

Profit before tax totalled DKK 204 million in the 3rd quarter and a loss of DKK 243 million was realised for the first nine months of the year. The IC2 fleet and five IC4 train sets were written down by DKK 673 million in the half-year financial report. The write-down is the reason for the loss realised for the first nine months of the year.

- Customer punctuality for Long-distance & Regional Trains was 74.3 percent. This is significant below the traffic contract target of 81.8 percent with the Danish state. 3rd quarter showed a smaller improvement, but still below target. Measures have been initiated to restore punctuality for Long-distance & Regional Trains in the short as well as the long term
- Customer punctuality for S-trains was 92.6 percent in the period and therefore slightly above traffic contract target despite the challenges posed by track maintenance and signal works
- Adjusted for non-recurring items Profit before tax amounted to DKK 339 million in the first nine months of the year compared to DKK 475 million for the same period of 2015. Contractual payment was in the same period reduced by DKK 219 million. The underlying finances of DSB are still solid
- Interest-bearing liabilities were in 2016 reduced by DKK 747 million to DKK 6,415 million
- Continued growth in number of customers in S-train and regional traffic, which had not been affected by track work, border control and ID-verification
- The new price structure and increased supply of Orange tickets for InterCity and Express Trains were well received by the customers. As something new DSB also offers cheap Orange tickets to customers in regional trains
- The Danish government has set aside DKK 100 million for Banedanmark to build additional cell towers as a precondition for better coverage along the train lines. Combined with the cooperation between DSB and the telecommunications companies to install signal amplifiers on trains and DSB's installation of Wi-Fi, the way is paved for better internet on the trains, which will make the train a functional workplace.

Third Quarter Report 2016

Strategic key figures				
	Q1-Q3		Change	
	2016	2015	Abs.	%
Financial				
Total income – DSB Group (DKK million)	9,069	9,101	-32	0
Profit/loss before depreciation, amortisation and write-downs – DSB Group (DKK million)	2,018	2,222	-204	-9
Profit/loss before tax – DSB Group (DKK million)	-243	397	-640	-
Productivity (Danish train activities)				
Passenger and transport contract revenues per seat kilometre (øre/kilometre)	55	56	-1	-2
Costs per seat kilometre excluding non-recurring items (øre/kilometre)	56	57	-1	-2
Number of train kilometres per employee	8,908	8,741	167	2
Number of train journeys per employee	30,129	29,210	919	3
Customer punctuality¹⁾				
Long-distance & Regional Trains (%)	74.3	80.1	-5.8	-7
S-train (%)	92.6	95.2	-2.6	-3
Operator punctuality²⁾				
Long-distance & Regional Trains (%)	91.9	94.9	-3.0	-3
S-train (%)	98.5	99.1	-0.6	-1
Customers				
Total number of customers in Denmark (million customers)	142.1	141.6	0.5	0
"Customer satisfaction for this journey" – (Danish activities)	7.9	8.1	-0.2	-2
Reputation				
Users of Long-distance & Regional Trains	50.2	51.7	-1.5	-3
Users of S-trains	56.3	59.6	-3.3	-6
Non-users of Long-distance & Regional Trains	42.2	43.1	-0.9	-2

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

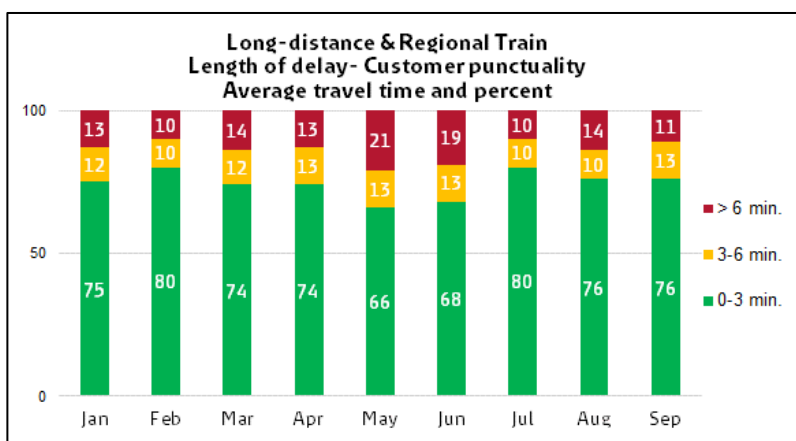
²⁾ Operator punctuality is the total punctuality less any delays due to circumstances for which DSB is not responsible. For the year 2016, Øresund is included in Long-distance & Regional trains. Arrivals are considered punctual, if they are delayed less than three minutes. Cancellations due to circumstances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

