Q1 2020 RESULTS
INVESTOR CALL

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Key observations as of today

- Q1 confirms strong fundamental shape of DPDHL Group and resilience of our broad portfolio of logistics businesses
- Full focus on delivering on our Purpose: “Connecting People, Improving Lives” - networks up and running, without compromising on safety of our people
- Visibility still low, liquidity remains strong
Delivering on our Purpose
Connecting People, Improving Lives – More than ever
Management Comments:
As a visual snapshot of where we currently stand and come from in terms of volume development. As already communicated and in line with our expectations, the most recent weeks seem to confirm the patterns that started developing when we released preliminary Q1 numbers early April:

- Mail volumes remain in stronger decline than usual, particularly driven by Dialogue Marketing (advertisement-related volumes). While the uptick in week 16 is related to Easter timing, volume declines seem to find a bottom in recent weeks.

- Parcel volume growth has significantly accelerated towards the end of March and reached peak season levels around Easter with significant double digit growth.

- In Express, China has continued its recovery throughout April. Note that Week 17 saw lower volumes due to a voluntary slowdown in pick-up of new volumes to work through backlog.

- We also see encouraging signals in Europe as the decline in TDI volumes has become less severe. However, given the general high level of uncertainty it remains to be seen whether these upward movements are the beginning of a sustainable trend and turn out to be the first phase of a recovery.
Management Comments:
COVID-19 has of course triggered numerous large- and small-scale responses in our operating business on a daily basis.

Most of all, the first unambiguous priority is to keep our people safe!

As a strongly diversified global logistics company with strong e-commerce exposure, we can count on a series of helpful resilience factors and are taking all necessary and sensible group-wide actions regarding cost control, Capex steering and cash management. Of course, all our actions will be targeted to the specific necessities and circumstances of the business model of each division as well as local and customer-specific circumstances.

What all our actions have in common is that our strong balance sheet and liquidity position allow us to have a balanced approach towards any short-term measures (regarding costs or Capex) in order to mainly focus on the long term value creation for all our stakeholders.
Management Comments:
As detailed on the previous page, our short-term actions are only one part of our COVID-19 response. The singular short-term priority is the safety of our people and – on that basis – supporting our customers to keep operating.

All other short-term actions also need to include the medium-term perspective of maintaining our capabilities to help our customers navigate through all current and upcoming logistics challenges and eventually also to ramp up again in what could potentially be a quite volatile recovery phase.

Our Strategy 2025 provides a strong long-term compass for these decisions and confirms our long standing Purpose of “Connecting People, Improving Lives”, which is supported by our sustainable long-term values and a clear focus on logistics as our core activities.

COVID-19 is at the same time showing the benefits, necessities and further opportunities of digitalization. Thus, the agenda on this important topic is also ongoing and the strategy is adaptive to the changes in the current environment.
Management Comments:
Despite a negative COVID-19 impact, Q1 revenue was organically above last year and with a slight working day benefit even showed a stronger organic growth than in Q4.

Main drivers by division:
• P&P: Price increases in Mail Communication and Parcel Germany as well as Parcel volume growth more than offset ongoing e-substitution as well as headwinds from dialogue marketing volume declines towards end of the quarter.

• Express: Solid TDI volume drove overall good revenue growth, with COVID-19 impacting China in February and later Europe/US

• DGFF: Weak volumes in most regions throughout Q1, in AFR as well as OFR – partly offset by strong AFR GP margins

• DSC: Reported decline mainly reflects China disposal. Organic revenue growth of 2.1%, with COVID-19 impact ramping up through March

• DeCS: Reported revenue growth held back by structural changes in portfolio; solid 4% growth adjusted for that, which is driven by exposure to e-commerce/B2C
Management Comments:
Q1 2020 reported decline of -49% which reflects the following major factors:

- Q1 2019 included a net positive effect from one-offs of €345m, mainly related to the sale of DSC China
- As announced earlier, our decision to refocus StreetScooter is expected to lead to €300-400 non-recurring charges related to these non-core operations. Therefore, the EBIT effect from StreetScooter went from €-19m in Q1 2019 to €-234m in Q1 2020

Excluding these two factors, EBIT was flat yoy at -1% as negative COVID-19 impacts roughly balanced operating improvement of +24% driven by all divisions before COVID-19 impacts.
Management Comments:
Q1 numbers are in line with our preliminary reporting on April 7th – with total COVID-19 impact of €-210m in the quarter.

