

DSB realises a profit before tax of DKK 240 million for first half

- Interim profit up DKK 315 million (adjusted for non-recurring items) on the first half of 2012
- Cash flows from operating activities of DKK 1,249 million were used for investments (DKK 475 million net) and to reduce the loan portfolio (DKK 774 million net)
- Gearing was reduced to 4.0 and the equity ratio rose from 20.0 percent to 23.5 percent
- Punctuality in compliance with contract and still satisfactory
- Customer growth in Denmark of 1.0 percent
- Reputation and customer satisfaction are still not satisfactory

"We are not yet there with the "Healthy DSB" programme, but the organisation has achieved important improvements in quite a few areas"

Peter Schütze, Chairman of the Board

Strategic key figures

	First half		Change	
	2013	2012	Abs.	Pct.
Financial				
Total income – DSB Group (DKK million)	6,094	6,071	23	-
Total expenses – DSB Group (DKK million)	4,678	5,009	-331	-7
Profit/loss before tax – DSB Group (DKK million)	240	-138	378	-
Productivity				
Number of train km per employee (Danish activities)	5,505	4,974	531	11
Passenger and transport contract revenue per train km – (Danish activities) (DKK/km)	159	151	8	5
Costs per train km – (Danish activities) (DKK/km)	142	146	-4	-3
Punctuality				
Punctuality – Long-distance and Regional Trains (%) (max. delay of 5.59 minutes)	94.0	95.0	-1.0	-1
Punctuality – S-tog (%) (max. delay of 2.29 minutes)	96.9	96.4	0.5	-
Punctuality – Øresund (%) (max. delay of 4.59 minutes)	91.5	90.8	0.7	1
Customers				
Total number of customers in Denmark (million customers)	91.2	90.3	0.9	1
Satisfaction with current journey (Long-distance and Regional Trains)	7.8	7.9	-0.1	-1
Satisfaction in general (Long-distance and Regional Trains)	7.2	7.0	0.2	3
Satisfaction with current journey (S-tog)	8.0	7.9	0.1	2
Satisfaction in general (S-tog)	7.6	7.3	0.3	4
Reputation				
Users of Long-distance and Regional Trains	47.0	51.9	-4.9	-9
Non-users of Long-distance and Regional Trains	39.4	40.0	-0.6	-2
Users of S-tog	54.3	59.2	-4.9	-8

The profit for the first half of 2013 shows a satisfactory development, and the effect of the efficiency enhancements is now reflected in the profit. However, the valuation of the Travel Card and the IC4 and IC2 Programme are still associated with uncertainty. DSB will reassess these assets in the second half of 2013.

Safety

In the wake of the Danish Minister of Transport's decision to implement driver-only operated trains on the Coastal Line from 15 December 2013, the general safety of driver-only operated trains was questioned. Safety is the very root of DSB's operations. At the same time, driver-only operation is an important part of the continued efficiency enhancements and development of the railway.

Whether driver-only operated trains are introduced a month or two earlier or later is not decisive. What is important is that the experience we already have with driver-only operated trains from various lines in Denmark is used without jeopardising the safety. Therefore, we have decided to have a third party assess

this issue so that we, together with external experts and the Danish Transport Authority, ensure that safety is not neglected.

*"Our customers must be able to take safety for granted – something we never do",
Jesper Lok, CEO*

Punctuality

A lot has been written about adding "extra time" in the timetables, even though "extra time" has generally not been added in the timetables since 2007. In 2007 it was done to ensure punctuality and much of this "extra time" has been removed since then. Consequently, the improved performance in terms of punctuality in 2012 and 2013 has not been achieved by adding "extra time" in the timetables.

Naturally, we make ongoing adjustments, but on the other hand we do not want to change the timetables too often as this tends to create more confusion than benefits. It is and will always be a balancing act and, as is also the case for bus and air transport, a certain amount of "extra time" will always be required in the timetables, i.a. because:

- It must be possible to accommodate track improvement and point work, maintenance, fault correction and infrastructure works
- The timetable must work in all kinds of weather
- The timetable must take into account the facts that many lines in Denmark are used by both slow and fast trains and that the capacity limit has been reached on several lines

It is not in the interest of neither Rail Net Denmark nor DSB to have more "extra time" in the timetables than just the right amount. Because "extra time" costs capacity as well as operating hours.

Rolling stock

On 31 May AnsaldoBreda announced that they expect to deliver a total of 82 of the 83 IC4 train sets and all 23 IC2 train sets before the cancellation right enters into force at the end of September (for IC4) and October (for IC2). This resulted in a final settlement of DKK 35 million for train set 83. DSB will also receive a refund of all prepayments on the train set. At the same time, the penalty regime for the remaining trains was reintroduced. At the end of July DSB had received delivery of 78 IC4 train sets and 18 IC2 train sets. Of these, operation simulations have been carried out with 66 IC4 train sets and 14 IC2 train sets, and 23 IC4 train sets and three IC2 train sets are in operation in the timetable. The timetables will not be extended until the conclusion on the final report of the Accident Investigation Board regarding the signal passing at danger in November 2011 at Marslev is available. Then we will know whether the trains will be subject to speed restrictions during leaf fall in the future.

We are looking into the need for and possibility of acquiring additional Øresund trains, but such an acquisition depends on the possibility of negotiating a reasonable price.

The work with assessing particle emissions from the locomotives is being carried out with particular focus on small particles that have previously not been subject to approval of maximum levels. This is something DSB takes very seriously. The ultimate solution is for the line to Kalundborg to be electrified as quickly as possible so that we no longer need the polluting diesel locomotives, but we are also looking into possible alternatives until then.