Not satisfactory punctuality for Long-distance & Regional Trains

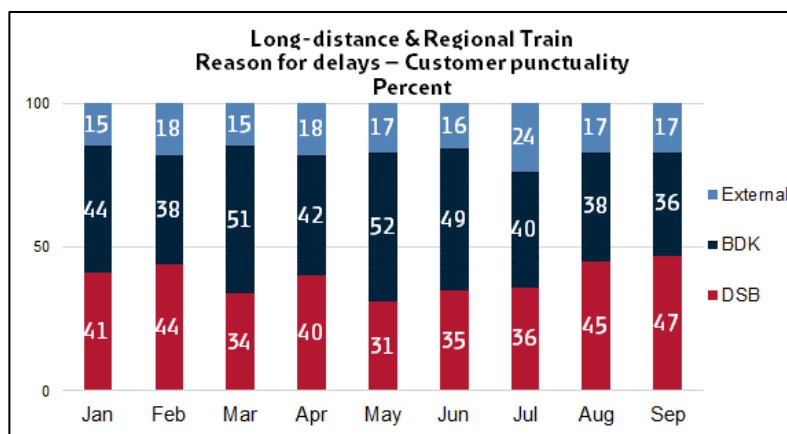
A customer punctuality of 74.3 percent for Long-distance & Regional Trains in the first nine months of the year is far from satisfactory for DSB's customers and for DSB. Customer punctuality has been affected by track work and signal errors, ID-verification at the trains to Sweden, and border control on the trains from Germany. Major track maintenance work by Banedanmark on Østfyn around Ascension Day and Whitsun has been challenging - particularly the acute changes in the train traffic - which occurred due to delays the track maintenance work in last minute.

Third Quarter Report 2016

The target for customer punctuality is 81.8 percent in DSB's traffic contract with the Danish state. This is both a high and ambitious target, if it is taking in to consideration that the infrastructure is worn down and the train fleet is old. When DSB meets the target for customer punctuality, the passengers will experience that every 5th journey will be delayed more than 3 minutes compared to the timetable. As shown in the below table half of the delays that the passengers experience are between 3 and 6 minutes.



The table below shows that DSB is responsible for half of the delays over 3 minutes. The remaining delays are due to errors in the infrastructure and other external conditions, for example the weather.



The customer punctuality is the punctuality that the customer experiences on the journey. The operator punctuality is defined as the delays for which only DSB is responsible for.

Operator punctuality was at 91.9 percent in the first nine months of the year, which was below the traffic contract target of 93.8 percent. DSB's rolling stock has not demonstrated sufficient operational stability. With external assistance DSB has recently completed an analysis of the declining operational stability measured as MDBF (Mean Distance Between Failures) – number of kilometres travelled between delaying incidents. No single reason has been identified for the declining MDBF development, and DSB has based on the analysis launched new and additional initiatives to improve the operational stability, including expanding the workshop capacity.

DSB is working hard to meet the customer's legitimate expectation for punctuality. The major improvement in customer punctuality will come gradually with Banemarks new signal system, the electrification of the train lines as well as DSB's acquisition and deployment of new electric rolling stock.

Reassessment of IC4 train sets

DSB will, up to the end of 2016, carry out an analysis and prepare a recommendation regarding the future use of the remaining 77 IC4 train sets as well as a reassessment of their valuation.

The carrying amount of the IC4 fleet amounts to DKK 3.6 billion at 30 September.

ID-verification and track maintenance works

ID-verification at the trains to Sweden and the border control on the trains from Germany are still a considerable nuisance for the customers and put a strain on DSB's train service and the opportunities for delivering a coherent and punctual train product.

The decline in the number of customers across Øresund has continued and unfortunately, it is uncertain for how long the ID-verification requirement will be maintained. This autumn DSB is testing alternative solutions where the ID-verification will be less of a nuisance for the customers.

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

Measures aimed at customers

DSB launched in May 2016 a new price structure for Orange tickets, which was well received by the customers. The number of Orange tickets sold more than doubled during the period from May to September 2016 compared to the same period of 2015.

As a new offer, DSB launched the sale of Orange tickets for regional trains on 15 September. The product is available for lines with more than seven zones and the starting price is DKK 39. The product is available at dsb.dk and via the DSB app.

The DSB app is now the third largest sales channel in DSB, only surpassed by the DSB Webshop on dsb.dk (Netbutik) and the ticket vending machines. Lately, commuter cards ("Pendlerkort") and 10-ride tickets ("10-turskort"), etc., have been introduced in the app.

On 8 October 2016, DSB re-launched DSB Døgnet, offering particularly cheap train tickets for the entire country. It was a busy day, as expected. On the most attractive departures, there were customers standing up, but generally there was enough room for the customers. Compared to a similar Saturday last year, this year had an increase of 96 percent more sold tickets.

