

**In the first 9 months of the year, DSB achieved pre-tax profit of DKK 338 million. High punctuality for S-trains, but the punctuality for Long-distance & Regional trains was challenged by the many infrastructure works and an aging train fleet**

- The loss of DKK 13 million for the quarter - adjusted for non-recurring items - as expected because of extraordinarily high costs for replacement transport
- There is continuing significant growth in the first 9 months of the year of 33 percent in the sale of Orange tickets compared to the same period in 2017
- The customer satisfaction levels are stable despite challenges with track works and rolling stock
- A decline of 1 percent in the number of sold journeys compared to the same period in 2017
- The traffic contract payment was reduced by DKK 155 million, as agreed with The Ministry of Transport, Building and Housing
- Purchases and calls for tenders concerning new electric locomotives, new electric train sets and new carriages went according to the scheduled plan
- A project of DKK 250 million to improve the interior design and comforts of the current train fleet has been initiated
- DSB's admission to the Confederation of Danish Industry has definitively been approved after the ruling of the Danish Labour Court was delivered

### Finances

For Q3 itself, DSB came out with a loss of DKK 13 million, adjusted for non-recurring items, which is DKK 124 million lower than Q3 last year. The result for the quarter was as expected, and the development compared to last year can mainly be attributed to rising costs for replacement transport in connection with track works (DKK 86 million) and reduced contract payments (DKK 52 million). In addition to this, there was lower passenger revenue and lower operating costs.

For the first 9 months of the year, DSB achieved a pre-tax profit of DKK 338 million. Adjusted for non-recurring items, the result amounts to DKK 117 million, which is DKK 280 million lower than the same period of 2017.

The lower result in comparison to last year is primarily due to reduced contract payments of DKK 155 million. The reduced contract payment is part of the agreement with the Danish Ministry of Transport, Building and Housing from December 2017, wherein the payment is reduced by approximately DKK 200 million in 2018 and then rising to DKK 380 million annually from and including 2021. The agreement is in accordance with DSB's strategy to gradually reduce the need for subsidies.

In addition, there was a decline in passenger revenue of DKK 81 million and rising costs of DKK 136 million for replacement transport in connection with track works. The result was positively impacted by lower costs - among other things, due to a streamlining of the administration in the beginning of the year which amounted to removing approximately 100 positions.

The interest-bearing debt amounted to DKK 3,859 million and has been reduced by DKK 943 million compared to 31 December 2017 and by DKK 809 million compared to 30 September 2017

### **S-trains on time - punctuality is high and contract targets are met**

Both the customer punctuality - the shared target with Banedanmark of a punctuality of 3 minutes - and the operator punctuality - the part of punctuality that DSB is solely responsible for - are at, respectively, 93.8 percent and 98.6 percent, above the contract targets defined by the state. The 300,000 daily customers on the Copenhagen S-trains have thus arrived on time in almost 94 out of 100 cases.

However, some customers have been negatively impacted by Banedanmark also carrying out a number of track works in 2018. Over the summer period, for example, there has been a three-month long shutdown of the Frederikssund Line. DSB has tested a number of new concepts aimed at providing better bus service and traffic information during track works and also to better compensate customers for the longer travel times. In this context, it is positive that the customer satisfaction levels on the line during the track works were higher than during other large track works in general. At the same time, the passenger counts show that the customers are returning to the trains after the end of the track works faster than we had expected.

### **The punctuality of Long-distance & Regional trains has been challenged by the many infrastructure works and an aging rolling stock**

After the first 9 months of the year, the customer punctuality for Long-distance & Regional trains is at 78.3 percent. In Q1 2018, the customer punctuality met the state contract target, but after declining in Q2 and Q3, the result is now below the contract target of 82.9 percent. Among other things, the decline can be attributed to issues with tracks and signals and ageing train fleet. In addition to delays from trains inbound from Sweden which affects the combined Long-distance & Regional train traffic.

Operator punctuality for Long-distance & Regional trains - the number of trains on time for which DSB has sole responsibility - stands at 94.3 percent for the first 9 months of 2018, thus exceeding the transport contract's target of 94.1 percent.

Our customers on Kystbanen (the Coastal line) have been particularly hard hit by unsatisfactory operations. Kystbanen has been partially closed due to track renovations and other works, and there has also been problems with the rolling stock. On top of this, delays from Sweden have had a very significant negative impact on punctuality - primarily on Kystbanen. We are paying close attention to the challenges on Kystbanen and, together with Banedanmark and the Swedish operators, we are continually launching initiatives to improve punctuality.

### **Customers - decline in the number of journeys and passenger revenue - stable customer satisfaction levels**

During the first 9 months of the year, there were 137.2 million journeys with DSB in Denmark, which is a decline of 1.5 million journeys. Both S-trains and Long-distance & Regional trains have lost passengers compared to the same period last year. For S-trains, the decline is primarily due to large track works - in particular, those on the Frederikssund Line.

For Long-Distance & Regional trains, the decline can particularly be attributed to the regional train traffic in Jutland and on Funen, in addition to the traffic crossing the Great Belt, and both areas have declined by 4 percent. For journeys crossing the Great Belt, the competitive situation has stiffened, and car traffic in particular is gaining market share. Furthermore, the reduction of the bridge toll across the Great Belt in 2018 has increased the pressure that trains face from competitors even more. The bus traffic between the regions of the country is also increasing.

Partly as a response to this increased competition, in May we chose to reduce the prices for commuter cards over the Great Belt by 15 percent. This initiative has paid off, as we can now see increased sales in comparison to 2017.

Customers continue to appreciate DSB's Orange concept of selling cheap tickets on departures with empty seats outside rush hours. With an Orange ticket starting at DKK 99 for a journey between Aarhus and Copenhagen, customers have the opportunity to travel between regions at a competitive price. During the first 9 months of the year, there has been sold 1.2 million Orange tickets crossing the Great Belt, amounting to an increase of 33 percent.