Organisation of public transport

During the past months we have been collaborating with Metroselskabet and Movia on finding solutions that can ensure everyday journeys for our customers that are more coherent. We have identified 13 specific areas. For the moment we propose to test them in Copenhagen, but to avoid new "interfaces" for our customers we have also attached great weight to ensuring that the solutions have a national logic. It is also of decisive importance to us that the collaboration does not bring additional players into public transport. We do not need more players. What we do need is solutions to often rather complicated problems. It is also important that we resist the "temptation" to bring more Travel Card-like companies into the world. In other words; the collaboration must be based on very clear principles insofar as responsibility and decisions are concerned.

Staffed points of sale

We get more customers, but the need for staffed points of sale is reduced as more and more customers use the self-service options. This means that the financial basis for shops, points of sale and customer centres is rapidly decreasing.

DSB want to give all our customers the best service possible, but also have to cut back on loss-making activities in order to be competitive and to avoid a situation where the loss-making activities result in higher ticket prices. Therefore, 14 shops, six points of sale and one customer centre will be closing during 2013, but during the autumn of 2013 DSB will be opening four service centres in the Greater Copenhagen Area and one in Aalborg. The continued increasing use of self-service channels must be expected to put the remaining 76 shops, 11 points of sale and two customer centres under financial pressure in the coming years as well. The shops have begun this transition.

The Internet

It is a general problem for train operators that the mobile coverage along the railway has many "not-spots", particularly outside the cities and towns. There are many ways of ensuring that the signal inside the train is as strong as the signal outside the train, but we cannot boost a signal that is not there to begin with or make a signal stronger than it is. DSB are working with several telecom companies to improve coverage and also to establish good WIFI connections. Unfortunately, the technological development and expansions in this area are not up to the constantly increasing need for coverage and bandwidth. Therefore, many train operators have so far had to give up to offer WIFI.

Station plan

We have 298 stations in Denmark, of which 112 are designated as worthy of preservation. We do not have many megacities in Denmark and consequently we do not have many stations with the number of passengers it takes to run and maintain stations profitably. It costs DSB an annual total of approx. DKK 145 million to maintain stations with a carrying amount of DKK 3 billion.

We are putting the finishing touches to a plan that aims to develop the stations that date back from a time before the car was invented. In the future we will need good parking facilities for cars and bicycles as well as possibilities of performing more everyday errands (pharmacy, citizens' service, health centre, parcel collection, dentist and the like). Attractive stations are important to an attractive railway. Therefore, it is important that funds are also allocated for this task in connection with the coming major investments in the railway.

Customers

Customer growth in Q2 was 1.7 percent and consequently 1.0 percent in the first half of 2013. The good development in public transport continues. Major infrastructure works lie ahead of us. We are doing our very best to ensure that our customers will feel this as little as possible.

And finally, we also want to thank the many DSB colleagues who have showed extensive flexibility and have made the improvements possible. Improvements which are entirely decisive to ensuring that DSB can become deserving of the new transport contracts.

Copenhagen, 23 August 2013

Peter Schütze
Chairman of the Board

Jesper Lok
CEO

The quarterly report is published in both a Danish and an English language version. In the event of any discrepancies the Danish language version shall prevail.

Financial highlights

DKK million – Group	First half		Growth		Full year 2012
	2013	2012	Abs.	Pct.	
Passenger revenues	2,499	2,316	183	8	4,773
Transport contracts	2,472	2,476	-4	-	4,956
Danish activities	1,967	1,819	148	8	3,737
International activities, incl. Øresund ¹	505	657	-152	-23	1,219
Sales from shops etc.	425	428	-3	-1	863
Repair and maintenance of rolling stock etc.	148	157	-9	-6	275
Leasing of rolling stock	112	115	-3	-3	233
Net turnover	5,656	5,492	164	3	11,100
Work performed by the enterprise and capitalised	232	288	-56	-19	508
Other operating income	206	291	-85	-29	512
Total revenue	6,094	6,071	23	-	12,120
Cost of raw materials and consumables	876	856	20	2	1,705
Other external expenses	1,702	1,667	35	2	3,449
Staff expenses	2,100	2,486	-386	-16	4,610
Hereof costs for retirements	100	183	-83	-45	325
Total expenses	4,678	5,009	-331	-7	9,764
Profit before depreciation, amortisation and write-downs (EBITDA)	1,416	1,062	354	33	2,356
Depreciation, amortisation and write-downs	913	890	23	3	1,701
Operating profit (EBIT)	503	172	331	-192	655
Net financials	-263	-310	-47	-15	-540
Profit/loss before tax	240	-138	378	274	115
Profit/loss for the period	184	-120	304	253	50
Balance sheet total	23,503	24,536	-1,033	-4	24,500
Total equity	5,521	4,899	622	13	5,050
Total cash flow from operating activities	1,249	748	501	67	1,443
Total cash flow from investing activities	-475	-746	271	36	-1,268
Total cash flow from financing activities	-755	-1	-754	-	-173
Investments in tangible assets	-399	-732	333	45	-1,341
Interest-bearing liabilities, net	11,312	12,212	-900	-7	12,029
Operating profit margin (EBITDA margin)*	25.0	19.3	5.7	30	21.2
Profit ratio (EBIT margin)*	8.9	3.1	5.8	187	5.9
Return on equity (ROE) p.a.*	7.0	-4.8	11.8	246	1.0
Return on invested capital after tax (ROIC after tax) p.a.*	4.5	1.3	3.2	246	2.6
Gearing p.a.*	4.0	5.7	-1.7	-30	5.1
Equity ratio*	23.5	20.0	3.5	18	20.6
Interest cover*	2.2	0.7	1.5	214	1.5
Average number of full-time employees	8,070	9,157	-1,087	-12	8,818
Number of full-time employees at 30 June	8,026	8,773	-747	-9	8,379
Number of passenger km in Denmark (million km)	3,110	3,080	30	1	6,236
Number of train journeys in Denmark (1,000 journeys) ²	91,226	90,285	941	1	182,004
Number of train journeys abroad (1,000 journeys) ³	4,636	14,048	-9,412	-67	25,213
Number of train km in Denmark (1,000 km)	29,697	29,112	585	2	57,437
Number of train km abroad (1,000 km)	4,801	9,135	-4,334	-47	16,493

¹ As opposed to the Danish activities, the international activities (including Øresund) are based on gross contracts, meaning that the transport authorities receive the passenger revenues and at the same time make a contractual payment under the transport contract to the train operator.

