Management Roadshow APAC

Martin Ziegenbalg – Head of Investor Relations
01-05 April 2019
2018 Highlights

**Strong Peak Season Performance**
FY18 Group EBIT and cash flow guidance achieved

**Dividend Proposal**
€1.15 (>4% dividend yield)

**2019 Group EBIT Guidance of €3.9 – 4.3 bn**
Further step towards confirmed 2020 targets
### Q4 / FY 2018 Summary Table

**In €m**

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4 2018</td>
<td>FY2018</td>
</tr>
<tr>
<td><strong>DPDHL Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>16,926</td>
<td>61,550</td>
</tr>
<tr>
<td>EBIT</td>
<td>+5.1%</td>
<td>+1.8%</td>
</tr>
<tr>
<td><strong>PeP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>5,125</td>
<td>18,476</td>
</tr>
<tr>
<td>EBIT</td>
<td>+1.5%</td>
<td>+1.7%</td>
</tr>
<tr>
<td><strong>Express</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4,423</td>
<td>16,147</td>
</tr>
<tr>
<td>EBIT</td>
<td>+9.0%</td>
<td>+7.3%</td>
</tr>
<tr>
<td><strong>DGFF</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>4,002</td>
<td>14,978</td>
</tr>
<tr>
<td>EBIT</td>
<td>+5.6%</td>
<td>+3.4%</td>
</tr>
<tr>
<td><strong>Supply Chain</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>3,743</td>
<td>13,350</td>
</tr>
<tr>
<td>EBIT</td>
<td>+3.4%</td>
<td>-5.7%</td>
</tr>
<tr>
<td><strong>Corporate Functions / Consolidation</strong></td>
<td>-367</td>
<td>-1,401</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

1) Non-recurring effects, €m, Q4 2018: PeP (-59 restructuring), DSC (-42, UK pension charge)
2) Non-recurring effects, €m, FY 2018: PeP (+108 Q1, pension revaluation, -502 restructuring), DSC (-50 Q1, customer contracts -42 Q4, UK pension charge)
DPDHL: Well Balanced Risk Profile Through Diversified Portfolio

- **Strongly E-commerce related***
- **B2B Express**
- **B2C Express, Parcel Germany and DHL eCommerce Solutions**
- **Supply Chain**
- **DGFF**
- **Post**

*Low Exposure to GDP, High Growth, Strongly E-commerce related*
DPDHL: Focus Is The Key To Sustainable Margin Expansion

12m rolling EBIT margin

- **EXP**: Demonstrating the result of sustained focus on TDI and yield
- **PeP**: Overcoming current challenges in managing the transition from post to parcel
- **DSC**: Making gradual progress towards 4-5% goal
- **DGFF**: Building momentum to close gap to benchmark profitability

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1) Adjusted for DGFF write-off in 2015 and PeP restructuring charge in 2018

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MANAGEMENT ROADSHOW APAC | MARTIN ZIEGENBALG | 01-05 APRIL 2019
Our capex intensity has always been relatively low.

FX, divestitures (WLT) and contract structure changes (NHS) have slowed down revenue growth and hence inflated the capex/revenue development.

Capex intensity now rising, associated with the Boeing 777 program, which will peak in 2019.
Consistent Cash Flow Generation And Growth Investment

- OCF*
- Gross Capex
- FCF*

*OCF and FCF adjusted for 2012, 2016 and 2017 Pension Financing
Impact of IFRS 16 implementation

In €m

DPDHL Group Finance Policy: Confirmed And Executed Upon

Dividend proposal of €1.15 for FY2018

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

Expected 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
2019 Guidance Introduced; 2020 Group Guidance Confirmed

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT, € bn</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P&amp;P</td>
<td>1.0 – 1.3</td>
<td>&gt;1.6</td>
</tr>
<tr>
<td>DHL – incl. eCom. Solutions</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>
<tr>
<td>Group</td>
<td>3.9 - 4.3</td>
<td>&gt;5.0</td>
</tr>
</tbody>
</table>

**FY 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)
## EFFECTS TO CONSIDER FOR 2019 MODELLING

All these effects are considered in our 2019 guidance.