The customer satisfaction levels for the first 9 months of the year are as a whole at 8.0 (on a scale of 0-10), and this is similar to the levels for previous quarters.

We are still working on developing and launching simpler and more commercially attractive ticket products, and as part of these efforts, we are preparing an even greater simplification of the total product range and price hierarchy.

#### *Improvements to design and comforts of the current train fleet*

The IC3-trains are the most used, and in July we started a project to improve the trains. A reupholstering of the seats, new floor carpets, new side wall lining, updated pictograms and a new sound-absorbent plate in the hat shelf are some of the improvements that the IC3-trains will be issued with in the near future. All 96 IC3-train sets will be upgraded with new interiors in 2020.

This is the first step in a longer journey towards improving, modernising and extending the life-time of DSB's rolling stock. In addition to the IC3-trains, the IR4s, the double decker coaches and the S-trains will also be improved. Among other things, the improvements include a modernisation of the designs to new contemporary colours and more modern materials.

#### *Reduction of the ultrafine particles (UFPs) by 80 percent*

Ongoing initiatives regarding particle emissions from DSB's aging ME-locomotives have shown a significant effect. DSB has implemented a new initiative that, together with the previous ones, will reduce the emission of ultrafine particles by 80 percent.

Over the last five years, DSB has implemented and tested a number of initiatives aimed at reducing the amount of UFPs emitted from the trains. The most recent initiative involves a replacement of fuel nozzles and cylinder units. It is expected that the entire locomotive fleet will be upgraded with the new initiatives by the end of 2019.

From 2021, DSB will begin to receive the new, more environmentally friendly electric locomotives that will replace the aging ME locomotives.

#### *Skånetrafiken will assume the responsibility for train traffic crossing Øresund.*

In August 2018, The Ministry of Transport, Building and Housing entered into an agreement with the Swedish company, Skånetrafiken, on the future train operations over Øresund. With this agreement, Skånetrafiken will assume responsibility for the train traffic between Østerport and Sweden which has until now been a joint operation between DSB and Skånetrafiken. During 2018, Skånetrafiken will complete a call for tenders concerning the operation of the train service on the line. It is expected that a new operator will begin the train operation on the line in December 2022. DSB's revenue on the line each year amounts to approximately DKK 400 million.

### **New modern trains will streamline and stabilise train operations**

It is our goal to replace the aging diesel trains with a modern and uniform electric train fleet with the benefits that this provides to the customers.

After political approval, both the acquisition of new electric train sets and new train carriages will be made via a call for tenders. The tender for new electric train sets concerns approximately 150 train sets that will be added on an ongoing basis to the Danish domestic traffic from 2024. The tender for new carriages will be for the acquisition of 40-56 carriages, and it is expected that these will be deployed for passenger operations from the beginning of 2022.

It has been decided earlier in the year to purchase 42 new electric locomotives. The new electric locomotives will be put into operation on an ongoing basis for the regional traffic in Zealand from 2021.

The acquisition of the new rolling stock will mean a better customer experience and a comprehensive renewal of the train fleet, which is necessary in order to realise the societal, financial and environmental gains from the electrification of the railroad moving towards 2030.

The purchase of the rolling stock has been planned to fit neatly together with the current plans for Banedanmark's roll-out of the new signal system and the electrification of the main lines. The completion of these large infrastructure projects are critical for the rolling stock that DSB is investing in to be able to put into operation for the benefit of the customers. We are in close dialogue with Banedanmark concerning the major projects and our opportunities for contributing towards an effective execution.

#### *The moving out of a large workshop from central Copenhagen to Næstved*

In order to optimise the workshop facilities for the train operations of the future, it has been decided to move the locomotive workshop from Otto Busses Vej in central Copenhagen to Næstved. It will be the primary functions such as maintenance and the repair of electric locomotives, double-decker coaches and the new train coaches that will be moving to Næstved. Næstved is well-situated in relation to the trains' mobile operations, as today - and more so in the future - there will be a lot of turns made in the city. There is good capacity on the south-going main track and good opportunities in relation to the general train operations. It is expected that the newly constructed locomotive and train coach workshop will be ready in 2025.

The move away from Otto Buses Vej will be a gradual process. Over time, the old DSB area in Copenhagen will be developed and be prepared for other purposes. DSB will be an active participant in that process in collaboration with Copenhagen Municipality.

*"The moving out of the workshop facilities to Næstved will help us to live up to the future requirements of a modern train service. At the same time, the development of the previous workshop facilities in Copenhagen will also help with the financing of our strategy for a subsidy-free DSB."*  
Flemming Jensen, CEO

### **The Danish Labour Court gives its approval for DSB's admission to the Confederation of Danish Industry**

In December 2017, DSB decided to join the Confederation of Danish Industry, effective as of the end of the year. DSB wants to join a large industry association and to collaborate with other large Danish companies in Denmark's largest trade organisation. This is a natural part of being a more market-oriented company, which our strategy is based on. At the same time, DSB will be subject to the same collective agreements as similar companies in Denmark. Thus, we get the same framework for our collective agreements as the companies we are competing with to attract the most skilled employees.

Offentligt Ansattes Organisationer (OAO), a trade union for public sector employees, wanted to test the legality of DSB being allowed to join a private sector employer organisation in the Danish Labour Court. On 28 September 2018, the Danish Labour Court delivered its verdict, and it made it clear that DSB was allowed to join the Confederation of Danish Industry and that it was also allowed to transfer its employees to collective agreements under the Confederation of Danish Industry.

