

DSB realised a loss before tax of DKK 447 million for the first half year after impairment write-downs of the IC2 fleet and five IC4 train sets. The first six months have been characterised by unsatisfactory punctuality. Initiatives have been taken to restore punctuality, and DSB's Board of Directors has approved the acquisition of new electric locomotives

- Customer punctuality for Long-distance & Regional trains at 72.7 percent was significantly below the target of 81.8 percent. Initiatives have been taken to restore punctuality for Long-distance & Regional trains in the short and the long term.
- The operator punctuality for Long-distance & Regional trains - adjusted for matters outside the control of DSB - at 91.9 percent was also below the target of the transport contract at 93.8 percent
- Customer punctuality and operator punctuality for S-trains were both above target at 94.1 and 98.8 percent, respectively.
- DSB's Board of Directors has approved the acquisition of 26 new electric locomotives, see separate press release
- IC2 train sets do not meet the required stability. With the planned investments in rolling stock - at the initial stage 26 new electric locomotives - the dependence on IC4 and IC2 will be reduced. All 23 IC2 train sets are now phased out and a full write-down of the 23 train sets as well as five IC4 train sets will now be carried out
- Adjusted for non-recurring items - including a write-down of rolling stock at a total value of DKK 673 million - the adjusted results before tax amount to DKK 195 million against DKK 386 million for the first half of 2015. Development in profit is negatively affected by the effect of "supplementary agreement 1", which leads to a reduction of contractual payment
- Interest-bearing liabilities have been reduced by DKK 575 million during the first half year
- Continued growth in number of customers on sections without track works, border control and ID-verification
- A survey from "Passagerpuls" (the consumer watchdog: The Passenger Pulse) in June showed that more than eight out of ten customers are satisfied with the train journey

"In many ways, the first half of 2016 has been quite challenging for DSB. The initiatives launched to ensure greater robustness in the operation of the ageing rolling stock allow for some optimism. At the same time, the acquisition process of new electric rolling stock got off to a good start."
Peter Schütze, Chairman of the Board

Strategic key figures				
	1st half		Change	
	2016	2015	Abs.	%
Financial				
Total income – DSB Group (DKK million)	6,065	6,090	-25	0
Profit before depreciation, amortisation and write-downs – DSB Group (DKK million)	1,316	1,511	-195	-13
Profit before tax – DSB Group (DKK million)	-447	386	-833	-
Productivity (Danish train activities)				
Passenger and transport contract revenues per seat kilometre (øre/kilometre)	55	57	-2	-4
Costs per seat kilometre excluding non-recurring items (øre/kilometre)	56	57	-1	-2
Number of train kilometres per employee	5,975	5,888	87	1
Number of train journeys per employee	20,274	19,415	859	4
Customer punctuality¹⁾				
Long-distance & Regional Trains (%)	72.7	81.3	-8.6	-11
S-train (%)	94.1	95.7	-1.6	-2
Øresund (%)	-	80.1	-	-
Operator punctuality²⁾				
Long-distance & Regional Trains (%)	91.9	95.3	3.4	-4
S-train (%)	98.8	99.2	-0.4	0
Øresund (%)	-	97.9	-	-
Customers				
Total number of customers in Denmark (million customers)	95.7	94.0	1.7	2
“Customer satisfaction for this journey” – (Danish activities)	7.9	8.0	-0.1	-1
Reputation				
Users of Long-distance & Regional Trains	51.1	52.8	-1.7	-3
Users of S-trains	57.0	60.2	-3.2	-5
Non-users of Long-distance & Regional Trains	43.6	45.2	-1.6	-4

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 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 recognised as a delay.

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 circumstances at DSB that are not notified by 72 hours are recognised as a delay.

Not satisfactory punctuality during the first six months

A customer punctuality at 72.7 percent for Long-distance & Regional Trains in the first six months is far from satisfactory for DSB's customers and for DSB.

Punctuality has been affected by several factors: Disturbances from the infrastructure, particularly tracks and signals, ID-verification at the trains to Sweden and border control in the trains from Germany. Major track maintenance work by Banedanmark on Østfyn around Ascension Day and Whitsun has been challenging - particularly the non-planned delays due to the track work.

DSB's own circumstances have also been challenging and the operator punctuality at 91.9 percent was below the target of the contract of 93.8 percent. DSB's rolling stock has not demonstrated sufficient operational stability and the new timetable has not been robust enough to cope with challenges of tracks, signals, border control and trains.

Payments under the travel time guarantee schemes amounted to DKK 20 million during the first half year. This is a significant increase compared to the same period last year and is largely attributable to the comprehensive track maintenance work.

Measures to improve punctuality – in the short and the long term

The operational stability of the train fleet - measured as the number of kilometres travelled between incidents - has decreased over the past year and affects the operator punctuality of DSB negatively. During the summer, DSB's workshops have carried out a wide range of extra work in order to reduce the number of defects on the rolling stock. This work will be continued throughout the rest of 2016. In addition, DSB has initiated an external analysis of the insufficient operational stability of the rolling stock. The final conclusions are expected to be available in September.

The measures taken to create robustness in the summer timetable led to punctuality in July close to the requirements of the transport contract.

At the same time, adaptations will be made to the autumn timetable from August, just as a number of other measures are to create greater robustness in the train services and reduce the number of delays. This includes, among other things, the use of platform guides for more efficient stops at stations. In the timetable for 2017 the travel times on some lines will be increased by a few minutes, which will improve the robustness accordingly.

The majority of the delays are between three to six minutes and DSB expects that the measures to create robustness will have a positive effect on punctuality.

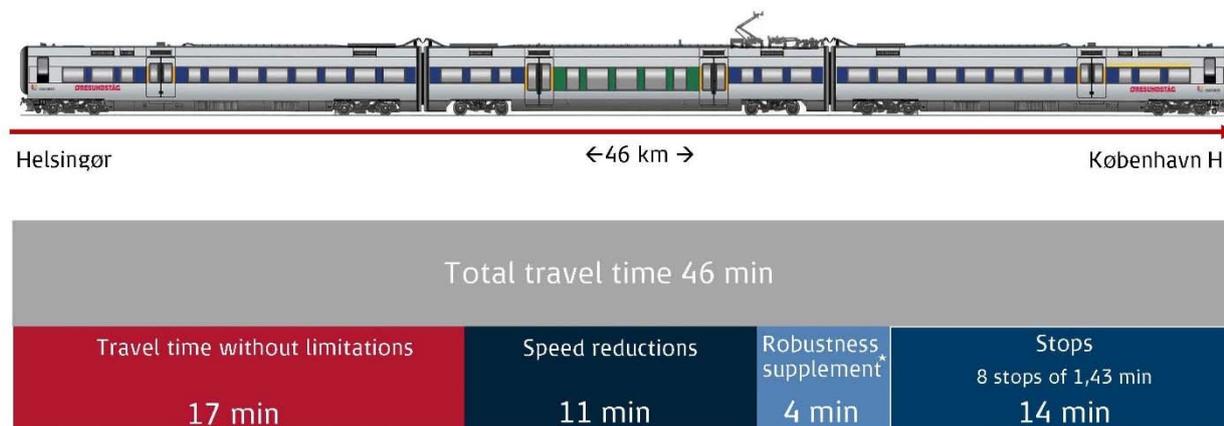
The major improvement in customer punctuality will, however, not occur until the upcoming investments in a new signal system, the electrification of the train lines as well as DSB's acquisition and deployment of new electric rolling stock in continuation hereof have been completed.

Travel time

On 8 August 2016, DSB adjusted a number of travel times to make the timetable more robust. In this connection, it has been said that travel times should be shorter.

To illustrate this issue, an example has been prepared of how travel times are calculated. The example shows that the non-stop running time for the rolling stock at maximum speed accounts for less than half of the total travel time. The speed limits result in extended travel time. These restrictions may, to some extent, be reduced if investments are made in upgrading the railway tracks.

