something we agreed on with the GDL. We are focused on reaching an outcome, and once we have one, we can comment on this issue if there are any implications. But I don't want to get ahead of myself. You'll need to be patient for a few days. We are doing everything we can to reach a conclusion in the next few days. And if we succeed, we will of course announce that promptly.

Caspar Schwietering (Tagesspiegel): Just very briefly, so this wage dispute won't leave any scars?

Martin Seiler: Mr. Schwietering, we shouldn't speculate about consequences before we even have an outcome. But at the end of the day, it's about finding a compromise, as in all collective bargaining negotiations. And if both sides ultimately sign, then they will also stand by the outcome.

Nicole Mommsen: Back to Sigrid Nikutta.

Dr. Sigrid Evelyn Nikutta: Yes, you're well versed in these issues, Mr. Schwietering. The good news is that the works councils and the Central Works Council of DB Cargo agree with us that we must establish our competitive strength quickly and that we of course have to work together if we are to make this happen. The fundamental issue that we are currently discussing is that there are companies within DB AG that are already operating very successfully in certain segments. Our idea is for these successful companies to do more, offer more service, because they can then essentially scale up, which is of course much easier in terms of speed than doing things the other way around. This is what is currently being discussed. The companies that are successful within Cargo have different historical backgrounds. They weren't originally rail companies as such. They were from metals and coal, for example, in the case of Ruhrkohle Bahn und Hafen – RBH is one of our companies – or developed out of the chemicals industry

in the case of Mitteldeutsche Eisenbahngesellschaft. There are other trade unions that lead collective bargaining negotiations. But of course, when I mention these two industries, you can already see that they have a background of very, very good collective bargaining agreements. These discussions are currently taking place at company level, and with a certain degree of directness. But I am absolutely optimistic that we will find a pathway we can agree on. Because if we can agree on the goal, we will also agree on how to get there.

Nicole Mommsen: I still have questions here in the room, but I'll go back briefly to Mr. Wüpper, who has another question:

There is a EUR 17 billion shortfall in infrastructure investments. When will the public find out which projects are at risk or will be postponed?

This is a question for Berthold Huber.

Berthold Huber: Richard Lutz and Levin Holle addressed this. What is very important is that the additional EUR 27.5 billion will allow us to do everything we need to do in the next few years to ensure that we make progress with overhauling the existing network and that we prevent the network from ageing further. That is the most important thing for customers. We will also be able to use the funding for small and mid-sized measures. These always seem so unimpressive in comparison, but the aim is to implement measures that improve both capacity and quality. Let's take something like signaled crossovers, signaled running on the opposite track, increasing the number of signal blocks, and so on. The funding for all of this is in place – that's the key here. We also discussed this again yesterday with the Supervisory Board, and Richard Lutz said: "We are continuing to build everything that needs to be built and plan everything that is currently planned." We got EUR 17 billion less than we were hoping for, but that doesn't mean it's gone forever, as Richard also said: we are continuing to work with the German government to close the gap. If, at some point, we have to prioritize, then we will – just as we've always done with requirements plan projects over the last 20 years. Nothing has changed there. We would then sit down with the German government and would have to prioritize accordingly, especially on the timeline. But we would only do that if we had to. We are currently continuing to build and plan everything in the pipeline.

Nicole Mommsen: Thank you. We'll go back to the room to Mr. Tartler.

Jens Tartler (Tagesspiegel Background): Jens Tartler, *Tagesspiegel Background*. - I have a question, either for Mr. Lutz or for Ms. Nikutta: There are businesses who transport goods by

rail - which is a positive thing - who are complaining that they now have to use indirect routes due to the corridor renovations. In some cases, they are now stuck with considerable additional costs. What do you say to these businesses and trade associations?

Nicole Mommsen: I would suggest Berthold Huber.

