

In the first 9 months of the year, DSB realized a loss of DKK 31 million. High punctuality for S-trains, whereas punctuality for Long-distance & Regional trains remains challenged

- The result for the third quarter as well as the first 9 months of the year is in line with the expectations for break even for the year.
- Small increase in the number of journeys sold compared to last year
- The sale of Orange and Orange Fri tickets sets new records
- Increased market share across the Great Belt in the third quarter
- Purchase of new electric train fleet proceeds according to plan
- Re-opening of renovated and modernised Østerport Station

Finances

For the first 9 months of the year 2019, DSB generated a loss before tax of DKK 31 million, which is DKK 369 million lower than the same period in 2018. The result for 2018 was positively affected by income of DKK 267 million from the sale of DSB's office building at Kalvebod Brygge 32 in Copenhagen. Furthermore, the result for 2019 is adversely affected by severance costs of DKK 51 million in connection with a reduction of administrative positions in the first quarter.

After adjustment for non-recurring items, the result for the first 9 months of the year is a profit before tax of DKK 2 million. This is DKK 115 million lower than the same period in 2018 where the result after adjustment for non-recurring items amounted to DKK 117 million. The lower result was primarily due to declining passenger revenue, increased costs for spare parts for the ageing rolling stock and increasing energy prices.

The decrease in passenger revenue compared to the same period in 2018 amounted to DKK 49 million, equivalent to 1 per cent. The decrease is due to a significantly lower average price for journeys across the Great Belt, which is primarily driven by an increased sale of Orange and Orange Fri-tickets. Number of journeys showed a slight increase in the first three months of the 9-month period of 2019 compared to the same period in 2018.

In the third quarter, the increased supply of competitive Orange and Orange Fri-tickets has coincided with a period without comprehensive track work within regional traffic. As a result of this, DSB has gained market shares for traffic across the Great Belt in the third quarter of 2019. DSB's market share thus amounts to 19.9 per cent at the end of the third quarter 2019 compared to 18.8 per cent at the end of the third quarter 2018.

For the third quarter alone, the loss before tax and after adjustment for non-recurring items amounts to DKK 43 million compared to a loss of DKK 13 million in the third quarter of 2018.

The result for the third quarter and for the first 9 months of the year is in line with the expectations for break even for the year.

The interest-bearing debt amounted to DKK 3,453 million at 30 September 2019 and has been reduced by DKK 340 million compared to 30 June 2019.

The customers - record growth for Orange tickets and stable customer satisfaction

In the first 9 months of the year, there were 138.5 million journeys with DSB. This is an increase of 0.4 million journeys compared with the same period last year. The increase is primarily owing to an increase in the number of S-train journeys.

The number of journeys across the Great Belt is at the same level as the same period in 2018. There has been extensive track maintenance work between Roskilde and Korsør in the period from 24 March to 12 June with complete track closure and reduced traffic in the period. This has contributed to a decrease in the market share across the Great Belt in the second half of 2019. To counter the loss of customers and the increasing competition from cars and busses, the supply of Orange and Orange Fri-tickets has increased. Since February this year, we have offered 120,000 Orange tickets for sale each week, which is double the number in 2018. For the third quarter, this has meant that for all three months of the quarter we have seen an increase in the number of train passengers across the Great Belt.

The idea behind Orange tickets is to fill empty seats on departures with available capacity. Orange Fri is a cheaper ticket which is still flexible if the customer has to change the time of departure. The purpose is to get more people to take the train so that we utilize our capacity. It is possible to buy Orange Fri tickets until shortly before departure, and with a ticket purchase even a few days before a journey it is possible to find a significantly cheaper ticket. Cheaper tickets help to get people out of their cars and contribute to reducing congestion in the major cities. They also make traffic more climate-friendly and sustainable.

During the first 9 months of 2019, we have sold DKK 1.9 million Orange and Orange Fri-tickets for journeys across the Great Belt compared to DKK 1.2 million tickets during the same period in 2018.

Overall, customer satisfaction for the first 9 months of the year is 8.1 (on a scale of 0-10), which is an increase of 0.1 compared to the same period in 2018.

Re-opening of renovated and modernised Østerport Station - and opening of Metro Cityring

On 19 September 2019, after two years of comprehensive renovation work, we opened a completely renovated Østerport Station where every little detail has been cared for. Østerport is a historic 122-year old station, which has been renovated with respect for the past while at the same time taking into consideration the requirements of modern railway services.

Østerport Station is also one of the new connecting stations in relation to Metro Cityringen, which was commissioned on 29 September 2019. The possibility for changing between the S-train and Metro contributes to creating an even tighter connection for public transport by metro, busses, S-trains and regional trains.

Overall, the Copenhagen Metro will attract more passengers for public transport in the Greater Copenhagen area. Together with the Metro, DSB will contribute to reducing congestion in the Copenhagen streets and approach roads. With more travelling Copenhageners, out-of-town commuters and tourists, we can in this way help reduce our climate footprint. Functional public transport is a vital element in the green transition. We need to get more people to choose the train over the car.

*"At DSB we have set ambitious goals for the climate and the environment. The train is the climate-friendly choice, and the more people we can get to choose the train over the car the greater the reduction of our climate footprint."
Flemming Jensen, CEO*

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

Both customer punctuality and operator punctuality - the part of punctuality that DSB is solely responsible for - are at, respectively, 93.0% and 98.2% during the first 9 months of the year and above the contract targets defined by the state.