Taastrup, 10 November 2016

Peter Schütze
Chairman of the Board

Flemming Jensen
CEO

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

Third Quarter Report 2016

Key Financial and Operating Data

DSB Group	Q1-Q3		Increase		Total year
Amounts in DKK million	2016	2015	Abs.	%	2015
Passenger revenues	4,070	3,597	473	13	4,969
Transport contracts	3,295	3,735	-440	-12	4,883
Danish activities, incl. Øresund ¹⁾	3,133	3,165	-32	-1	4,138
International activities	162	570	-408	-72	745
Sales from kiosks, etc.	645	611	34	6	822
Repair and maintenance of rolling stock, etc.	197	202	-5	-2	257
Leasing of rolling stock	13	177	-164	-93	222
Net revenue	8,220	8,322	-102	-1	11,153
Work performed by the enterprise and capitalised	475	395	80	20	537
Other operating income	374	384	-10	-3	568
Total income	9,069	9,101	-32	0	12,258
Expenses for raw materials and consumables	1,255	1,251	-4	0	1,709
Other external expenses	2,965	2,821	-144	-5	3,915
Staff costs	2,831	2,807	-24	-1	3,708
Total expenses	7,051	6,879	-172	-3	9,332
Profit/loss before depreciation, amortisation and write-downs	2,018	2,222	-204	-9	2,926
Depreciation, amortisation and write-downs	2,074	1,565	-509	-33	2,023
Operating profit/loss	-56	657	-713	-	903
Net financials	-187	-260	73	28	-323
Profit/loss before tax	-243	397	-640	-	580
Profit/loss for the period	-190	289	-479	-	446
Balance sheet total	18,964	20,920	-1,956	-9	20,369
Total equity	6,559	6,724	-165	-2	6,931
Total cash flows from operating activities	1,636	2,183	-547	-25	2,766
Total cash flows from investment activities	-711	-441	-270	-61	-611
Of which investments in intangible and tangible assets	-885	-546	-339	-62	-803
Total cash flows from financing activities	-917	-1,369	452	33	-2,140
Interest-bearing liabilities, net	6,415	7,602	-1,187	-16	7,162
EBITDA margin*	24.5	26.7	-2.2	-8	26.2
EBIT margin*	-0.7	7.9	-8.6	-	8.1
Return on equity (ROE) p.a.*	-3.8	5.9	-9.7	-	6.7
Return on capital employed after tax (ROIC after tax) p.a.*	-0.4	4.3	-4.7	-	4.7
Gearing p.a.*	2.4	2.6	-0.2	-8	2.4
Solvency ratio*	34.6	32.1	2.5	8	34.0
Interest coverage*	-0.2	2.5	-2.7	-	2.7
Average number of full-time employees	7,294	7,467	-173	-2	7,438
Number of full-time employees - at end of period	7,279	7,518	-239	-3	7,302
Number of train journeys in Denmark (1,000 journeys) ²⁾	142,086	141,552	534	0	191,882
Number of train journeys abroad (1,000 journeys)	4,175	6,687	-2,512	-38	9,185
Number of passenger kilometres in Denmark (million [kilometres]) ²⁾	4,347	4,409	-62	-1	5,979
Number of train kilometres in Denmark (1,000 [kilometres]) ²⁾	42,012	42,353	-341	-1	57,225
Number of train kilometres abroad (1,000 [kilometres])	3,819	5,543	-1,724	-31	7,283

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

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

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

Third Quarter Report 2016

Report - financial activities

In 3rd quarter of 2016 DSB had a Profit before tax of DKK 204 million. Adjusted for non-recurring items - gains on sale of real estate - the Profit before tax was DKK 144 million.

Table 1: Profit before tax per quarter in 2016

Mio. kr.	2016			
Group	Q1	Q2	Q3	Q1-Q3
Profit/loss before depreciation, amortisation and write-downs	646	670	702	2.018
Depreciation, amortisation and write-downs	459	1.173	442	2.074
Net financials	-71	-60	-56	-187
Profit/loss before tax	116	-563	204	-243

Accumulated for the first nine months of 2016, DSB realised a Loss before tax of DKK 243 million, which is DKK 640 million lower than the result before tax for the same period of 2015 (DKK 397 million).

Adjusted for non-recurring items the Profit before tax is DKK 136 million below the adjusted profit for the same period in 2015. The "supplementary contract 1" to the traffic contract with the Danish state, has negatively affected contractual payment of DKK 219 million.

During the first nine months of 2016, Profit before tax has been negatively affected by write-downs on IC4 and IC2 train sets as well as on equipment for one-man operation at Kystbanen (Costal line). On the other hand, Profit before tax was positively affected by gains on sale of real estate. During the same period of 2015, the profit was affected by non-recurring items of DKK 78 million.

Table 2: Profit before tax adjusted for non-recurring items¹⁾

DKK million	Q1-Q3	
	2016	2015
Profit/loss before tax	-243	397
Write-down of IC4 and IC2 train sets	673	87
Write-down one-man operation Kystbanen	36	-
Net gains on real estate	-127	-9
Adjusted profit/loss before tax	339	475

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

Net interest-bearing liabilities amounted to DKK 6,415 million at 30 September 2016 and was reduced by DKK 1,187 million (DKK 7.602 million).

During the first nine months of 2016, interest-bearing liabilities were reduced by DKK 747 million. Mainly cash flows from operating activities have made it possible to redeem loans, and since depreciation and write-downs of the existing rolling stock significantly exceed investments in new rolling stock.

Gearing was 2.4 (2.6), return on capital employed after tax was -0.4 (4.3), and the solvency ratio stood at 34.6 at the end of 3rd quarter 2016 (32.1).

DSB's balance total amounted to DKK 18,964 million at 30 September 2016 compared with DKK 20,920 million at the end of the third quarter of 2015, equivalent to a decrease of DKK 1,956 million. The decrease in assets is primarily affected by depreciation and write-down of tangible assets and a decline in receivables and cash in bank. Liabilities are mainly reduced by the repayment of debts.

Third Quarter Report 2016

DSB has invested DKK 885 million (DKK 546 million) during the first nine months of the year. The investments mainly include heavy maintenance of long-distance and regional trains, S-trains as well as acquisition of the shopping centre at the central station (Hovedbanegårdens Forretningscenter).

Net turnover

The net turnover of the DSB Group was DKK 8,220 million during the first nine months of 2016 (DKK 8,322 million).