### EBIT effect (€m)

<table>
<thead>
<tr>
<th>DSC</th>
<th>DSC</th>
<th>eCommerce Solutions</th>
<th>DHL</th>
<th>Corporate Functions</th>
<th>GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Domestic Transaction</td>
<td>Restructuring Costs</td>
<td>Expected One-Off Costs</td>
<td>DHL</td>
<td>e.g. StreetScooter SmarTrucking</td>
<td>DHL</td>
</tr>
<tr>
<td>Closing announced on 18.02.2019</td>
<td>Mainly UK Operations</td>
<td>Business Review ongoing</td>
<td>~ +200</td>
<td>Additional ramp-up costs</td>
<td>~ +100</td>
</tr>
<tr>
<td>~ +400</td>
<td>~ -150</td>
<td>~ -60</td>
<td>~ +200</td>
<td>~ -100</td>
<td>~ +100</td>
</tr>
</tbody>
</table>
### GROUP PERSPECTIVE

- Well diversified business portfolio
- Positive structural trend from growing e-commerce

### DIVISIONS

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>Yield management &amp; Parcel growth</th>
<th>Yield management &amp; e-commerce growth</th>
<th>Maintain focus on profitable volume</th>
<th>Resilient, multi-year customer contracts</th>
<th>Yield management &amp; e-commerce growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;P</td>
<td>Intensify cost management, e.g. add'l overhead cost reduction</td>
<td>Cost adjustments, a.o. discretionary spend, network capacity management</td>
<td>Ongoing cost benefits from “Simplify”</td>
<td>Maintain selectivity and focus on long term customer relationships</td>
<td>Make adjustments to cost structure, e.g. overhead cost reduction</td>
</tr>
<tr>
<td>EXP</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>DGFF</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>DSC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>eCommerce Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capex steering | Capex steering | Asset-light business | Asset-light business | Capex steering |
Brexit: Intense Preparations Ongoing

- Global expertise on customs and cross-border logistics services
- Operational and commercial readiness top priority
- Contingency planning ongoing for over 12 months
- Operational changes are being prepared and executed
Wrap Up

Group is in a strong position – strategically and financially

Clear divisional agenda to drive significant EBIT increase in 2019

Strong focus on cash flow and balance sheet allows healthy balance of growth investments and shareholder returns
Divisional Information
DPDHL Group at a Glance (As Of 1.1.2019)

<table>
<thead>
<tr>
<th>Products</th>
<th>Geographies</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post &amp; Parcel</td>
<td>Germany</td>
<td>63% business letters Germany</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45% parcel Germany</td>
</tr>
<tr>
<td>DHL eCommerce Solutions</td>
<td>Europe USA Asia Pacific</td>
<td>#4 in USPS Parcel Select #1 in Indian B2B Express</td>
</tr>
<tr>
<td>DHL Express</td>
<td>&gt;220 countries and territories</td>
<td>#1 in TDI 38% market share</td>
</tr>
<tr>
<td>DHL Global Forwarding, Freight</td>
<td>&gt;150 countries and territories</td>
<td>#1 in air freight #2 in ocean freight #2 in European road freight</td>
</tr>
<tr>
<td>DHL Supply Chain</td>
<td>&gt;50 countries and territories</td>
<td>#1 globally 6.0% market share</td>
</tr>
</tbody>
</table>

Network Businesses – asset intensive

Brokerage & Outsourcing – asset light

Deutsche Post DHL Group

- Group revenues: EUR 61.6bn
- EBIT: EUR 3.162bn
- ~500k employees
- >220 countries/territories

