

# ANNUAL REPORT 2014









# ANNUAL REPORT 2014

February 2015

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



# Contents

## **Preface ..... 8**

- DSB achieved all “Healthy DSB” objectives..... 8

## **DSB – Strategy ..... 13**

- Culture and strategy ..... 13
- The objective of DSB ..... 13
- Promises ..... 13
- Strategy ..... 13
- Strategic programme for 2015-2017 ..... 13
- It takes more than a bottom line... 14
- Productivity ..... 14
- Punctuality ..... 15
- Customers ..... 15
- Rolling stock situation ..... 19
- Reputation ..... 21

## **Review & annual accounts ..... 23**

- Review ..... 24
- Segments ..... 27
- Outlook..... 32
- Safety..... 33
- Risk management ..... 34
- Corporate governance ..... 35
- Events after 31 December 2014 .... 39
- Other matters ..... 39
- Announcements to the Danish Business Authority..... 39
- Management statement and auditors’ reports ..... 40
- Accounting policies ..... 45

## **Accounts..... 54**

- Profit and loss account ..... 54
- Balance sheet – Assets ..... 55
- Balance sheet – Equity and liabilities ..... 56
- Equity statement ..... 57
- Cash flow statement ..... 58
- Notes ..... 59
- Profit and loss account by quarter 86
- Other key figures..... 87
- Definitions of financial ratios..... 92

## **Corporate Social Responsibility ..... 94**

- Framework and measurement ..... 94
- Environment and climate..... 98

## **About DSB ..... 102**

- Board of Directors ..... 102
- Executive Board..... 105
- Corporate Management..... 106
- Organisation ..... 107
- Financial calendar 2015..... 108
- Publications ..... 108
- Corporate information..... 108

# Preface

## DSB achieved all “Healthy DSB” objectives

- Profit before depreciation, amortisation and write-downs adjusted for items of non-recurring nature regarding “Healthy DSB” in the Danish activities was DKK 3,015 million, against the objective of DKK 2,650 million set in 2011.
- The number of employees in the Danish activities was 7,070. The objective set in 2011 was a staff cut of 1,000 employees, corresponding to 7,314.

*“Thanks to a huge effort, DSB’s organisation has fulfilled the objectives set in 2011, while at the same time operating more trains and obtaining an improved punctuality.”*

*Peter Schütze, Chairman of the Board*

## The result for 2014 is satisfactory

- Profit before depreciation, amortisation and write-downs of DKK 3,449 million, up DKK 667 million
- Profit before tax of DKK 670 million, against DKK 386 million for 2013
- Profit after tax of DKK 482 million, against DKK 483 million for 2013
- Adjusted for items of a non-recurring nature the profit before tax is DKK 624 million, against DKK 466 million
- Punctuality still at a good level with improvements in Long-distance & Regional Trains and S-tog
- Continued customer growth – at a 2 percent level
- Interest-bearing liabilities reduced from DKK 11,075 million to DKK 9,314 million
- Reputation still low, but developing positively

Strategic key figures				
	2014	2013	Change	
			Abs.	Pct.
<b>Financial</b>				
Total income – DSB Group (DKK million)	12,772	12,340	432	4
Profit before depreciation, amortisation and write-downs – DSB Group (DKK million)	3,449	2,782	667	24
Profit before tax – DSB Group (DKK million)	670	386	284	74
<b>Productivity – (Danish activities)</b>				
Passenger and transport contract revenue per train kilometre (DKK/km)	166	162	4	2
Costs per train kilometre (DKK/km) <sup>1)</sup>	132	135	-3	-2
Number of train kilometres per employee	11,924	11,549	375	3
Number of train journeys per employee	38,593	36,719	1,874	5
<b>Punctuality</b>				
Punctuality – Long-distance & Regional Trains (%) (max. delay of 5.59 minutes)	94.1	92.9	1.2	1
Punctuality – S-tog (%) (max. delay of 2.29 minutes)	97.3	96.7	0.6	1
Punctuality – Øresund (%) (max. delay of 4.59 minutes)	90.2	90.5	-0.3	0
<b>Customers</b>				
Total number of customers in Denmark (million customers)	190.2	186.3	3.9	2
Customer satisfaction – (Danish activities)	7.5	7.5	0.0	0
<b>Reputation</b>				
Users of Long-distance & Regional Trains	51.1	49.1	2.0	4
Users of S-tog	56.1	55.3	0.8	1
Non-users of Long-distance & Regional Trains	46.0	39.2	6.8	17

<sup>1)</sup> KPI for productivity has been changed as a consequence of the change in the segmental reporting.

### **Conditions affecting the profit for 2014**

A number of items of a non-recurring nature had an impact on the profit for 2014:

- The sale of i.a. DSB's previous domicile property at Sølvgade and the "shopping arcade" in Lyngby contributed to the profit with DKK 282 million.
- The outcome of arbitration proceedings regarding passenger counting was final in January 2015, contributing a positive DKK 87 million to passenger revenues.
- A write-down of IC4 as a consequence of the conclusion in the Prose Report in the amount of DKK 67 million.
- Accelerated depreciations, accelerated amortisations and write-downs of equipment and software etc. regarding the Travel Card, DKK 256 million.

Customer satisfaction remained almost unchanged from 2013. Reputation improved in 2014, but is still far from being at a satisfactory level.

### **2015 shows signs of becoming a challenging year**

The extensive track improvement work planned for 2015, i.a. the closing of one track on Western Funen for 100 days, will entail reduced ticket revenue and expenses for replacement services. DSB currently expects the planned track improvement work to reduce the profit for 2015 by more than DKK 200 million. Also the following years are expected to be affected by extensive track improvement work.

Income in the form of non-recurring items, particularly from the sale of properties, in 2014 is not expected to be realised to the same extent in 2015 or the following years.

### **New transport contract**

DSB's contracts with the Danish state regarding Long-distance & Regional train services provided as a public service during the period 2005-2014 expired on 31 December 2014. Prior to the expiry, the Danish Ministry of Transport and DSB concluded extension agreements on 12 December 2014, the essential purpose of which is to extend the terms and obligations of the two contracts.

The extension agreements will lapse as soon as a new long-term contract can be concluded, by the end of the timetable year 2015 at the latest. A new long-term contract is expected to cover the provision of services by Long-distance & Regional trains as well as S-trains.

### **IC4 and IC2 train sets**

In early summer 2014 DSB announced that the IC4 train sets would be put to the final test by means of an independent investigation. This investigation was carried out by Swiss Prose and SBB, which presented the results of the report in December 2014. The report was presented to the parliamentary Transport Committee, presenting a Plan A as well as a Plan B. Among other things, the Prose report recommends that DSB continue to develop the train sets in accordance with the plan for placing them in service in order thus to fulfil the functionality and reliability targets. DSB will follow the recommendations and is taking one step at a time.

### **New strategy**

Overall, DSB's objective still is to contribute to sustainable growth and mobility in Denmark. In more specific terms, we do so by ensuring reliable train services and coherent public transport.

Throughout 2014 DSB has worked on developing a strategy for the future, taking the customers as its starting point.

DSB recognises the fact that to the customers it is not primarily about travel experiences, but to be able to count on punctual, clean trains, clean train stations and good traffic information across the various means of public transportation.

### **Major investments in the future**

Over the next 10-15 years, close to DKK 100 billion will be invested in the railway in new tracks, bridges, cables, signals, trains etc. In this connection, DSB has embarked on the project of planning the acquisition of new electrical trains. A decision has not yet been made as to who is to acquire the new trains, how many and what type. Overall, we are potentially talking about several hundred train sets. This is a difficult project, and DSB will gladly take an active role in it going forward.

### **Ultrafine particles**

Focus continued in 2014 on the number of ultrafine particles in the double-decker coaches pulled/pushed by the ME locomotives, in the more than 30 years old MR trains as well as in the workshops. In the summer 2014 DSB replaced the filters in the double-decker coaches' air intake, which reduced the number of ultrafine particles by 40 percent inside the double-decker coaches. In addition, work with finding technical or operational solutions to reduce the exposure to ultrafine particles, for passengers as well as employees, continues.

### **Safety management**

The work with a new safety management system continued in 2014. This work takes place in a close dialogue with assessors and the Danish Transport Authority. Experience from the sector indicates that the transition from an experience-based system to a process-oriented system represents a change of culture, which realistically will take two to three years.

### **Continued focus on punctuality**

Punctuality was at a historically high level in 2014 as well. Both in Long-distance & Regional Trains and S-tog punctuality improved to 94.1 percent and 97.3 percent, respectively, while Øresund experienced a slight decline in punctuality to 90.2 percent.

### **Employee satisfaction**

DSB's annual employee satisfaction analysis and workplace assessment (MTAPV) show that job satisfaction has dropped to 60 (scale 1-100), down 2.7 points on 2013. DSB takes the decline seriously and focuses particularly on the day-to-day work where efforts to improve job satisfaction will have the greatest impact.

By fulfilling the "Healthy DSB" objectives, DSB has established a robust base towards obtaining a new transport contract. A major reason for fulfilling the "Healthy DSB" objectives is the huge effort all our employees have put forth – thank you so much for your contribution.

Taastrup, 26 February 2015

---

Peter Schütze  
Chairman of the Board

---

Stig Pastwa  
Acting CEO and CFO





# DSB – Strategy

## Culture and strategy

The work with culture and strategy is based on "The Greater Context", which DSB launched in the summer of 2012 and in which we crystallise the basic story about DSB and the basic attitudes for which we want DSB to be known.

## The objective of DSB

The basic story describes what DSB is basically about and the product DSB is expected to deliver. Overall, DSB's objective is the same today as it was more than 100 years ago; to contribute to sustainable growth and mobility in Denmark.

In more specific terms, DSB does so by ensuring reliable train services and coherent public transport.

## Promises

The basic attitudes which everybody at DSB must convey are decisive for our being able to deliver on three promises to our customers, owners and employees:

*Good journey* - Safe / Punctual / Easy / Comfortable

*Healthy economy* - Competitive / Transparent / Responsible / Solid

*Attractive place of work* - Respect / Recognition / Inspiration / Possibilities

## Strategy

A good strategy must take the customers as its starting point.

DSB recognises the fact that it is not primarily about travelling experiences for the customers, but about their needing to be able to count on punctual, clean trains, clean train stations and good traffic information across the various means of public transport.

It is that core service to the customer DSB will continue to focus on together with two other customer-oriented focus areas.

- Transport time must be "useful time"
- Public transport must be as "individual" as possible

One of the big advantages of travelling by train and using public transport is that the transport time can actually be used for something. This does, however, particularly require good communication possibilities. In cooperating with Banedanmark (Rail Net Denmark) and telecom operators DSB plan to ensure satisfactory coverage along the entire railway.

During the past couple of years, DSB has worked on fulfilling the two objectives of the "Healthy DSB" in the Danish activities:

- Profit before depreciation, amortisation and write-downs of DKK 2.65 billion in 2014 – an improvement of DKK 1 billion compared with the projection from 2011
- Around 1,000 fewer full-time employees at year-end 2014

Having fulfilled the "Healthy DSB" objectives at year-end 2014, we now have a competitive foundation on which to make long-term plans with a view to establishing confidence in DSB.

## Strategic programme for 2015-2017

DSB's strategic programme for 2015-2017 focuses on regaining public confidence in DSB. This will be done with customers and employees as the starting point.

The strategic programme will focus on five breakthroughs:

- Ongoing improvements of 2-3 percent annually
- A polite and obliging DSB
- Easy to be a customer – simple to be an employee
- Reliable trains – now and in future
- One DSB

Achieving these breakthroughs is an important basis for DSB's 2030 strategy.

## It takes more than a bottom line

One of the good challenges of running DSB is that we are measured on many other parameters than merely our ability to generate a profit or our economic ability to compete. To be a success, DSB must deliver on a number of other parameters as well:

- Productivity – deliver more for the same or less
- Punctuality – trains on time
- Customers – satisfaction and growth

Only when DSB does that, can DSB improve its reputation. Therefore, in addition to the financial figures, the Annual Report also includes concrete measuring points for these other parameters.

## Productivity

At year-end 2014 the number of full-time employees was 7,351, which is 456 employees fewer than at year-end 2013. A total of 92 employees fewer in Sweden was primarily a consequence of the handing over of the activities in DSB Småland to Veolia on 1 March.

Table 1: Number of full-time employees (year-end)				
	2014	2013	Growth	
			Abs.	Pct.
Danish activities <sup>1)</sup>	7,070	7,433	-363	-5
Swedish activities	94	186	-92	-49
Other countries	187	188	-1	-1
<b>Number of full-time employees at year-end</b>	<b>7,351</b>	<b>7,807</b>	<b>-456</b>	<b>-6</b>
<b>Total average number of full-time employees</b>	<b>7,564</b>	<b>7,977</b>	<b>-413</b>	<b>-5</b>

<sup>1)</sup> Including Øresund.

At year-end 2014 the Danish activities were reduced by 363 employees compared with 2013. This development is a consequence of the implemented parts of "Healthy DSB".

Since 2011 the number of employees in the Danish activities has been reduced by a total of 1,244.

On the Danish lines 2014 brought another positive development in the number of train kilometres per employee of 3 percent and in the number of train journeys per employee of 5 percent. Costs per train kilometre fell by 2 per cent compared with 2013.

Table 2: Productivity in the Danish train activities <sup>1)</sup>

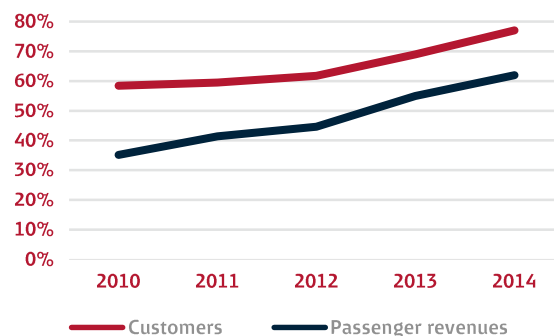
	2014	2013	Growth	
			Abs.	Pct.
Number of train kilometres per employee	11,924	11,549	375	3
Number of train journeys per employee	38,593	36,719	1,874	5
Costs per train km (DKK)	132	135	-3	-2

<sup>1)</sup> Long-distance and Regional Trains, S-tog and Øresund.

The number of self-service customers continued to increase for various services in 2014. In 2014 356,000 travel cards were issued, bringing the total to more than 1,000,000 at year-end 2014.

Figur 1: Self-service

Share in percent



DSB has also turned the renewal of season tickets into a self-service product, available from the vending machines..

## Punctuality

**Table 3: Punctuality and reliability**

Percent	Growth			
	2014	2013	Abs.	Pct.
<b>Punctuality <sup>1)</sup></b>				
Long-distance & Regional Trains	94.1	92.9	1.2	1
S-tog	97.3	96.7	0.6	1
Øresund	90.2	90.5	-0.3	0
<b>Reliability <sup>2)</sup></b>				
Long-distance & Regional Trains	99.0	98.4	0.6	1
S-tog	98.2	97.5	0.7	1
Øresund	94.7	97.2	-2.5	-3

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

<sup>2)</sup> Reliability is defined as the number of planned departures that were operated.

Punctuality for Long-distance & Regional Trains improved to 94.1 percent in 2014 from 92.9 percent in 2013. Punctuality for S-tog improved from last year's historical high of 96.7 percent to 97.3 percent in 2014. Øresund realised a punctuality of 90.2 percent, which was a decline of 0.3 percentage points compared with 2013.

**Table 4: Responsibility for delays – distribution**

Percent	Growth			
	2014	2013	Abs.	Pct.
<b>Long-distance &amp; Regional Trains – delays</b>				
DSB	5.9	7.1	-1.2	-17
Banedanmark	30.5	32.4	-1.9	-6
External conditions, including other operators	45.8	45.1	0.7	2
<b>S-tog – delays</b>				
S-tog/DSB	23.7	22.5	1.2	5
Banedanmark	2.7	3.3	-0.6	-18
S-tog/DSB	25.9	30.3	-4.4	-15
Banedanmark	51.9	48.5	3.4	7
External conditions	51.9	48.5	3.4	7
<b>Øresund – delays</b>				
DSB Øresund / DSB	22.2	21.2	1.0	5
Banedanmark	9.8	9.5	0.3	3
DSB Øresund / DSB	16.3	25.3	-9.0	-36
Banedanmark	32.7	33.7	-1.0	-3
External conditions, including other operators	51.0	41.0	10.0	24

## Customers

### Journeys

In 2014 customers made 190.2 million journeys with DSB in Denmark, compared with 186.3 million journeys in 2013, representing 2 percent growth. An average journey with DSB was 33 km in 2014, which is on the same level as 2013.

In 2014 the total number of journeys across the Great Belt (train, airplane, car and bus) rose by approx. 670,000 journeys compared with 2013. Car and bus traffic accounted for the increase, while bus and airplane traffic fell. DSB's market share across the Great Belt was 25.4 percent in 2014, which is a decline of 1 percentage point compared with 2013.

National traffic will be facing the additional challenge of extensive track improvement work on Western Funen over the summer of 2015.

**Table 5: Number of journeys**

1,000 journeys	Growth			
	2014	2013	Abs.	Pct.
Long-distance & Regional Trains	51,795	51,196	599	1
East (Zealand)	24,318	24,082	236	1
West (Jutland and Funen)	17,618	17,125	493	3
East/West (across the Great Belt)	8,877	9,001	-124	-1
Other	982	988	-6	-1
Øresund (Coastal Line/Kastrup Line)	26,695	25,837	858	3
S-tog	111,683	109,242	2,441	2
<b>Total Denmark</b>	<b>190,173</b>	<b>186,275</b>	<b>3,898</b>	<b>2</b>
<b>Total Sweden</b>	<b>5,055</b>	<b>5,994</b>	<b>-939</b>	<b>-16</b>
<b>Total Germany</b>	<b>4,246</b>	<b>4,204</b>	<b>42</b>	<b>1</b>
<b>Total number of customers</b>	<b>199,474</b>	<b>196,473</b>	<b>3,001</b>	<b>2</b>

<sup>1)</sup> As a consequence of a change in the method of calculation and of the final calculation of journeys for 2013, the number of train journeys in 2013 has, compared with previously published figures, been increased by 0.7million journeys in Long-distance & Regional Trains and by 0.3 million journeys in Øresund.

Long-distance & Regional Trains had 51.8 million journeys in 2014, up 1 percent on 2013. On Zealand the number of journeys rose by 1 percent, while the number of journeys for Jutland and Funen rose by 3 percent. The number of journeys across the Great Belt fell by 1 percent compared with 2013.

The basically positive development in long-distance and regional train traffic is attributable to the general traffic development, the improved youth card and the improved availability of tickets through electronic media, including mobile applications. The development is supported by continued high punctuality. This positive development was achieved in spite of fewer journeys across the Great Belt, which is believed to be attributable to a historically high number of newly registered cars and declining car ownership costs.

In 2014 S-tog had 111.7 million journeys, corresponding to growth of 2 percent. In addition to the general traffic development, the positive development is i.a. attributable to a continued robust production with a generally high punctuality as well as a number of initiatives related to the combined use of bicycle and S-train. The development was supported by the rebuilding of more coaches into coaches where the customers can bring bicycles. For 2014 DSB has calculated that 9.6 million journeys were made with a bicycle on S-trains, up 7 percent on 2013. The development was affected negatively due to track improvement work and the establishment of new signals, which led to a 1.8 million decline. The track improvement work at Nordhavnsvej alone entailed a decline in the number of journeys of 0.8 million.

DSB Øresund had 26.7 million journeys in 2014, up 3 percent on 2013. This increases DSB's challenge to meet the customers' demand for seats for everybody. The increasing number of passengers also increases the time used for boarding and alighting, thus putting punctuality under pressure.

### **Customer satisfaction**

Customer satisfaction is measured every quarter by DSB in KundeKompasset. DSB focuses on the customers' experience of the current journey as well as their more general perception of a journey with DSB. The questionnaires are distributed to the customers based on the actual distribution of the customers, i.e. more questionnaires are distributed on lines with many customers than on lines with few customers. Based on these measurements, DSB has identified five areas that are important to achieving a high degree of customer satisfaction:

- Punctuality
- Personal comfort
- Cleaning and safety
- Products and service
- Traffic information

DSB has established an action plan for each of these individual areas in order to be able to work in a target-oriented way with raising the quality in each individual area and increasing customer satisfaction on an overall level.

An example is punctuality where S-tog achieved a historical high in 2014. This was achieved by making ongoing adjustments of the timetable in relation to the passengers' use of the S-train. If e.g. the S-train spends more time than planned at a station, the stopping time at other stations is adjusted in order to make up for the extra time spent at the first station, so that the journey time is not prolonged. Furthermore, Banedanmark has contributed an improved infrastructure.

**Table 6: Customer satisfaction**

Score (1-10)	Growth			
	2014	2013	Abs.	Pct.
Satisfaction with current journey (Long-distance & Regional Trains)	7.9	7.8	0.1	1
Satisfaction with Long-distance & Regional Trains in general	7.3	7.1	0.2	3
Satisfaction with current journey (S-tog)	8.1	8.0	0.1	1
Satisfaction with S-tog in general	7.9	7.7	0.2	3
<b>Customer satisfaction (Average)</b>	<b>7.8</b>	<b>7.7</b>	<b>0.1</b>	<b>1</b>
<b>Customer satisfaction (Øresund)</b>	<b>6.7</b>	<b>6.7</b>	<b>0.0</b>	<b>0</b>

Both S-tog and Long-distance & Regional Trains experienced an increase in overall customer satisfaction in 2014. For both segments, it was primarily the "in general" score that increased. For S-tog particularly these underlying parameters were responsible for the increase:

- Traffic information in connection with delays
- Sales staff advice on self-service
- Traffic information on television monitors in S-trains

The increasing satisfaction with the way delays are handled is particularly due to an increasing satisfaction with the explanation of the delay and how quickly the information was received. The increased punctuality in 2014 also played a part. Furthermore, the updating of the television monitors in the S-trains and Rejseplanen with real-time information about changes in traffic was subject to extensive focus.

For Long-distance & Regional Trains particularly these underlying elements were responsible for the increase:

- Cleaning inside the train
- It was easy to buy a ticket/card for this journey

Furthermore, customers are increasingly satisfied with the trains' arriving and departing on time according to the timetables, both with regard to the current journey and in general, which is in line with the positive development in punctuality for both S-tog and Long-distance & Regional Trains.

Customer satisfaction for DSB Øresund is unchanged from 2013. Continuous work is being carried out to improve regularity, and the possibility of getting a seat on the train and the trains' rolling electronic display of information are believed to be of great importance to the customer satisfaction.

### Continued focus on the customer experience in 2015

DSB will continue its work to increase customer satisfaction in 2015. Among other things, we will do so by offering a simpler selection of tickets, by continuing to focus on punctuality and increasing focus on more individual traffic information so the individual customer will experience increased relevance. In addition, our new initiative Service the DSB Way will ensure that we have a clear and uniform approach to meeting our customers. Service the DSB Way has four target areas:

- Customer knowledge: We need to use facts from our customer satisfaction analyses to improve our product
- Reliable core product: Focus on punctuality, traffic information and cleaning
- Ready for the customer: A good start every day by ensuring that our trains are clean, nice, safe and secure and by providing plain answers and exact information
- Meeting the customer: We need to be polite and helpful

### DSB focuses on a simplified product portfolio

Since 2011 DSB has been working on trimming DSB's product portfolio with a view to simplifying as well as enhancing efficiency. Furthermore, the simplification will in the future benefit the customers. In 2014 the num-

ber of products was 104 and thus largely unchanged compared with 2013. The objective is to continue reducing the number of products to 73 by year-end 2016.

#### **Phasing-out of clip cards**

Sales of clip cards were discontinued in the Greater Copenhagen area on 8 February 2015. The cards may be used until and including 30 June 2015 and are refundable until 8 February 2018.

#### **Travel Card**

On 27 September 2014 the Travel Card system was upgraded to a new platform, which i.a. ensures improved self-service for the customers, e.g. using NemID, a new sales system that can handle the customers more effectively and a new underlying administration system.

#### **Increased degree of self-service and digitalisation**

DSB's customers are making increasing use of self-service, which reduces the need for staffed points of sale.

At the same time, the development in self-service was very much affected by the postponed phasing-out of the clip cards in the Greater Copenhagen area.

DSB has also turned the renewal of season tickets into a self-service product, available from the vending machines. This new product has been well received by the customers.

#### **Youth card on DSB's app**

The youth card has now been launched on DSB's app, so it is now possible to get the youth card electronically.

The youth card still needs to be ordered and paid at [www.mitungdomskort.dk](http://www.mitungdomskort.dk), but the introduction of the card on the app meets the customers' requirement for a user-friendly self-service sales channel. At the same time DSB's production of the physical youth cards has been simplified.

#### **Million milestones for DSB's app, and DSB Plus**

In August 2014 DSB's app reached a milestone with 1 million downloads to android and iPhone. The app makes it possible to buy tickets with the mobile telephone. In December DSB's loyalty programme DSB Plus got member number 1 million.

#### **Relaunch of dsb.dk**

On 13 May dsb.dk was relaunched with a new design and new navigation. The purpose was to make searching for and ordering tickets as simple and intuitive as possible, enabling our customers to get a better overview of DSB's different tickets and cards. DSB's website dsb.dk has also been optimised to make it more suited for mobile platforms, and all products and customer group pages have been simplified. Feedback from the customers has been predominantly positive. The work with optimising dsb.dk will continue in 2015. English will be introduced in the buying flow and the pages with traffic information and customer service will also be relaunched.

#### **Customer, service and travel centres**

DSB's customer centre handles oral and written enquiries from customers. Furthermore, the customer centre sells tickets and issues business cards, youth cards and Travel Cards. In 2014 DSB's travel centres (ticket sales) handled almost 2,000,000 customer enquiries, and the service centres served approx. 150,000 customers. In 2014 the customer centre answered approx. 1,200,000 calls and responded to approx. 500,000 written enquiries. As something new, the customer centre has included presence on the social media in the work schedules, something that has been positively received by the customers.

#### **Closing of travel centres**

As a consequence of the increasing degree of self-service, the travel centres (DSB ticket sales) in Vejle and Esbjerg closed on 31 August 2014. The travel centres in Roskilde and Fredericia closed on 30 September 2014. Instead, a service centre opened in Fredericia on

8 October 2014 where the customers can get help with the self-service solutions.

At the beginning of 2015 there are four travel centres in Aarhus, Odense, Copenhagen H and CHP Airport, supplemented with six service centres in Aalborg, Fredericia, Valby, Østerport, Nørreport and Lyngby.

#### **Language award**

In September DSB's customer centre won sprogrisen.dk's award for the year's best letter or email to citizens, customers or members. The Danish Association of Communication Professionals and the Danish Language Council, among others, are behind sprogrisen.dk.

With the project The Good Answer the customer centre and DSB's customer ambassador have launched a dedicated effort to improve the written communication with the customers and make it even more obliging and attentive. At the same time the employees have been given a number of tools to make their work easier and make the answers more uniform.

#### **Snack vending machines at the stations**

On 2 June the sales trolley was phased out on all lines. Up until then DSB had retained the sales trolley at DSB '1 on all departures in InterCity and InterCityLyn and generally on the high-speed line between Copenhagen – Aarhus.

In connection with the changes relating to the sales trolley, drink and snack vending machines will be installed in a number of the large stations on the S-train network and the large long-distance and regional train stations on Zealand, Funen and in Jutland in 2015. Vending machines were established in Hellerup, Vesterport, Østerport, Dybbølsbro, Skodsborg and Vedbæk in 2014.

#### **Rebuilding of multi-purpose coaches in S-trains**

In June all 104 long S-trains had been rebuilt, thus increasing the capacity from 14 to 28 bicycle racks in each train set. This rebuilding did not only make room for more bicycles, but it also made boarding and alighting easier for both passengers with bicycles and other passengers.