- **P&P**: Parcel growth as well as yield and cost measures drove EBIT up significantly, despite negative Corona effect in March

- **Express**: after good January, COVID-19 impact in China in February and other regions in March – cost containment, network adaptations and yield discipline allowed to limit EBIT decrease

- **DGFF**: As commented in April, COVID-19 impact was stronger in February than in March as AFR margins benefited from tight markets; optimization measures ongoing

- **DSC**: Adjusting for significant one-offs including China disposal in Q1 2019, EBIT was down on COVID-19 impact

- **DeCS**: EBIT up driven by B2C growth although March saw COVID-19 impact mainly from shutdowns in India
Management Comments:
Overall mail (MC + DM) volume decline was close to expected -5% to -6% range (-5.6% reported, -6.4% per working day) – although COVID-19 lockdown led to accelerated Dialogue Marketing declines in March.

Besides the previously-flagged product shift from Dialogue Marketing, Mail Communication revenue sees continued benefit from mail price increases.

Parcel volume grew at the mid-point of our initial guidance (+0% to +5%) with strong growth acceleration in the last week of the quarter and going into April. Yield focus also continued to be visible in higher Parcel revenue growth.

Note that changes in our management structure also led to a separate external reporting line for international mail and parcel volumes, i.e. in- and outbound Germany – for fully restated numbers, see IR Statbook.
Management Comments:
In line with the timing of COVID-19 lockdowns, APAC volumes declined in Q1 (-0.8%) while Europe (+1.5%) and Americas (+8.3%) only saw progressive slowdown in growth towards the end of the quarter.

China already registered a noticeable recovery in March, while Europe is showing first signs of stabilization in the meantime.

Stronger growth in revenue per day is mainly driven by an increase in weight per shipment as well as strong yield discipline.
Management Comments:
Air freight and ocean freight volumes are down yoy reflecting general market weakness as a result of COVID-19.

Whereas business in China already saw a noticeable recovery in March, volume downturns are seen in Europe and North America in particular.

As AFR capacity shrank significantly, AFR gross profit improved by 0.9% as gross margins expanded significantly in unusually tight markets.

In OFR, carriers reacted to the weak demand by reducing capacity.
Management Comments:
Supply Chain faced an unusual situation of significant volume deviations from normal run rates – in both directions depending on the end markets. While activity levels reduced significantly in most industrial sectors as a result of lockdown measures, volumes increased significantly in operations catering for healthcare and consumer including e-commerce flows.

DSC main focus is and has been to keep our customers operational, taking all necessary action on a site-by-site basis.
Management Comments:
The impact of COVID-19 varied greatly from region to region, driving operating response in accordance to a local level.

B2C business was up across the board, leading to a good overall growth in most European operations, with Spain being the main exception due to higher B2B exposure.

India saw significant disruption as a consequence of lock-down measures.

Revenue increased in the Americas region driven by B2C and the moderate decline in Europe was only due to portfolio changes. Revenue showed a more significant decline in Asia driven by shutdowns in India.
Management Comments:
The significant decline in Q1 EBIT reflects a positive base effect in the previous year (net €+345m, from the sale of the Supply Chain business in China and restructuring charges) as well as negative effects of COVID-19 (€-210m) and the expected one-off charges for the refocus of StreetScooter (StreetScooter EBIT impact: €-234m in Q1 2020 vs. €-19m in Q1 2019).

Excluding these three major elements, EBIT was up by €203m (+24%) with operating increases in all divisions (see also p. 8+9).

