Frank Appel, Group CEO
Capital Markets Day
Frankfurt, October 1st 2019
We have learned a lot along the way

We are successful

... if we focus on execution excellence
... if we act along our 3 bottom lines
... if we strengthen our profitable core
... if we leverage e-commerce
... if we take advantage of technology


Focus.
We focus on our core activities ...

Connect.
We connect across the organization ...

Grow.
We grow ...

1 Logistics as our core
   One global team
   Leader in e-commerce related logistics
   ... to achieve industry-leading performance.

2 Committed to the needs of our stakeholders & our planet
   Certified specialists for everything we do
   Accelerate footprint shift towards emerging markets
   ... to achieve quality & service excellence.

3 A family of divisions
   Connected approach in operations, commercial, green solutions, shared services
   Tap new market opportunities for organic expansion
   ... for sustainable above-market growth.
We have captured significant potential already

We are stronger than ever before

Relative position of divisions – Year 2013 versus 2019e

Below market
Above market
Revenue growth compared to market

Below peer group average
Above peer group average

EBIT margin compared to competition

SC 19e
EXP 19e
GFF 19e
P&P 19e
SC 13
EXP 13
GFF 13
P&P 13

We are stronger than ever before
Four main trends from Strategy 2020 remain intact, even though the world around us is changing:

- **Globalization**
- **E-Commerce**
- **Digitalization**
- **Sustainability**
GLOBALIZATION

Some Observations...

- **Logistics:** A key enabler of globalization
- **Emerging markets:** Growth behind expectations
- **Long-haul trade:** Slower growth than expected
- **Gravity centers:** NAFTA, Europe and China
GLOBALIZATION: Our broad portfolio makes us more resilient

Our Position

- Largest, most global logistics provider
- Leading market positions
- Strong brands, balanced portfolio

*B2C Express, Parcel Germany and DHL eCommerce Solutions

2018 revenue
E-COMMERCE

Some Observations...

- **Dynamic growth** opportunity for logistics solutions and single elements of e-commerce supply chain
- **Cross-border** growing more than twice as fast as domestic e-commerce
- Increasing demand for **omni-channel** fulfilment
- Future split between **giant market places and independent brands and retailers**: 50%/50%
### E-COMMERCE: We offer the entire logistics value chain

#### Our Position

<table>
<thead>
<tr>
<th>Inbound</th>
<th>Delivery</th>
<th>Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight Transport</td>
<td>Domestic parcel</td>
<td>Domestic and international parcel</td>
</tr>
<tr>
<td>Customs Service</td>
<td>Cross-border TDI</td>
<td>Fulfillment (back to stock)</td>
</tr>
</tbody>
</table>

- **Existing offer**
- **Underway**
Some Observations...

- Automation drives **efficiency, scalability, growth**
- **Simplicity and standardization** of digital interfaces as new benchmarks
- Potential for **better customer experience** and new business models
DIGITALIZATION: Accelerating our pace of digitalization

**Our Position**

**TECHNOLOGY EXPLOITATION (95%)**
Optimize our core business

**BUSINESS EXPLORATION (5%)**
Scale business models augmenting our core
Some Observations...

- Customers, shareholders and society are demanding **sustainable solutions** in line with UN Sustainable Development Goals (SDGs)

- Rising expectations from **investors** regarding ESG disclosures, performance and governance
SUSTAINABILITY: We are in a leading position

Our Position

SUCCESSFUL “GO” PROGRAMS

33 % efficiency improvement since 2007 / Mission 2050
10,000 StreetScooters / Partnerships in Japan & China

15 years GoHelp
(44 DRT deployments / 50 GARD trainings)

10 years GoTeach
(Partnerships SOS / Teach For All)

Global Volunteer Day
122,911 engaged employees in 3,345 projects (2018)
Our Purpose
Connecting people, improving lives

Our Vision
We are THE logistics company for the world

Our Values
Respect & Results

Our Mission
Excellence. Simply delivered.
Along the three bottom lines in a sustainable way
Enabled by Common DNA

Our Business Unit focus
Strengthening the profitable core
Supported by Group functions

Digitalization
Our Purpose
Connecting people, improving lives

Our Vision
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Our DNA: Excellence. Simply Delivered.
Sustainability: Enhancing our ESG focus

**ENVIRONMENTAL IMPACT**
- GoGreen / Mission 2050
- Green solutions
- Green policies & guidelines
- Carbon-efficient delivery solutions
- Tree planting

**SOCIAL IMPACT**
- Employee Engagement (EOS, EOY, GVD...)
- Safety First
- Certified

**GOVERNANCE STRUCTURES**
- Codes of Conduct
- Compliance Management
- Internal Audit
- Data Protection Management
- Responsible Business Practice (RBP) network
Strong divisional strategies

Focus on value creation in the profitable core
Leverage key competitive advantage in each division
Deliver excellence along the three bottom lines
Leverage e-commerce
Digitalize our business models
Digitalization @ DPDHL GROUP

◊ It’s all about...
  ▪ ... enhancing **customer** experience
  ▪ ... improving **employee** experience
  ▪ ... increasing **efficiency**

◊ Powered by the right Group infrastructure and agile divisional architecture
Dedicated Global Centers of Excellence (COEs)

- Blockchain
- Data Lake
- Internet of Things (IoT)
- Intelligent automation of physical operations
- Data Analytics
- Intelligent automation back office
- Application Programming Interfaces (API)
Divisional Architecture

Modernizing our IT backbone

- Digitalization @ P & P Germany
- Express Global Application Portfolio
- IT Renewal Roadmap
- Freight TMS EVO
- Global Architecture under Digital Integration (GAUDI)
- Finance ERP Roadmap
- HR Business Enterprise Architecture
- ITSS Roadmap
Advanced analytics

Example: Express volume forecasting

- Prediction of daily volumes for international flight trade lanes
- Reaching the next level of productivity:
  - 3ppt increased forecasting accuracy
  - Benefits: enabled sale of excess capacity and increased quality
Digitalizing ourselves

➤ Investing
   - We will invest ~ €2bn cumulatively through to 2025 in digitalization, embedded in the ongoing opex and capex spending