#### **Rolling stock situation**

In 2014 DSB carried out extensive analyses with a view to establishing a transparent basis for a political decision on what rolling stock plan the future transport contract should be based on as well as on whether DSB should acquire new electrical trains. The proposals are expected to be considered politically in 2015.

#### **Rolling Stock Plan 2030 and Trains for the Future**

From mid-2013 to April 2014 DSB prepared Rolling Stock Plan 2030 with the purpose of finding the economically optimum fleet composition for each of the years until and including 2030. The analyses were made for a number of scenarios and assumptions that had been carefully coordinated with the Danish Ministry of Transport, so that the consequences of relevant decisions and alternative outcomes were clarified.

The basic scenario was founded on Togfonden DK, using electrical trains on electrified lines and high-speed trains for the hourly traffic. The result was a fundamental renewal of the train fleet with a view to realising the societal, operational and environmental advantages of electrification and other new infrastructure going forward towards 2030.

In August 2014 DSB published a proposal regarding "Trains for the Future" as the basis for the expected political decision to commence the acquisition of new electrical trains. The report explained the results of Rolling Stock Plan 2030, the acquisition strategy and the approach to placing the trains in service.

The work with the proposal was quality assured by external consultants, concluding that there were no weighty reasons to conclude that DSB should not be in charge of the acquisition, that next phase could be launched and that the acquisition project could proceed. Furthermore, the external quality assurance highlighted the importance of strengthened rooting on the political level and the need for a thorough market analyses for new trains as part of the process. The continued work in this regard is awaiting the outcome of the transport contract negotiations and the award of the task of acquiring the trains.

### Purchase of double-decker coaches

In April 2014 DSB concluded an agreement with Ascendos for the purchase of 67 double-decker coaches that had already been leased to and placed in service with DSB. The purchase takes effect in 2017 when the lease expires. The background to the political decision on the purchase was primarily a wish to cover the risk of additional delays of the plan for placing the IC4 and IC2 train sets in service.

### IC4 and IC2 train sets – expert assessment

In August DSB commissioned the Swiss consulting company Prose to make an expert assessment of the IC4 and IC2 train sets. In its report in December Prose concluded that it is realistic to have 74 IC4 train sets in operation in 2019. Prose also concluded that it is possible to achieve a reliability of 20,000 km between incidents and from a technical point of view to achieve the ultimate functionality targets.

### Plan B

Concurrently with the expert assessment of the IC4 and IC2 train sets, DSB prepared a "Plan B" which identified possible solutions – including the possibility of using other rolling stock if the political decision had been that the IC4 and IC2 trains could not or could only to a limited extent be used. Considering the outcome of the Prose assessments, none of the Plan B solutions are expected to be used.

## Existing rolling stock

**Table 7: Number of kilometres travelled between incidents<sup>1)</sup>**

Kilometres (1,000)	Growth			
	2014	2013	Abs.	Pct.
IC3 train sets	54.3	52.9	1.4	3
IC4 train sets	6.5	4.5	2.0	44
IR4 train sets	25.4	22.8	2.6	11
Øresund train sets	36.6	32.0	4.6	14
MR train sets	21.2	20.3	0.9	4
Desiro train sets	26.6	15.3	11.3	74
Diesel locomotives – ME	32.2	32.7	-0.5	-2
S-tog	19.9	20.5	-0.6	-3

<sup>1)</sup> A technical incident regarding rolling stock which causes a delay of more than 5.59 minutes for Long-distance and Regional Trains, more than 4.59 minutes for Øresund and more than 2.29 minutes for S-tog.

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

Kilometres (1,000)	Growth			
	2014	2013	Abs.	Pct.
IC3 train sets	489.1	663.9	-174.8	-26
IC4 train sets	60.8	57.1	3.7	6
IR4 train sets	172.0	140.8	31.2	22
Øresund train sets	208.8	169.3	39.5	23
MR train sets	139.5	185.2	-45.7	-25
Desiro train sets	174.3	92.0	82.3	89
Diesel locomotives – ME	121.6	116.9	4.7	4

<sup>1)</sup> A train/train set which due to a technical fault is cancelled while in operation and does consequently not carry out the planned service.

The reliability of DSB's rolling stock generally developed satisfactorily in 2014. Special attention was on the development in connection with IC3 train sets and IC4 and IC2 train sets, on which we comment below.

### IC3 train sets

Following an all-time high with regard to reliability in connection with breakdowns in 2012 and 2013, the IC3 train sets continued the positive trend of the years 2009–2011. The key figure developed from an average approx. 364,000 km between breakdowns to approx. 489,000 in 2014.

### IC4 and IC2 train sets

In 2014 the IC4 train sets were increasingly placed in passenger service and were used in East-West long-distance traffic and in regional traffic in Jutland and on Zealand.

At year-end, 77 train sets had been authorised for passenger operation and 36 were used in the operation pool while the remaining train sets are being upgraded, undergoing tests or used for operation simulation. In 2014 the technical functionality of the IC4 train sets underwent ongoing optimisation. Several development projects were completed in 2014. Reliability has improved compared with 2013, and in December the train ran 8,900 km between incidents.

Like the IC4 train sets, the IC2 train sets are undergoing continuous technical upgrading. At year-end 2014 all 23 IC2 train sets had been authorised for passenger operation, and six were used in the operation pool. In the long term, all technical functionalities developed for IC4 train sets will be transferred to IC2 train sets.

### Banedanmark's Signal Programme

The Signal Programme is owned and operated by Banedanmark (Rail Net Denmark). In connection with the upgrading of the infrastructure, new communication and safety equipment will be installed in DSB's train sets.

In 2013 the installation was commenced in the S-trains and by year-end 2013 the new GSM-R radios had been installed in the 135 train sets of the S-train fleet, while the new safety system CBTC had been installed in 61 train sets. The entire S-train fleet is expected to be equipped with CBTC by mid-2016.

The rest of DSB's train fleet is expected to be equipped with new communication and safety equipment from primo-2015 to primo-2019.

## Reputation

DSB's general reputation is still on a low level, but developed positively in all areas in 2014 compared with last year.

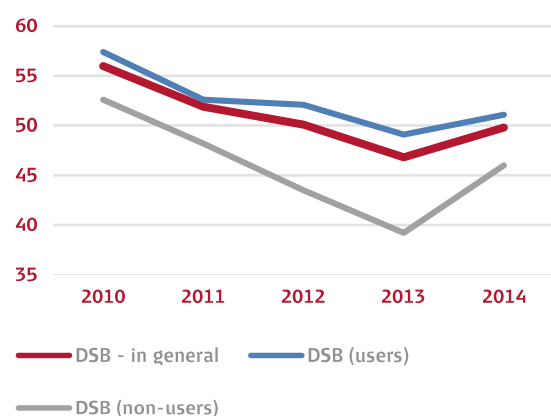
DSB reputation has been stable around index 50 in 2014, against 47 in 2013. This indicates that the improvements of DSB's financial situation and the punctuality improvements in 2014 are now reflected in DSB's reputation.

Products and services are the essential driving force in improving DSB's reputation. Ongoing price increases and streamlining of tickets and services will limit the possibilities of developing these areas, and the coming years' rebuilding and electrification of the railway network will put punctuality and reliability and thus also DSB's reputation under pressure.

Users of DSB still have a higher opinion of the corporation than non-users. In 2014 DSB's reputation increased by 2 points among users of DSB and by 7 points among non-users.

Figure 2: Reputation

Index 0-100



*"Ongoing improvements of 2-3 percent annually shall ensure continuous efficiency in DSB.*

– Stig Pastwa, acting CEO and CFO

# Review & annual accounts

Financial highlights						
DSB Group	2010	2011	2012	2013	2014	Change
Passenger revenues	4,329	4,469	4,771	4,972	5,186	4.3%
Transport contracts	4,550	5,363	4,956	4,970	4,894	-1.5%
Danish activities	3,512	3,660	3,737	3,987	4,095	2.7%
International activities, incl. Øresund <sup>1)</sup>	1,038	1,703	1,219	983	799	-18.7%
Sales from shops etc.	769	816	863	853	814	-4.6%
Repair and maintenance of rolling stock etc.	137	169	275	335	270	-19.4%
Leasing of rolling stock	187	231	233	226	227	0.4%
<b>Net turnover</b>	<b>9,972</b>	<b>11,048</b>	<b>11,098</b>	<b>11,356</b>	<b>11,391</b>	<b>0.3%</b>
Work performed by the enterprise and capitalised	638	534	508	515	589	14.4%
Other operating income	849	503	514	469	792	68.9%
<b>Total revenue</b>	<b>11,459</b>	<b>12,085</b>	<b>12,120</b>	<b>12,340</b>	<b>12,772</b>	<b>3.5%</b>
Expenses for raw materials and consumables	1,631	1,738	1,705	1,777	1,765	-0.7%
Other external expenses	3,642	3,684	3,449	3,779	3,818	1.0%
Staff expenses	4,648	4,970	4,610	4,002	3,740	-6.5%
Hereof costs for retirements	140	15	325	81	26	-67.9%
<b>Total expenses</b>	<b>9,921</b>	<b>10,392</b>	<b>9,764</b>	<b>9,558</b>	<b>9,323</b>	<b>-2.5%</b>
<b>Profit before depreciation, amortisation and write-downs</b>	<b>1,538</b>	<b>1,693</b>	<b>2,356</b>	<b>2,782</b>	<b>3,449</b>	<b>24.0%</b>
Depreciation, amortisation and write-downs	1,643	2,014	1,701	1,892	2,247	18.8%
<b>Operating profit/loss</b>	<b>-105</b>	<b>-321</b>	<b>655</b>	<b>890</b>	<b>1,202</b>	<b>35.1%</b>
Net financials	-450	-541	-540	-504	-532	-5.5%
<b>Profit/loss before tax</b>	<b>-555</b>	<b>-862</b>	<b>115</b>	<b>386</b>	<b>670</b>	<b>73.6%</b>
<b>Profit/loss for the year <sup>2)</sup></b>	<b>-577</b>	<b>-698</b>	<b>50</b>	<b>483</b>	<b>482</b>	<b>-0.2%</b>
Balance sheet total	25,907	24,703	24,500	23,509	21,949	-6.6%
Total equity	6,584	5,083	5,050	5,917	6,301	6.5%
Total cash flow from operating activities	2,341	1,785	1,443	2,339	2,328	-0.5%
Total cash flow from investing activities	-2,244	-1,790	-1,268	-1,602	-613	-61.7%
Total cash flow from financing activities	50	-262	-173	-737	-1,714	132.6%
Investments in tangible assets	-2,442	-2,143	-1,341	-1,608	-753	53.2%
Interest-bearing liabilities, net	11,611	11,850	11,652	11,075	9,314	-15.9%
Operating profit margin (EBITDA margin)*	15.4	15.3	21.2	24.5	30.3	23.7%
Profit ratio (EBIT margin)*	-1.1	-2.9	5.9	7.8	10.6	35.9%
Return on equity (ROE)*	-8.3	-12.0	1.0	8.8	7.9	-10.2%
Return on invested capital after tax (ROIC after tax)*	-1.3	-1.6	2.6	5.0	5.4	8.0%
Gearing*	7.5	7.0	4.9	4.0	2.7	-32.5%
Equity ratio*	25.4	20.6	20.6	25.2	28.7	13.9%
Interest cover*	0.0	-0.5	1.5	2.0	3.1	55.0%
Average number of full-time employees	9,449	10,040	8,818	7,977	7,564	-5.2%
Number of full-time employees at year-end	9,526	9,615	8,379	7,807	7,351	-5.8%
Number of passenger km in Denmark (million km) <sup>3)</sup>	5,798	6,044	6,252	6,271	6,299	0.4%
Number of train journeys in Denmark (1,000 journeys)	166,122	177,544	182,065	186,275	190,173	2.1%
Number of train journeys abroad (1,000 journeys)	30,059	43,962	25,213	10,197	9,301	-8.8%
Number of train km in Denmark (1,000 km)	57,294	58,156	57,437	58,587	58,757	0.3%
Number of train km abroad (1,000 km)	16,846	30,216	16,493	9,754	7,784	-20.2%

<sup>1)</sup> As opposed to the Danish activities, the international activities (including Øresund) are based on gross contracts, meaning that the transport authorities receive the ticket revenues and at the same time make a contractual payment under the transport contract to the train operator. DSB Småland was handed over to Veolia on 1 March 2014.

<sup>2)</sup> Tax on the profit for the year is in 2013 affected by revenue of DKK 138 million (reduced tax liability) as a consequence of the gradual reduction of the corporation tax rate from 25 percent in 2013 to 22 percent in 2016.

<sup>3)</sup> The number of passenger km and train journeys for 2011, 2012 and 2013 have been adjusted compared with previously published figures as a consequence of the final calculation of journeys etc.

## Review

DSB realised a profit before tax of DKK 670 million in 2014. The profit represents an improvement of DKK 284 million compared with a profit before tax of DKK 386 million for 2013. In addition, interest-bearing liabilities were markedly reduced compared with year-end 2013. This development means that gearing and equity ratio improved in 2014.

The efficiency enhancement measures and initiatives carried out with "Healthy DSB" in the period 2012-2014 were instrumental in reversing the negative development in DSB's economy.

### Financial review

The profit before tax is affected by a number of items of a non-recurring nature in 2014.

**Table 1: Profit before tax adjusted for items of a non-recurring nature<sup>1)</sup>**

DKK million	
Profit before tax	670
Profit on sale of properties, net	-282
Passenger revenues – adjustment regarding previous years	-87
Write-down – IC4	67
Accelerated depreciations, accelerated amortisations and write downs – Travel Card	256
Adjusted profit before tax	624

<sup>1)</sup> A negative figure means that the adjustment had a positive impact on the profit before tax.

The profit before tax of DKK 386 million for 2013 included items of a non-recurring nature in the amount of net DKK 80 million. Consequently, the profit before tax adjusted for items of a non-recurring nature was DKK 466 million. Compared with 2013, the profit before tax adjusted for items of a non-recurring nature increased by DKK 158 million.

The positive development in the profit before tax is a result of the implemented efficiency enhancements, an increase in passenger revenues and a decline in energy costs. Also increased transport contract revenue in the Danish activities due to the placing in service of

more IC4 and IC2 train sets and reduced net financials, i.a. as a consequence of fewer net interest-bearing liabilities, contributed to this development.

On the other hand, the development is negatively impacted by costs regarding new activities as well as increased depreciation, amortisation and write-downs, i.a. due to the placing in service of more IC4 and IC2 train sets and the reassessment of the Travel Card activities.

Interest-bearing liabilities were reduced by DKK 1,761 million and totalled DKK 9,314 million (DKK 11,075 million) at 31 December 2014. The reduction is primarily a result of the positive financial results that made it possible to repay loans.

The financial ratios have improved. Gearing was 2.7 (4.0), return on invested capital after tax was 5.4 (5.0) and the solvency ratio was 28.7 (25.2) at year-end 2014. The improvements are primarily owing to the improved earnings.

DSB's balance sheet total stood at DKK 21,949 million at 31 December 2014, down DKK 1,560 million against DKK 23,509 million at year-end 2013. This reduction is primarily attributable to reduced Tangible assets and Other receivables under Investments, i.a. owing to the development in foreign currency hedging and interest-rate hedging in connection with long-term loans. Liabilities were reduced through repayment of debt.

DSB invested a total of DKK 1,026 million in 2014 (DKK 1,764 million). The decline of DKK 738 million is extensively due to the acquisition of 46 double-decker coaches in 2013 and to reduced investments in connection with IC4 and IC2 train sets. These impacts are partly offset by an increased number of "general inspections", which represented approx. DKK 450 million in 2014.

### Net turnover

Net turnover in the DSB Group totalled DKK 11,391 million for 2014 (DKK 11,356 million).

Passenger revenues totalled DKK 5,186 million (DKK 4,972 million), up 4 percent.

The development includes an adjustment of passenger revenues regarding previous years (DKK 87 million). Further contributions to the increase in passenger revenues were in the form of a higher number of journeys in S-tog and in regional traffic and a higher average price. This development is partly offset by fewer journeys in national traffic.

Revenue from transport contracts decreased by DKK 76 million and totalled DKK 4,894 million for 2014 (DKK 4,970 million). This negative development is partly a consequence of the conditions regarding efficiency enhancements stipulated in the Danish transport contracts, which involve a reduction of the revenue over the term of the contracts. Transport contract revenue increased as a consequence of the placing in service of more IC4 and IC2 train sets and the compensation for extra expenses for double-decker coaches and the Signal Programme. The development is negatively impacted by the handing over of the traffic operated by DSB Småland at 1 March 2014.

Sales from shops etc. fell by 5 percent compared with 2013 and totalled DKK 814 million (DKK 853 million). The development is affected by the closing of 14 Kort & Godt shops in 2013 and five Kort & Godt shops in 2014 as well as by the phasing-out of the sales trolley in Long-distance and Regional Trains.

Repair and maintenance of rolling stock etc. sold to external customers amounted to DKK 270 million in 2014 (DKK 335 million). This decline is primarily due to a reduction in sales of maintenance services to Öresundståg, which operates the Swedish part of the Øresund traffic.

Leasing of rolling stock totalled DKK 227 million (DKK 226 million). The activities cover

leasing of Øresund train sets to the Danish Ministry of Transport, which in its capacity as transport authority makes them available to DSB Øresund for the operation of the Coastal Line and the Kastrup Line.

Work performed by the enterprise and recognised under assets rose by DKK 74 million and was DKK 589 million in 2014. This increase is extensively owing to an increased number of "general inspections".

Other operating income amounted to DKK 792 million in 2014, up DKK 323 million. The development in Other operating income is primarily due to increased profits in connection with the sale of properties (DKK 330 million).

### Expenses

Expenses totalled DKK 9,323 million in 2014 (DKK 9,558 million).

Expenses for raw materials and consumables fell by DKK 12 million and totalled DKK 1,765 million for 2014 (DKK 1,777 million). The development was positively affected by lower energy costs due to lower energy prices and lower costs for goods for sale in shops as a consequence of the phasing-out of the sales trolley in Long-distance & Regional Trains and the closing of Kort & Godt shops. This development is partly offset by increased costs for spare parts and materials as a consequence of the increased number of "general inspections".

Other external expenses increased by DKK 39 million to DKK 3,818 million (DKK 3,779 million). This increase is i.a. due to an adjustment of non-deductible VAT and increased IT expenses. Also costs in connection with new activities contributed additional expenses, including regarding the new rolling stock strategy where the preparations for the acquisition of "Trains for the Future" involve expenses for consultants. On the other hand, the handing over of the traffic operated by DSB Småland until 1 March 2014 involved a reduction of expenses.

In 2014 staff expenses fell by DKK 262 million to DKK 3,740 million (DKK 4,002 million). This development is due to reduced staff expenses owing to the ongoing efficiency enhancements and reduced costs for retirement schemes. The development was also affected by the handing over of the transport operated by DSB Småland until 1 March 2014.

#### **Depreciation, amortisation and write-downs**

Depreciation, amortisation and write-downs increased by DKK 355 million and totalled DKK 2,247 million (DKK 1,892 million). The increase is due to more IC4 and IC2 train sets being placed in service and increased depreciation in connection with general inspections. In addition, depreciation, amortisation and write-downs are affected by the acquisition of 46 double-decker coaches at year-end 2013 and write-downs on properties and accelerated depreciations, accelerated amortisations and write-downs on assets related to the Travel Card.

#### **Net financials**

In 2014 net financials represented an expense of DKK 532 million (DKK 504 million). Net financials are positively impacted by reduced interest expenses as a consequence of fewer liabilities combined with lower rates of interest. On the other hand, the development is negatively impacted by DSB's share of the loss in Rejsekort A/S.

#### **Dividend to the Ministry of Transport**

The Board of Directors proposes that no dividend be paid for 2014.

#### **Clawback**

The statement of the net reduction for 2014 pursuant to Addendum 5.1 to the contract between the Ministry of Transport and DSB regarding long-distance and regional train services provided as a public service (clawback) did not give rise to any adjustment of the Revenue from the transport contract.

#### **Transport contract**

DSB's contracts with the Danish state regarding long-distance and regional train services provided as a public service during the period 2005-2014 expired on 31 December 2014. Prior to the expiry, the Danish Ministry of Transport and DSB concluded extension agreements on 12 December 2014, the essential purpose of which is to extend the terms and obligations of the two contracts.

The extension agreements will lapse as soon as a new long-term contract can be concluded, by the end of the timetable year 2015 at the latest. A new long-term contract is expected to cover the provision of services by Long-distance & Regional trains as well as by S-trains.

DSB expects to conclude the new long-term contract as soon as a majority in the Danish parliament agrees on the basis for the contract. DSB expects the contract to provide a suitable basis for the corporation's future operations.

#### **Remuneration in DSB**

The remuneration policy must support DSB's strategy and values and its objective is to secure the basis for remuneration and employment terms in DSB. The remuneration policy is based on the relevant market for the position, taking into account the special circumstances involved in operating an independent public corporation. As an independent public corporation DSB has a special obligation to ensure that the pay formation in DSB is based on integrity and openness. DSB wishes to offer remuneration that supports DSB's business objectives, values and ability to attract competent employees on competitive conditions. The remuneration policy must support and ensure healthy and effective risk management.

The average annual remuneration paid to the Corporate Management (the members of the Corporate Management excluding the Executive Board) totalled DKK 2.2 million, including retirement costs etc. for retired members of the Corporate Management.

No employees received more than the average annual remuneration for members of the Corporate Management in 2014. No specialists without management assignments received an annual salary of more than DKK 1.8 million.

The remuneration policy stipulates that in the future severance pay that deviates from the provisions of the Danish Salaried Employees Act can only be agreed with the approval of the Remuneration Committee in very special cases. With regard to present contracts for the Corporate Management and managers reporting to the Executive Board or the Corporate Management which include an agreement regarding severance pay, the severance pay will correspond to between six and 12 months' salary, except for the CEO contract, which includes a provision for a notice period of 24 months on the part of DSB until two years of employment. After that, a 12-month notice period on the part of DSB applies.

## Segments

### Long-distance & Regional Trains

In 2014 Long-distance & Regional Trains were positively impacted by the financial results of the efficiency enhancements and initiatives implemented with "Healthy DSB". In this connection, retirement costs were reduced in 2014 compared with last year. Long-distance & Regional Trains transported 51.8 million passengers in 2014, 1 percent more than in 2013.

The operating profit fell by DKK 28 million to a profit of DKK 133 million for 2014. The operating profit for the year was impacted by increased depreciation, amortisation and write-downs and retirement costs in the amount of DKK 29 million (DKK 72 million).

Passenger revenues rose by DKK 71 million to DKK 3,677 million (DKK 3,606 million). The development is affected by the general fare increase that led to a higher average price, as well as more regional journeys. On the other hand, fewer journeys across the Great Belt had a negative impact on this development.

Finally, the development is impacted by the recognition of an adjustment regarding passenger revenues pertaining to prior years. Revenue from the transport contract rose by DKK 142 million, primarily as a consequence of increased payments due to more IC4 and IC2 train sets being placed in service and compensation for additional expenses for double-decker coaches.

Sales from shops etc. fell by DKK 24 million compared with 2013 and totalled DKK 6 million (DKK 30 million). The decline is due to the gradual phasing-out of the sales trolley in Long-distance & Regional Trains. At 30 June 2014 the sales trolley has been finally phased out on all lines.

Total expenses fell by DKK 86 million, primarily due to lower staff expenses as a consequence of the efficiency enhancements and initiatives carried out. This includes decreasing retirement expenses of DKK 43 million.

As a consequence of the decline in expenses, costs per train kilometre fell by 1 percent.

The profit generated in Long-distance & Regional Trains before depreciation, amortisation and write-downs increased by DKK 268 million in 2014.

Depreciation, amortisation and write-downs increased by DKK 296 million, i.a. due to increased depreciation in connection with IC4 and IC2 train sets placed in service. In addition, depreciation, amortisation and write-downs are affected by the acquisition of 46 double-decker coaches at year-end 2013, write-downs on other rolling stock and accelerated depreciations, accelerated amortisations and write-downs on assets related to the Travel Card.

Total production was 38.0 million train kilometres in 2014, which was on the same level as in 2013.

**Table 2: Long-distance & Regional Trains**

DKK million	Growth			
	2014	2013	Abs.	Pct.
Net turnover	6,739	6,550	189	3
Passenger revenues	3,677	3,606	71	2
Revenue from transport contract	2,976	2,834	142	5
Sales from shops etc.	6	30	-24	-80
Repair and maintenance of rolling stock etc.	80	80	0	0
Other operating income and work performed by the enterprise and capitalised	802	809	-7	2
Total revenue	7,541	7,359	182	2
Total expenses	6,149	6,235	-86	-1
Hereof costs for retirements	29	72	-43	-60
Profit before depreciation, amortisation and write-downs	1,392	1,124	268	24
Depreciation, amortisation and write-downs	1,259	963	296	31
Operating profit/loss	133	161	-28	-17
Operating profit margin	20.7	17.2	3.5	20
Number of train journeys (million journeys)	51.8	51.2	0.6	1
Passenger revenues per train km (DKK)	97	95	2	2
Revenue from transport contract per train km (DKK)	78	75	3	4
Costs per train km (DKK)	162	164	-2	-1
Number of train km (million km)	38.0	38.0	0.0	0

**S-tog**

S-tog's financial results of operations for 2014 were positively impacted by a continued increase in the number of customers. Punctuality is still high, and S-tog transported more passengers in 2014 than ever before. This development is i.a. a result of the efficiency enhancements and initiatives implemented with "Healthy DSB".

Passenger revenues increased by DKK 143 million to DKK 1,509 million (DKK 1,366 million), of which DKK 73 million represent an adjustment regarding prior years. Adjusted for this, passenger revenues increased by DKK 70

million, corresponding to 5 percent. The development is mainly due to more customers.

Revenue from the transport contract was impacted by the conditions regarding efficiency enhancements stipulated in the transport contract which involve a reduction of the revenue over the term of the contract. Consequently, revenue from the transport contract concluded with the Danish state was reduced by a total of DKK 36 million to DKK 1,118 million in 2014 compared with 2013 (DKK 1,154 million).

Total expenses fell by DKK 71 million and totalled DKK 1,351 million (DKK 1,422 million). The development is positively impacted by lower energy prices and the efficiency enhancements carried out.

Depreciation, amortisation and write-downs were DKK 660 million in 2014 (DKK 597 million). The increase is due to accelerated depreciations, accelerated amortisations and write-downs on assets related to the Travel Card.

Costs per train kilometre continue to develop positively, from DKK 90 to DKK 84 per kilometre. Following an adjustment regarding previous years (DKK 73 million), passenger revenues per train kilometre have increased by 3 percent compared with last year.

Total production was 16.1 million train kilometres, up 2 percent on 2013.

**Table 3: S-tog**

DKK million	Growth			
	2014	2013	Abs.	Pct.
Net turnover	2,627	2,520	107	4
Passenger revenues	1,509	1,366	143	10
Revenue from transport contract	1,118	1,154	-36	-3
Other operating income and work performed by the enterprise and capitalised	85	76	9	12
Total revenue	2,712	2,596	116	4
Total expenses	1,351	1,422	-71	-5
Hereof retirement costs	-	1	-1	-100
Profit before depreciation, amortisation and write-downs	1,361	1,174	187	16
Depreciation, amortisation and write-downs	660	597	63	11
Operating profit/loss	701	577	124	21
Operating profit margin	51.8	46.6	5.2	11
Number of train journeys (million journeys)	111.7	109.2	2.5	2
Passenger revenues per train km (DKK)	94	86	8	9
Revenue from transport contract per train km (DKK)	70	73	-3	-4
Costs per train km (DKK)	84	90	-6	-7
Number of train km (million km)	16.1	15.8	0.3	2

## Øresund

DSB Øresund operates the Danish part of the Øresund traffic on the Coastal Line and the Kastrup Line. DSB Øresund A/S is owned by DSB (70 percent) and FirstGroup plc. (30 percent) through DSB Øresund Holding ApS.