For the third quarter of 2019, customer and operator punctuality was 92.9 and 97.3 per cent, respectively.

The 300,000 daily Copenhagen S-train customers have thus arrived on time in the vast majority of cases.

However, a number of customers have been adversely affected by the necessary track and signal work. We have close collaboration with Rail Net Denmark on the planning of the replacement traffic which is meant to ensure that the customers can still reach their destinations when S-trains are not running.

Customer punctuality for Long-distance & Regional Trains still under pressure

Customer punctuality for Long-distance & Regional trains rose during the first 9 months of the year to 79.1% from 78.3% in the same period last year. Customer punctuality is below the traffic contract's target of 83.4%. For the third quarter of 2019, customer punctuality was 77.7% compared to 76.1% in the second quarter.

The low customer punctuality may predominantly be ascribed to Rail Net Denmark's infrastructure work and delays from Sweden.

Rail Net Denmark's absolutely necessary track, signal and electrification work will in the long term contribute to ensuring that Denmark will have a modern, effective and climate-friendly rail-road - but right now and for a number of years ahead it will be inconvenient to the rail travellers for extended periods.

Delays from Sweden are unfortunately adversely affecting the Danish train customers to an increasing degree. When trains from Sweden arrive late at the Copenhagen Central Station, they create disruption in the entire Danish long-distance and regional traffic. In the first 9 months of 2019, delays from Sweden accounted for 17% of the total delays for Long-distance & Regional trains.

The operator punctuality for Long-distance & Regional trains of 94.9% has risen compared to the same period last year and is generally stable as a result of a more robust time table and fewer defects in rolling stock. Operator punctuality exceeds the traffic contract's target of 94.3%.

New electric train fleet will streamline the train service and contribute to climate targets

In the coming years, we will replace our ageing diesel driven train fleet with a modern, uniform fleet of electric trains and locomotives.

This will be a comprehensive renewal of the train fleet which will ensure significant improvements for our customers and which is at the same time necessary in order to realise the societal,

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operational budget-related and environmental gains from the electrification of the railroad moving towards 2030.

The new electric train fleet will thus make a significant contribution to our ambition to be CO2 neutral in 2030 and to the fulfilment of the major national climate ambitions.

The purchase of the new electric train fleet is proceeding according to plan, and we are ready to commission the new electric rolling stock concurrently with Rail Net Denmark's electrification of the railway. We expect that the new Vectron electric locomotives will be commissioned in regional train traffic on Zealand from 2021, and the new coaches are planned to be commissioned in passenger operations in 2022. The new electric train sets are expected to be commissioned in passenger operations from 2024.

Concurrently with the purchase of new locomotives, coaches and trainsets, we will establish new modern workshops, which will further contribute to an effective and stable train service.

Taastrup, 7 November 2019.

Peter Schütze
Chairman of the Board

Flemming Jensen
CEO

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

Key Financial and Operating Data

DSB Group	Third quarter	1st - 3rd quarter		Increase		Total year
Amounts in DKK million	2019	2019	2018	Abs.	Pct.	2018
Net revenue ¹⁾	2,339	7,112	7,163	-51	-1	9,684
Total revenue ²⁾	2,730	8,468	8,791	-323	-4	11,855
Of which non-recurring items	13	42	286	-244	-85	347
Total expenses	2,270	7,031	6,968	63	1	9,353
Of which non-recurring items	2	67	4	63	-	-35
Earnings before amortisation and depreciation	460	1,437	1,823	-386	-21	2,502
Amortisation, depreciation and write-downs of intangible and tangible assets	461	1,385	1,380	5	0	1,829
Of which non-recurring items	0	8	61	-53	-87	61
Operating profit/loss	-1	52	443	-391	-88	673
Profit or loss before tax	-32	-31	338	-369	-	568
Profit/loss before tax adjusted for non-recurring items	-43	2	117	-115	-98	247
Net profit or loss for the period	-24	-23	263	-286	-	450
Balance sheet total	13,937	13,937	15,174	-1,237	-8	14,832
Total equity	5,503	5,503	5,670	-167	-3	5,822
Interest-bearing liabilities, net	3,453	3,453	3,859	-406	-11	3,860
Profit ratio (EBIT margin)*	0.0	0.7	6.2	-5.5	-89	6.9
Return on equity p.a. (ROE)*	-1.7	-0.5	6.3	-6.8	-	8.0
Return on invested capital after tax (ROIC after tax) p.a.*	0.0	0.6	4.6	-4.0	-87	5.3
Gearing p.a.*	1.9	1.8	1.6	0.2	14	1.5
Equity ratio*	39.5	39.5	37.4	2.1	6	39.3
Interest cover*	0.0	0.6	4.2	-3.6	-86	5.1
Number of full-time employees - year-end	6,860	6,860	7,070	-210	-3	6,997
Average number of full-time employees	6,831	6,887	7,087	-200	-3	7,092
Productivity – (Danish activities)³⁾						
Passenger revenue per seat kilometre (DKK 0.01/km)	30	31	32	-1	-3	33
Costs per seat kilometre, adjusted for non-recurring items (DKK 0.01/km)	58	60	61	-1	-2	61
Operator Punctuality⁴⁾						
Long Distance & Regional Trains (%)	94.9	94.9	94.3	0.6	1	94.4
S-trains (%)	97.3	98.2	98.6	-0.4	0	98.2
Passenger punctuality⁵⁾						
Long Distance & Regional Trains (%)	77.7	79.1	78.3	0.8	1	79.2
S-trains (%)	92.9	93.0	93.8	-0.8	-1	92.9
Customers						
Customers (mil. journeys) ⁶⁾	45.9	138.5	138.1	0.4	0	186.7
"Customer satisfaction for this journey"	8.0	8.1	8.0	0.1	1	8.0
Reputation						
DSB	51.4	52.8	50.4	2.4	5	49.9
Users of DSB	53.3	54.8	51.9	2.9	6	51.6
Non-users of DSB	44.9	46.2	46.4	-0.2	0	45.2