² Compared with what has previously been published, the number of train journeys in 2012 has been increased by 0.7 million journeys as a consequence of the final calculation of journeys etc.

³ Compared with what has previously been published, the number of train journeys in 2012 has been reduced by 1.0 million journeys as a consequence of the final calculation of journeys etc.

*Stated in accordance with the definitions of key figures included in DSB's Annual Report 2012.

Review



Financial review

Profit for the first half of 2013

DSB realised a profit before tax of DKK 240 million compared with a loss of DKK 138 million for the first half of 2012.

The positive development is a result of the efficiency enhancements carried out, which had a positive impact of DKK 155 million in the first half of 2013, in combination with an increase of DKK 183 million in passenger revenues. Financial expenses also contributed positively through a reduction of DKK 47 million, i.a. as a result of reduced liabilities.

Costs for retirements totalled DKK 100 million in the first half of 2013 compared with DKK 183 million in the first half of 2012. Costs for retirements are reduced with DKK 32 million compared with Q1 2013 as it was possible to relocate employees who were employed in functions now shed.

In combination with the reduced operation of the MR trains, the placing in service of IC4 and IC2 train sets entailed additional expenses of DKK 20 million net for operation of the trains plus DKK 45 million in higher depreciation compared with the first half of 2012. On the other hand, the contract payment from the Danish Ministry of Transport increased by DKK 84 million as a consequence of more IC4 and IC2 train sets being placed in service.

The profit for the first half of 2013 is not impacted by sale of properties or other significant items of a non-recurring nature.

Interest-bearing liabilities were reduced by DKK 900 million and totalled DKK 11,312 million (DKK 12,212 million) at 30 June 2013. The reduction is primarily a result of the positive financial results which made it possible to repay short-term loans.

The financial ratios have generally improved; gearing was 4.0 (5.7) and has consequently reached an acceptable level. Return on invested capital after tax was 4.5 (1.3) and the solvency ratio was 23.5 (20.0) at 30 June 2013. The increase is partly due to improved earnings and partly to the fact that equity was improved by unrealised value adjustments of hedging instruments. The adjustments only concern a timing difference between the measurement of the long-term loans and the hedging instruments.

DSB's balance sheet total stood at DKK 23,503 million at 30 June 2013, down DKK 1,033 million on DKK 24,536 million at 30 June 2012. This reduction is attributable to reduced assets, including sale of real property in the second half of 2012, and fewer new investments. Liabilities are impacted by lower non-current liabilities.

In the first half of 2013 DSB invested a total of DKK 494 million (DKK 783 million). In addition to a focused prioritisation, the development was affected by the agreement concluded with AnsaldoBreda in December 2012. Payments from AnsaldoBreda reduce the amount invested in IC4 and IC2 train sets. Also train inspections have been planned in such a way that fewer major overhauls were carried out in the first half of 2013.

Net turnover rose by DKK 164 million

Net turnover in the DSB Group totalled DKK 5,656 million for the first half of 2013 (DKK 5,492 million), corresponding to an increase of DKK 164 million. Passenger revenues totalled DKK 2,499 million (DKK 2,316 million), up 8 percent, made up as follows; higher average price (3.5 percent), increase in number of customers (1 percent), longer journeys (1 percent), change of ticket types (1 percent) and other matters (1.5 percent).

Revenue from transport contracts fell by DKK 4 million and totalled DKK 2,472 million for the first half of 2013 (DKK 2,476 million). The development was negatively impacted by the handing over of Roslagsbanan in Sweden at the beginning of 2013 and the traffic operated by DSB Väst AB in May 2012. These negative impacts are offset by increasing transport contract revenue as a consequence of the placing in service of more IC4 and IC2 train sets, compensation for changed VAT rules and additional expenses for double-decker coaches.

Other revenue

Work performed by the enterprise and capitalised totalled DKK 232 million in the first half of 2013 (DKK 288 million). The decline of DKK 56 million is primarily a consequence of the fact that the train inspections have been planned in such a way that fewer major overhauls were carried out in the first half of 2013.

The reduction of other operating income of DKK 85 million is primarily due to a number of items of a non-recurring nature in 2012.

Expenses

Expenses totalled DKK 4,678 million in the first half of 2013 (DKK 5,009 million).

Expenses for raw materials and consumables increased by DKK 20 million and totalled DKK 876 million for the first half of 2013 (DKK 856 million). The development is mainly affected by higher energy consumption.

Other external expenses were positively affected by a reversal of part of the provision regarding DSB Väst AB in the first half of 2012. Adjusted for this reversal, other external expenses fell by DKK 25 million due to stringent expense control, which was partly offset by expenses regarding the relocation to the new domicile in Høje-Taastrup and costs for replacement transport (buses) in connection with track improvement work.

Staff expenses fell by DKK 386 million in the first half of 2013 to DKK 2,100 million (DKK 2,486 million). This development is due to less costs for retirement arrangements, DKK 83 million, savings of DKK 139 million due to the handing over of Roslagsbanan and the traffic operated by DSB Väst. Also staff savings due to the ongoing efficiency enhancements and the outsourcing of IT operations contributed to the reduced staff expenses.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs increased by DKK 23 million and totalled DKK 913 million (DKK 890 million). The increase is due to increased depreciation and amortisation, primarily in connection with more IC4 train sets placed in service.

Net financials

In the first half of 2013 net financials represented an expense of DKK 263 million (DKK 310 million). Net financials are positively impacted by reduced interest expenses as a consequence of fewer loans combined with lower interest rates and improved results of operations in associated companies.

