



Press Release

Infrastructure condition, strikes and severe weather put pressure on half-year results

DB Group reports adjusted EBIT in the first half of 2024 of EUR -677 million • High capital expenditures • Germany-Ticket drives demand in regional transport • DB Schenker remains very profitable • DB Group expects to achieve an operating profit for the year as a whole

(Berlin, July 25, 2024) The structural weaknesses of Germany's rail network and the challenging operational situation, due in part to strikes and severe weather, had a negative impact on the economic performance of Deutsche Bahn Group (DB Group) in the first half of 2024. To ensure that urgently needed infrastructure measures could begin quickly, DB Group also made significant pre-financings of additional maintenance expenses for the Government, as it did in the first half of 2023.

DB Group closed the first half of 2024 with an operating loss (adjusted EBIT) of EUR 677 million – a decline of more than EUR 950 million compared to the first half of 2023. The net loss after taxes was EUR 1.2 billion (compared with a loss of EUR 71 million in the first half of 2023). DB Schenker, DB Group's highly profitable logistics subsidiary, again made considerable positive contributions to the overall result, but could only partially offset the losses in DB Group's core business. DB Group reported an operating loss from its core business, the Integrated Rail System (mainly comprising the mobility, rail freight and rail infrastructure business), of EUR 1.2 billion in the first half of 2024 (compared with a loss of EUR 339 million in the first half of 2023). Group revenues fell slightly, by 3%, to EUR 22.3 billion.

DB Group once again increased its capital expenditures in the rail network and in better rail services in the first half of 2024 thanks to a major increase in Government funding. In doing so, it continued to systematically implement its expansion strategy for Strong Rail in Germany. Net capital expenditures (including Government equity support) increased by about 35% compared with the first half of 2023 to EUR 4 billion. Gross capital expenditures totaled EUR 7.3 billion, an increase of 18%. Despite the loss in the first half of 2024, DB Group is standing by its target to improve its EBIT in the Integrated Rail System by about EUR 2 billion in 2024 as a whole compared with the previous year, essentially confirming its forecast from March 2024. The new Government support for infrastructure maintenance expenses, which the Government plans to implement in the second half of 2024, will contribute to this, among other things. This includes reimbursements for maintenance expenses pre-financed in 2023 and 2024 by DB Group. At the same time, DB Group is continuing its measures to reduce costs and improve efficiency, especially in administration.

More powerful rail services start with the rail network, says DB CEO Lutz

"Unprecedented extreme weather events have stretched the rail infrastructure, which was already in need of a modernization, beyond its limits, and worsened the

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operational and financial situation in passenger and freight transport. On top of that, there were strikes and accidents, such as the one that happened at the Raueberg Tunnel," said DB CEO Dr. Richard Lutz. "In long distance transport, the extreme weather burdened punctuality by seven percentage points in the first half of 2024 and also dampened demand. Despite these challenges, we want to return to generating an operating profit in 2024 as a whole. Therefore, in addition to modernizing the infrastructure, we have also introduced short-term measures to stabilize the operational and economic situation," Lutz said.

Through its action plan for punctuality, DB Group is focusing on the punctuality of train run starts at especially congested nodes, for example. To improve the economic situation in the short term, DB Group has implemented a strict spending monitoring and control program in the Integrated Rail System. So far, DB Group has saved some EUR 110 million in material expenses. In addition, it has introduced medium and long-term measures to increase profitability in all areas of the Integrated Rail System.

The failure-prone infrastructure, high level of construction and lower punctuality (62.7% in long distance service, compared with 68.7% in the first half of 2023) had a major impact on the performance, revenues and profits of DB Group's train operating companies in the first six months of 2024. Train kilometers on track infrastructure fell slightly, by 1.8% on the same period last year, to 548 million train-path kilometers in the first six months of 2024.

DB Long-Distance recorded the strongest month of revenues in its history

64.2 million passengers took DB Group's long distance trains in the first half of 2024 – about 6% fewer than in the first six months of the previous year. Volume sold in long distance transport fell by 3.6% in the same period to about 20.9 billion passenger kilometers, due to the strikes and also to weather-related restrictions in the rail network.