The Øresund contract is a gross contract, meaning that passenger revenues are received by the Danish Ministry of Transport.

Revenue from the transport contract declined by DKK 40 million to DKK 467 million for 2014 (DKK 507 million). The development is primarily attributable to 2013 being impacted by the final settlement and bonus regarding previous periods.

The trains in the Danish as well as the Swedish part of the Øresund traffic are included in a pool. DSB Øresund A/S is, with Vedligehold as a subcontractor, in charge of the maintenance of all train sets in the pool. Repair work and maintenance of rolling stock fell by DKK 37 million to DKK 276 million in 2014 (DKK 313 million).

In 2014 DSB Øresund reassessed its business plan for the remaining part of the contract period. On this basis, DSB Øresund has ascertained that additional provisions are required for an onerous contract – primarily as a consequence of increased expenses for general inspections based on the number of kilometres travelled – including renovation of doors. These additional provisions affected DSB Øresund's expenses and results of operations with DKK 66 million in 2014. Also in 2013 a provision was made to cover losses on DSB Øresund's transport contract (DKK 68 million).

DSB Øresund experienced a decline in operating profit of DKK 18 million in 2014 compared with 2013. The development is primarily due to the reduced transport contract revenue.

**Table 4: Øresund**

DKK million	Growth			
	2014	2013	Abs.	Pct.
Net turnover	743	820	-77	-9
Revenue from transport contract	467	507	-40	-8
Repair and maintenance of rolling stock etc.	276	313	-37	-12
Other operating income and work performed by the enterprise and capitalised	42	26	16	62
Total revenue	785	846	-61	-7
Total expenses	853	896	-43	-5
Profit before depreciation, amortisation and write-downs	-68	-50	-18	-36
Depreciation, amortisation and write-downs	-	-	-	-
Operating profit/loss	-68	-50	-18	-36
Operating profit margin	-9.2	-6.1	-3.1	-51

**Vedligehold**

The operating profit was DKK 89 million for 2014, against a profit of DKK 46 million for 2013.

Adjusted for retirement costs, the operating profit rose by DKK 16 million, primarily due to more "general inspections".

DSB has transferred the preparation activities to DSB Vedligehold. The transfer had a substantial impact on net turnover and expenses; as a consequence, the comparative figures have been restated.

**Table 5: Vedligehold**

DKK million	Growth			
	2014	2013	Abs.	Pct.
Net turnover: Sales of repair and maintenance of rolling stock etc.	2,000	1,926	74	4
Other operating income and work performed by the enterprise and capitalised	26	42	-16	-39
Total revenue	2,026	1,968	58	3
Total expenses	1,890	1,875	15	1
Hereof costs for retirements	-	27	-27	-100

Profit before depreciation, amortisation and write-downs	136	93	43	46
Depreciation, amortisation and write-downs	47	47	0	0
Operating profit/loss	89	46	43	93
Operating profit margin	6.8	4.8	2.0	42

**Kort & Godt**

The operating profit was DKK 59 million for 2014, up DKK 12 million.

Sales from shops etc. fell 3 percent and amounted to DKK 950 million (DKK 976 million). Other operating income etc. fell by DKK 6 million.

The shops are an area that is constantly facing new challenges, i.a. as a consequence of intensified competition due to the new Danish Shops Act and the transition to more electronic tickets as well as Travel Cards. The ever increasing use of self-service channels and the phasing-out of e.g. the clip card in the Greater Copenhagen area will require extensive adaptation in the coming years and put the shop area under additional financial pressure.

**Table 6: Kort & Godt**

DKK million	Growth			
	2014	2013	Abs.	Pct.
Net turnover: Sales from shops etc.	950	976	-26	-3
Other operating income and work performed by the enterprise and capitalised	8	14	-6	-43
Total revenue	958	990	-32	-3
Total expenses	897	939	-42	-4
Hereof retirement costs	-3	-19	16	84
Profit before depreciation, amortisation and write-downs	61	51	10	20
Depreciation, amortisation and write-downs	2	4	-2	-50
Operating profit/loss	59	47	12	26
Operating profit margin	6.4	5.2	1.2	23

## Sweden

At year-end 2014 DSB Sverige consisted only of Upptåget outside Stockholm. Krösatåget in the Jönköping area (DSB Småland) was handed over to Veolia on 1 March 2014.

The handing over of the traffic operated by DSB Småland at 1 March 2014 affected the development in revenue from transport contracts, which fell by DKK 145 million compared with 2013. Total expenses were reduced by a total of DKK 135 million.

The operating profit totalled DKK 16 million for 2014, down DKK 5 million on 2013 (DKK 21 million).

**Table 7: Sweden**

DKK million	Growth			
	2014	2013	Abs.	Pct.
Net turnover: Revenue from transport contracts	122	267	-145	-54
Other operating income and work performed by the enterprise and capitalised	18	12	6	50
Total revenue	140	279	-139	-50
Total expenses	123	258	-135	52
Profit before depreciation, amortisation and write-downs	17	21	-4	-19
Depreciation, amortisation and write-downs	1	0	1	-
Operating profit/loss	16	21	-5	-24
Operating profit margin	13.9	7.9	6.0	76

## Germany

DSB Tyskland realised revenue of DKK 275 million and an operating loss of DKK 6 million for 2014 (a loss of DKK -21 million).

DSB Tyskland recognises income regarding sale of energy under Other operating income. Expenses in connection with this sale of energy are included in Total expenses.

In 2014 a write-down of acquired rights (goodwill) of DKK 6 million was recognised due to a changed business plan. In 2013 a

write-down of acquired rights (goodwill) of DKK 24 million was recognised due to expectations for higher operating expenses during the remaining contract period.

**Table 8: Germany**

DKK million	Growth			
	2014	2013	Abs.	Pct.
Net turnover: Revenue from transport contracts	210	209	1	0
Other operating income and work performed by the enterprise and capitalised	65	50	15	30
Total revenue	275	259	16	6
Total expenses	270	249	21	8
Profit before depreciation, amortisation and write-downs	5	10	-5	-50
Depreciation, amortisation and write-downs	11	31	-20	-65
Operating profit/loss	-6	-21	15	71
Operating profit margin	2.4	4.8	-2.4	-50

## Outlook

With the successful completion of DSB's "Healthy DSB" programme and thus an improvement in DSB's economy by upwards of DKK 1 billion at year-end 2014, DSB will continue to focus on ongoing improvements of its financial situation in 2015.

DSB does, however, expect significant financial challenges in 2015 due to extensive infrastructure works. Among other things, extensive track improvement work has been planned on Western Funen. Experience shows that this kind of track improvement work affects DSB's earnings in the form of loss of ticket revenues as well as increased expenses for replacement services. In total DSB expects an impact of more than DKK 200 million. In addition, Banedanmark has postponed parts of the implementation of the Signal Programme from 2014 to the second half of 2015. Finally, additional expenses are expected in connection with the preparations for the acquisition of "Trains for the Future" and for a number of customer-oriented activities.

Because DSB operates on a temporary contract and rather substantial expenses and loss of earnings are expected due to extensive track improvement work, it is very difficult to predict what the results of DSB's operations in 2015 will be. A modest profit before tax and items of a non-recurring nature is expected.

## Safety

Safety is one of the basic conditions for DSB's operations. The merger of the departments Safety, Emergency Preparedness and Environment in 2013 was expanded by the Working Environment department in 2014. This way these closely related functions have been gathered in one department, reporting to the CEO.

Safety in 2014 was at the same level as in 2013; in certain areas the safety parameters even improved.

No persons died as a consequence of flaws in DSB's safety activities. Serious injuries have typically occurred as a consequence of persons being hit by trains because of unauthorised loitering on or near tracks. The number of minor injuries rose compared with 2013.

**Table 9: Incidents <sup>1)</sup>**

Number.			Growth	
	2014	2013	Abs.	Pct.
Significant accident in train track (collision, derailling or fire)	0	1	-1	-100
Significant accident in marshalling yard (collision, derailling or fire)	0	0	-	-
Injuries				
- Deaths	0	0	-	-
- Serious injuries	1	0	-	-
- Minor injuries	46	34	12	35
Signal by-passing				
- Secured area (A-B-C)	129	165	-36	-22
- Unsecured area (D-E)	150	207	-57	-28
Hereof signal by-passing involving high potential danger	24	22	2	9
Broken wheel or axle	0	0	-	-

<sup>1)</sup> The table covers accidents and injuries and the main precursors that DSB, S-tog and Øresund control. Persons being hit by trains as a consequence of unauthorised loitering on tracks, accidents at crossings and suicide are not covered by this survey.

DSB monitors safety during all operating hours on all days of the year. If a safety- re-

lated incident occurs, it is recorded and analysed, and if required corrective action is taken to prevent repetition.

In 2013 a new procedure for handling signal by-passing was introduced. This is due to the fact that signal by-passing may lead to serious accidents. The frequency of signal by-passing fell by 25 percent in 2014 compared with 2013. Signal by-passing involving high potential danger is on the same level as in 2013.

Considering the development and the implementation of a new safety management system, it was decided that supervision was only provided in 2014 to ensure that safety was maintained. Consequently, the management system was not supervised. Supervision comprises staff in connection with operation and rolling stock, rolling stock in connection with sufficient maintenance and changes as well as safety rules.

Overall, supervision in 2014 did not lead to recording of any deviation that directly affected the level of safety. The results of the supervision provided show that the level of safety is satisfactory due to many experienced employees who ensure that requirements are met.

The work of establishing a new safety management system covering all operating areas continued in 2014.

DSB endeavours to simplify, enhance the efficiency of and harmonise the processes. There is also a wish to generally increase the quality of the work and the transparency of the processes. This work is extensive and resource-intensive. Therefore, a decision was made in 2014 to the effect that focus will initially be on the safety management system which is to ensure renewal of the safety certificates and await certification of a quality management system pursuant to ISO 9001 in the subsequent work.

The purpose of the project is to ensure that DSB's safety management system fulfils the

requirements made on such a system today. The upgraded safety management system must apply to all the operating areas and be implemented, so that renewal of the safety certificates can take place based on the upgraded system within the time frame agreed with the Danish Transport Agency. Experience from the sector indicates that the transition from an experience-based system to a process-oriented system represents a change of culture, which realistically will take two to three years.

The work with the safety management system will ensure that the responsibility for and the work with safety is rooted broadly in the entire corporation. The work involves the entire organisation and will provide a basis for discussing and focussing on the safety culture. In connection with the completion of the training programme *Managing the DSB way*, safety management was a regular part of this training programme in the second half of 2014.

In 2014 the foundation was established for the common incident registration system and user tests were commenced. In 2015 the implementation will continue, and the corporation will start to use the system for risk management.

## **Risk management**

In the efforts to regain public confidence in DSB, solid risk management still plays a decisive role. Risks are defined as the uncertainty associated with expectations for the future which may affect DSB broadly in terms of safety, punctuality, reputation and economy and which may prevent us from keeping our promises.

Over the past few years, DSB has developed and optimised the framework for risk management as well as coordinated it centrally. The practical handling is rooted in the business through a clear division of ownership and responsibility for handling risks.

Risk management is integrated in all vital business processes, including approval and completion of investments, acquisition of trains for the future, the rolling stock strategy and the Signal Programme. In order to ensure transparency in connection with all risks, on-going reporting takes place to the Auditing Committee and the Board of Directors.

### **Rolling stock and infrastructure**

If DSB is to be in charge of the acquisition of the electrical trains for the future, the corporation will be exposed to risks that are naturally connected with large acquisitions of trains. These risks i.a. comprise market fluctuations, risks associated with project execution as well as the suppliers' ability to deliver a quality product on time. These risks are handled in the project organisation and their management is strengthened through the interaction with risk management across DSB's organisation.

Risks are also associated with DSB's existing train fleet. The future need for components, the scope of new types of errors and expenses for maintenance may differ from the assumptions. DSB seeks to handle these risks through robust spare parts planning in DSB Vedligehold.

As a train operator DSB is dependent on a well-functioning railway infrastructure. Also 2014 showed that weather and infrastructure breakdowns can have consequences in terms of punctuality as well as in terms of economy. This is, for instance, due to the fact that DSB pays expenses for e.g. replacement bus services. In 2015 the infrastructure will be associated with increased risks, which DSB will try to handle through systematic coordination with the infrastructure provider Banedanmark.

### **Commercial risks**

DSB competes with other means of transport for the passengers' favours, but is increasingly exposed to the risk of losing passengers to e.g. small and inexpensive cars. This is i.a. due to the low prices of petrol and diesel as well

as to the fact that the extent of track improvement work will be significant in 2015 and in future.

The continued implementation of the Travel Card, the harmonisation of fare systems and a general trend towards increased product digitalisation aim to make being a customer easier. In the short term, these new trends involve a risk of loss of customer satisfaction and increased expenses for maintenance of several parallel product systems. In addition, the planned digitalisation is challenged by increasingly strict requirements for the handling of personal data.

The benefits of increased digitalisation, on the other hand, are extensive, and the digitalisation will make being a DSB customer easier.

DSB counters the increased competition by stringently creating and maintaining a competitive organisation that is among the best measured on all key parameters. These matters are essential in creating the right confidence.

### **Political risks**

DSB is constantly subject to public exposure, and is as a provider of public services subject to the regulatory conditions stipulated by the Danish parliament. Furthermore, DSB must comply with requirements and wishes for public transport in Denmark. The only way to handle this risk is to stay competitive through a punctual core product and continuous improvements.

### **Operational risks**

The train is still a very safe means of transport, but the customers are the only ones who may ever take safety for granted. DSB manages the risk of accidents through an operational focus on railway safety and the implementation of a new safety management system in 2015.

### **Financial risks**

In connection with the ongoing operations and financing, the corporation is affected by developments and pricing in the financial markets. The financial risks and accounting for such are described in detail in the annual accounts.

Generally, the financial markets have been very unpredictable and DSB makes ongoing adjustments to the changed market conditions.

## **Corporate governance**

### **Recommendations for corporate governance**

As an independent public corporation DSB follows the state's recommendations for corporate governance as they appear from the publication "The State as Shareholder". The publication contains guidelines for the management of state corporations, including requirements, expectations and recommendations for corporate governance. The publication "The State as Shareholder" is available on the website of the Ministry of Finance, [www.fm.dk](http://www.fm.dk).

In addition, DSB follows the recommendations of the Committee for Corporate Governance. DSB endeavours to comply with the recommendations to the extent they are relevant to DSB and in a way that ensures that DSB is also in compliance with the state recommendations and the Danish DSB Act. The recommendations of the Committee for Corporate Governance are available on the website [www.corporategovernance.dk](http://www.corporategovernance.dk).

### **Openness and transparency**

#### **Communication**

DSB aims to make the dialogue between the corporation and its stakeholders (owner, customers, partners and employees) as open and broad as possible, and ensure that communication is easy, factual and professional. DSB has a stakeholder management policy developed in collaboration with the owner.

### **The customer ambassador**

DSB's customer ambassador considers customer complaints as well as takes up cases of his/her own accord. The purpose of the customer ambassador is to help ensure that DSB's customers get the service to which they are entitled as customers. The customer ambassador considers enquiries from customers who have previously had their case considered by DSB, but who do not feel that they have received a satisfactory reply to their complaint. The customer ambassador submits half-yearly reports to DSB's Executive Board.

### **Publication of important matters**

DSB is under an obligation to notify the Danish Business Authority about all important matters in relation to the corporation which may be presumed to be of importance to DSB's future, owner, creditors or employees.

All such notices are submitted electronically via [www.offentlige-selskaber.dk](http://www.offentlige-selskaber.dk).

### **Annual and interim reports**

As an independent public corporation DSB's financial reporting is required to be in compliance with Section 102 of the Danish Financial Statements Act. DSB's annual report is audited by a state-authorised public accountant and by the Auditor General. Furthermore, the Auditor General audits DSB's accounts according to the rules on audit of the state accounts etc.

DSB's Board of Directors is required to publish quarterly and interim reports pursuant to the requirements of Part 16 of the Danish Financial Statements Act. The quarterly and interim reports are submitted to the Minister of Transport and to the Danish Business Authority.

DSB holds quarterly meetings with the Minister of Transport. At these meetings i.a. the corporation's financial situation is discussed, pursuant to Article 7.2 of the Articles of Association.

The Ministry of Transport lays down DSB's accounting regulations in pursuance of Section 7(1) of the Danish Act on the Railway. The last version came into force on 5 December 2012.

### **Reporting on corporate social responsibility**

Pursuant to Section 99a of the Danish Financial Statements Act DSB is as an independent public corporation required to draw up a report on how the corporation approaches its corporate social responsibility. Among other things, the report must include information about DSB's corporate social responsibility policies and how it puts its corporate social responsibility policies into practice. For 2014 the report is incorporated in the Annual Report for DSB Group. DSB also draws up a separate annual environmental report which is published on [www.dsb.dk](http://www.dsb.dk).

### **Ethics**

DSB's management has, in cooperation with the unions and a number of business areas, drawn up some ethical rules that apply to all DSB's employees. The rules describe how DSB cooperates with external partners, how DSB deals with attempts at bribery, DSB's views on presents and entertainment/events, the rules governing support to charity as well as DSB's expectations with regard to the integrity and impartiality of all employees.

In 2013 DSB established a whistleblower function managed by the head of the internal audit function who reports to the Auditing Committee. By means of the whistleblower function DSB's employees can anonymously report suspicions of irregular conduct such as e.g. violation of DSB's Code of Conduct or financial fraud. In 2014 four reports were submitted. None of these are assessed to have material consequences for DSB.

### **Diversity**

In 2014 DSB's Board of Directors discussed target figures for the underrepresented gender on the Board of Directors. As an independent public corporation DSB is covered by Section 11(2) of the Danish Gender Equality Act from which it appears that the Board of Directors of

the corporation should have an equal gender balance, i.e. minimum one-third of the underrepresented gender. This corresponds to the current composition of the Board of Directors (employee representatives not included). DSB's activities aimed at ensuring diversity at all management levels are described in the "Diversity" section in "Corporate Social Responsibility".

### **Public access**

DSB's Annual Meeting, which corresponds to the annual general meeting in a limited liability company, is open to the press.

The Minister of Transport, the Board of Directors, the Executive Board and DSB's auditors participate in DSB's Annual Meeting. A chairman appointed by the Minister of Transport presides over the Annual Meeting.

The ordinary Annual Meeting is held every year before the end of April. Furthermore, DSB's Articles of Association and Annual Reports are published on [www.dsb.dk](http://www.dsb.dk).

According to the Danish DSB Act, the Danish Act on Public Access to Documents on Public File, the Danish Public Administration Act and the Danish Act on the Parliamentary Ombudsman apply to cases concerning the employees of DSB and to the railway activities carried out by DSB as part of its provision of negotiated traffic, see Section 8 of the Danish DSB Act.

### **DSB regulation**

DSB is governed by Consolidated Act No. 1184 of 12 October 2010 on DSB (the DSB Act) as amended. DSB's Articles of Association from November 2013 were laid down in pursuance of section 5(1) of the Danish DSB Act.

### **Management committees**

In 2012 DSB set up an Audit Committee and a Remuneration Committee. In 2013 DSB set up a Rolling Stock Committee and in 2014 DSB established a Nomination Committee.

The Audit Committee has the following members:

Carsten Gerner, chairman  
Lars Andersen  
Andreas Hasle

The Remuneration Committee has the following members:

Annette Sadolin, chairman  
Lilian Merete Mogensen  
Peter Schütze

The Rolling Stock Committee has the following members:

Helge Israelsen, chairman  
Peter Schütze  
Preben Steenholdt Pedersen

The Nomination Committee has the following members:

Peter Schütze, chairman  
Annette Sadolin  
Hans Christian Kirketerp-Møller

### **DSB's management**

#### **The Board of Directors, election and eligibility**

DSB's Board of Directors consists of directors elected by the Minister of Transport at the ordinary Annual Meeting as well as directors elected by the employees of DSB.

The directors elected by the Minister must be elected based on social, managerial and business considerations, so that the Board of Directors as a whole represents knowledge about transport issues. The directors elected by the employees are elected in accordance with the provisions regarding election of employee representatives and their alternates of the Danish Companies Act, including the rules governing Group representation and eligibility.

Every year the Chairman of the Board of Directors carries out a self-evaluation of the work of the Board of Directors, of the individual directors and of the overall competencies of the Board of Directors. In addition to com-

plying with the corporate governance recommendations, the purpose is to identify possible improvement possibilities for the work of the Board of Directors and consequently its value creation. The special competencies of the Board of Directors are described on [www.dsb.dk](http://www.dsb.dk).

The directors are elected for a period of two years. Re-election may take place for a period of one year or more. The Minister of Transport may at any time remove the directors elected by him at an Annual Meeting.

#### **Composition of the Board of Directors 2014**

In 2014 nine directors served on DSB's Board of Directors, of whom six had been elected by the Minister of Transport and three by the employees. A list of DSB's Board of Directors is available in the "About DSB" section.

The directors elected at the ordinary Annual Meeting are regarded as independent, however, Lars Andersen has been a director since 1999.

#### **Tasks and responsibilities of the management**

The Board of Directors is in charge of the general and strategic management of DSB's affairs. The Board of Directors appoints and dismisses the Executive Board and specifies its terms of employment. DSB's Articles of Association include a detailed description of the tasks of the Board of Directors. The Executive Board consists of one or more executive officers who are notified to the Danish Business Authority. The Executive Board is in charge of the day-to-day management of DSB.

## Events after 31 December 2014

No events have occurred after 31 December 2014 which in the opinion of the management have a significant impact on the assessment of the Annual Report for 2014.

## Other matters

The Board of Directors has appointed Stig Pastwa acting CEO until Flemming Jensen takes up the position as CEO on 1 May 2015. At the same time, the Board of Directors has appointed Thomas Thellersen Børner CFO as of 1 March 2015. Thomas Thellersen Børner will replace Stig Pastwa who is leaving DSB at his own request.

## Announcements to the Danish Business Authority

20 February 2014

Filing of announcement of expected profit before tax for 2013

3 March 2014

Filing of announcement of the financial results 2013

3 March 2014

Filing of notice convening the Annual Meeting on 18 March 2014

8 April 2014

Filing of minutes of the ordinary Annual Meeting

6 May 2014

Filing of notice convening the extraordinary Annual Meeting on 13 May 2014

13 May 2014

Filing of announcement of accounts for the first quarter 2014

23 May 2014

Filing of minutes of the extraordinary Annual Meeting

20 August 2014

Filing of announcement of interim report 2014

27 October 2014

Filing of announcement of change in Executive Board

5 November 2014

Filing of announcement of change in Executive Board

5 November 2014

Filing of announcement of accounts for the first three quarters of 2014

## Management statement and auditors' reports

### Management statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of DSB for 2014. The Annual Report is presented in accordance with the Danish Financial Statements Act and the Danish DSB Act. We consider the accounting policies applied to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Group's and the parent corporation's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the parent corporation's operations and the Group's cash flows for the financial year from 1 January to 31 December 2014.

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

The Annual Report is recommended for approval by the Annual Meeting.

Taastrup, 26 February 2015

### Executive Board

Stig Pastwa  
Acting CEO and CFO

### Board of Directors

Peter Schütze  
Chairman

Annette Sadolin  
Vice Chairman

Lars Andersen

Carsten Gerner

Helge Israelsen

Lilian Merete Mogensen

Andreas Hasle

Hans Christian Kirketerp-Møller

Preben Steenholdt Pedersen

## **To the Board of Directors**

### **Report on the consolidated annual accounts and the annual accounts of the parent corporation**

We have audited the consolidated annual accounts and the annual accounts of the independent public corporation DSB for the financial year from 1 January to 31 December 2014, comprising accounting policies, profit and loss account, balance sheet, equity statement and notes to the annual accounts for the Group as well as for the parent corporation and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts of the parent corporation are presented in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act.

#### **Management's responsibility for the consolidated annual accounts and the annual accounts of the parent corporation**

Management is responsible for the preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act. Management is also responsible for such internal controls as management determines are necessary to enable the preparation of consolidated annual accounts and annual accounts of the parent corporation that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on the consolidated annual accounts and the annual accounts of the parent corporation based on our audit. We conducted our audit in accordance with international standards on auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated annual accounts and the annual accounts of the parent corporation are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated annual accounts and the annual accounts of the parent corporation. The audit procedures selected depend on the auditor's assessment, including the assessment of the risk of material misstatement in the consolidated annual accounts and the annual accounts of the parent corporation, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the independent public corporation DSB's preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the independent public corporation DSB's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts and the annual accounts of the parent corporation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

**Opinion**

In our opinion, the consolidated annual accounts and the annual accounts of the parent corporation give a true and fair view of the Group's and the independent public corporation DSB's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the independent public corporation DSB's operations and the consolidated cash flows for the financial year from 1 January to 31 December 2014 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act.

**Statement on the management's review**

In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated annual accounts and the annual accounts of the parent corporation. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated annual accounts and the annual accounts of the parent corporation.

Taastrup, 26 February 2015

Internal audit

Michael Ravbjerg Lundgaard  
Group Internal Auditor

## **The independent auditors' reports**

### **To the Minister of Transport**

#### **Report on the consolidated annual accounts and the annual accounts of the parent corporation**

We have audited the consolidated annual accounts and the annual accounts of the independent public corporation DSB for the financial year from 1 January to 31 December 2014, comprising accounting policies, profit and loss account, balance sheet, equity statement and notes to the annual accounts for the Group as well as for the parent corporation and the consolidated cash flow statement. The consolidated annual accounts and the annual accounts of the parent corporation are presented in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act.

Management's responsibility for the consolidated annual accounts and the annual accounts of the parent corporation

Management is responsible for the preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act. Management is also responsible for such internal controls as management determines are necessary to enable the preparation of consolidated annual accounts and annual accounts of the parent corporation that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Further, it is management's responsibility that the transactions comprised by the consolidated annual accounts and the annual accounts of the parent corporation are in accordance with the transport contracts, legislation and other regulations as well as agreements entered into and general practice.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on the consolidated annual accounts and the annual accounts of the parent corporation based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit legislation as well as generally accepted public auditing standards pursuant to the Danish Auditor General's Act. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated annual accounts and the annual accounts of the parent corporation are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence of the amounts and disclosures in the consolidated annual accounts and the annual accounts of the parent corporation. The audit procedures selected depend on the auditor's assessment, including the assessment of the risk of material misstatement in the consolidated annual accounts and the annual accounts of the parent corporation, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the independent public corporation DSB's preparation of consolidated annual accounts and annual accounts of the parent corporation that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the independent public corporation DSB's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of accounting estimates made by management,

as well as evaluating the overall presentation of the consolidated annual accounts and the annual accounts of the parent corporation.

Further, the audit comprises an assessment as to whether business procedures and internal controls have been established to ensure that the transactions comprised by the annual accounts are consistent with the transport contracts, legislation and other regulations.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### **Opinion**

In our opinion, the consolidated annual accounts and the annual accounts of the parent corporation give a true and fair view of the Group's and the independent public corporation DSB's assets, liabilities and financial position at 31 December 2014 and of the results of the Group's and the independent public corporation DSB's operations and the consolidated cash flows for the financial year from 1 January to 31 December 2014 in accordance with the provisions applying to reporting class D enterprises under the Danish Financial Statements Act and with the Danish DSB Act. Further, it is our opinion that business procedures and internal controls have been established to ensure that the transactions comprised by the annual accounts are consistent with the transport contracts, legislation and other regulations.

### **Statement on the management's review**

In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated annual accounts and the annual accounts of the parent corporation. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated annual accounts and the annual accounts of the parent corporation.

