Investor Presentation

Investor Relations
May 2019
# DPDHL Group at a Glance

## Deutsche Post DHL Group

<table>
<thead>
<tr>
<th>Group revenue</th>
<th>EUR 61.6bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>EUR 3.162bn</td>
</tr>
<tr>
<td>~500k employees</td>
<td>&gt;220 countries/territories</td>
</tr>
<tr>
<td>Market shares</td>
<td># 1 P&amp;P Germany # 1 Express Global # 1 GFF Global # 1 SC Global</td>
</tr>
</tbody>
</table>

## Network Businesses – asset intensive

<table>
<thead>
<tr>
<th>Post &amp; Parcel Germany</th>
<th>DHL eCommerce Solutions</th>
<th>DHL Express</th>
<th>DHL Global Forwarding, Freight</th>
<th>DHL Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (EUR m)</td>
<td>15,108</td>
<td>3,834</td>
<td>16,147</td>
<td>14,978</td>
</tr>
<tr>
<td>EBIT / Margin (4.5%)</td>
<td></td>
<td></td>
<td></td>
<td>3.0%</td>
</tr>
<tr>
<td>Staff (FTE in ’000)</td>
<td>159.032</td>
<td>29.493</td>
<td>93.550</td>
<td>151.877</td>
</tr>
</tbody>
</table>

## Brokerage & Outsourcing – asset light

<table>
<thead>
<tr>
<th>DHL Global Forwarding, Freight</th>
<th>DHL Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (EUR m)</td>
<td>14,978</td>
</tr>
<tr>
<td>EBIT / Margin (3.0%)</td>
<td>520</td>
</tr>
<tr>
<td>Staff (FTE in ’000)</td>
<td>43.347</td>
</tr>
</tbody>
</table>

INVESTOR RELATIONS PRESENTATION | MAY 2019
Q1 2019 Group Revenue

**GROUP**

€15,353m
€+604m
(+4.1%)

Revenue growth yoy
All in €m

<table>
<thead>
<tr>
<th></th>
<th>P&amp;P</th>
<th>Express</th>
<th>DGFF</th>
<th>DSC</th>
<th>DeCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Growth</td>
<td>Group: +2.8%</td>
<td>+0.7%</td>
<td>+3.2%</td>
<td>+3.9%</td>
<td>+2.7%</td>
</tr>
</tbody>
</table>
Q1 2019 Group EBIT

GROUP €1,159m
€+254m (+28.1%)

Reported EBIT yoy growth
All in €m

-178

-8

+30

+431

-8

-14

P&P Deutschland

2018: €+108m pension revaluation
2019: Productivity measures: €-28m yoy, ongoing factor cost increase not yet offset by mail price increase

Express

2019: Slower volume growth in first two months, actively managing heavyweight out of network, FX headwind

DGFF

2019: GP increase despite volume decline; DGF GP-to-EBIT conversion up 410bp to 13.6%

DSC

2018: €-50m customer contracts
2019: €+426m China net EBIT gain, €-58m restructuring, strong operating performance

DeCS

2019: €-23m restructuring cost, improved operating performance

Corp. Functions

2019: No significant impact from ramp-up in Incubation costs yet
DPDHL: Well Balanced Risk Profile Through Diversified Portfolio

*B2C Express, Parcel Germany and DHL eCommerce Solutions*
DPDHL: Potential Measures In Case Of A Global Downturn

**GROUP PERSPECTIVE**

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

**DIVISIONS**

<table>
<thead>
<tr>
<th>Division</th>
<th>P&amp;P</th>
<th>EXP</th>
<th>DGFF</th>
<th>DSC</th>
<th>eCommerce Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield management &amp; Parcel growth</td>
<td>Yield management &amp; e-commerce growth</td>
<td>Maintain focus on profitable volume</td>
<td>Resilient, multi-year customer contracts</td>
<td>Yield management &amp; e-commerce growth</td>
<td></td>
</tr>
<tr>
<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></td>
<td></td>
</tr>
<tr>
<td>Capex steering</td>
<td>Capex steering</td>
<td>Asset-light business</td>
<td>Asset-light business</td>
<td>Capex steering</td>
<td></td>
</tr>
</tbody>
</table>
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
DPDHL: Focus Is The Key To Sustainable Margin Expansion

12m rolling EBIT margin\(^1\)

