

### DSB's Profit before tax was DKK 48 million for the 1st quarter

- DSB's operator punctuality for both Long-distance & Regional Trains and S-trains satisfy contract targets
- Passenger revenue and number of travellers are negatively affected by track works, ID checks, and border controls
- The net interest-bearing debt was reduced by DKK 134 million.
- IC4 train sets out of passenger operation for three weeks
- Continued sales growth for Orange tickets
- Implementation of tariff reform - Tariff Zealand.

*"It is satisfactory that the initiatives implemented by DSB to ensure punctuality for more trains are now bearing fruit. For the 1st quarter of 2017, DSB's operator punctuality has been raising and exceeded the contract target agreed with the state."*

*Flemming Jensen, CEO*

The DKK 48 million Profit before tax for the 1st quarter is in line with the same period of 2016 where the result adjusted for non-recurring items was DKK 53 million. Net interest-bearing debt has been reduced by DKK 134 million compared to 31 December 2016 and by DKK 763 million over the past year.

#### **Punctuality for Long-distance & Regional Trains is improving**

Operator punctuality for Long-distance & Regional train traffic - the number of trains on time for which DSB has sole responsibility - stands at 94.0 percent for 1st quarter of 2017 compared to 92.7 in 1st quarter in 2016, which exceed the contract target.

The improved operator punctuality is a result of the initiatives implemented by DSB to reduce the number of delay-causing rolling stock faults. Among other things, the initiatives include the hiring of additional employees at the workshops.

Our ageing locomotives and train sets require substantial resources to be kept in a good state of repair. This is why we are also working on expanding the operating hours in those workshops where the value of increased evening/night/weekend work will be the greatest. To this should be added improved workshop structure and work procedures, creating a more cohesive maintenance effort related to rolling stock.

Customer punctuality - number of customers arriving on time - was improved in the 1st quarter 2017 compared to 2016. This is a positive development, but customer punctuality is still challenged and the actual 79.3 percent is below the traffic contract target of 82.4 percent. Signal faults and infrastructure works are some of the reasons why only 8 out of 10 customers arrived on time. There is a great deal of focus on these challenges, and DSB communicates closely with Banedanmark on securing the common customer punctuality target.

## Interim report for the first quarter of 2017

DSB has a focus on providing our customers with the highest possible punctuality throughout 2017, but it is also a fact that Banedanmark are carrying out a range of track works across the country that will be a challenge to train traffic. Kystbanen, for example, is closed for traffic between Rungsted Kyst and Helsingør for six weeks during the summer holidays, and there will be five days without traffic at Ringsted station in July. DSB and Banedanmark collaborate on handling the traffic and communication of the track works.

### **Continued high level of punctuality in the S-train traffic**

The S-train traffic sees a continuation of the positive results from 2016 into 1st quarter of 2017, with both operator and customer punctuality exceeding contract targets, at 98.7 percent and 92.7 percent respectively. The 300,000 daily customers on the Copenhagen S-trains have thus been able to arrive on time most of the time.

However, there are also S-train customers who have experienced challenges in 2017. The Jægersborg-Hillerød line, is still not running as well as it could, due to the implementation of a new signal system. Banedanmark will also, throughout the remaining part of the year, carry out a series of track works affecting S-train traffic, and the traffic will be especially challenged by several periods of total closures between April and October on the main line between Valby and Svanemøllen.

### **IC4 - incident involving loose hydraulic pump**

On 7 March, all IC4 trains were temporarily suspended from passenger traffic due to an incident involving a loose hydraulic pump on an IC4 train set. IC4 trains cover an average of 8-10 percent of the daily traffic, meaning that the timetable had to be instantly adjusted to fit the trains available.

A comprehensive and cohesive temporary plan was made with the purpose of ensure the lowest possible amount of inconveniencing of customers, generally speaking. This involved complex underlying changes resulting in changed timetables for some departures, others having fewer seats than normal, and some that were cancelled altogether. In order to compensate for these changes, DSB decided to introduce additional stops on a number of lines rather than servicing these stations with replacement buses. There is no doubt that customers on a number of lines have experienced reduced service levels and a less comfortable journey than is normally the case.

After almost three weeks of intensive work, DSB had established a temporary solution meaning that it would not cause a safety risk if a hydraulic pump should loosen again. IC4 train sets were reinstated in service on 27 March, while continue to work on a permanent solution.

### **Cheaper and easier to be a customer**

DSB wants to ensure that customers have an easy and comfortable journey. It must be possible to obtain reliable and useful traffic information, particularly in cases of deviations from the timetable. As a result, DSB has decided to make improved traffic information a major focus area in 2017. To this end, work is on-going on improving and developing information for customers on stations, on trains, on the website, via Apps, and via Rejseplanen.

In January, Tariff Zealand was implemented. This is the most comprehensive tariff reform in Denmark in 40 years. The reform establishes a unified tariff zone in Zealand, which involves a range of simplifications for customers. An important principle is that Rejsekort (travel card) will always be the cheapest one-way ticket in the tariff area.