A significant factor for the total travel time is the number of stops at stations. Each stop takes an average of 1:43 minutes and this includes braking, boarding, alighting, departure procedure and acceleration. In the example from Helsingør to København Central Station, the stops increase travel time by 50 percent.



*Robustness supplement is extra time in the timetable which can be used to absorb unforeseen delays.

New electric locomotives and electric train sets

In the autumn of 2016, DSB invites tenders for the initial acquisition of 26 new electric locomotives, which will be able to ensure electrified tractive power for DSB's double-decker coaches.

The locomotives can be used on the electrified train lines and the goal is that the entire regional train traffic on Sjælland, among others, operates on electric rolling stock. This will mean a final farewell to the old and environmentally unsustainable ME diesel locomotives and provide increased robustness in the train stability.

The first of the new electric locomotives are expected to be put into operation from the start of 2020.

The procurement process for new electric train sets for Denmark - for both long-distance and regional train traffic - is expected to start in 2017 with a view to delivery at the middle of the next decade concurrently with the electrification of the train network to Aarhus and Aalborg.

With the satisfactory liquidity situation built up in recent years and based on the current transport contract, DSB believes that the company will be able to finance the new electric locomotives without government funding. Furthermore DSB is economically well equipped for the buying of new electric train sets.

Write-down of the IC2 fleet and five IC4 train sets

The work initiated regarding procurement of new rolling stock - both electric locomotives and electric train sets - is expected to reduce the dependence on both IC4 and IC2 train sets allowing for a controlled phasing out. Based on the accumulated operational experience, we may conclude that IC4 will not form the core of Danish train transport, but will be part of the solution up until the electrification has been completed and the new rolling stock is in place.

IC2 has never really got out of the starting blocks and is only used to a very small extent in today's traffic. It is time to turn the focus to increasing the operational stability for that part of the IC4 fleet that is indispensable in the traffic in the medium term.

Therefore, the 23 train sets in the IC2 fleet have been written-down. All 23 train sets are phased out immediately, and the write-down amounts to DKK 588 million.

At the same time, the residual value of five IC4 train sets, for which the development work has previously been suspended, has been written off. The assessment is that the five train sets will not be needed in the operations. The write-down amounts to DKK 85 million.

In relation to the half-year report, the total write-down of the IC4 and IC2 train sets amounts to DKK 673 million. This marks the beginning of the end of an unfortunate chapter in DSB's history reflected by the acquisition of the IC4 and the IC2 train sets. Up to the 4th quarter 2016, DSB will prepare an analysis and recommendation regarding the future use of the IC4 train sets.

The carrying amount of the remaining part of the IC4 fleet amounts to DKK 3.7 billion at 30 June.

ID-verification and track work

ID-verification at the trains to Sweden and the border control in the trains from Germany is and will be a considerable nuisance for the customers and put a strain on DSB's train service and the opportunities for delivering a coherent and punctual train product. Not only are the directly involved trains affected; a delayed train from, for instance, Padborg may have a spillover effect on other lines. In Fredericia, the trains have to be coupled to InterCity trains, which run from Copenhagen to Aalborg. When the trains from Padborg arrive too late for this coupling due to the border control, the trains from Copenhagen will have to wait for the delayed trains. As a result, the delay from Padborg also affects the InterCity trains from Copenhagen to Aalborg.

Unfortunately, it is uncertain for how long the ID-verification requirement will be maintained. In the meantime, DSB will seek solutions in which the verification is carried out with as little nuisance to the customers as possible. This applies both to passengers travelling to the airport as well as across Øresund. As part of this process, photo documentation in connection with ID-verification at the airport ceased in April. It can be established that the loss of customers across Øresund has taken hold.

In recent years, the long-distance train traffic has been characterised by a considerable loss of customers as a direct consequence of the comprehensive track maintenance work on Vestfyn in 2015 and Østfyn in 2016. DSB is faced with the task of winning back the lost customers in a market characterised by increasing competition from private cars and long-distance buses. This requires increased focus on competitiveness - in relation to both service and prices.

Measures aimed at customers

DSB has continued the work of pricing available capacity through the orange ticket concept. Among other things, more dynamic pricing has been implemented and the minimum price of tickets between Copenhagen and Aarhus has been reduced from DKK 149 to DKK 99.

There is still focus on increased digitalisation and new products. For instance, the DSB Pendlerkort App got off to a good start and most recently the customers have taken up the opportunity to buy trips abroad at DSB's website.

Harmonisation of fares in West and in East

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

Taastrup, 23 August 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 half		Increase		Total year
Amounts in DKK million	2016	2015	Abs.	%	2015
Passenger revenues	2,733	2,445	288	12	4,969
Transport contracts	2,206	2,470	-264	-11	4,883
Danish activities, incl. Øresund ¹⁾	2,101	2,085	16	1	4,138
International activities	105	385	-280	-73	745
Sales from kiosks, etc.	426	403	23	6	822
Repair and maintenance of rolling stock, etc.	127	127	0	0	257
Leasing of rolling stock	5	118	-113	-96	222
Net revenue	5,497	5,563	-66	-1	11,153
Work performed by the enterprise and capitalised	334	272	62	23	537
Other operating income	234	255	-21	-8	568
Total income	6,065	6,090	-25	0	12,258
Expenses for raw materials and consumables	824	822	-2	0	1,709
Other external expenses	2,011	1,872	-139	-7	3,915
Staff costs	1,914	1,885	-29	-2	3,708
Hereof costs for resignations	16	4	-12	-	10
Total expenses	4,749	4,579	-170	-4	9,332
Profit/loss before depreciation, amortisation and write-downs	1,316	1,511	-195	-13	2,926
Depreciation, amortisation and write-downs	1,632	927	-705	-76	2,023
Operating profit/loss	-316	584	-900	-	903
Net financials	-131	-198	67	34	-323
Profit/loss before tax	-447	386	-833	-	580
Profit/loss for the period	-350	275	-625	-	446
Balance sheet total	18,850	21,184	-2,334	-11	20,369
Total equity	6,459	6,744	-285	-4	6,931
Total cash flows from operating activities	1,098	1,360	-262	-19	2,766
Total cash flows from investment activities	-341	-344	3	1	-611
Of which investments in property, plant and equipment	-359	-358	-1	0	-737
Total cash flows from financing activities	-726	-1,007	-281	-28	-2,140
Interest-bearing liabilities, net	6,587	8,317	-1,730	-21	7,162
EBITDA margin*	23.9	27.2	-3.3	-12	26.2
EBIT margin*	-5.7	10.5	-16.2	-	8.1
Return on equity (ROE) p.a.*	-10.5	8.4	-18.9	-	6.7
Return on capital employed after tax (ROIC after tax) p.a.*	-3.7	5.6	-9.3	-	4.7
Gearing p.a.*	2.5	2.8	0.3	11	2.4
Solvency ratio*	34.3	31.8	2.5	8	34.0
Interest coverage*	-2.2	3.2	-5.4	-	2.7
Average number of full-time employees	7,291	7,457	-166	-2	7,438
Number of full-time employees - at end of period	7,344	7,536	-192	-3	7,302
Number of train journeys in Denmark (1,000 journeys) ²⁾	95,703	94,048	1,655	2	191,882
Number of train journeys abroad (1,000 journeys)	2,783	4,192	-1,409	-34	9,185
Number of passenger kilometres in Denmark (million [kilometres]) ²⁾	2,916	2,938	-22	-1	5,979
Number of train kilometres in Denmark (1,000 [kilometres]) ²⁾	28,206	28,521	-315	-1	57,225
Number of train kilometres abroad (1,000 [kilometres])	2,546	3,695	-1,149	-31	7,283

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

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Report - financial activities

In the first half of 2016, DSB had results before tax of DKK 447 million, which is DKK 833 million less than in the same period of 2015 (DKK 386 million).