Taastrup, 8 November 2018

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Peter Schütze  
Chairman of the Board

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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**

## Key Financial and Operating Data

DSB Group	Q1-Q3		Increase		Total year
Amounts in DKK million	2018	2017	Abs.	Pct.	2017
Net revenue <sup>1)</sup>	7,231	7,518	-287	-4	10,087
Total revenue <sup>2)</sup>	8,791	9,060	-269	-3	12,092
Of these, non-recurring items	286	256	30	12	284
Total expenses	6,968	7,013	-45	-1	9,831
Of these, non-recurring items	4	14	-10	-71	479
Profit before amortisation, depreciation and write-downs	1,823	2,047	-224	-11	2,261
Amortisation, depreciation and write-downs of intangible and tangible assets	1,380	1,359	21	2	1,854
Of these, non-recurring items	61	44	17	39	79
Operating profit	443	688	-245	-36	407
Profit before tax	338	595	-257	-43	274
Profit before tax adjusted for non-recurring items	117	397	-280	-71	548
Profit for the period	263	458	-195	-43	211
Balance sheet total	15,174	15,553	-379	-2	16,305
Total equity	5,670	5,803	-133	-2	5,497
Interest-bearing liabilities, net	3,859	4,668	-809	-17	4,802
Profit ratio (EBIT margin)*	6.1	9.2	-3.1	-34	4.0
Return on equity p.a. (ROE)*	6.3	11.0	-4.7	-43	3.9
Return on capital employed after tax (ROIC after tax) p.a.*	4.6	6.5	-1.9	-29	2.9
Gearing p.a.*	1.6	1.7	-0.1	-6	2.1
Equity ratio*	37.4	37.3	0.1	0	33.7
Interest coverage*	4.2	6.6	-2.4	-36	2.7
Number of full-time employees – year-end	7,070	7,246	-176	-2	7,132
Average number of full-time employees	7,087	7,326	-239	-3	7,292
<b>Productivity – (Danish activities)<sup>3)</sup></b>					
Passenger revenue per seat kilometre (DKK 0.01/ km)	32	31	1	3	32
Costs per seat kilometre, adjusted for non-recurring items (DKK 0.01/kilometre)	61	56	5	9	57
<b>Operator Punctuality<sup>4)</sup></b>					
Long-distance & Regional trains (percent)	94.3	94.3	0.0	0	94.4
S-trains (percent)	98.6	98.7	-0.1	0	98.6
<b>Passenger punctuality<sup>5)</sup></b>					
Long-distance & Regional trains (percent)	78.3	79.1	-0.8	-1	79.4
S-trains (percent)	93.8	91.3	2.5	3	91.8
<b>Customers</b>					
Customers in Denmark (million customers) <sup>6)</sup>	137.2	138.7	-1.5	-1	187.8
"Customer satisfaction for this journey" – (Danish activities)	8.0	7.9	0.1	1	7.9
<b>Reputation</b>					
Users of Long-distance & Regional trains	51.9	49.4	2.5	5	49.3
Users of S-trains	53.6	52.8	0.8	2	52.6
Non-users of Long-distance & Regional trains	46.4	40.6	5.8	14	40.9

<sup>1)</sup> Net revenue includes turnover relating to the railway business.

<sup>2)</sup> Total income includes income from activities not related to the railway business.

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

<sup>4)</sup> Operator punctuality is the total punctuality, minus 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 calculated as a delay. In Q1-Q3 2017, Operator punctuality figures for Long-distance & Regional trains have been adjusted for operational problems that the Ministry of Transport, Building and Housing has approved.

<sup>5)</sup> 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.

<sup>6)</sup> Journeys in Denmark 2017 have been adjusted compared to previously published figures as a result of the final counts of journeys, etc. Furthermore, journeys in Denmark in 2017 have been adjusted with the hand-over of the regional train traffic in North Jutland and the shutdown of IC Bornholm.

\* Calculated pursuant to the definitions laid down in Definitions of key figures in DSB's annual report for 2017.

## Report - financial activities

The profit before tax for the first 9 months of the year amounted to DKK 338 million, which is DKK 257 lower than the same period in 2017. The profit before tax has been negatively impacted by declining revenues from traffic contracts and the write-down of 2 IC4 train sets.

**Table 1: Profit/Loss before tax, adjusted for non-recurring items<sup>1)</sup>**

DKK million	Q1-Q3	
	2018	2017
<b>Profit/loss before tax</b>	<b>338</b>	<b>595</b>
Gains on real estate	-282	-226
Write-downs, real estate	30	46
Write-down of 2 IC4 train sets	31	-
Profit foreign activities, net	-	-16
Reversed write-downs, net	-	-2
<b>Adjusted profit/loss before tax</b>	<b>117</b>	<b>397</b>

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

Adjusted for non-recurring items, the profit before tax is DKK 280 million lower than the corresponding profit for the first half of 2017. The result before tax for Q3 2018 amounts to a loss of DKK 13 million when adjusted for non-recurring items.

The decline in the adjusted profit before tax for the first 9 months of the year is due to lower passenger revenues and declining revenues from traffic contracts, in addition to increasing costs related to replacement transport. This is partially counterbalanced by reduced expenses for consultants and lower staff costs. On top of this, 2017 was positively impacted by DKK 22 million in compensation from the Swedish state for the now-terminated ID control.

The balance sheet total amounted to DKK 15,174 million as of 30 September 2018, compared to DKK 16,305 million as of 31 December 2017. Equity was negatively impacted by the decision at the extraordinary general meeting in June to pay out DKK 43 million to

Fonden Danmarks Jernbanemuseum and dividends decided in 2017 amounting to DKK 106 million.

In the first 9 months of 2018, DSB has invested DKK 611 million (DKK 601 million). Investments were primarily heavy maintenance of Long-distance & Regional trains and S-trains. In Addition, there were investments made to remodel Østerport Station.

Net interest-bearing debt has been reduced by DKK 943 million compared with 31 December 2017 and amounted to DKK 3,859 million as of 30 September 2018. It is mainly the cash flow from operating activity and the selling of real estate that has made it possible to reduce the amount of interest-bearing debt. The reduction can also be attributed to investments in rolling stock being significantly lower than depreciation and write-downs of existing rolling stock.

By the end of the 3rd quarter of 2018, Gearing amounted to 1.6 (1.7), Return on invested capital after tax was 4.6 (6.5), and the Solvency ratio was 37.4 (37.3).