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 counted as a delay.

⁵⁾ Customer punctuality for long-distance and 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 who 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 delays.

⁶⁾ Customers in Denmark in 2018 have been adjusted compared with previously published figures due to the final journey inventories, etc. calculated as the number of trips.

* Calculated pursuant to the definitions laid down in Definitions of key figures in DSB's annual report for 2018.

Report - financial activities

The result before tax for the first 9 months of the year amounted to a loss of DKK 31 million, which is DKK 369 lower than the same period in 2018. The first 9 months of the year were negatively impacted by severance costs, whereas the same period of 2018 was positively impacted by profits in connection with the sale of DSB's previous office property at Kalvebod Brygge in Copenhagen.

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

DKK million	1st - 3rd quarter	
	2019	2018
Profit or loss before tax	-31	338
Gains on real estate	-26	-282
Write-down, real estate	8	30
Write-down of 2 IC4 train sets	-	31
Severance costs	51	-
Adjusted pre-tax profit or loss	2	117

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

Adjusted for non-recurring items, the profit before tax was DKK 2 million, which is DKK 115 million lower than the corresponding profit for the same period of 2018. The decline in the adjusted pre-tax result for the first 9 months of the year is primarily due to decreasing passenger revenue and increased costs for raw materials and consumables.

The balance sheet total amounted to DKK 13,937 million as of 30 September 2019, compared to DKK 14,832 million as of 31 December 2018.

In the first 9 months of 2019, DSB has invested DKK 547 million (DKK 611 million). Investments were mostly in heavy maintenance of Long-distance and Regional trains and S-trains.

Net interest-bearing debt has been reduced by DKK 407 million compared with 31 December

2018 and stood at DKK 3,453 million as of 30 September 2019.

By the end of Q3 2019, Return on invested capital after tax (ROIC) p.a. was 0.6 (4.6), Gearing p.a. was 1.8 (1.6) and the Solvency ratio was 39.5 (37.4). The negative development in the result was the main cause of the decline of ROIC and the increase in Gearing.

Net revenue

In the first 9 months of the year, net revenue amounted to DKK 7,112 million (DKK 7,163 million).

Passenger revenue amounted to DKK 3,811 million, which is DKK 49 million lower than in the same period in 2018. The decrease is primarily due to a significantly lower average price of journeys across the Great Belt. The increased supply of Orange and Orange Fri-tickets has lowered the average price.

The development in passenger revenue for Long-distance and Regional trains is impacted by a decline in regional traffic. The reason for the decline is that the journeys have been completed at a lower average price per journey. In the first 9 months of the year, the sale of Orange and Orange Fri-tickets was 1.9 million in the traffic between east and west (1.2 million). The decline in passenger revenue in the regional traffic is only to a limited extent counterbalanced by increasing revenue in the regional traffic.

In the first 9 months of 2019, S-trains have completed 0.3 million more journeys compared to the same period 2018, which contributes to a minor increase in passenger revenue for S-trains.

Revenue from transport contracts amounted to DKK 3,036 million, which is unchanged compared to the first 9 months of 2018. The conclusion of "Supplementary contract 25" on compensation for work performed in the period 2012 to April 2019 in connection with the new signal and train control system (ERTMS) on the long-distance line has resulted in an

increase in revenue from traffic contracts of DKK 70 million. However, this is partially counterbalanced by discontinuation of traffic contract payment as a result of sale of the activities in Germany. In addition, traffic contract payment for the first 9 months has decreased by DKK 27 million compared to the same period of 2018 due to the conclusion of "Supplementary contract 19".

Sales of repairs and maintenance of rolling stock, etc. amounted to DKK 224 million and have decreased by DKK 6 million in relation to the same period in 2018.

Selling and leasing of rolling stock amounted to DKK 41 million, an increase of DKK 4 million compared to the same period in 2018.

Work performed by the enterprise and capitalised amounted to DKK 353 million for the first 9 months of the year, which is DKK 84 million less than the corresponding period in 2018. The reason for the decrease is primarily that the rolling stock composition in 2019 has required fewer major train inspections and, to a lesser extent, fewer IT projects having been completed.

In the first 9 months of the year, other operating income has decreased by DKK 188 million compared to the same period last year and amounted to DKK 1,003 million. The decline can particularly be attributed to the fact that the first 9 month of 2018 included profit in connection with the sale of DSB's previous office building at Kalvebod Brygge in Copenhagen.

