

In Q1 of 2018, DSB achieved a profit before tax of DKK 361 million. High level of punctuality for both Long-distance & Regional Trains and S-trains, but less kilometres travelled due to defects found in the axles on the ME locomotives.

- The number of journeys is 5 percent lower than in 2017. This is primarily a result of a decrease in the number of S-train journeys due to track works and the date of the Easter holiday this year compared to last year.
- The ME locomotives suspended from passenger traffic operations due to problems with axles - the locomotives will resume passenger operations as the axles are replaced or repaired.
- Continued significant growth in the sale of Orange tickets.
- Successful implementation of a new simpler structure for prices in Jutland and on Funen.
- The supplementary contract reduces the contract payment to DSB by approximately DKK 50 million in Q1.
- Customer satisfaction levels are stable despite the inconvenience that customers on the line between Copenhagen-Kalundborg and Copenhagen-Nykøbing Falster have experienced due to the problems with the ME locomotives.

"It is satisfactory for both us and our customers that punctuality has been at a high level throughout Q1. However, the many customers using the regional traffic on Zealand have unfortunately experienced significant inconveniences due to the problems with the aging ME locomotives."

Flemming Jensen, CEO

Robust finances

In Q1, DSB achieved profit before tax of DKK 114 million adjusted for non-recurring items. This is DKK 66 million more than in the same period of 2017 where the profit adjusted for non-recurring items amounted to DKK 48 million.

The adjusted earnings are impacted by a decline in passenger revenue and reduced contract payment, however, which is more than offset by lower operating costs that in Q1 were, for example, positively impacted by a streamlining of the administration with approximately 100 fewer positions and a reduced pension contribution for civil servants.

The net interest-bearing debt has been reduced by DKK 399 million compared with 31 December 2017 and by DKK 1,497 million compared to Q1 2017.

Overall, just as in the last few years, there is profitability and fundamentally sound finances.

Trains on time - punctuality for Long-distance & Regional Trains meets contract targets

Operator punctuality for Long-distance & Regional Trains, the number of trains on time for which DSB has sole responsibility, stands at 95.4 percent for Q1 2018, thus exceeding the contract target with the state.

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With an increase of 3.6 percentage points to 82.9 percent, customer punctuality has shown a good improvement in Q1 2018 compared to the same period in 2017 and meets the contract target with the state. In total, 8 out of 10 customers using the Long-distance & Regional Trains arrive on time.

The positive development in punctuality is partly due to the new time table for 2018 being more robust and partly due to the initiatives that have been launched to reduce the number of delay-causing errors (more than 2:59 minutes) on the trains.

We will continue to work towards ensuring punctuality and reliability in train operations.

For the remainder of 2018, Banedanmark has planned several track works - including a total shut-down of the Coastal Line (Kystbanen) for a month and a half. This will inevitably lead to inconveniences for the customers, loss of revenue and higher expenses for replacement bus services. In connection with major track works, it is extremely important that there is a joint effort involved. Therefore, we are collaborating closely with Banedanmark in order to minimise the inconveniences faced by our customers to the greatest extent possible.

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

For S-train, the high punctuality from 2017 has continued in Q1 2018. Both operator punctuality and customer punctuality are at 98.5 percent and 94.4 percent respectively and thus exceed the contract target with the state. The 300,000 daily customers on the Copenhagen S-trains have thus been able to arrive on time in the majority of cases.

Banedanmark has also planned track works in 2018 that will impact the S-train, and over the summer, this will involve a complete shutdown of the Frederikssund Line for three months. In collaboration with Banedanmark and Movia, we have planned the introduction of replacement buses to ensure that customers can still reach their destinations when S-trains are not running. The total shutdown of this line is expected to result in a loss of 2.2 million journeys.

The ME locomotives suspended from passenger operations

On 26 January 2018, all ME locomotives were suspended from operations because early-stage crack formation was found on two axles. Since then we have worked on examining all the locomotives' axles and making repairs to any crack formations that might be found. Since a large number of the axles need to be replaced, this is a time-consuming process - not least due to the long delivery time for new axles.

As a replacement for the missing ME locomotives, all train sets in running order have been deployed to ensure the maximum number of departures and seats for our customers. Unfortunately, it has not been completely possible to avoid reducing the number of train departures and seats, and this has led to significant inconveniences for our customers on the impacted lines on Zealand. As a compensation, we have decided to provide the commuters who have been hit the hardest by the missing ME trains an extra compensation of 20 percent.

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The ME locomotives will be put back into service on an ongoing basis as the examination of their axles is completed. This will result in an ongoing adjustment of the train timetables, which will ensure that customers receive the best service possible under the circumstances.

By the end of Q1 2018, all departures on the lines that are normally operated by ME locomotives and double-decker coaches will be running again except for two rush hour departures.

Customers - stable customer satisfaction levels in a market under pressure

There were 44.9 million journeys with DSB in the first three months of the year in Denmark. This is a decline of 2.3 million journeys, equivalent to a decline of 5 percent compared to the same period last year. The decline is primarily a result of a decrease in the number of journeys by S-train caused by track works and the date for the Easter holiday compared to last year.

