

DSB's profit before tax for the first 9 months of 2017 amounted to DKK 595 million.

- Operator punctuality for Long-distance & Regional trains and S-trains satisfies contract targets.
- The necessary works on tracks and signals have negative consequences for customer punctuality which does not meet the targets.
- The passenger turnover and number of journeys have been negatively impacted by both infrastructure works and the rising competition from cars in particular in the inter-regional traffic.
- The net interest-bearing debt was reduced by DKK 1,366 million.
- Continuing significant growth in the sale of cheap Orange tickets.
- Negotiations on supplementary contract based on predictability and stability of the framework conditions allows a reduction of contract payment.

"It is positive that operator punctuality in the 3rd quarter continues to be above the contract targets, but at the same time, it is clear that on some lines the customers chooses to opt out the train when there are too many track works and signal instability."

Flemming Jensen, CEO

Robust finances

For the first 9 months, DSB realised a pre-tax profit of DKK 595 million. Adjusted for non-recurring items, the pre-tax profit amounted to DKK 397 million, which is an improvement of DKK 58 million in compared with the same period in 2016. The result is influenced by a negative development in passenger turnover. This is however countered by a larger decrease in operating costs and, in particular, financing costs and depreciations. The net interest-bearing debt has been reduced by DKK 1,366 million compared with 31 December 2016 and totalled at DKK 4,668 million as of 30 September 2017.

The positive development in operator punctuality for Long-distance & Regional trains is maintained.

Operator punctuality for Long-distance & Regional trains - the number of trains on time for which DSB has sole responsibility - totalled at 94.3 percent for the first 9 months of the year, which exceeds the Transport contract target of 93.9 percent.

The positive development in operator punctuality has been maintained in the 3rd quarter. This is a result, among other things, of the initiatives implemented by DSB to reduce the number of delay-causing rolling stock faults.

The common customer punctuality goal - number of customers arriving on time - for DSB and Banedanmark has improved in the first 9 months of 2017 compared to the same period in 2016. This is a positive development, but customer punctuality is still under pressure and the actual 79.1 percent is below the Transport contract target of 82.4 percent. The extensive track and signal works are some of the main reasons for not reaching the target.

There are large challenges on the line across Øresund (the Sound) where track works in southern Sweden and, to some extent, the border controls lead to delays that spread to the Danish side of Øresund and to Kystbanen (The Coast Line) in particular.

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DSB have a strong focus on providing our customers with the highest possible punctuality throughout 2017, but it is also very clear that the essential track works carried out by Banedanmark across the country represent a challenge to train traffic. DSB and Banedanmark collaborates on handling the passenger traffic and the traffic information in connection with these track works and other infrastructure works.

Generally there is a high level of punctuality in the S-train traffic - but some customers have been faced with challenges.

For the first 9 months, the S-train operator punctuality of 98.7 percent exceeds the Traffic contract target of 97.5 percent. The customer punctuality for S-trains is at 91.3 percent, which is below the target of 92.3 percent. However, in nine out of ten cases, the 300,000 daily customers using Copenhagen's S-trains have been able to reach their destination on time.

There are, however, customers who have experienced unsatisfactory punctuality. In particular, track works on the City section over the summer have impacted the S-train network.

IC4

It is now almost a year since DSB published the future plans for the IC4 trains. Based on a recognition that the IC4 trains will not be the main component in the inter-regional traffic, the IC4 trains are now primarily used as regional trains.

Compared to the same period of last year, the operational stability of the IC4 trains has improved. The IC4 trains have achieved an MDBF (mean distance between failures) of 4,500 kilometres. This is a slight increase compared to the same period of last year, but the level is still low compared to other trains. It is, however, still our assessment that despite a focused effort on improving operational stability, there will still be a risk that the IC4 trains will remain the least operationally stable trains in DSB.

At the end of the 3rd quarter 2017, the IC4 production has risen marginally compared to the same period of last year and the IC4 trains are now running approximately 14 percent of the total diesel production. This is despite an incident with a hydraulic pump in March which meant that passenger operations were suspended for 3 weeks.

Increased competition - customers are pleased with DSB's Orange concept.

In the first 9 months of the year, DSB has experienced a decline of 2 percent in the number of journeys compared to the same period last year. This is primarily a result of a decrease in the number of journeys on S-trains which is a consequence of a series of comprehensive track works in addition to ongoing work with the new signal system. An increase in the competition on the East-West market has, however, also led to the number of passengers in Long-distance & Regional trains not growing as expected. In particular, car traffic is increasing and the decision to reduce bridge tolls across the Great Belt by 25 percent will increase competition further. Likewise, we are seeing an increase in the competition from buses and carpooling services.

Customers appreciate DSB's Orange concept of selling cheap tickets on departures with empty seats outside rush hours. In the first 9 months of the year, 1.2 million Orange tickets were sold which amounted to an increase of 61 percent compared to the same period last year. 77 percent of the Orange tickets sold were for journeys crossing the Great Belt.

We wish that more Danes to choose trains as their preferred type of travel. We will accomplish this through attractive prices, high levels of comfort and short travel times and also by cooperating with Banedanmark to ensure even higher customer punctuality. The customer punctuality is

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challenged in recent years with large infrastructure works and will only receive a big boost when new signals and electrification have been completed. However, it is already the case that the punctuality is competitive with cars and busses on a congested road network.