Berthold Huber: I would be happy to say a few words about this, and Sigrid Nikutta can then add to that from the perspective of the freight operating companies. We are acutely aware of the challenges involved here. We speak regularly with freight operating companies and the associations that represent them. I am also in regular contact with them myself. We have found solutions for many of these diversionary routes, and we are also in the process of solving the ones where there are still difficulties - and there are some of those, especially a corridor in Bavaria that is still causing relatively major diversions at the moment. We are finding solutions both on the operational side and when it comes to the financial aspects. So I am very, very confident that we will solve the problem. We still have a relatively long time to deal with the corridors that are further in the future and to develop solutions for them together with the freight operating companies.

The alternative would be not to do the general overhaul, not to renovate the corridors in this way. That would be detrimental to freight operators and all the other rail companies - - I can perhaps say this from my own experience, since I also managed rail transport operators for a long time: The much greater disruption would come if we were to drop the corridor renovations and fail to quickly clear the renovation backlog in this way. The impact on freight operators in terms of short-notice changes to timetables and routing would be much harder to manage than what we have now with the corridor renovation and the ability to plan longer term.

Dr. Sigrid Evelyn Nikutta: I can speak to this from the perspective of the whole of the rail freight sector. Of course, as Berthold Huber said, this is a really challenging situation. However, all rail freight operators also understand that this renovation is necessary, because nothing is worse than short-notice disruption and short-notice engineering works. We expressly welcome this very intensive dialogue that is now taking place for every single corridor, and we are analyzing which customers use each corridor and discussing with DB InfraGO as an industry: What could the diversions look like? What could time slots look like? What is needed? This long-term perspective is extremely valuable, because if we have plenty of time, we will also be able to solve these challenges together. What we are seeing is a new level of dialogue. It is a challenge, but if we tackle it together in this concerted way, we will get there.

Nicole Mommsen: Thank you. - Next we have Mr. Reiber from *DER SPIEGEL*.

Serafin Reiber (DER SPIEGEL): Hello! Thank you very much. I have a question for Ms. Nikutta: If I understand your slides correctly, the loss for 2023 is not shown. First question: Can you tell us what DB Cargo's losses were in 2023? Second question: Given the collective bargaining agreements, when do you expect your company to be profitable? If you do expect it to be profitable.

My third question, to Mr. Huber, is when you will talk to the Danish government about how to proceed with the connection to and from the Fehmarn Belt tunnel, assuming you still want to stick to that - not the project, I mean, but the plan to talk to the Danes. Thank you very much.

Nicole Mommsen: Sigrid Nikutta.

Dr. Sigrid Evelyn Nikutta: Yes, I'm happy to answer. The detailed figures, including for the individual business units, are included in the corresponding documents. Here you can see that for DB Cargo in 2023 we are reporting an EBIT of minus 497 million, which is 168 million better than in the previous year. So, as you can see, there is progress. Incidentally, the majority of these losses - around three quarters - come from the single wagonload transport I was talking about earlier. There are certainly parts of the business that are very profitable. Single wagonload transport is not profitable, and there is a lot that needs to be done in combined transport. That is why this is the very first part of DB Cargo's transformation program that is now being tackled. Mr. Schwietering's question also related to this, because this of course is where things are most tangible. We are taking a very systematic approach and working through the topics one after the other so that we can expect significantly improved figures in 2024, i.e. this year.

Serafin Reiber (DER SPIEGEL): When do you plan to be profitable? That was the question.

Dr. Sigrid Evelyn Nikutta: Exactly. I will come to that. I hadn't finished my answer. As I said to Mr. Cordes, we are in the process of having this discussion with Brussels, with the EU competition authorities. On top of that, it depends on a number of factors that also relate to track access charges and the like, so I would like to echo what Levin Holle said: the discussion process is ongoing. And, to follow what Martin Seiler said: of course we will deal with the issue of collective bargaining agreements in our planning. So those are the overall factors on which it will depend.

Nicole Mommsen: Let's move on to the Fehmarn Belt fixed link.

Berthold Huber: I'm not talking to the Danish government at the moment because there's a treaty involved – governments talk to governments. At infrastructure level, i.e. between infrastructure companies, we are in constant discussion with the Danes.

Nicole Mommsen: We still have questions here in the room. But I will go online again first. A question from Hagen Strauss of the *Rheinische Post* has been waiting for some time:

Mr. Lutz, there has recently been a critical debate about the bonuses for DB board members. What do you make of that? How justified do you think bonuses are given the current situation at DB? - Thank you.