## Interim report for the first quarter of 2017

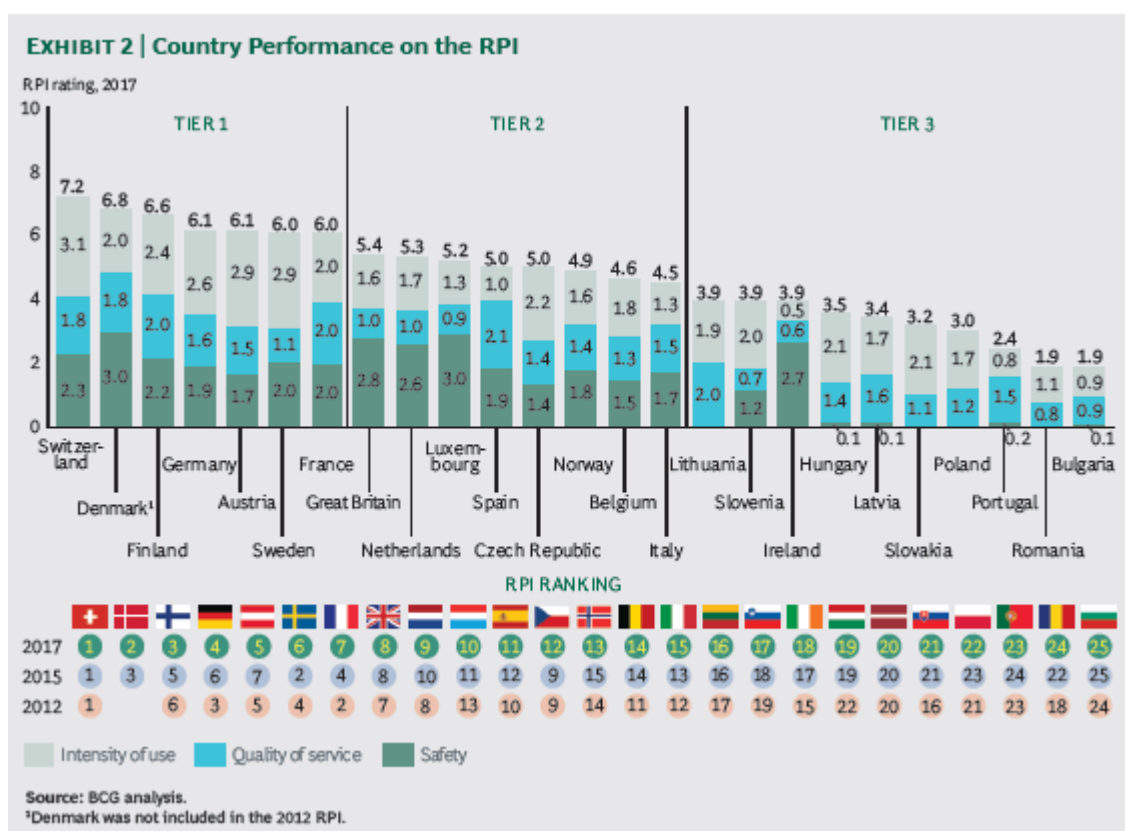
In connection with Tariff Zealand, a new pricing concept has been launched for DSB 1', enabling travel on DSB 1' against a fixed addition to the standard ticket irrespective of journey distance. This makes it easier for customers to understand the price and would, longer-term, enable customers to upgrade to DSB 1' on-board the train without assistance.

In April 2017, DSB has reinstated 10 minute operations on Kastrupbanen between Copenhagen Central and Copenhagen Airport. This marks a noticeable improvement for customers. Øresund travellers have the option of 12 minutes' shorter travelling time between Copenhagen Central and Malmø on certain departures. It is also positive that the Swedish state has decided to stop the required ID check for train, bus and ferry from 4 May 2017. DSB hopes that the ceased ID check will mean that the customer decline of 12 percent since the start can be recovered.

Customers appreciate DSB's Orange concept of selling cheap tickets on departures with empty seats outside rush hours. During January 2017, the third consecutive Orange campaign was rolled out, offering prices as low as DKK 39. During the campaign period, around 91,000 tickets were sold.

### Danish railway sector top of class internationally

The Danish railway sector has a strong starting point when viewed from an international perspective. In Boston Consulting Group's recently published review, "The 2017 European Railway Performance Index", Denmark is placed second, surpassed only by Switzerland.



## Interim report for the first quarter of 2017

The review measures railway quality, service, and safety, together with transport share relative to population size. Measured on quality, Denmark scores significantly better than our neighbouring countries, Germany, Sweden, and Great Britain. In the case of Sweden, poor punctuality costs points, while the British are challenged both in terms of poor punctuality and high prices.

*"DSB and the Danish railway sector may not be perfect, but measured by an international benchmark we still achieve a creditable second place in Europe."*

*Peter Schütze, Chairman of the Board*

### **The future of the Danish railway sector**

Further to the political agreement on passenger traffic for 2015-2024, the Ministry of Transport, Building, and Housing has commissioned a sector analysis of future passenger train traffic in Denmark. The purpose is to create a unified strategy with clear development targets for railways for the benefit of customers. This analysis has the potential for leading to changes in the DSB's role and responsibilities relative to train operations. Basically speaking, the choice is between an invitation to tender on DSB's train operations in full or in a number of parcels, or a continuation of DSB.

During the period up to 2030, the Danish railway sector will see significant changes including massive investments in signal programme, electrification, new tracks, and acquisition of Trains of the Future. Longer-term, these changes will lead to substantially better quality passenger train traffic that can be run far more efficiently. Until then, the sector will be marked by a risk-filled transition and operational disturbances derived from this. The railway sector will, in other words, be a big construction site until 2030.

The financial results of recent years demonstrate that DSB is capable of creating an increasingly efficient business. It is our vision that DSB, on the basis of an electricity-based train system, new rolling stock, and an optimized infrastructure, will be able to act in a market-oriented way and to create a DSB of the future without state subsidies. It is DSB's view that a market-oriented DSB would at least be capable of realizing similar efficiencies as could be realized via an invitation to tender, but with considerably lower risks.