For the first 9 months of the year, the customer satisfaction rating totalled at 7.9 which is similar to the 3rd quarter of 2016. There is, however, a large difference in customer satisfaction on the individual lines and it is clear that the customers react negatively when they are affected by track works.

The road ahead towards the Train of the Future

Earlier this year, DSB's decision paper for Phase 1.5 for the acquisition of electrical trains was approved politically. The decision paper answers three key questions for the future work: Choice of train type, acquisition strategy, and the organisation of the future process. On that basis, DSB has continued to implement phase 2 in the 3rd quarter, including preparing tender material, requirements specifications, and contract drafting.

The acquisition of new electric trains will mean a comprehensive renewal of the train fleet which is necessary in order to realise the societal, operational budget-related and environmental gains from the electrification of the railway moving towards 2030. DSB is dependent on Banedanmark's planned infrastructure expansion following the planned timetable. The roll-out of the new signal system and the electrification of the main lines are essential in order for the rolling stock in which DSB is investing to be used in the infrastructure.

Negotiations on a supplementary contract based on a market-orientated DSB and a reduction of the contract payment

A supplementary contract will be based on the predictability and stability of the DSB's framework conditions until 2024 and with a business volume, as we know today. Based on the assumptions and from the efficiency possibilities it provides, the contract payment can be significantly reduced in the years 2018-2021, in addition to the reduction of 300 million. DKK, which was agreed in 2015.

"Predictability and stability in DSB's framework conditions towards 2024 is crucial for DSB to conclude a supplementary contract for reduced contract payment."

Peter Schütze, Chairman of the Board

Taastrup, 8 November 2017

Peter Schütze
Chairman of the Board

Flemming Jensen
CEO

The Third quarter 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	Q1-Q3		Increase		Total year
Amounts in DKK million	2017	2016	Abs.	%	2016
Net revenue ¹⁾	7,518	7,575	-57	-1	10,183
Total income ²⁾	9,060	9,069	-9	0	12,248
Of these, non-recurring items	256	127	129	-	193
Total expenses	7,013	7,051	-38	-1	9,503
Of these, non-recurring items	14	-	14	-	-
Profit/loss before amortisation, depreciation and write-downs	2,047	2,018	29	1	2,745
Amortisation, depreciation and write-downs of intangible and tangible assets	1,359	2,074	-715	-34	4,634
Of these, non-recurring items	44	709	-665	-94	2,767
Operating profit/loss	688	-56	744	-	-1,889
Profit/loss before tax	595	-243	838	-	-2,193
Profit/loss before tax adjusted for non-recurring items	397	339	58	17	381
Profit/loss for the period	458	-190	648	-	-1,704
Balance sheet total	15,553	18,964	-3,411	-18	16,534
Total equity	5,803	6,559	-756	-12	5,338
Interest-bearing liabilities, net	4,668	6,415	-1,747	-27	6,034
Profit ratio (EBIT margin)*	9.2	-0.7	9.9	-	-18.6
Return on equity p.a. (ROE)*	11.0	-3.8	14.8	-	-27.8
Return on invested capital after tax (ROIC after tax) p.a.*	6.5	-0.4	6.9	-	-11.5
Gearing p.a.*	1.7	2.4	-0.7	-29	2.2
Equity ratio*	37.3	34.6	2.7	8	32.3
Interest coverage*	6.6	-0.2	6.8	-	-5.9
Number of full-time employees – end of period	7,246	7,279	-33	0	7,239
Average number of full-time employees in total	7,326	7,294	32	0	7,285
Productivity – (Danish activities)³⁾					
Passenger and transport contract revenue per seat kilometre (DKK 0.01/kilometre)	55	55	0	0	55
Passenger revenue per seat kilometre (DKK 0.01/ kilometre)	31	31	0	0	31
Costs per seat kilometre, adjusted for non-recurring items (DKK 0.01/kilometre)	56	56	0	0	56
Operator Punctuality⁴⁾					
Long-distance & Regional Trains (%)	94.3	91.9	2.4	3	92.0
S-train (%)	98.7	98.5	0.2	0	98.4
Passenger punctuality⁵⁾					
Long-distance & Regional Trains (%)	79.1	74.3	4.8	6	74.0
S-train (%)	91.3	92.6	-1.3	-1	92.6
Customers					
Customers in Denmark (million customers) ⁶⁾	139.0	142.4	-3.4	-2	192.0
"Customer satisfaction for this journey" – (Danish activities)	7.9	7.9	0.0	0	7.9
Reputation					
Users of Long-distance & Regional Trains	49.4	50.2	-0.8	-2	49.7
Users of S-trains	52.8	56.3	-3.5	-6	55.6
Non-users of Long-distance & Regional Trains	40.6	42.2	-1.6	-4	41.5

¹⁾ Net revenue relating to railway business.

²⁾ Total income includes income from activities not related to the railway business.

³⁾ Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra-kilometres travelled.

⁴⁾ Operator punctuality is the total punctuality, less any delays due to circumstances for which DSB is not responsible. Arrivals are considered punctual if they are less than 3 minutes delayed.