For Long-distance & Regional Trains, the competitive situation for journeys across the Great Belt has become tougher, and there has been a decline of almost 4 percent compared to Q1 2017. Car traffic in particular is increasing its market share and the reduction of the bridge toll across the Great Belt in 2018 has increased competition further. Bus traffic across the Great Belt has also grown in Q1 2018.

Customers continue to appreciate DSB's Orange concept of selling cheap tickets on departures with empty seats outside rush hours. With an Orange ticket selling from DKK 99, it is possible to cross the Great Belt at a competitive price. In Q1 2018, 505,000 Orange tickets were sold. This represents an increase of 43 percent compared to the same period last year. 75 percent of all Orange tickets in Q1 were sold for journeys crossing the Great Belt.

Customer satisfaction levels for Q1 2018 are as a whole at 8.1 (on a scale of 0-10), and this is similar to the levels for both Q4 2017 and Q1 2017. There is a great deal of correlation between punctuality and customer satisfaction with DSB.

In March we implemented a new structure for prices in Jutland and on Funen in collaboration with the regional traffic providers. The change follows an equivalent change to the structure on Zealand in 2017. With the new structure, it will be easier to find the cheapest journey by train or bus in Jutland and on Funen. The customers will deal with fewer zone systems and discount types, and the prices are more transparent.

In general, work is being done to develop and launch simpler and more commercially attractive ticket products, and as part of these efforts, we are preparing an even greater simplification of the total product range.

New modern trains will streamline and stabilise train services

It is DSB's goal to replace its aging trains with a more modern and uniform train fleet with the benefits that this provides for customers. Therefore, DSB is working towards buying new electric locomotives and electric train sets.

New electric locomotives

In March 2018, DSB entered into an agreement with Siemens to receive at least 26 electric locomotives that will be put into operation from 2021 and onwards. The main task of the locomotives will be to pull the double-decker coaches and provide regional train services on Zealand. The electric locomotives will replace the aging ME and EA locomotives, and this will benefit both the environment and the operational reliability.

We have specified a number of requirements for the new locomotives: It must be a “standard electric locomotive” that can be used on both Danish and German/Swedish traction power. It needs to be able to travel at 200 km/h. It needs to be able to pull the existing double-decker coaches and it needs to be equipped to work with both the current and the future signal system on the rail networks. The locomotives must be approved for operation in both Denmark and Germany.

The purchase of new electric locomotives is an important step towards renewing the aging train fleet. In addition to having a positive impact on punctuality, they will also improve the operating result as they are phased in from 2021 and onwards.

DSB and Siemens will work together to maintain the new electric locomotives. Siemens, however, will have overall responsibility for the maintenance during the first 10 years with an option to extend this by 5 years. Siemens is solely responsible for ensuring the quality and reliability of the electric locomotives. However, as part of the agreement, Siemens must use DSB Vedligehold (DSB Maintenance) for parts of the scheduled inspection and maintenance work on the locomotives. This allows us to maintain and expand our competencies in the workshops if the supplier should, against expectation, fail to live up to its commitments.

New electric train sets

On 1 February a political agreement was concluded wherein DSB should continue to work on purchasing new electric train sets and to send out a call for tenders. The agreement means that a framework agreement will be signed, in which DSB is obliged to purchase at least 90 electric train sets.

There is political backing for the most significant parts of the proposal that DSB has prepared, wherein the new electric train sets will be based on an established product platform and a well-known and well-tested technology.

We have noted that the political agreement also means that the maintenance of the new electric train sets is to be completely outsourced.

We have now started preparing the tender to be in line with the political agreement.

The acquisition of new electric trains will mean a better customer experience and a comprehensive renewal of the train fleet, which is necessary in order to realise the societal, operational result-related and environmental gains from the electrification of the railroad moving towards 2030. DSB depends on Banedanmark's rollout of the new signal system and the electrification of the main lines. These large infrastructure projects are a key condition for the rolling stock that DSB is investing in to be able to operate for the benefit of the customers.

Introduction of automated S-train operations

In December 2017 a political agreement was concluded concerning the future of train traffic in the Greater Copenhagen area, including the introduction of automated S-train operations.

The agreement states that the responsibility for train operations and the infrastructure for S-trains should be combined in one organisation, and that the transition towards automated S-train operations is based, from an organisational point of view, on a PPP model (Public Private Partnership). It is also stated in the agreement that an organisational analysis is to be prepared, based on a PPP structure with DSB as the public part.

This model provides the opportunity for DSB over time to optimise the use of employee resources in the entire organisation as the S-train operations will gradually require fewer employees. Optimal utilisation of the civil servants in such a transition period is of great financial significance.

In March 2018 the Ministry of Transport, Building and Housing prepared a mandate for the further analysis work. The results of the analysis will subsequently undergo a political review.

