

Interim report for the first quarter of 2016

Profit before tax of DKK 116 million is satisfactory – unfortunately, punctuality of Long-distance & Regional Trains is not satisfactory.

- Passenger revenues are in line with the 1st quarter of 2015 – the number of journeys has increased by 534,000.
- In the 1st quarter of 2016, net interest-bearing debt was reduced by DKK 499 million to DKK 6,663 million.
- Adjusted for non-recurring items, the profit before tax is DKK 53 million. Offhand, this is DKK 78 million less than for the same period last year – but if adjusted for the lower contract payment, the results are in line with 1st quarter of 2015.
- In the 1st quarter of 2016, Long-distance & Regional Trains did not meet goals, while S-trains more than fulfilled contractual goals for punctuality.
- Customer satisfaction decreased due to the challenges of punctuality, among other things
- The ID check has reduced the number of passengers for the Øresund traffic by 12 percent

“Customer punctuality for Long-distance & Regional Trains in the first three months of the year was not satisfactory neither for our customers nor for DSB. Several different factors adversely affected punctuality, and in the time to come, DSB must work purposefully with the challenges we can solve ourselves – and lead the way when the solutions require cooperation with Banedanmark”.

Flemming Jensen, CEO

Strategic key figures				
	1st quarter		Change	
	2016	2015	Abs.	%
Financial				
Total revenue – DSB Group (DKK million)	3,016	2,974	42	1
Profit before depreciation, amortisation and write-downs – DSB Group (DKK million)	646	723	-77	-11
Profit before tax – DSB Group (DKK million)	116	131	-15	-11
Productivity (Danish train activities)				
Passenger and transport contract revenues per seat kilometre (øre/km)	53	55	-2	-4
Costs per seat kilometre (øre/km)	55	56	-1	-2
Number of train kilometres per employee	3,065	3,048	17	1
Number of train journeys per employee	9,896	9,520	376	4
Customer punctuality ¹⁾				
Long-distance & Regional Trains (%)	76.4	84.9	-8.5	-10
S-trains (%)	95.8	94.7	1.1	1
Øresund (%)	-	83.1	-	-
Operator punctuality ²⁾				
Long-distance & Regional Trains (%)	92.7	95.7	-3.0	-3
S-trains (%)	99.2	99.1	0.1	0
Øresund (%)	-	98.3	-	-
Customers				
Total number of customers in Denmark (million customers)	46.6	46.0	0.6	1
Customer satisfaction – (for this trip)	8.0	8.0	0.0	0
Reputation				
Users of Long-distance & Regional Trains	52.3	52.6	-0.3	-1
Users of S-train	55.5	59.3	-3.8	-6
Non-users of Long-distance & Regional Trains	44.4	46.6	-2.2	-5

¹⁾ Customer punctuality for long-distance and regional train traffic and Øresund is defined as the number of passengers using punctual trains in relation to the total number of passengers. In 2016, Øresund is included in Long-distance & Regional Trains. Customer punctuality for the S-train network is defined as the proportion of passengers, which may arrive punctually on the basis of passengers' expected travel pattern and the operated train traffic. Arrivals are considered punctual, if they are delayed less than three minutes. Cancellations, which are not notified by 72 hours, are recognized as a delay.

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²⁾ Operator punctuality is the total punctuality less any delays due to circumstances for which DSB is not responsible. For the year 2016 Øresund is included in Long-distance & Regional Trains. Arrivals are considered punctual, if they are delayed less than three minutes. Cancellations, due to DSB's issues that are not notified by 72 hours are recognized as a delay.

Financial key figures

In 1st quarter of 2016, DSB generated a profit before tax of DKK 116 million. The profit before tax and items of a non-recurring nature were in line with the same period last year, taking the agreed reduction of contract payment for the rest of the contract period into consideration.

The interest-bearing debt for the period was reduced by DKK 1,975 million and constituted DKK 6,663 million as at 31 March 2016, and the solvency ratio increased to 34.2. The continued reduction of the interest-bearing debt is due to the fact that DSB has depreciated more on existing rolling stock than investing in new rolling stock, as well as the positive financial results.

During the first quarter of 2016, the number of train journeys in Denmark increased by 534,000, corresponding to 1.2 percent compared to the same period in 2015. The increase in number of passengers is primarily driven by more passengers in the Copenhagen S-trains, contrasted by the decrease in passengers for Long-distance & Regional Trains. The train traffic across Storebælt is affected by an increased competition from both car, bus and air travels.

