Annual Financial Statements (HGB)

as at 31 December 2017
Deutsche Post AG, Bonn

Contents

Balance sheet as at 31 December 2017

Assets

€ m			Notes	31 Dec. 2016	31 Dec. 2017
A.	**Non-current assets**				
	I.	Intangible assets	**18**	177	178
	II.	Property, plant and equipment	**19**	2,691	2,855
	III.	Non-current financial assets	**20**	15,270	15,371
				18,138	**18,404**
B.	**Current assets**				
	I.	Inventories	**21**	65	61
	II.	Receivables and other assets	**22**	13,666	14,730
	III.	Securities	**23**	208	507
	IV.	Cash and cash equivalents	**24**	1,786	1,756
				15,725	**17,054**
C.	**Prepaid expenses**		**25**	**218**	**204**
				34,081	**35,662**

Equity and liabilities

€ m			Notes	31 Dec. 2016		31 Dec. 2017	
A.	**Equity**		**26-29**				
I.	Subscribed capital		**27**	1,241		1,229	
		Calculated value of treasury shares		-30		-5	
		Issued capital (Contingent capital € 147 million)			1,211		1,224
	II.	Capital reserves	**28**		4,068		4,443
	III.	Revenue reserves	**28**		4,473		4,373
	IV.	Net retained profit	**29**		5,487		6,103
					15,239		**16,143**
B.	**Provisions**		**31-33**		**4,269**		**4,308**
C.	**Liabilities**		**34**		**14,531**		**15,161**
D.	**Deferred income**		**35**		**42**		**50**
					34,081		**35,662**

Income statement

1 January to 31 December 2017

€ m	Notes	2016		2017	
1. Revenue	**36**		14,080		14,333
2. Decrease in inventories of work in progress	**37**		-23		0
3. Other own work capitalised	**38**		20		27
4. Other operating income	**39**		1,102		1,008
			15,179		**15,368**
5. Materials expense	**40**				
a) Cost of consumables and supplies and of goods purchased and held for resale		259		256	
b) Cost of purchased services		4,346	4,605	4,394	4,650
6. Staff costs	**41**				
a) Wages, salaries and emoluments		6,092		5,893	
b) Social security contributions, retirement benefit expenses and assistance benefits		1,490	7,582	1,541	7,434
7. Amortisation of intangible assets and depreciation of property, plant and equipment	**42**		242		259
8. Other operating expenses	**43**		2,087		1,867
			14,516		**14,210**
9. Financial result	**44**		**827**		**925**
10. Income tax expense	**45**		**2**		**-197**
11. Result after tax			**1,492**		**1,886**
12. Net profit for the period			**1,492**		**1,886**
13. Retained profits brought forward from previous year	**46**		**3,995**		**4,217**
14. Withdrawals from revenue reserves	**28**		**0**		**27**
15. Transfers to capital reserves	**28**		**0**		**27**
16. Net retained profit	**29**		**5,487**		**6,103**

Notes to the Annual Financial Statements of Deutsche Post AG

Basis of presentation

1. Disclosures identifying the corporation

The Company's name is Deutsche Post AG and its registered office is in Bonn. Deutsche Post AG is entered in Commercial Register B of the Bonn Local Court under the number HRB 6792.

2. Basis of accounting

Deutsche Post AG (DPAG) is a large corporation within the meaning of section 267 of the *Handelsgesetzbuch* (HGB – German Commercial Code). The annual financial statements for the year ended 31 December 2017 were prepared in accordance with the accounting and reporting provisions of the HGB (sections 238ff. and 264ff. of the HGB) and the *Aktiengesetz* (AktG – German Stock Corporation Act).

The *Bilanzrichtlinie-Umsetzungsgesetz* (BilRUG – Accounting Directive Implementation Act) has been applied since 1 January 2016.

As the parent company of Deutsche Post DHL Group, Deutsche Post AG prepares consolidated financial statements on the basis of the International Financial Reporting Standards (IFRSs), in accordance with section 315e(1) of the HGB. For this reason, no consolidated financial statements are prepared in accordance with the HGB.

The Company prepares the consolidated financial statements for the largest and smallest number of companies that are included in the consolidated financial statements.

The consolidated financial statements are published in the *Bundesanzeiger* (Federal Gazette).

The financial year is the calendar year.

3. Classification of the balance sheet and the income statement

The total cost (type of expenditure) method was applied to the income statement. Amounts are presented in millions of euros (€ m).

To enhance the clarity of presentation, balance sheet and income statement headings are shown in aggregated form; they are broken down and explained separately in the notes.

Accounting policies

Application of the accounting policies as detailed below was basically unchanged as against the previous year. Changes not described in the accounting policies or the basis of presentation are explained in relation to the items in question.

4. Intangible assets

Purchased intangible assets are carried at cost, including incidental costs of acquisition, and reduced by straight-line amortisation and impairment losses. Impairment losses are recognised if the assets are expected to be impaired for a prolonged period. The useful life is five years; this is reduced appropriately in the event of a shorter contract terms.

The option under section 248(2) of the HGB is exercised for internally generated intangible assets. These have been recognised at cost (development cost) since 1 January 2010.

Cost includes attributable direct costs from the consumption of merchandise and the utilisation of services, as well as an appropriate portion of indirect materials and labour costs, and depreciation and amortisation expenses attributable to the development process.

5. Property, plant and equipment

Property, plant and equipment that is used for business operations for more than one year is carried at acquisition or production cost, including incidental costs of acquisition, and reduced by straight-line depreciation.

In addition to direct costs, production cost includes an appropriate share of materials costs and production overheads. Borrowing costs are not capitalised.

The following useful lives are applied:

Useful lives

Buildings	20 to 50 years
Technical equipment and machinery	10 to 20 years
IT systems	4 to 5 years
Other operating and office equipment	8 to 10 years
Low-value assets with an acquisition cost of €150 – €1,000	5 years

Additions to items of property, plant and equipment are depreciated rateably. Impairment losses are recognised if the fair values of individual assets are lower than their carrying amounts and impairment is expected to be other than temporary.

Subsidies received are reported under deferred income and reversed over the useful life of the property, plant and equipment.

An annual pooled item within the meaning of section 6(2a) of the *Einkommensteuergesetz* (EStG – German Income Tax Act) is recognised for low-value assets whose cost, net of any input tax contained in that amount, is more than €150 and up to €1,000. The annual pooled item is depreciated over five years, reducing income. It is not reduced if an item of operating assets is disposed of before the end of the five-year period. Assets whose cost (net of any input tax) is less than €150 are written off in full as operating expenses in the year of their acquisition.

6. Non-current financial assets

Shares in affiliated companies, other equity investments and long-term securities are carried at cost or, if their value is expected to be impaired for a prolonged period, at the lower fair value. If the reasons for permanent impairment no longer exist, impairment losses are reversed up to the fair value, but at a maximum up to historical cost.

Shares and other equity investments in foreign affiliated companies denominated in foreign currencies are translated at the acquisition date exchange rate. If the currency risk of newly acquired companies was hedged, the latter are carried at the hedging rate.

The cost of long-term, below-market interest rate or non-interest-bearing loans corresponds to their present value at the grant date. Other loans are carried at their principal amounts. Interest cost added back on discounted loans is reported under additions.

7. Inventories

Postage stamps and spare parts for conveyor and sorting systems at freight mail centres are reported at fixed values under inventories; other consumables and supplies are carried at moving or weighted average prices at the balance sheet date. Goods purchased and held for resale are measured at cost or at moving average prices. Appropriate valuation allowances are applied where necessary, with the strict principle of the lower of cost or market being applied. Work in progress is measured at cost, while prepayments are measured at the amount paid.

8. Receivables and other assets

Receivables and other assets are carried at their principal amounts less any specific valuation allowances.

The general risk of counterparty default is taken into account on the basis of past experience using a general bad debt allowance.

9. Securities

Securities classified as current assets are carried at cost or the lower fair value at the balance sheet date.

10. Cash and cash equivalents

Bank balances, cash-in-hand and cheques are carried at their nominal amounts. Foreign currency cash holdings are measured at the middle spot rate on the closing date.

11. Prepaid expenses

Expenditures prior to the balance sheet date that represent expenses for a specific period after that date are recognised as prepaid expenses.

The Company exercises the option set out in section 250(3) of the HGB and recognises discounts as assets.

Any difference between the settlement amount and the value on issuance of a liability is included in prepaid expenses and amortised over the term of the liability.

12. Equity

Subscribed capital is carried at its notional amount.

13. Provisions

Provisions are recognised at the settlement amount dictated by prudent business judgement. Other provisions with a remaining maturity of more than one year are discounted at the average market interest rate for the preceding seven financial years corresponding to their remaining maturity.

Provisions for pensions and similar obligations are recognised on the basis of actuarial reports. They are measured using the projected unit credit method. The 2005 G mortality tables published by Prof. Klaus Heubeck are used for calculating the provisions. Increases in wages and pensions and staff turnover are taken into account. Provisions are recognised at their settlement amount, which reflects discounting at the average market interest rate for the preceding 10 years. A remaining maturity of 15 years is assumed in accordance with section 253(2) sentence 2 of the HGB.

The Company has exercised the option to recognise indirect pension obligations as provisions set out in section 28(1) of the *Einführungsgesetz zum Handelsgesetzbuch* (EGHGB – Introductory Act to the German Commercial Code).

The measurement requirements of the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernisation Act) required an addition to provisions for pensions to be made as of 1 January 2010. The option to allocate this amount rateably over 15 years has been exercised. As from 1 January 2016, this annual addition is reported in other operating expenses due to the application of the BilRUG.

In accordance with section 246(2) sentence 2 of the HGB, assets that are not accessible to any other creditors and that may only be used to meet liabilities from pension obligations or similar long-term obligations are recognised at fair value and offset as plan assets against corresponding provisions.

If the fair value of the plan assets exceeds historical cost, the excess amount is subject to a restriction on distribution in accordance with section 268(8) of the HGB.

The same applies to working time accounts financed by employees accumulating working time credits and deferring a portion of their salary. The accounts are classified as externally funded obligations. The value of the provisions depends on the changes in value of the plan assets which are to be funded by Deutsche Post AG and which are measured at fair value.

As a result of the revisions to IDW RS HFA 30, pension obligations resulting from the assumption of joint liability have also been recognised as provisions for pensions since the 2016 reporting period.

Provisions for taxes and other provisions are recognised in the amount required to settle the obligation according to prudent business judgement. All discernible risks are taken into account in an appropriate manner when measuring the provisions. Provisions with a remaining maturity of more than one year are discounted as at the reporting date using the discount rate published by Deutsche Bundesbank. The discount rate used is the average market rate for the past seven financial years for the maturity concerned.

DPAG has entered into partial retirement agreements with varying terms and conditions; these are based both on the “block model” and on the “continuous reduced working hours model”. In addition, partial retirement allowances are paid. Two types of obligations arise in this context; both are measured at their present value in accordance with actuarial principles and are recognised separately from each other.

14. Liabilities

Liabilities are carried at their settlement amount. Where the redemption amount of a liability is higher than the value on issuance, the difference is capitalised and allocated over the term of the liability.

15. Deferred income

Receipts prior to the balance sheet date that represent income for a specific period after that date are recognised as deferred income.

16. Foreign currency translation

Foreign currency transactions are translated at the historical exchange rate at the date of initial recognition.

Balance sheet items are measured as follows:

Non-current foreign currency receivables are recognised at the offer rate when the receivable is recognised or at the lower of cost or market using the middle spot rate at the reporting date (principle of imparity). Current foreign currency receivables (maturity of one year or less) and cash funds or other current foreign currency assets are translated at the middle spot rate at the balance sheet date.

Non-current foreign currency liabilities are recognised at the bid rate when the liability is recognised or at the higher closing rate, using the middle spot rate at the reporting date (principle of imparity). Current foreign currency liabilities (maturity of one year or less) are translated at the middle spot rate at the balance sheet date.

The application of hedge accounting, and hedge recognition and measurement are explained in note 50.

17. Deferred taxes

Deferred taxes are attributable to differences between the amounts recognised for assets, liabilities, prepaid expenses and deferred income in the HGB financial statements and in the tax accounts that will reverse in future periods. At Deutsche Post AG, this covers both differences relating to the Company's own balance sheet items and those relating to companies in its consolidated tax group and to partnerships in which Deutsche Post AG holds an equity interest. Tax loss carryforwards are taken into account in addition to temporary differences if they are expected to be utilised in the next 5 years.

Deferred taxes are calculated on the basis of an effective tax rate of 30.2%, which is expected to apply at the time the differences reverse. Deferred tax liabilities are offset against deferred tax assets. The Company exercises the option set out in section 274(1) sentence 2 of the HGB and consequently does not present net deferred tax assets on the balance sheet.

Balance sheet disclosures

Disclosures on assets

18. Intangible assets

The changes in and composition of intangible assets are presented in the statement of changes in non-current assets (Annex 1). Development costs incurred for internally generated software are capitalised where development began after 1 January 2010.

A total of €27 million in development costs was capitalised for internally generated intangible assets in the reporting period. This relates to a large number of individual projects.

19. Property, plant and equipment

The changes in and composition of property, plant and equipment are presented in the statement of changes in non-current assets (Annex 1).

The additions of €85 million to land and buildings primarily relate to leasehold improvements, land for new freight mail centres, buildings at mail and freight mail centres, and extensions to external installations made at a number of operating facilities.

The investments in other equipment, operating and office equipment relate primarily to electric powered vehicles and low-value assets.

The additions to assets under construction relate mainly to investments in mail and parcel centres as well as conveyor and sorting systems.

20. Non-current financial assets

Changes in non-current financial assets are presented in Annex 1 (statement of changes in non-current assets). The list of shareholdings is contained in Annex 3 to these notes.

Non-current financial assets are composed of the following items:

Non-current financial assets

€ m	31 Dec. 2016	31 Dec. 2017
Shares in affiliated companies	7,049	7,169
Loans to affiliated companies	8,145	8,129
Long-term securities	69	69
Other loans	7	4
	15,270	**15,371**

Shares in affiliated companies increased by €120 million as a result of a write-up.

Loans to affiliated companies as at 31 December 2017 mainly relate to Deutsche Post Beteiligungen Holding GmbH (€6,400 million), DHL Global Management GmbH (€1,400 million) and Deutsche Post Fleet GmbH (€309 million).

Long-term securities comprise fund units that serve to secure provisions for pensions at subsidiaries. This item relates to an international multi-asset fund consisting mainly of fixed-income securities. The securities are carried at historical cost.

Residential building loans (€3 million) are reported under other loans.

21. Inventories

Inventories

€ m	31 Dec. 2016	31 Dec. 2017
Consumables and supplies	31	29
Goods purchased and held for resale	34	32
	65	**61**

The consumables and supplies item contains office materials, supplies, spare parts and other maintenance materials, among other things.

The goods purchased and held for resale item comprises philatelic materials and other merchandise.

22. Receivables and other assets

Receivables and other assets

€ m	31 Dec. 2016	31 Dec. 2017
Trade receivables	397	387
Receivables from affiliated companies thereof trade receivables: 20 (previous year: 65)	12,611	13,839
Receivables from other equity investments thereof trade receivables: 0 (previous year: 0)	6	8
Other assets	652	496
	13,666	**14,730**

€4,520 million (previous year: €3,631 million) of receivables from affiliated companies relates to receivables from intragroup in-house banking and €1,242 million (previous year: €842 million) relates to receivables from profit transfer agreements. In addition, short-term loan receivables from affiliated companies decreased to €8,057 million (previous year: €8,073 million).

Other assets include €87 million (previous year: €101 million) in cash deposits which serve as long-term collateral in connection with the sale of residential building loans.