Taastrup, 8 May 2018

Peter Schütze
Chairman of the Board

Flemming Jensen
CEO

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

First Quarter Report 2018

Key Financial and Operating Data

DSB Group	Q1		Increase		Total year
Amounts in DKK million	2018	2017	Abs.	%	2017
Net revenue ¹⁾	2,365	2,485	-120	-5	10,087
Total income ²⁾	3,033	2,901	132	5	12,092
Of these, non-recurring items	267	-	267	-	284
Total expenses	2,181	2,368	-187	-8	9,831
Of these, non-recurring items	-	-	-	-	479
Profit/loss before amortisation, depreciation and write-downs	852	533	319	60	2,261
Amortisation, depreciation and write-downs of intangible and tangible assets	465	451	14	3	1,854
Of these, non-recurring items	20	-	20	-	79
Operating profit/loss	387	82	305	-	407
Profit/loss before tax	361	48	313	-	274
Profit/loss before tax adjusted for non-recurring items	114	48	66	-	548
Profit/loss for the period	268	39	229	-	211
Balance sheet total	16,163	16,208	-45	0	16,305
Total equity	5,678	5,371	307	6	5,497
Interest-bearing liabilities, net	4,403	5,900	-1,497	-25	4,802
Profit ratio (EBIT margin)*	16.4	3.3	13.1	-	4.0
Return on equity p.a. (ROE)*	19.2	2.9	16.3	-	3.9
Return on invested capital after tax (ROIC after tax) p.a.*	11.3	2.3	9.0	-	2.9
Gearing p.a.*	1.3	2.8	-1.5	-54	2.1
Equity ratio*	35.1	33.1	2.0	6	33.7
Interest coverage*	11.6	2.4	9.2	-	2.7
Number of full-time employees – end of period	7,066	7,324	-258	-4	7,132
Average number of full-time employees	7,142	7,299	-157	-2	7,292
Productivity – (Danish activities)³⁾					
Passenger and transport contract revenue per seat kilometre (DKK 0.01/kilometre)	55	55	0	0	56
Passenger revenue per seat kilometre (DKK 0.01/ kilometre)	31	30	1	3	32
Costs per seat kilometre, adjusted for non-recurring items (DKK 0.01/kilometre)	57	57	0	0	57
Operator Punctuality⁴⁾					
Long-distance & Regional Trains (%)	95.4	94.4	1.0	1	94.4
S-train (%)	98.5	98.7	-0.2	0	98.6
Passenger punctuality⁵⁾					
Long-distance & Regional Trains (%)	82.9	79.3	3.6	5	79.4
S-train (%)	94.4	92.8	1.6	2	91.8
Customers					
Customers in Denmark (million journeys) ⁶⁾	44.9	47.2	-2.3	-5	187.5
"Customer satisfaction for this journey" – (Danish activities)	8.1	8.0	0.1	1	7.9
Reputation					
Users of Long-distance & Regional Trains	51.8	48.9	2.9	6	49.3
Users of S-trains	52.7	55.4	-2.7	-5	52.6
Non-users of Long-distance & Regional Trains	46.5	39.9	6.6	17	40.9

¹⁾ Net revenue includes turnover relating to the railway business.

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

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

⁴⁾ Operator punctuality is the total punctuality, minus any delays due to circumstances for which DSB is not responsible. Arrivals are considered punctual if they are less than 3 minutes delayed. Cancellations due to circumstances at DSB that are not notified 72 hours in advance are calculated as a delay. In Q1 2017 Operator punctuality numbers for Long-distance & Regional trains have been corrected for an operational problem that the Ministry of Transport, Building and Housing has approved.

⁵⁾ Customer punctuality for Long-distance & Regional Trains traffic is defined as the number of passengers riding on punctual trains in relation to the total number of passengers. Customer punctuality for the S-train network is defined as the proportion of passengers which may arrive punctually on the basis of passengers' expected travel pattern and the operated train traffic. Arrivals are considered punctual if they are less than 3 minutes delayed. Cancellations, which are not notified 72 hours in advance, are counted as a delay.

⁶⁾ Customers in Denmark 2017 have been corrected compared to previously published numbers as a result of the final counts of journeys etc. Furthermore, journeys in Denmark in 2017 have been corrected with the hand-over of the regional train traffic in North Jutland and shutting down IC Bornholm.

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

Report - financial activities

The profit before tax for Q1 2018 amounted to DKK 361 million, which is an increase of DKK 313 million compared to the same period in 2017. The profit before tax for 2018 have been impacted by gains on sale of properties.

Table 1: Profit/loss adjusted for non-recurring items¹⁾

DKK million	Q1	
	2018	2017
Profit/loss before tax	361	48
Gains on real estate	-267	-
Write-down real estate	20	-
Adjusted profit/loss before tax	114	48

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

Adjusted for non-recurring items, the profit before tax are DKK 66 million higher than the corresponding profit for Q1 2017. The increase is primarily due to reduced costs for consultants, the leasing of rolling stock and lower staff costs. This is partially counterbalanced by a decline in passenger revenue and traffic contract payments.