Outlook

Continued improvement of the profit before tax and non-recurring items is expected. Based on the profit for the first half of 2013, we are adjusting our expectations for 2013 upwards to DKK 600 million, compared with DKK 115 million the year before. However, the valuation of the Travel Card and the IC4 and IC2 Programme are still associated with uncertainty. DSB will reassess these assets in the second half of 2013, which might have a negative impact on the result for 2013.

Productivity

Table 1: Average number of full-time employees

	First half		Growth	
	2013	2012	Abs.	Pct.
Danish activities ¹	7,644	8,191	-547	-7
Swedish activities	235	790	-555	-70
Other countries	191	176	15	8
Average number of full-time employees	8,070	9,157	-1,087	-12
Number of full-time employees at 30 June	8,026	8,773	-747	-9

¹ Including Øresund.

The number of full-time employees was 8,026 at 30 June 2013, down 747 employees compared with 30 June 2012, including staff cuts of 470 employees in the Danish activities. The number of employees in the Swedish activities was reduced by 291 as a consequence of the handing over of Roslagsbanan. This development is marginally offset by an additional 14 employees in Germany.

On the Danish lines there was a positive development in the number of train kilometres per employee of 11 percent and in the number of train journeys per employee of 10 percent.

Table 2: Productivity in Danish train activities¹

	First half		Growth	
	2013	2012	Abs.	Pct.
Number of train km per employee	5,505	4,974	531	11
Number of train journeys per employee	16,909	15,425	1,484	10
Costs per train km	142	146	-4	-3

¹Number of employees in Long-distance and Regional Trains, S-tog and Øresund.

Costs per train kilometre fell by 3 percent to DKK 142.

Punctuality

Table 3: Punctuality and reliability

Percent	First half		Growth	
	2013	2012	Abs.	Pct.
Punctuality ¹				
Long-distance and Regional Trains	94.0	95.0	-1.0	-1
S-tog	96.9	96.4	0.5	-
Øresund	91.5	90.8	0.7	1
Reliability ²				
Long-distance and Regional Trains	99.1	99.1	-	-
S-tog	97.9	97.5	0.4	-
Øresund	99.2	99.6	-0.4	-

¹ Punctuality is defined as the relative number of trains that arrived at the platform in accordance with the requirements appearing from the agreement with the Danish Ministry of Transport of a maximum delay of 5.59 minutes for Long-distance and Regional Trains and 2.29 minutes for S-trains and a maximum delay of 4.59 minutes for Øresund.

² Reliability is defined as the number of planned departures that were operated.

Punctuality for S-tog and Øresund was further improved at 96.9 percent and 91.5 percent, respectively, but fell to 94.0 percent for Long-distance and Regional Trains, i.e. as a consequence of a longer period with frost compared with the first half of 2012, signal faults and faults on rolling stock. DSB continues to focus intensively on punctuality in collaboration with Rail Net Denmark.

Table 4: Responsibility for delays

Percent	First half		Growth	
	2013	2012	Abs.	Pct.
Long-distance and Regional Trains – delays				
DSB	35.6	33.5	2.1	6
Rail Net Denmark	44.3	42.8	1.5	4
Other operators	4.2	4.3	-0.1	-2
External conditions	15.9	19.4	-3.5	-18
S-tog – delays				
S-tog/DSB	28.6	29.7	-1.1	-4
Rail Net Denmark	50.9	48.1	2.8	6
External conditions	20.5	22.2	-1.7	-8
Øresund – delays				
DSB Øresund	8.0	9.0	-1.0	-11
Rail Net Denmark	45.0	42.0	3.0	7
Other operators	9.0	11.0	-2.0	-18
Shutdown - Sweden	25.0	28.0	-3.0	-11
External conditions	13.0	10.0	3.0	30

Customers

In the first half of 2013 customers made 91.2 million journeys with DSB in Denmark, compared with 90.3 million journeys in the same period in 2012.

The positive development in the number of customers is – in addition to the general traffic development – due to targeted campaigns.

Table 5: Number of customers ¹

1,000 customers	First half		Growth	
	2013	2012	Abs.	Pct.
Long-distance and Regional Trains	24,604	24,342	262	1
East (Zealand)	11,238	11,456	-218	-2
West (Jutland and Funen)	7,587	7,194	393	5
East/West (across the Great Belt)	4,012	3,907	105	3
Other	1,767	1,785	-18	-1
Øresund (Coastal line/ Kastrup Line)	12,464	12,246	218	2
S-tog	54,158	53,697	461	1
Total Denmark ¹	91,226	90,285	941	1
Total Sweden ²	2,534	11,988	-9,454	-79
Total Germany	2,102	2,060	42	2
Total number of customers	95,862	104,333	-8,471	-8

¹ As a consequence of a change in the method of calculation and of the final calculation of journeys for 2012, the number of train journeys in 2012 has, compared with previously published figures, been increased by 0.1 million journeys in S-tog, by 0.1 million journeys in Long-distance and Regional Trains and by 0.5 journeys in Øresund.

² As a consequence of the final calculation of journeys etc. for 2012, the number of train journeys in 2012 has, compared with previously published figures, been reduced by 1.0 million journeys.

In the first half of 2013 Øresund had 12.5 million customers, which was 2 percent more than in the first half of 2012.

DSB handed over the traffic operated by DSB Väst in May 2012 and Roslagsbanan at the beginning of 2013. This resulted in a substantial reduction of DSB's total number of customers.

In the first half of 2013 the total number of journeys across the Great Belt (train, airplane, car and bus) rose by approx. 124,000 journeys compared with the first half of 2012. Airplane traffic fell, while train and car traffic increased. Against this background DSB's market share

across the Great Belt increased by 0.6 percentage point to 27.4 percent in the first half of 2013.

Segments

Long-distance and Regional Trains

The operating profit was DKK 174 million in the first half of 2013, up DKK 217 million.