Cancellations due to circumstances at DSB that are not notified 72 hours in advance are counted as a delay.

⁵⁾ Customer punctuality for Long-distance & Regional train traffic is defined as the number of passengers riding on punctual trains in relation to the total number of passengers. 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 less than 3 minutes delayed. Cancellations which are not notified 72 hours in advance are counted as a delay.

⁶⁾ Customers in Denmark in 2016 have been adjusted compared to previously published figures due to the final journey inventories, etc. calculated as the number of journeys. In additions, Customers in Denmark 2016 has been adjusted with the transference of the Grenaa line and regional traffic in North Jutland.

* Calculated pursuant to the definitions laid down in Definitions of key figures in DSB's annual report for 2016.

Report - financial activities

The result before tax for the first 9 months of the year amounted to DKK 595 million, which is an improvement of DKK 838 million compared to the same period in 2016. In 2016, the result before tax was affected by write-downs of 5 IC4 train sets and the IC2 train sets.

Table 1: Pre-tax earnings adjusted for non-recurring items¹⁾

DKK million	Q1-Q3	
	2017	2016
Profit/loss before tax	595	-243
Net gains on real estate, etc.	-180	-127
Profit foreign activities, net	-16	-
Write-down of 5 IC4 train sets and the IC2 train sets	-	673
Write-down single-person operation Kystbanen (Coastal line)	-	36
Reversed write-downs, net	-2	-
Adjusted profit/loss before tax	397	339

¹⁾ A minus indicates that the correction has had a positive pre-tax effect on the profit/loss.

Adjusted for non-recurring items, the Profit before tax is DKK 58 million higher than the corresponding profit for the first 9 months of 2016. The improvement is primarily the result of reduced financial expenses, lower depreciation and compensation from the Swedish government for expenses for the ceased ID control. This is partly matched by a decrease in passenger revenue and an increase in infrastructure expenses.

The balance sheet total was DKK 15,553 million compared to DKK 16,534 million as of 31 December 2016. The decrease in the total Assets is due to the depreciation of fixed assets - including rolling stock - and sale of properties held for sale. The fall in Liabilities is due to the repayment of loans, partly matched by higher Equity.

In the first 9 months of 2017, DSB invested DKK 601 million. (DKK 885 million). Investments included heavy maintenance of Long-distance & Regional trains and S-trains. The development compared to the same period in

2016 can mainly be explained by the purchase of the Central Station's Shopping Centre in 2016 (the shops located in the centre of the station concourse).

Net interest-bearing debt has been reduced by DKK 1,366 million compared with 31 December 2016 and totalled at DKK 4,668 million as of 30 September 2017. It is still mainly cash flows from operating activities that have made it possible to repay loans. The debt reduction can especially be contributed to amortisation, depreciation and write-downs of the existing rolling stock substantially exceeding investments in new rolling stock.

By the end of the 3rd quarter of 2017, Gearing p.a. amounted to 1.7 (2.4), Return on invested capital after tax p.a. was 6.5 (-0.4), and the Equity ratio was 37.3 (34.6).

Net revenue

The net revenue of the DSB Group was DKK 7,518 million during the first 9 months of 2017 (DKK 7,575 million).

Passenger revenue amounted to DKK 4,009 million, and have decreased by DKK 61 million compared with the same period in 2016.

Compared to the same period in 2016, in 2017 the development in Long-distance & Regional Trains was affected by loss of passenger revenue as a result of the transference of activities on the Grenaa line in August 2016 as a consequence of the establishment of the Aarhus Letbane and the transference of regional train traffic in North Jutland to Nordjyske Jernbaner in August 2017. In addition, 2017 was negatively affected by refunds of the cardboard multiride cards.

During the period, S-trains have realised a higher average price per journey which have had a positive contribution on the passenger revenue. This is partly matched by 3.3 million fewer journeys compared to the same period in 2016 which can mainly be explained as a result of several major track works in 2017 -

in particular, on the tracks of the City line between Valby and Svanemøllen. In addition, the challenges with the implementation of a new signaling system on the line between Jægersborg and Hillerød. Similarly, the turnover in S-trains was affected by refunds of the cardboard multiride cards.

Revenue from transport contracts amounted to DKK 3,269 million and has declined by DKK 26 million compared to the first 9 months of 2016. The development can be contributed to the transference of the activities on the Grenaa line in August 2016 and the regional traffic in North Jutland in August 2017, and the sale of DSB Uppland in September 2017.

Sales of repairs and maintenance of rolling stock, etc. amounted to DKK 206 million and have increased by DKK 9 million compared to 2016.

Leasing of rolling stock amounted to DKK 34 million, an increase of DKK 21 million compared with the same period in 2016. This development is due to leasing of rolling stock for the Copenhagen-Hamburg line which was previously serviced with rolling stock from Deutsche Bahn.

Work performed by the enterprise and capitalised decreased by DKK 34 million and totalled DKK 441 million in the first 9 months of 2017. This is mainly due to the conclusion of fewer activable IT projects and fewer major, kilometre-based heavy maintenance of Long-distance & Regional trains and S-trains.