➤ Expecting
   - We expect a yearly run rate benefit of > €1.5bn by 2025
CLEAR OBJECTIVES along the three bottom-lines

- Engaged employees bring passion & commitment to work and deliver exceptional quality
- Exceptional quality delights our customers and leads to loyalty
- Customer loyalty leads to profitable growth
CLEAR OBJECTIVES: Employer of Choice

Know your people

- Attract and retain the best talent
- Develop world-class frontline leaders through Certified
- Strengthen a “Safety First” culture

Achieve world-class employee engagement measured by steady progress in “Great Place to Work®” and “Employee Engagement” score of >80% in Employee Opinion Survey (EOS)
CLEAR OBJECTIVES: Provider of Choice

Know your customers

- Leverage digital technologies to enhance customer experience
- Achieve market-leading quality through use of First Choice tools every day, everywhere
- Serve customers in a sustainable way, reducing our environmental impact

Achieve best-in-class customer satisfaction measured by dedicated KPIs such as Net Promoter Score
CLEAR OBJECTIVES: Investment of Choice

Know your numbers
- Profitable Growth in Logistics Core
- Benchmark Margins
- Improved Cash Generation

Achieve attractive returns for our shareholders
Measurable KPIs along all three bottom lines

INVESTMENT OF CHOICE

- Profitable Growth in Logistics Core
- Benchmark Margins
- Improved Cash Generation
- Attractive Shareholder Returns
Profitable Growth in Logistics Core

Benchmark Margins

Improved Cash Generation

Attractive Shareholder Returns
Core logistics offers sustainable growth opportunity

Focus on profitable growth in our core

Market growth assumption by division (volume p.a., 2018-2025)

- P&P: Parcel +5-7%, Mail -2% to -3%
- EXP: TDI +4-5%
- DGFF: OFR +2-4%; AFR +1-3%; RFR +3-4%
- DSC: Outsourced logistics ~+4% (revenue)
- DeCS: Driving revenue CAGR of 5-10% across all businesses

Expected growth vs. Market

- At least in line: P&P, EXP, DSC, DeCS
- Above: DGFF

- Supported by unchanged strong yield discipline in all divisions
Proﬁtable growth supported by disciplined yield management

P&P Germany
Regulated mail price increases & parcel yield management incl. yearly GPI (General Price Increase)

EXPRESS
Yield management incl. yearly GPI (General Price Increase)

DGFF
GP optimization through aligned pricing strategies and value-added products

DSC
Contract selectivity based on service excellence

DeCS
Strong focus on yield and proﬁtability
Profitable Growth in Logistics Core

Benchmark Margins

Improved Cash Generation

Attractive Shareholder Returns
DPDHL Group: Further to go on margin expansion

12m rolling EBIT margin\(^1\)

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1\(^1\)Adjusted for: 2015: DGFF write-off; 2018: PeP restructuring charge; 2019: SF Transaction gain & DSC Restructuring
### Summary divisional outlook: Strategy 2025

<table>
<thead>
<tr>
<th><strong>P&amp;P Germany</strong></th>
<th><strong>EXPRESS</strong></th>
<th><strong>DGFF</strong></th>
<th><strong>DSC</strong></th>
<th><strong>DeCS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2020: Guidance confirmed: €&gt;1.6bn; Margin: ~10%</td>
<td>• Continued growth of absolute EBIT</td>
<td>• DGF GP-EBIT conversion improvement of 100-200bps p.a.</td>
<td>• Topline growth at least in line with market</td>
<td>• Positive EBIT contribution as of 2020</td>
</tr>
<tr>
<td>• Beyond 2020, slow topline growth with stable margin</td>
<td>• Continued, but more incremental margin expansion</td>
<td>• By 2020, 20% DGF GP-EBIT conversion</td>
<td>• Maintain industry leading margin at ~5%</td>
<td>• Gradual increase towards 5% long term margin thereafter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Long-term target: ~30% DGF conversion driving 5-6% DGFF EBIT margin</td>
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</tbody>
</table>
Benchmark Margins

Profitable Growth in Logistics Core

Improved Cash Generation

Attractive Shareholder Returns
Cash conversion: where do we come from?

**OCF/EBIT**

- 2013: 104%
- 2014: 103%
- 2015: 143%
- 2016: 99%
- 2017: 101%
- 2018: 107%

**FCF/EBIT**

- 2013: 58%
- 2014: 45%
- 2015: 72%
- 2016: 41%
- 2017: 52%
- 2018: 30%

1) For 2012, 2016, 2017 excl. voluntary pension funding; for 2018 adjusted for IFRS16 and P&P restructuring (€503m)
Historical capex: gradual increase with improving returns

Group Gross capex, in € m

- 2013: 1,747
- 2014: 1,876
- 2015: 2,024
- 2016: 2,074
- 2017: 2,268
- 2018: 2,648

Group ROCE: Increase of >300bp in 2012-2017

1) 2018 distorted by IFRS16
Capex growth has enabled strong volume increase

Capex increase reflected ongoing strong volume growth in

- **PARCEL GERMANY** (2013-2018: +9% p.a.)
- **EXPRESS** (2013-2018: +8% p.a.)

<table>
<thead>
<tr>
<th>Parcels per day Germany</th>
<th>Express TDI shipments per day</th>
</tr>
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<tbody>
<tr>
<td>&gt;2,000,000 parcels per day more since 2013</td>
<td>&gt; 300,000 shipments per day more since 2013</td>
</tr>
<tr>
<td>+53%</td>
<td>+49%</td>
</tr>
</tbody>
</table>
Since 2013, EBIT growth consistently translated into OCF

- Until 2012, cash conversion was significantly held back by restructuring cash-outs (mainly EXP US Domestic)
- OCF conversion normalized as of 2013 (5.5%) – increasing further driven by EBIT margin improvement
- FCF margin contracted again more recently due to gradually increasing growth investments

1) For 2012, 2016, 2017 excl. voluntary pension funding; for 2018 adjusted for IFRS16 and P&P restructuring (€503m)
EBIT-to-Cash conversion: In line with peer group

DPDHL Group
2016-18\(^1\)