Positive impacts were provided by more customers and a higher average price. In addition, revenue from the transport contract concluded with the Danish state rose by DKK 178 million, i.a. as a consequence of more IC4 and IC2 train sets being placed in service¹, compensation for changed VAT rules and additional expenses for double-decker coaches.

Leasing of rolling stock totalled DKK 112 million (DKK 115 million). The activities cover leasing of Øresund train sets to the Danish Ministry of Transport, which in its capacity as transport authority makes them available to DSB Øresund for the operation of the Coastal Line and the Kastrup Line.

Total expenses were impacted by the positive results of the implemented efficiency enhancements and reduced costs for retirement arrangements. On the other hand, total expenses are negatively impacted by replacement transport (buses) in connection with track improvement work and the placing in service of more IC4 train sets, as the IC4 train set is an expensive train to operate.

Depreciation, amortisation and write-downs are negatively impacted by increased depreciation concerning IC4 train sets placed in service.

The total production was 19.2 million train kilometres in the first half of 2013, up 1 per cent on 2012.

¹ The delay of the IC4 train sets entailed reduced depreciation etc. compared with the assumptions on which the transport contract concluded with the Danish state was based. Consequently, the reduced depreciation etc. was offset by a reduction in the revenue from the transport contract received by DSB from the state. When an IC4 train set is placed in service, revenue from the transport contract is increased correspondingly.

Table 6: Long-distance and Regional Trains

DKK million	First half		Growth	
	2013	2012	Abs.	Pct.
Net turnover	3,376	3,078	298	10
Passenger revenues	1,813	1,686	127	8
Revenue from transport contract	1,390	1,212	178	15
Sales from shops etc.	18	18	-	-
Repair and maintenance of rolling stock etc.	43	47	-4	-9
Leasing of rolling stock	112	115	-3	-3
Other operating income and work performed by the enterprise and capitalised	494	482	12	2
Total revenue	3,870	3,560	310	9
Total expenses	3,108	3,077	31	1
Hereof costs for retirements	75	149	-74	-50
Profit before depreciation, amortisation and write-downs	762	483	279	58
Depreciation, amortisation and write-downs	588	526	62	12
Operating profit	174	-43	217	-
Operating profit margin	22.6	15.7	6.9	44
Number of train journeys (million journeys)	24.6	24.3	0.3	1
Passenger revenues per train km (DKK)	94	88	6	7
Revenue from transport contract per train km (DKK)	72	64	8	13
Costs per train km (DKK)	162	161	1	1
Number of train km (million km)	19.2	19.1	0.1	1

S-tog

The operating profit was DKK 298 million (DKK 228 million) in the first half of 2013, up DKK 70 million.

More customers and a general fare increase have resulted in an increase in passenger revenues of DKK 56 million. In addition, passenger revenues were positively affected by adjustments regarding previous years.

Revenue from the transport contract was impacted by the conditions regarding efficiency enhancements stipulated in the transport contract and which involve a reduction of the revenue over the term of the contract. In addition, the infrastructure charge is offset against the revenue from the transport contract in 2013.

Consequently, revenue from the transport contract concluded with the Danish state was reduced by DKK 30 million to DKK 577 million in the first half of 2013 (DKK 607 million).

Total expenses fell by DKK 28 million and totalled DKK 707 million (DKK 735 million). The development is primarily owing to efficiency enhancements and to the fact that the infrastructure charge is offset against revenue from the transport contract in 2013.

Depreciation, amortisation and write-downs fell by DKK 15 million and totalled DKK 302 million (DKK 317 million). The development is primarily attributable to fewer major overhauls compared with last year.

Table 7: S-tog

DKK million	First half		Growth	
	2013	2012	Abs.	Pct.
Net turnover	1,263	1,237	26	2
Passenger revenues	686	630	56	9
Revenue from transport contract	577	607	-30	-5
Other operating income and work performed by the enterprise and capitalised	44	43	1	2
Total revenue	1,307	1,280	27	2
Total expenses	707	735	-28	-4
Hereof costs for retirements	-	10	-10	-
Profit before depreciation, amortisation and write-downs	600	545	55	10
Depreciation, amortisation and write-downs	302	317	-15	-5
Operating profit	298	228	70	31
Operating profit margin	47.5	44.1	3.4	8
Number of train journeys (million journeys)	54.2	53.7	0.5	1
Passenger revenues per train km (DKK)	86	81	5	6
Revenue from transport contract per train km (DKK)	72	78	-6	-8
Costs per train km (DKK)	88	94	-6	-6
Number of train km (million km)	8.0	7.8	0.2	3

Total production was 8 million train kilometres, up 3 percent on 2012. This is primarily due to the extension of the timetable on Ringbanen and less track improvement work and fewer cancellations compared with 2012.

Øresund

DSB Øresund A/S operates the Danish part of the Øresund traffic on the Coastal Line and the Kastrup Line. In the first half of 2013 the company experienced an increase of DKK 30 million, providing a profit before tax of DKK 22 million.

The Øresund contract is a gross contract, meaning that passenger revenues are received by the Danish Ministry of Transport. Revenue from the transport contract rose by DKK 9 million to DKK 264 million in the first half of 2013 (DKK 255 million). The development is affected by the final settlement and bonus regarding previous periods.

The trains in the Danish as well as the Swedish part of the Øresund traffic are included in a pool. DSB Øresund is, with Vedligehold as a subcontractor, in charge of the maintenance of all train sets in the pool. Sales of repair work and maintenance of rolling stock fell by DKK 13 million to DKK 138 million (DKK 151 million) in the first half of 2013.