Expenses

Expenses totalled DKK 7,031 million in the first 9 months of 2019 (DKK 6,968 million).

Costs for raw materials and consumables constituted DKK 1,457 million and rose by DKK 111 million compared to the first 9 months of 2018. The development has been impacted by increased costs during the period for spare parts for the ageing rolling stock and increasing energy prices.

Other external costs amounted to DKK 2,742 million, a decrease of DKK 131 million compared with the same period in 2018. The decrease is primarily attributable to lower costs for replacement traffic and the sale of the activities in Germany. The decline is partially counterbalanced by increased costs for consultants in connection with the multi-year digitalisation plan and preparations for purchasing new rolling stock.

Staff costs amounted to DKK 2,832 million and increased by DKK 83 million compared with the same period in 2018. The increase is due to severance pay of DKK 51 million in connection with efficiency improvements of the administration and the general wage trends. By contrast, staff costs have fallen as a result of a reduced number of full-time employees in Danish activities and sale of the German activities.

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs amounted to DKK 1,385 million (DKK 1,380 million). During the first 9 months of the year, there have been increased depreciation and write-downs of rolling stock. The same period in 2018 included write-down of properties and 2 IC4 train sets.

Financials

Net financials amounted to an expense of DKK 83 million (DKK 105 million). The first 9 months of 2018 were negatively impacted by foreign currency translation adjustment.

Third quarter 2019

The pre-tax result in the third quarter of 2019 showed a loss of DKK 32 million while the pre-tax result adjusted for non-recurring items showed a loss of DKK 43 million.

Net revenue totalled DKK 2,339 million

Passenger revenue amounted to DKK 1,263 million. In the third quarter, 2.0 million long-distance journeys have been completed, which

is an increase of 0.1 million journeys compared to the second quarter. However, the journeys have as previously mentioned been completed at a lower average price.

Revenue from traffic contracts amounted to DKK 994 million. This is a reduction of DKK 63 million compared to the second quarter, which was impacted by the conclusion of "Supplementary contract 25", see above.

Sale of repair and maintenance of rolling stock, etc. amounted to DKK 71 million, which is in line with previous quarters, while sale and leasing of rolling stock amounted to DKK 11 million.

Work performed by the enterprise and capitalised amounted to DKK 74 million. The reduction compared to the other quarters of 2019 can be ascribed to fewer major overhauls and fewer supplementary work having been completed.

Other operating income was DKK 317 million and was impacted by profit of DKK 11 million concerning sale of properties.

Expenses totalled DKK 2,270 million.

Expenses for raw materials and consumables amounted to DKK 469 million. The quarter was impacted by lower costs for energy and spare parts. The stagnation in costs for spare parts mentioned in the interim report for the second quarter continued in the third quarter.

Other external costs amounted to DKK 902 million, which is in line with the previous quarter.

Staff costs amounted to DKK 899 million. This is lower than the previous quarters of the year, which may be explained by the first six months being impacted by costs in connection with the streamlining of the administration.

Amortisation, depreciation and write-downs still amounted to DKK 461 million and are impacted by increased depreciation and

writedowns of rolling stock, as were the 2 first quarters of the year, while net financial items amounted to DKK 31 million.

Outlook for 2019

DSB continues to expect that it will break even before taxes and non-recurring items, as there has been scheduled major track works for the year with the associated increase in costs for replacement traffic and lost passenger revenues. In addition, competition is growing, which will put pressure on earnings.

Productivity

Table 2: Number of full-time employees

	1st - 3rd quarter		Increase	
	2019	2018	Abs.	Pct.
Danish activities	6,860	6,980	-120	-2
German activities ¹⁾	-	90	-90	-100
Number of full-time employees – year-end	6,860	7,070	-210	-3
Average number of full-time employees	6,887	7,087	-200	-3

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

The decrease in the number of full-time employees in the Danish activities is primarily due to a streamlining of the administration. There are also ceased activities in the form of closing of kiosks and fewer full-time employees in operations.

The activities in Germany were sold off as at 1 January 2019.

Table 3: Productivity in the Danish train activities

	1st - 3rd quarter		Increase	
	2019	2018	Abs.	Pct.
Passenger revenue per seat kilometre ¹⁾ (DKK 0.01/km)	31	32	-1	-3
Costs per seat kilometre ^{1,2)} (DKK 0.01/km)	60	61	-1	-2

¹⁾ Seat kilometres are calculated as the number of seats contained in a litra unit multiplied by the number of litra kilometres travelled.

²⁾ The calculation includes depreciation, but is adjusted for non-recurring items.

Passenger revenue per seat kilometre has fallen by DKK 3% compared to the same period last year. This is caused by a 1% fall in passenger revenue while the number of seat kilometres have risen by 3%. The reason for the increased number of seat kilometres is that the first 9 months of 2018 were impacted by fewer seat kilometres due to the axle issue with the ME diesel locomotives and the track closure on the Frederikssund line.

Costs per seat kilometre has decreased by 2% compared to the first 9 months of 2018. This

is due to the rise in costs of 1% while the number of seat kilometres has risen by 3%.

Punctuality

Table 4: Operator punctuality¹⁾

Percent	1st - 3rd quarter		Increase	
	2019	2018	Abs.	Pct.
Long-distance & Regional Trains	94.9	94.3	0.6	1
S-trains	98.2	98.6	-0.4	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 counted as a delay.