23. Securities

Securities

€ m	31 Dec. 2016	31 Dec. 2017
Other securities	208	507

The increase resulted from the purchase of money market funds.

24. Cash and cash equivalents

The €1,756 million (previous year: €1,786 million) in cash and cash equivalents reported at the balance sheet date is attributable to cash in hand, cash in transit and bank balances.

25. Prepaid expenses

The prepaid expenses of €204 million at the reporting date (previous year: €218 million) primarily relate to advance payments of civil servants' emoluments.

This item also includes discounts in the amount of €66 million on bonds issued.

Disclosures on equity and liabilities

26. Equity

Equity

€ m	31 Dec. 2016	31 Dec. 2017
Subscribed capital	1,241	1,229
Treasury shares	-30	-5
Issued capital	**1,211**	**1,224**
Capital reserves	4,068	4,443
Revenue reserves		
Other revenue reserves	4,473	4,373
Net retained profit	5,487	6,103
	15,239	**16,143**

Equity at 31 December 2017 increased by a total of €904 million year-on-year. Further details on equity are given in the following sections.

27. Subscribed capital

Share capital

The share capital as at 31 December 2017 was composed of 1,228,707,545 (previous year: 1,240,915,883) registered no-par value shares. The contingent capital increase in the amount of €15,091,662 was implemented by issuing new shares in connection with the exercise of convertible bonds. 27,300 thousand treasury shares held were retired in the course of a capital reduction. The share capital was reduced by €27.3 million as a result.

As at 31 December 2017, the shareholder structure was as follows: 970,332 thousand shares (79.3%) including 4,513 thousand treasury shares (0.37%) were in free float. KfW's interest in Deutsche Post AG amounted to 253,861 thousand shares (20.7%).

The par value of any treasury shares still held by the Company was deducted from the Company's share capital on the face of the balance sheet.

Notifications of changes in voting rights in accordance with sections 21 and 26 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) are given in Annexes 4a and 4b to the notes.

Authorised/contingent capital at 31 December 2017

	€ m	Purpose
Authorised Capital 2013	-	Increase in share capital against cash/ non-cash contributions (until 28 May 2018)
Authorised Capital 2017	160	Increase in share capital against cash/ non-cash contributions (until 27 April 2022)
Contingent Capital 2011	32	Issue of options/conversion rights (until 24 May 2016)
Contingent Capital 2013	-	Issue of options/conversion rights (until 28 May 2018)
Contingent Capital 2014	40	Issue of options to executives (until 26 May 2019)
Contingent Capital 2017	75	Issue of options/conversion rights (until 27 April 2022)

Authorised Capital 2013

As resolved by the Annual General Meeting on 29 May 2013, the Board of Management was authorised, subject to the consent of the Supervisory Board, to issue up to 240 million new, no-par value registered shares until 28 May 2018 in exchange for cash and/or non-cash contributions and thereby increase the Company’s share capital. The share capital increased by €4 million in 2014 and 2015 due to the partial utilisation of the authorisation. As resolved by the Annual General Meeting on 28 April 2017, it was replaced by a new authorisation (Authorised Capital 2017).

Authorised Capital 2017

As resolved by the Annual General Meeting on 28 April 2017, the Board of Management is authorised, subject to the consent of the Supervisory Board, to issue up to 160 million new, no-par value registered shares until 27 April 2022 in exchange for cash and/or non-cash contributions and thereby increase the Company’s share capital. The authorisation may be used in full or for partial amounts. Shareholders generally have subscription rights. However, subject to the approval of the Supervisory Board, the Board of Management may disapply the shareholders’ subscription rights to the shares covered by the authorisation. No use was made of the authorisation in the reporting period.

Contingent Capital 2011

In its resolution dated 25 May 2011, the Annual General Meeting authorised the Board of Management, subject to the consent of the Supervisory Board, to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €1 billion, on one or more occasions until 24 May 2016, thereby granting options or conversion rights for up to 75 million shares with a proportionate interest in the share capital not to exceed €75 million.

Based on this authorisation, Deutsche Post AG issued a €1 billion convertible bond on 6 December 2012, allowing holders to convert the bond into up to 48 million Deutsche Post AG shares. Full use was made of the authorisation by issuing the bond.

The share capital was increased on a contingent basis by up to €75 million as at 1 January 2016. Contingent capital was reduced through the issue of new shares, by €4,832.00 in 2015, by €28,162,196.00 in 2016 and by €15,091,662.00 in 2017.

Contingent Capital 2013

In its resolution dated 29 May 2013, the Annual General Meeting authorised the Board of Management, subject to the consent of the Supervisory Board, to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €1.5 billion, on one or more occasions until 28 May 2018, thereby granting options or conversion rights for up to 75 million shares with a proportionate interest in the share capital not to exceed €75 million. The share capital was increased on a contingent basis by up to €75 million. No use was made of the authorisation. As resolved by the Annual General Meeting on 28 April 2017, it was replaced by a new authorisation (Contingent Capital 2017).

Contingent Capital 2014

In its resolution dated 27 May 2014, the Annual General Meeting authorised the Board of Management to contingently increase the share capital by up to €40 million through the issue of up to 40 million new no-par value registered shares. The contingent capital increase serves to grant subscription rights to selected Group executives. The subscription rights may only be issued based on the aforementioned Annual General Meeting resolution of 27 May 2014. The contingent capital increase will only be implemented to the extent that shares are issued based on the subscription rights granted and the company does not settle the subscription rights by cash payment or delivery of treasury shares. The new shares participate in profit from the beginning of the financial year in which they are issued. The share capital was increased on a contingent basis by up to €40 million. No use was made of the authorisation in the reporting period.

Contingent Capital 2017

In its resolution dated 28 April 2017, the Annual General Meeting authorised the Board of Management, subject to the consent of the Supervisory Board, to issue bonds with warrants, convertible bonds and/or income bonds as well as profit participation certificates, or a combination thereof, in an aggregate principal amount of up to €1.5 billion, on one or more occasions until 27 April 2022, thereby granting options or conversion rights for up to 75 million shares with a proportionate interest in the share capital not to exceed €75 million. The new shares participate in profit from the beginning of the financial year in which they are issued. The authorisation was exercised in part in December 2017 by issuing a convertible bond in an aggregate principal amount of €1 billion. The share capital was increased on a contingent basis by up to €75 million.

Authorisation to acquire treasury shares

By way of a resolution adopted by the Annual General Meeting on 28 April 2017, the company is authorised to acquire treasury shares in the period to 27 April 2022 of up to 10% of the share capital existing when the resolution was adopted. The authorisation permits the Board of Management to exercise it for every purpose permitted by law, and in particular to pursue the goals mentioned in the resolution by the Annual General Meeting. It replaces the resolution by the Annual General Meeting to purchase treasury shares, dated 27 April 2014.

Treasury shares acquired on the basis of the authorisation, with shareholders' subscription rights disapplied, may continue to be used for the purposes of listing on a stock exchange outside Germany. In addition, the Board of Management remains authorised to acquire treasury shares using derivatives.

Share buyback programme

The share buyback programme begun on 1 April 2016 ended on 6 March 2017. The repurchased shares were intended to either be retired, used to service long-term executive remuneration plans or used to meet potential obligations if rights accruing under the 2012/2019 convertible bond are exercised.

Tranches of share buyback programme

Tranche	Period	Volume (€ m)
I	1 April 2016 to 3 May 2016	100
II	30 May 2016 to 26 August 2016	250
III	29 August 2016 to 6 March 2017	650

In the first quarter of 2017, another 3.3 million shares were acquired for tranche III at an average price of €31.65 for a total of €106 million. A total of 32.9 million shares were acquired for €911 million through the share buyback programme. By way of a resolution of the Board of Management dated 21 March 2017, a capital reduction in accordance with section 237(3) no. 2 of the AktG was performed by withdrawing 27.3 million treasury shares.

Share Matching Scheme

To settle the 2016 tranche of the Share Matching Scheme, 1,297,200 shares were purchased at an average price of €31.60 per share for a total of €41 million in March 2017. In April, a further 23,037 shares were acquired at an average price of €31.67 per share. A total of 1,320,237 shares were issued to the executives concerned in April 2017.

In April 2017, the rights to matching shares under the 2012 tranche were settled and 1,113,820 shares were issued to executives.

As at 31 December 2017, Deutsche Post AG held 4,513,582 treasury shares. This corresponds to 0.37% of the Company's share capital.

Details on the purchase transactions are contained in Annex 5.

28. Reserves

Capital reserves

Under the terms of the Share Matching Scheme introduced in 2009, a portion of the short-term variable remuneration component (annual bonus) for selected executives is paid in the form of Deutsche Post AG shares (incentive shares). All eligible Group executives can also individually increase the equity component they acquire by converting a further portion of their variable remuneration into shares (investment shares). After the four-year lock-up period expires, the executives are then awarded the same number of Deutsche Post AG shares again (matching shares).

The capital reserves in accordance with section 272(2) no. 2 of the HGB increased by €2 million to accommodate the claims to incentive shares acquired in the current financial year. These rights will be settled in April of the following year by delivering treasury shares. The claims acquired in the previous year (€2 million) were deducted from the capital reserves when the incentive shares were settled in the reporting period.

€3 million was transferred to the capital reserves in accordance with section 272(2) no. 2 of the HGB in the reporting period for claims to matching shares that have been acquired but not yet settled.

An amount of €5 million was transferred to the capital reserves due to the difference in the purchase price and the issuing price of the treasury shares under the Share Matching Scheme (section 272(2) no. 1 of the HGB).

The capital reserves increased by €287 million as conversion rights relating to the 2012/2019 convertible bond were exercised (section 272(2) no. 1 of the HGB).

The conversion right for the 2017/2025 convertible bond was transferred to the capital reserves in the amount of €53 million (section 272(2) no. 2 of the HGB).

The capital reserves also increased by €27.3 million as a result of the capital decrease (section 237(5) of the AktG).

Revenue reserves

The revenue reserves declined by €102 million as a result of the share buy-back programme.

The shares acquired to settle claims under the Share Matching Scheme (incentive shares and investment shares) in the reporting period led to a €41 million decrease in the revenue reserves, while the issuance of these shares to the eligible employees led to a €40 million increase.

Treasury shares were acquired on the market as part of the 2016/2017 share buyback programme in order, among other things, to enable rights to matching shares under the 2012 tranche to be exercised. The issuance of these shares led to a €35 million increase in the revenue reserves in the reporting period.

The revenue reserves declined by €5 million due to the difference between the purchase price and the issuing price of the treasury shares under the Share Matching Scheme.

In addition, the revenue reserves decreased by €27.3 million as a result of the capital decrease.

Details on the changes in revenue reserves are contained in Annex 5.

29. Net retained profit

On 28 April 2017, the Annual General Meeting resolved to distribute €1,270 million of the €5,487 million net retained profit for financial year 2016 and to carry forward €4,217 million to new account. The dividend was paid out in financial year 2017.

Including the net profit for the current financial year of €1,886 million, the net retained profit for 2017 amounts to €6,103 million.

30. Amounts subject to restrictions on distribution

Amounts subject to restrictions on distribution as at 31 December 2017 resulted from the capitalisation of internally generated software, the fair value measurement of plan assets and different calculations of the present value of provisions for pensions (the difference between the 7-year and the 10-year average discount rate).

The change in the period used to calculate the average discount rate for provisions for pensions from 7 to 10 years that was resolved by the federal government was applied for the first time at Deutsche Post AG as at 31 December 2016.

Amounts subject to restrictions on distributions

€ m	31 Dec. 2016	31 Dec. 2017
Internally generated software	51	53
Difference between the fair values of plan assets and their cost	98	75
Difference between present value calculations of provisions for pensions using a 7-year and a 10-year discount rate	695	822
Deferred tax assets	64	56
	908	**1,006**

The amounts subject to restrictions on distribution are covered by distributable reserves.

31. Provisions

The provisions are composed of provisions for pensions, provisions for taxes and other provisions.

Provisions

€ m	31 Dec. 2016	31 Dec. 2017
Provisions for pensions and similar obligations	2,559	2,599
Provisions for taxes	213	342
Other provisions	1,497	1,367
	4,269	**4,308**

32. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations relate on the one hand to obligations on the part of DPAG towards its own current employees and pensioners in the amount of €2,588 million (previous year: €2,548 million). In addition, corresponding obligations of €11 million (previous year: €11 million) which were incurred by subsidiaries and which DPAG assumed under joint liability arrangements are reported under this item.

Provisions for pensions for DPAG's current employees and pensioners are composed of the following items:

Provisions for pensions and similar obligations

€ m	31 Dec. 2016	31 Dec. 2017
Provision for indirect benefit obligations		
Benefit obligations*)	47	54
Unrecognised difference (BilMoG)	-6	-6
	41	**48**
Provision for direct benefit obligations		
Benefit obligations*)	2,771	2,771
Unrecognised difference (BilMoG)	-264	-231
	2,507	**2,540**
Total pension provisions		
Benefit obligations*)	2,818	2,825
Unrecognised difference (BilMoG)	-270	-237
	2,548	**2,588**

*) Offset against plan assets

Provisions for pensions relate firstly to benefit commitments to salaried employees and hourly workers that found a direct benefit claim against Deutsche Post AG, and secondly to indirect pension obligations to employees covered by collective wage agreements.

An aggregate addition of €507 million was calculated during the remeasurement of the provisions for pensions as at 1 January 2010 due to the introduction of the BilMoG; the calculation was based on actuarial reports (projected unit credit method; Heubeck 2005 G mortality tables). €280 million of this amount was attributable to direct benefit obligations and €227 million to indirect benefit obligations. Deutsche Post AG is spreading the addition over 15 years in accordance with section 67(1) of the EGHGB. The total annual additions amount to €34 million; since 1 January 2016, they have been reported under other operating expenses as required by the BilRUG.

The total interest expenses of €295 million incurred in relation to provisions for pensions included income of €250 million from the plan assets/assets. No material expenses were incurred in relation to the plan assets.

Indirect benefit obligations

Indirect benefit obligations are granted and funded via *Versorgungsanstalt der Deutschen Bundespost* (VAP) and DP Pensionsfonds AG. After the benefit obligations were offset against assets, a net provision of €48 million was recognised for indirect benefit obligations.

Adequate provisions were recognised at the balance sheet date for indirect benefit obligations to hourly workers and salaried employees.

Direct benefit obligations

Provisions for direct benefit obligations amounted to €2,540 million as at 31 December 2017.

As at the reporting date, Deutsche Post AG's plan assets as defined by section 246(2) sentence 2 of the HGB amounted to €3,962 million (fair value); these were offset against the obligations of €6,733 million less the unrecognised difference of €231 million. The cost of the plan assets amounted to €3,854 million.

Assumptions of obligations under joint liability arrangements

In previous years, Deutsche Post AG entered into agreements with subsidiaries in which it assumed joint liability for individual pension obligations on the part of these subsidiaries. These obligations amounted to €11 million as at the reporting date.

The indirect and direct benefit obligations and the obligations for which Deutsche Post AG has assumed joint liability were calculated for the Company using the 10-year average discount rate in accordance with section 253(2) of the HGB for the first time as at 31 December 2016. The early application option as at 31 December 2015 was not exercised. The difference in the amounts calculated for the benefit obligations using the 7-year average rate and the 10-year average rate is €822 million.