Taastrup, 11 May 2017

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Peter Schütze  
Chairman of the Board

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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**

# Interim report for the first quarter of 2017

## Key Financial and Operating Data

DSB Group	1st quarter		Increase		Total year
Amounts in DKK million	2017	2016	Abs.	%	2016
Net revenue <sup>1)</sup>	2,485	2,496	-11	0	10,183
Total income <sup>2)</sup>	2,901	3,016	-115	-4	12,248
Of these, non-recurring items	-	63	-63	-	193
Total expenses	2,368	2,370	-2	0	9,503
Profit/loss before amortisation, depreciation and write-downs	533	646	-113	-17	2,745
Amortisation, depreciation and write-downs	451	459	-8	-2	4,634
Of these, non-recurring items	-	-	-	-	2,767
Operating profit/loss	82	187	-105	-56	-1,889
Profit/loss before tax	48	116	-68	-59	-2,193
Profit/loss before tax adjusted for non-recurring items	48	53	-5	-9	381
Profit/loss for the period	39	88	-49	-56	-1,704
Balance sheet total	16,208	19,906	-3,698	-19	16,534
Total equity	5,371	6,806	-1,435	-21	5,338
Interest-bearing liabilities, net	5,900	6,663	-763	-11	6,034
Profit ratio (EBIT margin)*	3.3	7.5	-4.2	-56	-18.6
Return on equity (ROE) p.a.*	2.9	5.1	-2.2	-43	-27.8
Return on capital employed after tax (ROIC after tax) p.a.*	2.3	4.2	-1.9	-45	-11.5
Gearing p.a.*	2.8	2.6	0.2	8	2.2
Equity ratio*	33.1	34.2	-1.1	-3	32.3
Interest coverage*	2.4	2.6	-0.2	-8	-5.9
Average number of full-time employees	7,299	7,268	31	0	7,285
Number of full-time employees – year-end	7,324	7,287	37	1	7,239
<b>Productivity – (Danish activities) <sup>3)</sup></b>					
Passenger and transport contract revenue per seat kilometre (DKK 0.01/km)	55	53	2	4	55
Passenger revenue per seat kilometre (DKK 0.01/ km)	31	30	1	3	31
Costs per seat kilometre, excluding non-recurring items (DKK 0.01/kilometre)	58	55	3	5	56
<b>Customer punctuality <sup>4)</sup></b>					
Long Distance & Regional Trains (%)	79.3	76.4	2.9	4	74.0
S-train (%)	92.7	95.8	-3.1	-3	92.6
<b>Operator punctuality <sup>5)</sup></b>					
Long Distance & Regional Trains (%)	94.0	92.7	1.3	1	92.0
S-train (%)	98.7	99.2	-0.5	-1	98.4
<b>Customers</b>					
Customers in Denmark (million customers) <sup>6)</sup>	47.2	46.5	0.7	1	192.6
"Customer satisfaction for this journey" – (Danish activities)	8.0	8.0	0	0	7.9
<b>Reputation</b>					
Users of Long-distance & Regional Trains	48.9	52.3	-3.4	-7	49.7
Users of S-trains	55.4	55.5	-0.1	0	55.6
Non-users of Long-distance & Regional trains	39.9	44.4	-4.5	-10	41.5

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

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

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

<sup>4)</sup> Customer punctuality for Long-distance & Regional Train traffic is defined as the number of passengers riding on punctual trains in relation to the total number of passengers. Customer punctuality for the S-train network is defined as the proportion of passengers which can arrive punctually on the basis of passengers' expected travel pattern and the operated train traffic. Arrivals are considered punctual if they are less than three minutes delayed. Cancellations which are not notified 72 hours in advance are counted as a delay.

<sup>5)</sup> Operator punctuality is the total punctuality, less any delays due to circumstances for which DSB is not responsible. Arrivals are considered punctual if they are less than three minutes delayed. Cancellations due to circumstances at DSB that are not notified 72 hours in advance are counted as a delay.

<sup>6)</sup> Customers in Denmark in 2016 has been adjusted compared to previously published figures due to the final journey inventories, etc. calculated as the number of journeys.

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

## Report - financial activities

In 1st quarter 2017, DSB had a profit before tax of DKK 48 million, which is DKK 68 million less than for the same period of 2016. Profit before tax for 1st quarter of 2016 was positively affected by non-recurring items totalling DKK 63 million.

Profit before tax for the first three months of 2017 was negatively affected by falling passenger revenue and increased reserves for control fee losses. Total Expenses and Amortisation, depreciation and write-downs for 1st quarter 2017 is in line with the same period of 2016 while Profit before tax was affected positively by lower financial costs.

Net interest-bearing debt has been reduced by DKK 763 million compared with 31 March 2016 and totalled at DKK 5,900 million as of 31 March 2017. It is still mainly cash flows from operating activities that have made it possible to repay loans. The reduction of loans can especially be contributed to amortisation, depreciation and write-downs of the existing rolling stock substantially exceeding investments in new rolling stock.

By the end of 1st quarter 2017, Gearing amounted to 2.8 (2.6), Return on invested capital after tax was 2.3 (4.2), and the Solvency ratio was 33.1 (34.2).

The balance sheet total was DKK 16,208 million in comparison to DK 19,906 million as of 31 March 2016. The decrease in Total assets is primarily due to amortisation and depreciation of Rolling stock. The decrease in Total equity and liabilities is due to reduced deferred liabilities and repayment of loans. The decrease in Equity is primarily related to write-downs on IC2 and IC4 train sets in 2016.