Other operating income increased by DKK 82 million and amounted to DKK 1,101 million. The increase in the first 9 months of 2017 is mainly due to higher profits from the sale of properties and the sale of DSB Uppland. Other than this, Other operating income is negatively affected by reduced shop sales resulting from the temporary closing of the shop at Østerport.

Expenses

Expenses totalled DKK 7,013 million in the first 9 months of 2017. The expenses are

lower than the corresponding period last year (DKK 7,051 million) despite increased expenses to ensure high operating reliability in the train fleet as a prerequisite for higher punctuality.

The expenses for raw materials and support materials amounted to DKK 1,325 million and have decreased by DKK 60 million. The development is affected by having less expenses to energy for traction and less consumption of shop inventory as a result of the temporary closing of the shop at Østerport. This is partly matched by an increase in expenses for spare parts for ongoing repair of train sets to insure higher punctuality.

Other external costs amounted to DKK 2,843 million, a decrease of DKK 8 million compared with the same period in 2016. The increase is partly due to increased expenses for infrastructure, the training of new locomotive drivers and write-downs of the activities in Germany. This is partly matched by reduced costs for leasing of rolling stock for the Copenhagen-Hamburg line, which now, unlike previously, is mainly serviced by IC3 train sets, and compensation from the Swedish government for expenses to the ceased ID control.

Staff costs amounted to DKK 2,845 million and increased by DKK 14 million compared with the same period in 2016. The development in Danish activities is due to an increase in number of full-time employees in the workshops and the ordinary wage development. The development was also affected by activities that were either discontinued or sold.

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs totalled at DKK 1,359 million compared to DKK 2,074 million for the same period in 2016. The decrease is due to 2016 was affected by the write-downs of 5 IC4 train sets, the IC2 train sets and single-person operation on the Kystbanen (Coastal line). In addition, amortisation, depreciation and write-downs in

2017 was affected by write-downs of buildings and a decrease in depreciations.

Financials

Net financials totalled at DKK 93 million (DKK 187 million). The decrease, compared to 2016, is primarily due to restructuring loans at a lower average interest rate on the net-interest-bearing liabilities and repayment of loans.

Outlook for 2017

Profit before tax for the first 3 quarters of 2017 is affected by sale of an area at Dybbølsbro to IKEA in August.

DSB still expects a profit before tax of 500 million. DKK adjusted for non-recurring items.

Productivity

Table 2: Number of full-time employees

	Q1-Q3		Increase	
	2017	2016	Abs.	%
Danish activities	7,156	7,100	56	1
Swedish activities	-	94	-94	-
German activities ¹⁾	90	85	5	6
Number of full-time employees – end of period	7,246	7,279	-33	0
Average number of full-time employees in total	7,326	7,294	32	0

¹⁾ Costs related to these full-time employees are recognised in Staff costs on a pro rata basis by 50 percent.

The increase in the number of full-time employees in the Danish activities is a result of hiring more employees at the workshops in order to reduce the number of delays caused by defects on rolling stock, which is partly matched by fewer staff as a result of discontinued activities.

The reduction of 94 employees in the Swedish activities is due to that DSB Uppland was sold to Transdev Sverige in September 2017.

Table 3: Productivity in the Danish train activities

	Q1-Q3		Increase	
	2017	2016	Abs.	%
Costs per seat kilometre ¹⁾ (øre/kilometre)	56	56	0	0
Number of train kilometres per employee	8,787	8,910	-123	-1
Number of train journeys per employee ²⁾	29,744	30,195	-451	-1

¹⁾ Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra-kilometres travelled. The calculation includes depreciation, but is adjusted for non-recurring items.

²⁾ The number of train journeys per employee in 2016 has been adjusted with the reduction in the number of journeys from the transfer of the Grenaa line and the regional train traffic in North Jutland.

The number of train journeys per employee fell by 1 percent. The decrease is due to the number of journeys in S-trains was [challenged] as a result of track work - mainly on the City line.

Punctuality

Table 4: Operator punctuality¹⁾

Percent	Q1-Q3		Increase	
	2017	2016	Abs.	Percentage points
Long-distance & Regional Trains	94.3	91.9	2.4	3
S-trains	98.7	98.5	0.2	0

¹⁾ Operator punctuality is the total punctuality, less any delays due to circumstances for which DSB is not responsible. Arrivals are considered punctual if they are less than 3 minutes delayed. Cancellations due to circumstances at DSB that are not notified 72 hours in advance are counted as a delay.

Compared to the same period last year, operator punctuality in Long-distance & Regional trains increased from 91.9 percent to 94.3 percent. The increase is due to fewer delays and cancellations - primarily as a result of fewer defects in the rolling stock. The operator punctuality of 94.3 percent exceeds the traffic contract's target of 93.9 percent.

Operator punctuality for S-trains rose marginally in the first 9 months of 2017, compared to the same period last year. The operator punctuality is still higher than the traffic contract's target of 97.5 percent.

Table 5: Customer punctuality¹⁾

Percent	Q1-Q3		Increase	
	2017	2016	Abs.	Percentage points
Long-distance & Regional Trains	79.1	74.3	4.8	6
S-trains	91.3	92.6	-1.3	-1

¹⁾ Customer punctuality for Long-distance & Regional train traffic is defined as the number of passengers riding on punctual trains in relation to the total number of passengers. 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 less than 3 minutes delayed. Cancellations which are not notified 72 hours in advance are counted as a delay.