- **EXP**: Demonstrating the result of sustained focus on TDI and yield
- **P&P**: 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

\(^1\) Adjusted for: 2015: DGFF write-off; 2018: PeP restructuring charge; 2019: DSC China transaction gain & restructuring
## 2019 & 2020 Guidance Confirmed

<table>
<thead>
<tr>
<th>EBIT, € bn</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<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)
**P&P: 2020 Trajectory**

**H1 2019 EBIT levers:**
- Parcel price increases
- Early retirement in ramp-up phase
- Efficiency measures initiated

**H2 2019 EBIT levers:**
- Mail price increases (as of July 1)
- Parcel price increases, predominantly for business customers
- Gradual increase in benefits from early retirement
- Ramp-up of benefits from efficiency measures

**FY 2020 EBIT levers:**
- Further yoy contribution from mail price increases
- Further Parcel price increases, predominantly for business customers
- Full effect of early retirement
- Full deployment of efficiency measures

**Ongoing cost inflation:**
- Wage costs +3.0% (Oct 2018)
- Wage costs +2.1% (Oct 2019)
- Transport cost / Trucking / Toll

**2020 EBIT:**
- > €1.6bn
- = EBIT levers - cost inflation

**INDICATIVE NOT TO SCALE**
DHL EBIT Bridge to 2020 Target

Express: Focus on TDI
DGFF: IT renewal / Simplify
DSC: OMS/Standardization
DeCS: Portfolio focus & volume growth

Based on Global GDP consensus estimates for 2019/20 (~ +3%)

DHL EBIT, in €m, including DeCS as of 2019

- 2017: 2,588
- 2018: 3,011
- 2019: 3,200-3,300
- 2020: 3,700

Non-rec. effects:
- 2018, DSC (-€92m)
- 2019e, DSC China (+€426m), DSC restr. (~ -€150m), DeCS restr. (~ -€60m)

INVESTOR RELATIONS PRESENTATION | MAY 2019
Consistent Cash Flow Generation And Growth
Investment

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

In €m
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.

Group ROCE: IFRS16 Implementation Means Setting a New Base

**Implementation**

- 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.
DPDHL Group Finance Policy: Confirmed And Executed Upon

Dividend 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

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
Q1 2019 Highlights

- Growth at slower pace, but in line with full-year plan
- Further progress on major agenda points
- 2019/2020 guidance confirmed
DPDHL Investment Case Summary

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
DHL Trend Radar

Social & Business Trends
- Supergrid Logistics
- Logistics Marketplaces
- Green Energy Logistics
- Digital Work
- Omnichannel Logistics
- Connected Life
- Fresh Chain
- Grey Power Logistics
- Tube Logistics

Technology Trends
- Self-driving Vehicles
- Artificial Intelligence
- Robotics & Automation
- Internet of Things
- Cloud Logistics
- Big Data Analytics
- Augmented Reality
- Low-cost Sensor Solutions
- Virtual Reality & Digital Twins
- 3D Printing
- Unmanned Aerial Vehicles
- Blockchain
- Next-generation Wireless
- Bionic Enhancement

2018/19

HIGH: Creates new (potentially disruptive) ways of doing business
LOW: Provides incremental improvement opportunities
Four GoGreen targets for 2025

Global Target
By 2025, we will increase our carbon efficiency by 50% over 2007 levels to support the global ambition to limit global warming to well below 2°C.

Local Target
Deliver 70% of our own first and last mile services with clean pick-up and delivery solutions.

Economic Target
> 50% of our sales will incorporate Green Solutions which make our customers’ supply chains greener.

People Target
> 80% of our employees to become certified GoGreen specialists. This includes joining partners to plant one million trees each year.
Overview: P&P Germany

Business model
- Letter and parcel delivery in Germany
- Provider of German Universal Service regulated by Bundesnetzagentur
- High quality (speed & reliability) network
- High degree of automation in mail and parcel

Customers
- Private as well as business customers (B2B,B2C,C2X)
- >44m delivery addresses / drop-off points in Germany
- Broad customer base across all business sectors
- Digital solutions for marketing and mail communication

Market position/trends
- Postal incumbent in Germany
- Revenue market share of 63% in letter mail, 45% in parcel market in Germany
- Strong e-commerce driven growth in Parcel activities
- German parcel market volume growth 5-7% p.a.
- Mail volume decline: ~2-3% p.a.