Adjusted for non-recurring items the Profit before tax is DKK 191 million lower than the corresponding profit for the first half of 2015. Development in profit is negatively affected by the effect of "supplementary agreement 1", which leads to a reduction of contractual payment of DKK 146 million and negatively affected by the ID-verification at the trains to Sweden amounted to DKK 56 million.

Non-recurring items consist of write-downs of IC4 and IC2 train sets during the first six months of the year, write-down of equipment for one-man operation at Kystbanen (Coastal line) as well as gains on real estate etc., whereas the same period of 2015 was not affected by non-recurring items.

Table 1: Profit before tax adjusted for non-recurring items¹⁾

DKK million	1st half	
	2016	2015
Profit/loss before tax	-447	386
Write-down of IC4 and IC2 train sets	673	-
Write-down one-man operation Kystbanen	36	-
Net gains on real estate	-67	-
Adjusted profit/loss before tax	195	386

¹⁾ A minus reflects that the correction has had a positive effect on profit before tax.

Net interest-bearing liabilities amounted to DKK 6,587 million at 30 June 2016 and was thus reduced by DKK 1,730 million (DKK 8,317 million).

During the first six months of 2016, the interest-bearing debt was reduced by DKK 575 million compared to the end of 2015.

Mainly cash flows from operating activities have made it possible to redeem loans and therefore depreciation and write-downs on

the existing rolling stock significantly exceed investments in new rolling stock.

Gearing was 2.5 (2.8), return on capital employed after tax was -3.7 (5.6), and the solvency ratio was 34.3 at the end of 1st half 2016 (31.8).

DSB's balance total amounted to DKK 18,850 million at 30 June 2016 compared to DKK 21,184 million at the end of the first half of 2015 equivalent to a decrease of DKK 2,334 million. The decrease in the balance sheet total is primarily affected by depreciation and write-down of tangible assets, a decline in receivables. Liabilities were reduced through redemption of debts and reduced equity.

During the first six months of 2016, DSB invested DKK 418 million (DKK 388 million). Investments included mainly heavy maintenance of Long-distance and Regional trains and S-trains.

Net turnover

The net turnover of the DSB Group was DKK 5,497 million during the first half of 2016 (DKK 5,563).

Passenger revenues totalled DKK 2,733 million (DKK 2,445 million). The development is mainly due to the fact that passenger revenues relating to the Øresund activity in the first half of 2016 accrued to DSB, contrary to the first half of 2015, where the Øresund activity was fully financed by contract payments but passenger revenues accrued to the Danish state. To a lesser extent, the development has been positively affected by tariff increase and adversely affected by fewer journeys between regions and journeys made on cheaper types of products. To this should be added loss of revenues due to track work in the spring which lasted longer than planned. Finally, passenger revenues were negatively affected by a provision for loss on control charges due to lower payment percentages than previously established.

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Revenue from transport contracts amounted to DKK 2,206 million and has thus declined by DKK 264 million compared to the first half of 2015. This decline is primarily due to the transition to the new contract for the Øresund activity and the impact of the agreement on the reduction of contractual payments. Furthermore, revenue from transport contracts is negatively affected by the discontinuation of German activities.

Sales of kiosk product, etc. increased by 6 percent compared to the first half of 2015 and totalled DKK 426 million (DKK 403 million).

Sales of repair and maintenance of rolling stock etc. amounted to DKK 127 million in the first half of 2016.

Leasing of rolling stock decreased by DKK 113 million and totalled DKK 5 million (DKK 118 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 the first half of 2015 as traffic provider made these available to DSB for the operation of Kystbanen and Kastrupbanen.

Work performed by the enterprise and capitalised amounted to DKK 334 million and increased by DKK 62 million in the first half of 2016. The reason is that S-trains and Øresund train set have been subject to more major overhauls.

Other operating income decreased by DKK 21 million and amounted to DKK 234 million in the first half of 2016. This is mainly due to lower sale of electricity and services, partly set off by increased gains on sale of real estate.

Expenses

Expenses totalled DKK 4,749 million in the first half of 2016 (DKK 4,579 million).

Costs for raw materials and consumables have increased by DKK 2 million compared to the

first half of 2015 and totalled DKK 824 million. During the period, more consumption of kiosk product was realised as DSB has taken over eight kiosks on Kystbanen. This is set off by lower costs of energy for transport.

Other external expenses amounted to DKK 2,011 million corresponding to an increase of DKK 139 million. The increase is inter alia due to increased costs for Rejsekort A/S following the amended agreement as at 7 April 2015. To this should be added increased costs of repair and maintenance of buildings previously carried out by DSB's own employees, as a consequence of the concluded contract for Facility Management services. Remuneration of these employees was previously included in staff costs. Furthermore, external costs are affected by the takeover of the Øresund traffic, increased consulting fees, primarily for preparation of future acquisitions of rolling stock and increased non-deductible VAT. This is partly offset by infrastructure costs.

Staff costs increased in the first half of 2016 by DKK 29 million to DKK 1,914 million (DKK 1,885 million). The costs have been positively affected by the transfer of the Odenwald line in Germany in 2015 to a new operator as well as a reduction in the number of employees. This is offset by the general wage and salary development as well as isolated matters related to the first half of 2016.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs increased by DKK 705 million and totalled DKK 1,632 million compared to DKK 927 million in 2015. The increase is mainly due to the write-downs of IC4 and IC2 train sets.

Financial income and expenditure

In the first half of 2016, financial income and expenditure constituted an expense of DKK 131 million (DKK 198 million). The development in financial income and expenditure is positively affected by lower interest-bearing debt as well as improved results in associated

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companies due to the amended agreement relating to Rejsekort A/S (the travel cards).

Outlook for 2016

DSB expects results before tax and non-recurring items at the level of DKK 300-400 million.

The expectations as to profit before tax and non-recurring items are subject to uncertainty due to the impact of the track work carried out on Østfyn on the travel pattern between the regions. To this should be added the consequences of the unsatisfactory customer punctuality. DSB will have increased focus on measures that can restore the punctuality for Long-distance & Regional trains.

Productivity

At the end of the first half year, the number of full-time employees was 7,344, which is a decrease of 192 employees compared to the end of 1st half of 2015.

Table 2: Number of full-time employees

	1st half		Increase	
	2016	2015	Abs.	%
Danish activities ¹⁾	7,159	7,246	-87	-1
Swedish activities	98	96	2	2
German activities ²⁾	87	194	-107	-55
Number of full-time employees - at end of period	7,344	7,536	-192	-3
Average number of full-time employees in total	7,291	7,457	-166	-2

¹⁾ Including Øresund

²⁾ Costs of these full-time employees are recognised in Staff costs on a pro rata basis by 50 percent.

At the end of the first half of 2016, the Danish activities were reduced by 87 employees compared with the first half of 2015. The development is mainly due to transfer of staff who previously carried out repair and maintenance of buildings, as a consequence of concluded contract for Facility Management services.

To this should be added a decline of 107 employees in Germany after the Odenwald line had been transferred to a new operator on 12 December 2015.

Table 3: Productivity in the Danish train activities

	1st half		Increase	
	2016	2015	Abs.	%
Number of train kilometres per employee	5,975	5,888	87	1
Number of train journeys per employee	20,274	19,415	859	4
Costs per seat kilometre ¹⁾ (øre/km)	56	57	-1	-2

¹⁾ Costs per seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra-kilometres travelled. Cost per seat kilometres excludes non-recurring items.

Number of train kilometres per employee and Number of train journeys per employee have had a positive effect of 1 and 4 percent, respectively, in the 1st half of 2016 compared to the first half of 2015. The main reason is more journeys by S-trains and a reduction in the number of full-time employees. Furthermore, the Costs per seat kilometre (excluding non-recurring items) in the first half of 2016 are slightly lower than the same same period of 2015.