Customer punctuality for Long-distance & Regional trains increased during the first 9 months of the year to 79.1 percent from 74.3 percent in the same period in 2016.

The time table for 2017 that came into effect in December 2016 has meant that the customer punctuality has, overall, improved. In relation to 2016, the number of delays and cancellations due to defective material has fallen.

Customer punctuality for S-trains fell to 91.3 percent from 92.6 percent in the same period last year. This is due to an increase in errors in the old signal system and the number of infrastructure projects on the S-train network in the period. Banedanmark's new signal system (CBTC), which has been rolled-out on the line between Hillerød and Jægersborg, is still presenting challenges - but less than in the same period last year. Challenges with the infrastructure, along with signal problems and fallen catenaries, have also had a negative impact on customer punctuality.

Customers

During the first 9 months of the year, 139 million journeys were carried out with DSB in Denmark, compared to 142.4 journeys in the same period last year. This represents a decrease of 2 percent, mainly caused by a decrease in the number of journeys in S-trains.

Table 6: Total number of customers (journeys)

1,000 customers (journeys)	Q1-Q3		Increase	
	2017	2016 ¹⁾	Abs.	%
Long-distance & Regional Trains	56,525	56,638	-113	0
East (Zealand)	38,978	39,404	-426	-1
West (Jutland and Funen)	10,934	10,729	205	2
East/West (across the Great Belt)	5,954	5,941	13	0
Others	659	564	95	17
S-trains	82,469	85,730	-3,261	-4
Denmark, total	138,994	142,368	-3,374	-2
Sweden, total	2,733	2,925	-192	-7
Germany, total	1,624	1,624	0	0
Total	143,351	146,917	-3,566	-2

¹⁾ Customers in Denmark (counted as numbers of journeys) in 2016 has been adjusted in relation to the final tallying of journeys, etc. 2016 has also been adjusted with the transfer of activities on the Grenaa line and the regional traffic in North Jutland by approximately 0.7 million journeys in Western Denmark, and Sweden has been adjusted by 0.4 million journeys.

Long-distance & Regional Trains had 56.5 million journeys compared to 56.6 million journeys during the same period of 2016.

The traffic in the East (Zealand) has had a downturn of 1 percent. The drop was caused by major track works on the Kystbanen and the Øresund line in 2017, compared to the same period in 2016. Conversely, there were more passengers on Zealand outside the Capital area.

In the West (Jutland and Funen), the number of journeys raised by 2 percent, compared to the same period in 2016. In 2017, activities in the West were affected by the new travel regulations for Youth Cards, because the user

payment for the most expensive Youth Cards has seen a significant increase. Compared to previously, the number of journeys in 2016 was adjusted for the transfer of the activities on the Grenaa line in August 2016 as a consequence of the introduction of the Aarhus Light Rail, and the transference of the regional traffic in North Jutland to Nordjyske Jernbaner in August 2017.

The development in the number of East/West journeys (between regions) is on the same level as that in the same period in 2016, which was affected by major track works on Funen. The number of journeys has been positively affected by an increase in the number of Orange-tickets sold. In addition, the market share across the Great Belt shows an increase of 0.3 percentage point compared to the same period in 2016, despite the fact that the new travel regulations for Youth Cards have led to an estimated drop in the number of journeys of 156 thousand.

S-trains had 82.5 million journeys during the first 9 months, which is a decrease of 4 percent. A large part of the decrease is due to more track works in 2017, compared to 2016, particularly on the City-section, which impacts the entire S-train network. The on-going work on the new signal system and minor, unplanned track works also affected the number of journeys.

The decrease in the number of Swedish activities is due to the fact that DSB Uppland was sold to Transdev Sverige in September 2017.

Tariff Zealand entered into force on 15 January 2017. The consequences of the tariff reform in terms of the number of journeys and passenger revenue awaits detailed analyses by the operators involved.

The marketing of Orange tickets and the free additional choice of the Quiet Zone continues. Sales of Orange tickets in the first 9 months of the year accounted to DKK 1.2 million, an increase of 61 percent compared to the same

period last year. 77 percent of the journeys were purchased for East/West journeys.

From 7 November 2017, DSB is offering 4-day delivery of Youth Cards via an app, as opposed to the current 14-day delivery time for a plastic card. The faster processing time, which covers both the processing time at DSB and the approval process at the educational institution, is expected to attract more customers to the new solution.

Increased competition in East/West has affected the number of journeys in Long-distance & Regional trains which has not increased as anticipated. Since autumn 2016, several new operators have entered the bus market, and overall the supply of bus tickets has more than doubled since 2016. The competition is further impacted by a raising number of car-pooling schemes and the reduction of the registration tax for cars.

Customer satisfaction for 2017 is 7.9, which is unchanged since the end of 2016. In the 3rd quarter, customer satisfaction was 7.8, which is unchanged compared to the same period in 2016. The customer satisfaction decreased by 0.2 point compared to 2nd quarter 2017, for both Long-distance & Regional train and S-trains.