The balance sheet total was DKK 16,163 million in comparison to DKK 16,305 million as of 31 December 2017.

In the first 3 months of 2018, DSB invested DKK 195 million (DKK 203 million). Investments included, among other things, heavy maintenance of Long-distance & Regional Trains and S-trains.

Net interest-bearing debt has been reduced by DKK 399 million compared with 31 December 2017 and totalled at DKK 4,403 million as of 31 March 2018. It is mainly the cash flow from operating activity and the selling of real estate that has made it possible to reduce the amount of interest-bearing debt. The reduction can also be attributed to investments in rolling stock being significantly lower than the depreciation and write-downs of existing rolling stock.

By the end of Q1 2018, Gearing p.a. amounted to 1.3 (2.8), Return on invested capital after tax (ROIC) p.a. was 11.3 (2.3), and the Solvency ratio was 35.1 (33.1). The gains on sale of real estate have led to the significant increase in ROIC.

Net revenue

The net revenue of the DSB Group was DKK 2,365 million in Q1 2018 (DKK 2,485 million). Adjusted for traffic transfers, the sale of DSB Uppland and entering the "Supplemental Contract 19" with the Ministry of Transport, Building and Housing regarding a reduction of traffic contract payments, the net revenue is at the same level as of Q1 2017.

Passenger revenue amounted to DKK 1,268 million, and this is DKK 31 million lower than in Q1 2017.

The development in Long-distance & Regional Trains in 2018 has been impacted by a loss of passenger revenue as a result of the transfer of the regional train traffic in North Jutland in August 2017 and shutting down IC Bornholm in 2017. The reduction of the bridge tolls over the Great Belt have also strengthened the competitive situation between the country's regions - mainly in favour of car traffic. The bus traffic over the Great Belt has also intensified. In addition, the number of journeys by Long-distance & Regional trains in 2018 continue to be challenged by the changes to the travel rules for DSB Ungdomskort, just as the date of the Easter holiday in Q1 2018 compared to Q2 2017 impacts the number of journeys negatively by a total of 0.6 million.

During the period, S-trains have had 1.7 million fewer journeys. This can, among other things, be attributed to the impact of track works in 2017 and the date of the Easter holiday.

Revenue from traffic contracts amounted to DKK 1,013 million and has declined by DKK 85 million compared to Q1 2017. The development can be allocated to 'Supplemental Con-

tract 19' concerning a reduction in traffic contract payments in the period 2018-2024, traffic transfers and the sale of DSB Uppland in September 2017.

Sales of repairs and maintenance of rolling stock, etc. amounted to DKK 64 million and have decreased by DKK 8 million compared to Q1 2017.

Leasing of rolling stock amounted to DKK 20 million, an increase of DKK 4 million compared with the same period in 2017.

Work performed by the enterprise and capitalised decreased by DKK 13 million and totalled DKK 142 million in Q1 2018. This is primarily due to fewer IT projects being capitalised.

Other operating income has risen by DKK 265 million and amounted to DKK 526 million. The increase is mainly attributable to the sale of DSB's previous office space property on Kalvebod Brygge 32 in Copenhagen.

Expenses

Expenses totalled DKK 2,181 million in the first 3 months of 2018 (DKK 2,368 million).

Expenses for raw materials and consumables amounted to DKK 419 million and have decreased by DKK 45 million. The development is impacted by lower expenses for spare parts and energy for traction.

Other external costs amounted to DKK 873 million, and have decreased by DKK 107 million compared with the same period in 2017. The development is affected by less expenses for consultants and the ending of lease payments for 67 double-decker coaches, as these were purchased in October 2017. In addition, Other external expenses in 2017 were impacted by the expenses for the ID controls at the Swedish border.

Staff costs amounted to DKK 889 million and have decreased by DKK 35 million compared

with the same period in 2017. The development in Danish activities is primarily due to a declining number of full-time employees resulting from a streamlining of the administration and lower pension contributions to civil servants as a consequence of the agreement entered into in December 2017 concerning payment for the risk of part of the future pension contributions. Additionally, the development is impacted by activities that have ceased or been sold - including the transfer of domestic traffic to other operators and the phasing out of international traffic. This is partially counterbalanced by the ordinary developments in salary increases.

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs totalled DKK 465 million compared to DKK 451 million for the same period in 2017. The increase is impacted by write-downs of real estate.

Financials

Net financials amounted to an expense of DKK 26 million (DKK 34 million).

Outlook for 2018

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

Productivity

Table 2: Number of full-time employees

	Q1		Increase	
	2018	2017	Abs.	%
Danish activities	6,977	7,145	-168	-2
Swedish activities	-	96	-96	-
German activities ¹⁾	89	83	6	7
Number of full-time employees – end of period	7,066	7,324	-258	-4
Average number of full-time employees	7,142	7,299	-157	-2

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

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

The decline of 96 employees in the Swedish activities is due to the sale of DSB Uppland in September 2017.