2020 EBIT targets:
- Group: EUR >5bn
- PeP: EUR ~1.7bn
- DHL: EUR ~3.7bn
**Earnings**

Sustainable growth from diversified global market leader

Clear agenda for improving profitability

**Cash Flow**

Continued investments for profitable growth

Strong balance sheet and cash generation

**Shareholder Returns**

Long-term Finance Policy defining sustainable shareholder returns
Disruption Is Everywhere: Innovation Is the Solution

DHL Trend - Radar

In order to stay ahead of the curve, we have to think in a creative way and not be afraid to self-disrupt.
PeP: Parcel Yield Measures Start to Show Effect

<table>
<thead>
<tr>
<th>Q4 2018 yoy</th>
<th>Volume</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Communication</td>
<td>-0.6%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Dialogue Marketing</td>
<td>-6.6%</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Parcel Germany</td>
<td>+5.4%</td>
<td>+6.1%</td>
</tr>
</tbody>
</table>

- Excl. effects from elections, FY18 mail volume decline with -3.0% in line with long-term expectation of -2-3%
- Q4 Parcel numbers reflect improved volume control during peak period; revenue grew faster than volume. FY 18 German Parcel volume and revenue up by 7.5% and 7.1%, respectively
PeP Restructuring Measures: Update as per End of Q4 2018

<table>
<thead>
<tr>
<th>Problem Identification</th>
<th>Measures Developed</th>
<th>Measures Initiated</th>
<th>Cost (Q2 18)</th>
<th>Cost (Q3 18)</th>
<th>Cost (Q4 18)</th>
<th>Cost (FY 18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct cost (Productivity)</td>
<td></td>
<td></td>
<td>-€10m</td>
<td>-€45m</td>
<td>-€65m</td>
<td>-€120m</td>
</tr>
<tr>
<td>Indirect cost (Restructuring)</td>
<td></td>
<td></td>
<td>-€51m</td>
<td>-€392m</td>
<td>-€59m</td>
<td>-€502m</td>
</tr>
</tbody>
</table>

Legend: 
- 9M 2018 
- Q4 
- To Come
### PeP Germany: Overview of Pricing Measures 2018/2019

**PeP Germany 2018 Revenue**  
€~14.6bn

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue 2018 (€bn)</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Communication</td>
<td>€ 2.8bn</td>
<td>Ex-ante regulated postal products</td>
<td>New draft regulation by regulator expected in 1st half 2019</td>
</tr>
<tr>
<td></td>
<td>€ 2.0bn</td>
<td>Partial services (Teilleistungen)</td>
<td>2018: small increase 2019: no increase</td>
</tr>
<tr>
<td>Dialogue Marketing</td>
<td>€ 2.2bn</td>
<td>Addressed and unaddressed</td>
<td>Partly increased</td>
</tr>
<tr>
<td>Other/Consolidation</td>
<td>€ 2.0bn</td>
<td>Other (eg. Press)</td>
<td>Partly increased</td>
</tr>
<tr>
<td>Parcel Germany</td>
<td>€ 5.6bn</td>
<td>B2X</td>
<td>Stronger increase than historically on regular parcels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C2X</td>
<td>Significant increase for non-conveyables</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2019: Increase for 5kg parcels purchased at retail outlet</td>
</tr>
</tbody>
</table>
### 2 PeP Restructuring Measures, Direct Costs