### Net revenue

In the first 9 months of the year, net revenue amounted to DKK 7,231 million (DKK 7,518 million). Adjusted for traffic transfers, the sale of DSB Uppland and entering the "Supplemental Contract 19" with the Ministry of Transport, Building and Housing concerning a reduction of traffic contract payments, the net revenue is similar to the levels of the same period in 2017.

Passenger revenue amounted to DKK 3,928 million, and this is DKK 81 million lower than in the same period in 2017.

The development in Long-distance & Regional trains in 2018 has been impacted by a loss of passenger revenue as a result of the transfer of the regional train traffic in North Jutland in August 2017 and shutting down IC Bornholm in December 2017. The reduction of bridge tolls over the Great Belt have also stiffened



the competitive situation in regional traffic - mainly related to increased competition from car traffic. The bus traffic between the regions of the country has also grown. In addition, the number of journeys via Long-distance & Regional trains is still challenged by the changed transport rules for the Youth Card.

S-train passenger revenue was impacted by 0.8 million fewer journeys, which can mainly be attributed to the after-effects of the track works in 2017 and the summer's shutdown on the Frederikssund Line. This is counteracted by achieving a higher average price per journey in the period.

Revenue from transport contracts amounted to DKK 3,036 million and has declined by DKK 233 million compared to the first 9 months of 2017. The development can primarily be attributed to 'Supplemental Contract 19' concerning a reduction in traffic contract payments in the period 2018-2024 of DKK 155 million. On the top of this, there are traffic transfers and the sale of DSB Uppland in 2017.

Sales of repairs and maintenance of rolling stock, etc. amounted to DKK 230 million and have increased by DKK 24 million in compared to the same period in 2017.

Selling and leasing of rolling stock amounted to DKK 37 million, an increase of DKK 3 million compared with the same period in 2017.

Work performed by the enterprise and capitalised decreased by DKK 4 million and amounted to DKK 437 million in the first 9 months of 2018. The change is due to fewer capitalised IT projects, which is partly counteracted by more capitalised heavy maintenance.

Other operating income has increased by DKK 22 million, and amounted to DKK 1,123 million. The increase can be attributed to higher profits from the selling of properties in the first 9 months of the year - including the selling of DSB's former office space property on Kalvebod Brygge 32 in Copenhagen. On the

other hand, the development is impacted by the shutdown of kiosks in 2018 and the sale of DSB Uppland in 2017.

### **Expenses**

Expenses amounted to DKK 6,968 million in the first 9 months of 2018 (DKK 7,013 million).

Expenses for raw materials and consumables amounted to DKK 1,346 million and have increased by DKK 21 million. The development is impacted by higher expenses for spare parts. This is partially counteracted by less expenses for energy for train operation and less consumption of kiosk inventory as a result of kiosks being shut down.

Other external costs amounted to DKK 2,873 million, an increase of DKK 30 million compared with the same period in 2017. The development can mainly be attributed to significantly increased expenses for replacement traffic - mainly as a result of the shutdown of the tracks on the Frederikssund Line. This is partially counteracted by less expenses for consultants and the ending of lease payments for the 67 double-decker coaches that were purchased in October 2017. In addition, 2017 was impacted by the compensation received for the now-terminated ID control.

Staff costs amounted to DKK 2,749 million and decreased by DKK 96 million compared with the same period in 2017. The development in Danish activities is primarily due to a declining number of full-time employees resulting from a streamlining of the administration and lower pension contributions to civil servants as a consequence of the agreement entered into in December 2017 about buying the risk of part of the future pension contributions. Additionally, the development is impacted by activities that have ceased or been sold - including the transfer of domestic traffic to another operator and the phasing out of international traffic. Finally, Staff costs are impacted by the general development in salaries.



## Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs amounted to DKK 1,380 million compared to DKK 1,359 million for the same period in 2017. The increase is most significantly impacted by the scrapping of 2 IC4 train sets which were not active in train operations. The amortisation, depreciation and write-downs is also impacted by the acquisition of 67 double-decker coaches in 2017. Conversely, the write-downs on properties is lower than in the same period in 2017.

## Financials

Net financials amounted to an expense of DKK 105 million (DKK 93 million). The reduction in Interest-bearing liabilities, net has not led to a decline in Net financials, as Cash in bank is placed on accounts with negative interest conditions.

## Outlook for 2018

DSB still expects profit before tax and non-recurring items in the order of DKK 250-300 million for 2018.

## Productivity

**Table 2: Number of full-time employees**

	Q1-Q3		Increase	
	2018	2017	Abs.	Pct.
Danish activities	6,980	7,156	-176	-2
German activities <sup>1)</sup>	90	90	0	0
<b>Number of full-time employees – year-end</b>	<b>7,070</b>	<b>7,246</b>	<b>-176</b>	<b>-2</b>
<b>Average number of full-time employees</b>	<b>7,087</b>	<b>7,326</b>	<b>-239</b>	<b>-3</b>

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

The decrease in the number of full-time employees in the Danish activities is primarily due to a streamlining of the administration that was completed in the beginning of 2018. Additionally, there are fewer employees as a result of discontinued activities in the form of kiosks that have been shut down and traffic transfer to another operator.

**Table 3: Productivity in the Danish train activities**

	Q1-Q3		Increase	
	2018	2017	Abs.	Pct.
Costs per seat kilometre <sup>1)</sup> (DKK 0.01/km)	61	56	5	9
Number of train kilometres per employee	8,655	8,766	-111	-1
Number of train journeys per employee <sup>2)</sup>	29,785	29,577	208	1

<sup>1)</sup> 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.

<sup>2)</sup> The number of train journeys per employee in 2017 has been adjusted for the transfer of the regional train traffic in North Jutland and the shutting down of IC Bornholm.

The costs per seat kilometre have increased by 9 percent. The increase can be primarily be attributed to fewer seat kilometres as a result of changes to how rolling stock is used in connection with the axle problems on the ME diesel locomotives and problems with electric traction supply systems on the line between Esbjerg and Lunderskov. On top of this, there are fewer seat kilometres in S-trains in connection with the

shutting down of the tracks on the Frederikssund Line over the summer and the effect of traffic transfers.