Customer punctuality is not meeting goals for Long-distance & Regional Trains – but is top notch for S-trains

The first three months of the year have been characterised by a number of punctuality challenges for Long-distance & Regional Trains, and customer punctuality was 76.4 percent – well below the contractual goal of 81.8. This is not satisfactory neither for our customers nor for DSB. A number of different circumstances have put pressure on punctuality for Long-distance & Regional Trains. DSB's new timetable had an influence on what the robustness – in relation to tracks, signals and trains – can deliver, when things do not work optimally. Hand in hand with this go track and signal errors, factors beyond DSB's control.

On the other hand, S-trains in the first three months of the year had a customer punctuality within 2:59 minutes of as much as 95.8 percent. Thus, the Copenhagen urban railway lived up to its status as one of the most punctual urban railways by international comparison. The operator punctuality, meaning the total punctuality less any delays due to circumstances for which DSB is not responsible, was as much as 99.2 for the quarter. This means that S-trains more than met the contractual goal on both parameters in 1st quarter.

Also this summer the train traffic and punctuality could be affected by Banedanmark's planned track works. DSB will implement a robust, special schedule, which will reduce the risk of delay.

Focused work is carried out in order to improve customer punctuality. After the completion of the track works, an adjustment of the schedule, among other things, will be implemented, extending the travel time of the most affected sections by a few minutes, and the InterCity trains from Jutland to Copenhagen will start a little earlier in order to avoid "bottlenecks" around Fredericia, Odense and on Zealand, as well.

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Acquisition of the next generation of trains

The work to prepare investments in tomorrow's electrical train sets is progressing according to plan. In January, DSB issued a RFI (Request for Information), which is to contribute to the creation of an overall picture of the options in the market.

However, as mentioned in DSB's annual report, the work depends on the planned electrification and the roll-out of the signal programme being carried out on time. In this connection, we were very pleased to note that the investments in land installations in the Fehmern project have been adopted. The project implies that the railway section Ringsted-Nykøbing Falster will be expanded in 2021 and electrified in 2024. This provides a significant improvement for those traveling by train between Nykøbing Falster and the Greater Copenhagen area.

ID-verification on journeys to Sweden

Since 4 January, DSB has carried out ID checks of all train passengers from Copenhagen Airport towards Sweden as a result of the Swedish authorities' introduction of carrier's liability. In spite of the fact that an efficient ID check has been successfully created, the ID check, however, remains an inconvenience to the DSB's customers, and it adversely affects operations, punctuality and the number of passengers. Hence, the number of passengers across Øresund fell by 12 per cent compared to last year.

The customers in focus

DSB has in 2016 continued the targeted work of providing our customers new offers and simpler self-service. In the month of January, DSB put 300,000 Orange-tickets for sale at a price of DKK 99 each, and in March, DSB launched a new ticket type, DSB Familiebillet (Family Ticket), enabling 2 adults and 4 children to travel throughout the country on Saturdays at a price of DKK 499.

A favourite among the customers is the DSB app, which in March reached a total revenue of DKK 1 billion since its launch in 2012. In March, sales constituted DKK 33 million, which is the largest revenue so far for one month. DSB's app has been downloaded 1.5 million times and currently has 206,000 users. The customers have also welcomed the opportunity to pay by mobile phone via MobilePay in DSB's app. On average, 60 percent of the customers use MobilePay when buying a ticket in the app. Today more than 80 percent of DSB's ticket sales are carried out through electronic platforms such as DSB's app, dsb.dk and the ticket machines.

"Customer satisfaction for this trip" is 8.0 on a 10 point scale – and on a par with the same period of last year.

Another initiative customers make frequent use of, is the 75 Selecta vending machines with a range of snacks and beverages, which were put up last year. The vending machines produced a turnover of DKK 2.1 million in 1st quarter of 2016. Another 10 vending machines will be set up in 2016, after which the roll-out of vending machines has been completed.



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Harmonisation of fares in West and in East

The work to create coherence and transparency for fares in public transport across transport companies is progressing according to plan. Rate Zealand has been adopted – in this case are yet to be implemented the necessary adaptation of IT systems and sales channels. Movia is in charge of this work.

Rate West is currently in preparation. A steering committee has been appointed, in which the Ministry of Transport and Building is represented, and in which the individual transport companies, DSB and Arriva participate.