Operator punctuality for Long-distance and Regional trains of 94.9% has risen compared to the same period in 2018 and is generally stable as a result of a more robust time table and fewer defects in rolling stock.

The operator punctuality of 94.9% exceeds the traffic contract's target of 94.3%.

Operator punctuality for S-trains was 98.2 in the first 9 months of the year, which is lower than the same period of 2018. Punctuality has generally not been impacted by interruptions in service for which DSB is responsible.

The operator punctuality of 98.2% exceeds the traffic contract's target of 97.5%.

Table 5: Customer punctuality¹⁾

Percent	1st - 3rd quarter		Increase	
	2019	2018	Abs.	Pct.
Long-distance & Regional Trains	79.1	78.3	0.8	1
S-trains	93.0	93.8	-0.8	-1

¹⁾ Customer punctuality for Long-distance and 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 who 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 delays.

Customer punctuality for Long-distance & Regional trains in the first 9 months of the year increased to 79.1 from 78.3 in the same period last year. One of the reasons for the improved punctuality is fewer defects in rolling stock.

At 79.1%, customer punctuality is below the traffic contract's target of 83.4%. The customer punctuality in the first 9 months of the year has been negatively impacted by errors in infrastructure and track works as well as delays from Sweden affecting the departures from Copenhagen Central Station.

Customer punctuality for S-trains in the first 9 months of the year fell to 93.0 from 93.8 in the same period last year. It is primarily errors resulting from infrastructure work along and around the S-track that have caused the lower customer punctuality.

At 93.0%, customer punctuality exceeds the traffic contract's target of 92.3%.

Third quarter 2019

Operator punctuality for Long-distance & Regional Trains was 94.9, and thus exceeding the traffic contract's target, while operator punctuality for S-trains was 97.3 which is below the traffic contract's target. The operator punctuality for S-trains was particularly impacted by interruptions in service owing to a lack of traindrivers.

Customer punctuality for Long-distance & Regional Trains was 77.7, and thus below the traffic contract's target. The customer punctuality was impacted by several errors in infrastructure as well as delayed trains from Sweden affecting the departures from Copenhagen Central Station. For S-trains, customer punctuality was 92.9.

Customers

In the first 9 month of the year, 138.5 million journeys were completed with DSB, which is in line with the same period last year.

Table 6: Number of Journeys

1,000 journeys	1st - 3rd quarter		Increase	
	2019	2018 ¹⁾	Abs.	Pct.
Long-distance & Regional Trains	56,129	56,077	52	0
Øresund - crossing the bridge	9,309	9,328	-19	0
Zealand, including Kystbanen/the Coast Line and the Kastrup Line	31,197	30,813	384	1
West (Jutland and Funen)	9,424	9,785	-361	-4
East/West (across the Great Belt)	5,669	5,648	21	0
Others	530	503	27	5
S-trains	82,396	82,053	343	0
Total	138,525	138,130	395	0

¹⁾ Journeys in Denmark in 2018 have been adjusted compared with previously published figures due to the final journey inventories etc.

Long-distance & Regional trains had 56.1 million journeys, which is in line with the same period in 2018. The effect of the strike on 1 April in Long-distance & Regional trains is estimated at 0.1 million journeys.

Øresund – crossing the bridge. In the first 9 months of the year, there were 9.3 million journeys across the bridge, which is in line with the same period last year.

In the first 9 months of 2019, the number of journeys on Zealand including Kystbanen (the coastal line) and the Kastrup line was 31.2 million, which was negatively impacted by track maintenance work on the lines between Roskilde and Korsør and between Ringsted and Nykøbing Falster/Rødby. In the same period of 2018, the number of journeys was negatively impacted by the decommissioning of the ME diesel locomotives and by the track work on Kystbanen (the coastal line) throughout the summer.

For West (Jutland and Funen), the number of journeys was 4% lower than in the same period of 2018, as the fare reform is assessed to have entailed that the customers have adopted another travel pattern.

In the first 9 months of 2019, the number of journeys East/West (across the Great Belt) was in line with the same period last year. The market share across the Great Belt has fallen by 0.9 percentage points in the first 9 months. The decrease is impacted by the extensive track maintenance work between Roskilde and Korsør in the period from 24 March to 12 June with complete track closure and reduced traffic. In response to the increasing competition and the loss of customers, more Orange and Orange Fri-tickets have been offered for sale. Thus, in the first 9 months of the year, 1.9 million Orange and Orange Fri-tickets were sold for East/West journeys compared to 1.2 million in the same period of 2018.

In the first 9 months of the year, there were 82.4 million S-train journeys, which is 0.3 million more than the same period last year. Track works in 2019 - primarily at Lyngby - have resulted in a decrease in the number of journeys of 1.2 million. At the same time, the strikes in April and June have caused a loss in the number of journeys of a total of 0.4 million. However, 2018 was impacted by more comprehensive track work - primarily along the Frederikssund line - which meant a decrease in the number of journeys of 3.3 million. However, track work along Kystbanen (the coastal line) in 2018 resulted in an increase in the number of journeys by S-train of 0.4 million.