Dr. Richard Lutz: I don't want to evade the question, but as you know, the Supervisory Board of DB AG is responsible for the remuneration, at least of this Management Board sitting here. The impression sometimes put out there that we are stuffing our pockets with money at the end of the year is simply 100% wrong. That is not an accurate picture.

In terms of semantics, I would also strongly advocate that we do not talk about "bonuses." Our contracts, like over 20,000 other contracts, including for employees and board members, contain not just fixed but variable remuneration. These variable components rightly have a clear logic behind them: What targets are agreed? What target figures need to be achieved to receive 100% of the variable component? And if the actual results are above or below these, the contracts provide for certain target achievement levels that result in payment entitlements. The Supervisory Board – I can say this at least for DB AG but actually for all the others too – complies with the contractual agreements and with the law.

A side note: If you look at the annual report, in the Integrated Report that you have before you, and go far enough into the compensation report, you will see that the Management Board sitting here has not received any variable remuneration for the 2023 fiscal year because of the ban under the German Electricity Price Brake Act.

We also received no variable remuneration in 2020 or 2021. That had something to do with the pandemic. And that is all fine. Nobody is going to complain about that.

In 2022 – which I assume is what we are talking about here since we did not receive variable remuneration in any other year – the agreed and very broadly diversified targets, the targets that are important to us, which we are also discussing here – not just operating profit, but

punctuality, customer satisfaction, many sustainability-related issues, and of course also growth targets and much more – did result in payouts for that year where the target achievement levels were met. And the Supervisory Board took the decision to make those payments. It did that last year. In that respect, 2022 is over now, at least when it comes to the discussion about variable remuneration for the members sitting here and for me personally. I would very much like the public debate to focus on more important issues, namely how we can get rail transport back in good shape for growth, for the modal shift, and for stability and quality in the interests of our customers, both in passenger and freight transport.

Nicole Mommsen: Thank you. - I have a second question from online viewers, it concerns the BahnCard 100:

Will the BahnCard 100 be made available as a subscription again? In Austria, there is a subscription version of the KlimaTicket; this would enable more people to travel in a climate-friendly way.

That is from Paul Rost, a freelance journalist, to Michael Peterson.

Michael Peterson: I'm very happy to answer. Thank you very much. - Two years ago, in March 2022, there was a change in consumer law. This was a change that was all about "fair consumer contracts." There was criticism of contracts with automatic renewal. This affects our season tickets, the monthly subscriptions and also the BahnCard 100. We have fully implemented this new court ruling for both products and abolished the subscription for these two products. That means you can purchase a new one each year. But there will be no auto-renewing subscription at the moment due to these legal regulations.

Nicole Mommsen: Thank you. - We will return to questions from this room. We still have Mr. Mulke. - Mr. Mulke, your question please.

Wolfgang Mulke (Die Korrespondenten): The question has just been answered.

Nicole Mommsen: Then I have Mr. Schlautmann from *Handelsblatt* next on the list.

Christoph Schlautmann (Handelsblatt): Thank you very much. - Another brief question on the subject of DB Cargo. I saw that freight volumes shrank considerably in 2023. The mileage is also considerably down. Is there a figure on what percentage of goods in Germany are still

transported by rail? - You are not the only provider, but perhaps there are figures available already.

The next question is: There is a target of transporting 25% of all goods by 2030. Is this still achievable, given the current downward trend?

Nicole Mommsen: Sigrid Nikutta.

Dr. Sigrid Evelyn Nikutta: The goal of a 25% modal share, i.e. transporting 25% of goods by rail, is anchored in the coalition agreement of this government and the previous government. That is and will remain the aim.

Mr. Schlautmann, of course you are right: DB Cargo is not the only player; there is very lively competition here. Nevertheless, we are seeing a slight decline in volumes, mainly due to economic factors. DB Cargo is also disproportionately affected by this, because it traditionally operates a lot of services for energy-intensive industries, such as steel and chemicals, and our transport volumes fluctuate with the production volumes in these sectors. But if you look at the long-term history, this is a development that has occurred time and again, so it is something that we are very familiar with. Based on the current figures, we expect that rail's share of the modal split will continue to hover around 19%.