Taastrup, 12 May 2016

Peter Schütze
Chairman of the Board

Flemming Jensen
CEO

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

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Key Financial and Operating Data

DSB Group	1st quarter		Increase		Total year
Amounts in DKK m.	2016	2015	Abs.	%	2015
Passenger revenues	1,327	1,200	127	11	4,969
Transport contracts	1,093	1,235	-142	-11	4,883
Danish activities, incl. Øresund ¹⁾	1,041	1,042	-1	0	4,138
International activities	52	193	-141	-73	745
Sales from kiosks, etc.	197	185	12	6	822
Repair and maintenance of rolling stock, etc.	73	57	16	28	257
Leasing of rolling stock	3	60	-57	-95	222
Net revenue	2,693	2,737	-44	-2	11,153
Work performed by the enterprise and capitalised	179	143	36	25	537
Other operating income	144	94	50	53	568
Total income	3,016	2,974	42	1	12,258
Expenses for raw materials and consumables	414	399	-15	-4	1,709
Other external expenses	1,032	938	-94	-10	3,927
Staff costs	924	914	-10	-1	3,696
Hereof costs for resignations	-	-	-	-	10
Total expenses	2,370	2,251	-119	-5	9,332
Profit before depreciation, amortisation and write-downs	646	723	-77	-11	2,926
Depreciation, amortisation and write-downs	459	465	6	1	2,023
Operating profit	187	258	-71	-28	903
Net financials	-71	-127	56	44	-323
Profit before tax	116	131	-15	-11	580
Profit for the period	88	91	-3	-3	446
Balance sheet total	19,906	21,538	-1,632	-8	20,369
Total equity	6,806	6,241	565	9	6,931
Total cash flows from operating activities	634	900	-266	-30	2,766
Total cash flows from investment activities	-138	-198	60	30	-611
Of which investments in property, plant and equipment	-181	-178	-3	-2	-737
Total cash flows from financing activities	-455	-709	-254	-36	-2,140
Interest-bearing liabilities, net	6,663	8,638	-1,975	-23	7,162
EBITDA margin*	24.0	26.4	-2.4	-9	26.2
EBIT margin*	6.9	9.4	-2.5	-27	8.1
Return on equity p.a. (ROE)*	5.1	5.8	-0.7	-12	6.7
Return on capital employed after tax (ROIC after tax) p.a.*	4.2	4.9	-0.7	-14	4.7
Gearing p.a.*	2.6	3.0	0.4	13	2.4
Solvency ratio*	34.2	29.0	5.2	18	34.0
Interest coverage*	2.6	2.7	-0.1	-4	2.7
Average number of full-time employees	7,268	7,409	-141	-2	7,438
Number of full-time employees - at end of period	7,287	7,441	-154	-2	7,302
Number of train journeys in Denmark (1,000 journeys) ²⁾	46,562	46,028	534	1	191,881
Number of train journeys abroad (1,000 journeys)	1,778	2,096	-318	-15	9,185
Number of passenger kilometres in Denmark (million km) ²⁾	1,434	1,454	-20	-1	5,980
Number of train kilometres in Denmark (1,000 km) ²⁾	14,423	14,735	-312	-2	57,225
Number of train kilometres abroad (1,000 km)	1,273	1,848	-575	-31	7,283

¹⁾ The Øresund activity was transferred to DSB end of 2015, and consequently included in the Danish activities for 2016. The international activities are based on gross contracts. The transport contract for Øresund was in 2015 a gross contract and consequently included in the international activities.

²⁾ Number of train journeys, passenger kilometres and train kilometres in 2015, in comparison to previously published data, have been adjusted as a result of final journey statements, etc.

* Calculated pursuant to the definitions laid down in Definitions of key figures in DSB's annual report for 2015.

Report - financial activities

In 1st quarter 2016, DSB had results before tax of DKK 116 million, which is DKK 15 million less than in the same period of 2015 (DKK 131 million).

Results before tax contains gains on real estate sales, net DKK 63 million, while results before tax for 1st quarter 2015 was not affected by non-recurring items. Thus, results before tax and non-recurring items have decreased by DKK 78 million compared with 1st quarter 2015. Development is negatively affected by the effect of addendum 1 on the reduction of contractual payment of DKK 73 million.

The interest-bearing debt has been reduced by DKK 1,975 million and constituted DKK 6,663 million as at March 31, 2016 (DKK 8,638 million). Compared to the end of 2015, the interest-bearing debt in 1st quarter 2016 has been reduced by DKK 499 million.

It is mainly cash flows from operating activities that have made it possible to repay loans. The positive cash flows are mainly due to the fact that depreciation and write-downs of the existing rolling stock substantially exceed investments in new rolling stock.

Gearing was 2.6 (3.0), return on capital employed after tax was 4.2 (4.9), and the solvency ratio stood at 34.2 at the end of 1st quarter 2016 (29.0).

DSB's balance sheet totalled DKK 19,906 million as at March 31, 2016 compared to DKK 21,538 million at end of 1st quarter 2015, a decrease of DKK 1,632 million. The reason for the development is primarily a reduction of property, plant and equipment. Liabilities are reduced by the repayment of debts.

In 1st quarter 2016, DSB has invested DKK 210 million (DKK 196 million). Investments include mainly heavy maintenance of long-distance and regional trains and S-trains.

Net revenue

The net revenue in DSB Group was DKK 2,693 million in 1st quarter 2016 (DKK 2,737 million).