Strategy
- Focus on service to maintain high quality and competitive network
- Improve core business through investments in staff, IT & equipment for sortation and delivery
- Drive parcel and e-commerce growth in Germany
**P&P: Parcel yield measures show visible effects**

- Stable trend in mail volume decline: MC + DM volumes down -3.1%
- Parcel yield measures show significant positive effect as revenue growth outpaces volume increase

<table>
<thead>
<tr>
<th>Q1 2019 yoy</th>
<th>Volume</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Communication</td>
<td>-2.3%</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Dialogue Marketing</td>
<td>-3.8%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Parcel Germany</td>
<td>+7.7%</td>
<td>+9.5%</td>
</tr>
</tbody>
</table>
## P&P: 2019 Focus Areas – Getting better within our core business

<table>
<thead>
<tr>
<th>Employer of Choice</th>
<th>Provider of Choice</th>
<th>Investment of Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further roll-out of “Certified” training</td>
<td>Implementation and continuous improvement of standard processes</td>
<td>Price increases</td>
</tr>
<tr>
<td>Improve equipment and sites (e.g. equipment, depots)</td>
<td>Strengthen stable production (e.g. forecast, planning, steering)</td>
<td>Leaner administrative/ indirect cost</td>
</tr>
<tr>
<td>Improve performance and dialogue culture</td>
<td>Improved customer service quality and communication</td>
<td>Increased productivity through process improvement</td>
</tr>
</tbody>
</table>

**Tobias Meyer**  
CEO P&P  
Member of board since April 2019  
Appointed until March 2022
New draft proposal: +10.6% for 2019-2021 period

18 April 2019

Final decision from regulator (Bundesnetz-agentur)

End May 2019

Price proposal for 2019-2021 mail product prices to be submitted to regulator

May/June 2019

New mail pricing list approval by regulator

June 2019

Implementation of regulated mail product price increases

1 July 2019
## P&P: Overview of Pricing Measures 2018/2019

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Revenue (€bn)</th>
<th>Description</th>
<th>Pricing Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail Communication</td>
<td>€ 2.8bn</td>
<td>Ex-ante regulated postal products</td>
<td>New draft proposal: +10.6% for 2019-2021 period</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></td>
<td>Significant increase for non-conveyables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C2X</td>
<td>2019: Increase for 5kg parcels purchased at retail outlet</td>
</tr>
</tbody>
</table>
## P&P Restructuring Measures, Direct Costs

<table>
<thead>
<tr>
<th>Process stabilization</th>
<th>Hubs</th>
<th>Transport</th>
<th>Last mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stabilizing of operations based on existing SOP</td>
<td>+ Transfer of best practices to low performing entities</td>
<td>+ Optimized schedule management to avoid overtime</td>
<td>+ Deliver small parcels by postmen</td>
</tr>
<tr>
<td></td>
<td>+ Intensify Certified training</td>
<td></td>
<td>+ Focus on on-time shift ending</td>
</tr>
<tr>
<td></td>
<td>+ Improve accuracy of volume forecasts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process improvement</th>
<th>Hubs</th>
<th>Transport</th>
<th>Last mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apply 1st Choice and lean management tools to improve SOP</td>
<td>+ Increased performance dialogues</td>
<td>+ Use regular tours for pick-ups instead of on-call tours</td>
<td>+ Further rollout &quot;Verbund&quot; delivery (joint parcel &amp; mail delivery)</td>
</tr>
<tr>
<td></td>
<td>+ Additional trainers to improve truck loading quality</td>
<td>+ Improve daily network planning</td>
<td>+ Increased performance dialogues (Zustellteamleiter)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process renewal</th>
<th>Hubs</th>
<th>Transport</th>
<th>Last mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive structural process enhancements through automation and digitalization</td>
<td>+ Further reduce share of manual handling of letters &amp; parcels</td>
<td>+ Replacement of legacy transport management system</td>
<td>+ Introduce intelligent routing and shipment visibility (OnTrack)</td>
</tr>
<tr>
<td></td>
<td>+ Increase share of letters sorted in delivery sequence even more</td>
<td>+ Improved volume prognosis based on enhanced data analytics</td>
<td>+ Enable flexible mail delivery districts based on daily volumes</td>
</tr>
</tbody>
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1) SOP = Standard Operating Procedure
## Overview: DHL Express