Nicole Mommsen: Thank you very much. - Next I have Mr. Kamann from *DIE WELT*.

Dr. Matthias Kamann (DIE WELT): It has sort of been answered; I was going to ask about that too. But let me ask you, Ms. Nikutta, about how DB Cargo's revenues have nevertheless increased. As far I can see here, the freight rates don't seem to be too bad if you have higher revenues with lower volumes. Could you break that down a bit more?

Dr. Sigrid Evelyn Nikutta: What I always like to say at this point is: DB Cargo is not obliged to run loss-making transports.

Nicole Mommsen: Thank you. - Let's go to Mr. Roeser from the *dpa*.

Matthias Roeser (VerkehrsRundschau): Not from the *dpa* but for *VerkehrsRundschau*; Matthias Roeser.

A question for Ms. Nikutta: Last year, you lost between 11% and 13% in terms of performance – operating kilometers, train-path kilometers, metric ton kilometers. Despite this, the number of employees rose by 1.7%. How does that fit with the aim of slimming down?

Nicole Mommsen: Once again to Ms. Nikutta.

Dr. Sigrid Evelyn Nikutta: Thank you very much for the question, Mr. Roeser. - Firstly: Of course, you describe exactly what the challenge is.

Secondly, the headcount of 31,359, which you can also find here, is the international figure. As you know, DB Cargo's main market is of course Germany, but 60% of our freight trains cross at least one border. That means this is a very international market.

I have already mentioned that DB Cargo's subsidiaries are also developing very differently, both economically and in terms of their market volume. Here you can see the summary: we have companies that are very, very successful economically and are expanding, while the companies that are not so successful on the market are currently going through the transformation process.

Nicole Mommsen: Thank you. - I'll go online again. We have another question about the income statement from Monika Dunkel, *Capital*:

Your operating loss corresponds approximately to the advance payments not made by the federal government. I don't understand why the loss is not bigger, considering that DB Cargo alone is losing EUR 0.5 billion, the strikes cost EUR 200 million, and you also mention information costs. Could you please explain that?

I'll pass the question on to Levin Holle.

Dr. Levin Holle: I'm happy to answer. The figure you cite is what I presented, the operating loss of the entire Group. You are right that this figure is around EUR -1 billion. This is made up of the results of all the subsidiaries. The loss in infrastructure in isolation is even higher. DB Cargo has also posted a considerable loss.

The strike costs are included in the results of the subsidiaries, depending to what extent each subsidiary is affected. But fortunately, not all our companies are making losses; some are also profitable. There are profits both in the rail business and at Schenker in particular. Schenker

alone made an operating profit of EUR 1.1 billion, which brings us to a total operating loss for the Group of around EUR 1 billion.

Nicole Mommsen: Thank you again for the explanation.

We have a second question online from Ms. Torebko, which has not yet been answered, on the subject of stations of the future:

How many stations of the future does Deutsche Bahn plan to build by 2030?

This one is for Berthold Huber.

Berthold Huber: By 2030 - as we have set out in our long-term planning - we want to build 1,800 stations of the future. Of course, this also depends on how infrastructure grants from the federal government develop in the future; there is no question about that. But perhaps just to clarify: this year alone, we will create at least 100 stations of the future. So we are continuing at full pace.

Nicole Mommsen: Thank you very much. - Then I'll take another look here in the room. - There are still questions. Good. - Second row.

Julius G. Fiedler (DVV Media Group): Julius Fiedler from *Deutscher Verkehrsverlag, DVV*. - I have a question for Ms. Palla about the bus division. We do a lot of market overviews, and DB Regio Straße has recently been on the upswing again in the tendering business. Given the current situation with staff shortages etc., is it possible to properly cost these transports or are you looking at anticipated losses? Will you subcontract services? If you could say something briefly about that.