Tax payments were lower, as a reflection of the reduction in operating profit – tax rate in line with full-year expectation at 24%.
Management Comments:
As explained earlier, the yoy EBIT development is influenced by several major factors, most of which are not translating into similar effects on Operating Cash Flow:

- Cash proceeds related to the positive EBIT effect from the DSC China disposal in Q1 2019 are recognized below OCF in the net M&A line

- One-off charges related to the refocusing of StreetScooter are, as previously flagged, to a large extent non-cash. The largest impacts in Q1 are mainly related to asset write-downs as reflected in the higher D&A line

Beyond the EBIT impact, there have been no other significant cash flow burdens from COVID-19 onto Q1 results. On the contrary, working capital development was better yoy in Q1 and contributed to a strong OCF development, which is also supported by the good operating performance in each division.

Below OCF, Capex and lease spending are not showing any meaningful deviation yoy. Net M&A contains the proceeds from the China disposal in Q1 2019.

Hence, on a reported basis, FCF is slightly down reflecting the China disposal proceeds last year. Excluding this transaction, FCF was up by €500m driven by good OCF growth reflecting ongoing robust operating performance.
Management Comments:
As shown before, our balance sheet metrics remain very solid and we continue to hold a strong liquidity position – all against a well spread maturity profile with limited short term repayments due.

Cash and cash equivalents declined slightly vs. year-end, reflecting the typical seasonal pattern over Q1. Besides the €2.6bn cash & cash equivalents, our syndicated credit facilities as well as bilateral credit lines remain undrawn.
Management Comments:
Against the background of a quite unprecedented situation as the one triggered by COVID-19, here is what we have seen so far and are currently seeing in our divisions. After a good start into the year in January, we saw first negative COVID-19 impacts in China in February, but limited to Express and DGFF. As the lockdowns started in most other regions, March results eventually showed negative EBIT effects in all divisions, leading to an overall €-210m COVID-19 impact in Q1.

In P&P, the negative impact is mainly felt in Dialogue Marketing, while Parcel volumes continue to be supported by strong B2C flows. Express volumes show encouraging signals as the decline in TDI volumes in Europe has become less severe while China volumes have continued to recover significantly. DGFF saw a similar pattern of decline followed by recovery in China. Currently, lockdown measures have led to significantly lower demand worldwide and hence lower trade flows across all major transport means. Activity levels in DSC operations have varied strongly across individual sites driven by specific sector and regional factors over the course of the last months. Most of DeCS operations continued to benefit from strong e-commerce volumes in their B2C networks. However, overall uncertain economic situations also remain a risk factor, especially in India.

Overall, April business development has, as expected, seen continued impact from COVID-19 in all divisions, although not as severe as one could have feared given the run rates at the end of Q1. While there are some encouraging signs developing, given the general high level of uncertainty, it remains to be seen whether these upward movements are the beginning of a sustainable trend and turn out to be the first phase of a recovery.
Management Comments:
Lockdown measures are now being reduced carefully at different levels and speeds across individual countries. This should also lead to a stabilization and progressive resumption of economic activity and hence trade flows.

We are strongly confident that logistics is an essential capability that is needed in any form and shape of recovery from the lockdown situations. Our diversified portfolio of leading capabilities across the full B2B and B2C value chains puts us in a strong position to support our customers around the world in scaling up their business again.

However, while these are encouraging perspectives, the shape and timeline of any economic recovery – and actually the further development of the virus itself – remain too uncertain to provide any reliable full-year forecasts today.

What gives us confidence beyond our strong strategic business portfolio is that we have a strong balance sheet and liquidity position that allows us to have a balanced approach on any short-term measures (regarding costs or Capex) which enables us to mainly focus on the long term value creation for all our stakeholders.
Management Comments:
No new elements to our guidance set today.

EBIT guidance for 2020 has been withdrawn and external uncertainties around COVID-19 remain too high to provide any new reliable 2020 guidance today.

Our mid-term targets out to 2022 remain unchanged.
Wrap Up

- Current priority remains to protect our people and maintain customer service
- Getting prepared for ramp-up in affected sectors, but also for potential second virus wave
- Unchanged strategic focus on our long-term plans, based on diversified global footprint and strong balance sheet & liquidity position