<table>
<thead>
<tr>
<th>Process stabilization</th>
<th>Process improvement</th>
<th>Process renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stabilizing of operations based on existing SOP(^1)</td>
<td>Apply 1st Choice and lean management tools to improve SOP(^1)</td>
<td>Drive structural process enhancements through automation and digitalization</td>
</tr>
</tbody>
</table>
| + Transfer of best practices to low performing entities  
+ Intensify Certified training  
+ Improve accuracy of volume forecasts | + Increased performance dialogues  
+ Additional trainers to improve truck loading quality | + Further reduce share of manual handling of letters & parcels  
+ Increase share of letters sorted in delivery sequence even more |
| Transport | Last mile |
| + Optimized schedule management to avoid overtime | + Deliver small parcels by postmen  
+ Focus on on-time shift ending | + Further rollout “Verbund” delivery (joint parcel & mail delivery)  
+ Increased performance dialogues (Zustellteamleiter) |
| Hubs | + Use regular tours for pick-ups instead of on-call tours  
+ Improve daily network planning | + Replacement of legacy transport management system  
+ Improved volume prognosis based on enhanced data analytics |
| + Optimized schedule management to avoid overtime | + Introduce intelligent routing and shipment visibility (OnTrack)  
+ Enable flexible mail delivery districts based on daily volumes |
Civil Servants early retirement program fully on track

**Announcement of PeP measures**

**Full provisions booked (400m)**

**Sufficient applications received**

**Individual applications processed**

**June 8, 2018**

**Q3 2018**

**Q4 2019**

**Benefits:**
- Employee no longer in staff costs
- Lower cash cost than current salary
STRATEGY 2020


EXPRESS
**Express: Unchanged Strong TDI Growth**

### Shipments per day growth Q4 2018

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>691</td>
<td>752</td>
<td>809</td>
<td>889</td>
<td>955</td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEA</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

CAGR 2014-2018: 8.4%

### Revenue per day growth Q4 2018

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>37,8</td>
<td>38,7</td>
<td>40,8</td>
<td>45,9</td>
<td>50,3</td>
</tr>
<tr>
<td>Americas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEA</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

CAGR 2014-2018: 7.4%

**yoy**

**Europe Americas Asia Pacific MEA**
Express Growth Supported by Balanced Global Footprint

- Consistent strong volume growth in global TDI network
- Constant variation in regional patterns reflects movements in global trade flows
EXPRESS: Ongoing Balancing And Optimization

Topline Management for Profitable Growth

- Shipment per Day (SpD)
- Weight per Shipment
- Revenue per Day (RpD)

Efficiency in Ground Operations

Operations Cost per Move

Leverage Aviation Network

Cost per Kilo
Focus on TDI is Our Key to Success

Leading global network & “insane“ customer centricity & certified employees = consistent strong TDI growth and market share expansion

<table>
<thead>
<tr>
<th>DHL EXPRESS, TDI SPD YOY</th>
<th>TDI, GLOBAL MARKET SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011: 10,2%</td>
<td>2010: DHL 30%</td>
</tr>
<tr>
<td>2012: 9,4%</td>
<td>2014: FedEx 12%</td>
</tr>
<tr>
<td>2013: 8,4%</td>
<td>2016: UPS 22%</td>
</tr>
<tr>
<td>2014: 7,8%</td>
<td>2018: FedEx 26%</td>
</tr>
<tr>
<td>2015: 8,7%</td>
<td></td>
</tr>
<tr>
<td>2016: 7,6%</td>
<td></td>
</tr>
<tr>
<td>2017: 9,9%</td>
<td></td>
</tr>
<tr>
<td>2018: 7,4%</td>
<td></td>
</tr>
</tbody>
</table>

1) includes 4% TNT
e-commerce is a Profitable Growth Driver for DHL Express

Portion of B2C TDI shipments has increased over time

>10% 
2013

>30% 
2018

We treat B2C/e-commerce shipments as a TDI vertical
- applying the same yield discipline
- using B2C requirements to enhance the overall TDI service and capabilities
- equipping our sales force to effectively sell to e-commerce customers
- engaging in partnerships to grow cross-border e-commerce

We grow B2C profitably because 90% of the KPIs perfectly suit our network

- **SpD**: Volume growth drives better utilization of existing network
- **WpS**: Lower weight per shipment
- **RpK**: Higher RpK related to lower WpS
- **First mile**: More pieces per stop at pickup
- **Hub sort**: Better utilization of existing infrastructure, with high degree of conveyables
- **Airlift**: Better utilization of existing capacity, with lower WpS being advantageous
- **Last mile**: Residential delivery to private households