P&P Germany:
Towards middle of a wider range

-8.3%  -4.8%  -2.9%
Peer 1  P&P  Peer 2

DHL Express:
Best in class cash conversion

-6.4%  -5.8%  -4.9%
Peer 1  Peer 2  EXP

DGFF:
In line with tight peer range

-2.1%  -1.8%  -1.7%
Peer 1  DGFF  Peer 2

1) For 2016, 2017 excl. voluntary pension funding; for 2018 adjusted for IFRS16 and P&P restructuring (€503m), divisional comparison adjusted for disclosed one-offs
Cash Flow remains a key finance priority for 2019 and beyond

**Finance Priorities**

- **Cash Is King**
  - Keep The House In Order
  - #Finance Going Digital
  - Best Finance Team
  - Close To The Business

> What do we do to improve cash generation

- Strengthened Cash Flow culture through internal communication / Certified training
- Detailed Cash Flow agendas in divisions
- Compulsory Cash Flow component in management remuneration
Capex outlook: 2019 peak due to 777 order

DPDHL Gross Capex:
- Peak at €3.7bn in 2019 (incl. €1.1bn B777 order)
- Stable / slightly rising excl. 777 order going forward
Cash Flow outlook: New mid-term FCF guidance introduced

**For your Cash Flow model:**

- **Deliver EBIT growth** in profitable core
- Translate EBIT growth into equivalent OCF growth, incl. **WC focus**
- **Gross capex** peaking in 2019 on 777 order

**FCF growth mainly driven by EBIT growth and capex timing**
Profitable Growth in Logistics Core

Benchmark Margins

Improved Cash Generation

Attractive Shareholder Returns
DPDHL Group Finance Policy: Confirmed And Executed Upon

FINANCE POLICY

- Target / maintain rating BBB+
- Dividend payout ratio to remain between 40–60% of net profit (continuity and Cash Flow performance considered)
- Excess liquidity will be used for share buybacks and/or extraordinary dividends

Dividend of €1.15 for FY2018

Dividend payments of €1.4bn to DPDHL shareholders on May 20th, 2019

1) Adjusted for Postbank effects as well as non-recurring items when applicable
Disciplined & clear capital allocation priorities

**CAPITAL GENERATION**

Operating Cash Flow

Driven by EBIT growth in profitable core

20.4

**CAPITAL ALLOCATION**

NET CAPEX

Capex geared towards organic growth: reflecting profitable business growth

10.8

DIVIDEND & EXCESS LIQUIDITY

Attractive (ordinary) dividend:
40-60% of net profit
Share buyback and/or special dividend

9.2

Cumulative 2013-2018 (in €bn)
### Guidance 2019 / 2020 reiterated

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Group EBIT</td>
<td>4.0-4.3</td>
<td>&gt;5.0</td>
</tr>
<tr>
<td>P&amp;P Germany</td>
<td>1.1-1.3</td>
<td>&gt;1.6</td>
</tr>
<tr>
<td>DHL</td>
<td>3.4-3.5</td>
<td>&gt;3.7</td>
</tr>
<tr>
<td>Corporate Functions</td>
<td>-0.5</td>
<td>-0.35</td>
</tr>
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#### 2019

- **Free Cash Flow:** >€0.5bn (incl. ~€1.1bn debt-financed Express intercontinental fleet renewal)
- **Tax rate:** Between 19% and 22%
- **Gross Capex (excl. leases):** ~€3.7bn (incl. ~€1.1bn for debt-financed Express intercontinental fleet renewal)
**DPDHL Group:**
**New rolling 2022 financial targets**

<table>
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<th>In € bn</th>
<th>2022</th>
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<td>Group EBIT</td>
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<td>Capex (20-22) cumulative</td>
<td>8.5 - 9.5</td>
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<tr>
<td>FCF (20-22) cumulative</td>
<td>4.5 - 5.5</td>
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All targets to be rolled forward annually

2022 minimum EBIT guidance based on cautious macro scenario
Summary & Outlook

Full focus on **execution**: Ensure profitable growth in **core logistics**

Cash Flow remains top finance priority – translate EBIT growth into OCF growth

Clear priorities on cash utilization, starting with investments in profitable core logistics

**For our shareholders:**

Sustainable growth in core portfolio & reliable dividend policy & return to excess liquidity generation
STRATEGY 2025
Delivering excellence in a digital world

Frank Appel, Group CEO
Capital Markets Day
Frankfurt, October 1st 2019
Our Mission
Excellence. Simply delivered.
Along the three bottom lines in a sustainable way
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Digitalization

Our Purpose
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Our Values
Respect & Results
Relative position of divisions – Outlook

- DPDHL Group: Significant upside potential

- EBIT margin compared to competition
- Revenue growth compared to market

- Above peer group average
- Below peer group average
- Above market
- Below market

- SC 19e
- EXP 19e
- GFF 19e
- P&P 19e
- eCS 19e

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### DPDHL Group: New rolling 2022 financial targets

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All targets to be rolled forward annually

2022 minimum EBIT guidance based on cautious macro scenario
WE ARE MAKING THE WORLD A BETTER PLACE.
POST & PARCEL GERMANY

EXCELLENCE. SIMPLY DELIVERED.

Tobias Meyer, CEO P&P Germany
Capital Markets Day
Frankfurt, October 1st 2019
P&P is THE post and parcel company for Germany

Our Profitable Core: Transporting, sorting and delivering documents and goods

Our Profitable Core

Transporting, sorting and delivering documents and goods-carrying shipments in Germany plus export.

Revenue Mix (H1 2019)

- Post: 62%
- Parcel: 38%

+2% vs. H1 2018

Market Position (2018)

- #1 Parcel
- #1 Mail

Quality and Delivery density are key

1 Market share: 45.5% | 2 Market share: 67.7% (business customers)
P&P is THE post and parcel company for Germany

What we want to achieve

**The best team in the industry ...**

- Increase employee engagement and strengthen local teams
- Rollout Certified and First Choice
- Involve all managers in training, customer interaction and operations

... delivers the best quality ...

- Increase reliability of service
- Reduce reasons for complaints
- Increase customer satisfaction

... and achieves the best results!