Table 3: Productivity in the Danish train activities

	Q1		Increase	
	2018	2017	Abs.	%
Costs per seat kilometre ¹⁾ (øre/kilometre)	57	57	0	0
Number of train kilometres per employee	2,979	2,961	18	1
Number of train journeys per employee ²⁾	9,787	10,858	-271	-3

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

²⁾ The number of train journeys per employee in 2017 has been adjusted with the reduction in the number of journeys resulting from the transference of the regional train traffic in North Jutland and shutting down IC Bornholm.

The number of train journeys per employee fell by 3 percent. The decline can be allocated to the number of journeys by S-train and regional trains on Zealand facing issues, in particular due to track works and effects from the

suspension of ME diesel locomotive train operations.

Punctuality

Table 4: Operator punctuality¹⁾

Percent	Q1		Increase	
	2018	2017	Abs.	Pct.
Long-distance & Regional Trains	95.4	94.4	1.0	1
S-trains	98.5	98.7	-0.2	0

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

²⁾ In Q1 2017 Operator punctuality numbers for Long-distance & Regional Trains have been corrected for an operational problem that the Ministry of Transport, Building and Housing has approved.

Operator punctuality in Long-distance & Regional Trains has risen from 94.4 percent to 95.4 percent. Operator punctuality has generally seen improvements resulting from a more robust timetable. The operator punctuality of 95.4 percent exceeds the traffic contract's target of 94.1 percent

Operator punctuality for S-trains has fallen marginally from 98.7 to 98.5 percent. Among other things, this is due to the winter weather having led to more issues with the rolling stock compared to last year. The operator punctuality is still higher than the traffic contract's target of 97.5 percent.

Table 5: Customer punctuality¹⁾

Percent	Q1		Increase	
	2018	2017	Abs.	Pct.
Long-distance & Regional Trains	82.9	79.3	3.6	5
S-trains	94.4	92.8	1.6	2

¹⁾ Customer punctuality for Long-distance & Regional Trains traffic is defined as the number of passengers riding on punctual trains in relation to the total number of passengers. Customer punctuality for the S-train network is defined as the proportion of passengers which may arrive punctually on the basis of passengers' expected travel pattern and the operated train traffic. Arrivals are considered punctual if they are less than 3 minutes delayed. Cancellations, which are not notified 72 hours in advance, are counted as a delay.

Customer punctuality in Long-distance & Regional Trains has risen from 79.3 to 82.9 percent. The new initiatives to make the train service more robust have thus led to the desired improvement to the customer punctuality numbers. At the same time, there have been fewer issues with the infrastructure - in particular, fewer issues involving signal errors. Conversely, customer punctuality in Q1 2018 has been negatively impacted by the winter weather, which led to delays and cancellations. At 82.9 percent, customer punctuality is on par with the target of the traffic contract.

Customer punctuality for S-trains has risen from 92.8 to 94.4 percent. Among other things, this is due to fewer issues with the signal system (CBTC) and that there have generally been less delays resulting from challenges with the signal and infrastructure systems. The operator punctuality of 94.4 percent exceeds the traffic contract's target of 92.3 percent

Customers

During Q1 of 2018, 44.9 million journeys were carried out by DSB in Denmark, compared to 47.2 million journeys during the same period last year. The decline of 5 percent is primarily due to a decrease in the number of journeys by S-trains and regional trains on Zealand.

Table 6: Total number of journeys

1,000 journeys	Q1		Increase	
	2018	2017 ¹⁾	Abs.	%
Long-distance & Regional Trains	17,402	17,971	-569	-3
East (Zealand)	12,153	12,625	-472	-4
West (Jutland and Funen)	3,237	3,264	-27	-1
East/West (across the Great Belt)	1,876	1,945	-69	-4
Others	136	137	-1	-1
S-trains	27,506	29,228	-1,722	-6
Denmark, total	44,908	47,199	-2,291	-5
Germany, total	541	541	0	0
Total	45,449	47,740	-2,291	-5

¹⁾ Journeys in Denmark in 2017 have been corrected compared to previously published numbers as a result of the final counts of journeys, etc. Furthermore, the numbers for 2017 have been corrected by approximately 0.3 million journeys with the transfer of the regional train traffic in North Jutland. In addition, journeys in Sweden have been omitted due to the sale of DSB Uppland (approximately 1.0 million journeys).

Long-distance & Regional Trains had 17.4 million journeys compared to 18.0 million journeys in the same period of 2017, which is mainly a result of fewer journeys in the East (Zealand).

The traffic in the East (Zealand) has decreased by 4 percent. The number of journeys in the East has been negatively impacted by the ME diesel locomotive operations were suspended in January 2018 as a result of signs of initial crack formation on two axles. The suspension has led to changes to the timetable that have impacted the number of seats available and reduced the number of departures. In addition, journeys in the East have been negatively impacted by the date of the Easter holiday this year in addition to changes to the travel rules for the DSB Ungdomskort. This is partly counterbalanced by more travellers crossing the Øresund, which was negatively impacted by the ID control on the Swedish border in 2017.

