DB Schenker’s response to the new economic situation
Global Rail Freight Conference

DB Mobility Logistics AG
Dr. Karl-Friedrich Rausch
Member of the Board of Management for Transport and Logistics
St. Petersburg, July 6, 2010
As part of the DB Group’s business units, DB Schenker forms a strong and global transportation network.

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<thead>
<tr>
<th>DB Schenker Rail</th>
<th>DB Schenker Logistics</th>
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<tr>
<td>Rail Freight – No. 1 in Europe¹</td>
<td>Land Transport – No.1 in Europe²</td>
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<td>Network for cross-border transport services in Europe</td>
<td>Europe’s largest and densest network for regular transport services</td>
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<tr>
<td>Air Freight – No.2 worldwide³</td>
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<td>Global network for transportation services</td>
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<tr>
<td>Ocean Freight – No.3 worldwide⁴</td>
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<tr>
<td>Contract Logistics/SCM – No.5 worldwide⁵</td>
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<td>Solutions for customized logistics services worldwide</td>
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</tbody>
</table>

Source: DB ¹ according to tkm  ² according to revenue  ³ according to tons  ⁴ according to TEU  ⁵ according to revenue

DB ML AG, Dr. Karl-Friedrich Rausch, July 6, 2010
In 2009 we had to manage the worst global crisis since the Great Depression which left obvious marks

**DB Schenker Rail**  
Revenue in EUR m; Sep ’08 = 100

**DB Schenker Logistics**  
Revenue in EUR m; Sep ’08 = 100

### Challenging market environment

- **Global trade** has become far more **vulnerable** to economic downturns due to globalized supply chains
- **Emerging markets** have become even more **important** through the crisis
- Negative global GDP growth caused collapse of global trade
- **Key industries** for DB Schenker hit hard
- **High uncertainty** lead to exceptionally **high volatility** in rates and demand
- **Increased competition** based on prices

DB ML AG, Dr. Karl-Friedrich Rausch, July 6, 2010
Regarding the worldwide transport market, it will take time to reach the 2008 volumes

### Land Transport

Europe, in bn EUR

- **2012**
  - CAGR '09-'13: +4.7%
  - 2012: +3.9%

### Air freight

Global, in m tons

- **2011**
  - CAGR '09-'13: +4.9%
  - 2012: +5.0%

### Ocean freight

Global, in m TEU

- **2011**
  - CAGR '09-'13: +5.0%
  - 2011: +5.1%

### Rail freight

Europe, in bn tkm

- **2011**
  - CAGR '09-'13: +3.7%
  - 2017: +3.0%

### Rail freight

Germany, in bn tkm

- **2014**
  - CAGR '09-'13: +4.1%
  - 2014: +4.4%

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DB ML AG, Dr. Karl-Friedrich Rausch, July 6, 2010
Due to its business model DB Schenker Rail was crisis-prone

Crisis-prone business model

- Rail DB Schenker Rail has a clear customer focus with the key sectors: automotive, crude steel and chemical industry
- Revenue mainly generated by key-accounts
- Asset heavy: DB Schenker Rail runs its own fleet with over 3,000 locomotives and 110,000 wagons

Lessons learned – measures taken

- Reorganization: productivity improvement through process-orientated reorganization
- Redimensioning: cost reduction through optimization of network structure
- Netzwerkbahn: improve productivity and service reliability through modified production philosophy
- Quality: ensure customer oriented service quality
DB Schenker Logistics’ business model has helped to master the crisis

Resilient business set-up

- **Balanced segment mix** (Air/Ocean, Land Transport, Contract Logistics/SCM), **broad industry coverage** and **global footprint** reduce risk exposure
- Balanced mix of large and small / medium customers **generates volumes while limiting dependence**
- **CL/SCM business** helps to stabilize the business through long-term contracts and spill-over effects into the networks
- Strict measures **regarding staff capacity and operational cost** have been taken early on

Lessons learned – measures taken

- **Hot spots**: Restructure and turn around businesses that suffered most from the financial crises
- **Cost management**: Strict measures regarding staff capacity and operational cost
- **New IT Landscape**: Implement a new IT landscape and more efficient business processes to ensure future competitiveness

DB ML AG, Dr. Karl-Friedrich Rausch, July 6, 2010
Apart those crises specific actions DB Schenker focuses on integrated and sustainable logistics solutions, because...

- Expanding integrated road/rail solutions in Europe
- Expanding the Green Logistics product portfolio worldwide
- Enhancing branch solutions on an international scale
...sustainability / reducing CO₂-footprint will be a competitive edge in the future

ECO Plus – CO₂-free rail freight transport

- For the product ECO Plus only **renewable sources of energy** are used
- **Example:** CO₂-emissions of a 1,000-ton transport with average goods from Berlin (Germany) to Saint Petersburg (Russia)

![Graph showing CO₂ emissions comparison]

DB ML AG, Dr. Karl-Friedrich Rausch, July 6, 2010
Furthermore, Russia as the link between Europe and Asia becomes increasingly important for us.

Trans Eurasia Logistics GmbH (TEL)

Product designer and operator for Rail freight between Asia and Europe

Rail freight offers clear advantages regarding:
- costs
- reliability
- running times

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