Copenhagen, 26 February 2015

**Ernst & Young**  
**Godkendt Revisionspartnerselskab**

**The National Audit Office of Denmark**

Jesper Koefoed  
State Authorised Public  
Accountant

Torben Bender  
State Authorised Public  
Accountant

Lone L. Strøm  
Auditor General

Morten Brædstrup Holm  
Head of Office

## Accounting policies

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

The financial statements have been prepared in accordance with the same accounting policies as the Annual Report for 2013.

### Presentation

With effect from 1 January 2014, the parent corporation DSB has transferred all preparation activities, including employees, to the Group company DSB Vedligehold A/S. In terms of accounting, the transfer was made in the form of an intercompany business combination, and the difference between the agreed consideration and the carrying amount of the acquired business is recognised directly in equity in the parent corporation DSB and in DSB Vedligehold A/S. The comparative figures for 2013 have been restated for the parent corporation DSB and the relevant segments. The transfer does not have any impact on the consolidated accounts.

Significant staff obligations have been reclassified from Other provisions (Restructuring – Staff) to Other liabilities under Non-current and Current liabilities, respectively. Comparative figures have been restated. Furthermore a reclassification of certain amounts capitalized regarding the Travel Card from Tangible assets to Intangible assets has been made.

### General comments on recognition and measurement

The accounts are prepared on a historical cost basis.

All amounts are measured in Danish kroner (DKK). All other currencies are regarded as foreign currencies.

### Consolidated annual accounts

The consolidated annual accounts comprise the parent corporation DSB and Group companies in which the DSB Group has a controlling

influence. Companies that are not Group companies, but in which the DSB Group holds 20 percent or more of the voting rights and exercises significant influence on the operational and financial management of these companies are associated companies.

Companies owned and operated jointly with others and where the parties together exercise a controlling influence (joint ventures) are consolidated on a pro rata basis.

The consolidated annual accounts include the annual accounts of the parent corporation, Group companies (subsidiaries and joint ventures) and associated companies presented according to the accounting policies of the Group. Accounting items of a similar nature are combined and subsequently intercompany income and expenses, intercompany balances and dividends as well as intercompany profits and losses on transactions are eliminated.

Acquisitions of new companies are accounted for using the purchase method, according to which the identifiable assets and liabilities of the newly acquired companies are measured at their fair values at the date of acquisition. A provision is recognised for costs related to adopted and announced plans to restructure the acquired company in connection with the acquisition. The tax effect of the revaluation is taken into account.

The uniting-of-interests method is used for business combinations such as purchase and sale of shares, merger, demerger, addition of assets and exchange of shares etc. when companies under the control of the parent corporation participate. Differences between the agreed consideration and the carrying amount of the acquired company are recognised in equity. Comparative figures for previous financial years are restated.

Any excess of the cost of the acquisition over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised systematically in the profit and loss account based on an individual assessment of the useful life of the asset, not

exceeding 20 years. Any excess of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired companies, is recognised in the balance sheet as deferred income and recognised in the profit and loss account as the losses or costs are realised or transferred to Other provisions as the provisions crystallise and can be reliably stated.

Goodwill and negative goodwill from acquired companies can be adjusted until the end of the year following the acquisition.

DSB's investments in Group companies (subsidiaries and joint ventures) are offset against the Group companies' equity value at the time of acquisition (the past equity-method). The annual accounts used for consolidation are prepared in accordance with the Group's accounting policies. Subsidiaries' accounting items are fully recognised in the consolidated annual accounts. The minority interests' proportionate share of the subsidiaries' profit and equity is recognised as separate items in the profit and loss account and balance sheet. The Group's share of joint ventures' revenue and expenses, assets and liabilities is recognised line by line in the consolidated accounts. Intercompany profits and losses are eliminated on a pro rata basis.

Investments in associated companies are measured according to the equity method at the Group's proportionate share of the equity of the company. Intercompany profits and losses are eliminated on a pro rata basis. The proportionate shares of the associated companies' profits/losses after tax are included in the profit and loss account.

Newly acquired companies are included in the consolidated annual accounts with effect from the time of acquisition and companies sold or liquidated are included until the time of divestment or date of liquidation.

Comparative figures are not restated for newly acquired, sold or liquidated companies or activities.

Gains or losses related to the sale or liquidation of Group and associated companies are stated as the difference between the sales price or settlement price and the carrying amount of the net assets at the time of sale, including non-amortised goodwill and expected costs of sale or liquidation.

### **Foreign currency translation**

Transactions denominated in foreign currencies are translated on initial recognition using the exchange rate on the transaction date. Differences between the exchange rate on the transaction date and the exchange rate on the payment day are recognised in the profit and loss account under Net financials.

Receivables, liabilities and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate when the account receivable or liability came into existence or was recognised in the latest annual report is recognised in the profit and loss account under Net financials.

With regard to the recognition of foreign Group companies (subsidiaries and joint ventures) and associated companies in foreign currencies, these are considered independent units. Their profit and loss accounts are translated using the average exchange rate and their balance sheet items are translated using the exchange rate at the balance sheet date. Exchange rate differences arising from the translation of foreign Group companies' equity at the beginning of the year to the exchange rate at the balance sheet date and in connection with the translation of the profit and loss accounts from average exchange rates to the exchange rate at the balance sheet date are taken directly to equity.

### **Derivative financial instruments**

Initial recognition of derivative financial instruments is made in the balance sheet at cost and they are subsequently measured at fair value. Positive and negative changes in fair values of derivative financial instruments are included as receivables or liabilities.

Changes in the fair value of derivative financial instruments which are classified as and meet the criteria for hedging of the fair value of a recognised asset or recognised liability are recognised in the profit and loss account together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments which are classified as and meet the conditions for the hedging of future transactions are taken directly to equity. On realisation of the hedged position, income and costs relating to such hedging transactions are transferred from equity and recognised in the same accounting item as the hedged position.

In respect of derivative financial instruments which do not meet the conditions for treatment as hedging instruments, changes in the fair value are recognised in the profit and loss account on an ongoing basis.

### **Profit and loss account**

#### **Net turnover**

Passenger revenues are recognised at the time of transport. Provision is made in respect of the value of tickets sold that have not been used or expired at the balance sheet date. Discounts in connection with the sale and payments relating to the Travel Guarantee Scheme are deducted from the net turnover.

Revenue from transport contracts is recognised over the periods to which it relates, when the revenue can be reliably measured and is expected to be received.

Revenue for services is recognised as the services are rendered.

The recognition criterion for other goods and commissions is when delivery has taken place and the risk has passed.

#### **Work performed by the enterprise and capitalised**

This item includes work performed by the enterprise and capitalised in connection with the carrying out of i.a. major maintenance inspections of train sets. The value is measured

based on registered expenses for performance of the work paid in the form of own work etc. The item also includes directly attributable expenses and a proportionate share of indirect production costs.

#### **Other operating income**

Other operating income includes income of a secondary nature in relation to the railway business, including compensation and damages. This income is recognised when it can be reliably measured and is expected to be received.

#### **Expenses for raw materials and consumables**

Cost of raw materials and consumables includes the year's purchases and the year's change in the inventory of Energy expenses, Goods for sale in shops etc. and Spare parts etc.

#### **Other external expenses**

Other external expenses primarily include expenses of a primary nature in relation to the railway business – for instance, Infrastructure charges, Leasing of rolling stock etc., Non-deductible VAT and Administrative expenses.

DSB has the right to deduct part of the input VAT because the Group engages in activities that are both subject to and not subject to VAT. The non-deductible part of the input VAT is included in the profit and loss account and in the balance sheet items.

#### **Staff expenses**

Staff expenses include wages and salaries, remuneration, pension contributions and other staff expenses relating to the corporation's employees, including the Executive Board and the Board of Directors. DSB pays pension contributions for public servants to the state, which has the pension obligation. The pension obligation for other employees is covered by defined contribution schemes.

#### **Profit/loss in Group and associated companies**

The proportionate share of the profit/loss after tax for the individual Group company (subsidiaries and joint ventures) is included in the

profit and loss account of the parent corporation after elimination of the share of intercompany profits/losses and deduction of any amortisation of goodwill.

The proportionate share of the profit/loss after tax of the associated companies is included in the profit and loss account of the parent corporation and the Group after elimination of the share of intercompany profits/losses and deduction of any amortisation of goodwill.

### **Net financials**

Net financials comprise interest income and expenses, capital and exchange gains and losses relating to securities, liabilities and transactions in foreign currencies and amortisation of financial assets and liabilities.

### **Tax on the profit/loss for the year**

DSB is covered by the Danish rules on compulsory joint taxation of the Group's Danish Group companies. The Group companies are included in the joint taxation from the time at which they are included in the consolidation in the consolidated annual accounts and until they are excluded from the consolidation.

DSB administers the joint taxation and consequently makes all corporation tax payments to the tax authorities.

The current Danish corporation tax is distributed by settlement of the joint taxation contributions between the jointly taxed companies relative to their taxable income. In this connection, any companies with a tax loss receive joint taxation contributions from companies that were able to use their tax losses to reduce their own tax profit (full allocation).

The tax for the year which comprises current corporation tax, the year's joint taxation contribution and changes in deferred tax, including differences as a consequence of changed tax legislation or rates. The year's tax is recognised in the profit and loss account with the share attributable to the profit for the year and directly in equity insofar as the share related to items entered directly on equity is concerned.

## **Balance sheet**

### **Intangible assets**

Intangible assets comprise acquired rights and development projects, including software.

Acquired rights in the form of transport contracts are measured at amortised cost less accumulated amortisation and write-downs.

Development projects which are clearly defined and identified, where the technical utilisation rate, sufficient resources and a potential future market or development potential in the corporation can be proven and where it is expedient to produce, market or use the project, are recognised as intangible assets if the cost can be reliably determined and there is sufficient security that future earnings can cover production, sales and administrative expenses plus the actual development costs. Other development costs are recognised as expenses in the profit and loss account as incurred.

Acquired rights and development projects, including software, are measured at cost less accumulated amortisation or at the recoverable amount, whichever is the lower.

The cost of development projects comprises costs, including wages, salaries and amortisation, which directly and indirectly can be attributed to the corporation's development activities.

Interest and borrowing expenses on loans for financing development projects are recognised in the original cost providing they relate to the development period. All other financing expenses are recognised in the profit and loss account.

Acquired rights are amortised on a straight-line basis over the remaining contract period.

Completed development projects are amortised on a straight-line basis over their expected useful lives.

The expected useful lives are:

Acquired rights	5-10 years
Strategic development projects	3-10 years
Other development projects, including software	3-5 years

The basis of amortisation is calculated taking into account the scrap value of the asset and reduced by any write-downs. Amortisation methods and expected useful lives are reviewed annually. The scrap value is fixed at the time of acquisition.

Acquisitions during the accounting year are amortised proportionately according to the time of commencement of use.

For changes in amortisation period or scrap value, the effect is recognised in future amortisation as a change in accounting estimates.

Profits and losses in respect of disposals are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. The gains or losses are recognised in the profit and loss account under Other operating income or Other external expenses.

### **Tangible assets**

Land and buildings, Rolling stock, Operating equipment, fixtures and fittings are measured at cost less accumulated depreciation and write-downs.

Tangible assets in progress and prepayments are measured at cost less accumulated depreciation or at the recoverable amount, whichever is the lower.

Changes and improvements adding to the value of tangible assets are capitalised.

Cost comprises the original cost and costs directly related to the original cost until the time when the asset is ready for use. With regard to own produced assets, the cost covers direct and indirect costs for materials, components, sub-contractors and wages/salaries.

Prepayments on tangible assets not yet delivered are capitalised.

Interest and borrowing expenses relating to loans raised for financing in connection with the production of tangible assets, including prepayments, are recognised in the original cost if they relate to the production period. All other financing expenses are recognised in the profit and loss account.

Tangible assets are depreciated on a straight-line basis over their expected useful lives.

The expected useful lives are:

Land	Not depreciated
Buildings	30-60 years
Installations	10-15 years
Rolling stock	2-25 years
Operating equipment, fixtures and fittings	3-25 years

The basis of depreciation is calculated taking into account the scrap value of the asset and reduced by any write-downs. Depreciation methods and expected useful lives are reviewed annually and used forward. The scrap value is fixed at the time of acquisition.

Acquisitions during the accounting year are depreciated proportionately according to the time of commencement of use.

In case the depreciation period or the scrap value changes, the impact on depreciation in the future is recognised as a change of accounting estimates.

In respect of the original acquisition of the tangible asset, account is taken of the shorter useful life of part of the asset, which is why this part, already at the time of acquisition, is accounted for as a separate asset with a shorter useful life and thus shorter period of depreciation.

Costs for heavy maintenance inspection are recognised separately and depreciated over the useful life, i.e. the period until the next inspection.

Gains or losses on the disposal or scrapping of tangible assets are determined as the difference between the sales price less dismantling,

sales and re-establishment costs and the carrying amount at the date of sale or scrapping. The gains or losses are recognised in the profit and loss account under Other operating income or Other external expenses.

### **Investments**

Investments in Group companies (subsidiaries and joint ventures) and associated companies are measured according to the equity method. This means that investments are measured at the proportionate share of the companies' equity value stated according to the accounting policies of the parent corporation less or plus unrealised intercompany profits and losses.

Investments in Group companies (subsidiaries and joint ventures) and associated companies with a negative equity value are measured at DKK 0. Receivables and other non-current financial assets regarded as part of the total investment in the company are written down by any remaining negative equity value. Receivables are written down if there is any indication of impairment. Provisions to cover the remaining negative equity value are only recognised if the Group has a legal or actual obligation to meet the obligations of such company.

Net revaluation of investments in Group companies (subsidiaries and joint ventures) and associated companies is transferred to the net revaluation reserve according to the equity method under equity to the extent that the carrying amount exceeds the original cost.

Loans to associated companies are measured at amortised cost.

Other investments are measured at fair value. If a fair value cannot be reliably measured, the investment is measured at the original cost. All fair value adjustments are recognised in the profit and loss account.

Other receivables are measured at amortised cost.

### **Write-down of non-current assets**

The carrying amount of non-current assets is reviewed on the balance sheet date to decide

whether there are any indications of impairment other than what is expressed through amortisation and depreciation. If such impairment is ascertained, an impairment test is carried out for that asset or group of assets to determine whether the recoverable amount is lower than the carrying amount; if so, a write-down is made to that lower recoverable amount. Any write-downs are recognised in the profit and loss account.

In case of subsequent reversals of write-downs as a consequence of changes in the calculated recoverable value, the value of the asset is increased to the adjusted recoverable value, but not to more than the carrying amount the asset would have had if it had not been written down for impairment.

### **Inventories**

Fuel for trains and Spare parts are measured at cost according to the average cost method. Cost comprises the purchase price plus delivery costs and any processing and other costs directly or indirectly attributable to inventories.

Goods for sale in shops etc. are measured at cost, calculated in line with the FIFO method. Cost comprises the purchase price plus delivery costs.

Obsolete inventories are written down to the net realisable value if this is lower than the cost. The net realisable value for inventories is calculated as the sales amount less completion costs and costs incurred to effect the sale and is determined with due regard for marketability, obsolescence and developments in the expected sales price.

### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value.

Provision for bad debt is made when there is found to be an objective indication of impairment of a receivable or a portfolio of receivables. If there is an objective indication that an individual receivable is impaired, that individual asset is written down for impairment.

Receivables on which there is no objective indication of impairment at an individual level are assessed on a portfolio level for objective indication of impairment. The objective indicators used for the portfolios are based on historical loss experience.

Write-downs are stated as the difference between the carrying amount of receivables and the expected cash flow, including the realisable value of any security received.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent accounting years. Prepayments are measured at cost.

### **Equity**

Reserve for net revaluation according to the equity method comprises net revaluation of investments in Group and associated companies in relation to cost.

Dividends are recognised as a liability at the time of adoption at the ordinary Annual Meeting (the time of declaration). The proposed dividend for the accounting year is shown as a separate item under Equity.

### **Minority interests**

Minority interests include hybrid capital in the form of subordinate loans to Group companies paid by minority shareholders. Subordinate loans do not carry interest and rank after unsecured creditors. There is no obligation to repay the subordinate loans other than in connection with insolvent liquidation, winding-up or other dissolution of the company. However, loans must be repaid before distribution of dividend or any other form of distribution to the shareholders of Group companies.

### **Provisions**

Provisions are recognised when the DSB Group as a consequence of an event that occurred at the balance sheet date at the latest has a legal obligation or an actual obligation, and it is likely that financial advantages must be given up to meet that obligation.

Provisions are recognised and measured as the best estimate of the costs necessary to liquidate the obligations. Provisions expected

to become payable more than one year after the balance sheet date are measured at discounted value where this is important to the measurement.

### **Corporation tax and deferred tax**

Current tax due and receivable is included in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on the taxable income for previous years and tax paid on account.

Payable and receivable joint taxation contributions are included in the balance sheet as balances with Group companies.

Deferred tax is measured using the balance sheet liability method on all timing differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on timing differences relating to goodwill which is not deductible for tax purposes and on office premises and other items, where timing differences, apart from business acquisitions, arise at the date of acquisition without affecting either the profit/loss for the year or the taxable income. In cases where the calculation of the tax value may be made according to different taxation rules, deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability.

Deferred tax assets, including the value of deferrable tax losses and net financing expenses, are recognised as an asset at the expected value of utilisation; either through elimination of tax on future earnings or by set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured based on the tax rules and tax rates of the individual countries applicable according to the legislation in force at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Together with the Group's Danish companies the administration unit DSB assumes joint and several liability for the Group's total jointly taxed income etc.

## **Liabilities**

Liabilities are recognised at the date of borrowing at the net proceeds received after deduction of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the profit and loss account over the term of the loan as a financial expense using the effective interest method.

Other financial liabilities, which comprise trade payables and debt to Group companies (subsidiaries and joint ventures) and associated companies are measured at the net realisable value.

## **Leasing**

In terms of accounting, lease commitments are divided into finance and operating leases.

Expenses regarding operating leases are recognised in the profit and loss account over the term of the lease.

Total commitments regarding finance and operating leases are disclosed under Contingent assets, Contingent Liabilities and Other financial liabilities.

## **Deferred income**

Deferred income covers payments received relating to income in subsequent years. Deferred income is measured at cost.

## **Contingent assets, contingent liabilities and other financial commitments**

Contingent assets, contingent liabilities and other financial liabilities include events or situations that exist at the balance sheet date, but whose accounting effect cannot be finally determined until the outcome of one or more uncertain future events is known.

## **Cash flow statement**

The consolidated cash flow statement is presented according to the indirect method based on the Operating profit. The cash flow statement shows the cash flow divided into operating, investing and financing activity for the

year and Group's cash at bank and in hand at the beginning and end of the year.

The cash flow statement includes the share in cash flows of pro rata consolidated companies (joint ventures).

A separate cash flow statement has not been prepared for the parent corporation as this is contained in the consolidated cash flow statement.

## **Cash flow from operating activities**

Cash flow from operating activities is calculated as the Operating profit adjusted for non-cash operating items, net financials paid, corporation tax paid and changes in working capital. The working capital comprises Current assets less Current liabilities exclusive of items included in cash at bank and in hand. Changes in working capital are adjusted for changes that have no effect on liquidity.

## **Cash flow from investing activities**

Cash flow from investing activities includes purchases and sales etc. of non-current assets.

## **Cash flow from financing activities**

Cash flow from financing activities comprises proceeds from raising loans, repayment and instalments on liabilities, capitalised interest and dividend received and paid.

## **Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term securities with an insignificant exchange risk.

## **Segmental reporting**

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



# Accounts

Profit and loss account					
Parent corporation				Group	
2013	2014	Note	Amounts in DKK million	2014	2013
			<b>Revenue</b>		
9,297	9,593	1	Net turnover	11,391	11,356
107	88		Work performed by the enterprise and capitalised	589	515
635	832	2	Other operating income	792	469
<b>10,039</b>	<b>10,513</b>		<b>Total revenue</b>	<b>12,772</b>	<b>12,340</b>
			<b>Expenses</b>		
665	623	3	Cost of raw materials and consumables	1,765	1,777
4,097	4,168	4,5,6	Other external expenses	3,818	3,779
2,627	2,492	7	Staff expenses	3,740	4,002
<b>7,389</b>	<b>7,283</b>		<b>Total expenses</b>	<b>9,323</b>	<b>9,558</b>
<b>2,650</b>	<b>3,230</b>		<b>Profit before depreciation, amortisation and write-downs</b>	<b>3,449</b>	<b>2,782</b>
1,824	2,218	8	Depreciation, amortisation and write-downs	2,247	1,892
<b>826</b>	<b>1,012</b>		<b>Operating profit/loss</b>	<b>1,202</b>	<b>890</b>
			<b>Net financials</b>		
-13	11	9	Profit/loss after tax in Group companies	-	-
-	-	10	Profit/loss after tax in associated companies	-156	-71
18	15	11	Financial income	18	20
441	387	12	Financial expenses	394	453
<b>-436</b>	<b>-361</b>		<b>Net financials</b>	<b>-532</b>	<b>-504</b>
<b>390</b>	<b>651</b>		<b>Profit/loss before tax</b>	<b>670</b>	<b>386</b>
		13	<b>Tax</b>		
77	-146		Tax on the profit/loss for the year	-186	78
19	-3		Adjustment of tax relating to previous years	-2	19
<b>96</b>	<b>-149</b>		<b>Total tax</b>	<b>-188</b>	<b>97</b>
<b>486</b>	<b>502</b>		<b>Profit/loss for the year</b>	<b>482</b>	<b>483</b>
			<b>The profit/loss for the year is allocated as follows:</b>		
			DSB	502	486
			Minority interests	-20	-3
			<b>Profit/loss for the year</b>	<b>482</b>	<b>483</b>
			<b>The parent corporation's profit/loss is proposed for allocation as follows:</b>		
0	0		Dividend to the Ministry of Transport		
			Transfer to equity:		
486	502		Retained earnings		
<b>486</b>	<b>502</b>		<b>Total</b>		

## Balance sheet – Assets

Parent corporation				Group	
2013	2014	Note	Amounts in DKK million	2014	2013
		14	<b>Intangible assets</b>		
-	-		Acquired rights	2	12
153	0		Strategic development projects	0	153
405	336		Other development projects	335	404
48	79		Intangible assets in progress and prepayments	81	49
<b>606</b>	<b>415</b>		<b>Total intangible assets</b>	<b>418</b>	<b>618</b>
		15	<b>Tangible assets</b>		
4,373	4,188		Land and buildings	4,827	5,060
13,931	13,060		Rolling stock	12,911	13,812
1,077	899		Operating equipment, fixtures & fittings and other equipment	1,063	1,228
99	205		Tangible assets in progress and prepayments	231	118
<b>19,480</b>	<b>18,352</b>		<b>Total tangible assets</b>	<b>19,032</b>	<b>20,218</b>
		16	<b>Investments</b>		
1,808	1,286		Investments in Group companies	-	-
0	0		Investments in associated companies	0	83
103	2		Subordinate loan capital in Group companies	-	-
-	-		Subordinate loan capital in associated companies	252	247
2	2		Other investments/interests	2	2
280	115		Other receivables	115	280
<b>2,193</b>	<b>1,405</b>		<b>Total investments</b>	<b>369</b>	<b>612</b>
<b>22,279</b>	<b>20,172</b>		<b>Total non-current assets</b>	<b>19,819</b>	<b>21,448</b>
<b>18</b>	<b>17</b>	<b>17</b>	<b>Inventories</b>	<b>427</b>	<b>298</b>
<b>154</b>	<b>-</b>	<b>15</b>	<b>Domicile property – sold</b>	<b>-</b>	<b>154</b>
			<b>Receivables</b>		
388	471		Trade receivables	559	495
309	269		Receivables from Group companies	-	-
22	62		Receivable joint taxation contribution	-	-
570	690	18	Other receivables	895	847
225	225	19	Prepayments	222	241
<b>1,514</b>	<b>1,717</b>		<b>Total receivables</b>	<b>1,676</b>	<b>1,583</b>
<b>13</b>	<b>11</b>		<b>Cash at bank and in hand</b>	<b>27</b>	<b>26</b>
<b>1,699</b>	<b>1,745</b>		<b>Total current assets</b>	<b>2,130</b>	<b>2,061</b>
<b>23,978</b>	<b>21,917</b>		<b>Total assets</b>	<b>21,949</b>	<b>23,509</b>

## Balance sheet – Equity and liabilities

Parent corporation				Group	
2013	2014	Note	Amounts in DKK million	2014	2013
			<b>Equity</b>		
4,760	4,760		Contributed capital	4,760	4,760
0	0		Net revaluation reserve according to the equity method	0	0
1,157	1,541		Retained earnings	1,541	1,157
0	0		Proposed dividend	0	0
<b>5,917</b>	<b>6,301</b>		<b>Total equity</b>	<b>6,301</b>	<b>5,917</b>
-	-	20	Minority interests	0	0
<b>5,917</b>	<b>6,301</b>		<b>Total equity and minority interests</b>	<b>6,301</b>	<b>5,917</b>
			<b>Provisions</b>		
204	87	21	Other provisions	147	155
1,321	1,446	22	Deferred tax liabilities	1,287	1,187
<b>1,525</b>	<b>1,533</b>		<b>Total provisions</b>	<b>1,434</b>	<b>1,342</b>
			<b>Non-current liabilities</b>		
7,521	6,867	23	Long-term loans	6,867	7,521
-	-	23	Subordinate loan capital	7	7
1,305	1,349		Other non-current liabilities	1,349	1,305
408	380		Other liabilities	380	408
<b>9,234</b>	<b>8,596</b>		<b>Total non-current liabilities</b>	<b>8,603</b>	<b>9,241</b>
			<b>Current liabilities</b>		
2,458	1,440	23	Current portion of non-current liabilities	1,440	2,458
600	450		Short-term loans	450	600
379	249		Credit institutions	249	379
770	692		Trade accounts payable	991	1,010
961	548		Debt to Group companies	-	-
5	33		Corporation tax	33	5
1,202	1,257	25	Other liabilities	1,624	1,622
927	818	26	Deferred income	824	935
<b>7,302</b>	<b>5,487</b>		<b>Total current liabilities</b>	<b>5,611</b>	<b>7,009</b>
<b>16,536</b>	<b>14,083</b>		<b>Total liabilities</b>	<b>14,214</b>	<b>16,250</b>
<b>23,978</b>	<b>21,917</b>		<b>Total equity and liabilities</b>	<b>21,949</b>	<b>23,509</b>
		15	Collaterals, mortgaging and public grants		
		24	Interest-bearing liabilities, net		
		27	Financial risks and financial instruments		
		28	Contingent assets, contingent liabilities and other financial commitments		
		29	Related parties		
		30	Accounting for compensation from AnsaldoBreda S.p.A.		
		31	Account uncertainty regarding provisions relating to DSB Øresund and the Travel Card		
		32	Segmental reporting – primary segment		

## Equity statement

Amounts in DKK million

	Contributed capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total equity
<b>Parent corporation</b>					
<b>Equity at 1 January 2013</b>	<b>4,760</b>	<b>0</b>	<b>234</b>	<b>56</b>	<b>5,050</b>
Paid dividend	-	-	-	-56	-56
Profit/loss for the year	-	-13	499	-	486
Foreign currency translation adjustments re. Group companies	-	4	-7	-	-3
Value adjustment of hedging instruments, 1 January	-	-	805	-	805
Value adjustment of hedging instruments, 31 December	-	-	-371	-	-371
Change in equity in Group companies	-	15	-9	-	6
Transfer from distributable reserves to cover negative balance	-	-6	6	-	0
<b>Equity at 31 December 2013</b>	<b>4,760</b>	<b>0</b>	<b>1,157</b>	<b>0</b>	<b>5,917</b>
Profit/loss for the year	-	11	491	0	502
Foreign currency translation adjustments re. Group companies	-	5	-10	-	-5
Value adjustment of hedging instruments, 1 January	-	-	371	-	371
Value adjustment of hedging instruments, 31 December	-	-	-525	-	-525
Other changes in equity, Tax	-	-	41	-	41
Transfer from distributable reserves to cover negative balance	-	-16	16	-	0
<b>Equity at 31 December 2014</b>	<b>4,760</b>	<b>0</b>	<b>1,541</b>	<b>0</b>	<b>6,301</b>

Amounts in DKK million

	Contributed capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total equity
<b>Group</b>					
<b>Equity at 1 January 2013</b>	<b>4,760</b>	<b>0</b>	<b>234</b>	<b>56</b>	<b>5,050</b>
Paid dividend	-	-	-	-56	-56
Profit/loss for the year	-	0	483	-	483
Minority interests' share of profit for the year	-	-	3	-	3
Foreign currency translation adjustments re. Group companies	-	-	3	-	3
Value adjustment of hedging instruments, 1 January	-	-	805	-	805
Value adjustment of hedging instruments, 31 December	-	-	-371	-	-371
<b>Equity at 31 December 2013</b>	<b>4,760</b>	<b>0</b>	<b>1,157</b>	<b>0</b>	<b>5,917</b>
Profit/loss for the year	-	-	482	0	482
Minority interests' share of profit for the year	-	-	20	-	20
Foreign currency translation adjustments re. Group companies	-	-	-5	-	-5
Value adjustment of hedging instruments, 1 January	-	-	371	-	371
Value adjustment of hedging instruments, 31 December	-	-	-525	-	-525
Other changes in equity, Tax	-	-	41	-	41
<b>Equity at 31 December 2014</b>	<b>4,760</b>	<b>0</b>	<b>1,541</b>	<b>0</b>	<b>6,301</b>

Cash flow statement		
	Group	
Amounts in DKK million	2014	2013
Operating profit/loss	1,202	890
Adjustment for non-cash operating items		
Depreciation, amortisation and write-downs	2,247	1,892
Change in other provisions, net	-8	-142
Other adjustments		
Gain and loss on sale and scrapping of intangible and tangible assets	-320	22
Net financials, paid	-379	-455
Corporation tax, paid	-19	-10
Cash flow from operating activities before changes in working capital	2,723	2,197
Change in working capital		
Change in receivables	-141	-8
Change in domicile property – sold	154	0
Change in inventories	-129	48
Change in trade payables and other liabilities etc.	-279	102
Change in total working capital	-395	142
Total cash flow from operating activities	2,328	2,339
Cash flow from investing activities		
Acquisition of intangible and tangible assets, excl. capitalised interest	-948	-1,720
Sale of intangible and tangible assets	408	158
Contribution to associated company	-73	-40
Total cash flow from investing activities	-613	-1,602
Cash flow from financing activities		
Proceeds from raising long-term loans	897	2,444
Proceeds from raising short-term loans	1,450	800
Repayment of and payment of instalments on long-term loans	-2,351	-1,707
Repayment of and payment of instalments on short-term loans	-1,600	-2,189
Change in credit institutions	-130	-24
Invested hybrid capital from minority interests	22	0
Dividend paid to the Ministry of Transport	0	-56
Dividend paid to minority shareholders	-2	-5
Total cash flow from financing activities	-1,714	-737
Change in cash at bank and in hand	1	0
Cash at bank and in hand at 1 January	26	26
Cash at bank and in hand at 31 December	27	26

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

## Notes

### Note 1: Net turnover

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
		Passenger revenues specified by business areas:		
3,606	3,677	Long-distance & Regional Trains	3,677	3,606
1,366	1,509	S-tog	1,509	1,366
<b>4,972</b>	<b>5,186</b>	<b>Total passenger revenues</b>	<b>5,186</b>	<b>4,972</b>
3,989	4,094	Revenue from transport contracts	4,894	4,970
30	6	Sales from shops etc.	814	853
80	80	Repair and maintenance of rolling stock etc.	270	335
226	227	Leasing of rolling stock	227	226
<b>9,297</b>	<b>9,593</b>	<b>Total</b>	<b>11,391</b>	<b>11,356</b>

Passenger revenues in the parent corporation include fines to passengers travelling without a valid ticket of DKK 61 million (2013: DKK 55 million).