DSB is continuously striving to target the Orange and Orange Fri-tickets at the relevant customer groups through pricing, marketing and an increased supply. This has resulted in a steadily increasing sale of Orange and Orange Fri-tickets, and it has thus been ensured that DSB has realised a growth in journeys in the last quarter. The sale of Orange and orange Fri-tickets has thus increased to 2.9 million

journeys in the first 9 months of 2019 from 1.6 million journeys during the same period of 2018.

In the first 9 months of 2019, the sale of Interrail tickets has increased by 49% corresponding to 3,654 tickets compared to the same period of 2018. The growing interest in Interrail and increased sales are a consequence of intensified marketing and continuous presence in the market. DSB is continuously working to develop the Interrail product to match the customers' needs.

In connection with the opening of MetroCityringen on 29 September, DSB offered free transport for all S-train travellers. The objective was to enable the customers to try Cityringen and the improved cohesion in public transport in the Great Copenhagen area.

DSB has great focus on initiatives to increase the number of journeys by S-train, and during the period from 29 September to 29 December it offers customers with commuter cards with at least one zone in the zones 1-99 to travel free of charge throughout the S-train network during weekends. These customers are also allowed to bring one other person on the journey.

Third quarter 2019

The third quarter saw a total increase in East/West journeys of 0.1 million. The development is driven, among other things, by an increase of 0.2 million journeys related to Orange and orange Fri-tickets compared to the second quarter where the number of journeys was adversely impacted by track work.

As expected, S-trains had a lower number of journeys in the third quarter due to the usual seasonal fluctuations in July in connection with the summer holidays.

Long-distance traffic was not impacted by track work in the third quarter of 2019. In combination with the commercial activities - primarily regarding Orange and Orange Fri - this has meant that in the third quarter of

2019 DSB has gained market shares in traffic across the Great Belt. DSB's market share has thus increased by 1.2 percentage points compared to the same period in 2018. It is the first time in 2019 which has seen 3 consecutive months with increased market share.

Rolling stock

Table 7: Litra kilometres ¹⁾				
Kilometre (1,000)	1st - 3rd quarter		Increase	
	2019	2018	Abs.	Pct.
IC4 train sets	5,621	5,657	-36	-1
IC3 train sets	21,221	22,014	-793	-4
IR4 train sets	7,341	7,919	-578	-7
Øresund train sets	5,833	5,196	637	12
Double-decker coaches ²⁾	11,383	7,619	3,764	49
MR train sets	3	388	-385	-99
Desiro train sets	1,614	1,905	-291	-15
ME diesel locomotives	2,545	1,555	990	64
EA electric locomotives	181	202	-21	-10
S-train sets	13,504	13,070	434	3

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

²⁾ Litra kilometres for double-decker coaches are calculated per coach, regardless of the fact that several coaches are usually connected.

Table 8: Number of kilometres travelled between incidents ¹⁾				
Kilometre (1,000)	1st - 3rd quarter		Increase	
	2019	2018	Abs.	Pct.
IC4 train sets	8.0	4.3	3.7	86
IC3 train sets	33.6	28.6	5.0	17
IR4 train sets	17.6	11.1	6.5	59
Øresund train sets	21.9	21.0	0.9	4
Double-decker coaches	22.4	17.0	5.4	32
MR train sets	1.6	9.2	-7.6	-83
Desiro train sets	11.2	8.3	2.9	35
ME diesel locomotives	21.9	21.0	0.9	4
EA electric locomotives	4.1	5.2	-1.1	-21
S-train sets	16.5	14.6	1.9	13

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

During the first 9 months of the year, the IC4 production was slightly lower than the same period of 2018 as the IC4 train sets were used to replace the ME diesel locomotives and the

double-decker coaches in the regional traffic on Zealand in 2018. The IC4 train sets have travelled more kilometres between incidents in the first 9 months of 2019 compared with the same period in 2018. In 2019, DSB has continued the uniform workshop structure and launched initiatives related to the planning of the maintenance of IC4 train sets - including implementation of software upgrades.

During the first 9 months of the year, IC3 production was 4% lower than the same period last year. During the first 9 months of the year and during all months in the third quarter 2019, the IC3 train sets travelled more kilometres between incidents than the same periods of the previous year.

The IC4 train sets have travelled fewer litra kilometres but significantly more kilometres between incidents in the first 9 months of 2019 than the same period last year. A number of initiatives have been implemented in the IR4 workshop and in operations which have resulted in the reduction of incidents.

During the first 9 months of 2019, the Øresund train sets have travelled more litra kilometres than the same period last year. One of the reasons for this was that the trains were not in service on Kystbanen (the coastal line) during the summer of 2018 due to track work. Number of kilometres travelled between incidents has increased 4%.

The double-decker coaches and ME diesel locomotives have travelled substantially more kilometres in the first 9 months of 2019 than in the same period in 2018. This is due to the fact that all ME diesel locomotives were taken out of service in January 2018 as a result of axle problems. The increase in the number of kilometres travelled between incidents for the double-decker coaches can be attributed to more work being done to prevent faults on the doors.

The MR production has been significantly lower in the first 9 months of 2019 compared to the same period last year since the MR train

sets only travelled a few kilometres in January 2019 as they are not expected to be used in 2019.

