

## Notes to the statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents in the year under review, and was prepared in accordance with IAS 7 (Cash Flow Statements). The indirect method has been used for showing cash flow from operating activities.

Interest income and interest payments, dividend income as well as tax payments are stated under operating activities.

Cash and cash equivalents include the cash and cash equivalents stated in the balance sheet with a residual maturity of less than three months (cash in hand, cash deposited with the Bundesbank, cash at banks and checks as well as securities). As of December 31, 2019, of the total figure stated for cash and cash equivalents, € 748 million (as of December 31, 2018: € 856 million) was subject to restrictions mainly as a result of provisions of the rail franchises in Great Britain as well as country-specific and contractual restrictions particularly in international logistics business.

Cash and cash equivalents also include current receivables due from banks (as of December 31, 2019: € 211 million; as of December 31, 2018: € 216 million) resulting from hedges in connection with financial futures. These receivables are repaid in the event of a positive market development, and are repaid by no later than the maturity of the financial futures.

### CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities is calculated by adjusting the net profit for the period before taxes by items which are not cash-effective (in particular additions to and reversals of other provisions) and by adding other changes in current assets, in liabilities (excluding financial debt) and provisions. The cash flow from operating activities is then established after due consideration is given to interest and tax payments.

In accordance with IFRS 16, outflows related to leases are recognized in cash flow from financing activities if they are payments of principal, and are recognized in cash flow from operating activities if they are payments of interest. The inflow of cash from operating activities was virtually unchanged compared with the previous year. In addition to a reduced net profit and higher depreciation on property, plant and equipment (mainly due to the first-time adoption of IFRS 16), the decline in other liabilities and payments into plan assets in particular have had an impact.

The non-cash effective expenses and income have increased (€ +364 million), and mainly comprise slightly higher expenses relating to additions to other provisions as well as significantly lower income from the reversal of other provisions.

### CASH FLOW FROM INVESTING ACTIVITIES

The cash flow from investing activities is calculated as the cash flow provided by the disposal of property, plant and equipment and intangible assets as well as by investment grants, and the cash outflow for capital expenditures in property, plant and equipment and intangible assets as well as for non-current financial assets.

Payments received from investment grants are shown under investing activities due to the close connection between investment grants received and the payments made for capital expenditures in property, plant and equipment.

The increase in outflows of cash from investing activities is mainly attributable to higher outflows for investments in property, plant and equipment (+5.0%). On the other hand, net inflows of cash from investment grants increased (+2.8%). The outflows for the acquisition of shares in consolidated companies (in the year under review: € 23 million; in the previous year: € 3 million) have increased appreciably compared with the previous year and are attributable to the outflow of cash in connection with the second purchase price installment for the acquisition of VT-Arriva.

When changes take place in the scope of consolidation as a result of the acquisition or sale of companies, the acquisition price which is paid (excluding any liabilities which are transferred) less the acquired or sold financial resources are stated as cash flow from investing activities.

### CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities is due to additions to capital, the net inflows and outflows attributable to issued senior bonds, changes in bank borrowings and other loans as well as outflows for the redemption of lease liabilities and interest-free loans.

The considerable increase in inflows of cash from financing activities is mainly attributable to the inflows received from the issuing of hybrid bonds as well as a net inflow from the raising of funds mainly from the raising of commercial paper. This was opposed by the considerable increase in repayments of principal for leases (mainly due to the first-time adoption of IFRS 16), the increase of € 200 million in the distribution of profit to the Federal Government as well as the decline in the net inflow from the issuing and repayment of senior bonds.

**INFORMATION REGARDING THE CHANGES IN FINANCIAL LIABILITIES ACCORDING TO IAS 7**

(€ million)	As of Dec 31, 2018	Non-cash-effective changes						As of Dec 31, 2019
		First-time adoption IFRS 16	Cash- effective change (inflow (+)/ outflow (-))	Acqui- sition (+)/ sale (-) of companies	Currency effects	Addi- tion (+)/ disposal (-) of leasing liabilities and financial receivables	Com- pounding <sup>1)</sup>	
Financial receivables and earmarked cash at banks	-174	-	-164	-	0	-55	-	-393
<b>LIABILITIES FROM FINANCING</b>								
Interest-free loans	851	-	-178	-	-	-	34	707
Senior bonds	20,712	-	82	-	158	-	14	20,966
Commercial paper	-	-	890	-	-	-	-	890
Bank borrowings	646	-	-19	-	-1	-	-	626
EUROFIMA loan	200	-	-	-	-	-	-	200
Leasing liabilities <sup>1)</sup>	562	4,269	-958	-	-25	1,154	13	5,015
Liabilities from transport concessions	45	-	32	-	-	-	-	77
Other financial liabilities	228	-	-16	-	0	-	-	212
<b>Liabilities from financing</b>	<b>23,244</b>	<b>4,269</b>	<b>-167</b>	<b>-</b>	<b>132</b>	<b>1,154</b>	<b>61</b>	<b>28,693</b>
<b>Total</b>	<b>23,070</b>	<b>4,269</b>	<b>-331</b>	<b>-</b>	<b>132</b>	<b>1,099</b>	<b>61</b>	<b>28,300</b>

<sup>1)</sup> The outflows for leasing liabilities including paid interest amount to € 199 million. The interest element is netted under compounding.

(€ million)	As of Jan 1, 2018	Non-cash-effective changes						As of Dec 31, 2018
		Cash-effective change (inflow (+)/outflow (-))	Acquisition (+)/ sale (-) of companies	Currency effects	Addition (+)/ disposal (-) of leasing liabilities and financial receivables	Compounding		
Financial receivables and earmarked cash at banks	-131	-43	-	0	-	-	-174	
<b>LIABILITIES FROM FINANCING</b>								
Interest-free loans	1,014	-204	-	-	-	41	851	
Senior bonds	19,616	1,027	-	56	-	13	20,712	
Commercial paper	0	-	-	-	-	-	-	
Bank borrowings	531	115	-	0	-	-	646	
EUROFIMA loan	200	-	-	-	-	-	200	
Finance lease liabilities	501	-42	55	-	21	27	562	
Liabilities from transport concessions	52	-7	-	-	-	-	45	
Other financial liabilities	162	66	-	0	-	-	228	
<b>Liabilities from financing</b>	<b>22,076</b>	<b>955</b>	<b>55</b>	<b>56</b>	<b>21</b>	<b>81</b>	<b>23,244</b>	
<b>Total</b>	<b>21,945</b>	<b>912</b>	<b>55</b>	<b>56</b>	<b>21</b>	<b>81</b>	<b>23,070</b>	