## Punctuality

**Table 4: Operator punctuality<sup>1)</sup>**

Percent	Q1-Q3		Increase	
	2018	2017	Abs.	Pct. points
Long-distance & Regional trains <sup>2)</sup>	94.3	94.3	0.0	0
S-trains	98.6	98.7	-0.1	0

<sup>1)</sup> Operator punctuality is the total punctuality, minus 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 calculated as a delay.

<sup>2)</sup> In Q1-Q3 2017, Operator punctuality figures for Long-distance & Regional trains have been adjusted for the effect of the operational problems that the Ministry of Transport, Building and Housing have approved.

The operator punctuality for Long-distance & Regional trains of 94.3 is unchanged compared to the same period in 2017. The operator punctuality exceeds the traffic contract target of 94.1.

The operator punctuality in S-trains of 98.6 in the first 9 months of the year is on the same level as in the same period in 2017. The operator punctuality exceeds the traffic contract's target of 97.5.

**Table 5: Customer punctuality<sup>1)</sup>**

Percent	Q1-Q3		Increase	
	2018	2017	Abs.	Pct. points
Long-distance & Regional trains	78.3	79.1	-0.8	-1
S-trains	93.8	91.3	2.5	3

<sup>1)</sup> 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.

The customer punctuality for Long-distance & Regional trains in the first 9 months of the year

fell to 78.3 from 79.1 in the same period last year. The customer punctuality is below the traffic contract's target of 82.9. The decline between 2017 and 2018 is due to, among other things, there having been more challenges and incidents on the infrastructure. At the same time, external incidents - for example, delays from Sweden - have impacted customer punctuality to a greater extent than in the same period last year.

The customer punctuality for S-trains in the first 9 months of 2018 has increased to 93.8 from 91.3 in the same period last year. The customer punctuality exceeds the traffic contract's target of 92.3. The increase from 2017 to 2018 is due to fewer delays from issues such as errors on signals and infrastructure.

## Customers

During the first 9 months of the year, 137.2 million journeys were carried out with DSB in Denmark, compared to 138.7 million journeys in the same period last year. The decline of 1 percent is mainly a result of a decline in the number of journeys in S-trains, West (Jutland and Funen) and East/West (across the Great Belt).

**Table 6: Number of journeys**

1,000 journeys	Q1-Q3		Increase	
	2018	2017 <sup>1)</sup>	Abs.	Pct.
Long-distance & Regional trains	55,346	55,981	-635	-1
East (Zealand)	39,690	39,695	-5	0
West (Jutland and Funen)	9,428	9,862	-434	-4
East/West (across the Great Belt)	5,725	5,950	-225	-4
Others	503	474	29	6
S-trains	81,872	82,687	-815	-1
<b>Denmark, total</b>	<b>137,218</b>	<b>138,668</b>	<b>-1,450</b>	<b>-1</b>
<b>Germany, total</b>	<b>1,624</b>	<b>1,624</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>138,842</b>	<b>140,292</b>	<b>-1,450</b>	<b>-1</b>

<sup>1)</sup> Journeys in Denmark in 2017 have been adjusted compared to previously published figures as a result of the final counts of journeys, etc. Furthermore, the figures for 2017 have been adjusted by approximately 0.7 million journeys with the hand-over of the regional train traffic in North Jutland and the shutdown of IC Bornholm. In addition, journeys in Sweden have been omitted due to the sale of DSB Uppland (2.7 million journeys).

Long-distance & Regional trains had 55.3 million journeys compared to 56.0 million journeys during the same period of 2017.

The traffic in East (Zealand) is at the same level as in 2017. The number of journeys in East have been negatively impacted by the ME diesel locomotives being temporarily suspended from operations in January 2018. This led to changes to the train schedule which reduced the number of seats and departures. In addition, journeys in the East have continued to be negatively impacted by the changed transport rules for the DSB Youth card. Conversely, the number of journeys has been positively impacted by more travellers on the Øresund line, which up to May 2017 was negatively impacted by the ID controls for traffic inbound for Sweden.

In the West (Jutland and Funen), the number of journeys is 4 percent lower than in the same period in 2017. Journeys in the West in 2018 were also challenged by the changes to the transport rules for the DSB Youth card. The number of journeys for 2017 has been adjusted for the transfer of the regional train traffic in North Jutland to Nordjyske Jernbaner.

The development in the number of East/West journeys (crossing the Great Belt) is still challenged and has decreased by 4 percent in comparison to the same period in 2017. Several new bus lines and increased car traffic as a result of the reduction of the bridge toll has stiffened the competitive situation and led to the market share in journeys across the Great Belt falling by one percentage point. Furthermore, the changed transport rules for the DSB Youth card have had a negative impact on the situation.

In the first 9 months of the year, there were 81.9 million journeys by S-train, which is a decrease of 1 percent compared to the same period in 2017. This should be viewed in the context of the after-effects of the track works in 2017, the summer's shutdown of the tracks on the Frederikssund Line and the challenges

associated with the implementation of the Signal Programme.

In order to address the stiffened competitive situation, DSB has offered more Orange tickets for sales in the first 9 months of 2018. Likewise, DSB has reduced the price of commuter cards across the Great Belt by 15 percent.

The shutdown of the tracks between Frederikssund and Valby, and the associated pilot project "Get your time back", is being evaluated. A user survey has revealed that 84 percent of the people questioned believe that the project has been "good" or "very good".

It has been decided that the IC3 train sets will be improved via, among other things, new interior, new signage and better comfort. The improvements will be carried out in connection with the already scheduled major overhauls and is expected to be completed in 2020.

In 2017 and 2018, the traffic companies completed a simplification of rates and products on journeys in East and West. Among other things, the simplification is aimed at making it easier for the customers to see the logic of them and to get an overview. DSB continues this work with in regard to journeys across the Great Belt.