In 1st quarter 2017, DSB has invested DKK 203 million (DKK 210 million). Investments included, among other things, heavy maintenance of Long-distance & Regional Trains and S-trains.

### Net revenue

The net revenue of the DSB Group was DKK 2,485 million during the first three months of 2017 (DKK 2,496 million).

Passenger revenue totalled DKK 1,299 million (DKK 1,327 million). The development is negatively affected by a drop in number of journeys related to Long distance & Regional Trains - caused, among other things, by track works and identity controls. To this should be added increased reserves for control fee losses in 1st quarter 2017.

There were 0.7 million more S-train passengers than in the same period last year, giving a positive contribution to the passenger revenue development.

Revenue from traffic contracts was DKK 1,098 million, which is in line with 1st quarter 2016 (DKK 1,093 million).

Sale of repair and maintenance of rolling stock, etc. is in line with 1st quarter 2016, totalling DKK 72 million for the first three months of the year (DKK 73 million).

Leasing of rolling stock amounted to DKK 16 million, an increase of DKK 13 million compared with the same period in 2016. This development is due to leasing of rolling stock for the Copenhagen-Hamburg line which was previously serviced with rolling stock from Deutsche Bahn.

Work performed by the enterprise and capitalised decreased by DKK 24 million and totalled DKK 155 million in 1st quarter 2017. This is primarily due to less kilometres based maintenance work having been performed on Long-distance & Regional Trains and S-trains.

Other operating income amounted to DKK 261 million, a decrease of DKK 80 million. This development is primarily a result of the realisation of profits on the sale of property during 1st quarter of 2016. Other than this, Other operating income is negatively affected by reduced shop sales due to a temporary closing

of a shop due to major renovation of Østerport station.

### **Expenses**

Expenses totalled DKK 2,368 million in the first three months of 2017 (DKK 2,370 million).

Expenses for raw materials and consumables increased by DKK 9 million compared with the same period in 2016, totalling DKK 464 million. This development is affected by increased spare part costs for the period to ongoing repair of the train sets. Conversely, there is a decrease in the costs for energy for train operation.

Other external costs amounted to DKK 980 million, a decrease of DKK 8 million compared with the same period in 2016. The period includes increases costs related to consultants for several IT development projects - including support of new tariff reforms - and there are also increased costs related to the training of new train drivers. This is countered by reduced costs, such as for leasing of rolling stock for the Copenhagen-Hamburg line which is now primarily being serviced by IC3 train sets.

Labour costs of DKK 924 million is in line with 1st quarter 2016 (DKK 927 million) despite the increase in the number of full-time staff in workshops and the general development in wages.

### **Amortisation, depreciation and write-downs**

Amortisation, depreciation and write-downs totalled DKK 451 million compared to DKK 459 million for the same period in 2016.

Write-downs on IC4 train sets in 2016 does not affect depreciation in 1st quarter of 2017 since the residual service life was reduced at the same time as a consequence of the planned acquisition of electric train sets.

### **Financials**

Net financials equalled an expense of DKK 34 million (DKK 71 million). The fall in Net financials was primarily due to a reduction in net interest-bearing debt.

### **Outlook for 2017**

In 2017, DSB will continue to intensify the work on activities aimed at operational improvements with a view to increasing punctuality. This will, among other things, be achieved via a reduction in rolling stock faults causing delays.

DSB expects profit before tax and non-recurring items of the order of DKK 500 million for 2017.



## Productivity

At the end of the 1st quarter of 2017, the number of full-time employees was 7,324, an increase of 37 employees compared with the end of 1st quarter 2016.

Table 1: Number of full-time employees				
	1st quarter		Increase	
	2017	2016	Abs.	%
Danish activities	7,145	7,093	52	1
Swedish activities	96	94	2	2
German activities <sup>1)</sup>	83	100	-17	-17
<b>Number of full-time employees – year-end</b>	<b>7,324</b>	<b>7,287</b>	<b>37</b>	<b>1</b>
<b>Average number of full-time employees in total</b>	<b>7,299</b>	<b>7,268</b>	<b>31</b>	<b>0</b>

<sup>1)</sup> Costs related to these full-time employees are recognised in Staff costs at a proportional rate of 50 percent.

The number of full-time employees in Danish activities at the end of the 1st quarter of 2017 has increased by 52 when compared with the end of 1st quarter 2016. The development is primarily due to the hiring of more employees at the workshops to reduce the number of rolling stock faults causing delays. This is partially countered by fewer employees as a result of the conversion of the Danish Railroad Museum to a commercial foundation at the beginning of 2017.

Table 2: Productivity in the Danish train activities				
	1st quarter		Increase	
	2017	2016	Abs.	%
Costs per seat kilometre <sup>1)</sup> (DKK 0.01/km)	58	55	3	5
Number of train kilometres per employee	2,959	3,065	-106	-3
Number of train journeys per employee	10,044	9,927	117	1

<sup>1)</sup> Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra-kilometres travelled. The calculation includes depreciation, but excludes non-recurring items.

Costs per seat kilometre are 5 percent higher than for the same period in 2016 when adjusted for non-recurring items. The increase is

primarily due to the number of seat kilometres falling after transferring the Grenaa line, IC4 breakdown, and implementation of the 2017 timetable (K17).

Several measures in recent years have increased customer self-service – including the continued increase in the use of the travel card 'Rejsekort'. At the end of March 2017, there were 2.1 million active Rejsekort, of which 111,000 were issued in the 1st quarter of 2017. Also, the DSB App revenue has more than doubled, and the number of users has increased from 150,000 in March 2016 to 250,000 in March 2017.