The Desiro train sets have travelled fewer litra kilometres in the first 9 months of 2019 than in the same period last year, as some of the train sets have been out of operation due to scheduled major overhauls and installation of equipment for travelling with the new signalling system. The increase in the number of travelled kilometres between incidents in 2019 in relation to the same period last year is due to extraordinarily many technical challenges in 2018. In 2019, the air conditioning systems in the Desiro train sets have undergone a major renovation. This has contributed to reducing the number of faults in the trains in the summer of 2019 compared to the summer of 2018.

The S-train production and the number of kilometres travelled between incidents increased in the first 9 months of 2019 as compared with the same period of 2018. The increase in the number of litra kilometres is primarily a result of 2018 being impacted by comprehensive track closures - primarily the Frederikssund line. The increase in the number of kilometres travelled between incidents can mainly be attributed to fewer faults caused by the new signal system in 2019.

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 on the Act on DSB.

The interim report otherwise follows the same accounting policies as Annual Report 2018.

Commission income in connection with sale of tickets from other operators has been reclassified from net revenue to other operating income. Comparative figures have been adjusted.

Events after 30 September 2019

No events occurred after 30 September 2019 which in the opinion of the management have a significant impact on the assessment of the interim report.

Other matters

There are no other matters.

Statement

Management statement

The Board of Directors and the Executive Board have today discussed and approved the interim report for the period 1 January - 30 September 2019 for DSB.

The interim report, which has neither been audited nor reviewed by the company's auditors, has been presented in accordance with the Danish Financial Statements Act and the Act on DSB. We consider the accounting policies to be appropriate. Accordingly, the interim report provides a true and fair view of the Group's assets, liabilities and financial position as of 30 September 2019 and of the results of the Group's activities and cash flows for the period from 1 January to 30 September 2019.

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

Taastrup, 7 November 2019.

Executive Board

Flemming Jensen
CEO

Thomas Thellersen Børner
CFO

Jan Sigurdur Christensen
Director of Commercial

Jürgen Müller
Director of Strategy
& Rolling stock

Per Schrøder
Director of Operations

The Board of Directors

Peter Schütze
Chairman

Annette Sadolin
Vice-Chairman

Henrik Amsinck

Hanne Blume

Carsten Gerner

Christina Grumstrup Sørensen

Preben Steenholdt Pedersen

Lone Riis

Morten Færgemann Sørensen



Accounts

Income statement			
Group	1st - 3rd quarter		The entire year
	2019	2018	2018
Amounts in DKK million			
Income			
Net revenue	7,112	7,163	9,684
Work performed by the entity and capitalised	353	437	578
Other operating income	1,003	1,191	1,593
Total revenue	8,468	8,791	11,855
Expenses			
Expenses for raw materials and consumables	1,457	1,346	1,866
Other external expenses	2,742	2,873	3,883
Staff costs	2,832	2,749	3,604
Total expenses	7,031	6,968	9,353
Earnings before amortisation, depreciation and write-downs	1,437	1,823	2,502
Amortisation, depreciation and write-downs of intangible and tangible assets	1,385	1,380	1,829
Operating profit/loss	52	443	673
Financials			
Profit after tax in associated companies	0	0	0
Financial income	3	1	34
Financial expenses	86	106	139
Net financials	-83	-105	-105
Profit or loss before tax	-31	338	568
Tax on result for the period	8	-75	-118
Net profit or loss for the period	-23	263	450

Balance sheet – assets

Group	30.9		31.12
Amounts in DKK million	2019	2018	2018
Intangible assets			
Development projects	153	125	132
Intangible assets in progress and prepayments	28	87	82
Total intangible assets	181	212	214
Tangible assets			
Land and buildings	4,174	4,284	4,233
Rolling stock	6,877	7,767	7,565
Operating equipment, fixtures and fittings and other equipment	735	766	759
Tangible assets in progress and advance payments	335	296	397
Total tangible assets	12,121	13,113	12,954
Investments			
Equity investments in associated companies	0	0	0
Subordinated loan capital in associated companies	184	198	199
Other receivables	24	25	26
Total investments	208	223	225
Total non-current assets	12,510	13,548	13,393
Inventories	458	405	396
Properties held for sale	13	26	17
Receivables			
Trade receivables	450	405	469
Other receivables	212	269	338
Prepayments	250	190	130
Total receivables	912	864	937
Cash at bank and in hand	44	331	89
Total current assets	1,427	1,626	1,439
Total assets	13,937	15,174	14,832

Balance sheet – liabilities and equity

Group	30.9		31.12
Amounts in DKK million	2019	2018	2018
Equity			
Contributed capital	4,760	4,760	4,760
Retained earnings	743	910	942
Proposed dividends	0	0	120
Total equity	5,503	5,670	5,822
Provisions			
Other provisions	114	136	149
Deferred tax liabilities	656	778	755
Total provisions	770	914	904
Non-current liabilities			
Long-term loans	2,195	2,524	2,162
Other non-current liabilities	559	508	377
Other liabilities	245	268	259
Total non-current liabilities	2,999	3,300	2,798
Current liabilities			
Current portion of non-current liabilities	468	1,571	961
Short-term loans	825	-	200
Credit institutions	83	-	640
Trade accounts payables	1,587	1,592	1,379
Corporation tax	30	327	211
Other liabilities	908	882	914
Prepayments	764	918	1,003
Total current liabilities	4,665	5,290	5,308
Total liabilities	7,664	8,590	8,106
Total equity and liabilities	13,937	15,174	14,832