Table 8: Øresund

DKK million	First half		Growth	
	2013	2012	Abs.	Pct.
Net turnover	402	406	-4	-1
Revenue from transport contract	264	255	9	4
Sales of repair and maintenance of rolling stock etc.	138	151	-13	-9
Other operating income and work performed by the enterprise and capitalised	14	13	1	8
Total revenue	416	419	-3	-1
Total expenses	394	427	-33	-8
Profit/loss before depreciation, amortisation and write-downs	22	-8	30	-
Depreciation, amortisation and write-downs	-	-	-	-
Operating profit/loss	22	-8	30	-
Operating profit margin	5.5	-2.0	7.5	-

Vedligehold

The operating loss was DKK 2 million in the first half of 2013, compared with a profit of DKK 58 million in the first half of 2012. The development is primarily attributable to fewer maintenance tasks (train inspections).

Table 9: Vedligehold

DKK million	First half		Growth	
	2013	2012	Abs.	Pct.
Net turnover: Sales of repair and maintenance of rolling stock etc.	776	832	-56	-7
Other operating income and work performed by the enterprise and capitalised	77	66	11	17
Total revenue	853	898	-45	-5
Total expenses	832	818	14	2
Hereof costs for retirements	25	24	1	4
Profit before depreciation, amortisation and write-downs	21	80	-59	-74
Depreciation, amortisation and write-downs	23	22	1	5
Operating profit/loss	-2	58	-60	-103
Operating profit margin	2.7	9.6	-6.9	-72

Kort & Godt

The operating profit fell by DKK 5 million and totalled DKK 16 million for the first half of 2013. Sales from shops etc. fell by 1 percent and totalled DKK 489 million in the first half of 2013 (DKK 494 million).

The shops are an area that is constantly facing new challenges, i.a. as a consequence of the new Danish Shops Act and the transition to more electronic tickets as well as the Travel Card.

Table 10: Kort & Godt

DKK million	First half		Growth	
	2013	2012	Abs.	Pct.
Net turnover: Sales from shops etc.	489	494	-5	-1
Other operating income and work performed by the enterprise and capitalised	17	17	-	-
Total revenue	506	511	-5	-1
Total expenses	488	488	-	-
Profit before depreciation, amortisation and write-downs	18	23	-5	-22
Depreciation, amortisation and write-downs	2	2	-	-
Operating profit/loss	16	21	-5	-24
Operating profit margin	3.7	4.7	-1.0	-21

Sweden

At 30 June 2013 DSB Sverige consisted of the following operations: Krösatåget in the Jönköping area (DSB Småland) and Upptåget outside Stockholm. The traffic operated by DSB Väst AB was handed over to SJ on 1 May 2012. Operations on Roslagsbanan in Stockholm were handed over to Arriva on 7 January 2013.

The handing over of the traffic in DSB Väst in 2012 and Roslagsbanan at the beginning of 2013 affects the development in revenue from transport contracts, which fell by DKK 164 million compared with the first half of 2012. On the other hand, expenses were reduced by DKK 234 million.

The operating profit totalled DKK 6 million for the first half of 2013 (a loss of DKK 37 million), up DKK 43 million on the first half of 2012.

DSB retains a provision of DKK 10 million regarding DSB Sverige relating to DSB Småland.

Table 11: Sweden

DKK million	First half		Growth	
	2013	2012	Abs.	Pct.
Net turnover: Revenue from transport contracts	135	299	-164	-55
Other operating income and work performed by the enterprise and capitalised	5	33	-28	-85
Total revenue	140	332	-192	-58
Total expenses	134	368	-234	-64
Profit before depreciation, amortisation and write-downs	6	-36	42	117
Depreciation, amortisation and write-downs	-	1	-1	-
Operating profit/loss	6	-37	43	116
Operating profit margin	4.4	-12.0	16.4	137

Germany

In the first half of 2013 DSB Tyskland realised a turnover of DKK 112 million and an operating profit of DKK 1 million.

Table 12: Germany

DKK million	First half		Growth	
	2013	2012	Abs.	Pct.
Net turnover: Revenue from transport contracts	106	103	3	3
Other operating income and work performed by the enterprise and capitalised	6	2	4	200
Total revenue	112	105	7	7
Total expenses	108	101	7	7
Profit before depreciation, amortisation and write-downs	4	4	-	-
Depreciation, amortisation and write-downs	3	3	-	-
Operating profit/loss	1	1	-	-
Operating profit margin	3.8	3.9	-0.1	-3

Accounting policies

The Interim Report of the Independent Public Corporation DSB was prepared in accordance with the provisions of the Danish Financial Statements Act for Class D companies and the Danish DSB Act.

The accounting policies are the same as applied in the Annual Report for 2012.

Other matters

CFO Jacob Kjær has decided to resign from his position after two years with DSB.

On 15 August Stig Pastwa took up the position of CFO. Together with Jesper Lok, Stig Pastwa makes up the Executive Board in DSB. At the same time, Thomas Thellersen Børner joined DSB. Thomas Thellersen Børner takes over the responsibility for Law/Contract/Framework Conditions from Jacob Kjær.

In the years 2012 to 2015 DSB will be undergoing a major transition. This transition i.a. involves substantial efficiency enhancements through the "Healthy DSB" programme. The Corporation's Board of Directors finds it essential that DSB's CEO has a clear incentive to stay in his position until the transition has been completed, and also a clear incentive to focus on the very substantial tasks to be solved in a period which will bring challenges on many dimensions for DSB. With this in mind, a retention bonus corresponding to one year's salary has been agreed to potentially be paid in 2015. This requires that DSB fulfils the economic objectives under the "Healthy DSB" programme before the end of 2014. In this connection, the CEO has renounced salary increases for 2013 and 2014, and it has been agreed that the CEO's notice period is extended from six to 12 months.

Events after 30 June 2013

No events have occurred after 30 June 2013 which in the opinion of the management have a significant impact on the assessment of this interim report.

Management statement

The Board of Directors and the Executive Board have today discussed and approved the Interim Report for the period 1 January 2013 – 30 June 2013.