### Note 2: Other operating income

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
236	270	Renting and leasing	148	138
1	186	Profit on sale of intangible and tangible assets	330	35
172	168	Intercompany income	-	-
65	18	Compensation regarding leasing of replacement rolling stock	18	65
161	190	Other	296	231
<b>635</b>	<b>832</b>	<b>Total</b>	<b>792</b>	<b>469</b>

### Note 3: Cost of raw materials and consumables

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
634	601	Energy costs	675	727
13	6	Sales from shops etc.	546	567
18	16	Spare parts etc.	544	483
<b>665</b>	<b>623</b>	<b>Total</b>	<b>1,765</b>	<b>1,777</b>

#### Note 4: Other external expenses

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
438	442	Infrastructure charges	667	668
521	549	Non-deductible VAT	623	570
1,318	1,438	Repair, maintenance and cleaning etc.	471	511
362	366	Administrative expenses	544	535
311	332	Consultancy fees etc., including audit fee	344	344
288	248	Leasing of rolling stock, buildings and premises etc.	268	307
161	118	Replacement services etc.	129	139
-	-37	Provision for onerous contracts etc., net	14	39
172	159	Commissions	60	60
63	64	Sales and marketing	67	64
23	10	Loss on sale and scrapping of intangible and tangible assets	10	27
440	479	Other external expenses	621	515
<b>4,097</b>	<b>4,168</b>	<b>Total</b>	<b>3,818</b>	<b>3,779</b>

#### Note 5: Audit fees

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
		<b>Statutory audit:</b>		
1.4	1.5	Ernst & Young P/S	2.1	2.2
0.7	0.8	The National Audit Office of Denmark	0.8	0.7
		<b>Other assurance statements:</b>		
0.5	0.7	Ernst & Young P/S	0.8	0.5
		<b>Tax and VAT consultancy:</b>		
0.2	0.1	Ernst & Young P/S	0.1	0.2
		<b>Other services:</b>		
1.5	1.4	Ernst & Young P/S	1.4	1.5
<b>4.3</b>	<b>4.5</b>	<b>Total</b>	<b>5.2</b>	<b>5.1</b>

Fees for external auditor appointed at the Annual Meeting and the National Audit Office of Copenhagen.

## Note 6: Consultancy fees

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
95	94	IT consultants	92	95
21	69	Programme management	69	21
13	12	Lawyers	13	13
10	10	Temps	11	10
8	5	Tax, VAT and accounting assistance	10	13
19	8	Management consultants	8	23
141	130	Other consultants	136	164
<b>307</b>	<b>328</b>	<b>Total</b>	<b>339</b>	<b>339</b>

## Note 7: Staff expenses

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
2,060	1,987	Wages and salaries	3,095	3,280
501	472	Pensions	592	625
66	33	Other social security costs	53	97
<b>2,627</b>	<b>2,492</b>	<b>Total</b>	<b>3,740</b>	<b>4,002</b>

Severance pay to the Executive Board and senior executives in connection with dismissal by DSB not owing to non-performance or the like on the part of the employee does not exceed 12 months' salary. The general provisions of the Danish Public Servants Act apply to public servants.

Insofar as public servants are concerned, pension contributions paid to the state are expensed. The pension contribution is 26 percent of the pensionable salary. For other employees, pension contributions are expensed in accordance with collective and individual agreements. Reference is also made to note 28.

DSB has concluded agreements regarding performance-related salary with a number of executive employees (primarily managers). As a basis, agreements regarding performance-related salary accounts for 10-20 percent for managers who are not part of the Corporate Management and 20-25 percent for members of the Corporate Management. At year-end 2014 the number of agreements regarding performance-related salary was 245 compared with 327 at year-end 2013.

<b>4,794</b>	<b>4,809</b>	<b>Average number of full-time employees</b>	<b>7,564</b>	<b>7,977</b>
--------------	--------------	--	--------------	--------------

## Note 7: Staff expenses (continued)

Amounts in DKK 1,000	2014	2013
<b>Fees for the members of the Board of Directors:</b>		
Peter Schütze	500.0	500.0
Annette Sadolin	300.0	300.0
Carsten Gerner	150.0	150.0
Lars Andersen	150.0	150.0
Lilian Merete Mogensen	150.0	150.0
Helge Israelsen	150.0	150.0
Andreas Hasle	150.0	150.0
Hans Christian Kirketerp-Møller	150.0	150.0
Preben Steenholdt Pedersen	150.0	150.0
<b>Total</b>	<b>1,850.0</b>	<b>1,850.0</b>

The list includes fees paid to the members of the Board of Directors. No directors own shares, options, warrants or the like in DSB's (the corporation) Group companies.

<b>Fees for the members of the Remuneration Committee:</b>		
Annette Sadolin	103.4	100.0
Lilian Merete Mogensen	51.7	50.0
Peter Schütze	51.7	50.0
<b>Total</b>	<b>206.8</b>	<b>200.0</b>

The list includes fees paid to the members of the Board of Directors.

<b>Fees for the members of the Audit Committee:</b>		
Carsten Gerner	155.1	150.0
Lars Andersen	77.6	75.0
Andreas Hasle	77.6	75.0
<b>Total</b>	<b>310.3</b>	<b>300.0</b>

The list includes fees paid to the members of the Board of Directors.

<b>Fees for the members of the Rolling Stock Committee:</b>		
Helge Israelsen	100.0	-
Peter Schütze	50.0	-
Preben Steenholdt Pedersen	50.0	-
<b>Total</b>	<b>200.0</b>	<b>-</b>

The list includes fees paid to the members of the Board of Directors.

<b>Fees for the members of the Nomination Committee:</b>		
Peter Schütze	16.7	-
Annette Sadolin	8.3	-
Hans Christian Kirketerp-Møller	8.3	-
<b>Total</b>	<b>33.3</b>	<b>-</b>

The list includes fees paid to the members of the Board of Directors.

## Note 7: Staff expenses (continued)

Amounts in DKK 1,000	2014	2013
<b>Remuneration for the Executive Board:</b>		
Jesper Lok (resigned on 31 December 2014) *)	5,443.7	4,947.5
Stig Pastwa (Joined on 15 August 2013)	3,126.5	1,072.0
<b>Total</b>	<b>8,570.2</b>	<b>6,019.5</b>

\*) The remuneration is reduced as a consequence of directorships.

The above represents remuneration paid to the Executive Board. The members of the Executive Board have agreements regarding performance-related salary according to which they may receive up to 25 percent of the fixed salary. The notice period is 12 months for the acting CEO.

In 2013 and 2014 remuneration paid to the former CFO was DKK 3,308,000 and DKK 2,154,000, respectively.

## Note 8: Depreciation, amortisation and write-downs

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
-	-	Acquired rights	10	29
28	153	Strategic development projects	153	28
100	226	Other development projects	227	103
-	6	Intangible assets in progress and prepayments	6	-
200	246	Land and buildings	273	227
1,256	1,367	Rolling stock	1,334	1,236
240	220	Operating equipment, fixtures & fittings and other equipment	244	269
-	-	Tangible assets in progress and prepayments	-	-
<b>1,824</b>	<b>2,218</b>	<b>Total</b>	<b>2,247</b>	<b>1,892</b>

## Note 9: Profit/loss after tax in Group companies

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
-21	56	Profit/loss before tax in Group companies	-	-
9	0	Adjustment of profit/loss regarding previous years in Group companies	-	-
-1	-45	Tax in Group companies	-	-
0	0	Adjustment of tax regarding previous years in Group companies	-	-
<b>-13</b>	<b>11</b>	<b>Profit/loss after tax in Group companies</b>	<b>-</b>	<b>-</b>

## Note 10: Profit/loss after tax in associated companies

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
-	-	Profit/loss before tax in associated companies	-158	-79
-	-	Adjustment of profit/loss regarding previous years in associated companies	2	8
<b>-</b>	<b>-</b>	<b>Profit/loss after tax in associated companies</b>	<b>-156</b>	<b>-71</b>

### Note 11: Financial income

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
3	5	Interest on outstanding with Group companies	-	-
-	-	Interest on outstanding with associated companies	4	4
10	0	Interest compensation from AnsaldoBreda S.p.A.	0	10
2	4	Interest on bank deposits, bonds etc.	6	2
3	6	Currency exchange gains etc.	8	4
18	15	<b>Total</b>	18	20

### Note 12: Financial expenses

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
441	387	Interest on loans, debt to credit institutions etc.	394	453
441	387	<b>Total</b>	394	453

### Note 13: Tax

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
-5	-33	Calculated tax on the profit/loss for the year	-33	-5
-67	-130	Change in deferred tax regarding the profit/loss for the year	-180	-75
-	0	Tax regarding internal profit	11	20
149	17	Adjustment of deferred tax from 24.5 percent to 22.0 percent	16	138
77	-146	<b>Tax on the profit/loss for the year</b>	-186	78
19	-3	Adjustment of tax relating to previous years	-2	19
96	-149	<b>Total tax</b>	-188	97

		Reconciliation of tax rate:		
-25.0%	24.5%	Tax on the profit/loss for the year	24.5%	-25.0%
-2.0%	0.6%	Tax effect of non-taxable income and non-deductible expenses	5.6%	1.6%
7.9%	-	Special tax rules	-	8.1%
37.8%	-2.6%	Adjustment of deferred tax from 24.5 percent to 22.0 percent	-2.3%	35.9%
4.8%	0.4%	Adjustment of tax relating to previous years	0.3%	4.9%
23.5%	22.9%	<b>Effective tax rate for the year</b>	28.1%	25.5%
0	15	<b>Tax paid during the year</b>	19	10

## Note 14: Intangible assets

Amounts in DKK million				
Parent corporation	Strategic development projects	Other development projects	Intangible assets in progress and pre-payments	Total intangible assets
Cost at 1 January 2014	242	799	49	1,090
Additions		97	96	193
Transferred		60	-60	0
Disposals				0
Cost at 31 December 2014	242	956	85	1,283
Amortisation and write-downs at 1 January 2014	-89	-394	0	-483
Amortisation for the year	-83	-212		-295
Write-downs for the year	-70	-14	-6	-90
Disposals				0
Amortisation and write-downs at 31 December 2014	-242	-620	-6	-868
Carrying amount at 31 December 2014	0	336	79	415
Carrying amount at 31 December 2013	153	405	48	606

## Note 14: Intangible assets

Amounts in DKK million					
Group	Acquired rights	Strategic development projects	Other development projects	Intangible assets in progress and pre-payments	Total intangible assets
Cost at 1 January 2014	57	242	881	49	1,159
Additions			98	97	195
Transferred			60	-60	0
Disposals			-1		-1
Cost at 31 December 2014	57	242	968	86	1,353
Amortisation and write-downs at 1 January 2014	-45	-89	-407	1	-540
Amortisation for the year	-4	-83	-213		-300
Write-downs for the year	-6	-70	-14	-6	-96
Disposals			1		1
Amortisation and write-downs at 31 December 2014	-55	-242	-633	-5	-935
Carrying amount at 31 December 2014	2	0	335	81	418
Carrying amount at 31 December 2013	12	153	404	49	618

## Note 15: Tangible assets

Amounts in DKK million

Parent corporation	Land and buildings	Rolling stock	Operating equipment, fixtures & fittings and other equipment	Tangible assets in progress and prepayments	Total tangible assets
<b>Cost at 1 January 2014</b>	<b>7,032</b>	<b>25,342</b>	<b>2,971</b>	<b>109</b>	<b>35,454</b>
Reclassification		-438		438	
Additions	4	388	1	347	740
Transferred	91	555	41	-687	0
Disposals	-61	-404	-435		-900
<b>Cost at 31 December 2014</b>	<b>7,066</b>	<b>25,443</b>	<b>2,578</b>	<b>207</b>	<b>35,294</b>
<b>Depreciation and write-downs at 1 January 2014</b>	<b>-2,659</b>	<b>-11,411</b>	<b>-1,894</b>	<b>-11</b>	<b>-15,975</b>
Reclassification		-9		9	
Depreciation for the year	-193	-1,290	-219		-1,702
Write-downs for the year	-53	-77	-1		-131
Disposals	27	404	435		866
<b>Depreciation and write-downs at 31 December 2014</b>	<b>-2,878</b>	<b>-12,383</b>	<b>-1,679</b>	<b>-2</b>	<b>-16,942</b>
<b>Carrying amount at 31 December 2014</b>	<b>4,188</b>	<b>13,060</b>	<b>899</b>	<b>205</b>	<b>18,352</b>
Carrying amount at 31 December 2013	4,373	13,931	1,077	99	19,480
Cost includes capitalised interest in the amount of	4	291	11	0	306

In accordance with the agreement with AnsaldoBreda S.p.A. DSB received discounts in 2009 and 2012. These discounts were previously entered under Tangible assets in progress, but in 2014 they were reclassified as Rolling stock.

In 2012 a grant was received from the City of Copenhagen for establishing a footbridge in Hellerup. The grant will be recognised over the life of the asset through a reduction of the monthly depreciation on the asset.

In pursuance of an agreement concluded between the Ministry of Transport and the Danish Transport Authority, DSB has acquired 10 train sets for leasing to the Danish Transport Authority for the operation of the Coastal Line/the Øresund traffic. In connection with the financing of the train sets of EUR 60 million, DSB has provided the 10 train sets with a carrying amount of DKK 487 million as security.

Prepayments of DKK 0 million (2013: DKK 29 million) on non-delivered rolling stock from AnsaldoBreda S.p.A. are included in the carrying amount.

In 2013 net DKK 154 million concerning domicile property (Sølvgade) was reclassified to current assets. The property was sold and vacated in 2013, but not transferred to the purchaser until 2014.

## Note 15: Tangible assets (continued)

Amounts in DKK million

Group	Land and buildings	Rolling stock	Operating equipment, fixtures & fittings and other equipment	Tangible assets in progress and prepayments	Total tangible assets
<b>Cost at 1 January 2014</b>	<b>8,085</b>	<b>25,344</b>	<b>3,519</b>	<b>130</b>	<b>37,078</b>
Reclassification		-438		438	
Additions	4	325	4	420	753
Transferred	119	555	80	-754	0
Disposals	-122	-487	-463		-1,072
<b>Cost at 31 December 2014</b>	<b>8,086</b>	<b>25,299</b>	<b>3,140</b>	<b>234</b>	<b>36,759</b>
<b>Depreciation and write-downs at 1 January 2014</b>	<b>-3,025</b>	<b>-11,532</b>	<b>-2,291</b>	<b>-12</b>	<b>-16,860</b>
Reclassification	-	-9		9	0
Depreciation for the year	-220	-1,257	-243		-1,720
Write-downs for the year	-53	-77	-1	-	-131
Disposals	39	487	458		984
<b>Depreciation and write-downs at 31 December 2014</b>	<b>-3,259</b>	<b>-12,388</b>	<b>-2,077</b>	<b>-3</b>	<b>-17,727</b>
<b>Carrying amount at 31 December 2014</b>	<b>4,827</b>	<b>12,911</b>	<b>1,063</b>	<b>231</b>	<b>19,032</b>
Carrying amount at 31 December 2013	5,060	13,812	1,228	118	20,218
Cost includes capitalised interest in the amount of	4	291	11	0	306

In accordance with the agreement with AnsaldoBreda S.p.A. DSB received discounts in 2009 and 2012. These discounts were previously entered under Tangible assets in progress, but in 2014 they were reclassified as Rolling stock.

In 2012 a grant was received from the City of Copenhagen for establishing a footbridge in Hellerup. The grant will be recognised over the life of the asset through a reduction of the monthly depreciation on the asset.

In pursuance of an agreement concluded between the Ministry of Transport and the Danish Transport Authority, DSB has acquired 10 train sets for leasing to the Danish Transport Authority for the operation of the Coastal Line/the Øresund traffic. In connection with the financing of the train sets of EUR 60 million, DSB has provided the 10 train sets with a carrying amount of DKK 487 million as security.

Prepayments of DKK 0 million (2013: DKK 29 million) on non-delivered rolling stock from AnsaldoBreda S.p.A. are included in the carrying amount.

In 2013 net DKK 154 million concerning domicile property (Sølvgade) was reclassified to current assets. The property was sold and vacated in 2013, but not transferred to the purchaser until 2014.

## Note 16: Investments

Amounts in DKK million

Parent corporation	Investments in Group companies	Subordinate loan capital in Group companies	Other investments	Other receivables	Total investments
<b>Cost at 1 January 2014</b>	<b>2,227</b>	<b>103</b>	<b>2</b>	<b>280</b>	<b>2,612</b>
Foreign currency translation adjustment	-10	-1			-11
Additions	72	52		91	215
Disposals	0			-256	-256
<b>Cost at 31 December 2014</b>	<b>2,289</b>	<b>154</b>	<b>2</b>	<b>115</b>	<b>2,560</b>
<b>Value adjustments at 1 January 2014</b>	<b>-419</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-419</b>
Foreign currency translation adjustment	5		0		5
Profit/loss for the year	11				11
Dividend received	-600				-600
Unpaid capital to cover negative balance	39				39
Other adjustments	-39	-152			-191
<b>Value adjustments at 31 December 2014</b>	<b>-1,003</b>	<b>-152</b>	<b>0</b>	<b>0</b>	<b>-1,155</b>
<b>Carrying amount at 31 December 2014</b>	<b>1,286</b>	<b>2</b>	<b>2</b>	<b>115</b>	<b>1,405</b>
Carrying amount at 31 December 2013	1,808	103	2	280	2,193

## Note 16: Investments (continued)

Amounts in DKK million				
Investments in Group companies:				Share of equity
Name	Domicile	Ownership	Share capital	Parent corporation 2014
DSB Ejendomsudvikling A/S	Denmark	100%	DKK 100 million	652
Kort & Godt A/S	Denmark	100%	DKK 5.5 million	91
DSB Vedligehold A/S	Denmark	100%	DKK 28.5 million	392
DSB Rejsekort A/S	Denmark	100%	DKK 40 million	8
DSB Øresund A/S <sup>1)</sup>	Denmark	75%	DKK 0.7 million	0
DSB Øresund Holding ApS	Denmark	70%	DKK 10 million	0
- DSB Øresund A/S <sup>1)</sup>	Denmark	25%	DKK 0.7 million	-
DSB Sverige AB	Sweden	100%	SEK 5.1 million	90
- Roslagståg AB <sup>2)</sup>	Sweden	60%	SEK 0.2 million	-
- DSB Uppland AB	Sweden	100%	SEK 1.1 million	-
- DSB Småland AB <sup>3)</sup>	Sweden	100%	SEK 1.1 million	-
DSB Deutschland GmbH	Germany	100%	EUR 25,000	52
- VIAS GmbH <sup>4)</sup>	Germany	50%	EUR 25,000	-
- VIAS Logistik GmbH <sup>4)</sup>	Germany	50%	EUR 25,000	-
Selskabet af 23.12.2014 A/S	Denmark	100%	DKK 0.5 million	1
BSD ApS	Denmark	100%	DKK 125,000	0
<b>Total</b>				<b>1,286</b>

<sup>1)</sup> DSB owns 75 percent directly and 17.5 percent indirectly, corresponding to a total ownership interest of 92.5 percent. The direct ownership interest of 75 percent does not entitle DSB to dividend or liquidation surplus, and DSB is consequently assessed to have an ownership interest of 70 percent in terms of accounting.

<sup>2)</sup> The company has not had any operating activities since 7 January 2013.

<sup>3)</sup> The company has not had any operating activities since 1 March 2014.

<sup>4)</sup> Recognised according to the principles of pro rata consolidation.

DSB Väst AB and DSB UK Ltd were wound up in 2014.

## Note 16: Investments (continued)

Amounts in DKK million					
Group	Investments in associated companies	Subordinate loan capital in associated companies	Other investments	Other receivables	Total investments
Cost at 1 January 2014	340	247	2	280	869
Additions	73	5		91	169
Disposals				-256	-256
Cost at 31 December 2014	413	252	2	115	782
Value adjustments at 1 January 2014	-257		0		-257
Foreign currency translation adjustment					
Profit/loss for the year	-158				-158
Adjustment of profit/loss relating to previous years	2				2
Other adjustments					0
Value adjustments at 31 December 2014	-413		0		-413
Carrying amount at 31 December 2014	0	252	2	115	369
Carrying amount at 31 December 2013	83	247	2	280	612

### Investments in associated companies:

Name	Domicile	Ownership	Share capital	Parent corporation 2014	Group 2014
Amounts in DKK million					
Rejsekort A/S *)	Denmark	46.5%	111	-	0
Rejseplanen A/S	Denmark	48.4%	1	0	0
Total				0	0

\*) DSB does not have a controlling interest in Rejsekort A/S despite its ownership via DSB Rejsekort A/S.

## Note 17: Inventories

Parent corporation				Group	
2013	2014	Amounts in DKK million		2014	2013
13	15	Fuel for trains		15	13
3	1	Spare parts		358	225
2	1	Sales from shops etc.		54	60
18	17	Total		427	298

### Note 18: Other receivables

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
14	10	Receivables relating to sale of properties	109	98
211	369	Receivables relating to passenger revenues and contract payment	369	211
161	118	Fair value of hedging instruments	112	157
184	193	Other receivables	305	381
570	690	<b>Total</b>	<b>895</b>	<b>847</b>

### Note 19: Prepayments

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
94	111	Prepaid expenses etc.	104	110
16	9	Financial instruments	13	16
115	105	Prepaid salaries and pension contributions (public servants)	105	115
225	225	<b>Total</b>	<b>222</b>	<b>241</b>

### Note 20: Minority interests

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
		<b>Minority interests at 1 January</b>	<b>0</b>	<b>7</b>
-	-	Foreign currency translation adjustments etc.	0	2
-	-	Invested hybrid capital	22	0
-	-	Share of profit/loss for the year	-20	-3
-	-	Change in minority interests' ownership	-	-1
-	-	Dividend to minority interests	-2	-5
-	-	<b>Minority interests at 31 December</b>	<b>0</b>	<b>0</b>

Minority interests include invested hybrid capital in the amount of DKK 64 million (2013: DKK 42 million) in the form of subordinate loans to DSB Øresund Holding ApS. The subordinate loans do not carry interest and rank after unsecured creditors. There is no obligation to repay the subordinate loans other than in connection with insolvent liquidation, winding-up or other dissolution of the company. However, the loan must be repaid before distribution of dividend or any other form of distribution to the shareholders of DSB Øresund Holding ApS.

## Note 21: Other provisions

Amounts in DKK million	Capital loss in Group companies	Restructuring - Staff	Onerous contracts	Other obligations	Total other provisions
<b>Parent corporation</b>					
Other provisions at 1 January 2014	115	23	-	66	204
Provisions made	39	2		14	55
Utilised		-13		-5	-18
Reversed	-154				-154
<b>Other provisions at 31 December 2014</b>	<b>0</b>	<b>12</b>	<b>-</b>	<b>75</b>	<b>87</b>

Group	Restructuring - Staff	Onerous contracts	Other obligations	Total other provisions
Other provisions at 1 January 2014	30	39	86	155
Provisions made	2	29	16	47
Utilised	-13	-15	-10	-38
Reversed	-7		-10	-17
<b>Other provisions at 31 December 2014</b>	<b>12</b>	<b>53</b>	<b>82</b>	<b>147</b>

As of 1 January 2014 a reclassification was carried out of DKK 488 million from Restructuring – Staff to Non-current and Current liabilities with DKK 379 million and DKK 109 million, respectively. The comparative figures for 2013 have been restated.

Onerous contracts concern provisions for an expected loss in the remaining contract period in DSB Øresund A/S, see note 31.

Other obligations cover obligations regarding seconded public servants and liability in damages etc. and are expected to be realised within the next 15 years.