Several measures have in recent years increased the customer's self-service - including the ever-increasing use of Rejsekortet (The travel card). At the end of June 2016, there were 1.8 million active Rejsekort (travel cards), of which 250,000 were issued in 2016.

Punctuality

Table 4: Customer punctuality ¹⁾

Percent	1st half		Increase	
	2016	2015	Abs.	%
Long-distance & Regional Trains	72.7	81.3	-8.6	-11
S-train	94.1	95.7	-1.6	-2
Øresund	-	80.1	-	-

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 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 recognised as a delay.

Customer punctuality in Long-distance & Regional trains fell during the first half of 2016 to 72.7 percent from 81.3 during the same period last year. The punctuality has been challenged by several incidents of rolling stock defects, major track maintenance work on Østfyn, line conditions, signal problems and ID-verification as well as restoration of traffic.

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Table 5: Operator punctuality ¹⁾

Percent	1st half		Increase	
	2016	2015	Abs.	%
Long-distance & Regional Trains	91.9	95.3	3.4	-4
S-train	98.8	99.2	-0.4	0
Øresund	-	97.9	-	-

¹⁾ Operator punctuality is the total punctuality less any 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 three minutes. Cancellations due to circumstances at DSB that are not notified by 72 hours are recognised as a delay.

Operator punctuality in Long-distance & Regional trains fell during the 1st half 2016 to 91.9 percent from 95.3 during the same period last year. The punctuality has been challenged by several incidents of rolling stock defects and insufficient robustness of the timetable to cope with the challenges of tracks, signals and border control.

Customers

In the first half of 2016, 95.7 million journeys were carried out by DSB in Denmark, compared to 94.0 million journeys in first half of 2015 equivalent to a growth of 2 percent.

Table 6: Number of customers

1,000 customers	1st half		Increase	
	2016	2015 ²⁾	Abs.	%
Long-distance & Regional trains	37,055	37,808	-753	-2
East (Zealand) ¹⁾	24,953	25,467	-514	-2
West (Jutland and Funen)	7,787	7,759	28	0
East/West (across the Great Belt)	4,002	4,149	-147	-4
Others	313	433	-120	-28
S-train	58,648	56,240	2,408	4
Denmark in total	95,703	94,048	1,655	2
Sweden in total	1,700	2,048	-348	-17
Germany in total	1,083	2,144	-1,061	-49
Total number of customers	98,486	98,240	246	0

¹⁾ Operation of DSB Øresund has been transferred to DSB as at 13 December 2015. The journeys are included in East (Zealand).

²⁾ Compared to previously released figures, 2015 saw a reduction by 1.0 million journeys in Long-distance & Regional trains and by 0.1 million journeys in S-trains.

The positive trend in the number of customers demonstrates that it has been possible to attract more customers for the lines where the train product has not been affected by extraordinary circumstances and despite the low level of customer punctuality for Long-distance & Regional trains.

Long-distance & Regional trains had 37.1 journeys in the first half of 2016, which was 0.8 million less than the same period of 2015, which reflects several opposing trends.

Within Long-distance & Regional trains, a 3 percent growth in journeys was realised on Zealand outside the Greater Copenhagen area compared to 2015, and in Jutland and on Funen a 2 percent growth in journeys was realised. The Greater Copenhagen area and IC Bornholm have, however, been negatively affected by the ID-verification for Sweden, where customers are choosing other modes of transportation. Similarly, the growth in journeys is negative in Germany due to the introduction of border control and the uncertainty

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regarding the operator responsibility at the beginning of the year.

The development in the number of customers between the different regions of the country has also been negative (4 percent) due to the loss of customers because of the track maintenance work on Østfyn in 2016. The loss of customers has been greater than expected due to the considerable non-planned blocking of tracks around Ascension Day and Whitsun. Furthermore, DSB has not fully managed to catch up the loss of customers in the traffic between regions due to the track maintenance work in 2015, particularly the track work on Vestfyn.

S-tog had 58.6 million journeys in the first half of 2016, corresponding to an increase of 4 percent. This is in spite of the problems of rolling out the new signal programme at the Hillerød line.

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

DSB has continued its strong focus on marketing as well as product and service development. For instance, during the first half of 2016, 428,000 orange tickets were sold, corresponding to an increase of 68 percent compared to the same period last year. This is due to increased campaign activities combined with a price adjustment so that the cheapest ticket price is now DKK 99. Furthermore, a new product was introduced - the family ticket at DKK 499, where up to two adults and four children can travel on the train together.

In May, DSB announced that the last DSB cardboard multi-ride tickets will be phased out with effect from 15 January 2017. Multi-ride tickets can be bought in the DSB App, which can now also issue an invoice for the benefit of the business passengers. At the same time, new digital sales platforms have been introduced for foreign and business sale.

The new foreign platform makes it possible to buy train journeys for a wide range of European destinations and the new business platform makes it simple and easy for business customers to buy train journeys.

DSB collaborates increasingly with partners to be able to offer services during the journey, e.g. Mofibo, Riidr and JP/Politiken, where members of DSB Plus can obtain free access to audio and E-books as well as news paper articles.

Rolling stock

Table 7: Litra-kilometre ¹⁾

Kilometre (1,000)	1st half		Increase	
	2016	2015	Abs.	%
IC4 train sets	3,065	2,648	417	16
IC3 train sets	15,193	15,423	-230	-1
IC2 train sets	147	224	-77	-34
IR4 train sets	4,468	3,559	909	26
Øresund train sets ²⁾	4,397	3,670	727	20
Double-decker coaches	8,258	8,182	76	1
MR train sets	1,088	1,446	-358	-25
Desiro train sets	1,239	1,498	-259	-17
Diesel locomotives - ME	1,838	1,932	-94	-5
S-train sets	8,883	8,494	389	5

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. Litra-kilometres for 2015 are included for comparison.

IC4 production has, as planned, increased in the period as a result of a further deployment from the start of K16 (timetable 2016). Moreover, the IR4 production increased in connection with the integration of DSB Øresund into DSB. The reason for the increase for Øresund train sets is, among other things, the operation of more rolling stock due to ID-verification. IC3 train sets have been slightly less deployed during the period as a result of more IR4 operations in the East/West relation. The MR production has reached the planned level. Likewise, a lower level was planned for the Desiro train sets, but the actual production is even lower due to long-term blocking of

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tracks at Funen and no driving during the weekends on the Odder - Grenaa line.

Table 8: Number of kilometres travelled between incidents ¹⁾

Kilometre (1,000)	1st half		Increase	
	2016	2015	Abs.	%
IC4 train sets	4.8	8.5	-3.7	-44
IC3 train sets	46.6	60.2	-13.6	-23
IR4 train sets	14.7	28.0	-13.3	-48
Øresund train sets	26.2	42.8	-16.6	-39
MR train sets	11.9	16.8	-4.9	-29
Desiro train sets	26.4	62.4	-36.0	-58
Diesel locomotives - ME	21.4	36.5	-15.1	-41
S-train sets	14.6	22.4	-7.8	-35

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

DSB has noted that the operational stability of the train fleet has decreased over the last year. No clear reasons have been identified for this general decline in the Number of kilometres travelled between incidents. DSB has initiated an external study divided into two phases, a short-term phase with here-and-now initiatives on the four main litra (IC3, IR4 and Øresund train sets as well as ME locomotives/double-decker coaches) and a long-term phase where recommendations for activities will be available in September.

IC4 train sets have experienced a drop in number of kilometres travelled between incidents from 3rd quarter 2015. A clear explanation of the development is not yet available, but the most important reasons for delays were still coach bodies, engines and brakes. Specific activities are carried out regularly regarding IC4 train sets. These are to contribute to higher operational stability.

The decline in Number of kilometres travelled between incidents on S-trains is exclusively caused by the deployment of the new signal system between Jægersborg and Hillerød. If incidents relating to the Signal programme are disregarded, S-trains demonstrate more than 20,000 kilometres between incidents.