### Business model
- Door-to-door Express delivery, focused on Time Definite International product
- Self-operated infrastructure
- 3 main global hubs linked by intercontinental network
- Standardized, scheduled network >250 dedicated aircraft serving approx. 500 airports globally

### Customers
- Low customer concentration with more than 2.5m business customers
- Strategic focus on Small & Medium Enterprises
- Premium profitable cross-border B2C~30% of TDI volumes

### Market position/trends
- Presence in more than 220 countries and territories
- Global market leader in the international express market with 38% market share
- Strong presence in developing markets (Asia, Middle East, Africa, Latin America)

### Strategy
- Focus on and grow the TDI (Time-Definite-International) product
- Improve service, while optimizing network utilization and yield
- Relentless focus on customer service along all touch points
Express: TDI growth at slower pace, as expected

- Slower Q1 volume growth reflects macro environment, in particular in Jan/Feb; back to solid growth levels as of March
- Revenue growth also held back by short-term impact from yield measures (heavyweights reduction)
Express: Major Q1 EBIT effects

- **Global growth**: slower volume growth in Jan/Feb, back to solid growth levels as of March
- **Yield & volumes**: expected slower rev/day growth as result of product mix effect targeted by „heavy weight campaign”
- **FX**: positive currency effect on revenue, but negative EBIT impact driven by net cost exposure to USD

INVESTOR RELATIONS PRESENTATION | MAY 2019
Express Growth Supported by Balanced Global Footprint

Quarterly growth ranking, TDI volume growth

- Consistent strong volume growth in global TDI network
- Constant variation in regional patterns reflects movements in global trade flows
Focus on TDI is Our Key to Success

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

DHL EXPRESS, TDI SPD YOY

<table>
<thead>
<tr>
<th>Year</th>
<th>TDI SPD YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10.2%</td>
</tr>
<tr>
<td>2012</td>
<td>9.4%</td>
</tr>
<tr>
<td>2013</td>
<td>8.4%</td>
</tr>
<tr>
<td>2014</td>
<td>7.8%</td>
</tr>
<tr>
<td>2015</td>
<td>8.7%</td>
</tr>
<tr>
<td>2016</td>
<td>7.6%</td>
</tr>
<tr>
<td>2017</td>
<td>9.9%</td>
</tr>
<tr>
<td>2018</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

TDI, GLOBAL MARKET SHARE

- 2010: DHL 30%, FedEx 23%, UPS 29%, TNT 7%
- 2014: DHL 34%, FedEx 22%, UPS 26%, TNT 12%
- 2016: DHL 38%, FedEx 29%, UPS 22%, TNT 11%

1) includes 4% TNT

INVESTOR RELATIONS PRESENTATION | MAY 2019
E-commerce is a Profitable Growth Driver for DHL Express

Portion of B2C TDI shipments has increased over time

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

X-Border e-commerce has developed into an important TDI vertical and profitable growth driver

1) Indications based on medium to large B2C customers of top 30 countries
Intercontinental Fleet: Use Replacements as Opportunity to Move Towards Higher Ownership Structure

- 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

**2010-18: fleet expansion**

- Order for 14 Boeing 777s signed, in-line with intentions announced at May 2018 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

**Outlook: intercont replacements by new, owned planes**

**Dedicated fleet (w/o feeders)**

- 2010: ~150 planes
- 2018: >200 planes
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 ~ 1.1bn capex in FY19
- 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
Overview: DHL Global Forwarding, Freight

**Business model**
- Specialist in air, ocean and road freight as well as industrial projects and end-to-end transport management solutions
- Asset-light business model, based on brokerage of transport services
- Tailored sector solutions

**Customers**
- Established customer base including >50% of Forbes 500 companies
- Strong sales focus on SMEs
- High diversification across regions and industries

**Market position/trends**
- Global No. 1 in air freight and No. 2 in ocean freight
- Presence in more than 150 countries and territories
- No. 2 in European road freight with presence in more than 50 countries and territories

**Strategy**
- Strategic focus on sustainable growth, customer and operational excellence as well as maximizing profitability
- Step by step approach to IT renewal
- Goal to achieve GP/EBIT conversion ratios in line with industry benchmark
DGFF: GP increase despite slower markets