## Note 22: Deferred tax liabilities

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
1,290	1,321	Deferred tax liability at 1 January	1,187	1,191
5	-13	Adjustment at 1 January	-15	-6
-19	3	Adjustment regarding previous years	2	-19
-	-	Change in deferred tax regarding internal profit	-11	-20
19	62	Change in deferred tax relating to joint taxation	-	-
71	130	Change in deferred tax regarding the profit/loss for the year	180	75
-180	-17	Adjustment of deferred tax from 24.5 percent to 22 percent	-16	-169
135	-40	Change relating to hedging instruments	-40	135
1,321	1,446	Deferred tax liability at 31 December	1,287	1,187
Deferred tax relates to:				
89	29	Intangible assets	14	89
1,733	1,675	Tangible assets	1,648	1,692
21	26	Current assets	7	8
-150	-136	Other provisions	-198	-193
-2	0	Current liabilities	0	-6
-	-	Tax regarding internal profit	-11	-18
-180	-132	Tax loss	-157	-195
-190	-16	Net financing expenses to be carried forward	-16	-190
1,321	1,446	Deferred tax liability at 31 December	1,287	1,187

## Note 23: Long-term loans and subordinate loan capital

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
2,351	1,391	Within 1 year	1,391	2,351
6,003	5,960	1-5 year(s)	5,973	6,010
2,039	1,588	After 5 years	1,588	2,039
10,393	8,939	Principal after conversion to DKK	8,952	10,400
9,979	8,307	Carrying amount at 31 December	8,314	9,986

All foreign currency loans have been converted to DKK through currency swaps except for EUR 30 million expiring in 2018.

In the parent corporation and in the Group DKK 3,591 million of the debt portfolio was raised without state guarantee (2013: DKK 4,222 million). The remaining loans are all guaranteed by the Danish state, to which a guarantee commission is payable.

#### Note 24: Interest-bearing liabilities, net

	Group	
Amounts in DKK million	2014	2013
Long-term loans	6,867	7,521
Current portion of non-current liabilities	1,440	2,458
Short-term loans	450	600
Credit institutions	249	379
Conversion of loan to DKK through currency swaps	630	415
Subordinate loan capital, debt	7	7
<b>Interest-bearing debt</b>	<b>9,643</b>	<b>11,380</b>
Cash and cash equivalents and securities	-27	-26
Deposits	-50	-32
Subordinate loan capital, receivable	-252	-247
<b>Interest-bearing assets</b>	<b>-329</b>	<b>-305</b>
<b>Total</b>	<b>9,314</b>	<b>11,075</b>

#### Note 25: Other liabilities

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
554	476	Wage and salary related items etc. payable	695	799
79	205	Fair value of hedging instruments	200	75
569	576	Other liabilities	729	748
<b>1,202</b>	<b>1,257</b>	<b>Total</b>	<b>1,624</b>	<b>1,622</b>

#### Note 26: Deferred income

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
274	286	Sold but unused tickets	286	274
94	97	Financial instruments	97	94
559	435	Other	441	567
<b>927</b>	<b>818</b>	<b>Total</b>	<b>824</b>	<b>935</b>

Deferred income items fall due for payment as follows:

662	579	Within 1 year	585	670
265	239	After 1 years	239	265
<b>927</b>	<b>818</b>	<b>Carrying amount at 31 December</b>	<b>824</b>	<b>935</b>

## Note 27: Financial risks and financial instruments

As a consequence of its operations, investments and financing, DSB is exposed to changes in interest rates, raw materials and foreign exchange risks. The financial management aims to control the financial risks in this relation.

The general framework for the financial risk management is laid down in the financial policy, which is approved by the Board of Directors. DSB has centralised the management of financial risks. The financial strategy comprises liquidity, financing, interest rate, raw materials price, foreign exchange and credit risks in relation to financial counterparties and approved exposure limits. In accordance with the strategy DSB Finances supervises, identifies, plans and manages risks. The management regularly supervises DSB's risk exposure and capital adequacy.

The purpose of financial hedging is to limit and control the impact of financial fluctuations in the financial markets on the profit.

There are no material changes in DSB's risk exposure or risk management compared with 2013.

### Liquidity risks

It is DSB's policy to always have sufficient capital reserves available. The aim is to always have a liquidity reserve that corresponds to the development in the expected net debt for the approved budget year plus DKK 200 million, but never less than DKK 1.0 billion. The liquidity reserve consists of liquid funds and the possibility of utilising bank facilities.

At 31 December 2014 DSB had concluded agreements regarding terminable bank facilities of DKK 2,270 million and non-terminable facilities of DKK 2,500 million to expire during the period 2015-2018 (2013: terminable of DKK 1,750 million and non-terminable of DKK 2,500 million to expire in the period 2014-2018). The undrawn value hereof is DKK 3,568 million (2013: DKK 2,795 million).

## Note 27: Financial risks and financial instruments (continued)

DSB's financial liabilities fall due as follows:					
Group	Carrying amount	Total contractual cash flows	Within 1 year	1-5 year(s)	After 5 years
<b>At 31 December 2014</b>					
<b>Non-derivative financial instruments</b>					
Long-term loans – excl. short-term portion	6,867	8,255	-	5,617	2,638
Subordinate loan capital	7	7	-	7	-
Short-term portion of long-term loans	1,440	1,432	1,432	-	-
Short-term loans	450	450	450	-	-
Credit institutions	249	249	249	-	-
Trade accounts payable	991	991	991	-	-
<b>Total non-derivative financial instruments</b>	<b>10,004</b>	<b>11,384</b>	<b>3,122</b>	<b>5,624</b>	<b>2,638</b>
<b>Derivative financial instruments</b>					
Interest rate and currency swaps	1,193	1,204	77	476	651
Other financial instruments	130	79	59	20	0
<b>Total derivative financial instruments</b>	<b>1,323</b>	<b>1,283</b>	<b>136</b>	<b>496</b>	<b>651</b>
<b>Total financial instruments</b>	<b>11,327</b>	<b>12,667</b>	<b>3,258</b>	<b>6,120</b>	<b>3,289</b>
<b>At 31 December 2013</b>					
<b>Non-derivative financial instruments</b>					
Long-term loans – excl. short-term portion	7,521	9,044	-	6,355	2,689
Subordinate loan capital	7	7	-	7	-
Short-term portion of long-term loans	2,458	2,409	2,409	-	-
Short-term loans	600	601	601	-	-
Credit institutions	379	379	379	-	-
Trade accounts payable	1,010	1,010	1,010	-	-
<b>Total non-derivative financial instruments</b>	<b>11,975</b>	<b>13,450</b>	<b>4,399</b>	<b>6,362</b>	<b>2,689</b>
<b>Derivative financial instruments</b>					
Interest rate and currency swaps	927	1,234	83	425	725
Other financial instruments	20	24	21	3	-
<b>Total derivative financial instruments</b>	<b>947</b>	<b>1,258</b>	<b>104</b>	<b>428</b>	<b>725</b>
<b>Total financial instruments</b>	<b>12,922</b>	<b>14,708</b>	<b>4,503</b>	<b>6,790</b>	<b>3,414</b>

Conditions for maturity analysis:

- All agreements regarding financial instruments entered into at 31 December 2014 (2013) are included in the analysis.
  - All cash flows are undiscounted but include estimated interest payments based on the current market conditions.
  - Cash flows from derivatives are presented gross, unless the counterparty has a right or an obligation to settle them net.
  - Foreign currencies are converted into DKK using the exchange rates of Danmarks Nationalbank at 31 December 2014 (2013).
- Contractual cash flows include future interest payments and are stated at nominal values.

## Note 27: Financial risks and financial instruments (continued)

### Market risks

#### Interest rate risks

As a consequence of financing activities DSB is exposed to fluctuations in the level of interest rates in Denmark as well as abroad. The primary interest rate exposure in connection with financing relates to fluctuations in CIBOR, LIBOR, NIBOR, EURIBOR and STIBOR. The strategy is to convert all loans so that DSB only has interest rate risks in CIBOR and EURIBOR. Interest rate risks are normally hedged through interest rate swaps where a floating-rate loan is converted to a fixed-interest loan.

Within a 12-month period the interest rate sensitivity may not exceed DKK 50 million (at an interest rate change of 1 percentage point), the debt portfolio must have a duration of between 2 and 7 years and minimum 50 percent of the debt portfolio is required to have a fixed interest.

In pursuance of the above, the weighted average duration of the net debt was 5.1 years (2013: 4.2 years) and 72 percent of the net financial liabilities had been converted into fixed-interest liabilities (2013: 59 percent). Floating-rate debt is adjusted regularly over the year.

#### Change in fair values

An increase in the level of interest rates of 1 percent p.a. compared with the interest rate level of the balance sheet date would have had a total positive hypothetical impact on the Profit before tax of DKK 0 million (2013: DKK 0 million) and on the Equity before tax of DKK 170 million (2013: DKK 117 million). A decline in the level of interest rates would have had a corresponding negative impact.

#### Floating-rate assets and liabilities

For floating-rate liquid funds, debt and financial instruments an increase in the level of interest rates of 1 percent p.a. compared with the interest rate level of the balance sheet date would have had a hypothetical negative impact on the Profit before tax and Equity before tax of DKK 15 million (2013: DKK 27 million.). A decline in the level of interest rates would have had a corresponding positive impact.

#### Conditions for sensitivity analysis:

- Recognised financial assets and liabilities at 31 December 2014 (2013).
- The expected sensitivity is calculated according to a parallel shift of the level of interest rates at the balance sheet date by 1 percentage point.

#### Raw materials price risks

DSB uses fuel and electricity for its operations, which exposes DSB to price risks. Minimum 50 percent of the exposure must be hedged for the year. 100 percent of the energy price risk may also be hedged for 24 months ahead and 50 percent for up to 5 years. The hedging is carried out through conclusion of raw materials price swap agreements.

At 31 December 2014 the following hedging of the electricity consumption had been carried out: 74 percent for 2015, 26 percent for 2016, 3 percent for 2017 and 2 percent for 2018 (2013: 65 percent for 2014, 24 percent for 2015, 3 percent for 2016 and 2 percent for 2017). Similarly, 93 percent of the fuel consumption for 2015 has been hedged, 71 percent for 2016 and 21 percent for 2017 (2013: 86 percent for 2014 and 40 percent for 2015).

The derivatives' impact on the Profit and loss account and Equity at likely fluctuations in the price of raw materials:

	Nominal		Sensitivity		
	Next year's expected consumption of raw materials	Raw materials contracts	Likely change in energy price	Hypothetical impact on profit/loss before tax	Hypothetical impact on equity before tax
<b>At 31 December 2014</b>					
Raw material – oil	57,809 tons	106,800 tons	10%	0	39
Raw material – electricity	350,163 mWh	311,999 mWh	10%	0	8
<b>At 31 December 2013</b>					
Raw material – oil	60,047 tons	75,600 tons	10%	0	38
Raw material – electricity	346,773 mWh	274,357 mWh	10%	0	8

#### Conditions for sensitivity analysis:

- Financial instruments which are recognised in the balance sheet at 31 December 2014 (2013).

## Note 27: Financial risks and financial instruments (continued)

### Market risks

#### Foreign exchange risks

Foreign exchange risks are hedged on recognised financial assets and liabilities in such a way that minimum 75 percent of the risk is in DKK. In addition, there can only be risks in EUR and other currencies if they are part of the Group companies' financing or hedging of exposures from Group companies.

The most important foreign exchange exposures concern loans raised in GBP, CHF, EUR, USD, NOK, JPY and SEK that are hedged by means of derivatives, currency swaps. With this hedging DSB is not exposed to any significant foreign exchange risks from financing activities.

Other booked positions represent an immaterial part of DSB's currency exposure and future cash flow in foreign currencies is calculated for the coming 12 months, of which an average of 4-8 months is hedged.

Foreign exchange risks in connection with operations primarily relate to DSB's fuel consumption. Other foreign exchange risks in connection with trade with international counterparties are limited, except for SEK as explained below.

DSB has foreign exchange risks in connection with SEK as a consequence of its Swedish Group company which operates under a transport contract in Sweden and a contract concluded regarding maintenance of the Swedish Øresund train sets.

DSB has equity investments in foreign Group companies, whose net assets are affected by exchange rate fluctuations in connection with translation into DKK in the consolidated annual accounts. This translation risk is not hedged.

Other than the above, DSB has no significant foreign exchange risks.

The hypothetical impact on the profit for the year and equity due to sensitivity in connection with changes in exchange rates is as follows:

	Nominal position in local currency (million)			Sensitivity in DKK million			
	Total liquid funds and receivables	Financial liabilities (not derivatives)	Derivative financial instruments to hedge future cash flows	Total	Change in exchange rate	Hypothetical impact on profit/loss before tax	Hypothetical impact on equity before tax
<b>At 31 December 2014</b>							
NOK	1	-2,249	2,250	2	10.0%	0	8
USD	0	-194	194	0	10.0%	0	150
SEK	6	-3,554	3,346	-202	10.0%	-16	4
GBP	0	-8	8	0	10.0%	0	0
JPY	0	-23,000	23,000	0	10.0%	0	0
CHF	0	-50	50	0	10.0%	0	1
EUR	2	-49	60	13	0.5%	1	0
<b>At 31 December 2013</b>							
NOK	-1	-2,750	2,750	-1	10.0%	0	15
USD	-4	-328	323	-9	10.0%	-5	141
SEK	51	-3,677	3,450	-176	10.0%	-15	6
GBP	0	-16	16	0	10.0%	0	0
JPY	0	-23,000	23,000	0	10.0%	0	0
CHF	0	-50	50	0	10.0%	0	2
EUR	-6	-71	65	-12	0.5%	0	0

Conditions for sensitivity analysis:

- Unchanged levels of prices and interest rates.
- Financial instruments which are recognised in the balance sheet at 31 December 2014 (2013).

## Note 27: Financial risks and financial instruments (continued)

### Credit risks

Credit risks relate partly to receivables and liquid funds and partly to derivatives with a positive fair value recognised under Other receivables.

All major customers and other partners undergo regular credit rating. The credit line is fixed based on the creditworthiness of the customers and the counterparties.

DSB does not have significant risks relating to individual private customers or partners. Historically, DSB has had relatively small losses as a consequence of non-payment by customers or counterparties.

Ageing of receivables	Maturity date					
	Value at 31.12.2014	Security received	Provision	Within 1 year	1-5 year(s)	After 5 years
Trade receivables, excluding fines to passengers travelling without a valid ticket	236	-	22	236	-	-
Receivables regarding derivative financial contracts	227	0	-	112	80	35
Cash surplus	27	-	-	27	-	-
Subordinate loan capital in associated company	252	-	-	-	256	-
Other receivables (extract)	674	-	-	674	-	-
Receivables relating to sale of properties	109	50	-	109	-	-

### Conditions for maturity analysis:

All cash flows are based on the present market conditions.

There are no overdue receivables regarding derivative financial contracts at 31 December 2014.

Receivables from derivatives are distributed on six counterparties, the largest receivable being DKK 64 million. All DSB's financial counterparties have a credit rating of "Investment Grade".

In pursuance of contracts with financial counterparties, DSB has access to offset exposure in financial contracts with the same counterparty. The table shows the gross receivables. Receivables from derivative financial instruments, cash surplus and deposits total DKK 304 million at 31 December 2014 (2013: DKK 531 million). If the access to offsetting exposure in financial contracts with financial counterparties is recognised, the receivables from these three items total DKK 142 million at 31 December 2014 instead (2013: DKK 150 million).

### Methods and conditions for calculating fair values

#### Derivative financial instruments

Raw materials, interest rate and currency swaps are measured according to the new present value method by discounted cash flow based on relevant observable market rates, prices and foreign exchange rates.

All financial instruments measured at fair value in the balance sheet are classified according to a fair value hierarchy with three levels. In this, financial instruments are classified according to the method used to calculate the fair value. This means that the fair value must be calculated based on quoted prices on active markets (level 1), observable input (level 2) and non-observable input (level 3). All DSB's financial instruments measured at fair value in the balance sheet are calculated according to observable input, corresponding to level 2 in the value hierarchy.

#### Other financial instruments

Financial instruments regarding sale and purchase of goods etc. with short credit are assessed to have a fair value corresponding to the carrying amount.

## Note 27: Financial risks and financial instruments (continued)

### Hedge accounting

DSB uses derivative financial instruments with the sole purpose of hedging financial risks from financial instruments and operating activities. The financial management is consequently only aimed at controlling and reducing the financial risks that are a direct consequence of DSB's operations, investment and financing.

### Hedging of cash flows

Interest and currency swaps are used to hedge risks relating to the variability of cash flows as a consequence of fluctuations in the level of interest rates and foreign exchange rates.

To hedge the variability of cash flows caused by fluctuations in raw materials prices, DSB uses raw materials price swap agreements.

The effective part of the fair values of the raw materials price, currency and interest rate swap agreements at 31 December 2014 used for and complying with the conditions for hedge accounting for future transactions is recognised directly in equity until the hedged transactions are realised and consequently recognised in the profit and loss account.

## Note 27: Financial risks and financial instruments (continued)

Hedge accounting:	Notional principal amount	Value adjustment recognised in equity	Fair value	Time to maturity
<b>At 31 December 2014</b>				
<b>Foreign exchange and interest rate risks</b>				
USD	637	-84	-81	0-4 year(s)
GBP	76	-1	-6	0-1 year(s)
NOK	659	-23	-145	0-4 year(s)
EUR	447	-104	-103	0-26 year(s)
<b>Total foreign exchange and interest rate risks</b>	<b>1,819</b>	<b>-212</b>	<b>-335</b>	
<b>Foreign exchange risks</b>				
SEK	2,949	9	-185	0-6 year(s)
JPY	1,177	-304	-656	0-26 year(s)
CHF	309	-2	54	0-1 year(s)
NOK	1,194	-37	-164	0-2 year(s)
<b>Total foreign exchange risks</b>	<b>5,629</b>	<b>-334</b>	<b>-951</b>	
<b>Interest rate risks</b>				
Floating rate	500	-15	-15	0-2 year(s)
<b>Total interest rate risks</b>	<b>500</b>	<b>-15</b>	<b>-15</b>	
<b>Raw materials price risks</b>				
Price of electricity	85	-7	-7	0-4 year(s)
Price of oil	90	-128	-128	0-3 year(s)
<b>Total raw materials price risks</b>	<b>175</b>	<b>-135</b>	<b>-135</b>	
<b>At 31 December 2013</b>				
<b>Foreign exchange and interest rate risks</b>				
USD	1,375	-88	-259	0-5 year(s)
GBP	142	-4	-23	0-2 year(s)
NOK	708	6	-67	0-5 year(s)
EUR	485	-68	-66	0-27 year(s)
<b>Total foreign exchange and interest rate risks</b>	<b>2,710</b>	<b>-154</b>	<b>-415</b>	
<b>Foreign exchange risks</b>				
SEK	3,050	-80	-18	0-7 year(s)
JPY	1,183	-184	-530	0-27 year(s)
CHF	304	-3	48	0-2 year(s)
NOK	1,727	-68	-90	0-5 year(s)
<b>Total foreign exchange risks</b>	<b>6,264</b>	<b>-335</b>	<b>-590</b>	
<b>Interest rate risks</b>				
Floating rate	700	-24	-24	0-3 year(s)
<b>Total interest rate risks</b>	<b>700</b>	<b>-24</b>	<b>-24</b>	
<b>Raw materials price risks</b>				
Price of electricity	88	-15	-15	0-4 year(s)
Price of oil	69	-5	-5	0-2 year(s)
<b>Total raw materials price risks</b>	<b>157</b>	<b>-20</b>	<b>-20</b>	

All financial instruments included in cash flow hedging are tested for effectiveness.

Ineffectiveness of cash flow hedging of interest rate and currency swaps recognised in the profit and loss account for 2014 amounts to DKK 0 million (2013: DKK 2 million).

Ineffectiveness for cash flow hedging of raw materials price swap agreements recognised in the profit and loss account for 2014 amounts to DKK 0 million (2013: DKK 0 million).

## Note 28: Contingent assets, contingent liabilities and other financial commitments

Parent corporation			Group	
2013	2014	Amounts in DKK million	2014	2013
177	99	Contingent assets	126	188
511	583	Contingent liabilities	646	594
2,071	1,649	Other financial commitments	1,685	2,216

Contingent assets in 2014 primarily concern the discount DSB will obtain in connection with the settlement with AnsaldoBreda S.p.A. made in December 2012.

Contingent liabilities include guarantees of a total of DKK 275 million (2013: DKK 209 million) for DSB's Group companies. These guarantees are operating guarantees to the awarding authorities and guarantees to the lessor in connection with a train lease.

Other financial commitments include the leasing of rolling stock totalling DKK 455 million (2013: DKK 419 million) of which DKK 172 million falls due in 2015 and DKK 283 million in the years 2016-2020.

In 2012 DSB outsourced the majority of its IT operations covering IT services and support to end-users as well as operation of networks, telephony, data centres and DSB's systems. The total liability in this regard is DKK 278 million (2013: DKK 405 million), of which DKK 126 million falls due in 2015 and DKK 152 million falls due in 2016-2017.

In 2012 DSB concluded a lease for Telegade 2 in Taastrup. The lease is non-terminable by DSB for the period until 2021 for parts of the premises and 2026 for other parts of the premises. The total liability is DKK 303 million (2013: DKK 331 million), of which DKK 27 million falls due in 2015 and DKK 107 million falls due in 2016-2019.

As part of its normal business operations, DSB has service and maintenance obligations as well as purchase and selling obligations, including transactions expenses to Rejsekort A/S.

Other financial liabilities primarily consist in contracts regarding investment in tangible assets. The remaining purchase obligation regarding IC2 and IC4 train sets was calculated at a total of DKK 227 million (2013: DKK 353 million) before discounts at 31 December 2014.

### Other matters:

The Group's Danish companies are jointly and severally liable for tax on the consolidated taxable income etc. The total corporation tax liability is DKK 33 million at 31 December 2014 (2013: DKK 5 million). The Group's Danish companies are jointly and severally liable for Danish withholding tax in the form of tax on dividend, royalty and interest. Any subsequent corrections of corporation and withholding taxes may mean that DSB's liability is increased.

DSB, Kort & Godt A/S, DSB Ejendomsudvikling A/S, DSB Vedligehold A/S and Selskabet af 23.12.2014 are jointly registered for VAT and payroll tax purposes and are jointly and severally liable for payment of the Danish corporation's and companies' aggregate VAT and payroll tax liabilities.

In 2009 DSB undertook to invest up to DKK 1,000 million in parking facilities etc. via an additional agreement with the Ministry of Transport with a view to securing effective access to and from railway transport in order to increase the number of passengers over the period 2009 to 2020. The investments and related operations will be financed through sale of vacant sites and properties and, if relevant, through public or private co-financing. DSB has committed itself to financing DKK 720 million. At 31 December 2014 DSB had sold vacant sites with a profit of DKK 498 million (2013: DKK 354 million) and had invested and paid costs for operations in the total of DKK 259 million (2013: DKK 178 million).

DSB pays ongoing pension contributions for public servants and employees on terms similar to public servants to the state calculated as a percentage of the pensionable salary to cover the state's pension obligation for public servants. Upon retirement the state finally takes over the pension obligation. Contribution rates for the ongoing pension contributions are based on assumptions with regard to interest rate, expected retirement age, salary development and mortality etc. In certain circumstances deviations from these assumptions may result in a subsequent adjustment of the contributions in the form of an additional payment to or from the state at the time of retirement. The contribution rate is 26 percent.

DSB has an obligation to pay availability pay for three years to public services made redundant through no fault of their own, pursuant to section 32 of the Danish Public Servants Act. In addition, DSB has an obligation to the Agency for the Modernisation of Public Administration to pay pension costs for public servants until the expected pensionable age of 62.

There is an agreement between DSB and the minority shareholder in DSB Øresund Holding ApS to the effect that DSB is under an obligation to purchase the minority shareholder's shares if the minority shareholder wishes to sell them. Such a purchase will, however, be subject to certain commercial conditions. There is some uncertainty associated with the nature of the commitment and the value of the option in case it is exercised.

DSB is party to a small number of pending lawsuits. The outcome of these is not expected, individually or together, to have any significant impact on the corporation's financial position.

## Note 29: Related parties

Related parties:	Basis
The Ministry of Transport	100 percent owner
Board of Directors and Executive Board	Management control

DSB's transactions with the Ministry of Transport and related agencies and institutions (primarily the Transport Authority and Banedanmark) comprise:

	Group	
Amounts in DKK million	2014	2013
<b>Revenue</b>		
Revenue from transport contracts, net	4,521	4,453
Bonus relating to transport contracts	14	11
Traffic revenues	6	6
Rental income and sale of repair work, goods and other services	220	210
<b>Expenses etc.</b>		
Infrastructure and capacity charges	579	582
Punctuality bonus to Rail Net Denmark	-	1
Guarantee commission to the Danish state	18	12
<b>Receivables</b>		
Receivable contract payment	238	77
<b>Deferred income</b>		
Prepaid contract payment	245	428

The above purchases of services are stated inclusive of the non-deductible share of input VAT.

Transactions with related parties took place at arm's length, including on a cost allocation basis. The transactions are disclosed as a consequence of their special nature.

## Note 30: Accounting for compensation from AnsaldoBreda S.p.A.

### Agreement concluded in May 2009:

In 2009 DSB concluded an agreement with AnsaldoBreda regarding compensation in connection with the contract to supply IC4 and IC2 train sets. The total compensation is DKK 2,250 million, of this DKK 1,750 million was received in cash during the period 2005 to 2010. The remaining DKK 500 million concern discounts on future purchases of spare parts and services from AnsaldoBreda. This option expired in 2013.

At year-end 2014 additional expenses for leasing of replacement rolling stock were accrued with a total of DKK 0 million (2013: DKK 18 million). The overall positive impact on operations in the form of compensation regarding leasing of replacement rolling stock in 2014 totals DKK 18 million (2013: DKK 65 million).

### Agreement concluded in December 2012:

In December 2012 DSB concluded an agreement with AnsaldoBreda regarding additional compensation in connection with the contract to supply IC4 and IC2 train sets. The agreement entails a waiver on DSB's part of the possibility of claiming the "Liquidated Damages Compensation" stipulated in the agreement from 2009. In return DSB obtains compensation in the form of discounts from AnsaldoBreda on future payments for services agreed in December 2012. In addition, DSB has received all the train sets ordered except for one IC4 train set in connection with which DSB has received a re-payment of the prepaid amount as well as compensation according to the agreement.

The discount obtained in 2014 has reduced the acquisition price for IC4 and IC2 train sets except for a share corresponding to the financing costs paid, recognised as income under Interest income with a total of DKK 10 million (2013: DKK 10 million).

### Note 31: Accounting uncertainty regarding provisions relating to DSB Øresund and the Travel Card

A provision was made of DKK 66 million in DSB Øresund A/S, which is owned by DSB SOV (70 percent) and FirstGroup (30 percent) through DSB Øresund Holding ApS. The remaining part of the provision regarding an onerous contract in the Group company DSB Øresund A/S is expected to be realised by year-end 2015 when DSB Øresund's operator contract expires. The provision is subject to uncertainty and has been calculated based on in-dept analyses of DSB Øresund's economy and business plans.

The total earnings impact in the consolidated annual accounts, after eliminations, has been calculated at DKK 29 million, see note 21.

Management believes that the provision made represents an adequate measure and additional negative impacts are not expected in this regard.

#### Accounting assessments concerning the Travel Card

In 2014 the expected useful lives of equipment and software etc. relating to the expenses capitalised in DSB in connection with the Travel Card were reassessed. In this connection the expected useful life of all equipment has been reduced to 5 years and of all software/strategic development projects to 3 years instead of 5-10 years for both asset groups. In this connection, certain capitalised expenses have been reclassified from Tangible assets to Intangible assets. Furthermore, the capitalised expenses have been reassessed, resulting in write-downs in DSB in 2014. The reassessment of the capitalised expenses also affects the recognised results of operations for Rejsekort A/S, which is treated as an associated company in DSB and thus recognised according to the equity method based on the accounting policies etc. applied by DSB.