1) Indications based on medium to large B2C customers of top 30 countries

X-Border e-commerce has developed into an important TDI vertical and profitable growth driver
Intercontinental Fleet: Use Replacements as Opportunity to Move Towards Higher Ownership Structure

2010-18: fleet expansion

- Expansion based on successful virtual airline model – gradual shift in mid-sized, regional segment from leases to ownership
- Today: well balanced fleet regarding ownership and maturity – ownership structure of intercont fleet still more tilted towards leases

Outlook: intercont replacements by new, owned planes

- Order for 14 Boeing 777s signed, in-line with intentions announced at May CMD – first delivery expected in 2019
- New aircraft are capacity neutral but bring significant cost, efficiency and reliability benefits
- Any further fleet expansion to be carefully considered in line with market growth expectations
Aviation Network Steering Approach Unchanged – Opportune Timing to Shift Intercontinental Towards More Ownership

How we look on own vs lease:

- Asset Intensity
- Cost Position
- Flexibility

Significant benefits of Buy vs Lease for intercont replacements

**Cost (operation&ownership) – SIGNIFICANT SAVINGS**
- Savings reflect lower cost over lifetime & fuel efficiency, driving >50bp margin improvement potential
- Expect EUR ~ 0.2bn incremental capex in FY18
- Financed by separate debt vehicle – no burden on excess liquidity

**Asset intensity – NO CHANGE**
- No difference in asset recognition under IFRS 16

**Flexibility – OPERATIONAL BENEFITS**
- Better flexibility to match supply capacity to demand changes
- Higher reliability and fuel efficiency of new planes are most relevant on intercon fleet given most intense utilization

Using balance sheet strength to unlock further structural Express margin potential
STRAEGY 2020


FORWARDING, FREIGHT
DGFF: Selective Stance Drives GP Growth

<table>
<thead>
<tr>
<th>Q4 2018 yoy</th>
<th>Air Freight</th>
<th>Ocean Freight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes</td>
<td>-4.8%</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>+14.6%</td>
<td>+4.2%</td>
</tr>
<tr>
<td>GP/EXP t ; GP/TEU</td>
<td>+20.4%</td>
<td>+3.7%</td>
</tr>
</tbody>
</table>

- Selective stance maintained throughout the year, leading to strong GP and GP margin expansion
- Going forward we will aim for a balanced approach to grow at the right price
DGF Profitability: GP Conversion and EBIT Margin Have Recovered

- Significant improvement since 2015 turning point
- DGF EBIT margin in Q4 2018 at 4.5%, highest level since Q4 2012
- On track towards mid-term targets
- Technology is key:
  - CargoWise 1 implementation progressing smoothly and adding incremental efficiency
  - Many other initiatives ongoing, such as electronic document management system and solutions to improve shipment visibility and quotation

*EBIT adjusted for -€353m one-offs
Simplify Strategy Aims to Close the Gap Towards Benchmark Profitability

No structural barriers – we have the right combination of people, business model, processes and IT renewal to achieve benchmark conversion ratios over time.
The Lifecycle of a Shipment is a Complex Process

Forwarding is more than brokerage of transport, it is managing all the steps along the way.

- Goods to be shipped
- Quotation Process
- Plan route & organize shipment
- Take control of goods from customer
- Create documents for export compliance & customs
- Manage transport to port/airport
- Consolidation
- Manage loading & export process
- Ensure goods are shipped
- Ensure shipment stays on track
- Accept delivery at port/airport
- Manage documents for import compliance & customs process
- Transport to warehouse or final destination
- Billing & payments
- Manage transport to warehouse or final destination

Success in Forwarding is built on experience, customer relationships, processes and in some aspects, such as consolidation, is also a function of scale.
STRATEGY 2020