Passenger revenues totalled DKK 1,327 million (DKK 1,200 million). Development is mainly due to the fact that passenger revenues relating to the Øresund activity in 1st quarter 2016 accrue to DSB, contrary to 1st quarter 2015, when the Øresund activity was covered by a gross contract. To a lesser extent the development has been affected by tariff increase and adversely affected by fewer journeys between regions, as well as that journeys are carried out on cheaper types of products.

Income from transport contracts have decreased by DKK 142 million. This decline is due primarily to the transition to the new contract for the Øresund activity and the impact of the agreement on the reduction of contractual payments. In addition, this income is affected negatively by the discontinuation of German activities.

Sales of kiosk products, etc. increased by 6 percent compared to 1st quarter 2015 and totalled DKK 197 million (DKK 185 million).

Sales of repair and maintenance of rolling stock, etc. amounted to DKK 73 million in 1st quarter 2016 (DKK 57 million).

Leasing of rolling stock amounted to DKK 3 million (DKK 60 million). This development is due to the discontinuation of the activity relating to the leasing of Øresund multiple train sets to the Ministry of Transport and Building which in 1st quarter 2015 as traffic provider, put these at DSB's disposal for the operation of Kystbanen (Coastal route) and Kastrupbanen (Kastrup route).

Work performed by the enterprise and capitalised increased by DKK 36 million and totalled DKK 179 million in 1st quarter 2016. The increase is mainly due to more heavy maintenance.

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Other operating income amounted to DKK 144 million in 1st quarter 2016 corresponding to an increase of DKK 50 million. This is mainly due to the fact that gains on sales of real estate of DKK 63 million have been realized in 1st quarter 2016.

Expenses

Expenses totalled DKK 2,370 million in 1st quarter 2016 (2,251 million).

Costs for raw materials and consumables have increased by DKK 15 million compared to 1st quarter 2015 and totalled DKK 414 million. Development is affected by higher consumption of kiosk goods to the increased kiosk sales. Furthermore, increased consumption of spare parts for more heavy maintenance, among others.

Other external expenses increased by DKK 94 million to DKK 1,032 million. (DKK 938 million). This increase is inter alia due to increased charges for Rejsekort A/S as a consequence of the amended agreement, increased charges for repair, cleaning and maintenance of buildings, increased non-deductible value added tax and increased consulting fees for process optimisation, in connection with the implementation of the new ERP system and the planning of future rolling stock acquisitions.

Staff costs increased in 1st quarter 2016 by DKK 10 million to DKK 924 million. (DKK 914 million). The positive effect of a lower average number of full-time employees is counter-balanced by the general wage developments and individual circumstances relating to 1st quarter.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs decreased by DKK 6 million and totalled DKK 459 million. (DKK 465 million).

Financial income and expenditure

In 1st quarter 2016 the net financial income and expenditure constituted an expense of

DKK 71 million (DKK 127 million). Net financials are positively affected by lower interest-bearing debt as well as by significantly improved results in associated companies.

Outlook for 2016

DSB expects adverse economic impacts in 2016 of the essential work on the infrastructure. Among others, comprehensive track maintenance work on Østfyn is planned. Experience shows that such track work affects DSB's earnings with the loss of ticket revenues and increased costs for replacement transport.

ID-verification at the Swedish border results in lost passenger revenues and additional costs. There is uncertainty about the duration of the ID-verification and about the possible introduction of transporter's liability at the German border.

DSB's financial situation is also affected by the effect of the commenced supplementary contract 1 of September 2015, which reduces the revenues from the transport contract by DKK 2,7 billion over the term of the contract corresponding to DKK 292 million in 2016.

Finally, charges for the preparations of acquiring 'Trains of the Future' and a number of customer-oriented activities are expected to negatively affect the results in 2016.

DSB still expects results before tax and non-recurring items at the level of DKK 300 million for the year 2016.

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Productivity

At the end of 1st quarter the number of full-time employees is 7,287, which is a decrease of 154 employees compared to the end of 1st quarter 2015.

At the end of 1st quarter 2016, the Danish activities are reduced by 57 employees compared with 1st quarter 2015. Development is an expression of constant focus on continuing efficiency development.

The decrease in full-time employees within the German activities is due to the fact that the operation of the Odenwald line has been transferred to a new operator on 12 December, 2015.

Table 1: Number of full-time employees (at end of period)

	1st quarter		Increase	
	2016	2015	Abs.	%
Danish activities ¹⁾	7,093	7,150	-57	-1
Swedish activities	94	96	-2	-2
German activities	100	195	-95	-49
Number of full-time employees - at end of period	7,287	7,441	-154	-2
Average number of full-time employees in total	7,268	7,409	-141	-2

¹⁾ Including Øresund.