The income/expense resulting from the change in the discount rate is reported in the financial result. The provisions for pensions were calculated on the basis of the following assumptions:

	31 Dec. 2016	31 Dec. 2017
Annual wage and salary increases	1.45 to 2.5%	1.0 to 2.5%
Annual pension increases	1.0 to 2.0%	1.0 to 2.0%
Average staff turnover	1%	1%
Discount rate	4.01%	3.68%

33. Provisions for taxes and other provisions

The provisions for taxes and other provisions item is composed of the following:

Provisions for taxes and other provisons

€ m	31 Dec. 2016	31 Dec. 2017
1. Provisions for taxes	213	342
2. Other provisions		
a) Provisions for staff costs		
Variable salaries and wages	119	130
Restructuring	161	124
Overtime and other claims for time off	100	118
Bonuses	107	114
Vacation claims	101	104
Stock options	75	77
Miscellaneous	126	116
b) Miscellaneous other provisions		
Postage stamps	242	173
Assumptions of obligations	148	171
Derivatives	118	63
Outstanding supplier invoices	63	45
Miscellaneous	137	132
Subtotal	**1,497**	**1,367**
Total of 1. and 2.	**1,710**	**1,709**

Provisions for taxes

Provisions for taxes relate to tax expenses for the current year and potential tax arrears payable due to ongoing external tax audits, including the interest attributable to these arrears.

Restructuring

The restructuring item mainly includes partial retirement expenses. In addition to existing individually negotiated partial retirement agreements, Deutsche Post AG introduced a combined partial retirement and working time account model at the end of 2011 by way of a collective agreement. The top-up payments arising under the partial retirement arrangements in this model are recognised as provisions.

Provisions are recognised for the payments made by employees into their working time accounts. Pension liability insurance (plan assets within the meaning of section 246(2) of the HGB) has been taken out to meet the obligations resulting from the working time accounts. The provisions required for the working time accounts and the receivable under the pension liability insurance have been offset against each other.

The following overview shows the basis for offsetting:

Basis for offsetting

€ m	31 Dec. 2016	31 Dec. 2017
Settlement amount of the obligations under the demographic fund/working time accounts	-391	-475
Fair value of the insurance	391	475
Excess of plan assets over retirement benefit obligations	0	0

No acquisition costs were incurred for the insurances, since the payments made by the participating employees are transferred directly to the insurance companies.

Income from plan assets amounted to €11 million in the reporting period (previous year: €10 million).

Employees who are civil servants have the opportunity to accumulate time credit balances in lifetime working accounts. These balances are recognised as provisions.

Stock options

The Annual General Meeting on 27 May 2014 resolved to replace the existing share-based payment system (SAR Plan) for executives with a new Performance Share Plan (PS Plan). All earlier SAR tranches issued under the old SAR Plan remain valid.

The PS Plan is not intended to apply to members of the Board of Management; the SAR Plan remains in force for them.

The stock options are recognised rateably in the income statement over the four-year lock-up period.

Postage stamps

The provision for postage stamps relates to stamps that have been sold by the reporting date but for which the corresponding service has yet to be performed. The relevant calculations are based on investigations by market research companies into postage stamps held by customers. Utilisation of prior-year stocks in the amount of €242 million was assumed in financial year 2017. €173 million was added to the provision, based on external expert reports prepared in 2015 and periodic updates made on the basis of internal data.

Assumptions of obligations

In previous years, Deutsche Post AG entered into contracts in which it undertook to a number of subsidiaries to assume responsibility internally for certain pension obligations on the part of these subsidiaries. The obligations assumed by Deutsche Post amounted to €171 million as at the reporting date.

Non-current provisions were discounted using the discount rate published by the Deutsche Bundesbank for the average maturity of the obligations.

34. Liabilities

Liabilities

€ m	31 Dec. 2016	31 Dec. 2017
Bonds thereof convertible bond: 1,111 (previous year: 420)	3,692	4,875
Amounts due to banks	122	121
Trade payables	871	934
Liabilities to affiliated companies thereof trade payables: 46 (previous year: 67)	9,125	8,632
Liabilities to other equity investments thereof trade payables: 0 (previous year: 0)	23	30
Other liabilities thereof taxes: 278 (previous year: 302) thereof social security: 2 (previous year: 2)	698	569
	14,531	**15,161**

The maturity structure of the liabilities is presented in the "Maturity structure of liabilities" table (Annex 2).

No loans were secured by mortgage charges as at 31 December 2017.

Investors exercised their conversion rights in the amount of €309 million in December 2017 (previous year: €580 million). Consequently, the remaining principal amount of the convertible bond fell to €111 million as at 31 December 2017 (previous year: €420 million).

In addition, we issued a convertible bond with a total value of €1 billion in December 2017. The term of this convertible bond expires on 30 June 2025 and it has a coupon of 0.05%.

Deutsche Post AG made use of the authorisation resolved by the Annual General Meeting in 2017 to issue the convertible bond, for which shareholders' subscription rights have been disapplied.

The conversion right has been recognised in the capital reserves in the amount of €53 million. The discount of €49 million has been recognised as a prepaid expense and will be amortized over the term of the bond.

December 2017 also saw the issue of a €500 million bond with a coupon of 1% that matures on 13 December 2027.

The total difference of €4 million between the issue price and the redemption amount (discount) is recognised as a prepaid expense.

The details of the bonds issued are shown in the following table:

Bonds

	Interest rate %	Volume € m
Bond 2012/2020	1.875	300
Bond 2012/2024	2.875	700
Bond 2013/2018	1.500	500
Bond 2013/2023	2.750	500
Bond 2016/2021	0.375	750
Bond 2016/2026	1.250	500
Bond 2017/2027	1.000	500
Convertible bond 2012/2019[1]	0.600	1,000
Convertible bond 2017/2025[2]	0.050	1,000

[1] Conversion premium: 30%
Conversion price: €20.47
Converted in 2017: €309 million
[2] Conversion premium: 40%
Conversion price: €55.69

Changes in the convertible bonds are shown in the following table:

Development of the convertible bonds

	Price[1] €	Conversion ratio for individual bonds[2]	Cash dividend €
Changes in the convertible bond 2012/2019			
Issuance	20.74	4,821,1823	
After adjustment in 2014	20.69	4,832,2386	0.80
After adjustment in 2015	20.63	4,846,1999	0.85
After adjustment in 2016	20.60	4,853,8820	0.85
After adjustment in 2017	20.47	4,885,6722	1.05
Changes in the convertible bond 2017/2025			
Issuance	55.69	1,795,6771	

[1] The unrounded conversion price corresponds to the principal amount (€100,000) divided by the adjusted conversion ratio.
[2] Calculation agent: Conv-Ex Advisors Limited.

The amounts due to banks mainly comprise liabilities from the sale of residential building loans.

Deutsche Post AG manages these loans as a trustee. The payments received are forwarded to the purchasers of the loans (banks) in accordance with a defined interest and principal payment schedule.

As borrowers make unscheduled repayments on existing loans, some of the funds initially remain with Deutsche Post AG due to the defined interest and principal payment schedule, and are forwarded to the purchasers of the loans at a later date. Liabilities due to banks therefore include an amount of €99 million (previous year: €117 million) from unscheduled repayments.

Liabilities to affiliated companies mainly comprise liabilities from Group cash management (in-house banking) in the amount of €8,529 million (previous year: €9,003 million).

35. Deferred income

In 2015, the Company acquired, against payment, liabilities for pension commitments by subsidiaries by way of an assumption of obligations. The difference between the settlement amount under the HGB and that under the IFRSs (€34 million) was recognised as deferred income and will be reversed using the straight-line method over the expected average duration of the obligations. As at 31 December 2017, the amount recognised in deferred income was €29 million.

Apart from this, deferred income largely comprises investment subsidies for electric drive vehicles.

Income statement disclosures

36. Revenue

Post - eCommerce - Parcel division

Revenue by business units

€ m	2016	2017
Post business unit[*)]		
Mail Communication	5,393	5,318
Dialogue Marketing	2,127	2,217
Miscellaneous	1,767	1,759
eCommerce - Parcel business unit[*)]		
Parcel Germany	3,629	3,956
Parcel Europe	12	7
DHL eCommerce	7	9
Miscellaneous[*)]	**615**	**490**
Total Post - eCommerce – Parcel revenue	13,550	13,756
Other revenue		
Reimbursements from the provision of staff	188	186
Service level agreements	76	73
Rental and lease income	76	70
Miscellaneous	190	248
Total other revenue	530	577
	14,080	**14,333**

[*)] Prior-period amounts adjusted due to changed product allocations.

Revenue by geographical regions:

€ m	2016	2017
Germany	13,488	13,677
EU excl. Germany	423	429
Europe excl. EU	37	47
Americas	80	117
Asia, Pacific	44	54
Rest of world	8	9
	14,080	**14,333**

37. Decrease in inventories of work in progress

€0 million in changes in inventories of work in progress is reported (previous year: €-23 million). The mechanised delivery points were sold to third parties on completion in 2016.

38. Other own work capitalised

Other own work capitalised is reported in the amount of €27 million (previous year: €20 million). This item relates primarily to own work in connection with the recognition of internally generated intangible assets, which has been permitted since 1 January 2010.

39. Other operating income

Other operating income

€ m	2016	2017
Exchange rate gains	637	557
Write-ups of equity investments	0	120
Income from derivatives	145	101
Income from the reversal of provisions	196	81
Fees and reimbursements	15	37
Gains on disposal of non-current assets	9	25
Write-down reversals	5	9
Income from prior-period billings	4	5
Miscellaneous	91	73
	1,102	**1,008**

Other operating income relates primarily to exchange rate gains (€557 million) and income from derivatives (€101 million).

Shares in affiliated companies were written up by €120 million.

Reversals of provisions in 2017 relate primarily to reversals of provisions for derivatives (€55 million).

Apart from the reversal of provisions, other operating income includes prior-period income in accordance with section 277(4) of the HGB in the amount of €5 million (previous year: €4 million).

40. Materials expense

The materials expense is composed of the cost of consumables, supplies and goods purchased and held for resale, and the cost of purchased services.

Cost of consumables, supplies and goods purchased and held for resale

€ m	2016	2017
Fuel and heating materials	96	98
Operating supplies	85	83
Goods purchased and held for resale	53	49
Spare parts and repair materials	25	26
	259	**256**

Cost of purchased services

€ m	2016	2017
Transportation costs	1,961	2,077
Commissions	571	579
Rental and lease expenses (incl. additional property expenses)	572	571
Purchased IT services	142	158
Maintenance expenses	140	139
Retail outlet agency agreement	121	116
Proprietary software development	107	115
Miscellaneous	732	639
	4,346	**4,394**

The miscellaneous sub-item mostly comprises the costs of agency agreements with affiliated companies.

Costs in accordance with section 285 no. 22 of the HGB relating to IT development amounted to €115 million in financial year 2017. €27 million of this amount was capitalised.

41. Staff costs/employees

Staff costs/employees

€ m	2016	2017
Wages, salaries and emoluments	6,092	5,893
Social security contributions, retirement benefit expenses and assistance benefits thereof for retirement benefit expenses: 533 (previous year: 518)	1,490	1,541
	7,582	**7,434**

Expenses for wages, salaries and emoluments decreased by €199 million year-on-year. Prior-period costs were largely attributable to an early retirement programme implemented in financial year 2016.

Social security contributions, retirement benefit expenses and assistance benefits increased by €51 million. This was mainly due to higher social security contributions.

Since financial year 2000, Deutsche Post AG has been legally required to contribute 33% of the pensionable gross emoluments of its active civil servants and the notional pensionable gross emoluments of its civil servants on leave of absence to the *Postbeamtenversorgungskasse* (PVK – Postal Civil Servant Pension Fund). The *Bundesanstalt für Post* und *Telekommunikation Deutsche Bundespost* (BAnst-PT – Federal Posts and Telecommunications Agency) performs the PVK's tasks.

It falls to the German federal government to guarantee that the PVK is always in a position to meet its obligations.

Contributions made to the BAnst-PT in the reporting period amounted to €461 million. The prior-year amount was €493 million.

The average number of employees classified by employee groups in the period under review was as follows:

Employee groups

	2016	2017
Salaried employees and hourly workers	132,810	136,431
Civil servants	32,976	30,468
	165,786	**166,899**

The number of salaried employees and hourly workers increased by 3,621 during the financial year, while the number of civil servants decreased by 2,508.

The number of full-time equivalents at the reporting date was 142,257 (previous year: 138,985).

New employees have not been granted civil servant status since 1 January 1995. Employees with civil servant status as at the reporting date are permanent civil servants who continue to be governed by the provisions of civil servant law.

42. Amortisation of intangible assets and depreciation of property, plant and equipment

Amortisation

€ m	2016	2017
Amortisation of intangible assets	49	57
Depreciation of property, plant and equipment		
Land and buildings	38	40
Technical equipment and machinery	62	63
Other office equipment	93	99
	242	**259**

No impairment losses were recognised in the reporting period (previous year: €0 million).

43. Other operating expenses

Other operating expenses

€ m	2016	2017
Exchange rate losses	680	562
Public relations expenses	233	248
Service level agreement DP Fleet GmbH	239	246
Expenses for the BAnst-PT and Museum Foundation	126	145
Travel and training costs; entertainment expenses	98	95
Expenses for derivatives	110	83
Compensation payments	68	65
Other business taxes	60	55
Legal, consulting and audit costs	58	50
Expenses in accordance with section 67(1) and (2) of the EGHGB (addition to provisions for pensions due to BilMoG)	34	34
Assumption of costs for DHL subsidiary	70	0
Miscellaneous	311	284
	2,087	**1,867**

The decrease in other operating expenses was primarily due to the exchange rate losses item. In addition, in the previous year Deutsche Post AG assumed costs of €70 million from a DHL subsidiary due to its joint and several liability to a public authority.

The miscellaneous sub-item includes insurance contributions, telecommunications expenses, cleaning and transport costs, losses on asset disposals and donations, among other things.

Other operating expenses include prior-period expenses in the amount of €11 million (previous year: €8 million).

44. Financial result

Financial result

€ m	2016	2017
Income from profit transfer agreements thereof from affiliated companies: 1,236 (previous year: 842)	842	1,236
Income from equity investments thereof from affiliated companies: 40 (previous year: 0)	0	40
Net investment income	842	1,276
Other interest and similar income thereof from affiliated companies: 91 (previous year: 121)	147	114
Income from long-term loans thereof from affiliated companies: 16 (previous year: 10)	10	16
Interest and similar expenses thereof due to affiliated companies: 48 (previous year: 40) thereof from unwinding of discounts: 326 (previous year: 34)	172	481
Net interest income	-15	-351
Financial result	**827**	**925**

The financial result comprises net investment income and net interest income.

The change in net investment income is mainly due to the €409 million increase in income from profit transfer agreements attributable to Deutsche Post Beteiligungen Holding GmbH.

The decline in net interest income in the reporting period is mainly due to the switch from the 7-year average discount rate previously used for provisions for pensions under the HGB to a 10-year average in 2016. The switch led to a positive one-off effect in the previous year. The interest expense from the unwinding of discounts in the reporting period in the amount of €545 million was offset against income from plan assets/assets of €250 million.

45. Taxes on income

An expense of €197 million was disclosed under taxes on income in the reporting period. Expenses attributable to the reporting period amounted to €173 million. The figure for previous years was €24 million.

Offsetting deferred tax assets and deferred tax liabilities (net presentation method) resulted in net deferred tax assets at the balance sheet date. Since the Company does not exercise the recognition option set out in section 274(1) sentence 2 of the HGB, no deferred tax assets are recognised on the balance sheet.

Deferred tax assets result primarily from differences between the carrying amounts of provisions for pensions, other provisions and liabilities in the financial statements and their tax base. Deferred tax assets were also recognised in respect of tax loss carryforwards that will reverse within the next five years according to the Company's projections. Deferred taxes are calculated on the basis of a tax rate of 30.2%.

46. Retained profits brought forward

Retained profits brought forward amount to €4,217 million.