At the same time, DSB is carrying out a number of commercial initiatives that aim to make the train product more attractive to customers crossing the Great Belt. In addition, it will be easier to search for and find tickets in the new DSB App and on dsb.dk.

## Rolling stock

**Table 7: Litra kilometres<sup>1)</sup>**

Kilometre (1,000 )	Q1-Q3		Increase	
	2018	2017	Abs.	Pct.
IC4 train sets	5,657	4,779	878	18
IC3 train sets	22,014	23,470	-1,456	-6
IR4 train sets	7,919	6,575	1,344	20
Øresund train sets	5,196	6,413	-1,217	-19
MR train sets	388	579	-191	-33
Desiro train sets	1,905	1,942	-37	-2
Double-decker coaches	7,619	12,112	-4,493	-37
ME diesel locomotives	1,555	2,826	-1,271	-45
EA electric locomotives	202	110	92	84
S-train sets <sup>2)</sup>	13,070	13,957	-887	-6

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

<sup>2)</sup> Litra-kilometres for S-trains in 2017 have been adjusted in relation to previously published figures as a result of changes to how they are calculated.

**Table 8: Number of kilometres travelled between incidents<sup>1)</sup>**

Kilometre (1,000 )	Q1-Q3		Increase	
	2018	2017	Abs.	Pct.
IC4 train sets	4.3	4.5	-0.2	-4
IC3 train sets	28.6	44.3	-15.7	-35
IR4 train sets	11.1	12.4	-1.3	-10
Øresund train sets	21.0	20.9	0.1	0
MR train sets	9.2	9.3	-0.1	-1
Desiro train sets	8.3	15.4	-7.1	-46
Double-decker coaches	17.0	19.3	-2.3	-12
ME diesel locomotives	21.0	28.5	-7.5	-26
EA electric locomotives	5.2	5.8	-0.6	-10
S-train sets	14.6	14.0	0.6	4

<sup>1)</sup> A technical incident on the rolling stock, which causes a delay.

At the end of January 2018, DSB temporarily suspended 33 ME diesel locomotives from operations after finding initial crack formations on two axles. Subsequently, DSB has started to reintroduce the ME diesel locomotives as the cracks that are found on the axles are repaired. The reduced operation of the ME diesel locomotives and the double decker carriages in 2018 have had a negative impact on the number of kilometres travelled between incidents for several types of rolling stock as

their operations have had to be replaced with other types of rolling stock.

The IC4 train set production has risen significantly compared to the same period last year due to the IC4 train sets having been used to replace the ME diesel locomotives and the double-decker carriages in the regional traffic on Zealand.

The IC3 trains have operated less in 2018 than in the same period last year. Among other things, this is due to DSB, as a result of the traffic transfer, is no longer operating between Skørping and Frederikshavn. In 2017, the IC3 train sets travelled a high number of kilometres between incidents, but due to the challenges with the engines of the train sets, this could not be maintained in 2018.

The IR4 train sets have travelled significantly more litra kilometres than in the same period last year, as the IR4 train sets have been operating on the line between Esbjerg and Lunderskov subsequent to its electrification. The litra kilometres for the IR4 trainsets is, however, lower than planned, as due to errors on Banedanmark's new electric traction supply system on the line between Esbjerg and Lunderskov, it has not been possible to use electric rolling stock for 3 months of 2018.

The train sets crossing Øresund (the Sound) have travelled fewer litra kilometres than last year as DSB no longer operates IC Bornholm. Additionally, the ID controls at Copenhagen Airport were terminated in May 2017. The controls meant that more Øresund train sets were put into operation.

The use of MR trains is, as planned, significantly lower than in the same period last year where the aging train sets were a steady part of train operations. In 2018, the train sets were used as an operational reserve.

The Desiro train sets have travelled fewer kilometres between incidents in 2018 than in the same period last year as a result of several

different types of technical issues with the train sets.

The reduced operation of the ME diesel locomotives and double-decker carriages has led to a delaying incident being proportionally more impactful on the number of kilometres driven between incidents for the double-decker carriages.

The S-train operations are 6 percent lower than in the same period last year. This is primarily due to the shutting down of the Frederikssund Line over the summer.

## **Accounting policies applied**

The interim report for the independent public company DSB has been prepared in accordance with the provisions of the Danish Financial Statements Act and on the Act on DSB. The interim report follows the same accounting policies as the Annual Report 2017.

## **Events after 30 September 2018**

No events occurred after 30 September 2018, which in the opinion of the management have a significant impact on the assessment of the interim 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 interim report for the period 1 January - 30 September 2018 for DSB.

The interim 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 interim report provides a true and fair view of the Group's assets, liabilities and financial position as of 30 September 2018 and of the results of the Group's activities and cash flows for the period from 1 January to 30 September 2018.

It is also our view that the interim 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 2018.