Rolling stock

Table 7: Litra kilometres¹⁾

Kilometre (1,000)	Q1-Q3		Increase	
	2017	2016	Abs.	%
IC4 train sets	4,779	4,765	14	0
IC3 train sets	23,470	22,843	627	3
IR4 train sets	6,575	6,953	-378	-5
Øresund train sets	6,413	6,606	-193	-3
Double-decker coaches	12,112	12,309	-197	-2
MR train sets	579	1,530	-951	-62
Desiro train sets	1,942	1,756	186	11
Diesel locomotives - ME	2,826	2,751	75	3
Electric locomotives - EA	110	112	-2	-2
S-train sets	13,105	12,962	143	1

¹⁾ Litra-kilometre is the aggregated number of kilometres travelled by DSB's locomotives, train sets and Double-decker coaches in Denmark.

The IC4 production has seen a marginal increase in 2017 in relation to the same period last year. However, the IC4 train sets have driven fewer litra-kilometres than planned. This was due to suspension of passenger operations in March 2017 as a result of challenges with a hydraulic pump, which now have been resolved.

Operations with IC3 train sets have been higher than in the same period in 2016. This is, among other things, due to IC3 train sets have been used for the Copenhagen-Hamburg line instead of, as previously, renting rolling stock from Deutsche Bahn.

The MR production in 2017 is, as planned, less than in the same period last year. The MR train sets have, however, covered more litra-kilometres than planned as they have replaced the IC4 train sets in the period where the IC4 train sets were not in operation.

A significant reason for that the Øresund train sets and the IR4 train sets have driven fewer kilometres in 2017 than in the same period last year is track work on the Kystbanen and on Funen and the rest of Zealand. The Øresund train sets were also affected by the track work in Sweden.

Desiro train set traffic saw an increase compared to the same period last year, since the Desiro rolling stock has now been fully phased in on Lille Syd, and it is still, as previously, operating on the Svendborg line.

More litra-kilometres were driven with the S-train set, compared to the same period last year. Track blockage on the City line - including blockage of the S-train depot at Copenhagen Central Station - led to a significant increase in kilometre production on the other part of the S-train network as a result of traffic with multiplied trains.

Table 8: Number of kilometres travelled between incidents^{1) 2)}

Kilometre (1,000)	Q1-Q3		Increase	
	2017	2016	Abs.	%
IC4 train sets	4.5	3.3	1.2	36
IC3 train sets	44.3	31.2	13.1	42
IR4 train sets	12.4	9.9	2.5	25
Øresund train sets	20.9	21.0	-0.1	0
Double-decker coaches	19.3	18.3	1.0	5
MR train sets	9.3	8.9	0.4	4
Desiro train sets	15.4	17.6	-2.2	-13
Diesel locomotives - ME	28.5	14.5	14.0	97
Electric locomotives - EA	5.8	4.3	1.5	35
S-train sets	14.0	14.0	0.0	0

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

²⁾ Number of kilometres between incidents was calculated with a delay criterion of 2:59 min. Comparison figures for 2016 have been adjusted.

In the autumn of 2016, DSB launched a series of initiatives based on an external investigation, which were aimed at combating the falling operational stability - including an expansion of the workshop capacity.

From an overall perspective, the development relative to the number of kilometres between incidents is positive in the first 9 months of 2017 compared to the same period last year. IC4 train sets have, in spite of a incident with a hydraulic pump that caused a suspension of passenger operations for 3 weeks, seen an in-

crease in kilometres travelled between incidents of 36 percent when compared to the same period last year.

The IC3 train set also sustained a positive development. The number of kilometres travelled between incidents have raised by 42 percent.

IC3 train sets still deliver the majority of the litra-kilometres with high stability for both the number of kilometres travelled between incidents and the number of kilometres travelled between breakdowns.

The Desiro train sets have been operating with fewer kilometres between incidents than in the same period last year. The decrease is, among other things, due to challenges with the doors.

The ME diesel locomotives and the electric EA locomotives are both experiencing positive development in the number of kilometres travelled between incidents, compared to the same period last year, with an increase of 97 percent and 35 percent respectively. The ME diesel locomotives have an increased number of kilometres travelled between incidents as a result of in-service training of employees with a focus on optimal maintenance.

S-trains are at the same level as last year, in terms of the number of travelled kilometres between incidents. The incidents were primarily caused by the new signal system.

Table 9: Number of kilometres travelled between breakdowns¹⁾

Kilometre (1,000)	Q1-Q3		Increase	
	2017	2016	Abs.	%
IC4 train sets	27.1	25.3	1.8	7
IC3 train sets	488.4	439.1	49.3	11
IR4 train sets	182.4	330.7	-148.3	-45
Øresund train sets ²⁾	N/A	146.8	N/A	N/A
Double-decker coaches	171.0	149.6	21.4	14
MR train sets	38.5	34.0	4.5	13
Desiro train sets	43.2	46.2	-3.0	-6
Diesel locomotives - ME	112.9	65.5	47.4	72
Electric locomotives - EA	27.6	18.6	9.0	48
S-train sets	42.4	46.0	-3.6	-8

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

²⁾ Data for 2017 is not available.

Overall, the development relative to the number of kilometres travelled between breakdowns is stable in the first 9 months of the year compared to the same period last year.