One more question for Mr. Huber. You said that the issue of the new upgrade would be discussed when it's required. I would be interested - if you can take us a little further into your thoughts: You have to run a commercial enterprise effectively. On the one hand, you provide design services etc. for some things that then never get built. But on the other hand, you don't want to miss out by not designing something that might get built. If you could give us an idea of your thinking and how you prevent a stop-start situation. - Thank you.

Nicole Mommsen: Let's start with Ms. Palla.

Evelyn Palla: Yes, I'll go first. - There is something very positive to report from the bus division: We are on a very, very good turnaround course and the operating result in the past fiscal year was also significantly better than in the previous one. That shows that the restructuring plan we have worked so hard on is having an impact. There are different levers, which I have already discussed with some of you. Of course, the focus is on restructuring the portfolio of contracts, especially the acquisition of new commercial contracts. And very importantly, it is also always about cost efficiency, about lean cost structures and efficient and effective organization. That is positive.

You asked about the skills shortage. - The skills shortage is an issue that has clearly reached the bus-driving profession. That is why we are taking new approaches to recruiting drivers. We have now started recruiting abroad, too. We don't just recruit in Germany. That is working well. As things stand today, we are able to fully operate all the transports that we have a contract for. I am very confident that we are on a good path forward at the moment.

You also asked about subcontractors. Of course, we also subcontract services from time to time. But that is nothing unusual. It is not specifically due to the skills shortage but simply an inherent part of the business model. We examine what is the best solution for us with every contract we fulfill.

Berthold Huber: Thank you. A very good question. There is a relatively standardized procedure to prevent this as far as possible. As you know, construction is divided into different service phases. That means there is usually a point after the concept design phase (HOAI phase 2), i.e. before you get into the concrete design process, where you look at whether you should continue or not. With the federal government, we often meet after concept design (HOAI phase 2) before continuing, and then again after the building permit design phase (HOAI phase 4) before we start building. As I said earlier, we keep planning everything that is currently at the design and planning stage - we always keep going at least until the end of the service phase, because that is a reasonable point at which you can take another look and say: Are we going to continue or not? As I said, we've been doing it this way for 20 years. That's the way we have done it for as long as I have been in rail, because we don't want to stop work during a service phase. That would not be cost-effective at all. You wouldn't do that.

Nicole Mommsen: Then we have another question in the third row.

Andreas Heitker (Börsen-Zeitung): Thank you. Andreas Heitker from *Börsen-Zeitung*. I have two more questions for Mr. Holle, two brief follow-up questions.

Firstly, to go back to Schenker: you mentioned that the closing was not planned this year, nor was a closing this year possible. But if I look back at the sales process as you have just described it, it looks like a purchase agreement will be signed in the next few months - I'm guessing second quarter, third quarter. Perhaps you could tell us more about this.

And Schenker aside, how do you intend to reverse this sharp rise in financial debt? What do you expect to happen with that this year? Perhaps you could give us a short/medium-term forecast. Thank you.

Nicole Mommsen: Levin Holle.

Dr. Levin Holle: I'm happy to do that, Mr. Heitker. So, when exactly we will have a purchase agreement simply depends on how many bidders we have in the next phase, how quickly it goes, how many questions they have, and so forth. I would be surprised if we had it before June 30. I think it's more likely to be in the second half of the year; it just depends on how the bidding process goes. If things turn out to be clear cut and go quickly, then it will be sooner; otherwise it will take longer. My experience with these processes is that it is never possible to predict exactly how quickly it will happen. That's all I wanted to say with regard to the schedule.

The issue of debt is a key one for us. You are quite right to bring it up. That is why our Supervisory Board has always been very clear in its criteria for assessing the sale of Schenker: if Schenker is sold, the revenues from the sale will remain at DB and a large portion will be used to reduce debt. After all, once Schenker is sold, it will stop contributing earnings to the Group.

Our goal for this year is to keep debt at roughly the same level as at the beginning of the year. We are now moving towards a fundamentally different financing model; this was also brought up in Ms. Budras's question. We're going to see a reimbursement of the advance payments that we made last year, and a significant increase in federal funding resources, so we want to keep net financial debt at roughly the same level this year - if everything turns out as we have currently assumed in our planning.