Passenger revenues totalled DKK 4,070 million (DKK 3,597 million). The increase is mainly due to the fact that passenger revenues relating to the Øresund activity in the first nine months of 2016 accrued to DSB, in contrast with the same period of 2015, where the Øresund activity was fully financed by contract payments but passenger revenues accrued to the Danish state. Furthermore, passenger revenues relating to S-trains increased due to an increased number of journeys. Conversely, the development has been negatively affected by fewer journeys between regions due to the comprehensive track maintenance work on Fyn. Moreover, passenger revenues were negatively affected by a increased number of journeys made using less expensive products. Finally, passenger revenues were negatively affected by increased payments to the travel time guarantee schemes and by a provision for loss on control charges due to lower payment percentages than previously experienced.

Revenue from transport contracts amounted to DKK 3,295 million and has declined by DKK 440 million compared to the first nine months of 2015 (DKK 3,735 million). This decline is due primarily to the transition to the new contract for the Øresund activity and the impact of "supplementary agreement 1" on the reduction of contractual payments. Moreover, the traffic contract revenues are negatively affected by the transfer of the Odenwald line in Germany to a new operator at the end of 2015.

Sales from kiosks, etc., amounted to DKK 645 million, equivalent to an increase of 6 percent compared with the same period in 2015 (DKK 611 million). This positive trend is due to the taking over of eight kiosks at Kystbanen (Coastal line) in 2016. Adjusted for these, Sales from kiosks, etc., remains unchanged compared to the same period last year.

Sale of repair and maintenance of rolling stock, etc. decreased by DKK 5 million and totalled DKK 197 million in the first nine months of 2016 (DKK 202 million).

Leasing of rolling stock totalled DKK 13 million and has decreased by DKK 164 million (DKK 177 million). This development is due to the discontinuation of the activity relating to the leasing of Øresund multiple train sets to the Ministry of Transport and Building, which in 2015 as traffic provider made these available to DSB for the operation of Kystbanen (Coastal line) and Kastrupbanen (Kastrup line).

Work performed by the enterprise and capitalised increased by DKK 80 million and totalled DKK 475 million (DKK 395 million). The reason is that S-train sets and Øresund train sets have been subject to more heavy maintenance.

Other operating income amounted to DKK 374 million and decreased by DKK 10 million. This is mainly due to lower sale of electricity and services, which is partly off-set by increased gains on sale of real estate.

Expenses

Expenses totalled DKK 7,051 million in the first nine months of 2016 (DKK 6,879 million).

Expenses for raw materials and consumables increased by DKK 4 million compared to the same period of 2015 and totalled DKK 1,255 million. The development is affected by higher realised costs of sales regarding kiosks as eight kiosks were taken over at Kystbanen (Coastal line). This is off-set by lower costs of energy for transport.

Third Quarter Report 2016

Other external expenses increased by DKK 144 million and amounted to DKK 2,965 million (DKK 2,821 million). The increase is, among other things, due to increased costs for Rejsekort A/S. The development is also characterised by increased consulting fees, primarily for planning of future acquisitions of rolling stock.

The contract made for Facility Management services has resulted in increased Other external expenses and reverse lower staff costs, as these services were previously performed by DSB's own staff.

Moreover, increased marketing costs were realised due to increased media exposure in connection with campaigns for Orange tickets and East/West journeys, to this should be added increasing non-deductible VAT than in the same period of 2015. This is off-set partly by lower infrastructure costs.

Staff costs increased in the first nine months of 2016 by DKK 24 million to DKK 2,831 million (DKK 2,807 million). Costs and expenses are negatively affected by the general development in wages and ongoing severance costs related to the period. This is off-set by the transfer of the Odenwald line in Germany in 2015 to a new operator, a reduction in the number of employees partially due to the contract for Facility Management services, and fewer employees in customer-oriented functions.

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs amounted to DKK 2,074 million and increased by DKK 509 million compared with the same period in 2015 (DKK 1,565 million). This increase is primarily due to the write-downs of five IC4 train sets and the IC2 fleet.

Net financials

Net financials amounted to an expense of DKK 187 million (DKK 260 million). The decline in net financials is primarily due to lower interest-bearing liabilities. As a result of the

amended agreement regarding Rejsekort A/S, the profit recognised in associated companies has improved.

Outlook for 2016

The result for the first nine months of 2016 is affected by a write-down of the IC2-fleet and five IC4 train sets totalling DKK 673 million.

DSB's analysis and recommendation regarding the future use of the remaining 77 IC4 train sets will be completed towards the end of 2016. This analysis may lead to a revaluation of the IC4 train sets.

DSB expects Profit before tax and non-recurring items of around DKK 300-400 million for 2016.

Productivity

At the end of the 3rd quarter of 2016, the number of full-time employees was 7,279, which is a decrease of 239 employees compared with the end of 3rd quarter 2015.

Table 3: Number of full-time employees

	Q1-Q3		Increase	
	2016	2015	Abs.	%
Danish activities ¹⁾	7,100	7,230	-130	-2
Swedish activities	94	94	0	0
German activities ²⁾	85	194	-109	-56
Number of full-time employees - at end of period	7,279	7,518	-239	-3
Average number of full-time employees in total	7,294	7,467	-173	-2

¹⁾ Including Øresund

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

At the end of 3rd quarter 2016, the number of employees in the Danish activities was reduced by 130 people compared with 3rd quarter 2015. The main reason is the transfer of employees due to the contract for Facility Management services. Furthermore, there are less employees in customer-oriented functions

Third Quarter Report 2016

- partially due to increasing self-service. Finally, the transfer of the Grenaa-Odder line on 1 August 2016 have led to a small reduction in the onboard staff.