The Interim report, which has neither been audited nor reviewed by the Corporation's auditors, is presented in accordance with the Danish Financial Statements Act and the Danish DSB Act. We consider the accounting policies applied to be appropriate. Accordingly, the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2013 and of the results of the Group's operations and cash flows for the period 1 January 2013 – 30 June 2013.

It is also our view that the Interim Report contains a well-founded assessment of the developments in the Group's activities and financial conditions, the profit for the period and the Group's financial position in general and a description of the most important risks and uncertainty factors to which the Group is subject.

Copenhagen, 23 August 2013

Executive Board

Jesper Lok
CEO

Stig Pastwa
CFO

Board of Directors

Peter Schütze
Chairman

Annette Sadolin
Vice Chairman

Lars Andersen

Carsten Gerner

Helge Israelsen

Lilian Merete Mogensen

Andreas Hasle

Hans Christian Kirketerp-Møller

Preben Steenholdt Petersen

Profit and loss account

DKK million - Group	First half		Full year
	2013	2012	2012
Net turnover	5,656	5,492	11,100
Work performed by the enterprise and capitalised	232	288	508
Other operating income	206	291	512
Total revenue	6,094	6,071	12,120
Cost of raw materials and consumables	876	856	1,705
Other external expenses	1,702	1,667	3,449
Staff expenses	2,100	2,486	4,610
Total expenses	4,678	5,009	9,764
Profit before depreciation, amortisation, write-downs (EBITDA)	1,416	1,062	2,356
Depreciation, amortisation and write-downs	913	890	1,701
Operating profit (EBIT)	503	172	655
Profit/loss after tax in associated companies	-46	-70*	-134
Financial income	18	28	80
Financial expenses	235	268	486
Net financials	-263	-310	-540
Profit/loss before tax	240	-138	115
Tax on the profit/loss for the period	-56	23	-20
Adjustment of tax relating to previous years	0	-5	-45
Total tax	-56	18	-65
Profit/loss for the period	184	-120	50
The profit/loss for the period is allocated as follows:			
DSB	178	-121	43
Minority interests	6	1	7
Profit/loss for the period	184	-120	50

* Profit/loss after tax in associated companies is adjusted compared with the Interim Report 2012.

Balance sheet – assets

DKK million - Group	First half		Full year
	2013	2012	2012
Intangible assets			
Rights acquired	39	44	41
Strategic development projects	167	157	181
Other development projects	236	334	282
Intangible assets in progress	98	35	49
Total intangible assets	540	570	553
Tangible assets			
Land and buildings	5,203	5,449	5,441
Rolling stock	12,577	11,044	12,787
Operating equipment, fixtures and fittings	1,445	1,352	1,481
Tangible assets in progress and prepayments	927	3,180	1,065
Total tangible assets	20,152	21,025	20,774
Investments			
Investments in associated companies	108	78	114
Subordinate loan capital in associated companies	245	240	243
Other investments	2	1	1
Other receivables	514	896	830
Total investments	869	1,215	1,188
Total non-current assets	21,561	22,810	22,515
Inventories	324	342	346
Domicile property – sold	154	0	0
Receivables			
Trade receivables	468	586	469
Other receivables	737	544	928
Prepayments	214	229	216
Total receivables	1,419	1,359	1,613
Cash at bank and in hand	45	25	26
Total current assets	1,942	1,726	1,985
Total assets	23,503	24,536	24,500

Balance sheet – equity and liabilities

DKK million - Group	First half		Full year
	2013	2012	2012
Equity			
Contributed capital	4,760	4,760	4,760
Retained earnings	761	139	234
Proposed dividend	0	0	56
Total equity	5,521	4,899	5,050
Minority interests	15	2	7
Total equity and minority interests	5,536	4,901	5,057
Provisions			
Other provisions	763	648	776
Deferred tax liabilities	1,363	1,114	1,191
Total provisions	2,126	1,762	1,967
Non-current liabilities			
Long-term loans	7,194	9,277	8,251
Subordinate loan capital	7	6	6
Other non-current liabilities	1,183	1,367	1,553
Total non-current liabilities	8,384	10,650	9,810
Current liabilities			
Current portion of non-current liabilities	3,197	888	2,047
Short-term loans	500	2,000	1,800
Credit institutions	507	625	403
Trade accounts payable	664	683	799
Other liabilities	1,928	2,342	2,000
Deferred income	661	685	617
Total current liabilities	7,457	7,223	7,666
Total liabilities	15,841	17,873	17,476
Total equity and liabilities	23,503	24,536	24,500

Cash flow statement

DKK million – Group	First half		Full year
	2013	2012	2012
Operating profit/loss	503	172	655
Adjustment for non-cash operating items			
Depreciation, amortisation and write-downs	913	890	1,701
Change in other provisions, net	-13	-229	-101
Other adjustments			
Gain and loss on sale and scrapping of intangible and tangible assets	1	-3	-120
Net financials, paid	-123	-211	-473
Corporation tax, paid	0	-3	-6
Cash flow from operating activities before changes in working capital	1,281	616	1,656
Change in receivables	201	171	47
Change in inventories	22	-2	-6
Change in trade payables and other liabilities etc.	-255	-37	-254
Change in total working capital	-32	132	-213
Total cash flow from operating activities	1,249	748	1,443
Acquisition of intangible and tangible assets, excl. capitalised interest	-452	-748	-1,378
Sale of intangible and tangible assets	19	37	249
Acquisition and sale of investments	-40	-32	-133
Investment of subordinate loan capital in associated company	-2	-3	-6
Total cash flow from investing activities	-475	-746	-1,268
Total cash flow from operating and investing activities	774	2	175
Proceeds from raising long-term loans	781	7	853
Proceeds from raising short-term loans	0	950	1,350
Repayment of and payment of instalments on long-term loans	0	-1,054	-1,662
Repayment of and payment of instalments on short-term loans	-1,584	-	-600
Change in credit institutions	104	96	-120
Invested hybrid capital	-	-	7
Paid dividend	-56	0	-1
Total cash flow from financing activities	-755	-1	-173
Change in cash at bank and in hand	19	1	2
Cash at bank and in hand, 1 January	26	24	24
Cash at bank and in hand, 30 June	45	25	26

The cash flow statement cannot be derived directly from the profit and loss account and the balance sheet.