## Executive Board

Flemming Jensen  
CEO

Thomas Thellersen Børner  
CFO

Jürgen Müller  
Director of Strategy  
& Rolling stock

Per Schrøder  
Director of Operations

## The Board of Directors

Peter Schütze  
Chairman

Annette Sadolin  
Vice-Chairman

Henrik Amsinck

Hanne Blume

Carsten Gerner

Christina Grumstrup Sørensen

Klaus Skafte Nielsen

Preben Steenholdt Pedersen

Birthe Østergaard Petersen







# Accounts

Income statement			
Group	Q1-Q3		Total year
Amounts in DKK million	2018	2017	2017
<b>Income</b>			
Net revenue	7,231	7,518	10,087
Work performed by the enterprise and capitalised	437	441	609
Other operating income	1,123	1,101	1,396
<b>Total revenue</b>	<b>8,791</b>	<b>9,060</b>	<b>12,092</b>
<b>Expenses</b>			
Expenses for raw materials and consumables	1,346	1,325	1,755
Other external expenses	2,873	2,843	3,842
Staff costs	2,749	2,845	4,234
<b>Total expenses</b>	<b>6,968</b>	<b>7,013</b>	<b>9,831</b>
<b>Earnings before amortisation, depreciation and write-downs</b>	<b>1,823</b>	<b>2,047</b>	<b>2,261</b>
Amortisation, depreciation and write-downs of intangible and tangible assets	1,380	1,359	1,854
<b>Operating profit</b>	<b>443</b>	<b>688</b>	<b>407</b>
<b>Financials</b>			
Profit after tax in associated companies	0	0	0
Financial income	1	13	30
Financial expenses	106	106	163
<b>Net financials</b>	<b>-105</b>	<b>-93</b>	<b>-133</b>
<b>Profit before tax</b>	<b>338</b>	<b>595</b>	<b>274</b>
Tax on profit for the period	-75	-137	-63
<b>Profit for the period</b>	<b>263</b>	<b>458</b>	<b>211</b>
<b>The profit for the period is distributed as follows:</b>			
Company participant in DSB	263	458	211
Minority interests	-	0	0
<b>Profit for the period</b>	<b>263</b>	<b>458</b>	<b>211</b>

## Balance sheet – assets

Group	30.9	31.12	
Amounts in DKK million	2018	2017	2017
<b>Intangible assets</b>			
Development projects	125	144	114
Intangible assets in progress and prepayments	87	70	93
<b>Total intangible assets</b>	<b>212</b>	<b>214</b>	<b>207</b>
<b>Tangible assets</b>			
Land and buildings	4,284	4,437	4,446
Rolling stock	7,767	8,032	8,408
Operating equipment, fixtures and fittings and other equipment	766	770	767
Tangible assets in progress and advance payments	296	209	238
<b>Total tangible assets</b>	<b>13,113</b>	<b>13,448</b>	<b>13,859</b>
<b>Investments</b>			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	198	226	207
Other receivables	25	26	26
<b>Total investments</b>	<b>223</b>	<b>252</b>	<b>233</b>
<b>Total non-current assets</b>	<b>13,548</b>	<b>13,914</b>	<b>14,299</b>
<b>Inventories</b>	<b>405</b>	<b>471</b>	<b>458</b>
<b>Properties held for sale</b>	<b>26</b>	<b>113</b>	<b>109</b>
<b>Receivables</b>			
Trade receivables	405	605	704
Other receivables	269	240	233
Prepayments	190	141	100
<b>Total receivables</b>	<b>864</b>	<b>986</b>	<b>1,037</b>
<b>Cash in bank and in hand</b>	<b>331</b>	<b>69</b>	<b>402</b>
<b>Total current assets</b>	<b>1,626</b>	<b>1,639</b>	<b>2,006</b>
<b>Total assets</b>	<b>15,174</b>	<b>15,553</b>	<b>16,305</b>

## Balance sheet – liabilities and equity

Group	30.9	31.12	
Amounts in DKK million	2018	2017	2017
<b>Equity</b>			
Contributed capital	4,760	4,760	4,760
Retained earnings	910	1,043	631
Proposed dividends	0	0	106
<b>Company participant in DSB's share of equity</b>	<b>5,670</b>	<b>5,803</b>	<b>5,497</b>
<b>Minority interests</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>5,670</b>	<b>5,803</b>	<b>5,497</b>
<b>Provisions</b>			
Other provisions	136	69	241
Deferred tax liabilities	778	863	851
<b>Total provisions</b>	<b>914</b>	<b>932</b>	<b>1,092</b>
<b>Non-current liabilities</b>			
Long-term loans	2,524	3,607	3,030
Other non-current liabilities	508	535	558
Other liabilities	268	267	265
<b>Total non-current liabilities</b>	<b>3,300</b>	<b>4,409</b>	<b>3,853</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	1,571	1,034	2,071
Short-term loans	-	0	0
Credit institutions	-	0	0
Trade accounts payables	1,592	1,390	1,452
Corporation tax	327	208	173
Other liabilities	882	835	1,206
Prepayments	918	942	961
<b>Total current liabilities</b>	<b>5,290</b>	<b>4,409</b>	<b>5,863</b>
<b>Total liabilities</b>	<b>8,590</b>	<b>8,818</b>	<b>9,716</b>
<b>Total equity and liabilities</b>	<b>15,174</b>	<b>15,553</b>	<b>16,305</b>

## Statement of changes in equity

Group						
Amounts in DKK million	Contributed capital	Retained earnings	Proposed dividends	Company participant in DSB's share of equity capital	Minority interests	Total equity
<b>Equity at 1 January 2017</b>	<b>4,760</b>	<b>578</b>	<b>0</b>	<b>5,338</b>	<b>0</b>	<b>5,338</b>
Profit for the period	-	458	-	458	0	458
Foreign currency translation adjustments	-	1	-	1	-	1
Value adjustment of hedging instruments, beginning of period	-	108	-	108	-	108
Value adjustment of hedging instruments, at end of period	-	-104	-	-104	-	-104
Other changes in equity, tax	-	2	-	2	-	2
<b>Equity at 30 September 2017</b>	<b>4,760</b>	<b>1,043</b>	<b>0</b>	<b>5,803</b>	<b>0</b>	<b>5,803</b>
Loss for the period	-	-353	106	-247	-	-247
Foreign currency translation adjustments	-	-2	-	-2	-	-2
Value adjustment of hedging instruments, beginning of period	-	104	-	104	-	104
Value adjustment of hedging instruments, at end of period	-	-161	-	-161	-	-161
<b>Equity at 31 December 2017</b>	<b>4,760</b>	<b>631</b>	<b>106</b>	<b>5,497</b>	<b>0</b>	<b>5,497</b>
Paid dividends	-	-	-106	-106	-	-106
Fonden Danmarks Jernbanemuseum	-	-43	-	-43	-	-43
Profit for the period	-	263	-	263	-	263
Foreign currency translation adjustments	-	-3	-	-3	-	-3
Value adjustment of hedging instruments, beginning of period	-	161	-	161	-	161
Value adjustment of hedging instruments, at end of period	-	-99	-	-99	-	-99
<b>Equity at 30 September 2018</b>	<b>4,760</b>	<b>910</b>	<b>0</b>	<b>5,670</b>	<b>-</b>	<b>5,670</b>