- Volume decline as combination of selective stance and strong market levels in previous year
- DGFF Gross Profit up 4.3% driven by increases in AFR, Customs Clearing, Industrial Projects and Freight

<table>
<thead>
<tr>
<th>Q1 2019 yoy</th>
<th>Air Freight</th>
<th>Ocean Freight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes</td>
<td>-3.9%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>+4.2%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>GP/EXP t ; GP/TEU</td>
<td>+8.8%</td>
<td>+0.6%</td>
</tr>
</tbody>
</table>
DGF: GP/EBIT conversion back to previous peak levels

DGF EBIT margin and GP/EBIT conversion, LTM 12-months rolling

TMS rollout fully on track:

- OFR: ~65% of volume on Cargo Wise
- AFR: first countries successfully on board
- Benefits realization on internal processes and external customer interactions
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

Goods
- Accept delivery at port/airport
- Ensure shipment stays on track

Billing & payments
- Transport to warehouse or final destination
- Manage documents for import compliance & customs process

Success in Forwarding is built on experience, customer relationships, processes and in some aspects, such as consolidation, is also a function of scale
Overview: DHL Supply Chain

**Business model**
- Delivering customized logistics solutions based upon globally standardized modular components including warehousing, transport and value-added services
- Full value chain: Planning, sourcing, vendor management, production, kitting, packaging, repairs, returns and recycling logistics services
- 6 Global sectors: Life Science & Healthcare, Automotive & Technology, Technology, Retail, Consumer, Engineering & Manufacturing

**Customers**
- Strong customer base built on long-lasting partnerships in more than 50 countries
- We serve all of the worldwide top 25 best rated supply chains, according to Gartner
- Providing sector expertise, standardized solutions and value-added services to new customers and further develop existing contracts

**Market position/trends**
- 6% markets share - world No.1 in contract logistics
- Uniquely positioned to benefit from key market trends (outsourcing, emergence of a global market, rise of emerging markets)

**Strategy**
- Increase efficiency, quality and service through standardization
- Benefit from global scale to create cost benefits
- Drive growth through increased value-added services and investments in emerging markets
- Accelerated digitalization program with deployment of key technologies at our site
DSC Profitability: EBIT Margin Regional Development

2013 | 2018

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

APAC
Strong organic growth across APAC

*All figures excluding WLT
DSC: China deal closed – planned measures started

China deal closed in Q1

- **EBIT** effect: €+426m
- **FCF** effect: €+653m
- Revenue ~€-500m
- EBIT ~€-30m

Q1 restructuring charge: €-58m

- Reduce overhead / early retirement of staff
- Support exit of customer contracts with low profitability
- Restructure/ closure of underperforming sites
DHL Supply Chain: Solutions Overview

Offering Customized Solutions Across the Entire Supply Chain

Revenue by Service Area
FY 2018

- Transportation: 36%
- Warehousing: 51%
- Value Added Services: 13%

Value Added Services

Transportation

Warehousing

End-to-end supply chain

Supply Chain services
DSC: Clear Digitalization Strategy

- 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.
Overview: DHL eCommerce Solutions

Business model
- Parcel operations in Europe, US and selected international markets:
  - India: BlueDart
  - Parcel Europe: Mix of owned assets, joint venture and cooperation with local parcel delivery companies
  - US: Consolidation / Injection of parcels into USPS last mile network

Customers
- Domestic B2C/B2B delivery
- Cross border eCommerce customers

Market position/trends
- #4 in USPS Parcel Select
- #1 in Indian B2B Express
- No new market entries/geographical expansion planned for now

Strategy
- Simplify "logistics as a whole" for our customers
- Sophisticated, tech-enabled solutions along the whole value chain
- Focus on profitable growth
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
Group Information
# Q1 2019 Group P&L

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>14,749</td>
<td>15,353</td>
<td>+4.1%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>905</td>
<td>1,159</td>
<td>+28.1%</td>
</tr>
<tr>
<td>Financial result</td>
<td>-135</td>
<td>-164</td>
<td>-21.5%</td>
</tr>
<tr>
<td>Taxes</td>
<td>-139</td>
<td>-219</td>
<td>-57.6%</td>
</tr>
<tr>
<td><strong>Consolidated net profit</strong></td>
<td>600</td>
<td>746</td>
<td>+24.3%</td>
</tr>
<tr>
<td><strong>EPS (in EUR)</strong></td>
<td>0.49</td>
<td>0.60</td>
<td>+22.4%</td>
</tr>
</tbody>
</table>
## Q1 2019 Key Financials