SUPPLY CHAIN
## DSC: Resilient and Diversified Business Growth

### FY 2018 Organic Revenue Growth: +4.3%

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
<th>Highlights</th>
</tr>
</thead>
</table>
| Americas| +8.4%       | - All time high EBIT result supported by North America and emerging market countries in Latin America  
- Both North America and Latin America outperformed market |
| EMEA    | +3.4%       | - Step change on driving standardization and simplification resulting in improved profitability |
| APAC    | +0.3%       | - Record-high profit result and significant margin improvement  
- Great start-up performance widely exceeded initial expectation  
- Strategic partnership with S.F. Holding |
**DSC Profitability: EBIT Margin Development by Region**

- **Americas**
  - Continued trading improvement in North America and Latin America

- **EMEA**
  - Decline driven by business challenges in UK&I, partly offset by growth in other EMEA regions
  - [2013: 3.2%] [2018: 3.9%]

- **APAC**
  - Strong organic growth across APAC

*All figures excluding WLT*
SF Deal closed: 2019 EBIT Benefit of ~€+400m

DSC Profit Improvement Measures (~€-150m):

- **UK (~€-100m)**
  - Real estate optimization
  - Restructuring of under-performing contracts
  - Transport network enhancement

- **Others (~€-50m)**
  - Divestiture of assets
  - Overhead reduction

Discontinued annual:
Revenue: ~€+500m  
EBIT: ~€+30m

Benefits in 2020
EBIT: ~€+30m
Offering Customized Solutions Across the Entire Supply Chain

Revenue by Service Area
FY 2018

36% Transportation
51% Warehousing
13% Value Added Services
Digitalization is a strategic pillar for DSC with a clear roadmap in terms of overarching goals and target use cases.

Technologies are being deployed across regions by local experts, in close cooperation with our customers and the technology providers.
eCOMMERCE SOLUTIONS
PeP: Continued Growth in International Business

<table>
<thead>
<tr>
<th>Q4 2018 yoy</th>
<th>Revenue</th>
<th>Excl. FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHL Parcel Europe</td>
<td>+9.1%</td>
<td>+10.0%</td>
</tr>
<tr>
<td>DHL eCommerce</td>
<td>+10.7%</td>
<td>+9.7%</td>
</tr>
</tbody>
</table>

- DHL eCommerce Solutions division (as of Jan 1 2019) to leverage opportunities in booming e-commerce logistics sector
- Strong European presence and exposure to selected markets worldwide
PeP Split Effective as of January 1, 2019

New management structure will allow stronger focus on German restructuring in P&P as well as leverage opportunities in booming e-commerce logistics sector in DHL eCommerce Solutions

Partition will result in following restatement of 2018 numbers

<table>
<thead>
<tr>
<th></th>
<th>FY 2018 Reported</th>
<th>Revenue</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td></td>
<td>14,610</td>
<td>658</td>
</tr>
<tr>
<td>International</td>
<td></td>
<td>3,866</td>
<td>-2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY 2018 Restated</th>
<th>Revenue</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post &amp; Paket Deutschland</td>
<td></td>
<td>15,108</td>
<td>683</td>
</tr>
<tr>
<td>eCommerce Solutions</td>
<td></td>
<td>3,834</td>
<td>-27</td>
</tr>
</tbody>
</table>
DHL eCommerce Solutions: Main Current Priorities

Increase profitability

- Lower unit costs
- Very restrictive Capex
- Maximise utilization of assets

Focused business expansion

- No new market entries/geographical expansion planned for now
- Focus on profitable growth

Design of leading e-commerce solutions

- Simplify "logistics as a whole" for our customers
- Sophisticated, tech-enabled solutions along the whole value chain
### FY 2018 Group P&L