Table 9: Number of kilometres travelled between breakdowns ¹⁾

Kilometre (1,000)	1st half		Increase	
	2016	2015	Abs.	%
IC4 train sets	28.1	80.2	-52.1	-65
IC3 train sets	433.9	734.4	-300.5	-41
IR4 train sets	297.6	237.2	60.4	25
Øresund train sets	145.0	282.7	-137.7	-49
MR train sets	32.0	85.1	-53.1	-62
Desiro train sets	53.9	299.5	-245.6	-82
Diesel locomotives - ME	61.2	84.0	-22.8	-27
S-train sets	51.4	66.9	-15.5	-23

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

Generally, the number of breakdowns it takes to change the Number of kilometres between breakdowns significantly is not very high. This applies to all litra - but the fewer kilometres presented, the larger the impact of a breakdown will have. This is particularly for the Desiro train set, where the 20 train sets in first half of 2016 has had 23 breakdown against 5 breakdowns in the same period in 2015.

Accounting policies applied

The half-year 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 half-year financial report is prepared in accordance with new and changed presentation requirements. Apart from this, the half-year financial report has been prepared according to the same accounting policies as the annual accounts 2015.

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

Changes in accounting estimates

Compared to 31 December 2015, DSB has revised the economic service life of the Group's IC4 and IC2 train sets based on updated expectations for the future use. As a consequence, all IC2 train sets have been phased out with immediate effect. The phasing out has resulted in a total write-down of DKK 588 million.

At the same time, 5 IC4 train sets, which were phased out in 2015, have been written off.

Subsequent events after 30 June 2016

No events have occurred after 30 June 2016 which in the opinion of the management have a significant impact on the assessment of this half-year report.

Other matters

There are no other matters.

Statement

Management statement

The Board of Directors and the Executive Board have today discussed and approved the half-year financial report for the period 1 January 2016 - 30 June 2016 for DSB.

The half-year 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 to be appropriate. Accordingly, the first half-year report provides a true and fair view of the Group's assets, liabilities and financial position as at 30 June 2016 and of the results of the Group's activities and cash flows for the period from 1 January 2016 to 30 June 2016.

It is also our view that the half-year 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, 23 August 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 half		Total year
Amounts in DKK million	2016	2015	2015
Income			
Net turnover	5,497	5,563	11,153
Work performed by the enterprise and capitalised	334	272	537
Other operating income	234	255	568
Total income	6,065	6,090	12,258
Expenses			
Expenses for raw materials and consumables	824	822	1,709
Other external expenses	2,011	1,872	3,915
Staff costs	1,914	1,885	3,708
Total expenses	4,749	4,579	9,332
Profit before depreciation, amortisation and write-downs	1,316	1,511	2,926
Amortisation, depreciation and write-downs of intangible and tangible assets	1,632	927	2,023
Operating profit	-316	584	903
Financial income and expenditure			
Profit/loss after tax in associated companies	0	-21	0
Financial income	7	8	22
Financial expenses	138	185	345
Net financials	-131	-198	-323
Profit/loss before tax	-447	386	580
Tax			
Tax on profit for the period	97	-97	-132
Adjustment of tax relating to previous years	0	-14	-2
Total tax	97	-111	-134
Profit for the period	-350	275	446
The profit for the period is distributed as follows:			
DSB	-350	275	446
Minority interests	0	0	0
Profit for the period	-350	275	446

Balance sheet – assets

Group	1st half		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	214	298	253
Intangible assets in progress	63	57	40
Total intangible assets	277	357	293
Tangible assets			
Land and buildings	4,497	4,734	4,548
Rolling stock	11,014	12,558	12,023
Operating equipment, fixtures and fittings and other equipment	884	1,026	985
Tangible assets in progress and advance payments	137	218	174
Total tangible assets	16,532	18,536	17,730
Investments			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	253	254	256
Other equity investments	2	2	2
Other receivables	81	159	133
Total investments	336	415	391
Total non-current assets	17,145	19,308	18,414
Inventories	472	447	425
Properties sold - not yet transferred	96	-	106
Receivables			
Trade receivables	637	659	793
Other receivables	250	505	387
Prepayments	177	229	202
Total receivables	1,064	1,393	1,382
Cash at bank and in hand	73	36	42
Total current assets	1,705	1,876	1,955
Total assets	18,850	21,184	20,369

Balance sheet – liabilities and equity			
Group	1st half		Total year
Amounts in DKK million	2016	2015	2015
Equity			
Contributed capital	4,760	4,760	4,760
Retained earnings	1,699	1,985	1,998
Proposed dividends	-	-	173
Company participant in DSB's share of equity	6,459	6,745	6,931
Minority interests	0	-1	0
Total equity	6,459	6,744	6,931
Provisions			
Other provisions	91	107	101
Deferred tax liabilities	1,192	1,455	1,390
Total provisions	1,283	1,562	1,491
Non-current liabilities			
Long-term loans	5,578	6,194	5,482
Subordinated loan capital	2	7	2
Other long-term liabilities	617	943	769
Other liabilities	309	344	335
Total non-current liabilities	6,506	7,488	6,588
Current liabilities			
Current portion of non-current liabilities	790	1,781	1,156
Short-term loans	200	0	250
Credit institutions	159	354	269
Trade accounts payables	1,450	1,337	1,521
Corporation tax	121	32	92
Other liabilities	998	1,041	1,070
Prepayments	884	845	1,001
Total current liabilities	4,602	5,390	5,359
Total liabilities	11,108	12,878	11,947
Total equity and liabilities	18,850	21,184	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 eq- uity
Equity at 1 January 2015	4,760	1,541	0	6,301	0	6,301
Profit for the period	-	275	-	275	-	275
Minority interests' share of the profit for the period	-	0	-	0	0	0
Foreign currency translation adjustments regarding Group companies	-	4	-	4	-1	3
Value adjustment of hedging instruments, 1 January	-	525	-	525	-	525
Value adjustment of hedging instruments, 30 June	-	-360	-	-360	-	-360
Equity at 30 June 2015	4,760	1,985	0	6,745	-1	6,744
Profit for the period	-	-2	173	171	-	171
Minority interests' share of the profit for the period	-	0	-	0	0	0
Foreign currency translation adjustments regarding Group companies	-	0	-	0	1	1
Value adjustment of hedging instruments, 1 July	-	360	-	360	-	360
Value adjustment of hedging instruments, 31 December	-	-345	-	-345	-	-345
Equity capital at 31 December 2015	4,760	1,998	173	6,931	0	6,931
Approved dividend	-	-	-173	-173	-	-173
Profit for the period	-	-350	-	-350	-	-350
Minority interests' share of the profit for the period	-	0	-	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, 30 June	-	-293	-	-293	-	-293
Equity at 30 June 2016	4,760	1,699	0	6,459	0	6,459

Cash flow statement			
Group	1st half		Total year
Amounts in DKK million	2016	2015	2015
Operating profit	-316	584	903
Adjustment for non-cash operating items			
Amortisation, depreciation and write-downs of intangible and tangible assets	1,632	927	2,023
Change in other provisions, net	-10	-40	-46
Other adjustments			
Gain and loss incurred on sale and scrapping of intangible and tangible assets	-66	-26	-110
Net financials, paid	-122	-137	-331
Corporate tax, paid	-94	-1	-37
Cash flows from operating activities before changes in working capital	1,024	1,307	2,402
Change in working capital			
Change in receivables	276	381	276
Change in inventories	-47	-20	2
Change in trade payables and other liabilities, etc.	-155	-308	86
Total change in working capital	74	53	364
Total cash flows from operating activities	1,098	1,360	2,766
Cash flows from investment activities			
Acquisition of intangible and tangible assets, excluding capitalised interest	-418	-388	-803
Sale of intangible and tangible assets	77	44	192
Contribution to associated company	-	-	0
Total cash flows from investment activities	-341	-344	-611
Cash flows from financing activities			
Proceeds from raising of short-term loans	400	-	250
Repayment of and payment of instalment on long-term loans	-393	-116	-1,960
Repayment of and payment of instalment on short-term loans	-450	-995	-450
Change in credit institutions	-110	105	20
Dividends paid to owner	-173	-	-
Dividends paid to minority shareholders	-	-1	-
Total cash flows from financing activities	-726	-1,007	-2,140
Total change in cash and cash equivalents	31	9	15
Cash and cash equivalents at 1 January	42	27	27
Cash and cash equivalents at end of period	73	36	42