- Reduction of indirect costs
- Implementation of price measures
- Increased productivity and automation in production
- Stable and sustainable growth
- Strong contribution to DPDHL Cash Flow
Post & Parcel Germany: Going forward...

Success factors vs. ongoing challenges

Success factors
- Parcel volumes: +5 to +7%
- Price increases in Mail and Parcel
- Decrease indirect cost base & limit increase in direct costs through productivity improvement
- Digitalization and further automation of operating processes

Ongoing challenges
- Mail volumes: -2 to -3%
- Structural shifts:
  - Post to Parcel
  - More goods-carrying letters
- Cost inflation:
  - Wage costs
  - Material costs, e.g. fleet

Recover and sustain steady earnings momentum
Top strategic priorities for the next strategy horizon

**Strategy 2025** divided into two horizons

**Refocus on core market in Germany (2019/2020)**
- Price increases
- Quality improvements
- Indirect cost measures (overhead)
- Direct cost measures (productivity)

**In 2020: Phase over to Roadmap 2025**
- Optimized asset concept including real estate and new sorting concept for mid-sized shipments
- New features and boost of Packstation
- Accelerate digitalization in operations

**Digitalization @ P&P**
2019 marks return to positive productivity trend

<table>
<thead>
<tr>
<th>Continuous improvement</th>
<th>e.g. in parcel centres</th>
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<tbody>
<tr>
<td>▪ Rollout of Performance Dialogue culture</td>
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<tr>
<td>▪ Better truck utilization through training</td>
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</table>

<table>
<thead>
<tr>
<th>Automatization</th>
<th>e.g. in mail sorting</th>
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<tbody>
<tr>
<td>▪ Increase sequence sorting, incl. for high-rise buildings</td>
<td></td>
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<tr>
<td>▪ New sensors/OCR technology to increase read rate</td>
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<table>
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<tr>
<th>Digitalization</th>
<th>e.g. in delivery</th>
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<tbody>
<tr>
<td>▪ Optimized delivery through route navigation</td>
<td></td>
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<tr>
<td>▪ Introduction of first new apps for site managers</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Integration of Post &amp; Parcel</th>
<th>e.g. for small e-com shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Transfer small items shipments into the mail network</td>
<td></td>
</tr>
<tr>
<td>▪ Utilize mail delivery capacity, esp. in peak season</td>
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</tbody>
</table>

**Productivity improvement and EBIT growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>Productivity (cost/unit), yoy change</th>
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<tbody>
<tr>
<td>2018</td>
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<td>2019e</td>
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<tr>
<td>2020e</td>
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**Schematic**

- EBIT +150 – 250m
Top strategic priorities for the next strategy horizon

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**Digitalization @ P&P**
Roadmap 2025 - Initiatives
Enable further profitable growth in parcel

**Delivery**

~54% - and growing – of Parcel deliveries done through joint delivery with mail

**Sorting: new initiatives**

**Letters: Leverage for eCommerce and further automate**

2/3 machine-sorted (increasing)
- Automatic sorting of small-format e-commerce shipments in our letter sorting centers
- Flexibly leverage uniquely dense delivery network and capacity in (parcel) peak season

**Parcels: optimize further**

98% machine sorted
- Optimize existing hubs, e.g., with 3-5 side readers at sorters to reduce rejects
- Employ less CapEx-intensive technology, e.g., separation of small-format shipments into bags in our new parcel sorting centres

Maximize synergies to increase Post utilization and preserve Parcel capex
Roadmap 2025 - Initiatives

Packstation Boost

**Beginning of 2019**
- 3,700 Packstations
- ~3% DHL parcel volumes

**Plan for 2021**
- ~7,000 Packstations
- ~5% DHL parcel volumes

**Plan for 2025**
- ~10% DHL parcel volumes

**BENEFITS:**
- Satisfy high customer demand for convenient, 24/7 delivery option
- Reduce delivery cost due to high drop factor, lower cost lockers and lower rent for space
- Provide further capacity to handle e-commerce-driven parcel growth
Roadmap 2025 - Initiatives

Digitalization of delivery

New generation of handheld scanners to be introduced

Delivery

E.g. Rollout of OnTrack:

- Operations benefit: Better driving sequence and mobile navigation (less training, less stops missed)
- Customer benefit: Live tracking and time window delivery for standard parcels
- Other benefit: less waiting-time “at door” (much bigger effect than optimizing route)
Roadmap 2025 - Initiatives

Digitalization of site management and staff deployment

**Site Management**
- Support site managers through better data and visibility (e.g., expected shipment volume per day/district, status of transport to site, delivery performance/issues per district)
- Increased visibility on unit cost/profitability on granular level
- Digital workflow, e.g., repair/maintenance orders

**Staff Deployment**
- Introduction of IT based applicant management
- Digital support for staff planning and scheduling
- Online interaction with staff and replacement of paper processes

„Digital delivery depot/delivery district“: different Apps for operational processes
# Digitalization @ Post & Parcel Germany

**Roadmap-based development/simplification of IT landscape**

<table>
<thead>
<tr>
<th>Themes</th>
<th>Examples</th>
</tr>
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<tbody>
<tr>
<td>Renewal of IT infrastructure</td>
<td>Data network upgrade</td>
</tr>
<tr>
<td></td>
<td>Personal Workspace Hardware renewal (GPWS2)</td>
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<tr>
<td></td>
<td>New HASCI scanner and enhancement</td>
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<tr>
<td>Revision „Legacy“</td>
<td>Harmonization billing systems for Parcel</td>
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<td></td>
<td>Yard logistics system</td>
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<td>Transport Management System</td>
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<tr>
<td>Removal of redundancies</td>
<td>Customer Service: meinService rollout</td>
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<tr>
<td></td>
<td>Harmonization Sales Management tools</td>
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<td>IT-Management tools</td>
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<td>Simplification of customer contact</td>
<td>Lean parcel locker pilot and rollout</td>
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<td></td>
<td>Customer portal for business and private Customer</td>
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<tr>
<td>Improve customer experience</td>
<td>Digital franking and pre-advice</td>
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<td>Automization of operations</td>
<td>Route navigation and customer advice &quot;OnTrack&quot;</td>
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<td>Applicant management and resource planning</td>
</tr>
<tr>
<td></td>
<td>Permeability of post and parcel network</td>
</tr>
</tbody>
</table>