In the first half of the year, DB Group's long-distance trains generated EUR 2.8 billion in revenues, about EUR 68 million less than in the same period last year. After the first months of the year, which were impacted by strikes, passengers recently returned to trains in large numbers, making June 2024 the strongest month in the history of Germany's long distance business unit in terms of revenues. DB Long-Distance closed the first half of 2024 with an operating loss (adjusted EBIT) of EUR 232 million (compared with a loss of EUR 62 million in the first half of 2023).

DB Regional continued to see significant positive effects from the Germany-Ticket in the first half of 2024: 855 million passengers took DB Group's local and regional trains in the first half of 2024 – an increase of about 6% compared with the first six months of 2023. They also traveled considerably longer distances, resulting in rail volume sold at DB Regional rising by more than 17% to 19.5 billion passenger kilometers. DB Regional's revenues increased by EUR 283 million to about EUR 5.0 billion. Its adjusted EBIT represented again a slight operating loss of EUR 66 million (first half of 2023: EUR -37 million).

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DB Cargo, DB Group's rail freight business unit, which is undergoing a comprehensive transformation, transported about 93 million tons of freight in the first half of 2024, about 10.2% less than in the first six months of 2023. Volume sold fell by 7.6%, in part because of decreased production in energy-intensive industries and lower transport demand due to economic conditions. At EUR 2.8 billion, DB Cargo's revenues were down by EUR 106 million. The effects of the strikes and decreased subsidies for track access and service facility charges also had a negative impact. Adjusted EBIT decreased compared to the first six months of 2023, by EUR 66 million to an operating loss of EUR 261 million. The new industry-wide support for single wagon transport introduced by the Federal Government will take effect in the second half of 2024.

All businesses must become profitable again, says DB CFO Holle

DB Group's logistics subsidiary, DB Schenker, continued to perform very well in the first half of 2024 despite the further normalization of freight rates in air and ocean freight. With an operating profit (adjusted EBIT) of EUR 520 million, DB Schenker continued to perform more than twice as well as before the Covid-19 pandemic. "Thanks to a successful efficiency program, DB Schenker has good opportunities to leverage additional profit potential in the future too," said DB CFO Dr. Levin Holle.

DB Group is also pressing ahead with structural changes in its core business in order to work more efficiently through more standardization, automation and digitalization. "All business units in the Integrated Rail System must become profitable again. To do this, we need to significantly improve our cost efficiency," said Holle. He put the financial burdens due to strikes in the first half of 2024 at about EUR 300 million.

DB Group is sharpening its focus on its core business. It completed the sale of DB Arriva in May 2024 as planned. As a result, DB Group's debt has fallen by more than EUR 1 billion.

The implementation of the significant expansion of support for rail as decided by the Government has begun in June, with DB Group receiving roughly EUR 3 billion, the first tranche of the equity injection planned for 2024. This has stabilized DB Group's indebtedness. DB Group's net financial debt as of June 30, 2024, was about EUR 1 billion lower than at the end of the previous year.

Outlook

DB Group will make every effort in the second half of 2024 to successfully complete the general modernization of the Riedbahn line between Frankfurt am Main and Mannheim, which is already under way. This project is the first in DB Group's plans to transform Germany's highly congested network into a high-performance network. The modernization of the Riedbahn will reduce disruptions caused by infrastructure problems by up to 80%.

DB Group will also plan future construction sites differently from now on, and not only major sites on main corridors. Construction will be grouped in scheduled

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windows and the construction volume will be increased. This will create more construction-free times and improve reliability for transport companies and passengers.

DB Group is largely sticking to its full-year outlook from March, with only minor downward revisions. It expects capital expenditures in a powerful infrastructure, which are already at a very high level, to continue to rise in 2024, with gross capital expenditures for the year as a whole at about EUR 21 billion and net capital expenditures, including the Federal Government's equity contributions, at about EUR 11 billion.

DB Group lowered its forecast for revenues slightly, matching the previous year's level at about EUR 45 billion. DB Group aims to generate an operating profit (adjusted EBIT) of about EUR 1 billion for the year as a whole.

All forecasts will depend on factors such as the development of the operational situation and the further inflow of expected Government funding.

Note for the media

Photos will be posted to Deutsche Bahn's media library: mediathek.deutschebahn.com. All the H1 2024 figures are available online at www.db.de/zb as part of DB's interim integrated report.

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