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

Earnings per quarter

Group	2016		2015			
Amounts in DKK million	Q1	Q2	Q1	Q2	Q3	Q4
Passenger revenues	1,327	1,406	1,200	1,245	1,152	1,372
Revenue from transport contracts	1,093	1,113	1,235	1,235	1,265	1,148
Sales from kiosks, etc.	197	229	185	218	208	211
Sale of repair and maintenance services of rolling stock, etc.	73	54	57	70	75	55
Leasing of rolling stock	3	2	60	58	59	45
Net turnover	2,693	2,804	2,737	2,826	2,759	2,831
Work performed by the enterprise and capitalised	179	155	143	129	123	142
Other operating income	144	90	94	161	129	184
Total income	3,016	3,049	2,974	3,116	3,011	3,157
Expenses for raw materials and consumables	414	410	399	423	429	458
Other external expenses	1,029	982	935	937	949	1,094
Staff costs	927	987	917	968	922	901
Total expenses	2,370	2,379	2,251	2,328	2,300	2,453
Profit before depreciation, amortisation and write-downs	646	670	723	788	711	704
Depreciation, amortisation and write-downs	459	1,173	465	462	638	458
Operating profit	187	-503	258	326	73	246
Net financials	-71	-60	-127	-71	-62	-63
Profit/loss before tax	116	-563	131	255	11	183
Profit for the period	88	-438	91	184	14	157
Total equity	6,806	6,459	6,241	6,745	6,725	6,931
EBITDA-margin	24.0	23.9	26.4	27.9	25.8	24.9
Return on equity (ROE) p.a.	5.1	-26.4	5.8	11.3	0.8	9.2
Return on capital employed after tax (ROIC after tax) p.a.	4.2	-11.8	4.9	6.4	1.7	5.8

Line Accounts, 1st half 2016

In 2015, DSB developed a reporting method that divides the finances of DSB's railway services into the following areas of activity: Train Service, Train System and General Obligations. This reporting method will be continued for 1st half 2016. The work is based on an upgrade of DSB's allocation model for Lines in order to ensure coherence and consistency in the reporting of Areas of activity and Lines.

DSB provides railway services in Denmark as an overall activity, and DSB's organisation and business processes support an efficient operation of the total train traffic and the other activities performed by DSB according to its transport contract with the Danish state and the regulatory basis for DSB's work. Accordingly, the division of the areas of activity serves an analytical purpose and has been made by allocating passenger revenues and costs rather than accounting transactions. This also applies to the allocation on lines. Therefore, the outcome of the analysis is subject to some uncertainty.

Model adaptations

The definitions of lines used so far for Long-distance & Regional Trains originate from year 2000. Over the intervening period the production has changed. For instance, the Fredericia-Vejle-Struer Line was classified as Express Train (Lyntog) one year and as InterCity the next based solely on the connection to which the train is linked to/from København (Copenhagen), regardless of whether the Line is operated as a regional train with stops at every station. Furthermore, DSB introduced a new timetable at the turn of the year, which creates a need for rethinking the definitions of the lines.

DSB has prepared new Line definitions that primarily are to ensure a uniform handling of the lines over time and thus reflect the actual underlying planned production; see figure 1.

- Long-distance trains are defined as trains crossing Storebælt (the Great Belt) (the red lines on the map).
København – Esbjerg, København – Aalborg, København – Aarhus)
- The remaining Express Train and InterCity lines and the "tails" of the express train from Aalborg to Frederikshavn and for InterCity Aarhus to Aalborg are defined as regional trains as this is, in fact, regional train traffic as the trains stop at every station. This applies to Aarhus – Langå – Struer, Fredericia – Vejle – Struer, Struer – Thisted (tail of Express Train), Fredericia – Sønderborg, Aalborg – Frederikshavn (tail of Express Train), Aarhus – Langå – Aalborg (tail of InterCity) as well as København – Ystad
- Struer – Thisted is viewed as a separate Line, as DSB has an obligation according to the transport contract to drive on the Line six times a day, but do not receive any passenger revenues.
- The train categories Regional East and Regional West follow the underlying train service.
- International systems used to a wide extent by local travellers on Sjælland (Zealand) and in Jylland (Jutland) are defined as regional traffic.

A review of DSB's intercompany trade contracts between DSB and S-tog for 2015 has revealed a need for adjustment of the contracts. As S-tog is no longer a separate company but operated together with the other train services, DSB has decided to simplify the internal processes by not trading services internally in the future, but instead allocate them by means of the allocation model for lines. This ensures a consistent handling of costs of support functions for train services across the areas of activity.

More specifically, this means an additional charge to the S-train activities as at the first half of 2016 of approx. DKK 30 million compared to a continuation of the previous intercompany trade contracts. The main reason is that the intercompany contracts do not adequately include S-tog's share of VAT and payroll tax nor IT costs.

Areas of activity

Public services delivered according to the transport contract are divided into Train Service, Train System and General Obligations; see Table 1. Train Service relates to the operator task of driving trains. Train System is a collective designation for the activities that support the task of driving trains, from operation of stations, rolling stock, deliveries to timetable planning and monitoring as well as traffic information and sale of tickets.

Train Service is furthermore divided into Long-distance & Regional train services, S-train services as well as Kystbane & Kastrupbane t. Train System is split into Stations, Rolling Stock and Systems & Channels. Systems & Channels include Sales Channels and Customer Service as well as Traffic Handling and shared functions.

General Obligations are activities that are independent of the railway services, such as operation of Jernbanemuseet (the Railway Museum) and extra costs regarding civil servants.

Income before leasing of rolling stock for the first half of 2016 amounts to DKK 5,095 million for financing the Public services delivered. 73 percent of the income finances the Train Service while 25 percent finances Train System tasks. The remaining share finances General Obligations.

Costs of Public services before leasing of rolling stock amounts to DKK 3,997 million for the first half of 2016. 69 percent hereof is used for Train Service and about 28 percent for Train System tasks, the remaining is allocated to General Obligations. Furthermore, there are depreciation, amortisation, write-downs, net financials and tax.

Costs regarding leasing of rolling stock have been disregarded with respect to both income and expenses, as the rolling stock in these line accounts is regarded in terms of profit/loss as neutral intercompany transfers.