On the Danish lines, there has been a positive development in 1Q 2016 in the number of train kilometres per employee of just under 1 percent and the number of train journeys of 4 percent. At the same time costs per seat kilometre have been reduced compared to 1st quarter 2015. Development is positively affected by an increased number of seat kilometres (5 percent) which is produced with a lower average cost.

Several measures have in recent years created increased Self-Service - including the ever-increasing use of Rejsekortet (The travel card). At the end of 2015 there were 1.6 million ac-

tive Rejsekort (Travel cards), and in 1st quarter 2016 another 0.1 million Rejsekort (Travel cards) have been issued. At the end of 1st quarter 2016, there will thus be 1.7 million Rejsekort (Travel cards).

Table 2: Productivity in the Danish train activities

	1st quarter		Increase	
	2016	2015	Abs.	%
Number of train kilometres per employee	3,065	3,048	17	1
Number of train journeys per employee	9,896	9,520	376	4
Costs per seat kilometre (øre/km)	55	56	-1	-2

Punctuality

Table 3: Customer punctuality ¹⁾

Percent	1st quarter		Increase	
	2016	2015	Abs.	%
Long-distance & Regional Trains	76.4	84.9	-8.5	-10
S-train	95.8	94.7	1.1	1
Øresund	-	83.1	-	-

¹⁾ Customer punctuality for long-distance and regional train traffic and Øresund is defined as the number of passengers using punctual trains in relation to the total number of passengers. In 2016 Øresund is included in Long-distance & Regional Trains. Customer punctuality for the S-train network is defined as the proportion of passengers, who may arrive punctually on the basis of passengers' expected travel pattern and the operated train traffic. Arrivals are considered punctual, if they are delayed less than 3 minutes. Cancellations, which are not notified by 72 hours are recognized as a delay.

In the 1st quarter of 2016, customer punctuality in Long-distance & Regional Trains decreased to 76.4 from 84.9 last year. Customer punctuality was negatively affected by the implementation of the new timetable K16 and partly by several breakdowns of rolling stock and lack of prepared rolling stock. In connection with the track works, a robust, special schedule has been implemented, which reduces the risk of delays. When the track works have been completed by August 2016, a number of changes will be implemented in the ordinary timetable. The most affected sections will have the travel time extended with a few minutes, just as InterCity trains from

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Jutland to Copenhagen will start a little earlier so that "bottlenecks" in Fredericia, Odense and on Zealand will be avoided.

Table 4: Operator punctuality ¹⁾

Percent	1st quarter		Increase	
	2016	2015	Abs.	%
Long-distance & Regional Trains	92.7	95.7	-3.0	-3
S-train	99.2	99.1	0.1	0
Øresund	-	98.3	-	-

¹⁾ Operator punctuality is the total punctuality with deductions for delays due to circumstances for which DSB is not responsible. In 2016 Øresund is included in Long-distance & Regional Trains. Arrivals are considered punctual, if they are delayed less than 3 minutes. Cancellations, due to DSB's issues that are not notified by 72 hours are recognized as a delay.

Operator punctuality in Long-distance & Regional Trains are affected by the same conditions that affect customer punctuality.

Customers

In 1st quarter 2016, 46.6 million journeys were carried out by DSB in Denmark, compared to 46.0 million journeys in 1st quarter 2015.

Long-distance & Regional Trains had 18.1 million journeys in 1st quarter 2016 which is 0.3 million fewer journeys than for the same period in 2015. This development is primarily due to fewer regional journeys on Zealand, including Øresund journeys, and is affected by the effect of the introduced ID-verification for journeys to Sweden, among others.

S-tog had 28.4 million journeys in 1st quarter 2016, corresponding to an increase of 3 per cent.

Operation of the Odenwald line in Germany was transferred to a new operator on 12 December, 2015.

Table 5: Number of customers

1,000 customers	1st quarter		Increase	
	2016	2015	Abs.	%
Long-distance & Regional trains	18,143	18,448	-305	-2
East (Zealand) ¹⁾	12,046	12,240	-194	-2
West (Jutland and Funen)	3,923	3,932	-9	0
East/West: (across the Great Belt)	2,040	2,086	-46	-2
Others	134	190	-56	-29
S-train	28,419	27,580	839	3
Denmark in total	46,562	46,028	534	1
Sweden in total	1,236	1,024	212	21
Germany in total	542	1,072	-530	-49
Total number of customers	48,340	48,124	216	0

¹⁾ The operation of DSB Øresund has been released to DSB as at 13 December, 2015. The journeys are included in regional transport East.