## Punctuality

Table 3: Customer punctuality <sup>1)</sup>				
Percent	1st quarter		Increase	
	2017	2016	Abs.	Percentage points
Long-distance & Regional Trains	79.3	76.4	2.9	4
S-trains	92.7	95.8	-3.1	-3

<sup>1)</sup> Customer punctuality for Long-distance & Regional train traffic is defined as the number of passengers riding on punctual trains in relation to the total number of passengers. Customer punctuality for the S-train network is defined as the proportion of passengers which can arrive punctually on the basis of passengers' expected travel pattern and the operated train traffic. Arrivals are considered punctual if they are less than three minutes delayed. Cancellations which are not notified 72 hours in advance are counted as a delay.

Customer punctuality for Long-distance & Regional Trains rose from 76.4 percent in 2016 to 79.3 percent in 2017. The increase is primarily due to operator punctuality improvements.

Customer punctuality for S-trains has been under pressure and has fallen from 95.8 percent in 2016 to 92.7 percent in 2017. This is primarily due to the new signal system (CBTC) on the Jægersborg-Hillerød line still not functioning as expected.



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

Percent	1st quarter		Increase	
	2017	2016	Abs.	Percentage points
Long-distance & Regional Trains	94.0	92.7	1.3	1
S-trains	98.7	99.2	-0.5	-1

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

Operator punctuality on Long-distance & Regional trains has gone up over the first three months of the year, from 92.7 percent in 2016 to 94.0 percent in 2017, just over the contract target of 93.9 percent.

The decision to suspend passenger traffic with IC4 train sets between the 7th and the 26th of March caused a temporary negative effect on operator punctuality. Taken as a whole, however, operator punctuality is improved. The primary causes are an increased focus on the reduction of faults on locomotives, train sets, and coaches, together with changes to the timetable which have made it more robust. Among other things, more time has been allowed for border controls in Padborg and the now ceased ID checks in Copenhagen Airport, just as driving and stopping times have been adjusted.

Operator punctuality for S-trains has fallen from 99.2 percent in 2016 to 98.7 percent in 2017. This is primarily due to rolling stock faults. Despite the 2017 drop, operator punctuality still exceeded the contract target of 97.5 percent.

## Customers

During 1st quarter of 2017, 47.2 million journeys were carried out by DSB in Denmark, compared to 46.5 million journeys during the same period last year. This corresponds to a 1 percent growth, of which 0.5 million journeys can be attributed to the placement of Easter.

**Table 5: Total number of customers (journeys)**

1,000 customers (journeys)	1st quarter		Increase	
	2017	2016 <sup>1)</sup>	Abs.	%
Long-distance & Regional Trains	18,037	18,118	-81	0
East (Zealand)	12,317	12,247	70	1
West (Jutland and Funen)	3,606	3,699	-93	-3
East/West (across the Great Belt)	1,947	2,038	-91	-4
Others	167	134	33	25
S-trains	29,121	28,375	746	3
<b>Denmark, total</b>	<b>47,158</b>	<b>46,493</b>	<b>665</b>	<b>1</b>
<b>Sweden, total</b>	<b>1,025</b>	<b>975</b>	<b>50</b>	<b>5</b>
<b>Germany, total</b>	<b>541</b>	<b>542</b>	<b>-1</b>	<b>0</b>
<b>Total</b>	<b>48,724</b>	<b>48,010</b>	<b>714</b>	<b>1</b>

<sup>1)</sup> Compared to previously published figures, 2016 is affected by the transfer of the activities on the Grenaa line and Sweden is down by 0.3 million journeys.

On the lines where train operations have not been affected by track works etc., it has been possible to attract more customers.

Long-distance & Regional Trains had 18.0 million journeys compared to 18.1 million journeys during the same period of 2016.

The 1 percent increase in traffic on Zealand was positively affected by more journeys on Kystbanen. This increase, however, was countered by the now ceased ID checks in Copenhagen Airport and a drop in the number of journeys in the rest of the capital area. Outside the capital area were realised 0.4 percent more journeys compared to 2016.

In Jutland and on Funen, the number of journeys has fallen by 3 percent. The actual number of journeys in 2017 has gone down as a result of the transfer in August 2016 of the Grenaa line activities to Midttrafik as a consequence of the future establishment of Aarhus Light Rail. 2016 has been adjusted to reflect this.

The development in number of journeys - including those between regions - is still facing

challenges. One of the reasons for this is the new travel regulations for Youth Cards, where user payment for the most expensive Youth Cards has seen a significant increase. The market share has dropped 1 percentage point compared to the same period in 2016.

S-trains had 29.1 million journeys in 1st quarter 2017, corresponding to an increase of 3 percent, of which 0.5 million journeys can be attributed to the placement of Easter.

Tariff Zealand entered into force on January 15 2017. It is still not possible to speculate on the effect of the tariff reform on the number of journeys and passenger revenue.

In connection with Tariff Zealand, a new price concept was developed for DSB 1', resulting in a fixed price for DSB 1' irrespective of journey distance. This structure makes the product simpler to sell and in the long-term will provide the opportunity for self-serviced upgrading on-board the train.

DSB has continued its strong focus on marketing and on product and service development. Among other things, a DSB Orange sale was held in January 2017, and 354,000 DSB Orange tickets were sold in 1st quarter 2017 against 262,000 in 1st quarter 2016.