Table 1: The results of DSB's railway services divided into areas of activity 1st half 2016

DKK million	Public services (1)	Train Services			Train System			General Obligations	
		Long-distance & regional train services	S-train services	Kystbane & Kastrup-bane services	Stations	Rolling Stock (2)	Systems & Channels (3)	Historical (4)	Non-recurring items (5)
Passenger revenues	2,744	1,665	725	309	0	0	45	0	0
Revenue from transport contract	2,085	809	0	79	284	66	784	63	0
Other operating income (6)	266	58	22	10	35	6	65	66	4
Revenue before leasing out of rolling stock	5,095	2,532	747	398	319	72	894	129	4
Leasing out of rolling stock	900	0	0	0	0	900	0	0	0
Total revenue	5,995	2,532	747	398	319	972	894	129	4
Expenses for raw materials and consumables	242	178	41	19	0	0	3	1	0
Other external expenses	2,420	1,166	245	194	105	185	508	17	0
Staff expenses	1,335	620	190	106	44	11	258	106	0
Expenses before leasing of rolling stock	3,997	1,964	476	319	149	196	769	124	0
Leasing of rolling stock	900	578	241	81	0	0	0	0	0
Total expenses	4,897	2,542	717	400	149	196	769	124	0
Profit before depreciation and amortisation	1,098	-10	30	-2	170	776	125	5	4
Depreciation and amortisation	1,608	30	13	4	74	692	81	4	710
Operating profit/loss	-510	-40	17	-6	96	84	44	1	-706
Net financials	125	2	3	0	20	84	15	1	0
Profit/loss before tax	-635	-42	14	-6	76	0	29	0	-706
Tax	-140								
Profit for the year	-495								
Percentage distribution									
Revenue from transport contract		39%	0%	4%	14%	3%	38%	3%	0%
Revenue before leasing out of rolling stock		50%	15%	8%	6%	1%	18%	3%	0%
Expenses before leasing out of rolling stock		49%	12%	8%	4%	5%	19%	3%	0%
Expenses, depreciation, amortisation, write-downs and net financials	6,630	2,574	733	404	243	972	865	129	710

¹ Public services include public services according to negotiated contract.

² Leasing of double-decker rolling stock is included in rolling stock.

³ Passenger revenues under Systems & Channels reflect commission income from sale of tickets from other operators.

⁴ General obligations (historical) regarding railway museum, civil servants on loan, special buildings leased out on non-commercial terms etc.

⁵ General obligations (non-recurring items) regarding net profit from sale of property in DSB's parent company and extraordinary write-downs of IC4 and IC2 train sets as well as write-down of equipment for one-man operation at Kystbanen.

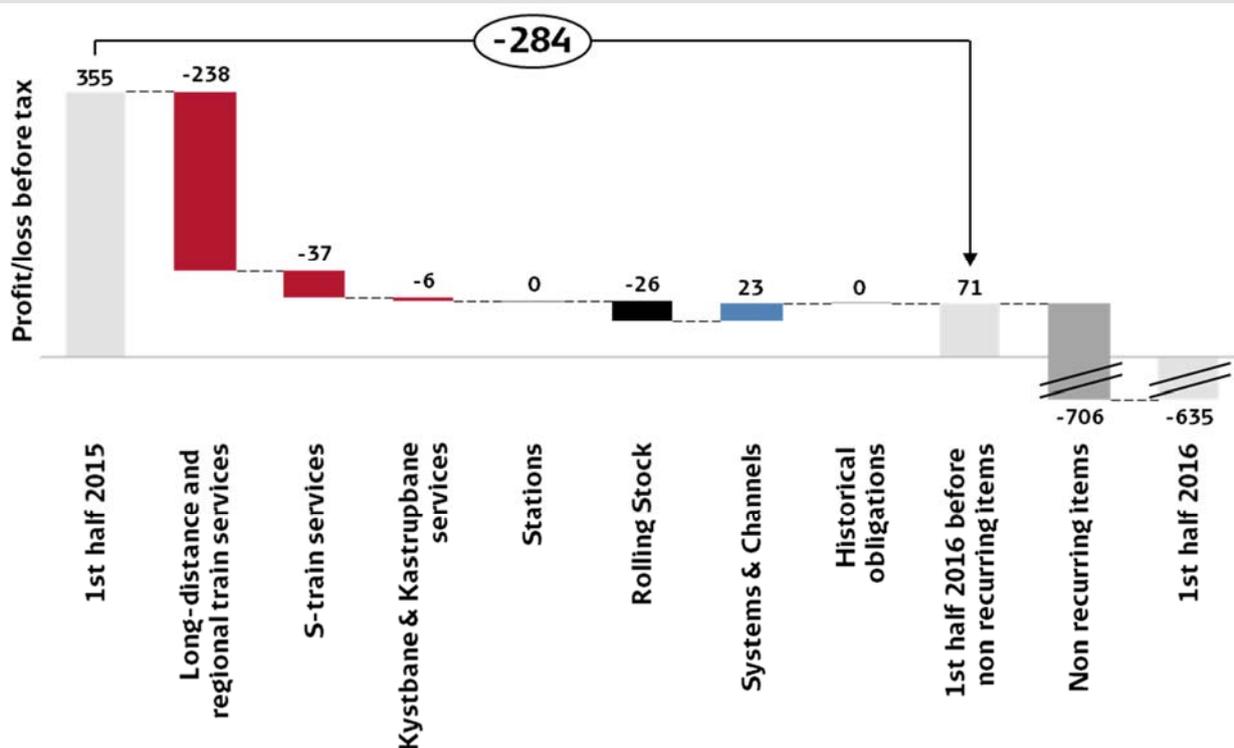
⁶ Other operating income includes fees, compensation, rent and income from traffic-independent activities etc. is included.

The division of the railway services into areas of activity is based on Public Services, which is a statement of the activities performed by DSB according to the transport contract, prepared in accordance with the official reporting regulations for DSB.

The basis for the division of economy is DSB's financial model for lines. The model divides DSB's income statement into areas of activity and calculates the finances of the individual line based on the usage of the activity. This means that the full cost of e.g. onboard staff (wages, pension, staff managers and planners, It, uniforms, etc.) are allocated to the individual line based on the number of hours for which the staff is working on that line.

It is an analytical decision that passenger revenues are primarily allocated to Train Service, as the passenger revenues are in fact also used for co-financing stations, sales channels, timetable planning, traffic information, etc. If the passenger revenues were also allocated to the train system services, the size of the contract payment to be allocated to these areas of activities would be reduced.

Figure 2: Development in profit/loss before tax for areas of activities from 1st half 2015 to 1st half 2016
 Amounts in DKK million



Profit before tax after 1st half 2016 is DKK 284 million lower than for the same period last year, if you disregard the write-down of IC2/IC4 rolling stock and equipment for one-man operation at Kystbanen. The development in profit is negatively affected by the effect of "supplementary agreement 1", which leads to a reduction of contractual payment of DKK 146 million.

Revenue from the transport contract (hereafter contract payment) is allocated to the activity areas based on the principles laid down in connection with the transport contract.

As a result of the allocation, a share of the contract payment is pre-allocated to the Train System and the General Obligations and the remaining contract payment is allocated to the Train Service.

This means that the effect on profit of the reduced contract payment only affects the Train Service.

For Long-distance & Regional Train services, the profit before tax decreased by DKK 238 million - mainly due to the reduction in the contract payment. Furthermore, there have been declining passenger revenues and extra costs due to the track maintenance work in the spring as well as extra work to reduce the number of defects in the rolling stock in order to improve the operational stability.

The profit before tax for S-train services fell by DKK 37 million, which is mainly due to the fact that no contract payments were allocated to S-train services for the first half of 2016. These amounted to DKK 77 million after the first half of 2015. This means that the S-train services can be operated without subsidies from contract payment. To this should be added the previously mentioned change of method, which reduces the profit by DKK 30 million. This means that profits have in fact been improved by DKK 70 million. Besides these matters, the profit is positively affected by increasing passenger revenues and compensation for damaged rolling stock near Lyngby in 2015 as well as decreasing costs for leasing of rolling stock.

Kystbane & Kastrupbane services is a new area of activity from 2016.

The profit before tax for Rolling Stock fell by DKK 26 million to zero in 2016. The activity is settled to Train Service through the intercompany leasing of rolling stock, which does not include any payment of interests to the rolling stock area of activity. The reason for the decrease is that the contract on leasing of rolling stock to the Danish Transport Authority was terminated when the operation of Kystbane & Kastrupbane service were transferred to DSB.

In Systems & Channels, the profit before tax has improved by DKK 23 million, which is mainly due to the transfer of the train breakdown recovery function to Banedanmark.

Historical obligations involving, among others, the Railway Museum and extra costs relating to the employment of civil servants as opposed to people appointed on a group contract basis in the day-to-day operations will by definition not yield any profit.