Rolling stock

Table 6: Litra-kilometre ¹⁾

Kilometre (1,000)	1st quarter		Increase	
	2016	2015	Abs.	%
IC4 train sets	1,455	1,183	272	23
IC3 train sets	7,851	8,074	-223	-3
IC2 train sets	86	157	-71	-45
IR4 train sets	2,323	1,787	536	30
Øresund train sets ²⁾	2,176	1,848	328	18
Double-decker coaches	4,193	4,111	82	2
MR train sets	557	752	-195	-26
Desiro train sets	661	772	-111	-14
Diesel locomotives - ME	920	971	-51	-5
S-train	4,428	4,251	177	4

¹⁾ Litra-kilometre is the aggregated number of kilometres run by DSB's locomotives, train sets and double-decker coaches.

²⁾ Operation of DSB Øresund has been transferred to DSB as at 13 December 2015.

IC4 production has, as planned, increased in the period as a result of a further deployment from the start of K16. Also, IR4-production has increased as a result of changed rolling stock use after the integration of DSB Øresund into DSB. Increase of Øresund train sets are, among others, caused by operating more rolling stock due to ID-verification. IC3 train sets

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have been slightly less deployed during the period as a result of more IR4 operations in the East/West relation.

Table 7: Number of kilometres travelled between incidents¹⁾

Kilometre (1,000)	1st quarter		Increase	
	2016	2015	Abs.	%
IC4 train sets	4.9	8.5	-3.6	-42
IC3 train sets	47.6	58.9	-11.3	-19
IR4 train sets	15.1	29.8	-14.7	-49
Øresund train sets ²⁾	29.7	44.6	-14.9	-33
MR train sets	14.7	25.1	-10.4	-41
Desiro train sets	30.0	48.3	-18.3	-38
Diesel locomotives - ME	25.5	37.3	-11.8	-32
S-train	15.6	23.1	-7.5	-32

¹⁾ A technical incident on the rolling stock which causes a delay.

²⁾ 1st quarter 2016 includes only litra ET. As a consequence thereof comparative figures are adjusted.

IC4 train sets have experienced a drop in number of kilometres run between incidents from 4th quarter 2015. There is not yet a clear explanation of the development, but the most important reasons for delays are still coach bodies, engines and brakes, which DSB is focused on improving. The decrease in kilometres travelled between incidents for the IR4 train sets is due to the fact that IR4 train sets have been pressured on ready train sets due to replacement of axles. DSB has initiated several technical measures to improve remedy of error. Likewise, the workshop pool of IR4 train sets has been reduced due to increased operational use.

Table 8: Number of kilometres travelled between breakdowns¹⁾

Kilometre (1,000)	1st quarter		Increase	
	2016	2015	Abs.	%
IC4 train sets	30.3	84.5	-54.2	-64
IC3 train sets	713.4	807.4	-94.0	-12
IR4 train sets	580.2	357.4	222.8	62
Øresund train sets	142.8	238.1	-95.3	-40
MR train sets	37.1	107.4	-70.3	-65
Desiro train sets	50.8	192.9	-142.1	-74
Diesel locomotives - ME	91.9	88.2	3.7	4

¹⁾ A train/multiple units which, due to a technical error, is cancelled and cannot process its planned run while it is in operation.

Number of kilometres between breakdowns for Øresund train sets has experienced a dip in February, but is at the same level in March. Generally over the years fluctuations from month to month in the number of kilometres are observed as a few breakdowns can change the numbers significantly.

Desiro train sets have experienced a decrease in number of kilometres run between breakdowns. This is due to problems with the motor and brake system, which have been centred around 3 train sets, which have accounted for just under half of the events.

Accounting policies applied

The interim financial report for the independent public company DSB has been prepared in accordance with the provisions of the Danish Financial Statements Act for Class D Companies and the Act on DSB.

As a result of Act No. 738 of 1 June 2015 the interim financial report is prepared in accordance with new and changed presentation requirements. Apart from this, the interim financial report has been prepared according to the same accounting policies as the annual accounts 2015.

Comparative figures in the interim financial report are adapted to the new and changed requirements for presentation.

Events after 31 March 2016

DSB has signed an agreement regarding takeover of the business center at Københavns Hovedbanegård in effect from 30 September 2016.

No other events have occurred after 31 March 2016, which in the opinion of the management have a significant impact on the assessment of this interim report.

Other matters

There are no other matters.

Management statement

Management statement

The Board of Director and the Executive Board have today discussed and approved the first quarter report for the period 1 January 2016 - 31 March 2016 for DSB.

The first quarter report, which has neither been audited nor reviewed by the company's Auditors has been presented in accordance with the Danish Financial Statements Act and the Act on DSB. We consider the accounting policies applied to be appropriate. Accordingly, the first quarter report provides a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2016 and of the results of the Group's activities and cash flows for the period from 1 January 2016 to 31 March 2016.