In the West (Jutland and Funen) the number of journeys is on par with the same period in 2017. In 2018, journeys in the West were still facing challenges by changes to the travel

rules for the DSB Ungdomskort, which have been estimated to have led to a decrease in the number of journeys by 0.1 million. This is partially counterbalanced by an increase in the sale of Orange tickets. The numbers for 2017 have been adjusted with the transfer of the regional train traffic in North Jutland to Nordjyske Jernbaner in August.

The development in the number of journeys crossing the Great Belt is still challenged and has decreased by 4 percent in comparison to the same period in 2017. The development is also negatively impacted by the date of the Easter holiday this year in addition to changes to the travel rules for DSB Ungdomskort. Additionally, the market share for traffic across the Great Belt has decreased by approximately 1 percentage point as the reduction in bridge tolls have strengthened the competitive situation. In Q1 2018 0.4 million Orange tickets were sold for journeys East/West (across the Great Belt) in comparison to 0.3 million during the same period last year.

In the first three months of the year, S-trains had 27.5 million journeys, equivalent to a decrease of 6 percent compared to Q1 2017. This was due to the effects of the track works in 2017 and 2018 and the date of the Easter holiday this year.

The new structure for prices in Western Denmark (Takst Vest) entered into effect in March 2018. With Takst Vest, it has become more simple to find the cheapest ticket by bus or train in Jutland and on Funen. Together with the other traffic companies in Jutland and on Funen, DSB now has uniform prices and tickets, which simplifies the entire price and ticket system.

In connection with the implementation of Takst Vest, DSB has implemented several measures to make it less complex to compare tickets and prices for the customers. This is part of the commercial strategy to build a more simple product range, provide cheaper tickets and allow customers to have more flexibility.

DSB is also working towards offering more tickets at variable prices. The Orange tickets are a competitively priced product for customers who can plan their journey well in advance and travel outside of rush hour. At the same time, DSB is carrying out several informational and marketing initiatives to both ensure that young people become more familiar with DSB's products and that pensioners have an easier time choosing the right product.

Rolling stock

Table 7: Litra kilometres¹⁾

Kilometre (1,000)	Q1		Increase	
	2018	2017	Abs.	%
IC4 train sets	1,952	1,358	594	44
IC3 train sets	7,387	7,831	-444	-6
IR4 train sets	2,650	2,212	438	20
Øresund train sets	1,897	2,309	-412	-18
Double-decker coaches	1,812	4,307	-2,495	-58
MR train sets	119	259	-140	-54
Desiro train sets	656	700	-44	-6
ME - Diesel locomotives	352	995	-643	-65
EA - Electric locomotives	62	39	23	59
S-train sets	4,198	4,312	-114	-3

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

Table 8: Number of kilometres travelled between incidents¹⁾

Kilometre (1,000)	Q1		Increase	
	2018	2017	Abs.	%
IC4 train sets	4.0	4.2	-0.2	-5
IC3 train sets	39.5	60.2	-20.7	-34
IR4 train sets	12.3	12.5	-0.2	-2
Øresund train sets	20.2	23.2	-3.0	-13
Double-decker coaches	12.4	18.6	-6.2	-33
MR train sets	5.9	8.6	-2.7	-31
Desiro train sets	10.3	17.9	-7.6	-42
ME - Diesel locomotives	19.6	28.3	-8.7	-31
EA - Electric locomotives	3.3	4.3	-1.0	-23
S-train sets	15.6	13.0	2.6	20

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

In late January 2018, DSB chose to suspend all 33 diesel locomotives from active operations after finding initial crack formations on two axles. Subsequently, DSB has started to reintroduce the ME diesel locomotives in operations as the cracks that are found on the axles are fixed. The limited operation of the ME diesel locomotive and the double-decker coaches in Q1 2018 has had an impact on the number of litra kilometres travelled for several types of rolling stock as the lines have been operated by other types of rolling stock.

The IC4 train sets number of litra kilometres has risen significantly compared to the same period last year due to having been used to replace the ME diesel locomotives and the double-decker coaches in the regional traffic on Zealand. The number of travelled litra kilometres in 2017 was negatively impacted by the suspension of passenger operations in March 2017 due to issues with the hydraulic pumps.

The IC3 operations in Q1 2018 is less than in the same period last year. Among other things, this is due to DSB no longer operating between Skørping and Frederikshavn. In Q1 2017, the IC3 train sets travelled a high number of kilometres between incidents. The number of kilometres between incidents in Q1 2018 is on par with the average number for all of 2017.

The IR4 train sets have travelled significantly more litra kilometres than in the same period last year, as the IR4 train sets are now also operating on the line between Esbjerg and Lunderskov subsequent to its electrification.

The Øresund train sets have travelled fewer litra kilometres than last year as DSB no longer operates IC Bornholm.