The write-downs are treated as non-recurring items so that they do not affect the railway operation.

Line allocation

The line accounts are presented according to the official reporting regulations with the full costs incurred in the production of a line, see table 2a and 2b. The costs thus include all costs from train driver payroll costs and facilities for rolling stock, staff, administrative systems and group management.

The direct costs vary depending on the production volume for the individual line, for example costs of energy, infrastructure charges, etc.

The indirect costs vary only to a limited extent depending on the production volume for the individual line, for example preparation costs, maintenance facilities, train staff rooms, etc. The costs are to a lesser extent variable depending on the production volume for the individual line and the line allocation is based on allocation keys. The possibilities for adaption in connection with changes in the production volume will vary for different lines, for example based on the geographical location of facilities, the specific use of rolling stock etc.

The support function costs include fully allocated costs for administrative functions, for example IT services, staff and joint functions, finance and staff functions and working environment and railway safety. These costs are largely independent of the production volume for the individual line and variability is particularly low in relation to minor changes in production volume.

A line profit reflects the fact that the line operates at a profit, which contributes to the financing of loss-making lines. On the other hand, negative results reflect that the line operates at a loss and consequently financing has to be added from profit-making lines and/or government contract payments.

Table 2a: Line accounts for Train Services regarding Long-distance Trains and Regional West 1st half 2016

DKK million	Passenger revenues	Total revenue Train-services ¹⁾	Train crew	Maintenance of rolling stock	Energy	Replacement services	Infrastructure charges	Direct costs	Leasing of rolling stock (avg. exp.)	Partial result	Indirect costs	Support function costs	Profit / loss
København - Aalborg	390	398	-73	-75	-31	-5	-49	-233	-92	73	-15	-46	12
København - Aarhus	430	438	-80	-78	-28	-8	-78	-272	-79	87	-13	-49	25
København - Esbjerg	276	281	-55	-44	-17	-6	-51	-173	-51	57	-8	-33	16
Long-distance trains	1,096	1,117	-208	-197	-76	-19	-178	-678	-222	217	-36	-128	53
Aalborg - Hamborg	11	11	-3	-1	-1	0	-1	-6	-1	4	0	-2	2
Odense - Svendborg	22	24	-13	-15	-3	0	-3	-34	-10	-20	-1	-8	-29
Aarhus - Grenaa	7	8	-9	-10	-2	0	-2	-23	-7	-22	0	-6	-28
Odense - Fredericia	9	10	-8	-13	-4	0	-2	-27	-7	-24	0	-5	-29
Aarhus - Langå - Aalborg	48	51	-30	-18	-6	0	-5	-59	-18	-26	-4	-19	-49
Aalborg - Frederikshavn	36	37	-16	-15	-4	0	-3	-38	-11	-12	-3	-9	-24
Aarhus - Fredericia - Esbjerg	50	52	-19	-42	-10	0	-6	-77	-17	-42	-2	-11	-55
Nyborg - Ringe	2	2	-6	-6	-2	0	-2	-16	-4	-18	-1	-4	-23
Fredericia - Flensborg	24	25	-9	-4	-2	0	-3	-18	-6	1	-1	-6	-6
Aarhus - Fredericia	4	4	-4	-10	-2	0	-1	-17	-4	-17	0	-2	-19
Fredericia - Sønderborg	4	5	-13	-7	-3	0	-3	-26	-8	-29	-1	-7	-37
Struer - Thisted	0	0	-2	-1	0	0	0	-3	-1	-4	0	-1	-5
Skørping - Lindholm	6	7	-9	-16	-3	0	-2	-30	-6	-29	-1	-5	-35
Aarhus - Langå - Struer	0	0	-3	-1	-1	0	-1	-6	-2	-8	-1	-2	-11
Herning - Struer	0	1	-2	-3	0	0	0	-5	-1	-5	0	-1	-6
Aarhus - Hornslet	1	1	-3	-3	0	0	0	-6	-2	-7	0	-2	-9
Fredericia - Vejle - Struer	36	39	-29	-17	-6	0	-6	-58	-18	-37	-5	-18	-60
Regional West	260	277	-178	-182	-49	0	-40	-449	-123	-295	-20	-108	-423

¹⁾ In addition to passenger revenues, other operating income such as fees, compensation, rent and income from traffic-independent activities etc. is included.

Table 2b: Line accounts for Train Services regarding Regional East, Costal line & Øresund and S-train 1st half 2016

DKK million	Passenger revenues	Total revenue Train-services ¹⁾	Train crew	Maintenance of rolling stock	Energy	Replacement services	Infrastructure charges	Direct costs	Leasing of rolling stock (avg. exp.)	Partial result	Indirect costs	Support function costs	Profit/loss
København - Hamborg	32	34	-13	-2	-1	-4	-1	-21	-8	5	-1	-7	-3
København - Kalundborg	57	60	-32	-44	-14	0	-5	-95	-39	-74	-3	-20	-97
København - Holbæk	51	54	-26	-28	-12	-2	-4	-72	-49	-67	-5	-17	-89
København - Nykøbing F - Rødby	110	116	-51	-46	-22	-1	-8	-128	-94	-106	-9	-33	-148
Roskilde - Køge - Næstved	16	19	-26	-20	-1	0	-3	-50	-10	-41	-2	-15	-58
København - Ringsted	22	24	-14	-12	-4	0	-2	-32	-13	-21	-1	-8	-30
København - Roskilde	3	3	-6	-3	-1	0	-1	-11	-4	-12	0	-4	-16
København - Ystad	3	3	0	-1	0	-2	-2	-5	-1	-3	0	0	-3
København - Slagelse	16	17	-12	-12	-4	0	-2	-30	-15	-28	-1	-7	-36
Regional East	310	330	-180	-168	-59	-9	-28	-444	-233	-347	-22	-111	-480
København - Helsingør	256	265	-83	-40	-16	-4	-10	-153	-59	53	-19	-48	-14
København - Malmø	53	54	-15	-15	-6	-1	-53	-90	-22	-58	-6	-8	-72
Kystbane & Kastrupbane services	309	319	-98	-55	-22	-5	-63	-243	-81	-5	-25	-56	-86
Central (Hellerup-Valby)	278	282	-38	-19	-8	-2	0	-67	-39	176	-6	-19	151
Køge (Sydhavn - Køge)	90	93	-32	-28	-11	-1	0	-72	-56	-35	-8	-16	-59
Høje Taastrup (Danshøj - Høje Taastrup)	66	68	-15	-8	-3	0	0	-26	-16	26	-2	-8	16
Frederikssund (Langgade - Frederikssund)	82	86	-32	-23	-9	-1	0	-65	-45	-24	-6	-17	-47
Farum (Ryparken - Farum)	47	49	-19	-12	-5	0	0	-36	-25	-12	-4	-10	-26
Hillerød (Bernstorffvej - Hillerød)	85	89	-27	-20	-8	-1	0	-56	-40	-7	-5	-15	-27
Klampenborg (Charlottenlund- Klampenborg)	16	16	-6	-3	-1	0	0	-10	-6	0	-1	-3	-4
Ringbanen (Ny Ellebjerg - Hellerup)	61	63	-18	-7	-3	0	0	-28	-14	21	-2	-9	10
S-train	725	746	-187	-120	-48	-5	0	-360	-241	145	-34	-97	14
Train Services excl. transport contract revenues	2,700	2,789	-851	-722	-254	-38	-309	-2,174	-900	-285	-137	-500	-922
Calculated transport contract revenues		888						0		888			888
Train Services incl. transport contract revenues	2,700	3,677	-851	-722	-254	-38	-309	-2,174	-900	603	-137	-500	-34

¹⁾ In addition to passenger revenues, other operating income such as fees, compensation, rent and income from traffic-independent activities etc. is included.

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