## Rolling stock

**Table 6: Litra-kilometres <sup>1)</sup>**

Kilometres (1,000)	1st quarter		Increase	
	2017	2016	Abs.	%
IC4 train sets	1,358	1,455	-97	-7
IC3 train sets	7,831	7,851	-20	0
IR4 train sets	2,212	2,323	-111	-5
Øresund train sets	2,309	2,176	133	6
Double-decker coaches	4,307	4,193	114	3
MR train sets	259	557	-298	-54
Desiro train sets	700	661	39	6
Diesel locomotives – ME	995	920	75	8
S-train sets	4,160	4,428	-268	-6

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

The proportion of IC4 train sets in operation has fallen compared to the same period last year. The drop in litra-kilometres is due to suspended passenger operations with IC4 train sets in March 2017. Operations with IC3 train sets has been at the same level as the corresponding period in 2016.

MR train sets share of operations was, as planned, smaller than for the same period last year. MR train sets have, however, covered more litra-kilometres than planned during 1st quarter 2017 as they replaced the IC4 train sets in some places during the time when the passenger traffic with these train sets was suspended.

Desiro train set traffic saw an increase compared to the same period last year since the Desiro train sets have now been fully phased in on Lille Syd (Roskilde-Næstved) and they are still, as previously, operating on the Svendborg line.

The decrease in total litra-kilometres with S-train sets is entirely due to timetable adjustments.

**Table 7: Number of kilometres travelled between incidents <sup>1) 2)</sup>**

Kilometres (1,000)	1st quarter		Increase	
	2017	2016	Abs.	%
IC4 train sets	4.2	3.6	0.6	17
IC3 train sets	60.2	30.5	29.7	97
IR4 train sets	12.5	9.0	3.5	39
Øresund train sets	23.2	22.0	1.2	5
MR train sets	8.6	9.8	-1.2	-12
Desiro train sets	17.9	24.5	-6.6	-27
Diesel locomotives – ME	28.3	19.6	8.7	44
S-train sets	13.0	15.6	-2.6	-17

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

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

In autumn of 2016, DSB completed an external analysis aimed to uncover the reasons for the falling operational stability of DSB's rolling stock.

There was no single reason identified for the falling number of kilometres between incidents (MDBF), but in fact several reasons which individually and combined have contributed to a lower number of kilometres between incidents, resulting in a gradual deterioration.

On the basis of the analysis, DSB implemented a range of initiatives to help bring up the punctuality, which include an expansion of the workshop capacity in DSB Vedligehold.

From an overall perspective, the development of kilometres between incidents is positive. Particularly the IC3 train sets have shown a very positive development, and the number of kilometres between incidents has nearly doubled.

IC4 train sets have, in spite of the hydraulic pump incident that caused a suspension of passenger operations for a period of time, seen an increase in kilometres between incidents when compared to the same period last year.

The fall in number of kilometres between incidents for S-train sets is primarily due to the new signal system on the Jægersborg-Hillerød line which necessitated the installation of new equipment in the S-train sets.

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

Kilometres (1,000)	1st quarter		Increase	
	2017	2016	Abs.	%
IC4 train sets	23.4	30.3	-6.9	-23
IC3 train sets	782.4	713.4	69.0	10
IR4 train sets	315.6	580.2	-264.6	-46
Øresund train sets	477.3	142.8	334.5	-
MR train sets	28.8	37.1	-8.3	-22
Desiro train sets	46.6	50.8	-4.2	-8
Diesel locomotives – ME	165.2	91.9	73.3	80
S-train sets	36.7	56.8	20.1	-35

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

Generally, the number of breakdowns required to significantly change the number of kilometres between breakdowns is not very high.

The development in number of kilometres between breakdowns for IR4 train sets is due to a high number of kilometres for 1st quarter 2016. The number of kilometres covered in 1st quarter of 2017 is on level with the average number of kilometres between breakdowns for the entire 2016.

Øresund train sets and ME locomotives have shown a significant positive development in number of kilometres between breakdowns.

The fall in number of kilometres between breakdowns for S-train sets relates to the installation of new equipment to support the new signal system.

## 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.

Sales from shops is included in Other operating income where previously it was in Net revenue. Comparative figures have been adjusted. The interim report otherwise follows the same accounting policies as the Annual Report 2016.

## Events after 31 March 2017

No events have occurred after 31 March 2017, which, in the opinion of the management, have a significant impact on the assessment of this interim report.

## Other matters

There are no other matters.

# Statement

## Management Statement

The Board of Directors and the Executive Board have today discussed and approved the interim report for the period 1 January - 31 March 2017 for DSB.

The 1st 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 first quarter report provides a true and fair view of the Group's assets, liabilities and financial position as at 31 March 2017 and of the results of the Group's activities and cash flows for the period from 1 January - 31 March 2017.

It is also our view that the 1st 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, 11 May 2017

## Executive Board

Flemming Jensen  
CEO

Thomas Thellersen Børner  
CFO

Anders Egehus  
Director of Operations

Jürgen Müller  
Director of Strategy  
& Rolling Stock

## The Board of Directors

Peter Schütze  
Chairman

Annette Sadolin  
Vice-Chairman

Carsten Gerner

Christina Grumstrup Sørensen

Hans Christian Kirketerp-Møller   Preben Steenholdt Pedersen   Birthe Østergaard Petersen