47. Appropriation of net profit

The following overview shows the appropriation of the net retained profit for the previous year, as resolved by the Annual General Meeting:

Appropriation of net profit

€ m	31 Dec. 2016	31 Dec. 2017
Net retained profit for the previous year	5,022	5,487
Dividend distribution	1,027	1,270
Retained profits brought forward	3,995	4,217

Based on the net retained profit for financial year 2017 in the amount of €6,103 million, the Board of Management will propose a dividend of €1.15 per no-par value share carrying dividend rights. This corresponds to a total dividend of €1,409 million. The amount of €4,694 million remaining after deduction of the planned total dividend will be carried forward to new account.

The final total dividend will be based on the number of shares carrying dividend rights at the time the Annual General Meeting resolves upon the appropriation of the net retained profit on the day the AGM convenes.

Other disclosures

48. Off-balance sheet items

Trust activities

Trust activities as at 31 December 2017 relate to loan administration for housing construction promotion and to the responsibilities agreed in accordance with section 119 of Book 6 of the Sozialgesetzbuch (SGB – German Social Security Code) relating to cash benefit payments by pension insurance funds (Postal Pension Service).

The trust assets for the Postal Pension Service as at 31 December 2017 amounted to €53 million (previous year: €39 million).

The trust assets for housing construction promotion amounted to €110 million (previous year: €129 million).

As at 31 December 2017, Deutsche Post AG still administered trust assets of €222 million (previous year: €159 million) for Postbank Factoring GmbH due to the receivables from foreign settlements that Deutsche Post had sold.

These transactions do not result in significant future benefits or risks for Deutsche Post AG.

Other financial obligations

Other financial obligations amounted to €2,509 million at the balance sheet date. Of this figure, €2,240 million is attributable to affiliated companies. There were no other financial obligations to associates or from retirement obligations.

In the previous year, other financial obligations amounted to €2,224 million, including obligations of €1,961 million to affiliated companies.

The following overview shows the remaining maturities of the other financial obligations:

Other financial obligations

€m	Total	thereof with a remaining maturity		
		up to 1 year	more than 1 year up to 5 years	more than 5 years
Total	2,509	873	961	675
thereof retirement obligations	0			
thereof to affiliated companies	2,240	677	913	650
thereof to associates	0			

Other financial obligations are primarily the result of long-term rental agreements and leases. In keeping with the Group leasing model, all Deutsche Post AG properties are leased from Deutsche Post Immobilien GmbH, which acts as the Group's centralised property leasing company.

49. Contingencies

Deutsche Post AG has furnished a large number of comfort letters, sureties and guarantees to secure loan, lease, supplier, delivery and service agreements to be entered into by Group companies, associates and joint ventures. This enabled the Group to obtain better contract terms locally.

Due to past experience and continuous monitoring of the liquidity situation in its companies, Deutsche Post AG is of the opinion that the risk of the comfort letters, sureties and guarantees being called must be considered extremely low. Therefore there was no need to recognise a liability for these contingencies on the balance sheet.

Contingencies relating to guarantees in accordance with section 765 of the Bürgerliches Gesetzbuch (BGB – German Civil Code), which were solely due to affiliated companies, amounted to €693 million (previous year: €509 million).

Guarantees amounting to €7,295 million (previous year: €7,214 million) and comfort letters totalling €273 million (previous year: €302 million) were issued. Of these amounts, guarantees totalling €7,211 million (previous year: €7,155 million) and comfort letters totalling €259 million (previous year: €298 million) were issued in respect of affiliated companies. Moreover, the figures above also contain contingencies (exclusively guarantees to affiliated companies) in the amount of €239 million (previous year: €663 million), which were specifically furnished in respect of retirement obligations.

In addition to the contingent liabilities referred to above, Deutsche Post AG issued declarations of joint and several liability (403 Verklaringen – section 403 guarantees – under Dutch law) for 23 Netherlands subsidiaries in order to dispense with disclosing their financial statements. The liability declarations cover all of the companies' legal transactions.

50. Hedging policy and derivatives

As an international company, Deutsche Post AG is inevitably exposed to financial risks such as those from movements in exchange rates, interest rates or commodity prices. As part of its centralised risk management system, Deutsche Post AG assumes the role of an in-house bank within Deutsche Post DHL Group. In this capacity, Group-wide financial risks are centralised as far as possible and external hedging transactions are entered into with banks in order to hedge the Group's position; these transactions are then transferred in part internally to Group companies. Primary and derivative financial instruments are used to offset risks from exchange rate, interest rate and commodity price movements.

The following table provides an overview of the derivative financial instruments employed and their notional amounts and fair values as at 31 December 2017:

Derivative financial instruments

€ m	Notional amount			Fair value		
	Affiliated companies	Third parties	Total	Affiliated companies	Third parties	Total
Interest rate products						
Interest rate swaps	500	0	500	-40	0	-40
thereof positive fair values				0	0	0
thereof negative fair values				-40	0	-40
Currency transactions						
Currency forwards	0	4,298	4,298	0	55	55
thereof positive fair values				0	87	87
thereof negative fair values				0	-32	-32
Commodity price transactions						
Commodity price swaps	0	8	8	0	1	1
thereof positive fair values				0	1	1
thereof negative fair values				0	0	0
Total			**4,806**			**16**

The notional volume is calculated as the sum of the absolute amounts of the individual transactions. A distinction is made between intragroup transactions (in-house bank function) and external transactions with banks. The fair values are calculated as the net unrealised gains and losses in each class of derivative from the measurement of the positions.

The fair values of currency forwards were determined on the basis of current market prices, taking into account forward premiums and discounts. The fair values of the interest rate swaps were measured on the basis of discounted expected future cash flows and include accrued interest. The fair values of these instruments were determined using the Group's treasury management system. The fair values of commodity price swaps were provided by the banks with which the hedges were originally concluded.

Under the HGB, derivatives represent executory contracts that are generally not recognised in the balance sheet. Executory contracts are measured in accordance with the principle of imparity under the HGB. A provision for expected losses is created to reflect unrealised losses from executory contracts, while unrealised gains are not recognised. A provision for expected losses must therefore generally be reported for derivatives with a negative fair value at the balance sheet date.

As an exception to this basic rule, hedge accounting in accordance with section 254 of the HGB may be applied to derivatives under certain conditions. If hedge accounting is applied, assets, liabilities, executory contracts or highly probable transactions are combined with financial instruments to net out offsetting changes in value or payment flows resulting from the occurrence of comparable risks. Either the "gross hedge presentation method" or the "net hedge presentation method" may be used. If the gross hedge presentation method is used, the fair values of the derivatives are recognised in the income statement; if the net hedge presentation method is used, the carrying amounts are not adjusted to reflect fair value changes resulting from effective hedging relationships.

Deutsche Post AG exercised the option to apply hedge accounting in the following cases as at the reporting date:

Foreign currency receivables and liabilities from external bank balances, in-house bank balances and loans (hedged items) with a net volume of €1,045 million were combined – using the gross hedge presentation method – with currency forwards (hedging instruments) with a net volume of €–1,045 million to form homogeneous portfolio hedges for each currency to hedge the currency risk. The risk hedged was €9 million. Where the gross hedge presentation method is used, the positive or negative fair values of the derivatives in question are recognised in other assets/other liabilities in the balance sheet.

The relevant portfolios are adjusted on a continuous basis. Where necessary, the maturities of hedging instruments falling due are extended using new hedging instruments. Due to the differing maturity dates for hedged items and hedging instruments, the carrying amounts of the hedged items in the balance sheet, which increased by €1 million, are partially offset by corresponding hedging instruments with a positive net fair value of €9 million. Corresponding other operating income and expense items were recorded in the income statement. Hedge effectiveness is prospectively assessed using the critical terms match method and retrospectively measured using the cumulative dollar-offset method, whereby only value changes attributable to spot prices are included. Hedge effectiveness is expected to be 100% since the primary measurement characteristics of the hedged items and hedging transactions match.

A provision for expected losses amounting to €3 million was recognised for the portion of the fair values of the hedging instruments not attributable to changes in spot prices and thus not included in the hedging relationship.

Hedge accounting was not performed for the following:

External currency transactions with a volume of €2,691 million (net fair value: €46 million; this includes positive fair values (€73 million) and negative fair values (€-27 million)) maturing in 2019 were not part of a hedging relationship because the underlying risks are not attributable to Deutsche Post AG, but to other Group companies. A provision for expected losses of €27 million was recognised for the negative fair values of these transactions.

A provision for expected losses of €33 million was recognised for an internal interest rate swap with a volume of €500 million (fair value: €-40 million, including €-7 million in accrued interest) that matures in 2022.

No hedge was recognised for external commodity price swaps with a volume of €8 million (net fair value: €1 million) because the related risks are largely not attributable to Deutsche Post AG, but to other Group companies. Recognition of a provision for expected losses was not necessary for these transactions.

Total provisions for expected losses on derivatives as at 31 December 2017 amounted to €63 million (previous year: €118 million).

51. List of shareholdings

The list of shareholdings in accordance with section 285 nos. 11, 11a and 11b of the HGB is contained in Annex 3.

52. Declaration of Conformity with the German Corporate Governance Code

The Board of Management and the Supervisory Board of Deutsche Post AG jointly published the Declaration of Conformity with the German Corporate Governance Code for financial year 2017 required by section 161 of the AktG. The Declaration of Conformity is continuously available to the public on the Internet at www.corporate-governance-code.de and on the homepage at www.dpdhl.com (section 161(2) of the AktG).

53. Auditor's fee

Information on the auditor's fee is given in the consolidated financial statements of Deutsche Post AG and is therefore not disclosed here on the basis of the exemption provided for under section 285 no. 17 of the HGB.

Other assurance services were used in the amount of €1 million. They relate to fees for the voluntary auditing of financial information in particular.

54. Report on post-balance-sheet date events

There were no events after the balance sheet date that could have a material effect on DPAG's results of operations, financial position and net assets.

55. Board of Management and Supervisory Board

Board of Management remuneration

Active members of the Board of Management received remuneration, including components with a long-term incentive effect, totalling €18.76 million in financial year 2017 (previous year: €18.51 million).

Of this amount, €7.57 million related to non-performance-related components (annual base salary: €6.43 million, fringe benefits: €1.14 million) and €4.00 million to the performance-related component paid out. An additional €3.06 million of the performance-related component was transferred to the medium-term component for payment in 2020 subject to the condition that the required EAC, as an indicator of sustainability, is reached.

In the previous year, €6.63 million related to non-performance-related components (annual base salary: €6.24 million, fringe benefits: €0.39 million) and €5.63 million to the performance-related component paid out. An additional €3.01 million of the performance-related component was transferred to the medium-term component in 2016 for payment in 2019 subject to the condition that the required EAC, as an indicator of sustainability, is reached.

In financial year 2017, the members of the Board of Management additionally received a total of 2,003,970 stock appreciation rights (SAR s) with a total value of €7.19 million at the time of issue (1 September 2017) as a variable remuneration component with a long-term incentive effect, based on the 2006 Long-Term Incentive Plan. In the previous year, the Board of Management members were granted 1,202,376 SAR s with a total value of €6.25 million at the time of issue (1 September 2016).

Remuneration of active members of the Board of Management

Individual remuneration of active members of the Board of Management: (financial year 2017)

€	Annual base salary	Fringe benefits	Annual bonus 2017 paid	Payout of medium-term component 2015	Share of annual bonus transferred to medium-term component 2017*)	Value of SAR s granted on 1 September 2017
Dr Frank Appel, Chairman	1,978,911	35,294	952,351	288,300	952,351	1,962,574
Ken Allen	1,000,913	98,197	487,945	203,680	487,945	1,005,810
Dr h.c. .Jürgen Gerdes	1,005,795	36,289	464,074	167,256	464,074	1,005,810
John Gilbert	912,500	173,167	434,806	156,406	434,806	930,011
Melanie Kreis	871,667	17,029	405,892	120,656	405,892	860,006
Dr Thomas Ogilvie (since 01.Sep.2017)	238,333	3,159	116,188	-	116,188	715,020
Tim Scharwath (since 01.June.2017)	417,083	29,812**)	196,780	-	196,780	715,020

*) This amount will be paid out in 2020 provided the sustainability indicator is reached.
**) Mr. Sharwath also received a payment of €750,664 as compensation for the lapsing of long-term remuneration rights granted by his previous employer.

Individual remuneration of active members of the Board of Management: (financial year 2016)

€	Annual base salary	Fringe benefits	Annual bonus 2016 paid	Payout of medium-term component 2014	Share of annual bonus transferred to medium-term component 2016*)	Value of SAR s granted on 1 September 2016
Dr Frank Appel, Chairman	1,962,556	35,099	950,662	928,682	950,662	1,962,574
Ken Allen	976,500	102,375	482,147	447,935	482,147	976,529
Dr h.c. Jürgen Gerdes	1,005,795	35,011	478,406	470,331	478,406	1,005,826
John Gilbert	823,750	174,576	389,263	277,726	389,263	860,028
Melanie Kreis	739,167	18,990	364,964	58,056	364,964	715,010
Lawrence Rosen (until 30 Sep. 2016)	732,375	20,832	345,608	434,264	345,608	732,389

*) This amount will be paid out in 2019 provided the sustainability indicator is reached.

Contribution-based pension commitments

Individual breakdown of contribution-based pension commitments in financial year 2017

Board of Management's benefit entitlements	Pension commitments		
€	Total contribution for 2017	Present value as at 31 Dec. 2017	Staff costs for pension obligations, financial year 2017
Ken Allen	341,775	2,795,087	320,744
John Gilbert	301,000	764,392	209,886
Melanie Kreis	301,000	1,118,052	220,871
Dr Thomas Ogilvie (since 01 Sep. 2017)	83,417	105,780	99,891
Tim Scharwath (since 01 June 2017)	145,979	128,758	125,064
Total	**1,173,171**	**4,912,069**	**976,456**

Individual breakdown of contribution-based pension commitments in financial year 2016

Board of Management's benefit entitlements	Pension commitments		
€	Total contribution for 2016	Present value as at 31 Dec. 2016	Staff costs for pension obligations, financial year 2016
Ken Allen	341,775	2,355,589	211,518
John Gilbert	250,250	487,807	155,500
Melanie Kreis	250,250	815,868	135,699
Lawrence Rosen (until 30 Sep. 2016)	256,331	3,213,394	95,932
Total	**1,098,606**	**6,872,658**	**598,649**

Final-salary-based existing pension commitments

Individual breakdown of salary-based existing pension commitments in financial year 2017

	Pension commitments			
Board of Management's benefit entitlements	**Pension level on 31 Dec. 2017**	**Maxi-mum pension level**	**Staff costs for pension obligations, financial year 2017**	**Present value as at 31 Dec. 2017**
	%	**%**	**€**	**€**
Dr Frank Appel, Chairman	50	50	790,601	15,144,741
Dr h.c. Jürgen Gerdes	50	50	277,610	6,465,974
Total			**1,068,211**	**21,610,715**

Individual breakdown of salary-based existing pension commitments in financial year 2016

	Pension commitments			
Board of Management's benefit entitlements	**Pension level on 31 Dec. 2016**	**Maxi-mum pension level**	**Staff costs for pension obligations, financial year 2016**	**Present value as at 31 Dec. 2016**
	%	**%**	**€**	**€**
Dr Frank Appel, Chairman	50	50	265,117	12,915,279
Dr h.c. Jürgen Gerdes	25	50	267,243	5,517,779
Total			**532,360**	**18,433,058**

Benefits paid to former members of the Board of Management or their surviving dependants in financial year 2017 amounted to €7.01 million (previous year: €5.09 million). Provisions for current pensions were recognised in the amount of €80.2 million (previous year: €78.2 million).