It is also our view that the first quarter report contains a well-founded assessment of the development in the Group's activities and financial conditions, the profit for the period and the Group's financial position in general.

Taastrup, 12 May 2016

Executive Board

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Anders Egehus
Member of the Executive
Board for Operations

Susanne Mørch Koch
Member of the Executive Board
for Commercial

The Board of Directors

Peter Schütze
Chairperson

Annette Sadolin
Vice-Chairman

Lars Andersen

Carsten Gerner

Helge Israelsen

Christina Grumstrup Sørensen

Andreas Hasle

Hans Christian Kirketerp-Møller

Preben Steenholdt Pedersen



Accounts

Income statement			
Group	1st quarter		Total year
Amounts in DKK million	2016	2015	2015
Income			
Net revenue	2,693	2,737	11,153
Work performed by the enterprise and capitalised	179	143	537
Other operating income	144	94	568
Total income	3,016	2,974	12,258
Expenses			
Expenses for raw materials and consumables	414	399	1,709
Other external expenses	1,032	938	3,927
Staff costs	924	914	3,696
Total expenses	2,370	2,251	9,332
Profit before depreciation, amortisation and write-downs	646	723	2,926
Amortisation, depreciation and write-downs of intangible and tangible assets	459	465	2,023
Operating profit	187	258	903
Financial income and expenditure			
Profit/loss after tax in associated companies.	0	-33	0
Financial income	3	2	22
Financial expenses	74	96	345
Net financials	-71	-127	-323
Profit before tax	116	131	580
Tax			
Tax on profit for the period	-28	-40	-134
Total tax	-28	-40	-134
Profit for the period	88	91	446
The profit for the period is distributed as follows:			
DSB	88	91	446
Minority interests	0	0	0
Profit/loss for the period	88	91	446

Balance sheet – assets

Group	1st quarter		Total year
Amounts in DKK million	2016	2015	2015
Intangible assets			
Acquired rights	0	2	0
Strategic development projects	0	0	0
Other development projects	227	307	253
Intangible assets in progress	61	80	40
Total intangible assets	288	389	293
Tangible assets			
Land and buildings	4,522	4,792	4,548
Rolling stock	11,853	12,712	12,023
Operating equipment, fixtures and fittings and other equipment	955	1,019	985
Tangible assets in progress and advance payments	154	273	174
Total tangible assets	17,484	18,796	17,730
Investments			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	256	253	256
Other equity investments	2	2	2
Other receivables	96	231	133
Total investments	354	486	391
Total non-current assets	18,126	19,671	18,414
Inventories	427	437	425
Properties sold - not yet transferred	97	-	106
Receivables			
Trade receivables	712	764	793
Other receivables	292	415	387
Prepayments	169	231	202
Total receivables	1,173	1,410	1,382
Cash at bank and in hand	83	20	42
Total current assets	1,780	1,867	1,955
Total assets	19,906	21,538	20,369

Balance sheet – liabilities and equity			
Group	1st quarter		Total year
Amounts in DKK million	2016	2015	2015
Equity			
Contributed capital	4,760	4,760	4,760
Retained earnings	2,046	1,481	1,998
Proposed dividends	-	-	173
Company participant in DSB's share of equity	6,806	6,241	6,931
Minority interests	0	0	0
Total equity	6,806	6,241	6,931
Provisions			
Other provisions	105	136	101
Deferred tax liabilities	1,414	1,286	1,390
Total provisions	1,519	1,422	1,491
Non-current liabilities			
Long-term loans	5,475	6,718	5,482
Subordinated loan capital	2	7	2
Other non-current liabilities	792	1,333	769
Other liabilities	317	367	335
Total non-current liabilities	6,586	8,425	6,588
Current liabilities			
Current portion of non-current liabilities	1,163	1,448	1,156
Short-term loans	0	250	250
Credit institutions	71	293	269
Trade accounts payables	1,569	1,377	1,521
Corporation tax	0	32	92
Other liabilities	1,067	1,147	1,070
Prepayments	952	903	1,001
Dividend payable	173	-	-
Total current liabilities	4,995	5,450	5,359
Total liabilities	11,581	13,875	11,947
Total equity and liabilities	19,906	21,538	20,369