The reduction of 109 employees in the German activities is due to the transfer of the Odenwald line to a new operator on 12 December 2015.

Table 4: Productivity in the Danish train activities

	Q1-Q3		Increase	
	2016	2015	Abs.	%
Costs per seat kilometre ¹⁾ (øre/km)	56	57	-1	-2
Number of train kilometres per employee	8,908	8,741	167	2
Number of train journeys per employee	30,129	29,210	919	3

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

Costs per seat kilometre is during the first nine months of 2016 lower than for the same period of 2015 when adjusted for non-recurring items. Furthermore, the number of train kilometres per employee and number of train journeys per employee have shown a positive development of 2 and 3 percent, respectively, compared with the same period in 2015.

Several measures have in recent years increased customer self-service - including the continued increase in the use of Rejsekortet (The travel card). At the end of September 2016 there were 1.9 million active Rejsekort (travel cards), of which 397,000 were issued in 2016.

Punctuality

Table 5: Customer punctuality ¹⁾

Percent	Q1-Q3		Increase	
	2016	2015	Abs.	%
Long-distance & Regional Trains	74.3	80.1	-5.8	-7
S-train	92.6	95.2	-2.6	-3

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

Customer punctuality for Long-distance & Regional Trains fell during the first nine months to 74.3 percent from 80.1 percent in the same period of 2015. This is, however, an improvement of 1.6 percentage points compared to the first half of 2016. In August, an adjusted timetable came into force in order to make train operations more robust. The changed timetable has been part of the reason for the improved customer punctuality.

Customer punctuality for the S-train was also under pressure in all areas and fell to 92.6 percent from 95.2 percent for the same period last year. This is primarily due to the introduction of Banedanmarks new signal system (CBTC). External matters, such as incidents involving injury of persons, vandalism, infrastructure projects resulting in bus services/train buses, have also led to lower customer punctuality.

Third Quarter Report 2016

Table 6: Operator punctuality ¹⁾

Percent	Q1-Q3		Increase	
	2016	2015	Abs.	%
Long-distance & Regional Trains	91.9	94.9	-3.0	-3
S-train	98.5	99.1	-0.6	-1

¹⁾ Operator punctuality is the total punctuality less any delays due to circumstances for which DSB is not responsible. In 2016, Øresund is included in Long-distance & Regional trains. Arrivals are considered punctual, if they are delayed less than three minutes. Cancellations due to circumstances at DSB that are not notified by 72 hours are recognised as a delay.

Operator punctuality in Long-distance & Regional Trains declined during the first nine months of the year to 91.9 percent from 94.9 percent during the same period last year. Operator punctuality is at the same level as the first half of 2016.

Operator punctuality for S-trains fell to 98.5 percent from 99.1 percent in the same period last year. This is, among other things, due to an increasing trend in rolling stock defects.

Customers

During the first nine months of 2016, 142.1 million journeys were carried out by DSB in Denmark, compared to 141.6 million journeys in the same period of 2015. This corresponds to a 0.4 percent growth.

Table 7: Number of customers (journeys)

1,000 customers	Q1-Q3		Increase	
	2016	2015 ²⁾	Abs.	%
Long-distance & Regional trains	56,219	57,658	-1,439	-2
East (Zealand) ¹⁾	38,230	39,199	-969	-2
West (Jutland and Funen)	11,473	11,539	-66	-1
East/West (across the Great Belt)	5,952	6,136	-184	-3
Others	564	784	-220	-28
S-train	85,867	83,894	1,973	2
Denmark in total	142,086	141,552	534	0
Sweden in total	2,550	3,471	-921	-27
Germany in total	1,625	3,216	-1,591	-49
Total number of customers	146,261	148,239	-1,978	-1

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

²⁾ Compared to previously released figures, 2015 saw a reduction by 1.5 million journeys in Long-distance & Regional trains and by 0.1 million journeys in S-trains.

On single lines within table grouping (table 7), it has been possible to attract more customers, on the lines where the train product has not been affected by extraordinary conditions. This applies for regional traffic in East and West, Kystbanen (Coastal line) and several S-train lines.

Long-distance & Regional Trains had 56.2 million journeys compared to 57.7 million journeys during the same period of 2015. The development includes opposing tendencies.

The Zealand traffic has been impacted by the continued ID verification. This has led to a decline of 2 million journeys compared to the same period of 2015. The decline has primarily occurred in the Greater Copenhagen area (excluding S-trains) and is partly off-set by more journeys on Kystbanen (Coastal line). Outside the Greater Copenhagen area, the number of journeys realised equals the 2015 level.

Third Quarter Report 2016

In Jutland and on Funen, the number of journeys has fallen by one percent.

The development in the number of journeys between the regions is negatively affected by the track maintenance work on Fyn in 2015 and 2016 (3 percent). The decrease in number of journeys has been greater than expected due to the considerable non-planned blocking of tracks around Ascension Day and Whitsun. Furthermore, DSB has not fully managed to make up for the reduction in number of journeys between regions due to track maintenance work in 2015.

The development in Others is primarily due to a reduction in the international journeys and journeys with IC Bornholm due to continued border control and ID verification.

S-trains had 85.9 million journeys during the first nine months of the year, which is an increase of two percent. This was achieved despite the challenges of rolling out the new signal system, prolonged track maintenance work on the Køge Bugt line and lower customer punctuality.