Supervisory Board remuneration

Remuneration for the members of the Supervisory Board is governed by article 17 of the Articles of Association of Deutsche Post AG, according to which Supervisory Board members receive a fixed annual remuneration in the amount of €70,000 (as in the previous year). The Supervisory Board chairman and the Supervisory Board committee chairs receive an additional 100% of the remuneration, and the Supervisory Board deputy chair and committee members receive an additional 50%. This does not apply to the Mediation or Nomination Committees. Those who only serve on the Supervisory Board or its committees, or act as chair or deputy chair, for part of the financial year are remunerated on a pro rata basis. As in the previous year, Supervisory Board members receive an attendance allowance of €1,000 for each plenary meeting of the Supervisory Board or committee meeting that they attend. They are entitled to the reimbursement of out-of-pocket cash expenses incurred in the exercise of their office. Any value added tax charged on Supervisory Board remuneration or out-of-pocket expenses is reimbursed. The remuneration for 2017 totalled €2,641,000 (previous year: €2,622,000). The following table shows the remuneration paid to each Supervisory Board member:

Renumeration paid to Supervisory Board members 2016/2017

	2016			2017		
€ **Board members**	**Fixed compo-nent**	**Attend-ance allowance**	**Total**	**Fixed compo-nent**	**Attend-ance allowance**	**Total**
Prof. Dr Wulf von Schimmelmann (Chair)	315,000	20,000	335,000	315,000	21,000	336,000
Andrea Kocsis (Deputy Chair)	245,000	19,000	264,000	245,000	21,000	266,000
Rolf Bauermeister	140,000	15,000	155,000	140,000	17,000	157,000
Dr Nikolaus von Bomhard	43,750	3,000	46,750	72,917	7,000	79,917
Ingrid Deltenre	43,750	2,000	45,750	70,000	6,000	76,000
Jörg von Dosky	70,000	5,000	75,000	70,000	6,000	76,000
Werner Gatzer	140,000	16,000	156,000	140,000	16,000	156,000
Prof. Dr Henning Kagermann	105,000	7,000	112,000	105,000	10,000	115,000
Thomas Koczelnik	175,000	21,000	196,000	175,000	21,000	196,000
Anke Kufalt	70,000	5,000	75,000	70,000	6,000	76,000
Ulrike Lennartz-Pipenbacher (since 1 July 2017)	-	-	-	35,000	4,000	39,000
Simone Menne	105,000	11,000	111,000	105,000	11,000	116,000
Roland Oetker	140,000	15,000	155,000	140,000	15,000	155,000
Andreas Schädler	70,000	5,000	75,000	70,000	6,000	76,000
Sabine Schielmann	70,000	4,000	74,000	70,000	6,000	76,000
Dr Ulrich Schröder	105,000	6,000	111,000	102,083	0	102,083
Dr Stefan Schulte	140,000	12,000	152,000	140,000	13,000	153,000
Stephan Teuscher[1)]	105,000	12,000	117,000	105,000	13,000	118,000
Helga Thiel (until 30 June 2017)	105,000	11,000	116,000	52,500	6,000	58,500
Stefanie Weckesser	105,000	10,000	115,000	122,500	15,000	137,500
Prof. Dr-Ing. Katja Windt	70,000	5,000	75,000	70,000	6,000	76,000

[1)] Stephan Teuscher receives €1,500 a year for membership of the DHL Hub Leipzig GmbH Supervisory Board,

Governing bodies of the Company

Members of the Supervisory Board
Financial year 2017

Shareholder representatives As at 31.12.2017

First name, last name	Profession
Prof. Dr Wulf von Schimmelmann (Chair)	Former CEO of Deutsche Postbank AG
Dr Nikolaus von Bomhard	Former Chairman of the Board of Management of Münchener Rückversicherungs-Gesellschaft AG (Munich Re) (since 27 April 2017)
Ingrid Deltenre	Former Director General of the European Broadcasting Union (since 1 September 2017)
Werner Gatzer	State Secretary, Federal Ministry of Finance (until 31 December 2017) CEO of Deutsche Bahn Station & Service AG (since 1 January 2018)
Prof. Dr Henning Kagermann	Former CEO of SAP AG
Simone Menne	Member of the Board of Managing Directors of Boehringer Ingelheim GmbH (until 31 December 2017)
Roland Oetker	Managing Partner of ROI Verwaltungsgesellschaft mbH
Dr Ulrich Schröder (until 6 February 2018)	Chief Executive Officer of KfW Bankengruppe (until 31 December 2017)
Dr Stefan Schulte	Chairman of the Executive Board of Fraport AG
Prof. Dr-Ing. Katja Windt	Bernd Rogge Professorship of Global Production Logistics President/Member of the Executive Board of Jacobs University Bremen gGmbH (until 14 January 2018) SMS group GmbH with responsibility for Electric & Automation and Digital Solutions (since 15 January 2018)

Employee representatives

First name, last name	Profession
Andrea Kocsis (Deputy Chair)	Deputy Chair of the ver.di National Executive Board and Head of Postal Services, Forwarding Companies and Logistics on the ver.di National Executive Board
Rolf Bauermeister	Head of Postal Services, Co-determination and Youth and Head of National Postal Services Group, ver.di National Administration
Jörg von Dosky	Chair of the Group and Company Executive Representation Committee, Deutsche Post AG
Thomas Koczelnik	Chair of the Group Works Council, Deutsche Post AG
Anke Kufalt	Chair of the Works Council, DHL Global Forwarding GmbH, Hamburg
Ulrike Lennartz-Pipenbacher (since 1 July 2017)	Deputy Chair of the Group Works Council, Deutsche Post AG
Andreas Schädler	Business Division Sales Post, Deutsche Post AG
Sabine Schielmann	Member of the Executive Board of the General Works Council, Deutsche Post AG
Stephan Teuscher	Head for Wage, Civil Servant and Social Policies in the Postal Services, Forwarding Companies and Logistics Department, ver.di National Administration
Helga Thiel (until 30 June 2017)	Deputy Chair of the Group Works Council, Deutsche Post AG
Stefanie Weckesser	Deputy Chair of the Works Council, Deutsche Post AG, Mail Branch, Augsburg

Members of the Board of Management
Financial year 2017

First name, last name	Department
Dr Frank Appel	Chief Executive Officer Global Business Services (since 1 January 2017) (also responsible for Global Forwarding, Freight until 31 May 2017)
Ken Allen	EXPRESS
Dr h.c. Jürgen Gerdes	Post - eCommerce - Parcel
John Gilbert	SUPPLY CHAIN
Melanie Kreis	Finance (also responsible for Human Resources until 31 August 2017)
Dr Thomas Ogilvie (since 1 September 2017)	Human Resources
Tim Scharwath (since 1 June 2017)	Global Forwarding, Freight

Memberships of other supervisory boards and supervisory bodies held by members of the Company's Supervisory Board

Shareholder representatives

First name, last name	Memberships
Prof. Dr Wulf von Schimmelmann (Chair)	a) Allianz Deutschland AG Maxingvest AG b) Accenture Corp., Ireland (Board of Directors) (until 9 February 2017) Thomson Reuters Corp., Canada (Board of Directors)
Dr Nikolaus von Bomhard	a) ERGO Group AG[*)] (Chair) (until 26 April 2017) Munich Health Holding AG* (Chair) (until 26 April 2017) b) No memberships *) Group appointment of Münchener Rückversicherungs-Gesellschaft AG (Munich Re)
Ingrid Deltenre	a) No memberships b) Givaudan SA, Switzerland (Board of Directors) Banque Cantonale Vaudoise SA, Switzerland (Board of Directors) Agence France Presse, France (Board of Directors) (since 28 September 2017)
Werner Gatzer	a) Flughafen Berlin Brandenburg GmbH PD-Berater der öffentlichen Hand GmbH) (Chair) b) No memberships
Prof. Dr Henning Kagermann	a) BMW AG (until 11 May 2017) Deutsche Bank AG Münchener Rückversicherungs-Gesellschaft AG (Munich Re) KUKA AG (since 31 May 2017) b) No memberships
Simone Menne	a) BMW AG b) No memberships
Roland Oetker	a) No memberships b) Rheinisch-Bergische Verlagsgesellschaft mbH (Supervisory Board)
Dr Ulrich Schröder (until 6 February 2018)	a) Deutsche Telekom AG b) DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (Supervisory Board) (until 31 December 2017) "Marguerite 2020", European Fund for Energy, Climate Change and Infrastructure, Luxembourg (Supervisory Board)
Dr Stefan Schulte	a) No memberships b) Fraport Ausbau Süd GmbH (Supervisory Board, Chair)[*)] Fraport Regional Airports of Greece A S.A. (Board of Directors, Chair)[*)] Fraport Regional Airports of Greece B S.A. (Board of Directors, Chair)[*)] Fraport Regional Airports of Greece Management Company S. A. (Board of Directors, Chair)[*)] Fraport Brasil S.A. Aeroporto de Porto Alegre (Supervisory Board, Chair)[*)] (since 4 December 2017) Fraport Brasil S.A. Aeroporto de Fortaleza (Supervisory Board, Chair)[*)] (since 4 December 2017) *) Fraport AG group appointment
Prof. Dr-Ing. Katja Windt	a) Fraport AG b) No memberships

a) Membership of other supervisory boards required by law

b) Membership of comparable supervisory bodies of German and foreign companies

Employee representatives

First name, last name	Memberships
Jörg von Dosky	a) PSD Bank München eG b) No memberships
Andreas Schädler	a) PSD Bank Köln eG (Chair) b) No memberships
Stephan Teuscher	a) DHL Hub Leipzig GmbH (Deputy Chair) b) No memberships
Helga Thiel (until 30 June 2017)	a) PSD Bank Köln eG (Deputy Chair) b) No memberships

a) Membership of other supervisory boards required by law
b) Membership of comparable supervisory bodies of German and foreign companies

Memberships of supervisory boards and other supervisory bodies held by members of the Company's Board of Management

First name, last name	Memberships
Ken Allen	a) No memberships b) DHL Sinotrans International Air Courier Ltd, China (Board of Directors)*)

*) Group appointment
a) Membership of supervisory boards required by law
b) Memberships of comparable supervisory bodies of German and foreign companies

Statement of changes in non-current assets

Annex 1

Statement of changes in non-current assets for the period 1 January 2017 to 31 December 2017

€ m	Cost					Depreciation, amortisation and write-downs						Book values	
	1 Jan. 2017	Additions	Reclassification	Disposals	31 Dec. 2017	1 Jan. 2017	Amort./Deprec.	Appreciation	Reclassification	Disposals	31 Dec. 2017	1 Jan. 2017	31 Dec. 2017
1. Intangible assets													
Internally generated software	154	27	7	0	188	81	31	0	0	0	112	73	76
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	308	17	25	16	334	240	26	0	0	16	250	68	84
Advance payments	36	14	-32	0	18	0	0	0	0	0	0	36	18
Total intangible assets	**498**	**58**	**0**	**16**	**540**	**321**	**57**	**0**	**0**	**16**	**362**	**177**	**178**
2. Property, plant and equipment													
Land, land rights and buildings, incl. buildings on third-party land	2,856	85	14	53	2,902	1,418	40	0	0	35	1,423	1,438	1,479
Technical equipment and machinery	2,312	43	57	9	2,403	1,477	63	0	0	8	1,532	835	871
Other equipment, operating and office equipment	1,152	190	9	92	1,259	825	99	0	0	88	836	327	423
Advance payments and assets under construction	91	72	-80	1	82	0	0	0	0	0	0	91	82
Total property, plant and equipment	**6,411**	**390**	**0**	**155**	**6,646**	**3,720**	**202**	**0**	**0**	**131**	**3,791**	**2,691**	**2,855**
Subtotal 1. / 2.	**6,909**	**448**	**0**	**171**	**7,186**	**4,041**	**259**	**0**	**0**	**147**	**4,153**	**2,868**	**3,033**
3. Non-current financial assets													
Shares in affiliated companies	7,341	0	0	0	7,341	292	0	120	0	0	172	7,049	7,169
Loans to affiliated companies	8,145	64	0	80	8,129	0	0	0	0	0	0	8,145	8,129
Long-term securities	69	0	0	0	69	0	0	0	0	0	0	69	69
Other loans	7	0	0	3	4	0	0	0	0	0	0	7	4
Total non-current financial assets	**15,562**	**64**	**0**	**83**	**15,543**	**292**	**0**	**120**	**0**	**0**	**172**	**15,270**	**15,371**
Total non-current assets	**22,471**	**512**	**0**	**254**	**22,729**	**4,333**	**259**	**120**	**0**	**147**	**4,325**	**18,138**	**18,404**

Maturity structure of liabilities

Annex 2

Maturity structure of liabilities as at 31 December 2017

€ m	Balance at 31 Dec. 2016				Balance at 31 Dec. 2017			
	thereof due							
	within 1 year	more than 1 year	more than 5 years	Total	within 1 year	more than 1 year	more than 5 years	Total
Bonds thereof convertible: 1,111 31 Dec. 2016: 420	0	3,692	1,700	**3,692**	503	4,372	3,200	**4,875**
Due to banks	5	117	0	**122**	39	82	30	**121**
Trade payables	871	0	0	**871**	934	0	0	**934**
Liabilities to affiliated companies thereof trade payables: 46 31 Dec. 2016: 67	9,125	0	0	**9,125**	8,632	0	0	**8,632**
Liabilities to other equity investments thereof trade payables: 0 31 Dec. 2016: 0	23	0	0	**23**	30	0	0	**30**
Other liabilities thereof taxes: 278 31 Dec. 2016: 302 thereof social security: 2 31 Dec. 2016: 2	552	146	8	**698**	559	10	1	**569**
Total	**10,576**	**3,955**	**1,708**	**14,531**	**10,697**	**4,464**	**3,231**	**15,161**

List of shareholdings

Annex 3

Affiliated Companies included in the Consolidated Financial Statements

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Europe					
ABIS GmbH	Germany, Frankfurt/Main	51.00	EUR	34	1,523
Agheera GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
Albert Scheid GmbH[6), 9)]	Germany, Cologne	100.00	EUR	1,022	0
All you need GmbH[6) 9)]	Germany, Berlin	99.03	EUR	0	0
AO DHL International	Russia, Moscow	100.00	EUR	0	34,689
Cargus Express Curier S.R.L.	Romania, Bucharest	100.00	EUR	18,282	76
Columbae AB	Sweden, Sundsvall	100.00	EUR	5	0
CSG GmbH[6), 9)]	Germany, Bonn	51.00	EUR	13,838	0
CSG.PB GmbH[6), 9)]	Germany, Neu-Isenburg	51.00	EUR	26	0
CSG.TS GmbH[6), 9)]	Germany, Neu-Isenburg	51.00	EUR	4,012	0
DANMAR Lines AG	Switzerland, Basel	100.00	EUR	35,336	2,213
Danzas Deutschland Holding GmbH[6), 9)]	Germany, Frankfurt/Main	100.00	EUR	4,025	0
Danzas Fashion Service Centers B.V.	Netherlands, Waalwijk	100.00	EUR	833	-1
Danzas Grundstücksverwaltung Frankfurt GmbH	Germany, Frankfurt/Main	100.00	EUR	23,097	10,811
Danzas Holding AG	Switzerland, Basel	100.00	EUR	179,437	79,400
Danzas Verwaltungs GmbH	Germany, Frankfurt/Main	100.00	EUR	22,934	14,395
Danzas. S.L.	Spain, San Sebastián	100.00	EUR	738,318	26,526
Deutsche Post Adress Beteiligungsgesellschaft mbH[6), 9)]	Germany, Bonn	100.00	EUR	416	0
Deutsche Post Adress Geschäftsführungs GmbH	Germany, Bonn	51.00	EUR	61	-9
Deutsche Post Adress GmbH & Co. KG[14)]	Germany, Bonn	51.00	EUR	19,994	18,763
Deutsche Post Assekuranz Vermittlungs GmbH[6), 9)]	Germany, Bonn	100.00	EUR	51	0
Deutsche Post Beteiligungen Holding GmbH[6), 9)]	Germany, Bonn	100.00	EUR	6,718,500	0
Deutsche Post Customer Service Center GmbH[6), 9)]	Germany, Monheim	100.00	EUR	43	0
Deutsche Post DHL Beteiligungen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	1,507,025	0
Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG[14)]	Germany, Bonn	100.00	EUR	26,866	915
Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Objekt Weißenhorn KG	Germany, Bonn	100.00	EUR	26	7,004
Deutsche Post DHL Corporate Real Estate Management GmbH[6), 9)]	Germany, Bonn	100.00	EUR	51	0
Deutsche Post DHL Express Holding GmbH[6), 9)]	Germany, Bonn	100.00	EUR	8,843,025	0
Deutsche Post DHL Research and Innovation GmbH[6), 9)]	Germany, Bonn	100.00	EUR	7,500	0
Deutsche Post Dialog Solutions GmbH[6), 9)]	Germany, Bonn	100.00	EUR	1,126	0