<table>
<thead>
<tr>
<th></th>
<th>Revenue (€m)</th>
<th>Revenue Growth (%)</th>
<th>EBIT (€m)</th>
<th>EBIT Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DPDHL Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,353</td>
<td>+4.1%</td>
<td>1,159</td>
<td>+28.1%</td>
</tr>
<tr>
<td><strong>Post &amp; Parcel Germany</strong></td>
<td>3,834</td>
<td>+0.7%</td>
<td>227</td>
<td>-44.0%</td>
</tr>
<tr>
<td><strong>DHL</strong></td>
<td>11,789</td>
<td>+5.3%</td>
<td>1,011</td>
<td>+76.7%</td>
</tr>
<tr>
<td>- Express</td>
<td>3,971</td>
<td>+5.3%</td>
<td>453</td>
<td>-1.7%</td>
</tr>
<tr>
<td>- Forwarding, Freight</td>
<td>3,762</td>
<td>+4.8%</td>
<td>100</td>
<td>+42.9%</td>
</tr>
<tr>
<td>- Supply Chain</td>
<td>3,267</td>
<td>+4.6%</td>
<td>486</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>- eCommerce Solutions</td>
<td>999</td>
<td>+8.9%</td>
<td>-28</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Corporate Functions / Consolidation</strong></td>
<td>-480</td>
<td>-3.9%</td>
<td>-79</td>
<td>-9.7%</td>
</tr>
</tbody>
</table>
Effects to consider for 2019 modelling

<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></td>
<td>e.g. StreetScooter SmarTrucking</td>
<td>NET EBIT EFFECT</td>
</tr>
<tr>
<td>Closing announced on 18.02.2019</td>
<td>Mainly UK Operations</td>
<td>Business Review ongoing</td>
<td></td>
<td>Additional ramp-up costs</td>
<td>~ +100</td>
</tr>
</tbody>
</table>

| EBIT effect (€m) | +426 | ~ -150 | ~ -60 | ~ +200 | ~ -100 | ~ +100 |

All these effects are considered in our 2019 guidance
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%
**Q1 2019 Group Cash Flow**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
<th>vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>905</td>
<td>1,159</td>
<td>+254</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>769</td>
<td>883</td>
<td>+114</td>
</tr>
<tr>
<td><strong>Operating Cash Flow before chg in WC</strong></td>
<td>1,321</td>
<td>1,269</td>
<td>-52</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-953</td>
<td>-1,017</td>
<td>-64</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>368</td>
<td>252</td>
<td>-116</td>
</tr>
<tr>
<td>Net Capex</td>
<td>-535</td>
<td>-586</td>
<td>-51</td>
</tr>
<tr>
<td>Net Cash from Leases</td>
<td>-487</td>
<td>-566</td>
<td>-79</td>
</tr>
<tr>
<td>Net M&amp;A</td>
<td>-19</td>
<td>648</td>
<td>+667</td>
</tr>
<tr>
<td>Net interest</td>
<td>-6</td>
<td>-4</td>
<td>+2</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>-679</td>
<td>-256</td>
<td>+423</td>
</tr>
</tbody>
</table>
## Cash Flow Outlook: overview of major drivers (1/2)

