



# Press Release

## Record capital expenditures to return DB to profitability • Pandemic-related losses extremely high in 2020

**Pandemic causes sharp drop in passenger numbers, revenues and profits • DB CEO Richard Lutz: "Demand for train travel and freight transport will return – we are a vaccine for climate change" • DB expects to return to profitable business in 2022**

(Berlin, March 25, 2021) DB saw losses in the billions last year but has initiated a systematic response to return to profitability with record capital expenditures. The Covid-19 pandemic hit DB as it did so many companies in 2020, causing revenues and profits to fall sharply. DB closed out the year with an operating loss of EUR 2.9 billion. The company expects business to improve in 2021 but is still likely to see heavy losses this year before operating profits return in 2022.

"I am confident that people will start taking our trains again and transporting more freight by rail than ever before," said DB CEO Dr. Richard Lutz. "We are an eco-friendly option – a vaccine for climate change."

DB posted profits (adjusted EBIT of EUR 1.8 billion) and record passenger numbers in 2019, and 2020 also got off to a good start. When the pandemic hit, however, millions of people stopped traveling and cargo volumes fell. DB's long-distance business alone accounted for EUR 1.7 billion of DB's EUR 2.9 billion in total adjusted operating loss before interest and taxes in 2020. DB also had to account for EUR 1.8 billion in extraordinary items, including in particular an impairment loss at its subsidiary DB Arriva announced in the first half of 2020. Total after-tax loss (which also includes net interest and financial result) amounted to EUR 5.7 billion. DB Group revenues fell 10.2% year on year to EUR 39.9 billion.

### Strong Rail strategy effective, says CEO Lutz

Rail is a climate-friendly option, and despite the pandemic, DB and the German government have remained committed to the long-term program they instituted to upgrade rail in Germany. In 2020, they increased capital expenditures in the rail system once again. Gross capital expenditures rose 10% last year to a new record of EUR 14.4 billion. Net capital expenditures rose 4.3% year on year to EUR 5.9 billion. And capital expenditures are set to increase again in 2021. The funds are slated first and foremost for use in upgrading rail infrastructure but will also be invested in new trains and ICE maintenance depots.

DB CEO Lutz stressed that expanding, upgrading and digitalizing the rail system on a broad scale was the right path to take. "This strategy is making rail noticeably better," said Lutz. "Despite Covid-19, we have made progress. Our Strong Rail strategy works." Customer satisfaction at DB Long Distance reached an all-time high in 2020. And DB also raised its punctuality: 81.8% of the long-distance trains were

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on time last year, an increase of about six percentage points. This increase was due to better operating quality and less traffic on the rail network.

The pandemic caused key performance indicators to fall at nearly all DB's business units in 2020. A total of 1.5 billion passengers took DB trains in Europe in 2020, roughly 42% fewer than in 2019. DB Long-Distance, which had seen years of record passenger numbers prior to 2020, had roughly 81 million passengers, a decrease of some 46%. DB Regional saw a decrease of some 38%. Volume sold fell roughly 47% year on year in 2020 to approximately 52 billion passenger kilometers.

DB Arriva, DB's local transport operator in Europe, was hit especially hard by Covid-19 in the first half of the year and has felt the effects ever since. It does business in countries such as the UK and Italy, where the toll from the pandemic was particularly high.

DB Cargo, DB's rail freight subsidiary, adopted a strategy for growth in 2020 and will implement this strategy in the coming years. It saw higher cargo volumes for groceries and the like, but lower volumes in key industries such as automotive, steel and ore. Total freight carried fell more than 8% year on year.

## **Climate-friendly mobility business still set to grow, says CFO Holle**

DB Schenker, DB's international logistics subsidiary, bucked the trend and performed extremely well, ensuring stable supply chains for essential goods around the globe. Despite the pandemic, DB Schenker generated EUR 711 million in adjusted EBIT, higher than ever before in its history.

DB is responding to the pandemic with a program to cut spending and cover a large portion of its Covid-19 losses itself. This program generated savings of some EUR 1.7 billion in 2020 alone. "The DB Group aims to be profitable again from 2022 on," said CFO Dr. Levin Holle. "To this end, we need to implement an extensive, systematic program to respond to the financial effects of the pandemic. Our climate-friendly mobility business has a promising future and is still set to grow." However, DB will need some time to counter the impact of the pandemic, which is still ongoing. The company currently expects to remain in the red in 2021. At roughly EUR -2 billion, however, adjusted losses before interest and taxes will be much less than in 2020. Revenues are expected to increase to at least EUR 41 billion. Due to the ongoing pandemic, forecasts are still subject to a high level of uncertainty.

## **Note for the media**

**Photographic images are available on DB's Media Portal: [mediaportal.deutschebahn.com](https://mediaportal.deutschebahn.com). The complete 2020 balance sheet is available online as part of the Integrated Report at [www.db.de/ib](http://www.db.de/ib) (German version).**

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