

▶▶▶ Letter from the Management Board

Ladies and gentlemen,

2016 was a successful year for Deutsche Bahn, as witnessed by a new record number of passengers in long-distance transport, our **RAILWAY OF THE FUTURE** Zukunft
▶▶▶ Bahn quality program, which got off to a good start, the marked improvement in our net profit, and – last but not least – the rollout of new digital apps for our customers.

More and more people are placing their trust in us. In 2016, 139 million passengers traveled on our long-distance trains. This equates to a further increase of 7.1 million passengers,


or 5.4 percent, compared to 2015. This also constitutes a new, absolute record number of passengers on our ICE and IC/EC trains.



“139 million passengers constitutes a new, absolute record number of passengers on our ICE and IC/EC trains.”

Our **RAILWAY OF THE FUTURE** Zukunft
▶▶▶ Bahn quality program, which we launched in 2016, has produced improvements in the quality of the services and products offered to our customers. We are already starting to see positive changes in punctuality, passenger information services, and the cleanliness in trains and stations. Punctuality in particular has

improved in both long-distance and local transport, as well as in freight transport. For example, DB Long-Distance recorded an improvement of 4.5 percentage points in 2016, from 74.4 to 78.9 percent. This is the biggest increase witnessed within the space of one year since 2011. The improvements are all the more impressive when you consider that our infrastructure is currently undergoing the most extensive-ever modernization, and more construction projects than ever before are being implemented during ongoing operations.

“Railway of the Future has significantly improved the quality of the services and products offered to our customers.”

The Group restructuring, which commenced in 2015, marked the starting point of this upward trend. This reorganization was driven by **DB2020+** , our sustainable Group strategy, which we defined in further detail in 2016.

Never before have we focused so unwaveringly on the quality of our products and on assuring the future of Deutsche Bahn. We are gradually drawing closer to our three main objectives: **PROFITABLE QUALITY LEADER** , **TOP EMPLOYER**  and **ECO-PIONEER** .

“Our operating profit has increased considerably, to 1.9 billion euros year-on-year.”

Our efforts are paying off. Our operating profit in excess of 1.9 billion euros in the 2016 financial year constitutes a result that is both above the budget target and significantly – more than ten percent – higher by year-on-year comparison.

Looking ahead to 2017, the timetable change in December will mark both the rollout of the ICE 4, and the start of operations on the new ICE high-speed line between Berlin and Munich, which will herald a new era for rail passengers throughout Germany. Passengers

will travel even more comfortably in the future in the ICE 4 – the new flagship in our long-distance fleet. And an ICE Sprinter will carry passengers from Berlin to Munich in under four hours in the future – a speed that cannot be matched by anyone or anything else.

“Our ICE 4 and the new ICE high-speed line between Berlin and Munich will herald a new era for rail passengers throughout Germany.”

We also want to win over customers with attractive and affordable offers in local transport in the future. We can already announce some good news: DB Regional has won some important tenders at the end of 2016/beginning of 2017.

Our extensive restructuring program in rail freight transport is progressing. As a business, we are doing everything we can to make DB Cargo fit for the future. At the same time, we are striving to ensure a fair competitive environment.

We were able to generate further growth in our international businesses. At DB Arriva, the major projects – Northern Rail and London Overground in Great Britain and Limburg in the Netherlands – have got off to a good start and are being consistently further developed. In addition, DB Arriva is establishing a broad presence on the European mainland and leveraging its potential, particularly in the emerging markets in Eastern Europe.

DB Schenker will continue to put its Primus growth and efficiency program in place in 2017, with a new structure, leaner and faster processes, and integrated logistics solutions

for even closer proximity to its customers. These efforts are starting to bear fruit – year-on-year, DB Schenker improved both profits and margins in 2016.


Satisfied and motivated employees are the key to our sustainable business success and the satisfaction of our customers. The findings of our latest employee survey were gratifying, revealing that employee satisfaction is stable at a good level throughout the Group. In light of the enormous changes both within and outside DB Group, this is an impressive result. Looking ahead, our ambition remains one of continuous improvement – in the interests of both our employees and customers.

“Employee satisfaction is stable at a good level.”

En route to our target of becoming a top employer, the collective bargaining agreement concluded with EVG in 2016 marks a milestone for the Working Environment of the future. At the same time, our training initiative is progressing: on September 1, 2017, about 3,300 vocational trainees and 300 dual degree students will start working at DB Group. As such, we continue to be one of the biggest vocational trainers in Germany.

In 2016, we achieved an important milestone in our efforts to be an eco-pioneer: by the year end, we refitted half of our freight car fleet with quiet composite brake shoes. And we will continue to make every effort in pursuit of our challenging target of halving rail transport noise in Germany by 2020.

“All of the progress made as part of DB2020+ points in the same strategic direction of significantly enhancing our ability to compete and making the Group fit for the future.”

All of the progress made as part of **DB2020+**  points in the same strategic direction of significantly enhancing our ability to compete and making the Group fit for the future. We are firmly committed to the principles of the United Nations Global Compact and to the German Sustainability Code of the Federal Government, as evidenced, not least, by this Integrated Report. It provides a comprehensive review of the past financial year while also looking to the future.

So what can our customers look forward to in 2017? One thing is clear: further quality and product improvement.

Digitalization remains a key lever and driver of this development. Having rolled out free WiFi in both ICE classes on January 1, 2017, we will be launching our ICE portal in spring, which will, for example, feature movies and TV series for all customers.

Our operational processes are also becoming increasingly digitalized: the first fully automatic rolling stock is currently undergoing trials. Driverless shuttle buses are already out on the roads, and initial tests of self-driving truck platoons are currently in preparation.

“We are grasping the opportunities offered by digitalization with capital expenditures of about one billion euros planned throughout DB Group between now and 2018.”

We are grasping the opportunities offered by digitalization in all dimensions, with capital expenditures of about one billion euros planned throughout DB Group between now and 2018. At the same time, we have reserved about 100 million euros of venture capital until 2019 to specifically foster start-ups and new data-based business models.

In short: we are well positioned for our journey into the future. We are resolutely addressing the changes and are confident of success,

not least because our employees devote all their strength and passion to our Group and our customers, day in, day out.

Sincerely yours,
Management Board of Deutsche Bahn AG



Dr. Richard Lutz



Ronald Pofalla



Berthold Huber



Ulrich Weber