The reassessment was made based on management's updated expectations for the future use of equipment and software etc. and is based on available information. The accounting estimates made by management are subject to uncertainty. Management believes that the estimates made are reasonable and relevant.

The total accounting effect of the accelerated depreciation, the accelerated amortisation and write-downs in 2014 is an additional expense of DKK 256 million before tax. The changes also affect the accounting years 2015-2017.

## Note 32: Segmental reporting – primary segment

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

In the DSB Group intercompany transactions have been eliminated.

Amounts in DKK million	Long-distance and regional trains <sup>1)</sup>	S-tog	Øresund	Vedligehold <sup>2)</sup>	Kort & Godt	Other incl. eliminations	Other countries <sup>3)</sup>	DSB Group
<b>2014</b>								
Passenger revenues	3,677	1,509	-	-	-	-	-	5,186
Revenue from transport contracts	2,976	1,118	467	-	-	1	332	4,894
Sales from shops etc.	6	-	-	-	950	-142	-	814
Sales of repair and maintenance of rolling stock etc.	80	-	276	2,000	-	-2,086	-	270
Leasing of rolling stock	-	-	-	-	-	227	-	227
Net turnover	6,739	2,627	743	2,000	950	-2,000	332	11,391
Other operating income and work performed by the enterprise	802	85	42	26	8	335	83	1,381
Total revenue	7,541	2,712	785	2,026	958	-1,665	415	12,772
Total expenses	6,149	1,351	853	1,890	897	-2,210	393	9,323
Profit before depreciation, amortisation and write-downs	1,392	1,361	-68	136	61	545	22	3,449
Depreciation, amortisation and write-downs	1,259	660	-	47	2	267	12	2,247
Operating profit/loss	133	701	-68	89	59	278	10	1,202
Net financials	-272	-101	1	0	-6	-155	1	-532
Profit/loss before tax	-139	600	-67	89	53	123	11	670
<b>2013</b>								
Passenger revenues	3,606	1,366	-	-	-	-	-	4,972
Revenue from transport contracts	2,834	1,154	507	-	-	-1	476	4,970
Sales from shops etc.	30	-	-	-	976	-153	-	853
Sales of repair and maintenance of rolling stock etc.	80	-	313	1,926	-	-1,984	-	335
Leasing of rolling stock	-	-	-	-	-	226	-	226
Net turnover	6,550	2,520	820	1,926	976	-1,912	476	11,356
Other operating income and work performed by the enterprise	809	76	26	42	14	-45	62	984
Total revenue	7,359	2,596	846	1,968	990	-1,957	538	12,340
Total expenses	6,235	1,422	896	1,875	939	-2,316	507	9,558
Profit before depreciation, amortisation and write-downs	1,124	1,174	-50	93	51	359	31	2,782
Depreciation, amortisation and write-downs	963	597	-	47	4	250	31	1,892
Operating profit/loss	161	577	-50	46	47	109	0	890
Net financials	-300	-123	1	-1	-6	-76	1	-504
Profit/loss before tax	-139	454	-49	45	41	33	1	386

<sup>1)</sup> "Long-distance and Regional Trains" was changed with a view to ensuring a more correct reflection of the business area. The change which i.a. meant that leasing of rolling stock was moved to "Other, incl. eliminations", is affected by estimates.

<sup>2)</sup> DSB has transferred the preparation activities to DSB Vedligehold. The transfer had a substantial impact on net turnover and expenses; as a consequence, the comparative figures have been restated.

<sup>3)</sup> Includes activities in Sweden and Germany.

## Profit and loss account by quarter

Amounts in DKK million	2014				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Passenger revenues	1,204	1,292	1,225	1,465	1,183	1,316	1,188	1,285
Revenue from transport contracts	1,222	1,216	1,217	1,239	1,224	1,248	1,219	1,279
Sales from shops etc.	193	220	202	199	197	228	216	212
Sales of repair and maintenance of rolling stock etc.	67	69	69	65	69	79	75	112
Leasing of rolling stock	58	56	56	57	55	57	58	56
<b>Net turnover</b>	<b>2,744</b>	<b>2,853</b>	<b>2,769</b>	<b>3,025</b>	<b>2,728</b>	<b>2,928</b>	<b>2,756</b>	<b>2,944</b>
Work performed by the enterprise and capitalised	157	139	122	171	125	107	134	149
Other operating income	120	237	247	188	105	101	107	156
<b>Total revenue</b>	<b>3,021</b>	<b>3,229</b>	<b>3,138</b>	<b>3,384</b>	<b>2,958</b>	<b>3,136</b>	<b>2,997</b>	<b>3,249</b>
<b>Total expenses</b>	<b>2,275</b>	<b>2,287</b>	<b>2,337</b>	<b>2,424</b>	<b>2,364</b>	<b>2,314</b>	<b>2,362</b>	<b>2,518</b>
<b>Profit before depreciation, amortisation and write-downs</b>	<b>746</b>	<b>942</b>	<b>801</b>	<b>960</b>	<b>594</b>	<b>822</b>	<b>635</b>	<b>731</b>
Depreciation, amortisation and write-downs	484	499	482	782	455	458	457	522
<b>Operating profit/loss</b>	<b>262</b>	<b>443</b>	<b>319</b>	<b>178</b>	<b>139</b>	<b>364</b>	<b>178</b>	<b>209</b>
Net financials	-118	-121	-129	-164	-135	-128	-114	-127
<b>Profit/loss before tax</b>	<b>144</b>	<b>322</b>	<b>190</b>	<b>14</b>	<b>4</b>	<b>236</b>	<b>64</b>	<b>82</b>
<b>Profit/loss for the period</b>	<b>101</b>	<b>240</b>	<b>135</b>	<b>6</b>	<b>-7</b>	<b>191</b>	<b>156</b>	<b>143</b>
<b>Total equity</b>	<b>5,990</b>	<b>6,222</b>	<b>6,337</b>	<b>6,301</b>	<b>5,188</b>	<b>5,521</b>	<b>5,677</b>	<b>5,917</b>
Operating profit margin (EBITDA margin)	27.2	33.0	28.9	31.7	21.8	28.1	23.0	24.8
Return on equity (ROE) p.a.	6.8	15.7	8.6	0.4	-0.5	14.3	11.1	9.9
Return on invested capital after tax (ROIC after tax) p.a.	4.4	8.0	5.9	3.3	2.2	6.8	5.8	5.6

## Other key figures

Number of journeys (thousand)	2010	2011	2012	2013	2014
East	23,891	24,197	24,534	24,082	24,318
West	14,425	15,207	16,285	17,125	17,618
East – West	8,370	8,652	9,027	9,001	8,877
Other <sup>1)</sup>	1,155	1,135	1,003	988	982
<b>Long-distance &amp; Regional train traffic</b>	<b>47,841</b>	<b>49,191</b>	<b>50,849</b>	<b>51,196</b>	<b>51,795</b>
S-tog	92,995	103,771	106,157	109,242	111,683
DSB Øresund (excl. eliminations)	25,286	24,632	25,059	25,837	26,695
<b>Total Danish activities</b>	<b>166,122</b>	<b>177,594</b>	<b>182,065</b>	<b>186,275</b>	<b>190,173</b>
DSBFirst Sverige <sup>2)</sup>	28,145	24,864	-	-	-
Eliminations	-10,429	-10,267	-	-	-
Roslagsbanan <sup>3)</sup>	10,038	9,859	11,000	-	-
Krösatåg <sup>4)</sup>	70	828	1,094	1,194	207
Västtrafik <sup>5)</sup>	635	12,403	4,199	-	-
Upptåget <sup>6)</sup>	-	2,275	4,800	4,800	4,848
VIAS <sup>7)</sup>	1,600	4,000	4,120	4,204	4,246
<b>Total foreign activities (incl. eliminations)</b>	<b>30,059</b>	<b>43,962</b>	<b>25,213</b>	<b>10,198</b>	<b>9,301</b>
<b>Total train journeys</b>	<b>196,181</b>	<b>221,556</b>	<b>207,278</b>	<b>196,473</b>	<b>199,474</b>
Passenger kilometres (million)	2010	2011	2012	2013	2014
East	1,051	1,125	1,152	1,128	1,136
West	923	938	985	1,007	1,016
East – West	2,039	2,122	2,197	2,182	2,148
Other <sup>1)</sup>	171	130	151	154	150
<b>Long-distance &amp; Regional train traffic</b>	<b>4,184</b>	<b>4,315</b>	<b>4,486</b>	<b>4,471</b>	<b>4,450</b>
S-tog	1,108	1,241	1,265	1,283	1,315
DSB Øresund	506	493	501	517	534
<b>Total Danish activities</b>	<b>5,798</b>	<b>6,049</b>	<b>6,252</b>	<b>6,271</b>	<b>6,299</b>
DSBFirst Sverige <sup>2)</sup>	1,329	1,174	-	-	-
Roslagsbanan <sup>3)</sup>	127	125	129	-	-
Krösatåg <sup>4)</sup>	3	90	94	94	16
Västtrafik <sup>5)</sup>	19	2,347	794	-	-
Upptåget <sup>6)</sup>	-	148	312	201	203
VIAS <sup>7)</sup>	34	124	124	124	125
<b>Total foreign activities</b>	<b>1,512</b>	<b>4,008</b>	<b>1,453</b>	<b>419</b>	<b>344</b>
<b>Total passenger kilometres</b>	<b>7,310</b>	<b>10,057</b>	<b>7,705</b>	<b>6,690</b>	<b>6,643</b>

<sup>1)</sup> Other includes IC Bornholm and International.

<sup>2)</sup> Veolia is the new operator at 11 December 2011.

<sup>3)</sup> Arriva is the new operator at 7 January 2013.

<sup>4)</sup> Operations were taken over on 12 December 2010. Veolia is the new operator of Krösatåg at 1 March 2014.

<sup>5)</sup> Operations were taken over on 12 December 2010. SJ is the new operator of Västtrafik at 1 May 2012.

<sup>6)</sup> Operations were taken over at 12 June 2011.

<sup>7)</sup> From 1 April 2010.

Other key figures (continued)					
Total number of train kilometres (1,000 km)	2010	2011	2012	2013	2014
East	8,132	8,029	7,889	7,752	8,128
West	9,214	8,909	9,222	8,947	8,318
Long-distance traffic <sup>1)</sup>	19,251	19,931	19,102	19,910	20,338
International trains <sup>2)</sup>	1,328	1,325	1,369	1,373	1,240
<b>Long-distance &amp; Regional train traffic</b>	<b>37,925</b>	<b>38,194</b>	<b>37,582</b>	<b>37,982</b>	<b>38,024</b>
S-tog	14,661	15,180	15,521	15,833	16,075
DSB Øresund	4,708	4,782	4,334	4,772	4,658
<b>Total Danish activities</b>	<b>57,294</b>	<b>58,156</b>	<b>57,437</b>	<b>58,587</b>	<b>58,757</b>
DSBFirst Sverige <sup>3)</sup>	11,608	10,483	-	-	-
Roslagsbanan <sup>4)</sup>	2,824	3,034	3,100	-	-
Krösatåg <sup>5)</sup>	120	2,200	2,460	2,364	394
Västtrafik <sup>6)</sup>	524	8,800	3,667	-	-
Upptåget <sup>7)</sup>	-	1,423	2,866	2,990	2,990
VIAS <sup>8)</sup>	1,770	4,276	4,400	4,400	4,400
<b>Total foreign activities</b>	<b>16,846</b>	<b>30,216</b>	<b>16,493</b>	<b>9,754</b>	<b>7,784</b>
<b>Total train kilometres</b>	<b>74,140</b>	<b>88,372</b>	<b>73,930</b>	<b>68,341</b>	<b>66,541</b>

<sup>1)</sup> Long-distance traffic in Denmark includes IC Bornholm in Denmark.

<sup>2)</sup> International trains in Denmark, IC Bornholm in Sweden and charter trains abroad.

<sup>3)</sup> Veolia is the new operator at 11 December 2011.

<sup>4)</sup> Arriva is the new operator at 7 January 2013.

<sup>5)</sup> Operations were taken over on 12 December 2010. Veolia is the new operator of Krösatåg at 1 March 2014.

<sup>6)</sup> Operations were taken over on 12 December 2010. SJ is the new operator of Västtrafik at 1 May 2012.

<sup>7)</sup> Operations were taken over at 12 June 2011.

<sup>8)</sup> From 1 April 2010.

## Other key figures (continued)

Rolling stock in operation <sup>1,2,3)</sup>	2010	2011	2012	2013	2014
IC3 train sets	96	96	96	96	96
IC4 train sets <sup>2)</sup>	33	55	70	82	82
IC2 train sets <sup>2)</sup>	-	-	9	23	23
IR4 train sets	24	24	24	24	24
Øresund train sets <sup>3)</sup>	1	1	1	1	1
MR train sets	65	65	65	53	53
Leased Desiro train sets	12	12	12	12	12
Desiro train sets	-	8	8	4	4
Desiro train sets from the Ministry of Transport	-	-	-	4	4
Leased ICE-TD	13	13	13	13	13
DSB Øresund – Øresund train sets <sup>4)</sup>	91	97	111	111	111
DSB Øresund, IR4 train sets	20	20	20	20	20
Diesel locomotives – ME	36	36	36	33	33
Electric locomotives (EA)	6	6	6	6	6
S-trains (eight coach train sets)	104	104	104	104	104
S-trains (four coach train sets)	31	31	31	31	31
Roslagståg – Electric train sets	33	30	30	-	-
Krösatåg – Diesel train sets	15	16	13	13	-
Krösatåg – Electric train sets	-	-	4	4	-
Västtrafik – Electric train sets	60	63	-	-	-
Upptåget – Electric train sets	-	11	11	11	12
VIAS – Electric train sets	43	43	45	45	45
Shunting locomotives/tractors	16	16	16	14	14
Leased double-decker trains	112	112	112	67	67
Double-decker coaches	-	-	-	46	46

<sup>1)</sup> Rolling stock included in the DSB Group's ongoing operations at year-end.

<sup>2)</sup> Number of train sets delivered from AnsaldoBreda.

<sup>3)</sup> IC Bornholm.

<sup>4)</sup> The 111 train sets consist of 34 train sets used in Denmark and 77 train sets in a joint pool shared by Veolia and DSB. Operations are divided at the national border.

### Other key figures (continued)

Number of kilometres travelled between incidents <sup>1)</sup> (1,000 km)	2010	2011	2012	2013	2014
IC3 train sets	32.8	34.5	57.4	52.9	54.3
IC4 train sets	1.8	1.8	3.6	4.5	6.5
IR4 train sets (ER DSB)	13.2	19.2	21.8	22.8	25.4
Øresund train sets	23.0	31.1	34.0	32.0	36.6
MR train sets	18.1	18.7	20.1	20.3	21.2
Desiro train sets	12.2	16.0	12.4	15.3	26.6
Diesel locomotives – ME	6.8	12.7	26.2	32.7	32.2
Electric locomotives (EA)	3.7	11.2	15.3	21.6	-
S-tog	10.6	14.8	16.0	20.5	19.9

<sup>1)</sup> A technical incident regarding rolling stock which causes a delay of more than 5.59 minutes for Long-distance & Regional Trains, more than 2.29 minutes for S-tog and more than 4.59 minutes for Øresund.

Number of kilometres travelled between breakdowns <sup>1)</sup> (1,000 km)	2010	2011	2012	2013	2014
IC3 train sets	368.2	338.4	804.6	663.9	489.1
IC4 train sets	17.1	15.2	53.2	57.1	60.8
IR4 train sets (ER DSB)	81.6	127.2	129.0	140.8	172.0
Øresund train sets	86.3	118.8	162.1	169.3	208.8
MR train sets	187.0	112.3	232.8	185.2	139.5
Desiro train sets	89.1	117.4	96.3	92.0	174.3
Diesel locomotives – ME	23.0	41.0	95.5	116.9	121.6
Electric locomotives (EA)	17.0	257.4	114.5	79.3	-

<sup>1)</sup> An incident involving the rolling stock which means that a planned service is not carried out or is postponed at a station / line because of a technical fault in the rolling stock.

## Other key figures (continued)

Average number of full-time employees	2010	2011	2012	2013	2014
DSB including Ejendomsudvikling	5,881	4,621	4,314	4,085	3,931
- of this social commitment <sup>1)</sup>	117	131	151	173	161
S-tog	1,339	974	872	731	711
- of this social commitment <sup>1)</sup>	15	13	13	10	17
Kort & Godt A/S	738	770	736	698	649
- of this social commitment <sup>1)</sup>	16	12	10	12	14
DSB Vedligehold A/S	-	1,632	1,709	1,683	1,647
- of this social commitment <sup>1)</sup>	-	26	34	38	44
DSB Øresund A/S	514	404	355	368	319
<b>Total Danish activities</b>	<b>8,472</b>	<b>8,401</b>	<b>7,985</b>	<b>7,565</b>	<b>7,257</b>
DSBFirst Sverige AB <sup>2)</sup>	522	516	-	-	-
DSB Sverige AB	49	69	15	7	-
Roslagståg AB <sup>3)</sup>	261	278	288	5	-
- of this social commitment <sup>1)</sup>	3	1	1	1	-
Kröståg <sup>4)</sup>	4	94	101	100	29
Västtrafik <sup>5)</sup>	14	379	174	26	-
Upptåget <sup>6)</sup>	-	40	76	85	92
VIAS <sup>7)</sup>	61	178	179	189	186
Other	66	85	-	-	-
<b>Total foreign activities</b>	<b>977</b>	<b>1,639</b>	<b>833</b>	<b>412</b>	<b>307</b>
<b>Total for the DSB Group</b>	<b>9,449</b>	<b>10,040</b>	<b>8,818</b>	<b>7,977</b>	<b>7,564</b>

<sup>1)</sup> The social commitment includes schemes such as flex jobs, light jobs, rehabilitation, semi-retirement and voluntary early retirement which were introduced in 1996 to promote employment in the state labour market for persons with reduced ability to work in Denmark.

<sup>2)</sup> The Swedish part of the Øresund traffic was taken over by Veolia at 11 December 2011. The Danish part of the Øresund traffic is subsequently operated by DSB Øresund.

<sup>3)</sup> Arriva is the new operator at 7 January 2013.

<sup>4)</sup> Operations were taken over on 12 December 2010. Veolia is the new operator of Kröståg at 1 March 2014.

<sup>5)</sup> Operations were taken over at 12 December 2010. SJ is the new operator of Västtrafik at 1 May 2012. Until 1 September 2013 DSB operated DSB försäljningsservice Väst.

<sup>6)</sup> Operations were taken over at 12 June 2011.

<sup>7)</sup> From 1 April 2010.

Organization entitled to negotiate (number of employees at year-end)	2010	2011	2012	2013	2014
AC	502	490	421	442	427
Individual	216	217	206	196	210
DJ	4,293	4,231	4,032	3,904	3,776
FO DSB	1,073	1,163	1,130	1,095	1,055
HK	2,603	2,523	2,294	2,252	2,087
Other	226	154	97	55	58
<b>Total</b>	<b>8,913</b>	<b>8,778</b>	<b>8,180</b>	<b>7,944</b>	<b>7,613</b>

Employee group – employment status (number of employees at year-end)	2010	2011	2012	2013	2014
Employed on a contract basis	216	217	206	196	210
Employed under a collective agreement	5,173	5,263	4,912	4,775	5,004
Hourly workers	510	403	431	498	35
Public servants	3,014	2,895	2,631	2,475	2,364

<b>Total</b>	<b>8,913</b>	<b>8,778</b>	<b>8,180</b>	<b>7,944</b>	<b>7,613</b>
<b>Other key figures (continued)</b>					
<b>Number of railway stations operated</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Long-distance stations, incl. joint stations	155	155	155	158	158
S-tog incl. joint stations	85	85	85	85	85
S-tog joint stations with Long-distance & Regional Trains	-9	-9	-9	-9	-9
S-tog excl. joint stations	76	76	76	76	76
Stations in Sweden operated by Roslagsbanan	38	38	38	-	-
Stations in Sweden operated by DSBFirst	42	-	-	-	-
Stations in Sweden operated by Krösatåg	48	48	50	50	-
Stations in Sweden operated by Västtrafik	98	98	-	-	-
Stations in Sweden operated by Upptåget	-	16	19	19	17
Stations in Germany operated by VIAS	63	63	63	63	63
<b>Total number of railway stations operated</b>	<b>520</b>	<b>494</b>	<b>401</b>	<b>366</b>	<b>314</b>
<b>Km line operated by DSB in Denmark</b>	<b>1,668</b>	<b>1,668</b>	<b>1,668</b>	<b>1,668</b>	<b>1,668</b>
<b>Km line operated by DSB in Sweden</b>	<b>2,301</b>	<b>1,787</b>	<b>750</b>	<b>685</b>	<b>180</b>
<b>Km line operated by DSB in Germany</b>	<b>979</b>	<b>979</b>	<b>979</b>	<b>979</b>	<b>979</b>

## Definitions of financial ratios

The financial ratios and definitions have been prepared in accordance with the 'Recommendations & Financial Ratios 2010' from the Danish Society of Financial Analysts.

**Operating profit margin** (EBITDA margin) = profit before depreciation, amortisation and write-downs x 100 / net turnover

**Profit ratio** (EBIT margin) = operating profit x 100 / net turnover

**Return on equity** (ROE) = profit for the year x 100 / average equity

**Return on invested capital after tax** (ROIC after tax) = operating profit after tax (NOPLAT) x 100 / (average total equity + average interest-bearing liabilities)

**Gearing** = interest-bearing liabilities / profit before depreciation, amortisation and write-downs

**Solvency ratio** = equity x 100 / balance sheet total

**Interest cover** = (operating profit + financial income) / financial expenses

*"At DSB we have incorporated CSR in the way we work – in our policies, processes and practice and in our procurement, environmental considerations and economy",*

*Stig Pastwa, acting CEO and CFO*

# Corporate Social Responsibility

DSB's objective is to contribute to sustainable growth and mobility through reliable train services and coherent public transport.

Our objective is to connect all parts of Denmark. Connection between A and B. Between town and country. Between work and home. Between Granny and Victor. But also connection between our expenses and revenue. Promise and delivery. Between conventional and green accounting, partners and different modes of transport.

This is DSB's basic story about DSB's objective. DSB's CSR initiatives support DSB's objective by contributing to creating connections and interrelationships and ensuring that DSB is an environmentally friendly and trustworthy corporation.

With this focus, DSB reviewed its CSR activities during the course of 2014.

## Framework and measurement

At DSB we have incorporated CSR in the way we work – in our policies, processes and practice and in our procurement, environmental considerations and economy. DSB has an ethical policy that commits DSB to comply with the 10 universal principles of the UN Global Compact with focus on human rights and employee rights. As an integrated part of the environmental policy, DSB works actively to reduce the corporation's impact on the climate.

DSB monitors and measures the Danes' view on our social responsibility through the reputation measurement tool Reptrack where the "social responsibility" dimension is measured by means of questions concerning "positive impact on society", "environmentally responsible" and "supports good causes".

DSB's social responsibility (Reptrack)				
Overall Scale 0-100	2011	2012	2013	2014
Corporate Social Responsibility	56	54	51	54

## Memberships and partnerships

DSB joined the UN Global Compact in 2009 and contributes to the work both financially and by annually reporting on its progress.



DSB also takes CSR initiatives through a number of partnerships with associations that have public interest objectives. DSB has selected these associations based on an assessment of whether they contribute to public interest objectives that are closely related with DSB's core purpose – train operation.

Among others, DSB cooperates with Natteravnene ("Night Owls"), a national voluntary organisation consisting of minimum 5,000 adults. The volunteers walk around at night in the towns and cities with the purpose of being good role models, contributing to the sense of safety and security and helping children and young people, providing joy of life and promoting integration. DSB and Natteravnene have been partners since 2008 and besides receiving financial support from DSB; they can ride all DSB trains free of charge while doing volunteer work. DSB is a member of the board of Fonden for Socialt Ansvar, which is behind Natteravnene.

DSB also cooperates with the humanitarian associations in Denmark. Every year DSB thus permits a number of humanitarian organisations to collect money for their charitable causes and distribute material to DSB's customers at the stations. The organisations include Danmarks Indsamlingen (DR and 12 of Denmark's largest humanitarian organisations), DanChurchAid, the Danish Cancer Society, ActionAidDenmark, Save the Children Denmark, Danish Red Cross, the Danish Refugee Council and the World's Best News.

At election time in Denmark, DSB also supports the democratic process by permitting the political parties and their candidates to distribute material at the stations in the period leading up to the election.

DSB's CSR activities are not only realised through the way we work at DSB, but also through the requirements we make on our suppliers.

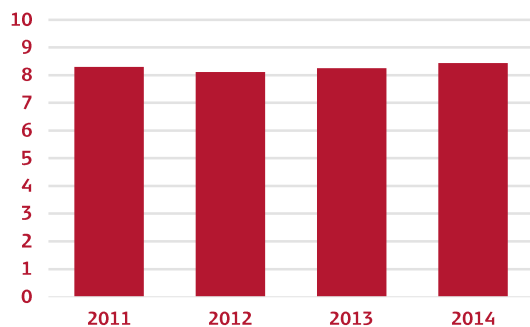
DSB's ethical rules require that our suppliers comply with national and international rules regarding child labour, health and safety at work, discrimination, use of forced or involuntary labour, corruption and bribery as well as the environment.

In connection with procurement procedures, DSB ensures that strategic suppliers are prequalified and informed about our ethical rules. We expect the suppliers to comply with and act in accordance with these basic principles.

## Safety and security

**Figure 1: Satisfaction with feeling safe and secure in the train**

Scale 0-10

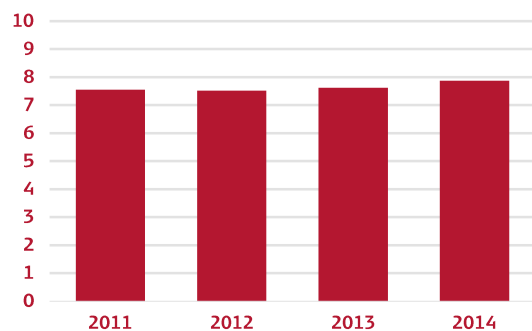


DSB has installed approx. 1,900 cameras at 131 stations and 3,824 in the S-trains, which contribute to creating a feeling of safety and security for DSB's customers and employees. The cameras are i.a. used to summon the police and extra staff if necessary and to help the police solve cases concerning vandalism, violence, pick-pocketing etc. In 2014 DSB's surveillance centre contributed to police investigations in 851 cases, and DSB entered into a nationwide cooperation agreement with the Danish National Police regarding the use of

video etc. in connection with police investigations of 'person under train' incidents and other investigations.

**Figure 2: Satisfaction with feeling safe and secure at the station**

Scale 0-10

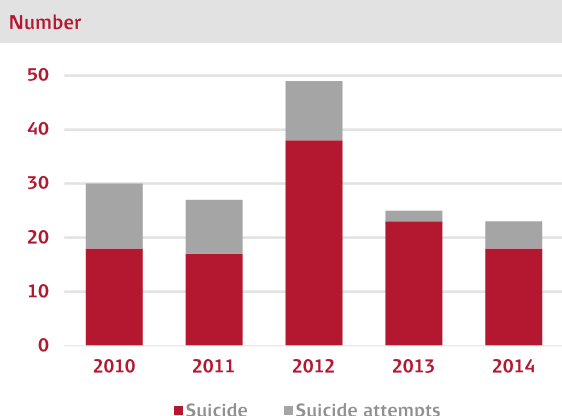


In 2014 DSB and TrygFonden embarked on a five-year collaboration project, which means that heart defibrillators will be installed at 65 selected train stations across Denmark over a three-year period. In 2014 heart defibrillators were installed at 17 stations. TrygFonden will start by training the employees at the stations. At the same time, 520 train sets will be equipped with an on-board heart defibrillator. The installation of defibrillators in the trains began in 2014. TrygFonden will also provide training to the train supervisors so that employees from DSB have received training in how to provide CPR and how to use the heart defibrillator.