**Themes**

- Renewal of IT infrastructure
- Revision „Legacy“
- Removal of redundancies
- Simplification of customer contact
- Improve customer experience
- Automization of operations

**Examples**

- Data network upgrade
- Personal Workspace Hardware renewal (GPWS2)
- New HASCI scanner and enhancement
- Harmonization billing systems for Parcel
- Yard logistics system
- Transport Management System
- Customer Service: meinService rollout
- Harmonization Sales Management tools
- IT-Management tools
- Lean parcel locker pilot and rollout
- Customer portal for business and private Customer
- Digital franking and pre-advice
- Route navigation and customer advice "OnTrack"
- Digitalization Dialogue Marketing
- Parcel App next generation
- Digitalization depots & sequence optimization
- Applicant management and resource planning
- Permeability of post and parcel network

**Schematic**

- Short term 2018-2020
- Long term 2021-2023
P&P is THE post and parcel company for Germany
... and is well positioned to take advantage of market trends

Globalization
Strong growth in international cross-border e-commerce volumes: use of UPU/IPC as competitive advantage

Digitalization
Improvements in automation and new generation IT solutions drive efficiency gains

E-Commerce
Main driver of structural B2C parcel growth. Competitive advantage through joint delivery with mail and quality leadership

Sustainability
Green logistics, e.g., delivery fleet of >10,000 StreetScooter. Best working conditions in the industry
## Post & Parcel Germany: Financial Outlook

### Market (2018 – 25)

<table>
<thead>
<tr>
<th>Market growth assumptions</th>
<th>Expected growth vs. market</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Mail volume: decline of -2 to 3% p.a.</td>
<td>IN LINE</td>
</tr>
<tr>
<td>- Parcel volume: growth of +5 to 7% p.a.</td>
<td>AT LEAST IN LINE</td>
</tr>
</tbody>
</table>

### Capex Outlook

<table>
<thead>
<tr>
<th>Capex p.a. between 500 and 600m€ for the next three years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion of Parcel infrastructure (e.g. Packstation, hubs, depots, fleet), new sorting concepts and digitalization</td>
</tr>
</tbody>
</table>

### EBIT Outlook

<table>
<thead>
<tr>
<th>2020</th>
<th>Beyond 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Guidance confirmed: € &gt;1.6bn</td>
<td>- Slow topline growth with stable margin</td>
</tr>
<tr>
<td>- Margin ~10%</td>
<td></td>
</tr>
</tbody>
</table>
DHL EXPRESS

THE EXPERTS IN EXPORT AND IMPORT

John Pearson, CEO DHL Express
Capital Markets Day
Frankfurt, October 1st 2019
**The Profitable Core**

Time Definite International (TDI) service for premium, cross-border delivery of time-critical parcels and documents

**Revenue Mix**

<table>
<thead>
<tr>
<th></th>
<th>(€bn, FY 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDI</td>
<td>76%</td>
</tr>
<tr>
<td>DDI&amp;TDD</td>
<td>18%</td>
</tr>
<tr>
<td>ACS</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Global TDI market**

<table>
<thead>
<tr>
<th></th>
<th>(2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHL</td>
<td>39%</td>
</tr>
<tr>
<td>FedEx</td>
<td>30%</td>
</tr>
<tr>
<td>UPS</td>
<td>22%</td>
</tr>
<tr>
<td>Others</td>
<td>9%</td>
</tr>
</tbody>
</table>


2) Source: Market Intelligence 2017, annual reports

In 2014: 26% FedEx, 6% TNT, +4% since 2014
Clear strategic principles along the three bottom lines

Our aspiration is that DHL Express is a great place to work for all - not a few, not many, but for all

- Employee engagement through Certified
- Focus on Supervisory Excellence Program

We aim to deliver the highest levels of service quality to drive customer loyalty and growth

- Insanely Customer Centric Culture and Net Promoter Approach to drive loyalty
- Continuous improvement through First Choice
- E-commerce and an SME focus

Our aspiration is to grow our EBIT and continue incremental margin expansion

- Promoting a culture of top line growth through a ‘no stone unturned’ mentality when it comes to looking for sources of revenue and EBIT growth
- Sophisticated pricing and yield management initiatives and ‘toolbox’
- Efficiency gains from digitalization
Pricing in DHL Express

ship to profile

red and yellow cards

net price change

GPI

GENERAL PRICE INCREASE

2%
surcharges

TRB
TENDER REVIEW BOARD

STP
THE SALESPERSON'S EDGE
Strategy 2025 builds on a proven track record in Express

FOCUS 2020

4 Pillars, 3 Letters, 1 Passport

Supervisory
E-commerce
Efficiency
Digitalization

FOCUS 2025
Efficiency: proven recipe for profitable growth in core TDI business remains valid

Top Line Management for Profitable Growth
- “Sell Like Never Before”
- E-commerce / “Power Up Your Potential”
- Pricing
- Excellence in commercial leadership

Index Management
- Efficiency / productivity
- Digitalization

Efficiency in Ground Operations
- Efficiency through Net Operations Efficiency Program
- Digitalization
- Ground ops facility utilization

Leverage Aviation Network
- Network management
- ACS
- Fleet renewal

... all delivered by Motivated Certified International Specialists/Supervisors-Managers that are Insanely Customer Centric
E-commerce is an attractive TDI vertical supporting Express profit growth

We...

... manage e-commerce as a TDI vertical
... continuously enhance TDI capabilities to meet e-commerce requirements
... sell e-commerce to SME

Going forward we'll continue to:

• maintain disciplined approach to sales and pricing across the network
• explore and engage in partnerships that strengthen our position in this field
• develop TDI capabilities to meet B2C and B2B demands

DHL Express

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C shipment share</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>9%</td>
<td>12%</td>
</tr>
</tbody>
</table>
WE CAN GROW PROFITABLY IN E-COMMERCE

Delivery. Is the new Black.
Digitalization @ Express is less about changing the business model...