Statement of changes in equity

Amounts in DKK million						
Group	Contri- buted capital	Retained earnings	Proposed dividends	Company participant in DSB's share of equity	Minority interests	Total equity
Equity capital at 1 January 2015	4,760	1,541	0	6,301	0	6,301
Profit for the period	-	91	-	91	-	91
Minority interests' share of the profit for the period	-	0	-	0	-	0
Foreign currency translation adjustments regarding Group companies	-	3	-	3	-	3
Value adjustment of hedging instruments, 1 January	-	525	-	525	-	525
Value adjustment of hedging instruments, 31 March	-	-679	-	-679	-	-679
Equity at 31 March 2015	4,760	1,481	0	6,241	0	6,241
Profit for the period	-	182	173	355	-	355
Minority interests' share of the profit for the period	-	0	-	0	-	0
Foreign currency translation adjustments regarding Group companies	-	1	-	1	-	1
Value adjustment of hedging instruments, 1 April	-	679	-	679	-	679
Value adjustment of hedging instruments, 31 December	-	-345	-	-345	-	-345
Equity at 31 December 2015	4,760	1,998	173	6,931	0	6,931
Approved dividend	-	-	-173	-173	-	-173
Profit for the period	-	88	-	88	-	88
Minority interests' share of the profit for the period	-	0	-	0	-	0
Foreign currency translation adjustments regarding Group companies	-	-1	-	-1	-	-1
Value adjustment of hedging instruments, 1 January	-	345	-	345	-	345
Value adjustment of hedging instruments, 31 March	-	-384	-	-384	-	-384
Equity at 31 March 2016	4,760	2,046	0	6,806	0	6,806

Cash flow statement			
Group	1st quarter		Total year
Amounts in DKK million	2016	2015	2015
Operating profit	187	258	903
Adjustment for non-liquid operating items			
Amortisation, depreciation and write-downs of intangible and tangible assets	459	465	2,023
Change in other provisions, net	4	-11	-46
Other adjustments			
Gain and loss on sale and scrapping of intangible and tangible assets	-61	-1	-110
Net financials, paid	-38	-41	-331
Corporate tax, paid	-94	-1	-37
Cash flows from operating activities before changes in working capital	457	669	2,402
Change in working capital			
Change in receivables	177	365	276
Change in inventories	-2	-10	2
Change in trade payables and other liabilities, etc.	2	-124	86
Total change in working capital	177	231	364
Total cash flows from operating activities	634	900	2,766
Cash flows from investment activities			
Acquisition of intangible and tangible assets, excluding capitalised interest	-210	-196	-803
Sale of intangible and tangible assets	72	-2	192
Contribution to associated company	-	-	0
Total cash flows from investment activities	-138	-198	-611
Cash flows from financing activities			
Proceeds from raising of short-term loans	200	-	250
Repayment of and payment of instalment on long term loans	-7	-8	-1,960
Repayment of and payment of instalment on short term loans	-450	-745	-450
Change in credit institutions	-198	44	20
Total cash flows from financing activities	-455	-709	-2,140
Total change in cash and cash equivalents	41	-7	15
Cash and cash equivalents at 1 January	42	27	27
Cash and cash equivalents at end of period	83	20	42

The cash flow statement cannot be derived directly from the income statement and the balance sheet.

Profit per quarter

Group	2016	2015			
	1st quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Amounts in DKK million					
Passenger revenues	1,327	1,200	1,245	1,152	1,372
Revenue from transport contracts	1,093	1,235	1,235	1,265	1,148
Sales from kiosks, etc.	197	185	218	208	211
Sale of repair and maintenance services of rolling stock, etc.	73	57	70	75	55
Leasing of rolling stock	3	60	58	59	45
Net turnover	2,693	2,737	2,826	2,759	2,831
Work performed by the enterprise and capitalised	179	143	129	123	142
Other operating income	144	94	161	129	184
Total income	3,016	2,974	3,116	3,011	3,157
Expenses for raw materials and consumables	414	399	423	429	458
Other external expenses	1,032	938	940	952	1,097
Staff costs	924	914	965	919	898
Total expenses	2,370	2,251	2,328	2,300	2,453
Profit before depreciation, amortisation and write-downs	646	723	788	711	704
Depreciation, amortisation and write-downs	459	465	462	638	458
Operating profit	187	258	326	73	246
Net financials	-71	-127	-71	-62	-63
Profit before tax	116	131	255	11	183
Profit for the period	88	91	184	14	157
Total equity	6,806	6,241	6,745	6,725	6,931
EBITDA-margin	24.0	26.4	27.9	25.8	24.9
Return on equity (ROE) p.a.	5.1	5.8	11.3	0.8	9.2
Return on capital employed after tax (ROIC after tax) p.a.	4.2	4.9	6.4	1.7	5.8

Financial calendar for 2016

Expected publication of quarterly and interim reports:

Interim report 2016	23 August 2016
3rd quarter 2016	10 November 2016

Publications

Interim report for 1st quarter 2016 is available at www.DSB.dk

Company details

Address:

DSB
Telegade 2
DK-2630 Taastrup
Tel. +45 70 13 14 15

www.dsb.dk

CVR no. 25050053

Municipality of domicile:

Høje-Taastrup

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