Reported IFRS data
1) Only subgroup data available 2) Numbers from 2015 3) Numbers from 2014 4) Data not available 5) Dormant 6) Numbers after profit transfer 7a) Inclusion due to majority of voting rights 7b) Inclusion based on company's contractual agreements 7c) Inclusion based on other contractual arrangements 8) In liquidation 9) Local GAAP 10) Voting rights 11) Numbers from 2013 12) Numbers from 2012 13) Not included, because they do not have significant influence on the Group's net assets, financial position and results of operations
14) Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP 15) Numbers from 2017

Affiliated Companies included in the Consolidated Financial Statements

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Deutsche Post Direkt GmbH[6), 9)]	Germany, Bonn	100.00	EUR	-61	0
Deutsche Post E-Post Development GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
Deutsche Post E-POST Solutions GmbH[6), 9)]	Germany, Bonn	100.00	EUR	2,631	0
Deutsche Post Finance B.V.	Netherlands, Maastricht	100.00	EUR	52,635	-12,068
Deutsche Post Fleet GmbH[6), 9)]	Germany, Bonn	100.00	EUR	511,115	0
Deutsche Post Global Mail (France) SAS	France, Issy-les-Moulineaux	100.00	EUR	7,104	2,565
Deutsche Post Global Mail (Netherlands) B. V.	Netherlands, Utrecht	100.00	EUR	1,829	454
Deutsche Post Global Mail (Switzerland) AG	Switzerland, Basel	100.00	EUR	1,005	206
Deutsche Post Global Mail (UK) Limited	United Kingdom, Croydon	100.00	EUR	37,724	1,597
Deutsche Post Immobilien GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
Deutsche Post InHaus Services GmbH[6), 9)]	Germany, Bonn	100.00	EUR	1,657	0
Deutsche Post Insurance Limited	Ireland, Dublin	100.00	EUR	7,542	-2
Deutsche Post International B.V.	Netherlands, Amsterdam	100.00	EUR	9,748,037	241,478
Deutsche Post Investments GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
Deutsche Post IT BRIEF GmbH[6), 9)]	Germany, Bonn	100.00	EUR	11,160	0
Deutsche Post IT Services GmbH[6), 9)]	Germany, Bonn	100.00	EUR	39,229	0
Deutsche Post Mobility GmbH[6), 9)]	Germany, Bonn	100.00	EUR	16,055	0
Deutsche Post Reinsurance S.A.	Luxembourg, Luxembourg	100.00	EUR	16,203	0
Deutsche Post Shop Essen GmbH[6), 9)]	Germany, Essen	100.00	EUR	25	0
Deutsche Post Shop Hannover GmbH[6), 9)]	Germany, Hanover	100.00	EUR	25	0
Deutsche Post Shop München GmbH[6), 9)]	Germany, Munich	100.00	EUR	25	0
Deutsche Post Zahlungsdienste GmbH[6), 9)]	Germany, Bonn	100.00	EUR	2,152	0
DHL (Cyprus) Ltd.	Cyprus, Nikosia	100.00	EUR	3,158	130
DHL Air Limited	United Kingdom, Hounslow	100.00	EUR	41,913	10,072
DHL AirWays GmbH[6), 9)]	Germany, Cologne	100.00	EUR	2,032	0
DHL Automotive GmbH[6), 9)]	Germany, Hamburg	100.00	EUR	4,091	0
DHL Automotive Offenau GmbH[6), 9)]	Germany, Bonn	100.00	EUR	275	0
DHL Automotive s.r.o.	Czech Republic, Prague	100.00	EUR	9,208	103
DHL Aviation (France) SAS	France, Roissy-en-France	100.00	EUR	2,452	342
DHL Aviation (Netherlands) B.V.	Netherlands, Amersfoort	100.00	EUR	-19,571	3
DHL Aviation (UK) Limited	United Kingdom, Hounslow	100.00	EUR	16,319	40,533
DHL Aviation NV/SA	Belgium, Zaventem	100.00	EUR	26,193	19,234
DHL Consulting GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Augsburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Bayreuth GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Berlin GmbH[6), 9)]	Germany, Bonn	100.00	EUR	75	0
DHL Delivery Bonn GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Braunschweig GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Bremen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Dortmund GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Dresden GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Duisburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Düsseldorf GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Erfurt GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Essen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Frankfurt GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Freiburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Freising GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Gießen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0

Affiliated Companies included in the Consolidated Financial Statements

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DHL Delivery GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Göppingen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Hagen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Halle GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Hamburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	50	0
DHL Delivery Hannover GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Herford GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Karlsruhe GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Kassel GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Kiel GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Koblenz GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Köln West GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Leipzig GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Lübeck GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Magdeburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Mainz GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Mannheim GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery München GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Münster GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Neubrandenburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Nürnberg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Oldenburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Ravensburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Reutlingen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Rosenheim GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Saarbrücken GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Straubing GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Stuttgart GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Wiesbaden GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Würzburg GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Delivery Zwickau GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Distribution Holdings (UK) Limited	United Kingdom, Hounslow	100.00	EUR	21,261	21,712
DHL Ekspres (Slovenija). d.o.o.	Slovenia, Trzin	100.00	EUR	519	398
DHL Elancourt SARL	France, La Plaine Saint Denis	100.00	EUR	4,825	826
DHL Estonia AS	Estonia, Tallinn	100.00	EUR	10,574	267
DHL Exel Slovakia. s.r.o.	Slovakia, Senec	100.00	EUR	4,076	1,345
DHL Exel Supply Chain (Denmark) A/S	Denmark, Kastrup	100.00	EUR	-18,304	466
DHL Exel Supply Chain (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	-6,430	-2,217
DHL Exel Supply Chain (Spain). S.L.U.	Spain, Madrid	100.00	EUR	37,613	9,707
DHL Exel Supply Chain (Sweden) AB	Sweden, Stockholm	100.00	EUR	2,457	1,036
DHL Exel Supply Chain Limited	United Kingdom, Bedford	100.00	EUR	779,784	-3,283
DHL Exel Supply Chain Portugal. S.A.	Portugal, Alverca	100.00	EUR	9,086	666
DHL Exel Supply Chain Trade (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	1,483	537
DHL Express (Austria) GmbH	Austria, Guntramsdorf	100.00	EUR	15,578	3,913
DHL Express (Czech Republic) s.r.o.	Czech Republic, Ostrava	100.00	EUR	10,739	209
DHL Express (Denmark) A/S	Denmark, Broendby	100.00	EUR	68,396	3,283
DHL Express (Finland) Oy	Finland, Helsinki	100.00	EUR	2,406	2,104
DHL Express (Hellas) S.A.	Greece, Athens	100.00	EUR	2,830	425
DHL Express (Iceland) EHF	Iceland, Reykjavik	100.00	EUR	2,465	546
DHL Express (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	7,986	2,267
DHL Express (Italy) S.r.l.	Italy, Milan	100.00	EUR	86,986	65,659
DHL Express (Luxembourg) S.A.	Luxembourg, Contern	100.00	EUR	3,725	432

Reported IFRS data
[1)] Only subgroup data available [2)] Numbers from 2015 [3)] Numbers from 2014 [4)] Data not available [5)] Dormant [6)] Numbers after profit transfer [7a)] Inclusion due to majority of voting rights [7b)] Inclusion based on company's contractual agreements [7c)] Inclusion based on other contractual arrangements [8)] In liquidation [9)] Local GAAP [10)] Voting rights [11)] Numbers from 2013 [12)] Numbers from 2012 [13)] Not included, because they do not have significant influence on the Group's net assets, financial position and results of operations
[14)] Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP [15)] Numbers from 2017

Affiliated Companies included in the Consolidated Financial Statements

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
DHL Express (Norway) AS	Norway, Oslo	100.00	EUR	9,183	4,182
DHL Express (Poland) Sp. z o.o.	Poland, Warsaw	100.00	EUR	12,990	-1,012
DHL Express (Schweiz) AG	Switzerland, Basel	100.00	EUR	7,492	8,196
DHL Express (Slovakia). spol. s r. o.	Slovakia, Bratislava	100.00	EUR	4,588	408
DHL Express (Sweden) AB 8)	Sweden, Stockholm	100.00	EUR	8,527	4,943
DHL Express (UK) Limited	United Kingdom, Hounslow	100.00	EUR	52,655	-715
DHL Express Bulgaria EOOD	Bulgaria, Sofia	100.00	EUR	3,908	417
DHL Express Customer Service GmbH[6), 9)]	Germany, Monheim am Rhein	100.00	EUR	25	0
DHL Express Germany GmbH[6), 9)]	Germany, Bonn	100.00	EUR	6,618	0
DHL Express Hungary Forwarding and Services LLC	Hungary, Budapest	100.00	EUR	4,101	1,049
DHL Express Macedonia d.o.o.e.l.	Macedonia, Skopje	100.00	EUR	1,283	46
DHL Express Network Management GmbH[6), 9)]	Germany, Schkeuditz	100.00	EUR	25	0
DHL Express Portugal. Lda.	Portugal, Moreira da Maia	100.00	EUR	17,033	313
DHL Express Spain S.L.	Spain, San Sebastián	100.00	EUR	44,538	5,618
DHL Fashion Retail Operations GmbH[6), 9)]	Germany, Mönchengladbach	100.00	EUR	21,628	0
DHL Finance Services B.V.	Netherlands, Maastricht	100.00	EUR	9,564	1,381
DHL FoodLogistics GmbH[6), 9)]	Germany, Cologne	100.00	EUR	258	0
DHL Freight (Belgium) NV	Belgium, Grimbergen	100.00	EUR	4,141	773
DHL Freight (France) SAS	France, Marne-la-Vallée	100.00	EUR	1,093	-4,629
DHL Freight (Netherlands) B.V.	Netherlands, Tiel	100.00	EUR	-24,102	-3,349
DHL Freight (Sweden) AB	Sweden, Stockholm	100.00	EUR	15,596	-1,867
DHL Freight d.o.o.	Croatia, Zagreb	100.00	EUR	630	149
DHL FREIGHT d.o.o. Belgrade	Serbia, Belgrade	100.00	EUR	0	154
DHL Freight Finland Oy	Finland, Vantaa	100.00	EUR	8,588	2,678
DHL Freight Germany Holding GmbH[6), 9)]	Germany, Düsseldorf	100.00	EUR	374,311	0
DHL Freight GmbH[6), 9)]	Germany, Düsseldorf	100.00	EUR	10,737	0
DHL Freight Hungary Forwarding and Logistics LLC	Hungary, Budapest	100.00	EUR	7,877	941
DHL Freight Spain. S.L.	Spain, San Sebastián	100.00	EUR	8,016	1,961
DHL GBS (UK) Limited	United Kingdom, Bracknell	100.00	EUR	16,313	-434
DHL Gertner International GmbH	Germany, Altentreptow	51.00	EUR	121	92
DHL Global Forwarding - DGF Industrial Project (DGF IP) SAS	France, Villepinte	100.00	EUR	3,357	122
DHL Global Forwarding (Austria) GmbH	Austria, Vienna	100.00	EUR	12,019	-2,905
DHL Global Forwarding (Belgium) NV	Belgium, Machelen	100.00	EUR	6,530	-2,586
DHL Global Forwarding (CZ) s.r.o.	Czech Republic, Prague	100.00	EUR	22,895	2,880
DHL Global Forwarding (Denmark) A/S	Denmark, Kastrup	100.00	EUR	14,050	-2,525
DHL Global Forwarding (Finland) Oy	Finland, Vantaa	100.00	EUR	3,566	162
DHL Global Forwarding (France) SAS	France, Villepinte	100.00	EUR	37,199	2
DHL Global Forwarding (Ireland) Limited	Ireland, Dublin	100.00	EUR	16,775	1,655
DHL Global Forwarding (Italy) S.p.A.	Italy, Milan	100.00	EUR	39,373	11,860
DHL Global Forwarding (Luxembourg) S.A.	Luxembourg, Luxembourg	100.00	EUR	1,660	-653
DHL Global Forwarding (Netherlands) B.V.	Netherlands, Hoofddorp	100.00	EUR	19,307	2,106
DHL Global Forwarding (Norway) AS	Norway, Gardermoen	100.00	EUR	-964	-1,155
DHL Global Forwarding (Sweden) AB	Sweden, Stockholm	100.00	EUR	22,086	-1,389
DHL Global Forwarding (UK) Limited	United Kingdom, Bracknell	100.00	EUR	199,704	2,490
DHL Global Forwarding d.o.o.	Croatia, Zagreb	100.00	EUR	713	458
DHL Global Forwarding d.o.o. Belgrade	Serbia, Belgrade	100.00	EUR	0	290
DHL Global Forwarding GmbH[6), 9)]	Germany, Frankfurt/Main	100.00	EUR	7,242	0
DHL Global Forwarding Hellas S.A. of International Transportation and Logistics	Greece, Piraeus	100.00	EUR	7,183	203