...it is more about moving towards the next level of ‘excellence’ through driving:

1. **Customer experience**
   - **myDHL+**
     - The customer portal to manage all aspects of shipping with DHL

2. **Operational efficiency**
   - **Advanced QCC**
     - Real-time monitoring and management of all movements and shipments

3. **Employee experience**
   - **Smartr**
     - Employee engagement and self-service App
Supervisory Excellence – Certification of key enablers in our value chain

- 18-24 months program combining class room modules with e-learning through tablets
- All graduates receive an externally recognized level 3 diploma awarded from OfQual
- >6,000 Supervisors & Team Leads have been enrolled, >3,000 graduates by end of 2019
Express capex – 777 investment peak in 2019, flat around €1bn excl. 777 order

EXPRESS Gross Capex development

2013-2018:
> 300,000 TDI shipments per day more since 2013

Outlook:
Expect +4-5% TDI market volume growth p.a.
DHL Express: Financial Outlook

Market (2018 – 25)

Market growth assumptions
- TDI volume growth: 4-5%

Expected growth vs. market
- AT LEAST IN LINE
  Supported by unchanged strong yield discipline

Capex Outlook
- Excl. current replacement order for Boeing 777s, capex flat around 2018 level of €~1bn for next 2-3 years
- Investment in expansion and digitalization along whole value chain (air & ground fleet, hubs/gateways/depots)

EBIT Outlook
- Continued growth of absolute EBIT
- Continued, but more incremental margin expansion
DHL GLOBAL FORWARDING, FREIGHT

SIMPLIFY 2025

Tim Scharwath, CEO DGFF
Capital Markets Day
Frankfurt, October 1st 2019
DGFF - The foundation for further success has been laid

The Profitable Core

International transportation of Air Freight, Ocean Freight and Road Freight including Customs Clearance and related Value-added Services like warehousing, cargo insurance, etc.

Revenue Mix

(€bn, FY 2018)

- Air: 4.9
- Road: 4.4
- Ocean: 3.5
- Other: 2.2

Market Position

(2018)

#1 Air Freight
#2 Ocean Freight
#2 European Road Freight
Where DGFF is coming from - clear strategies Simplify and Freight 2020 built a solid basis for 2020 and beyond

SIMPLIFY

FOCUS.

EBIT BUDGET & CONVERSION RATE

Must-do for all

CONNECT.

CERTIFIED

SERVICE EXCELLENCE & IT RENEWAL ROADMAP

Make improvements sustainable

GROW.

HUNTING APPROACH

CUSTOMER-CENTRIC SOLUTIONS

Opportunities for further growth
DGFF performance - Simplify Strategy has enabled EBIT turnaround by better leveraging network and collaboration

Focus on profitable growth based on profit share between stations as one network

Constant improvements in direct and indirect cost base across all functions

GP-to-EBIT Conversion Rate as the central financial and productivity KPI

6 consecutive quarters of double-digit EBIT growth
DGFF strategic way forward - key initiatives along the 3 bottom lines with focus on the profitable core

We aspire to improve along our EOS KPIs & to maintain a high ratio of all employees being Certified

- Talent attraction & development
- Certified
- Future workforce, esp. women empowerment
- People-related technology & data

We strive to continuously improve Customer satisfaction (Customer Satisfaction Survey, Net Promoter score)

- Service Excellence & quality initiatives
- Digital Customer Interaction
- Customer-centric / value-adding solutions

We commit to achieve clearly defined financial targets

- Profitable growth
- GP optimization
- Structural cost reductions/ increased productivity
- Benefit realization of our IT Renewal Roadmap
DGFF – responding to major market trends

Substantial investments in **renewing** our core IT landscape & upgrades of **customer-facing** applications

Industry-leading green product portfolio and annual evaluation of key air, ocean & road carriers

**Business model** equipped to **serve** **eCommerce customers** with forwarding services around the globe

**Global network** diversified by region and sectors – capable to adapt to more **volatile international trade flows**
Market growth & globalization – Long-haul trade slowing

Moderate market growth... (CAGR 2018-2025)¹

- + 1-3%
- + 2-4%
- + 3-4%

... and implications for DGFF

- Changes in global & regional trade bring both opportunities and risks
- Growth to be driven by GP focus, gaining market share and improving efficiency

¹) Source: Internal Logistics Market model
DGFF - Emerging new rivals do not pose imminent risk of disruption

Digital Capabilities

Gaps to close
- Back-end IT infrastructure
- Own setup (physical) globally
- Operational expertise
- Global sales force
- Carrier relationships

Digital Forwarders

Gaps to close
- Modern, fully-integrated IT infrastructure
- Digital customer interaction tools

Incumbents

Global network
DGFF IT infrastructure - IRR / Cargowise 1 builds a fully-integrated foundation

Foundation of further modular applications for Digital Customer interaction

Benefit realization just started
IRR applications enable

- Automation
- Data accuracy
- E2E shipment ownership
- Gradual harmonization of our process and application landscape

By the end of 2019 we aim for >95% of Ocean Freight volumes on CW1; rollout of Air Freight has started
Complemented by DHL Interaction applications to enhance our customer experience

- **DGF’s one-stop customer portal** to excellence in digital transport logistics
- **Delivers fast and accurate information** to enhance decision-making
- **Follow and share** shipment details with all relevant shipment parties
- **Integrated** quoting capability, reporting and analytics features available
# DGFF: Financial Outlook

## Market (2018 – 25)

### Market growth assumptions
- Airfreight +1-3%; Ocean Freight +2-4%
- Road Freight +3-4%

### Expected growth vs. market
- **Above**
- Aligned with unchanged focus on GP optimization and profitable growth

## Capex Outlook
- Flat / slightly increasing from FY18 levels (€110m)
- Asset light business model: Selected investments related to warehouses, sites and IT

## EBIT Outlook
- DGF GP-EBIT conversion improvement of 100-200 bps p.a.
- **2020 target:** 20% DGF GP-EBIT conversion
- **Long-term target:** ~30% DGF conversion driving 5-6% DGFF EBIT margin
DHL SUPPLY CHAIN

#TogetherUnstoppable

Oscar De Bok, CEO DHL Supply Chain
Capital Markets Day
Frankfurt, October 1st 2019
DHL Supply Chain – Business Overview

The Profitable Core

- We manage supply chains to reduce complexity for our customers.
- Our profitable core includes warehousing, transportation as well as key solutions like LLP, Service Logistics, packaging and e-commerce.
- We lead in innovation and sustainable solutions.