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

DSB has continued its strong focus on marketing and on product and service development. For example, two DSB Orange sale campaigns were carried out in January and August/September respectively, during which the number of Orange tickets sold increased significantly.

DSB Familiebillet (Family Ticket) was introduced in the spring and since May it has been available every Saturday. The DSB family ticket is widely advertised and customer surveys show, among other things, that 92 percent of the customers use the ticket for journeys in the East/West corridor.

In August, DSB stopped the sale of DSB cardboard multi-ride tickets that can be used until 15 January 2017. 10-ride tickets can be

bought via the DSB app, where invoices can also be issued to business passengers. During the first nine months, new digital sales platforms were introduced for foreign and business sale. The new platforms makes it possible to buy train journeys for a wide range of European destinations and simple and easy for business customers to buy train tickets.

Rolling stock

Table 8: Litra-kilometre ¹⁾

Kilometre (1,000)	Q1-Q3		Increase	
	2016	2015	Abs.	%
IC4 train sets	4.765	4.040	725	18
IC3 train sets	22.843	22.758	85	0
IR4 train sets	6.953	5.416	1.537	28
Øresund train sets ²⁾	6.606	5.600	1.006	18
Double-decker coaches	12.309	12.258	51	0
MR train sets	1.530	1.905	-375	-20
Desiro train sets	1.756	2.252	-496	-22
Diesel locomotives - ME	2.751	2.882	-131	-5
S-train sets	12.962	12.890	72	1

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

²⁾ Operation of DSB Øresund has been transferred to DSB as at 13 December 2015. Litra-kilometres for 2015 are included for comparison.

IC4 production has, as planned, increased in the period as a result of a further deployment in K16 (Timetable 2016). Operations with IC3 train sets has been at the same level as the corresponding period in 2015. The IR4 production increased in connection with the transition of DSB Øresund into DSB. The increase for Øresund train sets is caused, among other things, by the operation of more rolling stock due to ID-verification. The MR production is lower as regional trains Fredericia-Herning-Struer are using IC3/IC4. Desiro train sets are used less, as the train set is no longer used on the Odder-Aarhus-Grenaa line. Desiro rolling stock will gradually be phased-in on Lille Syd, where it will replace the MR train sets.

Third Quarter Report 2016

Table 9: Number of kilometres travelled between incidents ¹⁾

Kilometre (1,000)	Q1-Q3		Increase	
	2016	2015	Abs.	%
IC4 train sets	4,4	8,1	-3,7	-46
IC3 train sets	49,9	59,7	-9,8	-16
IR4 train sets	14,8	25,5	-10,7	-42
Øresund train sets	27,1	43,1	-16,0	-37
MR train sets	12,1	14,5	-2,4	-17
Desiro train sets	21,7	45,0	-23,3	-52
Diesel locomotives - ME	19,1	37,9	-18,8	-50
S-train sets	14,0	22,1	-8,1	-37

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

The operational stability of the train fleet has declined over the past year and DSB has initiated an external survey to clarify the reasons for this. No single reason has been found for the declining Numbers of kilometres travelled between incidents (MDBF), but rather there are several reasons that each as well as in combination have contributed to the creation of increased pressure on Number of kilometres travelled between incidents and thereby led to a gradual deterioration.

As a result of the survey, the following initiatives were taken during the period July - September and their effect will be evaluated at the end of 2016.

- Systematic debugging of selected litra
- Establishment of guidelines for bringing trains into workshops as planned, as well as a standard for deviations from the plan
- Development of measures to improve the quality of error reporting from operations.

During the coming months, further initiatives – including expanding the workshop capacity – will be taken to improve the Number of kilometres travelled between incidents.

Compared with the first two quarters of the year, IC4 train sets have experienced a further decline in the Number of kilometres travelled between incidents. A clear explanation of the development is not yet available, but the

most important reasons for delays were still coach bodies, engines and brakes. Specific activities are carried out regularly regarding IC4 train sets. These are to contribute to higher operational stability.

The decline in Number of kilometres travelled between incidents on S-trains is primarily caused by the deployment of the new signal system between Jægersborg and Hillerød.

Table 10: Number of kilometres travelled between breakdowns ¹⁾

Kilometre (1,000)	Q1-Q3		Increase	
	2016	2015	Abs.	%
IC4 train sets	25,3	79,2	-53,9	-68
IC3 train sets	439,1	650,2	-211,1	-32
IR4 train sets	330,7	257,9	72,8	28
Øresund train sets	146,8	292,0	-145,2	-50
MR train sets	34,0	70,6	-36,6	-52
Desiro train sets	46,2	173,2	-127,0	-73
Diesel locomotives - ME	65,5	93,0	-27,5	-30
S-train sets	46,0	69,5	-23,5	-34

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

Generally, the number of breakdowns required to significantly change the Number of kilometres between breakdowns is not very high. Increasing demand and increased use of rolling stock in the operations in K16 (Timetable 2016) have led to a larger utilisation of the fleet of rolling stock, resulting in an increased number of breakdowns.

Accounting policies applied

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

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

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

Changes in accounting estimates

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

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

Events after 30 September 2016

A fire occurred in October in a IC3 train set at Odense train station. It is expected that the cost for the reestablishment of the train set will exceed the excess of DKK 25 million.

No other events have occurred after 30 September 2016 which in the opinion of the management have a significant impact on the assessment of this interim report.

Others

There are no other matters.