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DHL Global Forwarding Hungary Kft.	Hungary, Budapest	100.00	EUR	8,472	1,740
DHL Global Forwarding LLC	Russia, Moscow	100.00	EUR	0	-4,489
DHL Global Forwarding Management GmbH[6), 9)]	Germany, Bonn	100.00	EUR	10,359	0
DHL Global Forwarding Portugal. Unipessoal. Lda.	Portugal, Moreira da Maia	100.00	EUR	5,560	464
DHL Global Forwarding Sp. z o.o.	Poland, Lodz	100.00	EUR	9,518	4,695
DHL Global Forwarding Spain. S.L.U.	Spain, Madrid	100.00	EUR	21,454	7,175
DHL Global Mail OOO	Russia, Moscow	100.00	EUR	0	-508
DHL Global Management GmbH[6), 9)]	Germany, Bonn	100.00	EUR	3,618,590	0
DHL Global Match (UK) Limited	United Kingdom, Bracknell	100.00	EUR	-1,782	-287
DHL Hauptvogel International GmbH	Germany, Klipphausen	51.00	EUR	528	232
DHL Holding (France) SAS	France, Roissy-en-France	100.00	EUR	227,859	17,874
DHL Holding (Italy) S.r.l.	Italy, Milan	100.00	EUR	626,530	48,439
DHL Holdings (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	1	0
DHL Home Delivery GmbH[6), 9)]	Germany, Bonn	100.00	EUR	179	0
DHL Hub Leipzig GmbH[6), 9)]	Germany, Schkeuditz	100.00	EUR	25	0
DHL Information Services (Europe) s.r.o.	Czech Republic, Prague	100.00	EUR	87,640	12,712
DHL International (Albania) Ltd.	Albania, Tirana	100.00	EUR	454	221
DHL International (Ireland) Ltd.	Ireland, Dublin	100.00	EUR	1,324	270
DHL International (Romania) S.R.L.	Romania, Bucharest	100.00	EUR	4,799	557
DHL International (UK) Limited	United Kingdom, Hounslow	100.00	EUR	100,011	20,135
DHL International B.V.	Netherlands, The Hague	100.00	EUR	39,275	7,562
DHL International Beograd d.o.o.	Serbia, Belgrade	100.00	EUR	5,864	347
DHL International d.o.o.	Croatia, Zagreb	100.00	EUR	2,268	186
DHL International Express (France) SAS	France, Roissy-en-France	100.00	EUR	39,583	31,333
DHL International GmbH[6), 9)]	Germany, Bonn	100.00	EUR	1,353,453	0
DHL International Ltd.	Malta, Luqa	100.00	EUR	666	-131
DHL International NV/SA	Belgium, Diegem	100.00	EUR	12,992	2,545
DHL International Ukraine JSC	Ukraine, Kiev	100.00	EUR	0	408
DHL International-Sarajevo d.o.o.	Bosnia and Herzegovina, Sarajevo	100.00	EUR	920	140
DHL Inventory Finance Services GmbH[6) 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Investments Limited	United Kingdom, St, Helier	100.00	EUR	135	32
DHL Latvia SIA	Latvia, Mărupe	100.00	EUR	779	219
DHL Leupold International GmbH	Germany, Oberkotzau	51.00	EUR	1,115	445
DHL Logistics (Schweiz) AG	Switzerland, Basel	100.00	EUR	43,027	2,868
DHL Logistics (Slovakia). spol. s r.o.	Slovakia, Senec	100.00	EUR	475	-1,694
DHL Logistics (Ukraine) Ltd.	Ukraine, Kiev	100.00	EUR	0	0
DHL Logistics OOO	Russia, Chimki	100.00	EUR	0	-1,947
DHL Logistics S.R.L.	Romania, Bucharest	100.00	EUR	3,819	2,266
DHL Logistik Service GmbH	Austria, Vienna	100.00	EUR	280	7
DHL Logistika. d.o.o.	Slovenia, Brnik	100.00	EUR	2,428	476
DHL Management (Schweiz) AG	Switzerland, Basel	100.00	EUR	27,584	3,812
DHL Management Services Limited	United Kingdom, Hounslow	100.00	EUR	24	17
DHL Nordic AB	Sweden, Stockholm	100.00	EUR	93,470	-946
DHL Paket (Austria) GmbH	Austria, Vienna	100.00	EUR	8,458	-5,934
DHL Paket GmbH[6), 9)]	Germany, Bonn	100.00	EUR	45,000	0
DHL Paketzentrum Obertshausen GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Parcel (Belgium) NV	Belgium, Ternat	100.00	EUR	9,077	-8,275
DHL Parcel (e-Commerce) B.V.	Netherlands, Utrecht	100.00	EUR	12,980	7,457
DHL Parcel Iberia S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	178,513	13,876
DHL Parcel A Coruna Spain. S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	3,319	-133

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[1)] Only subgroup data available [2)] Numbers from 2015 [3)] Numbers from 2014 [4)] Data not available [5)] Dormant [6)] Numbers after profit transfer [7a)] Inclusion due to majority of voting rights [7b)] Inclusion based on company's contractual agreements [7c)] Inclusion based on other contractual arrangements [8)] In liquidation [9)] Local GAAP [10)] Voting rights [11)] Numbers from 2013 [12)] Numbers from 2012 [13)] Not included, because they do not have significant influence on the Group's net assets, financial position and results of operations
[14)] Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP [15)] Numbers from 2017

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DHL Parcel Alacant Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	3,303	-332
DHL Parcel Araba Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	7,348	1,217
DHL Parcel Barcelona Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	11,588	-5,808
DHL Parcel Bizkaia Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	5,174	-146
DHL Parcel Cantabria Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	2,181	176
DHL Parcel Castello Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	753	-384
DHL Parcel Ciudad Real Spain. S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	985	36
DHL Parcel Gipuzkoa Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	5,956	397
DHL Parcel Girona Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	1,951	-147
DHL Parcel Huelva Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	484	33
DHL Parcel Illes Balears Spain. S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	4,605	673
DHL Parcel Jaén Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	211	-40
DHL Parcel Lugo. Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	325	-112
DHL Parcel Madrid Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	7,398	-6,870
DHL Parcel Malaga Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	3,352	474
DHL Parcel Navarra Spain. S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	2,774	-23
DHL Parcel Pontevedra Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	5,519	421
DHL Parcel Sevilla Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	3,677	-241
DHL Parcel Support Spain S.L[1), 9)]	Spain, San Sebastián	100.00	EUR	66	488
DHL Parcel Tarragona Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	1,738	265
DHL Parcel Valladolid Spain S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	5,096	1,377
DHL Parcel Zaragoza Spain. S.L.[1), 9)]	Spain, San Sebastián	100.00	EUR	7,270	842
DHL Parcel (Netherlands) B.V.	Netherlands, Utrecht	100.00	EUR	11,149	14,927
DHL Parcel (Speedpack) NV	Belgium, Brussels	100.00	EUR	798	-1,548
DHL Parcel Nordic AB	Sweden, Stockholm	100.00	EUR	6,316	-111
DHL Parcel Polska Sp. z o.o.	Poland, Warsaw	100.00	EUR	29,549	840
DHL Parcel Slovensko spol. s r.o.	Slovakia, Bratislava	100.00	EUR	-3,453	-4,232
DHL Parcel UK Holding Limited	United Kingdom, London	100.00	EUR	7,094	-3,211
DHL Pipelife Logistik GmbH	Austria, Wiener Neudorf	100.00	EUR	-83	-175
DHL Resilience360 GmbH	Germany, Bonn	100.00	EUR	25	0
DHL Service Central SARL	France, La Plaine Saint Denis	100.00	EUR	785	398
DHL Services Limited	United Kingdom, Milton Keynes	100.00	EUR	-29,504	12,091
DHL Services Logistiques SAS	France, La Plaine Saint Denis	100.00	EUR	-4,631	-5,133
DHL Shoe Logistics s. r. o.	Czech Republic, Pohořelice	100.00	EUR	3,742	376
DHL Solutions (France) SAS	France, La Plaine Saint Denis	100.00	EUR	78,051	394
DHL Solutions Fashion GmbH[6), 9)]	Germany, Essen	100.00	EUR	151	0
DHL Solutions GmbH[6), 9)]	Germany, Hamburg	100.00	EUR	9,240	0
DHL Solutions k.s.	Czech Republic, Ostrava	100.00	EUR	5,112	2,313
DHL Sorting Center GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Stock Express SAS	France, La Plaine Saint Denis	100.00	EUR	238	-2,710
DHL Supply Chain (Belgium) NV	Belgium, Mechelen	100.00	EUR	38,978	-1,316
DHL Supply Chain (Finland) Oy	Finland, Vantaa	100.00	EUR	5,329	-670
DHL Supply Chain (Ireland) Limited	Ireland, Dublin	100.00	EUR	2,409	-1,740
DHL Supply Chain (Italy) S.p.A.	Italy, Milan	100.00	EUR	93,795	9,950
DHL Supply Chain (Leipzig) GmbH[6), 9)]	Germany, Hamburg	100.00	EUR	25	0
DHL Supply Chain (Netherlands) B.V.	Netherlands, Tilburg	100.00	EUR	77,488	18,051
DHL Supply Chain (Norway) AS	Norway, Oslo	100.00	EUR	2,701	-856
DHL Supply Chain Hungary Limited	Hungary, Ullo	100.00	EUR	793	613
DHL Supply Chain International Limited	United Kingdom, Bracknell	100.00	EUR	308	0
DHL Supply Chain Limited	United Kingdom, Milton Keynes	100.00	EUR	602,755	81,161
DHL Supply Chain Management B.V.	Netherlands, Tilburg	100.00	EUR	-31,005	-362
DHL Supply Chain Management GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Supply Chain VAS GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0

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DHL Supply Chain. s.r.o.	Czech Republic, Pohořelice	100.00	EUR	20,747	2,251
DHL Systems Limited 5)	United Kingdom, Milton Keynes	100.00	EUR	10,739	10,556
DHL Technical Distribution B.V.	Netherlands, Veghel	100.00	EUR	-2,338	-27
DHL Trade Fairs & Events GmbH[6), 9)]	Germany, Frankfurt/Main	100.00	EUR	607	0
DHL Trade Fairs and Events (UK) Limited	United Kingdom, Bracknell	85.00	EUR	806	329
DHL Verwaltungs GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
DHL Voigt International GmbH	Germany, Neumuenster	51.00	EUR	1,414	1,118
DHL Wahl International GmbH	Germany, Bielefeld	51.00	EUR	1,194	465
DHL Worldwide Express Logistics NV/SA	Belgium, Diegem	100.00	EUR	31,597	-857
DHL Worldwide Network NV/SA	Belgium, Diegem	100.00	EUR	22,460	51,915
DZ Specialties B.V.	Netherlands, Maastricht	100.00	EUR	380,026	10,543
ELP 1 AB	Sweden, Eskilstuna	100.00	EUR	972	-38
Erste End of Runway Development Leipzig GmbH [6), 9)]	Germany, Cologne	100.00	EUR	25	0
Erste Logistik Entwicklungsgesellschaft MG GmbH[6), 9)]	Germany, Hanover	100.00	EUR	25	0
Eurodifarm S.r.l.	Italy, Casalmaiocco (Lodi)	100.00	EUR	23,814	1,302
European Air Transport Leipzig GmbH[6), 9)]	Germany, Schkeuditz	100.00	EUR	1,798	0
Exel (European Services Centre) Unlimited Company 5)	Ireland, Dublin	100.00	EUR	0	0
Exel (Wommelgem) NV	Belgium, Wommelgem	100.00	EUR	-4,718	-34
Exel de Portugal Transitarios Lda.	Portugal, Lisbon	100.00	EUR	-236	-1
Exel France SA	France, La Plaine Saint Denis	100.00	EUR	86,900	501
Exel Freight Management (UK) Limited	United Kingdom, Bracknell	100.00	EUR	10,800	0
Exel Group Holdings (Nederland) B.V.	Netherlands, Veghel	100.00	EUR	43,010	-313
Exel Holdings Limited	United Kingdom, Bedford	100.00	EUR	653,879	12,338
Exel International Holdings (Belgium) NV	Belgium, Mechelen	100.00	EUR	41,669	-309
Exel International Holdings (Netherlands 1) B.V.	Netherlands, Maastricht	100.00	EUR	690,569	0
Exel International Holdings (Netherlands 2) B.V.	Netherlands, Maastricht	100.00	EUR	830,328	8,257
Exel Investments Limited	United Kingdom, Bracknell	100.00	EUR	202,907	-196
Exel Investments Netherlands B.V.	Netherlands, Maastricht	100.00	EUR	-5,680	-64
Exel Limited	United Kingdom, Bracknell	100.00	EUR	875,021	-29,545
Exel Logistics Property Limited	United Kingdom, Bedford	100.00	EUR	117,288	5,029
Exel Overseas Limited	United Kingdom, Bracknell	100.00	EUR	328,491	27,974
Exel UK Limited	United Kingdom, Bracknell	100.00	EUR	41,254	3,469
F.X. Coughlin (U.K.) Limited	United Kingdom, Bracknell	100.00	EUR	14	0
F.X. Coughlin B.V.	Netherlands, Duiven	100.00	EUR	5,842	-476
FACT Danmark A/S	Denmark, Kastrup	100.00	EUR	1,469	53
Flexible Lifestyle Employment Co Ltd	United Kingdom, Bracknell	100.00	EUR	11	11
Freight Indemnity and Guarantee Company Limited	United Kingdom, Bedford	100.00	EUR	19	0
Gerlach & Co Internationale Expediteurs B.V.	Netherlands, Venlo	100.00	EUR	5,931	941
Gerlach & Co. NV	Belgium, Antwerp	100.00	EUR	7,914	806
Gerlach AG	Switzerland, Basel	100.00	EUR	7,005	7,747
Gerlach Custom Services UK Limited	United Kingdom, London	100.00	EUR	752	233
Gerlach Customs Services EOOD	Bulgaria, Sofia	100.00	EUR	284	71
Gerlach European Customs Services. spol. s r.o.	Slovakia, Senec	100.00	EUR	288	48
Gerlach European Services S.R.L.	Romania, Bucharest	100.00	EUR	283	68
Gerlach Sp. z o.o.	Poland, Gluchowo/Komorniki	100.00	EUR	2,219	880
Gerlach Spol s.r.o.	Czech Republic, Rudna u Prahy	100.00	EUR	3,788	2,791

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[14)] Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP [15)] Numbers from 2017

Affiliated Companies included in the Consolidated Financial Statements

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Gerlach Sweden AB	Sweden, Tullinge	100.00	EUR	382	385
Gerlach Zolldienste GmbH[6), 9)]	Germany, Düsseldorf	100.00	EUR	102	0
Giorgio Gori (France) SAS	France, Châtenoy-le-Royal	100.00	EUR	2,724	440
Giorgio Gori S.r.l.	Italy, Collesalvetti (Livorno)	100.00	EUR	65,710	13,371
Gori Iberia S.L.	Spain, Barcelona	100.00	EUR	2,622	1,073
Gori Iberia Transitarios. Limitada	Portugal, Matosinhos	60.00	EUR	872	307
Higgs International Limited	United Kingdom, Bracknell	100.00	EUR	10,096	104
Hull. Blyth (Angola) Limited	United Kingdom, Bracknell	100.00	EUR	10,047	-210
Hyperion Properties Limited[5)]	United Kingdom, Bedford	100.00	EUR	-5,046	0
interServ Gesellschaft für Personal- und Beraterdienstleistungen mbH[6), 9)]	Germany, Bonn	100.00	EUR	76	0
it4logistics GmbH[6), 9)]	Germany, Potsdam	100.00	EUR	792	0
Joint Retail Logistics Limited	United Kingdom, Bracknell	100.00	EUR	0	0
Karukera Transit SAS	France, Pointe-à-Pitre	100.00	EUR	905	-28
Laible AG Speditionen	Switzerland, Schaffhausen	100.00	EUR	159	-123
LLC DHL Express	Russia, Khimki	100.00	EUR	0	5,512
LLC Gerlach Ukraine	Ukraine, Kiev	100.00	EUR	0	0
Luftfrachtsicherheit-Service GmbH[7b)]	Germany, Frankfurt/Main	50.00	EUR	2,667	1,532
McGregor Cory Limited	United Kingdom, Bracknell	100.00	EUR	16,284	1,240
Mitradiopharma S.r.l.	Italy, Milan	100.00	EUR	6,063	760
Mitsafetrans S.r.l.	Italy, Milan	100.00	EUR	21,057	2,107
National Carriers Limited	United Kingdom, Bracknell	100.00	EUR	-2	0
NFC International Holdings (Ireland)	Ireland, Dublin	100.00	EUR	43,266	0
Ocean Group Investments Limited	United Kingdom, Bracknell	100.00	EUR	726	0
Ocean Overseas Holdings Limited	United Kingdom, Bracknell	100.00	EUR	468,235	5,718
OOO Customs Services	Russia, Khimki	100.00	EUR	0	478
Pharma Logistics B.V.	Netherlands, Rotterdam	100.00	EUR	813	10
Pharma Logistics NV	Belgium, Mechelen	100.00	EUR	20,462	565
Power Europe (Cannock) Limited	United Kingdom, Bracknell	100.00	EUR	1,264	1,267
Power Europe (Doncaster) Limited	United Kingdom, Bracknell	100.00	EUR	464	1,056
Power Europe Development Limited[5)]	United Kingdom, Bracknell	100.00	EUR	0	0
Power Europe Development No. 3 Limited	United Kingdom, Bracknell	100.00	EUR	433	0
Power Europe Limited	United Kingdom, Bracknell	100.00	EUR	262	500
Power Europe Operating Limited	United Kingdom, Bracknell	100.00	EUR	8,131	1,831
PPL CZ s.r.o.	Czech Republic, Prague	100.00	EUR	83,597	5,020
RISER ID Services GmbH	Germany, Berlin	51.00	EUR	2,257	2,033
Saloodo! GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
Scherbauer Spedition GmbH[7b)]	Germany, Neutraubling	50.00	EUR	4,206	69
Speedmail International Limited[5)]	United Kingdom, London	100.00	EUR	0	0
StarBroker AG	Switzerland, Basel	100.00	EUR	46,573	31,149
StreetScooter GmbH[6), 9)]	Germany, Aachen	100.00	EUR	7,378	0
Tradeteam Limited	United Kingdom, Bedford	100.00	EUR	30,521	-14,345
Transflash McGregor (Ireland) Ltd.[5)]	Ireland, Dublin	100.00	EUR	717	0
Trucks and Child Safety Limited[5)]	United Kingdom, Bedford	100.00	EUR	42	0
UAB DHL Lietuva	Lithuania, Vilnius	100.00	EUR	6,496	50
UK Mail Group Limited	United Kingdom, Slough	100.00	EUR	26,542	0
UK Mail Limited	United Kingdom, Slough	100.00	EUR	65,551	1,381
Veron Grauer (France) SAS	France, Tremblay-en-France	100.00	EUR	799	691
Véron Grauer AG	Switzerland, Basel	100.00	EUR	1,151	1,223
Vetsch AG. Internationale Transporte[1)]	Switzerland, Buchs	100.00	EUR	493	226
Vetsch Internationale Transporte GmbH [1)]	Switzerland, Buchs	100.00	EUR	493	226