The limited use of both double-decker coaches and ME diesel locomotives have resulted in incidents having a stronger impact on the total result.

The use of MR trains is, as planned, significantly lower than in the same period last year where the aging train sets were part of train operations. In 2018, the train sets have only entered as an operational reserve, and have been used on the line between Fredericia and Struer in late January 2018 in order to free IC4 trains to replace the ME diesel locomotives in the regional traffic on Zealand. The MR train sets have thus travelled significantly fewer litra kilometres in comparison to the same period in 2017. The number of travelled kilometres between incidents is therefore also lower in Q1 2018 than in the same period last year.

The Desiro train sets have travelled fewer kilometres between incidents in Q1 2018 than in the same period last year as a result of several different types of technical issues with the train sets.

The S-trains have also operated less than in the same period last year. This is due to several cancellations due to closed tracks and infrastructure issues in addition to issues with the rolling stock due to the winter weather.

Accounting policies

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

Events after 31 March 2018

No events have occurred after 31 March 2018, which, in the opinion of the management, have a significant impact on the assessment of this interim report.

Other matters

Per Schrøder has joined the Executive Board as of 1 March 2018 as Director of Operations.

Henriette Fenger Ellekrog has left the Board of Directors, effective as of 2 May 2018.

Statement

Management Statement

The Board of Directors and the Executive Board have today discussed and approved the first quarter report for DSB for the period 1 January - 31 March 2018.

The first 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 Danish DSB Act. We consider the accounting policies applied to be appropriate. Accordingly, the first quarter report gives a true and fair view of the group's assets, liabilities and financial position as of 31 March 2018 and of the results of the group's activities and cash flows for the period from 1 January to 31 March 2018.

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

Taastrup, 8 May 2018

Executive Board

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Jürgen Müller
Director of Strategy
& Rolling Stock

Per Schrøder
Director of Operations

The Board of Directors

Peter Schütze
Chairman

Annette Sadolin
Vice-Chairman

Henrik Amsinck

Carsten Gerner

Christina Grumstrup Sørensen

Hans Christian Kirketerp-Møller

Preben Steenholdt Pedersen

Birthe Østergaard Petersen



Accounts

Income statement			
Group	Q1		Total year
Amounts in DKK million	2018	2017	2017
Income			
Net revenue	2,365	2,485	10,087
Work performed by the enterprise and capitalised	142	155	609
Other operating income	526	261	1,396
Total income	3,033	2,901	12,092
Expenses			
Expenses for raw materials and consumables	419	464	1,755
Other external expenses	873	980	3,842
Staff costs	889	924	4,234
Total expenses	2,181	2,368	9,831
Profit/loss before amortisation, depreciation and write-downs	852	533	2,261
Amortisation, depreciation and write-downs of intangible and tangible assets	465	451	1,854
Operating profit/loss	387	82	407
Financial income and expenditure			
Profit/loss after tax in associated companies	0	0	0
Financial income	2	1	30
Financial expenses	28	35	163
Net financials	-26	-34	-133
Profit/loss before tax	361	48	274
Tax on profit/loss for the period	-93	-9	-63
Profit/loss for the period	268	39	211
The profit/loss for the period is distributed as follows:			
Company participant in DSB	268	39	211
Minority interests	-	0	0
Profit/loss for the period	268	39	211

Balance sheet – assets

Group	31.3	30.12	
Amounts in DKK million	2018	2017	2017
Intangible assets			
Development projects	130	156	114
Intangible assets in progress and prepayments	80	86	93
Total intangible assets	210	242	207
Tangible assets			
Land and buildings	4,379	4,561	4,446
Rolling stock	8,244	8,391	8,408
Operating equipment, fixtures and fittings and other equipment	766	837	767
Tangible assets in progress and advance payments	239	162	238
Total tangible assets	13,628	13,951	13,859
Investments			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	208	251	207
Other receivables	28	29	26
Total investments	236	280	233
Total non-current assets	14,074	14,473	14,299
Inventories	407	493	458
Properties held for sale	21	187	109
Receivables			
Trade receivables	554	568	704
Other receivables	232	237	233
Prepayments	95	180	100
Total receivables	881	985	1,037
Cash in bank and in hand	780	70	402
Total current assets	2,089	1,735	2,006
Total assets	16,163	16,208	16,305

Balance sheet – liabilities and equity

Group	31.3	31.12	
Amounts in DKK million	2018	2017	2017
Equity			
Contributed capital	4,760	4,760	4,760
Retained earnings	918	611	631
Proposed dividends	0	-	106
Company participant in DSB's share of equity	5,678	5,371	5,497
Minority interests	-	0	0
Total equity	5,678	5,371	5,497
Provisions			
Other provisions	146	63	241
Deferred tax liabilities	813	898	851
Total provisions	959	961	1,092
Non-current liabilities			
Long-term loans	2,982	4,642	3,030
Subordinated loan capital	0	2	0
Other non-current liabilities	581	528	558
Other liabilities	253	290	265
Total non-current liabilities	3,816	5,462	3,853
Current liabilities			
Current portion of non-current liabilities	2,076	229	2,071
Short-term loans	0	905	0
Credit institutions	0	102	0
Trade accounts payables	1,487	1,440	1,452
Corporation tax	299	39	173
Other liabilities	896	846	1,206
Prepayments	952	853	961
Total current liabilities	5,710	4,414	5,863
Total liabilities	9,526	9,876	9,716
Total equity and liabilities	16,163	16,208	16,305