Statement

Management statement

The Board of Directors and the Executive Board have today discussed and approved the third quarter report for the period 1 January 2016 - 30 September 2016 for DSB.

The third quarter report, which has neither been audited nor reviewed by the company's Auditors, has been presented in accordance with the Danish Financial Statements Act and the Act on DSB. We consider the accounting policies to be appropriate. Accordingly, the third quarter report provides a true and fair view of the Group's assets, liabilities and financial position as at 30 September 2016 and of the results of the Group's activities and cash flows for the period from 1 January 2016 to 30 September 2016.

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

Taastrup, 10 November 2016

Executive Board

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Anders Egehus
Member of the Executive
Board for Operations

Susanne Mørch Koch
Member of the Executive Board
for Commercial

The Board of Directors

Peter Schütze
Chairperson

Annette Sadolin
Vice-Chairman

Lars Andersen

Carsten Gerner

Helge Israelsen

Christina Grumstrup Sørensen

Birthe Østergaard Petersen

Hans Christian Kirketerp-Møller

Preben Steenholdt Pedersen



Accounts

Income statement			
Group	Q1-Q3		Total year
Amounts in DKK million	2016	2015	2015
Income			
Net revenue	8,220	8,322	11,153
Work performed by the enterprise and capitalised	475	395	537
Other operating income	374	384	568
Total income	9,069	9,101	12,258
Expenses			
Expenses for raw materials and consumables	1,255	1,251	1,709
Other external expenses	2,965	2,821	3,915
Staff costs	2,831	2,807	3,708
Total expenses	7,051	6,879	9,332
Profit/loss before depreciation, amortisation and write-downs	2,018	2,222	2,926
Amortisation, depreciation and write-downs of intangible and tangible assets	2,074	1,565	2,023
Operating profit/loss	-56	657	903
Financial income and expenditure			
Profit/loss after tax in associated companies	0	-9	0
Financial income	14	14	22
Financial expenses	201	265	345
Net financials	-187	-260	-323
Profit/loss before tax	-243	397	580
Tax			
Tax on profit/loss for the period	53	-97	-132
Adjustment of tax relating to previous years	0	-11	-2
Total tax	53	-108	-134
Profit/loss for the period	-190	289	446
The profit/loss for the period is distributed as follows:			
DSB	-190	289	446
Minority interests	0	0	0
Profit/loss for the period	-190	289	446

Balance sheet – assets			
Group	Q1-Q3		Total year
Amounts in DKK million	2016	2015	2015
Intangible assets			
Acquired rights	0	2	0
Strategic development projects	0	0	0
Other development projects	191	273	253
Intangible assets in progress	78	40	40
Total intangible assets	269	315	293
Tangible assets			
Land and buildings	4,455	4,705	4,548
Rolling stock	10,832	12,210	12,023
Operating equipment, fixtures and fittings and other equipment	875	975	985
Tangible assets in progress and advance payments	397	162	174
Total tangible assets	16,559	18,052	17,730
Investments			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	249	254	256
Other equity investments	2	2	2
Other receivables	82	93	133
Total investments	333	349	391
Total non-current assets	17,161	18,716	18,414
Inventories	480	431	425
Properties sold - not yet transferred	72	-	106
Receivables			
Trade receivables	763	606	793
Other receivables	225	529	387
Prepayments	213	238	202
Total receivables	1,201	1,373	1,382
Cash at bank and in hand	50	400	42
Total current assets	1,803	2,204	1,955
Total assets	18,964	20,920	20,369

Balance sheet – liabilities and equity			
Group	Q1-Q3		Total year
Amounts in DKK million	2016	2015	2015
Equity			
Contributed capital	4,760	4,760	4,760
Retained earnings	1,799	1,965	1,998
Proposed dividends	-	-	173
Company participant in DSB's share of equity	6,559	6,725	6,931
Minority interests	0	-1	0
Total equity	6,559	6,724	6,931
Provisions			
Other provisions	76	94	101
Deferred tax liabilities	1,205	1,442	1,390
Total provisions	1,281	1,536	1,491
Non-current liabilities			
Long-term loans	5,424	5,396	5,482
Subordinated loan capital	2	7	2
Other long-term liabilities	735	898	769
Other liabilities	313	327	335
Total non-current liabilities	6,474	6,628	6,588
Current liabilities			
Current portion of non-current liabilities	229	2,516	1,156
Short-term loans	720	-	250
Credit institutions	157	-	269
Trade accounts payables	1,671	1,498	1,521
Corporation tax	136	32	92
Other liabilities	868	1,129	1,070
Prepayments	869	857	1,001
Total current liabilities	4,650	6,032	5,359
Total liabilities	11,124	12,660	11,947
Total equity and liabilities	18,964	20,920	20,369