<table>
<thead>
<tr>
<th>in €bn</th>
<th>2019e</th>
<th>20e vs 19e</th>
<th>Main Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>3.9 to 4.3</td>
<td>↑</td>
<td>2020 EBIT guidance: &gt;€5bn</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>~ +3.6</td>
<td>↑</td>
<td>Slight increase in line with Capex</td>
</tr>
<tr>
<td>Change in provisions</td>
<td>~ -0.7</td>
<td>↑</td>
<td>2019 from P&amp;P early retirement: ~€-100m cash-out and ~€-200m cash-neutral movement towards other liabilities</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-0.7 to -0.8</td>
<td>↑</td>
<td>Rising EBT at stable cash tax rate (~22%)</td>
</tr>
<tr>
<td>Change in WC / Other</td>
<td>-0.4</td>
<td>↑</td>
<td>2019 includes reversal of China EBIT gain and build-up of ~€200m other liabilities from P&amp;P early retirement</td>
</tr>
<tr>
<td>OCF after changes in WC</td>
<td>5.7 – 6.0</td>
<td>↑</td>
<td>Improvement driven by EBIT growth</td>
</tr>
<tr>
<td></td>
<td>2019e</td>
<td>20e vs 19e</td>
<td>Main Drivers</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------</td>
<td>------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>OCF after changes in WC</td>
<td>5.7 – 6.0</td>
<td></td>
<td>Improvement driven by EBIT growth</td>
</tr>
<tr>
<td>Net Capex</td>
<td>~ -3.5</td>
<td></td>
<td>Slight gradual increase in divisional capex spendings; Boeing 777 order: ~€1.1bn in 2019, ~€500m in 2020</td>
</tr>
<tr>
<td>Net Cash for Leases</td>
<td>~ -2.2</td>
<td></td>
<td>Slightly increasing in line with business growth</td>
</tr>
<tr>
<td>Net M&amp;A</td>
<td>~ +0.6</td>
<td></td>
<td>2019: China DSC deal; 2020: no significant M&amp;A planned</td>
</tr>
<tr>
<td>Net Interest</td>
<td>~ -0.1</td>
<td></td>
<td>In line with 2019</td>
</tr>
<tr>
<td>Free Cash Flow guidance</td>
<td>&gt;0.5</td>
<td></td>
<td>Improvement vs 2019 trough</td>
</tr>
</tbody>
</table>
## IFRS 16: Major Effects on 2018 P&L

<table>
<thead>
<tr>
<th>€m</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>No changes</td>
</tr>
<tr>
<td>Materials expense</td>
<td>-2,056 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 Increase due to lower materials expenses</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>+1,877 Increase due to new depreciation of capitalized operating-lease-assets</td>
</tr>
<tr>
<td>EBIT</td>
<td>+179 EBIT increase as operating lease expense replaced by depreciation and interest</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>-376 Increase due to interest cost component booked in finance cost</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-28 Lower during first years due to higher deferred tax assets</td>
</tr>
<tr>
<td>Cons. Net Profit</td>
<td>-169 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 – <em>net cash for lease liabilities</em> - 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
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
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

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

<table>
<thead>
<tr>
<th>Capex, €m</th>
<th>PeP</th>
<th>Express</th>
<th>Global Forwarding, Freight</th>
<th>Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td>786</td>
<td></td>
<td>1,190</td>
<td>282</td>
</tr>
<tr>
<td>FY 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2018</td>
<td></td>
<td></td>
<td>110</td>
<td></td>
</tr>
</tbody>
</table>

Initial payment for Boeing investment
Healthy Leverage Ratios Even After IFRS 16 Implementation

Net Gearing: 47.0%
Equity Ratio: 27.5%

2018 Net Debt/EBITDA: 1.9x
2018 Interest Cover: 5.0x

<table>
<thead>
<tr>
<th>Other Provisions</th>
<th>Pension Provision</th>
<th>Short-term liabilities</th>
<th>Long-term liabilities</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,470</td>
<td>6,454</td>
<td>3,162</td>
<td>629</td>
<td>50,470</td>
</tr>
</tbody>
</table>

Total Liabilities & Equity As per 31.12.2018

12,303 Net Debt
6,454 EBITDA
3,162 EBIT
629 Interest Expense
Net Debt / EBITDA: History and Outlook
DPDHL Group Pensions - DBO, DCO, and Civil Servants

<table>
<thead>
<tr>
<th>Discount Rate</th>
<th>Germany</th>
<th>UK</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31, 2018</td>
<td>2.30%</td>
<td>2.70%</td>
<td>2.35%</td>
<td>2.42%</td>
</tr>
<tr>
<td>Mar 31, 2019</td>
<td>1.90%</td>
<td>2.30%</td>
<td>2.01%</td>
<td>2.03%</td>
</tr>
</tbody>
</table>

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

Civil servants (in GER)

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

Hourly workers and salaried employees mainly outside GER
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<table>
<thead>
<tr>
<th>Name</th>
<th>Phone Number</th>
<th>Email Address</th>
</tr>
</thead>
<tbody>
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</tr>
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<td>+49 228 182 63206</td>
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<td>Agnes Putri</td>
<td>+49 228 182 63207</td>
<td><a href="mailto:a.putri@dpdhl.com">a.putri@dpdhl.com</a></td>
</tr>
</tbody>
</table>