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>60,444</td>
<td>61,550</td>
<td>+1.8%</td>
</tr>
<tr>
<td>EBIT</td>
<td>3,741</td>
<td>3,162</td>
<td>-15.5%</td>
</tr>
<tr>
<td>Financial result</td>
<td>-411</td>
<td>-576</td>
<td>-40.1%</td>
</tr>
<tr>
<td>Taxes</td>
<td>-477</td>
<td>-362</td>
<td>+24.1%</td>
</tr>
<tr>
<td>Consolidated net profit</td>
<td>2,713</td>
<td>2,075</td>
<td>-23.5%</td>
</tr>
<tr>
<td>EPS (in EUR)</td>
<td>2.24</td>
<td>1.69</td>
<td>-24.6%</td>
</tr>
</tbody>
</table>

- Organic revenue growth of 6.0% (PeP +2.2%, EXP +11.0%, DGFF +6.7%, DSC +4.3%)
- Group EBIT decline driven by PeP planned restructuring measures and one-offs in DSC partially offset by double-digit EBIT growth in EXP and DGFF
- IFRS 16 effect of +€179m (PeP +€40m, Express +€77m, DGFF +€16m, DSC +€42m, CF +€4m)
- Financial result strongly impacted by changed accounting recognition of operating leases under IFRS16 (-€376m)
- Tax rate of 14.0% in line with guidance
### FY 2018 Group Cash Flow

<table>
<thead>
<tr>
<th>In €m</th>
<th>FY 2018</th>
<th>IFRS16 effect</th>
<th>Abs change vs 2017</th>
<th>Abs change excl IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>3,162</td>
<td>+179</td>
<td>-579</td>
<td>-758</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>3,292</td>
<td>+1,877</td>
<td>+1,821</td>
<td>-56</td>
</tr>
<tr>
<td><strong>Cash from operating activities before WC chg</strong></td>
<td>6,079</td>
<td>+2,056</td>
<td>+2,661</td>
<td>+605</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-283</td>
<td>+25</td>
<td>-162</td>
<td>-187</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>5,796</td>
<td>+2,081</td>
<td>+2,499</td>
<td>+418</td>
</tr>
<tr>
<td>Net Capex</td>
<td>-2,498</td>
<td></td>
<td>-531</td>
<td>-531</td>
</tr>
<tr>
<td>Net Cash from Leases</td>
<td>-2,081</td>
<td></td>
<td>-2,081</td>
<td></td>
</tr>
<tr>
<td>Net M&amp;A</td>
<td>-60</td>
<td></td>
<td>-270</td>
<td>-270</td>
</tr>
<tr>
<td>Net interest</td>
<td>-98</td>
<td></td>
<td>+10</td>
<td>+10</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>1,059</td>
<td>0</td>
<td>-373</td>
<td>-373</td>
</tr>
</tbody>
</table>

- Excl. IFRS16 effect, OCF increased by €418m
- This includes effect from 2017 UK pension funding (€-495m)
- Negative 2018 PeP EBIT one-offs mostly non-cash relevant in 2018
- Net Capex includes €-180m for B777 order
- Due to addition of Net Cash for Leases position, no impact from IFRS16 on FCF
- Lower FCF mainly reflects Capex increase
<table>
<thead>
<tr>
<th><strong>€m</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>No changes</td>
</tr>
<tr>
<td>Materials expense</td>
<td>-2,056</td>
<td>Decrease as lease expenses to be recognized as depreciation and interest costs – only exemptions for short-term leases and low-value assets, which stay in material costs</td>
</tr>
<tr>
<td>EBITDA</td>
<td>+2,056</td>
<td>Increase due to lower materials expenses</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>+1,877</td>
<td>Increase due to new depreciation of capitalized operating-lease-assets</td>
</tr>
<tr>
<td>EBIT</td>
<td>+179</td>
<td>EBIT increase as operating lease expense replaced by depreciation and interest</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>-376</td>
<td>Increase due to interest cost component booked in finance cost</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-28</td>
<td>Lower during first years due to higher deferred tax assets</td>
</tr>
<tr>
<td>Cons. net profit</td>
<td>-169</td>
<td>Whilst neutral over time, timing effect due to higher interest during first years</td>
</tr>
</tbody>
</table>
IFRS 16: Implications for DPDHL Group