The number of kilometres between breakdowns for the IR4 train sets in 2017 are significantly lower than in 2016. This is due to the number of breakdowns in 2016 was atypically low in the 1st and 3rd quarters.

Generally, the number of breakdowns required to significantly change the number of kilometres between breakdowns is not very high. This applies to all litra - but the fewer kilometres that are covered, the greater the impact a breakdown has.

Accounting policies applied

The third quarter 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.

Revenue from shop sales is included under Other operating income in contrast to previous under Net revenue. Comparative figures have been adjusted. The third quarter report otherwise follows the same accounting policies as Annual Report 2016.

Events after 30 September 2017

As announced on 13 October 2017, DSB has entered into a conditional agreement for the sale of Kalvebod Brygge 32 to Genesta. The transaction is expected to be finalised before the end of 2017.

No other events occurred after 30 September 2017, which in the opinion of the management have a significant impact on the assessment of this third quarter 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 third quarter report for the period 1 January - 30 September 2017 for DSB.

The third 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 to be appropriate. Accordingly, the third quarter report provides a true and fair view of the Group's assets, liabilities and financial position as of 30 September 2017 and of the results of the Group's activities and cash flows for the period from 1 January to 30 September 2017.

It is also our view that the third 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, 8 November 2017

Executive Board

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Anders Egehus
Director of Operations

Jürgen Müller
Director of Strategy
& Rolling Stock

The Board of Directors

Peter Schütze
Chairman

Annette Sadolin
Vice-Chairman

Henrik Amsinck

Henriette Fenger Ellekrog

Carsten Gerner

Christina Grumstrup Sørensen

Hans Christian Kirketerp-Møller

Preben Steenholdt Pedersen

Birthe Østergaard Petersen



Accounts

Income statement			
Group	Q1-Q3		Total year
Amounts in DKK million	2017	2016	2016
Income			
Net revenue	7,518	7,575	10,183
Work performed by the enterprise and capitalised	441	475	674
Other operating income	1,101	1,019	1,391
Total income	9,060	9,069	12,248
Expenses			
Expenses for raw materials and consumables	1,325	1,385	1,903
Other external expenses	2,843	2,835	3,864
Staff costs	2,845	2,831	3,736
Total expenses	7,013	7,051	9,503
Profit/loss before amortisation, depreciation and write-downs	2,047	2,018	2,745
Amortisation, depreciation and write-downs of intangible and tangible assets	1,359	2,074	4,634
Operating profit/loss	688	-56	-1,889
Financial income and expenditure			
Profit/loss after tax in associated companies	0	0	0
Financial income	13	14	13
Financial expenses	106	201	317
Net financials	-93	-187	-304
Profit/loss before tax	595	-243	-2,193
Tax on profit/loss for the period	-137	53	489
Profit/loss for the period	458	-190	-1,704
The profit/loss for the period is distributed as follows:			
Company participant in DSB	458	-190	-1,704
Minority interests	0	0	0
Profit/loss for the period	458	-190	-1,704

Balance sheet – assets

Group	30.9	30.12	
Amounts in DKK million	2017	2016	2016
Intangible assets			
Development projects	144	191	172
Intangible assets in progress and prepayments	70	78	79
Total intangible assets	214	269	251
Tangible assets			
Land and buildings	4,437	4,455	4,607
Rolling stock	8,032	10,832	8,589
Operating equipment, fixtures and fittings and other equipment	770	875	856
Tangible assets in progress and advance payments	209	397	145
Total tangible assets	13,448	16,559	14,197
Investments			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	226	249	250
Other receivables	26	84	38
Total investments	252	333	288
Total non-current assets	13,914	17,161	14,736
Inventories	471	480	485
Properties held for sale	113	72	183
Receivables			
Trade receivables	605	763	621
Other receivables	240	225	283
Prepayments	141	213	155
Total receivables	986	1,201	1,059
Cash in bank and in hand	69	50	71
Total current assets	1,639	1,803	1,798
Total assets	15,553	18,964	16,534

Balance sheet – liabilities and equity

Group	30.9	31.12	
Amounts in DKK million	2017	2016	2016
Equity			
Contributed capital	4,760	4,760	4,760
Retained earnings	1,043	1,799	578
Proposed dividends	-	-	-
Company participant in DSB's share of equity	5,803	6,559	5,338
Minority interests	0	0	0
Total equity	5,803	6,559	5,338
Provisions			
Other provisions	69	76	64
Deferred tax liabilities	863	1,205	918
Total provisions	932	1,281	982
Non-current liabilities			
Long-term loans	3,607	5,424	4,609
Subordinated loan capital	0	2	2
Other non-current liabilities	535	735	591
Other liabilities	267	313	302
Total non-current liabilities	4,409	6,474	5,504
Current liabilities			
Current portion of non-current liabilities	1,034	229	229
Short-term loans	0	720	1,000
Credit institutions	0	157	199
Trade accounts payables	1,390	1,671	1,639
Corporation tax	208	136	63
Other liabilities	835	868	793
Prepayments	942	869	787
Total current liabilities	4,409	4,650	4,710
Total liabilities	8,818	11,124	10,214
Total equity and liabilities	15,553	18,964	16,534