# Accounts

Income statement			
Group	1st quarter		Total year
Amounts in DKK million	2017	2016	2016
<b>Income</b>			
Net revenue	2,485	2,496	10,183
Work performed by the enterprise and capitalised	155	179	674
Other operating income	261	341	1,391
<b>Total revenues</b>	<b>2,901</b>	<b>3,016</b>	<b>12,248</b>
<b>Expenses</b>			
Expenses for raw materials and consumables	464	455	1,903
Other external expenses	980	988	3,864
Staff costs	924	927	3,736
<b>Total expenses</b>	<b>2,368</b>	<b>2,370</b>	<b>9,503</b>
<b>Profit/loss before amortisation, depreciation and write-downs</b>	<b>533</b>	<b>646</b>	<b>2,745</b>
Amortisation, depreciation and write-downs of intangible and tangible assets	451	459	4,634
<b>Operating profit/loss</b>	<b>82</b>	<b>187</b>	<b>-1,889</b>
<b>Financials</b>			
Profit after tax in associated companies	0	0	0
Financial income	1	3	13
Financial expenses	35	74	317
<b>Net financials</b>	<b>-34</b>	<b>-71</b>	<b>-304</b>
<b>Profit/loss before tax</b>	<b>48</b>	<b>116</b>	<b>-2,193</b>
Tax on profit/loss for the period	-9	-28	489
<b>Profit/loss for the period</b>	<b>39</b>	<b>88</b>	<b>-1,704</b>
<b>The profit/loss for the period is distributed as follows:</b>			
Company participant in DSB	39	88	-1,704
Minority interests	0	0	0
<b>Profit/loss for the period</b>	<b>39</b>	<b>88</b>	<b>-1,704</b>



## Balance sheet – assets

Group	1st quarter		Total year
Amounts in DKK million	2017	2016	2016
<b>Intangible assets</b>			
Other development projects	156	227	172
Intangible assets in progress and prepayments	86	61	79
<b>Total intangible assets</b>	<b>242</b>	<b>288</b>	<b>251</b>
<b>Tangible assets</b>			
Land and buildings	4,561	4,522	4,607
Rolling stock	8,391	11,853	8,589
Operating equipment, fixtures and fittings and other equipment	837	955	856
Tangible assets in progress and advance payments	162	154	145
<b>Total tangible assets</b>	<b>13,951</b>	<b>17,484</b>	<b>14,197</b>
<b>Investments</b>			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	251	256	250
Other receivables	29	98	38
<b>Total investments</b>	<b>280</b>	<b>354</b>	<b>288</b>
<b>Total non-current assets</b>	<b>14,473</b>	<b>18,126</b>	<b>14,736</b>
<b>Inventories</b>	<b>493</b>	<b>427</b>	<b>485</b>
<b>Properties held for sale</b>	<b>187</b>	<b>97</b>	<b>183</b>
<b>Receivables</b>			
Trade receivables	568	712	621
Other receivables	237	292	283
Prepayments	180	169	155
<b>Total receivables</b>	<b>985</b>	<b>1,173</b>	<b>1,059</b>
<b>Cash at bank and in hand</b>	<b>70</b>	<b>83</b>	<b>71</b>
<b>Total current assets</b>	<b>1,735</b>	<b>1,780</b>	<b>1,798</b>
<b>Total assets</b>	<b>16,208</b>	<b>19,906</b>	<b>16,534</b>

## Balance sheet – liabilities and equity

Group	1st quarter		Total year
Amounts in DKK million	2017	2016	2016
<b>Equity</b>			
Contributed capital	4,760	4,760	4,760
Retained earnings	611	2,046	578
Proposed dividends	-	-	0
<b>Company participant in DSB's share of equity</b>	<b>5,371</b>	<b>6,806</b>	<b>5,338</b>
<b>Minority interests</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>5,371</b>	<b>6,806</b>	<b>5,338</b>
<b>Provisions</b>			
Other provisions	63	105	64
Deferred tax liabilities	898	1,414	918
<b>Total provisions</b>	<b>961</b>	<b>1,519</b>	<b>982</b>
<b>Non-current liabilities</b>			
Long-term loans	4,642	5,475	4,609
Subordinated loan capital	2	2	2
Other non-current liabilities	528	792	591
Other liabilities	290	317	302
<b>Total non-current liabilities</b>	<b>5,462</b>	<b>6,586</b>	<b>5,504</b>
<b>Current liabilities</b>			
Current portion of non-current liabilities	229	1,163	229
Short-term loans	905	-	1,000
Credit institutions	102	71	199
Trade accounts payables	1,440	1,569	1,639
Corporation tax	39	-	63
Other liabilities	846	1,067	793
Prepayments	853	952	787
Dividends payable	-	173	-
<b>Total current liabilities</b>	<b>4,414</b>	<b>4,995</b>	<b>4,710</b>
<b>Total liabilities</b>	<b>9,876</b>	<b>11,581</b>	<b>10,214</b>
<b>Total equity and liabilities</b>	<b>16,208</b>	<b>19,906</b>	<b>16,534</b>