Statement of changes in equity

Group						
Amounts in DKK million	Contri- buted capital	Retained earnings	Proposed dividends	Company participant in DSB's share of equity	Minority interests	Total equity
Equity at 1 January 2017	4,760	578	0	5,338	0	5,338
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
Equity at 31 March 2017	4,760	611	0	5,371	0	5,371
Profit for the period	-	66	106	172	0	172
Foreign currency translation adjustments	-	-1	-	-1	-	-1
Value adjustment of hedging instruments, 1 April	-	114	-	114	-	114
Value adjustment of hedging instruments, 31 December	-	-161	-	-161	-	-161
Other changes in equity, tax	-	2	-	2	-	2
Equity at 31 December 2017	4,760	631	106	5,497	0	5,497
Paid dividends	-	-	-106	-106	-	-106
Profit for the period	-	268	-	268	-	268
Foreign currency translation adjustments	-	-3	-	-3	-	-3
Value adjustment of hedging instruments, 1 January	-	161	-	161	-	161
Value adjustment of hedging instruments, 31 March	-	-139	-	-139	-	-139
Equity at 31 March 2018	4,760	918	0	5,678	-	5,678

Cash flow statement			
Group	Q1		Total year
Amounts in DKK million	2018	2017	2017
Operating profit/loss	387	82	407
Adjustment for non-cash operating items			
Amortisation, depreciation and write-downs of intangible and tangible assets	465	451	1,854
Change in other provisions, net	-95	-1	177
Other adjustments			
Gain and loss on sale and scrapping of intangible and tangible assets	-267	1	-266
Net financial items, paid	-11	-18	-144
Corporation tax, paid	-11	-51	-6
Change in working capital	-147	-63	342
Total cash flow from operating activities	321	401	2,364
Cash flows from investment activities			
Acquisition of intangible and tangible assets, excluding capitalised interest	-195	-203	-1,473
Sale of intangible and tangible assets	365	0	413
Repayment of subordinated loan capital	-	-	46
Total cash flows from investment activities	170	-203	-1,014
Cash flows from financing activities			
Proceeds from raising of short-term loans	-	-	409
Proceeds from raising of short-term loans	-	65	640
Repayment of and payment of instalments on long-term loans	-7	-7	-229
Repayment of and payment of instalments on short-term loans	-	-160	-1,640
Change in credit institutions	-	-97	-199
Paid dividends	-106	-	0
Total cash flow from financing activities	-113	-199	-1,019
Total change in cash and cash equivalents	378	-1	331
Cash and cash equivalents at 1 January	402	71	71
Cash and cash equivalents at end of period	780	70	402

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

Income statement per quarter

Group	2018	2017			
Amounts in DKK million	Q1	Q1	Q2	Q3	Q4
Passenger revenues	1,268	1,299	1,424	1,286	1,464
Revenue from transport contracts	1,013	1,098	1,095	1,076	1,017
Sale of repair and maintenance services of rolling stock, etc.	64	72	67	67	82
Leasing of rolling stock	20	16	8	10	6
Net revenue	2,365	2,485	2,594	2,439	2,569
Work performed by the enterprise and capitalised	142	155	149	137	168
Other operating income	526	261	311	529	295
Total income	3,033	2,901	3,054	3,105	3,032
Expenses for raw materials and consumables	419	464	437	424	430
Other external expenses	873	980	929	934	999
Staff costs	889	924	988	933	1,389
Total expenses	2,181	2,368	2,354	2,291	2,818
Profit/loss before amortisation, depreciation and write-downs	852	533	700	814	214
Amortisation, depreciation and write-downs of intangible and tangible assets	465	451	428	480	495
Operating profit/loss	387	82	272	334	-281
Net financials	-26	-34	-30	-29	-40
Profit/loss before tax	361	48	242	305	-321
Profit/loss for the period	268	39	185	234	-247
Total equity	5,678	5,371	5,568	5,803	5,497
EBITDA-margin	36.0	21.4	27.0	33.4	8.3
Return on equity (ROE) p.a.	19.2	2.9	13.5	16.5	-17.5
Return on invested capital after tax (ROIC after tax) p.a.	11.3	2.3	7.4	9.5	-8.3

Financial calendar

Expected publication of quarterly and interim reports:

1st half Report	23 August 2018
3rd Quarter Report	8 November 2018

Publications

The First Quarter Report is available at www.dsb.dk

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Ownership

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CVR No. 30700228

The National Audit Office of Denmark

Bank

Nordea Bank Danmark A/S

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