Statement of changes in equity

Group						
Amounts in DKK million	Contri- buted capital	Retained earnings	Proposed dividends	Company participant in DSB's share of equity	Minority interests	Total equity
Equity at 1 January 2016	4,760	1,998	173	6,931	0	6,931
Paid dividends	-	-	-173	-173	-	-173
Profit/loss for the period	-	-190	-	-190	0	-190
Foreign currency translation adjustments	-	-2	-	-2	0	-2
Value adjustment of hedging instruments, 1 January	-	345	-	345	-	345
Value adjustment of hedging instruments, 30 September	-	-352	-	-352	-	-352
Equity at 30 September 2016	4,760	1,799	0	6,559	0	6,559
Contribution from the Ministry of Transport, Building and Housing	-	42	-	42	-	42
Profit/loss for the period	-	-1,514	-	-1,514	0	-1,514
Foreign currency translation adjustments	-	0	-	0	0	0
Value adjustment of hedging instruments, 1 October	-	352	-	352	-	352
Value adjustment of hedging instruments, 31 December	-	-108	-	-108	-	-108
Other changes in equity, tax	-	7	-	7	-	7
Equity at 31 December 2016	4,760	578	-	5,338	0	5,338
Profit/loss for the period	-	458	-	458	0	458
Foreign currency translation adjustments	-	1	-	1	0	1
Value adjustment of hedging instruments, 1 January	-	108	-	108	-	108
Value adjustment of hedging instruments, 30 September	-	-104	-	-104	-	-104
Other changes in equity, tax	-	2	-	2	-	2
Equity at 30 September 2017	4,760	1,043	-	5,803	0	5,803

Cash flow statement			
Group	Q1-Q3		Total year
Amounts in DKK million	2017	2016	2016
Operating profit/loss	688	-56	-1,889
Adjustment for non-cash operating items			
Amortisation, depreciation and write-downs of intangible and tangible assets	1,359	2,074	4,634
Change in other provisions, net	5	-25	-37
Other adjustments			
Gain and loss on sale and scrapping of intangible and tangible assets	-226	-124	-189
Net financial items, paid	-82	-182	-366
Corporation tax, paid	-51	-94	-98
Change in working capital	-22	43	95
Total cash flow from operating activities	1,671	1,636	2,150
Cash flows from investment activities			
Acquisition of intangible and tangible assets, excluding capitalised interest	-601	-885	-1,147
Sale of intangible and tangible assets	323	164	253
Repayment of subordinated loan capital	26	10	9
Total cash flows from investment activities	-252	-711	-885
Cash flows from financing activities			
Proceeds from raising of short-term loans	640	920	1,000
Repayment of and payment of instalments on long-term loans	-222	-1,102	-1,743
Repayment of and payment of instalments on short-term loans	-1,640	-450	-250
Change in credit institutions	-199	-112	-70
Paid dividends	0	-173	-173
Total cash flow from financing activities	-1,421	-917	-1,236
Total change in cash and cash equivalents	-2	8	29
Cash and cash equivalents at 1 January	71	42	42
Cash and cash equivalents at end of period	69	50	71

The cash flow statement cannot be derived directly from the Income statement and the Balance sheet.

Income statement per quarter

Group	2017			2016			
Amounts in DKK million	Q1	Q2	Q3	Q1	Q2	Q3	Q4
Passenger revenues	1,299	1,424	1,286	1,327	1,406	1,337	1,424
Revenue from transport contracts	1,098	1,095	1,076	1,093	1,113	1,089	1,099
Sale of repair and maintenance services of rolling stock, etc.	72	67	67	73	54	70	85
Leasing of rolling stock	16	8	10	3	2	8	0
Net revenue	2,485	2,594	2,439	2,496	2,575	2,504	2,608
Work performed by the enterprise and capitalised	155	149	137	179	155	141	199
Other operating income	261	311	529	341	319	359	372
Total income	2,901	3,054	3,105	3,016	3,049	3,004	3,179
Expenses for raw materials and consumables	464	437	424	455	450	480	518
Other external expenses	980	929	934	988	942	905	1,029
Staff costs	924	988	933	927	987	917	905
Total expenses	2,368	2,354	2,291	2,370	2,379	2,302	2,452
Profit/loss before amortisation, depreciation and write-downs	533	700	814	646	670	702	727
Amortisation, depreciation and write-downs of intangible and tangible assets	451	428	480	459	1,173	442	2,560
Operating profit/loss	82	272	334	187	-503	260	-1,833
Net financials	-34	-30	-29	-71	-60	-56	-117
Profit/loss before tax	48	242	305	116	-563	204	-1,950
Profit/loss for the period	39	185	234	88	-438	160	-1,514
Total equity	5,371	5,568	5,803	6,806	6,459	6,559	5,338
EBITDA-margin	21.4	27.0	33.4	25.9	26.0	28.0	27.9
Return on equity (ROE) p.a.	2.9	13.5	16.5	5.1	-26.4	9.8	-101.8
Return on invested capital after tax (ROIC after tax) p.a.	2.3	7.4	9.5	4.2	-11.8	6.3	-46.8

Financial calendar

Anticipated publication of annual report and the date of corporate meeting:

Annual Report 2017	6 February 2018
Corporate meeting	5 March 2018

Publications

The Third Quarter Report is available at www.DSB.dk

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Ownership

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