## Statement of changes in equity

Group						
Amounts in DKK million	Contri- buted capital	Retained earnings	Proposed dividends	Company participant in DSB's share of capital	Minority interests	Total equity
<b>Equity at 1 January 2016</b>	<b>4,760</b>	<b>1,998</b>	<b>173</b>	<b>6,931</b>	<b>0</b>	<b>6,931</b>
Approved dividend	-	-	-173	-173	-	-173
Profit for the period	-	88	-	88	0	88
Foreign currency translation adjustments	-	0	-	0	-	0
Value adjustment of hedging instruments, 1 January	-	345	-	345	-	345
Value adjustment of hedging instruments, 31 March	-	-385	-	-385	-	-385
<b>Equity at 31 March 2016</b>	<b>4,760</b>	<b>2,046</b>	<b>0</b>	<b>6,806</b>	<b>0</b>	<b>6,806</b>
Contribution from the Ministry of Transport, Building and Housing	-	42	-	42	-	42
Loss for the period	-	-1,792	-	-1,792	0	-1,792
Foreign currency translation adjustments	-	-2	-	-2	-	-2
Value adjustment of hedging instruments, 1 April	-	385	-	385	-	385
Value adjustment of hedging instruments, 31 December	-	-108	-	-108	-	-108
Other changes in equity, tax	-	7	-	7	-	7
<b>Equity at 31 December 2016</b>	<b>4,760</b>	<b>578</b>	<b>0</b>	<b>5,338</b>	<b>0</b>	<b>5,338</b>
Profit for the period	-	39	-	39	0	39
Foreign currency translation adjustments	-	0	-	0	-	0
Value adjustment of hedging instruments, 1 January	-	108	-	108	-	108
Value adjustment of hedging instruments, 31 March	-	-114	-	-114	-	-114
<b>Equity at 31 March 2017</b>	<b>4,760</b>	<b>611</b>	<b>0</b>	<b>5,371</b>	<b>0</b>	<b>5,371</b>

## Cash flow statement

Group	1st quarter		Total year
Amounts in DKK million	2017	2016	2016
<b>Operating profit/loss</b>	<b>82</b>	<b>187</b>	<b>-1,889</b>
<b>Adjustment for non-cash operating items</b>			
Amortisation, depreciation and write-downs of intangible and tangible assets	451	459	4,634
Change in other provisions, net	-1	4	-37
<b>Other adjustments</b>			
Gain and loss on sale and scrapping of intangible and tangible assets	1	-61	-189
Net financial items, paid	-18	-38	-366
Corporation tax, paid	-51	-94	-98
Change in working capital	-63	177	95
<b>Total cash flow from operating activities</b>	<b>401</b>	<b>634</b>	<b>2,150</b>
<b>Cash flows from investment activities</b>			
Acquisition of intangible and tangible assets, excluding capitalised interest	-203	-210	-1,147
Sale of intangible and tangible assets	0	72	253
Subordinated debt repayments	-	-	9
<b>Total cash flows from investment activities</b>	<b>-203</b>	<b>-138</b>	<b>-885</b>
<b>Cash flows from financing activities</b>			
Proceeds from raising of short-term loans	65	200	1,000
Repayment of and payment of instalments on long-term loans	-7	-7	-1,743
Repayment of and payment of instalments on short-term loans	-160	-450	-250
Change in credit institutions	-97	-198	-70
Paid dividends	-	-	-173
<b>Total cash flow from financing activities</b>	<b>-199</b>	<b>-455</b>	<b>-1,236</b>
<b>Total change in cash and cash equivalents</b>	<b>-1</b>	<b>41</b>	<b>29</b>
Cash and cash equivalents at 1 January	71	42	42
<b>Cash and cash equivalents at end of period</b>	<b>70</b>	<b>83</b>	<b>71</b>

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

## Income statement by quarter

Group	2017	2016			
Amounts in DKK million	1st quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Passenger revenue	1,299	1,327	1,406	1,337	1,424
Revenue from traffic contracts	1,098	1,093	1,113	1,089	1,099
Sale of repair and maintenance services of rolling stock, etc.	72	73	54	70	85
Leasing of rolling stock	16	3	2	8	0
<b>Net revenue</b>	<b>2,485</b>	<b>2,496</b>	<b>2,575</b>	<b>2,504</b>	<b>2,608</b>
Work performed by the enterprise and capitalised	155	179	155	141	199
Other operating income	261	341	319	359	372
<b>Total revenues</b>	<b>2,901</b>	<b>3,016</b>	<b>3,049</b>	<b>3,004</b>	<b>3,179</b>
Expenses for raw materials and consumables	464	455	450	478	520
Other external expenses	980	988	942	907	1,027
Staff costs	924	927	987	917	905
<b>Total expenses</b>	<b>2,368</b>	<b>2,370</b>	<b>2,379</b>	<b>2,302</b>	<b>2,452</b>
<b>Profit/loss before amortisation, depreciation and write-downs</b>	<b>533</b>	<b>646</b>	<b>670</b>	<b>702</b>	<b>727</b>
Amortisation, depreciation and write-downs	451	459	1,173	442	2,560
<b>Operating profit/loss</b>	<b>82</b>	<b>187</b>	<b>-503</b>	<b>260</b>	<b>-1,833</b>
Net financials	-34	-71	-60	-56	-117
<b>Profit/loss before tax</b>	<b>48</b>	<b>116</b>	<b>-563</b>	<b>204</b>	<b>-1,950</b>
<b>Profit/loss for the period</b>	<b>39</b>	<b>88</b>	<b>-438</b>	<b>160</b>	<b>-1,514</b>
<b>Total equity</b>	<b>5,371</b>	<b>6,806</b>	<b>6,459</b>	<b>6,559</b>	<b>5,338</b>
Operating profit margin (EBITDA margin)	21.4	25.9	26.0	28.0	27.9
Return on equity (ROE) p.a.	2.9	5.1	-26.4	9.8	-101.8
Return on capital employed after tax (ROIC after tax) p.a.	2.3	4.2	-11.8	6.3	-46.8

## Financial calendar 2017

Expected publication of quarterly and interim reports:

Interim report 2017	17 August 2017
3rd quarter 2017	8 November 2017

## Publications

Interim report for 1st quarter 2017 is available at [www.dsb.dk](http://www.dsb.dk)

## Company details

### Address

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

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

CVR No. 25050053

### Municipality of domicile

Høje-Taastrup

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

### Auditor

Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR No. 30700228

The National Audit Office of Denmark

### Bank

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