Nicole Mommsen: Thank you. I have another online question from Joachim Horvath from *Österreichische Verkehrszeitung*:

Does DB Cargo have plans to establish a rail freight company in Austria?

Dr. Sigrid Evelyn Nikutta: Thank you for the question. DB Cargo does in fact do business in Austria. Establishing a subsidiary there is not an end in itself, but our aim is always to do business in the countries where we can.

Nicole Mommsen: Thank you. I'll take another look around the room. Yes, front row.

Christian Grimm (Augsburger Allgemeine Zeitung): I have another question for Mr. Seiler. I don't have the exact figures, but you or Mr. Lutz said that DB added 20,000 or 30,000 employees last year. I would be interested to know what the net change was. So, how many people left Deutsche Bahn because they retired, were dismissed, or switched to other companies?

Nicole Mommsen: Martin.

Martin Seiler: Thank you, Mr. Grimm. This is a very important issue for us, because we are growing overall. And that's important to remember, because we want to (and have to) offset demographic change, but we also have to cover the staffing needs arising from our planned growth. We had a net increase of 10,000 employees last year. We hired a total of around 28,000 new employees. This shows you how many employees left the company. That gives you the net change. The majority of those who leave the company do so because they reach retirement age and want to enjoy their well-deserved retirement. This 10,000 is the overall net increase.

We will have to continue this trend. This year, we are planning to once again increase the number of vocational traineeships at DB, to 6,000. That will mean an increase of 25% in the number of vocational traineeships over the past five years. This is urgently needed, because the number of employees retiring will continue at roughly the same level until around 2027. These are the baby boomers who are retiring. These numbers won't start leveling off until 2028. This means that our efforts to continue hiring and recruiting, both from the labor market and through vocational training, remain a high priority for us.

Nicole Mommsen: I have Mr. Arnold from *dpa* again.

Matthias Arnold (dpa): Thank you. Once again, a more specific question about the longstanding dispute that you have with other sales platforms. I think it's for Mr. Peterson. It's about commissions, but also about sharing operational data. You were reprimanded by the German Federal Cartel Office, and the Düsseldorf Higher Regional Court recently ruled in favor of your competitors and the Cartel Office. Perhaps you can briefly tell us where you stand on this and what the implications are for you. Thank you.

Dr. Michael Peterson: Last year, the Federal Cartel Office initiated proceedings regarding sales platforms which mainly involved three points. These were the online advertising ban on certain terms, the provision of real-time data and the ability of third parties to sell tickets. We had already reached an agreement with the Federal Cartel Office on all three points last summer, and we believe that the agreement could have been implemented. This would also have made sense in terms of market security for consumers and partner companies. The Cartel Office then added a fourth aspect, a minimum commission rule. We did not agree to this because we considered it to be unlawful. We filed an emergency appeal for the decision not to be implemented. The Düsseldorf Higher Regional Court ruled in our favor on March 8 and suspended implementation of the commission rule. It also said in its opinion that there was actually no legal basis for such a rule and that it assumed that this would be confirmed in the main proceedings at the next appellate court.

We therefore view our position as confirmed, because the three points of agreement that we implemented last summer – including the provision of real-time data since June of last year – are all in place. The only rule that we disputed, and where we have now received confirmation from the courts, was the one on commissions. We are very pleased that we now have legal clarity on this, even if the proceedings were time-consuming and labor-intensive.

Nicole Mommsen: Then I'll take another look around the room. I don't see any further questions at the moment.

We do have one more question online. We will provide the answer later; we have to research the current status. It's about the construction of the S21 S-Bahn line here in Berlin. We will provide the answer later.

Now I'll take another look here around the room. Looks like there are no further questions at the moment. As I mentioned, you are welcome to stay for lunch, and my colleagues here will also be there. As always, these conversations will be off the record. I would be delighted if you could join us for a light lunch.

On behalf of the Management Board, I would like to thank you for attending the 2024 annual results press conference and wish you all a pleasant day. Thank you.

(End: 12:28 pm)