Equity statement

DKK million - Group	Contributed capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2012	4,760	323	-	5,083
Dividend paid	-	-	-	-
Profit/loss for the period	-	-120	-	-120
Foreign currency translation adjustments re. Group companies	-	-3	-	-3
Value adjustment of hedging instruments, 1 January	-	731	-	731
Value adjustment of hedging instruments, 30 June	-	-792	-	-792
Equity at 30 June 2012	4,760	139	-	4,899
Dividend paid	-	-	-	-
Profit/loss for the period	-	114	56	170
Foreign currency translation adjustments re. Group companies	-	-6	-	-6
Value adjustment of hedging instruments, 30 June	-	792	-	792
Value adjustment of hedging instruments, 31 December	-	-805	-	-805
Equity at 31 December 2012	4,760	234	56	5,050
Dividend paid	-	-	-56	-56
Profit/loss for the period	-	178	-	178
Foreign currency translation adjustments re. Group companies	-	-9	-	-9
Value adjustment of hedging instruments, 1 January	-	805	-	805
Value adjustment of hedging instruments, 30 June	-	-447	-	-447
Equity at 30 June 2013	4,760	761	0	5,521

Profit and loss account distributed on segments (1 January – 30 June 2013)

Segmental reporting – primary segment

Segmental disclosures are provided for business segments corresponding to the breakdown into major geographic and business entities. The segmental disclosures are in accordance with DSB's accounting policies, risks and internal management reporting.

In the DSB Group intragroup transactions have been eliminated.

DKK million	Long-Distance and Regional Trains	S-tog	Øresund	Vedligehold	Kort & Godt	Other incl. eliminations ¹	Other countries	DSB Group
First half of 2013								
Passenger revenues	1,813	686	-	-	-	-	-	2,499
Revenue from transport contracts	1,390	577	264	-	-	-	241	2,472
Sales from shops etc.	18	-	-	-	489	-82	-	425
Repair work and maintenance of rolling stock etc.	112	-	138	776	-	-809	-	148
Leasing of rolling stock	112	-	-	-	-	-	-	112
Net turnover	3,376	1,263	402	776	489	-891	241	5,656
Other operating income and work performed by the enterprise and capitalised	494	44	14	77	17	-219	11	438
Total revenues	3,870	1,307	416	853	506	-1,110	252	6,094
Total expenses	3,108	707	394	832	488	-1,093	242	4,678
Profit/loss before depreciation, amortisation and write-downs	762	600	22	21	18	-17	10	1,416
Depreciation, amortisation and write-downs	588	302	-	23	2	-5	3	913
Operating profit/loss	174	298	22	-2	16	-12	7	503
Net financials	-152	-59	0	-1	-4	-47	0	-263
Profit/loss before tax	22	239	22	-3	12	-59	7	240

¹ Eliminations primarily consist of trade between Long-distance and Regional Trains, S-tog and Øresund on the one side and Vedligehold on the other side, which performs the maintenance on the trains.

Profit and loss account distributed on segments (1 January – 30 June 2013)

Segmental reporting – primary segment

(continued)

DKK million	Long-Distance and Regional Trains	S-tog	Øresund	Vedligehold	Kort & Godt	Other incl. Eliminations ¹	Other countries	DSB Group
First half of 2012								
Passenger revenues	1,686	630	-	-	-	-	-	2,316
Revenue from transport contracts	1,212	607	255	-	-	-	402	2,476
Sales from shops etc.	18	-	-	-	494	-84	-	428
Repair work and maintenance of rolling stock etc.	47	-	151	832	-	-873	-	157
Leasing of rolling stock	115	-	-	-	-	-	-	115
Net turnover	3,078	1,237	406	832	494	-957	402	5,492
Other operating income and work performed by the enterprise and capitalised	482	43	13	66	17	-77	35	579
Total revenues	3,560	1,280	419	898	511	-1,034	437	6,071
Total expenses	3,077	735	427	818	488	-1,005	469	5,009
Profit/loss before depreciation, amortisation and write-downs	483	545	-8	80	23	-29	-32	1,062
Depreciation, amortisation and write-downs	526	317	-	22	2	19	4	890
Operating profit/loss	-43	228	-8	58	21	-48	-36	172
Net financials	-228	-74	-2	-2	-6	2	0	-310
Profit/loss before tax	-271	154	-10	56	15	-46	-36	-138

¹ Eliminations primarily consist of trade between Long-distance and Regional Trains, S-tog and Øresund on the one side and Vedligehold on the other side, which performs the maintenance on the trains.

Profit and loss account

DKK million - Group	2012		2013	
	Q3	Q4	Q1	Q2
Net turnover	2,734	2,874	2,728	2,928
Work performed by the enterprise and capitalised	97	123	125	107
Other operating income	125	96	105	101
Total revenue	2,956	3,093	2,958	3,136
Cost of raw materials and consumables	437	412	429	447
Other external expenses	803	979	828	874
Staff expenses	1,052	1,072	1,107	993
Total expenses	2,292	2,463	2,364	2,314
Profit before depreciation, amortisation, write-downs (EBITDA)	664	630	594	822
Depreciation, amortisation and write-downs	444	367	455	458
Operating profit (EBIT)	220	263	139	364
Profit/loss after tax in associated companies	-19	-45	-26	-20
Financial income	-20	72	8	10
Financial expenses	99	119	117	118
Net financials	-138	-92	-135	-128
Profit/loss before tax	82	171	4	236

Financial calendar 2013

Expected publication of interim reports:
3rd quarter report 2013 21 November 2013

Publications

The Interim Report 2013 is available on
www.dsb.dk

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Taastrup

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