Statement of changes in equity

Amounts in DKK million						
Group	Contri- buted capital	Retained earnings	Proposed dividends	Company participant in DSB's share of equity	Minority interests	Total eq- uity
Equity at 1 January 2015	4,760	1,541	0	6,301	0	6,301
Profit/loss for the period	-	289	-	289	-	289
Minority interests' share of the profit for the period	-	0	-	0	0	0
Foreign currency translation adjustments regarding Group companies	-	1	-	1	-1	0
Value adjustment of hedging instruments, 1 January	-	525	-	525	-	525
Value adjustment of hedging instruments, 30 September	-	-391	-	-391	-	-391
Equity at 30 September 2015	4,760	1,965	0	6,725	-1	6,724
Profit/loss for the period	-	-16	173	157	-	157
Minority interests' share of the profit for the period	-	0	-	0	0	0
Foreign currency translation adjustments regarding Group companies	-	3	-	3	1	4
Value adjustment of hedging instruments, 1 October	-	391	-	391	-	391
Value adjustment of hedging instruments, 31 December	-	-345	-	-345	-	-345
Equity capital at 31 December 2015	4,760	1,998	173	6,931	0	6,931
Approved dividend	-	-	-173	-173	-	-173
Profit/loss for the period	-	-190	-	-190	-	-190
Minority interests' share of the profit for the period	-	0	-	0	0	0
Foreign currency translation adjustments regarding Group companies	-	-2	-	-2	-	-2
Value adjustment of hedging instruments, 1 January	-	345	-	345	-	345
Value adjustment of hedging instruments, 30 September	-	-352	-	-352	-	-352
Equity at 30 September 2016	4,760	1,799	0	6,559	0	6,559

Cash flow statement			
Group	Q1-Q3		Total year
Amounts in DKK million	2016	2015	2015
Operating profit/loss	-56	657	903
Adjustment for non-cash operating items			
Amortisation, depreciation and write-downs of intangible and tangible assets	2,074	1,565	2,023
Change in other provisions, net	-25	-53	-46
Other adjustments			
Gain and loss incurred on sale and scrapping of intangible and tangible assets	-124	-43	-110
Net financials, paid	-182	-196	-331
Corporate tax, paid	-94	-1	-37
Cash flows from operating activities before changes in working capital	1,593	1,929	2,402
Change in working capital			
Change in receivables	130	377	276
Change in inventories	-55	-4	2
Change in trade payables and other liabilities, etc,	-32	-119	86
Total change in working capital	43	254	364
Total cash flows from operating activities	1,636	2,183	2,766
Cash flows from investment activities			
Acquisition of intangible and tangible assets, excluding capitalised interest	-885	-546	-803
Sale of intangible and tangible assets	164	105	192
Contribution to associated company	10	-	-
Total cash flows from investment activities	-711	-441	-611
Cash flows from financing activities			
Proceeds from raising of short-term loans	920	250	250
Repayment of and payment of instalment on long-term loans	-1,102	-68	-1,960
Repayment of and payment of instalment on short-term loans	-450	-1,302	-450
Change in credit institutions	-112	-249	20
Dividends paid to owner	-173	-	-
Dividends paid to minority shareholders	-917	-1,369	-2,140
Total cash flows from financing activities			
	8	373	15
Total change in cash and cash equivalents			
	42	27	27
Cash and cash equivalents at 1 January	50	400	42
Cash and cash equivalents at end of period	73	36	42

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

Earnings per quarter

Group	2016			2015			
Amounts in DKK million	Q1	Q2	Q3	Q1	Q2	Q3	Q4
Passenger revenues	1,327	1,406	1,337	1,200	1,245	1,152	1,372
Revenue from transport contracts	1,093	1,113	1,089	1,235	1,235	1,265	1,148
Sales from kiosks, etc,	197	229	219	185	218	208	211
Sale of repair and maintenance services of rolling stock, etc,	73	54	70	57	70	75	55
Leasing of rolling stock	3	2	8	60	58	59	45
Net revenue	2,693	2,804	2,723	2,737	2,826	2,759	2,831
Work performed by the enterprise and capitalised	179	155	141	143	129	123	142
Other operating income	144	90	140	94	161	129	184
Total income	3,016	3,049	3,004	2,974	3,116	3,011	3,157
Expenses for raw materials and consumables	414	410	431	399	423	429	458
Other external expenses	1,029	982	954	935	937	949	1,094
Staff costs	927	987	917	917	968	922	901
Total expenses	2,370	2,379	2,302	2,251	2,328	2,300	2,453
Profit/loss before depreciation, amortisation and write-downs	646	670	702	723	788	711	704
Depreciation, amortisation and write-downs	459	1,173	442	465	462	638	458
Operating profit/loss	187	-503	260	258	326	73	246
Net financials	-71	-60	-56	-127	-71	-62	-63
Profit/loss before tax	116	-563	204	131	255	11	183
Profit/loss for the period	88	-438	160	91	184	14	157
Total equity	6,806	6,459	6,559	6,241	6,744	6,724	6,931
EBITDA-margin	24,0	23,9	25,8	26,4	27,9	25,8	24,9
Return on equity (ROE) p.a,	5,1	-26,4	9,8	5,8	11,3	0,8	9,2
Return on capital employed after tax (ROIC after tax) p.a,	4,2	-11,8	6,3	4,9	6,4	1,7	5,8

Financial calendar

Expected publication of annual report:

Annual Report 2016	9 February 2017
Corporate meeting	28 February 2017

Publications

The Third Quarter Report 2016 is available at www.dsb.dk

Company details

Address

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

www.dsb.dk

CVR no. 25050053

Municipality of domicile

Høje-Taastrup

Ownership

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

Auditor

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no, 30700228

The National Audit Office of Denmark

Bank

Nordea Bank Danmark A/S

Published by

DSB
Telegade 2
DK-2630 Taastrup

Editors

Marianne Holmbjerg
Anders Reinholt

Graphic design

Communication & Branding

Photo

DSB's Photo archive