Revenue Mix (%, FY 2018)

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>27%</td>
</tr>
<tr>
<td>Consumer</td>
<td>23%</td>
</tr>
<tr>
<td>Auto</td>
<td>16%</td>
</tr>
<tr>
<td>Technology</td>
<td>12%</td>
</tr>
<tr>
<td>Lifesciences</td>
<td>10%</td>
</tr>
<tr>
<td>Engineering &amp; Manufacturing</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
</tbody>
</table>

Key Facts

- ~2,000 sites globally
- 35% of revenue is transport
- >160,000 employees across 55 countries
- >180 annual project go-lives with 100% start-up performance
DHL Supply Chain – Key Commitments

- Growth with continuous market leading EBIT margin
- Accelerated digitalization & standardization as differentiator
- Consistent operational performance
DSC Supply Chain is the global market leader in absolute size and EBIT margin

2018 market share of the top 3 global contract logistics players

<table>
<thead>
<tr>
<th>Largest providers</th>
<th>DHL Supply Chain</th>
<th>XPO Logistics</th>
<th>KUEHNE + NAGEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT margin</td>
<td>~11%</td>
<td>6.1%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Total outsourced market revenue = €217.3 bn</td>
<td>Supply Chain</td>
<td>4.6%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Contract Logistics Market (€ bn), growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>180</td>
<td>187</td>
<td>195</td>
<td>207</td>
<td>217</td>
</tr>
</tbody>
</table>

1) Internal calculation
DSC is delivering Strategy 2020 with continuously improving EBIT margin

EBIT Margin* development

![EBIT Margin Development Chart]

*EBIT Margin (excl. One-offs)

OCF is consistently well in excess of Capex

*excl. One-offs
#TogetherUnstoppable

DHL Supply Chain 2025

#ConnectedPeople
- Collaborate as a diverse team to deliver high-performance
- Certified, passionate experts in everything we do
- Keep each other safe and engaged

#ExecutionEdge
- Strive for excellence in everything we do
- Consistently drive our best in class tools and processes
- Improve every single day

#DelightedCustomers
- Deliver outstanding customer experiences
- Use our full breadth of capabilities to create value for customers
- Build lasting relationships to grow

#OwnTomorrow
- Lead in innovation and sustainable solutions
- Realize our creative potential in a coordinated way
- Make the digital supply chain a reality

Strive for excellence in everything we do.
#TogetherUnstoppable

DHL Supply Chain 2025

#ConnectedPeople
- Certified
- Recruitment, development and retention
- Respect and results culture

#ExecutionEdge
- Safety
- Operational standardization: BASICS, OMS First Choice, Opportunity-2-Deliver Process
- Quality

#DelightedCustomers
- Customer Experience Management - CXM
- Growth solutions: Real Estate Solutions, eFulfillment, Service Logistics, Packaging, Lead Logistics Provider and transport
- Digital customer journey

#OwnTomorrow
- Innovation
- Accelerated Digitalization
- Sustainability
- New opportunities

Focus Areas
#ConnectedPeople: Driving qualification and engagement of employees is essential to attract and retain talent

Next level recruiting for growth

- Resourcing Centers in 7 countries, hiring >16,000 new employees YTD
- Virtual job try out to increase accuracy of recruiting

Clear focus of certified modules

- Leadership
- Operations
- Technical/Functional

Engaged employees
#ExecutionEdge: Standardization is key to success – DSC leverages a holistic Management System

Operations Management System First Choice (OMS FC)
#DelightedCustomers: Fueling growth by creating a customer centric organization

**Customer Experience Management - Instant feedback (NPA)**

- Q3/2018: 16
- Q4/2018: 20
- Q1/2019: 19
- Q2/2019: 25
- Q3/2019: 31

**Consequent actions upon customer feedback**

Q3/2018: +15
#DelightedCustomers: e-commerce is a key growth driver for DHL Supply Chain across all verticals

- Operating +1M SQM of e-commerce operations
- 33% of new business in retail/consumer in e-commerce
- +100 e-commerce Customers Worldwide
- Using best in class technologies
- ~12% of our staff works in e-commerce operations
- E-commerce businesses in all 5 DSC regions

DHL Supply Chain e-commerce
#OwnTomorrow: Leading the industry in innovation deployment with the Accelerated Digitalization Program

DSC has a clear focus on technologies that can be scaled widely and selected high impact technologies

<table>
<thead>
<tr>
<th>High impact</th>
<th>High scalability</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOODS-TO-PERSON ROBOTS</td>
<td>CLEANING ROBOTS</td>
</tr>
<tr>
<td>ASSISTED PICKING ROBOTS</td>
<td></td>
</tr>
<tr>
<td>NARROW AISLE ROBOTS</td>
<td></td>
</tr>
<tr>
<td>WEARABLE DEVICES</td>
<td></td>
</tr>
<tr>
<td>ROBOTICS PROCESS AUTOMATION</td>
<td></td>
</tr>
<tr>
<td>INDOOR ROBOTIC TRANSPORT</td>
<td></td>
</tr>
<tr>
<td>ROBOTICS ARMS</td>
<td></td>
</tr>
<tr>
<td>DHL RESOURCE PLANNING</td>
<td></td>
</tr>
<tr>
<td>INVENTORY MGMT. ROBOTS</td>
<td></td>
</tr>
<tr>
<td>DESIGN &amp; SIMULATION</td>
<td></td>
</tr>
<tr>
<td>WRAPPING ROBOTS</td>
<td></td>
</tr>
</tbody>
</table>

Source: AD Collaboration Hub, SD Automation Tracker, Salesforce; 1) Number of unique sites/customer ID in deployment phases 02. Site Assessment or further along deployment process (i.e. excluding opportunities not assessed). Blank customer/facility IDs are ignored; 2) Parent customer accounts that generated revenue in the last financial year; 3) Incl. new business and renewals. As measured by SD Automation Tracker by KPI “Technologies proposed”

# projects on deployment & of go-lives completed
Realizing the Potential of Supply Chain Digitalization
So what does all of this look like in reality?
## DHL Supply Chain Financial Outlook

### Market (2018 – 25)

#### Market growth assumptions

- Outsourced contract logistics:
  - Revenue growth of ~4% p.a.