Scope at DPDHL Group: >25,000 leasing contracts, covering >35,000 assets

Major impacts on 2018 results:

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;L</td>
<td>EBIT: increase of €179m</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>Net debt: €9.2bn (from initial recognition of lease liabilities)</td>
</tr>
<tr>
<td>FCF</td>
<td>FCF: no change based on new definition: OCF – net cash for lease liabilities - net capex - net M&amp;A - net interest</td>
</tr>
<tr>
<td>Credit Rating</td>
<td>No impact on rating and related metrics expected</td>
</tr>
</tbody>
</table>

No effect on actual cash generation and debt rating
Gross Capex: Recent History and Outlook

Increase driven by investments in B2C national/int’l

Underlying spend stable, Boeing 777 peak in 2019

Low levels reflecting minimal capital intensity

Spend primarily driven by new business

GROUP GROSS CAPEX

FY 2019 guidance
€ ~3.7bn (including € 1.1bn for debt-financed Boeing 777)

PeP Express Global Forwarding, Freight Supply Chain

FY 2013 FY 2014 FY 2015 FY 2016 FY 2017 FY 2018

Initial payment for Boeing investment
In a challenging year, our return on capital employed is above our cost of capital, even incl. restructuring charges.

Going forward, we anticipate continuing our track record of steady improvement in return on capital employed.
Main difference between P&L tax expense and cash taxes paid arise from deferred tax assets

- No additional tax loss carryforwards to be capitalized as deferred tax assets in Germany in 2018
- Not yet capitalized tax loss carryforwards amount to EUR 6.4bn, most of it in the US
- Cash taxes paid will increase in line with anticipated growth in profitability

P&L tax rate expected to reach mid-to-high 20% range by 2020
FX effects are mainly translational

- EUR appreciation => lower revenue and EBIT
- Direct USD exposure actually more than offset by USD-correlated block => USD depreciation = positive stand-alone, but in practice most often offset by FX movements in the USD block
- More than 50% of FX effects in 2018 came from outside of the big currencies

Ultimately, FX volatility is unavoidable and best managed by the business

- We do only opportunistic hedging (e.g. Brexit)
- Difficult to model FX externally due to the many cross currency dependencies

1) Currencies with a correlation to the USD above 75%
Healthy Leverage Ratios Even After IFRS 16 Implementation

Net Gearing: 47.0%
Equity Ratio: 27.5%

2018 Net Debt/EBITDA: 2.0x
2018 Interest Cover: 5.0x

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt/EBITDA</td>
<td>2.0x</td>
<td>2.0x</td>
</tr>
<tr>
<td>Interest Cover</td>
<td>5.0x</td>
<td>5.0x</td>
</tr>
</tbody>
</table>

**Total Liabilities & Equity As per 31.12.2018**

- **Net Debt**: 12,303
- **EBITDA**: 6,454
- **EBIT**: 3,162
- **Interest Expense**: 629

**Equity**: 50,470

**Other Provisions**: 5,047

**Pension Provision**: 12,303

**Short-term liabilities**: 6,454

**Long-term liabilities**: 3,162

**Equity**: 5,047
DPDHL Group Pensions - DBO, DCO, and Civil Servants

Defined Benefit (DB):
Staff costs + Change in provisions

Discount Rate | Germany | UK | Other | Total
---|---|---|---|---
Sep 30, 2018 | 2.25% | 2.75% | 2.37% | 2.42%
Dec 31, 2018 | 2.30% | 2.70% | 2.35% | 2.42%

Net Pension Provision

Total DBO

Plan Assets

Defined contribution (DC):
Cash out = staff costs in EBIT

Civil servants (in GER)

Hourly workers and salaried employees mainly outside GER
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