Statement of changes in equity

Group	Contributed capital	Retained earnings	Proposed dividends	Total equity
Amounts in DKK million				
Equity at 1 January 2018	4,760	631	106	5,497
Declared dividend	-	-	-106	-106
Funds allocated to Fonden Danmarks Jernbanemuseum (extraordinary)	-	-43	-	-43
Profit for the period	-	263	-	263
Foreign currency translation adjustments	-	-3	-	-3
Value adjustment of hedging instruments, 1 January	-	161	-	161
Value adjustment of hedging instruments, at 30 September	-	-99	-	-99
Equity at 30 September 2018	4,760	910	0	5,670
Profit for the period	-	67	120	187
Foreign currency translation adjustments	-	0	-	0
Value adjustment of hedging instruments, 30 September	-	99	-	99
Value adjustment of hedging instruments, at year-end	-	-133	-	-133
Other changes in equity, tax	-	-1	-	-1
Equity at 31 December 2018	4,760	942	120	5,822
Declared dividend	-	-	-120	-120
Loss for the period	-	-23	-	-23
Foreign currency translation adjustments	-	7	-	7
Value adjustment of hedging instruments, 1 January	-	133	-	133
Value adjustment of hedging instruments, at 30 September	-	-316	-	-316
Equity at 30 September 2019	4,760	743	0	5,503

Cash flow statement

Group	1st - 3rd quarter		Total year
Amounts in DKK million	2019	2018	2018
Operating profit/loss	52	443	673
Adjustment for non-cash operating items			
Amortisation, depreciation and write-downs of intangible and tangible assets	1,385	1,380	1,829
Change in other provisions, net	-35	-105	-92
Other adjustments			
Gain and loss on sale and scrapping of intangible and tangible assets	-23	-282	-340
Net financial items, paid	-53	-94	-116
Corporation tax, paid	-222	-11	-190
Change in working capital	-96	-53	-269
Total cash flow from operating activities	1,008	1,278	1,495
Cash flows from investment activities			
Acquisition of intangible and tangible assets - excluding capitalised interest	-547	-611	-910
Sales of intangible and tangible assets	47	392	457
Subordinated debt repayments	16	11	11
Total cash flows from investment activities	-484	-208	-442
Cash flows from financing activities			
Proceeds from raising of short-term loans	1,170	-	200
Repayment and payment of instalments on long-term loans	-517	-1,026	-2,091
Repayment of, and payment of instalments on short-term loans	-545	-	-
Change in credit institutions	-557	-	640
Paid dividends	-120	-115	-115
Total cash flow from financing activities	-569	-1,141	-1,366
Changes to Cash in bank and in hand, total	-45	-71	-313
Cash in bank and in hand, 1 January	89	402	402
Cash in bank and in hand at the end of period	44	331	89

Income statement by quarter

Group	2019			2018			
Amounts in DKK million	1st quarter	2nd quarter	3rd quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Passenger revenue	1,251	1,297	1,263	1,245	1,367	1,248	1,425
Revenue from traffic contracts	985	1,057	994	1,013	1,012	1,011	1,015
Sale of repair and maintenance services of rolling stock etc.	81	72	71	64	80	86	73
Sale and leasing of rolling stock	20	10	11	20	6	11	8
Net revenue	2,337	2,436	2,339	2,342	2,465	2,356	2,521
Work performed by the entity and capitalised	155	124	74	142	144	151	141
Other operating income	345	341	317	549	323	319	402
Total revenue	2,837	2,901	2,730	3,033	2,932	2,826	3,064
Expenses for raw materials and consumables	495	493	469	419	473	454	520
Other external expenses	931	909	902	873	1,004	996	1,010
Staff costs	956	977	899	889	948	912	855
Total expenses	2,382	2,379	2,270	2,181	2,425	2,362	2,385
Earnings before amortisation, depreciation and write-downs	455	522	460	852	507	464	679
Amortisation, depreciation and write-downs of intangible and tangible assets	462	462	461	465	479	436	449
Operating profit/loss	-7	60	-1	387	28	28	230
Net financials	-26	-26	-31	-26	-45	-34	0
Profit or loss before tax	-33	34	-32	361	-17	-6	230
Profit/loss before tax adjusted for non-recurring items	20	25	-43	114	16	-13	130
Net profit or loss for the period	-26	27	-24	268	0	-5	187
Total equity	5,639	5,598	5,503	5,678	5,686	5,670	5,822
EBITDA margin	19.5	21.4	19.7	36.4	20.6	19.7	26.9
Return on equity (ROE) p.a.	-1.8	1.9	-1.7	19.2	0.0	-0.4	13.0
Return on invested capital after tax (ROIC after tax) p.a.	-0.2	2.0	0.0	11.3	1.4	0.9	7.8

Financial calendar

Expected publication of annual report and convening of corporate meeting:

Annual Report 2019	6 February 2020
Corporate meeting	10 March 2020

Publications

Interim report for Q3 2019 is available on www.dsb.dk

Company details

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Municipality of domicile

Høje-Taastrup

Ownership

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

Auditors

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

The National Audit Office of Denmark

Bank

Nordea Bank Danmark A/S

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