#### Expected growth vs. market

- AT LEAST IN LINE

### Capex Outlook

- Slightly increasing from FY2018 levels (€282m) driven by new business wins
- Asset light business model
- Selected investments related to new business start-ups and accelerated digitalization initiatives

### EBIT Outlook

- Topline growth at least in line with market, while maintaining selective business approach
- Maintain industry leading margin at ~5%
DHL eCommerce Solutions

Ken Allen, CEO DHL eCommerce Solutions
Capital Markets Day
Frankfurt, October 1st 2019
DHLeCS refocuses former PeP international portfolio

- DHL eCommerce Solutions regroups the former PeP international Parcel operations
- Significant revenue growth over the last years
- Run-up costs in first years of increasing capacity with EBIT close to break even
- 2019 includes expected €-60m one-off costs
- Current focus: Lower unit costs, very restrictive capex, maximising the utilization of assets
- Positive €+100m y-o-y EBIT improvement in 2020, leading to the unchanged expectation for positive EBIT contribution of €0-100m in 2020
We have taken significant actions in 2019

Portfolio Review

- Separate collaboration agreements signed with Austrian Post for Austria, Slovakia (Last-mile with Austrian Post), Czech Republic (Last-mile with DHL/PPL)
- Assessment of most promising value proposition per market with a clear view on sustainable profit generation

Strict cost management

- Restructuring of overhead completed
  » New lean structure implemented

- Review of business plans of portfolio countries:
  » Focus on profitability through limited capex spend and increased asset utilization
Going forward we focus on domestic and non-time-definite international parcel delivery - especially within Europe

The Profitable Core

**Domestic last mile parcel delivery** in selected countries outside of Germany (Europe, USA and selected Asian emerging markets)

**Non-TDI cross-border services** primarily to/from and within Europe.

Revenue Mix

(€bn, H1 2018)

- 58% Europe
- 28% US
- 14% APAC

We are not

... driving a **group-wide e-commerce logistics global strategy**

... focusing on **B2C only but also on B2B** across all verticals

... the **testing environment** anymore (e.g. eFulfillment or Parcel Metro)
Thereby we are focusing on two value streams

**Domestic last mile delivery**
- High quality delivery in own and partner-networks
- Healthy mix of B2C and B2B across all verticals
- Strong focus on yield and profitability

**Non-TDI cross-border**
- Strong growth in cross border retail
- Changing expectations on speed, visibility & quality
- Primary focus to/from and intra Europe
- Parcel Connect in Europe a strong and growing platform
Our Domestic Parcel businesses are heterogeneous and therefore define individual solutions/strategies

Grow profitable core

- Continuous optimization to further build out successful track record in NL, PL, CZ, SE
- US: Focus on the core businesses domestic and cross-border
- IN: Reorientation to B2B and premium profitability-oriented B2C expansion

Drive towards /increase profitability

- UK: Discontinuation of unprofitable products & launch of quality improvement program
- Iberia: Refocus business to profitable B2B and discontinue unprofitable B2C
- SEA: Continue business expansion but consider acceleration of efforts to improve bottom line contribution
Despite current protectionism threats, long term cross-border growth remains strong. Customer demand is shifting towards faster service with better quality.

DHL Parcel Connect

- Strong Pan-EU delivery capability
- Based on our own core markets and postal partners
- Continue to invest in Connect platform to expand capabilities

XB Priorities and Solutions Going Forward

- Foster and expand our postal XB offerings
- Develop new solutions offering commercial clearance with domestic injection
- Link US and Asia into growing EU Parcel Connect network

Aspiration:

Become a leading cross-border (non-TDI) service provider to/from and within Europe
Despite some challenges today, clear path towards a profitable future

Look at European Post Offices as partners not competitors

Form partnerships, especially outbound Asia

Expand our European coverage

Grow and enhance our injection network across EU and ensure cost efficient last mile delivery

Improve our IT platform and Architecture

Improve service quality and transit times

Leverage & utilize our DPDHL footprint, asset and service portfolio

Customers will benefit from high quality last mile delivery networks of DHL eCommerce Solutions & partners
With the right people we are doing the right things in the right way – thus our divisional strategy is clearly focused along the 3 bottom lines.

**We strive to constantly increase our EOS KPIs**

- Talent attraction & development
- Maintain a high ratio of all employees being Certified
- Future workforce, esp. women empowerment

**Our products meet our customers need in a sustainable and distinctive manner to achieve healthy & profitable growth across all sectors**

- Focus to serve industry-leading performance
- Connect to achieve quality & service excellence
- Grow by finding & capturing new opportunities
- CSI organization to build solutions across the DPDHL group portfolio

**We commit to achieve clearly defined financial targets**

- Profitable growth
- Structural cost reductions / increased productivity
- EBIT margin improvement
- Aspiration of 5% margin across the business
DeCS Financial Outlook

Market (2018 – 25)

Market growth assumptions
Strong, heterogeneous growth across domestic and cross-border ecommerce markets

Expected growth vs. market
CAGR of 5-10% across all businesses
Based on selective B2C approach and added B2B focus

Capex Outlook
- Average spend of ~€200m p.a. over 2019-2022 (2018: €166m)
- Investments along whole value chain: fleet replacement, network expansion, digital platform, machinery and equipment in hub and depots

EBIT Outlook

2020
- Positive €+100m y-o-y EBIT improvement in 2020, leading to the unchanged expectation for positive EBIT contribution of €0-100m in 2020

Beyond 2020
- 5-10% sales growth with gradual margin expansion towards 5% long term margin across all businesses
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