Cash flow statement			
Group	Q1-Q3		Total year
Amounts in DKK million	2018	2017	2017
<b>Operating profit</b>	<b>443</b>	<b>688</b>	<b>407</b>
<b>Adjustment for non-cash operating items</b>			
Amortisation, depreciation and write-downs of intangible and tangible assets	1,380	1,359	1,854
Change in other provisions, net	-105	5	177
<b>Other adjustments</b>			
Gain and loss on sale and scrapping of intangible and tangible assets	-282	-226	-266
Net financial items, paid	-94	-82	-144
Corporation tax, paid	-11	-51	-6
Change in working capital	-53	-22	342
<b>Total cash flow from operating activities</b>	<b>1,278</b>	<b>1,671</b>	<b>2,364</b>
<b>Cash flows from investment activities</b>			
Acquisition of intangible and tangible assets, excluding capitalised interest	-611	-601	-1,473
Sale of intangible and tangible assets	392	323	413
Subordinated debt repayments	11	26	46
<b>Total cash flows from investment activities</b>	<b>-208</b>	<b>-252</b>	<b>-1,014</b>
<b>Cash flows from financing activities</b>			
Proceeds from raising of long-term loans	-	-	409
Proceeds from raising of short-term loans	-	640	640
Repayment and payment of instalments on long-term loans	-1,026	-222	-229
Repayment of, and payment of instalments on short-term loans	-	-1,640	-1,640
Change in credit institutions	-	-199	-199
Paid dividends	-115	0	0
<b>Total cash flow from financing activities</b>	<b>-1,141</b>	<b>-1,421</b>	<b>-1,019</b>
<b>Total change to Cash in bank and in hand</b>	<b>-71</b>	<b>-2</b>	<b>331</b>
Cash in bank and in hand, 1 January	402	71	71
<b>Cash in bank and in hand at the end of period</b>	<b>331</b>	<b>69</b>	<b>402</b>

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

## Income statement by quarter

Group	2018			2017			
Amounts in DKK million	Q1	Q2	Q3	Q1	Q2	Q3	Q4
Passenger revenue	1,268	1,388	1,272	1,299	1,424	1,286	1,464
Revenue from traffic contracts	1,013	1,012	1,011	1,098	1,095	1,076	1,017
Sale of repair and maintenance services of rolling stock etc.	64	80	86	72	67	67	82
Sale and leasing of rolling stock	20	6	11	16	8	10	6
<b>Net revenue</b>	<b>2,365</b>	<b>2,486</b>	<b>2,380</b>	<b>2,485</b>	<b>2,594</b>	<b>2,439</b>	<b>2,569</b>
Work performed by the enterprise and capitalised	142	144	151	155	149	137	168
Other operating income	526	302	295	261	311	529	295
<b>Total revenue</b>	<b>3,033</b>	<b>2,932</b>	<b>2,826</b>	<b>2,901</b>	<b>3,054</b>	<b>3,105</b>	<b>3,032</b>
Expenses for raw materials and consumables	419	473	454	464	437	424	430
Other external expenses	873	1,004	996	980	929	934	999
Staff costs	889	948	912	924	988	933	1,389
<b>Total expenses</b>	<b>2,181</b>	<b>2,425</b>	<b>2,362</b>	<b>2,368</b>	<b>2,354</b>	<b>2,291</b>	<b>2,818</b>
<b>Earnings before amortisation, depreciation and write-downs</b>	<b>852</b>	<b>507</b>	<b>464</b>	<b>533</b>	<b>700</b>	<b>814</b>	<b>214</b>
Amortisation, depreciation and write-downs of intangible and tangible assets	465	479	436	451	428	480	495
<b>Operating profit/loss</b>	<b>387</b>	<b>28</b>	<b>28</b>	<b>82</b>	<b>272</b>	<b>334</b>	<b>-281</b>
Net financials	-26	-45	-34	-34	-30	-29	-40
<b>Profit/loss before tax</b>	<b>361</b>	<b>-17</b>	<b>-6</b>	<b>48</b>	<b>242</b>	<b>305</b>	<b>-321</b>
<b>Profit/loss before tax adjusted for non-recurring items</b>	<b>114</b>	<b>16</b>	<b>-13</b>	<b>48</b>	<b>238</b>	<b>111</b>	<b>151</b>
<b>Profit/loss for the period</b>	<b>268</b>	<b>0</b>	<b>-5</b>	<b>39</b>	<b>185</b>	<b>234</b>	<b>-247</b>
<b>Total equity</b>	<b>5,678</b>	<b>5,686</b>	<b>5,670</b>	<b>5,371</b>	<b>5,568</b>	<b>5,803</b>	<b>5,497</b>
EBITDA margin	36.0	20.4	19.5	21.4	27.0	33.4	8.3
Return on equity (ROE) p.a.	19.2	0.0	-0.4	2.9	13.5	16.5	-17.5
Return on capital employed after tax (ROIC after tax) p.a.	11.4	1.4	0.9	2.3	7.4	9.5	-8.3

## Financial calendar

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

Annual Report 2018	7 February 2019
Corporate meeting	8 March 2019

## Publications

Interim report for 1st-3rd Quarter 2018 is available on [www.dsb.dk](http://www.dsb.dk)

## Company details

### Address

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Tel. +45 70 13 14 15

[www.dsb.dk](http://www.dsb.dk)

CVR No. 25050053

### Municipality of domicile

Høje-Taastrup

### Ownership

DSB is an independent public corporation owned by the Ministry of Transport, Building and Housing

### Auditor

Ernst & Young  
Authorised Limited Company of Accountants  
CVR No. 30700228

The National Audit Office of Denmark

### Bank

Nordea Bank Danmark A/S

### Editors

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