Every year DSB spends large amounts of money on removing graffiti, i.a. to create a nice and clean environment and improve the customers' sense of safety and security. In the beginning of 2014 DSB had all stations in the Greater Copenhagen area cleaned so they were entirely free from graffiti – a so-called resetting – and this had a noticeable effect on the prevention of new graffiti at the stations in the Greater Copenhagen area. In 2014 the Coastal Line was included in a weekly cleaning arrangement. Furthermore, DSB supports the digitalisation of teaching material on graffiti for primary and lower secondary schools.

Unfortunately, 'person under train' incidents in connection with suicide and suicide attempts are a recurring event for DSB. In addition to be a tragic event for the persons involved and their family, it also affects DSB's customers and employees by way of train cancellations, delays and crisis counselling for engine drivers as well as other employees and customers who witnessed the incident. There were five suicides less in 2014 compared with 2013.

**Figure 3: Suicide and suicide attempts**



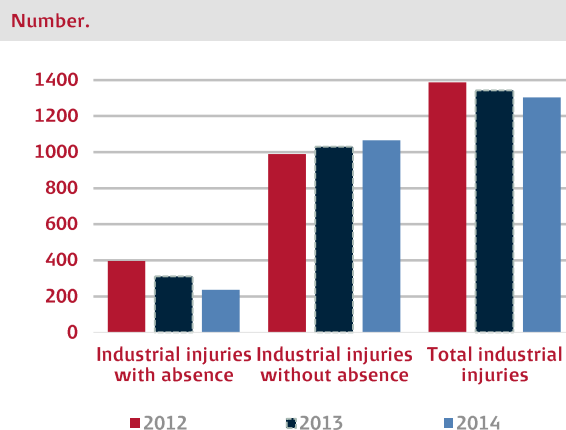
### Health and safety at work

DSB is certified according to the internationally recognised standard for health and safety at work, OHSAS 1800. To meet the standard, DSB must ensure a safe and healthy working environment through ongoing development and improvements. An audit was carried out in 2014 across the corporation. For the first time the mental working environment was sampled as an independent audit area.

A total of eight deviations were observed, which have all been addressed in separate action plans containing preventive and corrective actions. The deviations were consequently closed by our certification agency Force. Force will follow up on the implementation of the action plans in February 2015.

In connection with an inspection of one of DSB's old locomotives asbestos was found in an engine gasket. Work with the locomotive was stopped, the asbestos was removed and the locomotive was cleaned.

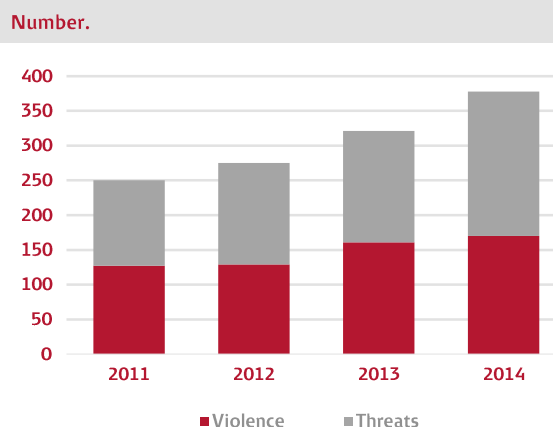
**Figure 4: Reported industrial injuries**



DSB's health and safety objective is to reduce the number of industrial injuries and the number of sick days. The total number of industrial injuries fell by 3 percent in 2014. While industrial injuries with absence fell by 24 percent in 2014, there was a 3 percent increase in the number of injuries without absence.

When many people are gathered at stations and in the trains as well as in connection with ticket inspections, disagreements may arise, which may escalate to threats and violence against fellow passengers and DSB staff. In 2014 DSB's employees experienced an increase in the number of violence and threats of 18 percent – 6 percent for violence and 30 percent for threats.

**Figure 5: Violence and threats against DSB staff**



DSB makes every effort to continue to become better at preventing and handling these situations. In November 2014 DSB launched the national campaign "Show consideration" together with the Working Environment Council (Brancharbejdsmiljørådet) to counter violence and threats to train staff. However, the biggest effort in this area consists in training DSB's staff in conflict handling, cooperation with the police, a dialogue with the customers and ensuring the availability of special trains for special events.

In case of big events such as festivals and football matches there are many customers, often in a festive mood and rather noisy, travelling to the same destination. In connection with a number of these events, DSB enters into a dialogue with organisers and customers with a view to arranging for a special train for the individual event. The purpose is to ensure that both the participants and DSB's other customers can have as pleasant a journey as possible and with as few conflicts as possible. DSB has conductors who are especially trained to handle the customers on board these football trains. In 2014 DSB provided special coaches for football fans on 33 football journeys with approx. 18,000 fans who were crossing Denmark to see a football match. In addition, special S-trains were provided for approx. 4,000 fans when the football teams Brøndby and FCK met. The Copenhagen derbies led to S-train vandalism in the magnitude of DKK 800,000, and in 2014 one industrial injury was reported to have been caused by a football fan.

DSB also makes a special effort for children who are part of a family living in separate parts of the country. DSB has 70 trained children's guides who take care of the children from departure station to destination station. A special coach is reserved for these children, and only the children who have seat reservations for this coach are allowed there. DSB's children's guides meet the children at the station, are there for the children if they need help during the journey and make sure that the children get off at the right stations. The

special trains with children's guides are available Fridays and Sundays as well as on other days in connection with national holidays. In 2014 there was a total of 16,850 seat reservations for the special children's coaches.

### Accessibility

DSB needs to improve accessibility for all our customers and have special focus on our disabled customers with reduced mobility. Therefore, DSB continuously works to improve accessibility to our trains and stations and to offer the necessary assistance to disabled customers in connection with their journey.

In 2014 DSB provided assistance to disabled customers 15,500 times and sold 43,000 companion tickets, compared with 18,000 and 42,000, respectively, in 2013.

DSB also wishes to provide easy access to buying a ticket for the journey and is therefore, in addition to travel cards, developing information and ticket services and apps for mobile phones and computers. In order to ensure that everybody is comfortable with the new ways of buying tickets and obtaining information about the journey, DSB provides information about the services by means of leaflets and advertisements, on websites and via our customer service. DSB also offers courses where DSB employees come and tell our customers about how the various ticket buying options work in practice. These courses are typically held at libraries, in senior citizens' associations and local chapters of the DaneAge Association. In 2014 DSB held 75 courses in the use of the ticket systems/Travel Card.

### Diversity

DSB believes that diversity makes the corporation stronger and increases its competitiveness. Among other things, this is about the diversity in the corporation in the form of gender and ethnicity and about the diversity developed by DSB among its staff through education and experience. It is about focussing on becoming better at fully using the individual employee's competencies and potential and

about more fully reflecting the customers and the labour marked that are our livelihood.

27 percent of DSB's employees are seniors (aged 55+). At year-end 2014 248 employees (3.3 percent) were employed on special terms such as acute jobs, flexijobs, job testing, light jobs, part-sick and Section 56 jobs. Of DSB's staff 7.2 percent of the employees and 4.6 percent of the managers have another ethnic origin than Danish.

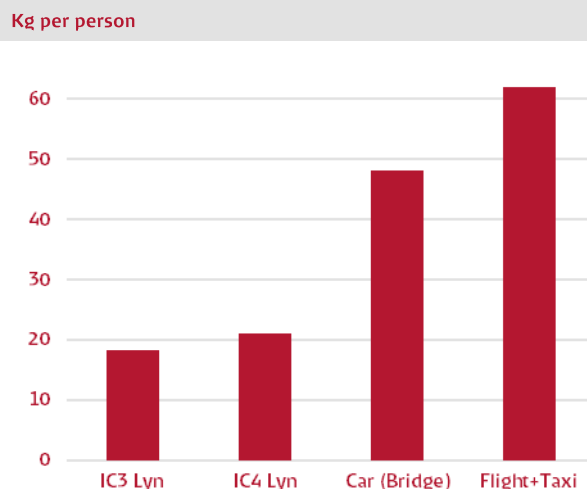
Equal representation at management levels is part of DSB's HR policy. On DSB's Board of Directors 33 percent are women (not including employee representatives), while the figure is 13 percent for the Corporate Management. Of all managers in DSB 28 percent are women – the same percentage as of all employees. DSB's objective for 2016 is that 33 percent of all managers will be women, distributed on 25 percent among directors, 20 percent among managers of a function, 30 among managers of managers and 35 among managers of employees. DSB will fulfil this objective i.a. by requiring recruitment consultants to provide both female and male candidates and by considering the underrepresented gender in connection with successor planning.

DSB also wants to assume responsibility to help young people get a job. DSB i.a. does so by taking on apprentices and trainees. In 2014 DSB had 37 trainee positions.

## Environment and climate

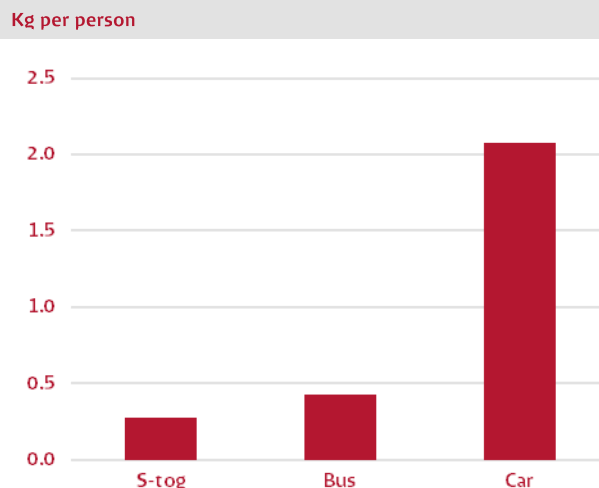
Approx. 90 percent of DSB's total energy consumption is used for train operation, which is an energy-friendly mode of transport compared with other modes of transport, regardless of whether the journey is a long journey or only a few stations in the Greater Copenhagen area.

**Figure 6: CO<sub>2</sub> emissions (Aalborg-Copenhagen)**



Assumptions for comparing different modes of transport are described in the Environmental Report 2014.

**Figure 7: CO<sub>2</sub> emissions for a 12-km journey in the Greater Copenhagen area**

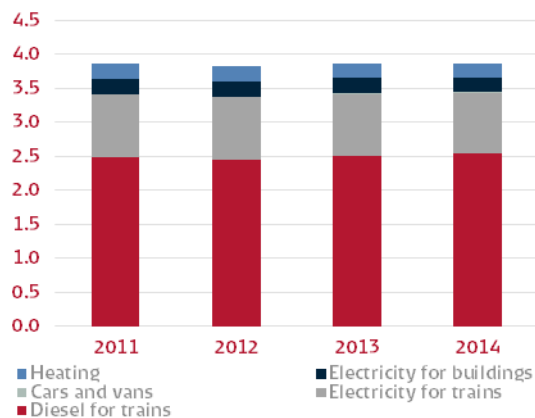


Nevertheless, DSB continues to focus on increasing efficiency through a reduction of its energy consumption per passenger train kilometre. In the long term, the adopted electrification of the main network in Denmark will make it increasingly possible to operate on renewable energy.

In 2014 DSB adopted a new Environmental Policy to ensure continued focus on reducing the overall environmental impact of the transport sector.

**Figure 8: Direct and indirect energy consumption**

GJ (million)



The energy consumption for cars and vans comes to less than 1 percent of the total consumption, therefore not visible in the figure.

DSB's total energy consumption for trains remains unchanged compared with 2013. Although unchanged, DSB's diesel operations are responsible for an increase in the energy consumption which was, however, offset by a decline in the consumption of electric operations.

The energy consumption for operations fell by 9 percent, primarily in the form of a reduced electricity consumption, i.e. due to the closing of the Kort & Godt shops and ongoing installation of more LED lights.

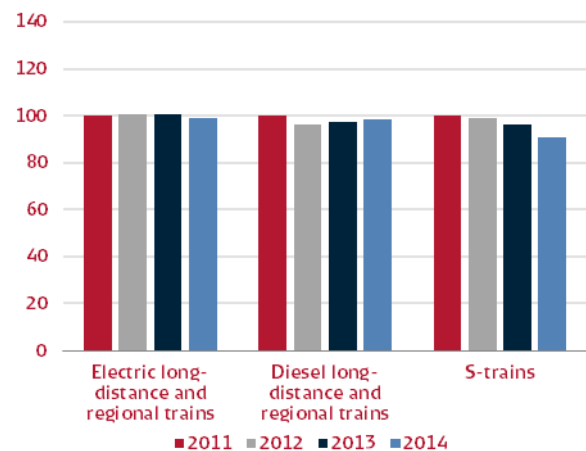
DSB's total CO<sub>2</sub> emissions fell by approx. 2 percent compared with 2013. CO<sub>2</sub> emissions for the train remain unchanged, but for the corporation there was a decline by 9 percent, primarily due to a reduced electricity consumption.

For S-train the energy consumption per passenger kilometre fell by 6 percent. This fall was obtained through growth in the number of passenger kilometres of 2 percent and a fall

in the overall energy consumption of 4 percent. The reduced energy consumption was obtained due to a decline in the number of degree days and reduced energy consumption for heating.

**Figure 9: Development in electricity and diesel consumption per passenger kilometre**

Index



**Table 1: Development in energy consumption and CO<sub>2</sub> emission**

	Energy consumption per seat kilometre	Energy consumption per passenger kilometre	CO <sub>2</sub> emission per passenger kilometre
Long-distance & Regional Trains			
- Diesel trains	1%	1%	1%
- Electric trains	-4%	-2%	-1%
S-train	-5%	-6%	-6%

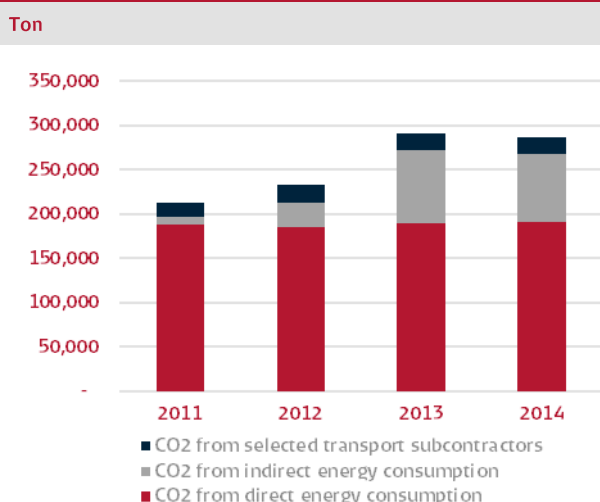
DSB continues to make a targeted effort to reduce the energy consumption in its buildings and fixed installations. The following measures are among those taken in 2014:

- Replacement of lighting by LED at a number of addresses; expected annual savings of 400 MWh.
- Gathering of workshops and insulation of buildings.

CO<sub>2</sub> emissions from selected subcontractors of transport is largely unchanged compared with 2013. Replacement bus services in connection

with track improvement work increased by 17 percent. Contrary CO<sub>2</sub> emissions from school trips by bus and/or ferry fell by 5 percent compared with 2013. CO<sub>2</sub> emissions from transport relating to the corporation fell by 6 percent, primarily due to a decline in the number of employees in DSB.

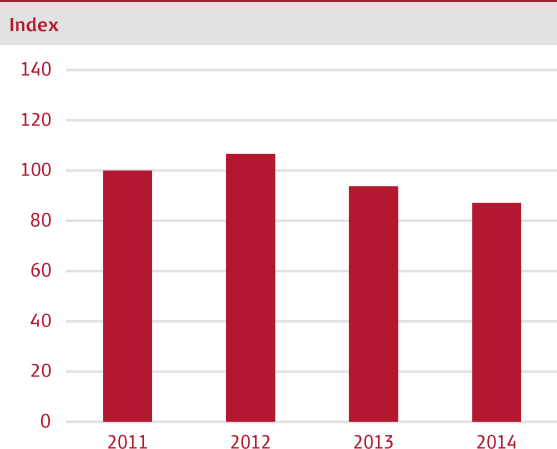
**Figure 10: CO<sub>2</sub> emissions distributed on source**



As of 2013, DSB decided against purchasing RECS certificates for power produced by renewable energy sources. Therefore emission data for 2013 and 2014 is not comparable to the result of earlier years.

Diesel rolling stock emits particles and also affects the air quality in other ways.

**Figure 11: Particle emissions**



Total emissions of particles from diesel trains fell by 7 percent compared with 2013. The

reason is the increase placing in service of IC4, which means a reduced use of the old MR train sets. In addition, the fitting of the emission kit on the ME locomotives also contributed to the reduction.

In 2014 focus was still on the number of ultrafine particles in the double-decker coaches pulled/pushed by the ME locomotives. In the summer 2014 DSB replaced the filters in the coaches' air intake, which reduced the number of ultrafine particles by 40 percent inside the coaches.

Person borne measurements of DSB's employees in the autumn of 2014 show too high levels of ultrafine particles. This affects employees as well as customers.

DSB is making a targeted effort to reduce the impact through technical changes on the ME locomotives and MR train sets, which are the two types of rolling stock that present the biggest challenges.

The number of noise and smoke complaints submitted by neighbours and customers fell from 237 in 2013 to 195 in 2014.

The complaints represent the total number of complaints received by DSB through the Customer Centre, directly to DSB Environment and through Banedanmark. The complaints in 2014 do not concern one particular area, but are distributed over a wide range of issues. The reduced number of complaints is i.a. due to the fact that the noise inside the IC4 has been reduced.

The renovation of Nørreport Station was completed in December 2014 and the new ventilation system was commissioned. Banedanmark spent the autumn of 2014 adjusting the system and the preliminary measurements show marked improvements of the air quality at the platforms.



# About DSB

## Board of Directors

The Board of Directors' directorships in Danish and foreign commercial enterprises. The special competencies of the Board of Directors are described on [www.dsb.dk](http://www.dsb.dk).



### **Peter Schütze, Chairman**

Joined DSB's Board of Directors on 1 June 2011 at an extraordinary Annual Meeting

Re-elected Chairman on 16 April 2013 (ordinary Annual Meeting)

Term of office ends: 2015

Chairman of the Board of Directors of Copenhagen Business School  
Chairman of Investeringskomiteen - The Danish Climate Investment Fund

Chairman of Dronning Margrethe II's Arkæologiske Fond

Vice Chairman of the Board of Directors of Simcorp A/S

Vice Chairman of the Board of Directors of Nordea-Fonden

Member of Industrial Board Axcel and Axcel Future

Member of the Board of Directors of Gösta Enboms Fond

Member of the Systemic Risk Council



### **Annette Sadolin, Vice Chairman**

Joined DSB's Board of Directors on 28 April 2009

Re-elected – elected Vice Chairman – on 27 April 2011 (ordinary Annual Meeting)

Re-elected – elected Vice Chairman – on 16 April 2013 (ordinary Annual Meeting)

Term of office ends: 2015

Chairman of the Board of Directors of Østre Gasværk Teater

Member of the Board of Directors of DSV A/S

Member of the Board of Directors of Topdanmark Forsikring A/S

Member of the Board of Directors of Skodsborg Kurhotel og Spa A/S

Member of the Board of Directors of Ratons AB, Sweden

Member of the Board of Directors of Blue Square Re. N.V.

Member of the Board of Directors of Ny Carlsberg Glyptotek

Member of the Board of Directors of KNI A/S, Greenland

**Lars Andersen**

Joined DSB's Board of Directors on 25 June 1999  
Re-elected on 28 May 2001 (ordinary Annual Meeting)  
Re-elected on 27 May 2003 (ordinary Annual Meeting)  
Re-elected on 27 April 2005 (ordinary Annual Meeting)  
Re-elected on 25 April 2007 (ordinary Annual Meeting)  
Re-elected on 24 April 2008 (ordinary Annual Meeting)  
Re-elected on 28 April 2009 (ordinary Annual Meeting)  
Re-elected on 27 April 2011 (ordinary Annual Meeting)  
Re-elected on 16 April 2013 (ordinary Annual Meeting)  
Term of office ends: 2015

Director of the Economic Council of the Labour Movement  
Member of the Board of Directors of IndustriPension Holding A/S  
Member of the Board of Directors of Industriens Pensionsforsikring A/S  
Member of the Board of Directors of Arbejdernes Landsbank A/S

**Lilian Merete Mogensen**

Joined DSB's Board of Directors on 28 April 2009  
Re-elected on 27 April 2011 (ordinary Annual Meeting)  
Re-elected on 16 April 2013 (ordinary Annual Meeting)  
Term of office ends: 2015

Director of ATP (Processing Business)  
Managing director of Udbetaling Danmark  
Member of the Board of Directors of Summit Consulting

**Helge Israelsen**

Joined DSB's Board of Directors on 24 April 2012 (ordinary Annual Meeting)  
Re-elected on 18 March 2014 (ordinary Annual Meeting)  
Term of office ends: 2016

**Carsten Gerner**

Joined DSB's Board of Directors on 24 April 2012 (ordinary Annual Meeting)  
Re-elected on 18 March 2014 (ordinary Annual Meeting)  
Term of office ends: 2016

Chairman of the Board of Directors of Andresen Towers A/S  
Chairman of the Board of Directors of Ascendi A/S  
Member of the Board of Directors of Hempel Fonden  
Member of the Board of Directors of Hempel Holding A/S  
Member of the audit committee of Hempel A/S  
Member of the Board of Directors of Ib Andresen Industri A/S  
Member of the Board of Directors of DTU Boligfond

**Andreas Hasle**

Joined DSB's Board of Directors on 25 June 1999  
Re-elected on 8 May 2003 (elected by employees)  
Re-elected on 29 March 2007 (elected by employees)  
Re-elected on 18 March 2011 (elected by employees)

Traffic inspector  
Chairman of HK Trafik & Jernbane  
Chairman of the Board of Directors of TS Asia Holding Ltd.

**Hans Christian Kirketerp-Møller**

Joined DSB's Board of Directors on 27 April 2011 (elected by employees)

Senior consultant  
Chairman of the Board of Directors of AOF Gentofte, Gladsaxe and Lyngby-Taarbæk  
Member of the Board of Directors of Forbundet Arkitekter og Designere  
Member of the Board of Directors of Design for Alle  
Member of the Board of Directors of BAR-FOKA  
Member of the Board of Directors of LBR Gladsaxe

**Preben Steenholdt Pedersen**

Joined DSB's Board of Directors on 27 April 2011 (elected by employees)

Head driver  
Vice Chairman of Dansk Jernbaneforbund  
Member of the Board of Directors of Dan Ejendomsservice A/S  
Member of the Board of Directors of Tjenestemændenes forsikring  
Member of the Board of Directors of Interesseforeningen  
Member of the Board of Directors of Forsikringsagenturforeningen afd. 1  
Member of the Board of Directors of Transporterhvervets Uddannelser (TUR)

## Executive Board

The Executive Board's and the Corporate Management's directorships in Danish and foreign commercial enterprises.



### **Stig Pastwa, acting CEO and CFO**

Chairman of the Board of Directors of Christian Olesen & Co. A/S

Chairman of the Board of Directors of Allianceplus A/S

Member of the Board of Directors of HedeDanmark a/s

## Corporate Management



**Susanne Mørch Koch, Executive Vice President, Commercial and HR**  
Chairman of the Board of Directors of Kort & Godt A/S  
Vice Chairman of the Board of Directors of Rejsekort A/S  
Executive officer of DSB Rejsekort A/S



**Anders Egehus, Executive Vice President, Operations**  
Chairman of the Board of Directors of DSB Småland AB  
Chairman of the Board of Directors of DSB Sverige AB  
Chairman of the Board of Directors of DSB Øresund A/S  
Member of the Board of Directors of DSB Uppland AB  
Member of the Board of Directors of DSB Vedligehold A/S  
Member of the Board of Directors of DSB Øresund Holding ApS



**Steen Schougaard Christensen, CEO of DSB Vedligehold A/S**  
Member of the Board of Directors of DanPilot



**Lars Nordahl Lemvig, Vice President, Health, Safety & Environment**

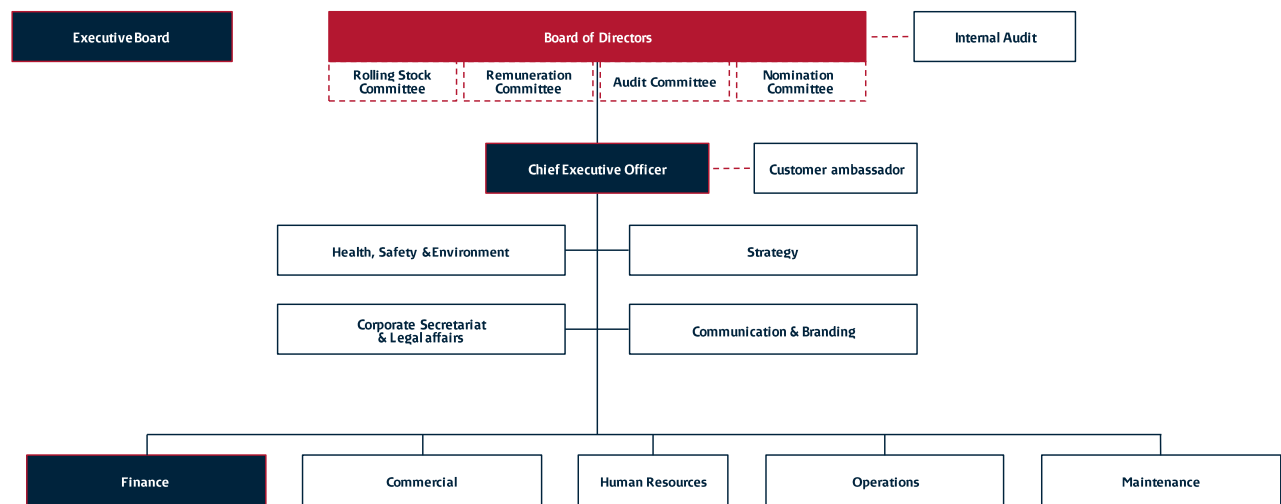


**Lars Kaspersen, Director of Communications and Branding**  
Chairman of the Board of Directors of the Danish Railway Museum



**Thomas Thellersen Børner, Director of Corporate Secretariat and Legal Affairs**  
Chairman of the Board of Directors of DSB Ejendomsudvikling A/S  
Chairman of the Board of Directors of DSB Vedligehold A/S  
Chairman of the Board of Directors of DSB Øresund Holding ApS  
Chairman of the Board of Directors of DSB Rejsekort A/S  
Member of the Board of Directors of Rejsekort A/S

# Organisation



## Financial calendar 2015

Expected publication of interim reports:

1 <sup>st</sup> quarter report 2015	12 May 2015
Interim report 2015	21 August 2015
3 <sup>rd</sup> quarter report 2015	3 November 2015

## Publications

The Annual Report for 2014 is available on [www.dsb.dk](http://www.dsb.dk)

The Environmental Report for 2014 is available on [www.dsb.dk](http://www.dsb.dk)

## Corporate information

### Address

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

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

Central business registration number:  
DK 25050053

### Municipality of domicile

Høje-Taastrup

### Ownership

DSB is an independent public corporation owned by the Danish Ministry of Transport

### Auditors

Ernst & Young  
Godkendt Revisionspartnerselskab

The National Audit Office of Denmark

### Bank

Nordea Bank Danmark A/S

### Publisher

DSB  
Telegade 2  
DK-2630 Taastrup

### Editors

Marianne Holmbjerg  
Anders Reinholt

### Graphic design

Kommunikation & Branding

### Photography

DSB's photo archive