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Americas					
Advance Logistics Inc.	USA, Westerville	100.00	EUR	297	27
AEI Drawback Services Inc.	USA, Miami	100.00	EUR	5,899	1,861
Aero Express del Ecuador (TransAm) Ltda.	Ecuador, Guayaquil	100.00	EUR	709	37
Agencia de Aduanas DHL Express Colombia Ltda.	Colombia, Bogotá	100.00	EUR	1,252	-81
AGENCIA DE ADUANAS DHL GLOBAL FORWARDING (COLOMBIA) S.A. NIVEL 1	Colombia, Bogotá	100.00	EUR	2,237	357
Air Express International USA. Inc.[1)]	USA, Miami	100.00	EUR	-	-
Radix Group International. Inc.[1)]	USA, Miami	100.00	EUR	-241,423	-105,726
Circuit Logistics Inc.	Canada, Toronto	100.00	EUR	-39	41
Connect Logistics Services Inc.	Canada, Toronto	100.00	EUR	5,297	5,367
Danzas Corporation	USA, Miami	100.00	EUR	-36,392	5,724
DHL (Bahamas) Limited	Bahamas, Nassau	100.00	EUR	1,232	45
DHL (Barbados) Ltd.	Barbados, Christ Church	100.00	EUR	1,762	21
DHL (Bolivia) SRL	Bolivia, Santa Cruz de la Sierra	100.00	EUR	1,209	-323
DHL (BVI) Ltd.	British Virgin Islands , Tortola	100.00	EUR	269	-8
DHL (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	9,788	-3,103
DHL (Honduras) S.A. de C.V.	Honduras, San Pedro Sula	100.00	EUR	3,983	617
DHL (Jamaica) Ltd.	Jamaica, Kingston	100.00	EUR	424	259
DHL (Paraguay) S.R.L.	Paraguay, Asunción	100.00	EUR	2,615	30
DHL (Trinidad and Tobago) Limited	Trinidad and Tobago, Port of Spain	100.00	EUR	1,999	-680
DHL (Uruguay) S.R.L.	Uruguay, Montevideo	100.00	EUR	4,425	551
DHL Arwest (Guatemala) S.A.	Guatemala, Guatemala City	100.00	EUR	1,113	-307
DHL Arwest (Panama) S.A.	Panama, Panama City	100.00	EUR	-11,055	-164
DHL Aviation (Americas). Inc.	USA, Plantation	100.00	EUR	309,166	7,138
DHL Aviation SCR. S.A.	Costa Rica, San José	100.00	EUR	455	-102
DHL Corporate Services SC México	Mexico, Tepotzotlán	100.00	EUR	2,311	1,226
DHL Customer Solutions & Innovations (USA) Inc.	USA, Plantation	100.00	EUR	-256	765
DHL Customer Support (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	1,792	96
DHL Customs (Costa Rica) S.A.	Costa Rica, San José	100.00	EUR	-1,654	-160
DHL de Guatemala S.A.[7b)]	Guatemala, Guatemala City	100.00	EUR	3,008	362
DHL Dominicana SA	Dominican Republic, Santo Domingo	100.00	EUR	1,612	-86
DHL eCommerce (Chile) S.A.	Chile, Santiago de Chile	100.00	EUR	-1,521	-1,486
DHL Exel Supply Chain (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	7,302	-197
DHL Express (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	6,960	3,865
DHL Express (Brazil) Ltda.	Brazil, São Paulo	100.00	EUR	2,855	-557
DHL Express (Canada) Ltd.	Canada, Mississauga	100.00	EUR	-75,297	4,022
DHL Express (Chile) Ltda.	Chile, Santiago de Chile	100.00	EUR	11,399	162
DHL Express (Ecuador) S.A.	Ecuador, Quito	100.00	EUR	1,067	217
DHL Express (El Salvador) S.A. de C.V.	El Salvador, San Salvador	100.00	EUR	1,582	153
DHL Express (USA). Inc.	USA, Plantation	100.00	EUR	226,135	453,024
DHL Express Aduanas Peru S.A.C.	Peru, Callao	100.00	EUR	1,603	371
DHL Express Aduanas Venezuela C.A.	Venezuela, Caracas	100.00	EUR	119	128
DHL Express Colombia Ltda.	Colombia, Bogotá	100.00	EUR	17,696	229
DHL Express México. S.A. de C.V.	Mexico, Mexico City	100.00	EUR	39,677	25,022
DHL Express Peru S.A.C.	Peru, Callao	100.00	EUR	7,276	-470
DHL Fletes Aereos. C.A.	Venezuela, Caracas	100.00	EUR	1,101	835
DHL Freight USA Inc.	USA, Plantation	100.00	EUR	16,152	-6

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DHL Global Forwarding (Argentina) S.A.	Argentina, Buenos Aires	100.00	EUR	7,920	-2,338
DHL Global Forwarding (Brazil) Logistics Ltda.	Brazil, São Paulo	100.00	EUR	4,077	-3,884
DHL Global Forwarding (Canada) Inc.	Canada, Mississauga	100.00	EUR	35,892	-2,588
DHL Global Forwarding (Chile) S.A.	Chile, Santiago de Chile	100.00	EUR	21,756	801
DHL Global Forwarding (Colombia) S.A.S.	Colombia, Bogotá	100.00	EUR	10,719	-314
DHL Global Forwarding (Ecuador) S.A.	Ecuador, Quito	100.00	EUR	2,120	-1,698
DHL Global Forwarding (El Salvador) S.A.	El Salvador, San Salvador	100.00	EUR	2,374	-185
DHL Global Forwarding (Guatemala) S.A.[1)]	Guatemala, Guatemala City	100.00	EUR	-	-
DHL Global Forwarding (Guatemala) S.A.[1)]	Guatemala, Guatemala City	100.00	EUR	7,386	1,653
DHL Global Forwarding (Guatemala) S.A.[1)]	Guatemala, Guatemala City	100.00	EUR	-	-
Transportes Expresos Internacionales (Interexpreso) S.A.[1)]	Guatemala, Guatemala City	100.00	EUR	-	-
DHL Global Forwarding (Mexico) S.A. de C.V.	Mexico, Mexico City	100.00	EUR	20,868	10,607
DHL Global Forwarding (Nicaragua) S.A.	Nicaragua, Managua	100.00	EUR	-410	78
DHL Global Forwarding (Panama) S.A.[1)]	Panama, Panama City	100.00	EUR	-497	-492
DHL Global Forwarding (Panama) S.A.[1)]	Panama, Panama City	100.00	EUR	-	-
DHL Global Forwarding Aduanas Peru S.A.	Peru, Callao	100.00	EUR	1,940	436
DHL Global Forwarding Deposito Aduanero (Colombia) S.A.	Colombia, Bogotá	100.00	EUR	1,432	-20
DHL Global Forwarding Management Latin America Inc.	USA, Coral Gables	100.00	EUR	581	0
DHL Global Forwarding Peru S.A.[1)]	Peru, Lima	100.00	EUR	6,875	1,250
DHL Global Forwarding Venezuela. C.A.	Venezuela, Caracas	100.00	EUR	1,699	1,433
DHL Global Forwarding Zona Franca (Colombia) S.A.	Colombia, Bogotá	100.00	EUR	995	1,040
DHL Guadeloupe SAS	Guadeloupe, Baie Mahault	100.00	EUR	-546	35
DHL Holding Central America Inc.	Panama, Panama City	100.00	EUR	55,874	-283
DHL Information Services (Americas). Inc.	USA, Plantation	100.00	EUR	1,239	2,175
DHL International Antilles SARL	Martinique, Lamentin	100.00	EUR	549	2
DHL International Haiti SA	Haiti, Port-au-Prince	100.00	EUR	-158	-127
DHL Logistics (Brazil) Ltda.	Brazil, São Paulo	100.00	EUR	130,390	21,098
DHL Management Cenam S. A.	Costa Rica, Heredia	100.00	EUR	-4,620	-8,820
DHL Metropolitan Logistics SC Mexico S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	40,763	13,072
DHL Network Operations (USA). Inc.	USA, Plantation	100.00	EUR	90,324	10,337
DHL Nicaragua. S.A.	Nicaragua, Managua	100.00	EUR	345	29
DHL of Curacao N.V.	Curaçao, Curaçao	100.00	EUR	666	76
DHL Panama S.A.	Panama, Panama City	100.00	EUR	1,913	232
DHL Regional Services. Inc.	USA, Plantation	100.00	EUR	-24,201	-1,810
DHL S.A.	Guatemala, Guatemala City	100.00	EUR	918	-186
DHL Servicios. S.A. de C.V.	Mexico, Cuautitlán Izcalli	100.00	EUR	-26	-27
DHL Sint Maarten N.V.	Sint Maarten, Philipsburg	100.00	EUR	-779	-89
DHL Supply Chain (Chile) S.A.	Chile, Colina	100.00	EUR	3,591	-139
DHL Supply Chain Automotive Mexico S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	7,300	4,359
DHL Supply Chain Colombia S.A.S.	Colombia, Bogotá	100.00	EUR	1,103	-37
DHL Transportes (Brazil) Ltda.	Brazil, São Paulo	100.00	EUR	2,817	-85
DHL Zona Franca El Salvador S.A.	El Salvador, Antiguo Cuscatlan	100.00	EUR	547	-17

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Dimalsa Logistics Inc.	Puerto Rico, San Juan	100.00	EUR	2,430	859
DPWN Holdings (USA). Inc.	USA, Plantation	100.00	EUR	7,141,631	-50,978
EC Logistica S.A.	Argentina, Buenos Aires	51.00	EUR	80	59
EV Logistics	Canada, Vancouver	100.00	EUR	11,025	1,361
Exel Canada Ltd.	Canada, Toronto	100.00	EUR	1,469	6,391
Exel Freight Connect Inc.	USA, Wilmington	100.00	EUR	-2,697	-789
Exel Global Logistics Inc.	USA, Palm City	100.00	EUR	-2,073	-421
Exel Inc.	USA, Westerville	100.00	EUR	280,969	105,542
Exel Logistics Argentina S.A.	Argentina, Buenos Aires	100.00	EUR	212	-2
Exel Logistics do Nordeste Ltda.	Brazil, Camacari	100.00	EUR	2,280	2,504
Genesis Logistics Inc.	USA, Westerville	100.00	EUR	470	3,232
Giorgio Gori USA. Inc.	USA, Baltimore	100.00	EUR	9,791	3,585
Global Mail. Inc.	USA, Weston	100.00	EUR	200,837	15,975
Gori Argentina S.A.	Argentina, Mendoza	100.00	EUR	1,421	454
GORI CHILE S.A.	Chile, Santiago de Chile	100.00	EUR	3,480	1,002
Harmony Logistics Canada Inc.	Canada, Toronto	100.00	EUR	580	589
Heartland Logistics Inc.	USA, Westerville	100.00	EUR	2	35
Hyperion Inmobiliaria S.A. de C.V.	Mexico, Tepotzotlán	100.00	EUR	1,056	-504
Ibryl Inc.	Cayman Islands, George Town	100.00	EUR	325	0
International Transportation (USA) 1. Inc.	USA, Plantation	100.00	EUR	0	0
International Transportation (USA) 2. Inc.	USA, Plantation	100.00	EUR	0	0
International Transportation (USA) 3. Inc.	USA, Plantation	100.00	EUR	0	0
Marias Falls Insurance Co.. Ltd.	Bermuda, Hamilton	100.00	EUR	64,654	4,244
Matrix Logistics Services Ltd.	Canada, Toronto	100.00	EUR	-13,238	-2,054
Olimpo Holding Ltda.	Brazil, São Paulo	80.00	EUR	6,209	284
Polar Air Cargo Worldwide. Inc.[7c]	USA, Purchase	49.00	EUR	10,866	0
Polar Transportes Ltda	Brazil, São Paulo	80.00	EUR	3,152	1,997
Relay Logistics Inc.	Canada, Toronto	100.00	EUR	173	180
Rio Lopes Transportes Ltda	Brazil, São Paulo	80.00	EUR	2,589	325
Saturn Integrated Logistics Inc.	Canada, Toronto	100.00	EUR	412	422
Sky Courier. Inc.	USA, Sterling	100.00	EUR	1,753	1,853
Standard Forwarding LLC	USA, East Moline	100.00	EUR	795	-2,417
Tafinor S.A.[5]	Uruguay, Montevideo	100.00	EUR	4	0
TCL Supply Chain (Canada) Inc.	Canada, Toronto	100.00	EUR	659	674
Tibbett & Britten Group Canada Inc.	Canada, Toronto	100.00	EUR	22,105	8,975
Tibbett & Britten Group North America. LLC	USA, Westerville	100.00	EUR	75	7,042
Tracker Logistics Inc.	Canada, Toronto	100.00	EUR	121	120
Unidock's Assessoria e Logistica de Materiais Ltda.	Brazil, Barueri	100.00	EUR	7,640	2,384
Vensecar Internacional. C.A.	Venezuela, Maiquitia	48.55	EUR	22,915	-115
Vensecar International (Barbados) Inc.	Barbados, Belleville, St,Michael	49.00	EUR	19,288	188
Zenith Logistics Inc.	Canada, Toronto	100.00	EUR	730	270
Asia Pacific					
23i Private Limited	Singapore, Singapore	100.00	EUR	10,939	21
Asia Overnight (Thailand) Ltd.	Thailand, Bangkok	73.92	EUR	941	114
Blue Dart Aviation Ltd.[7c]	India, Mumbai	75.00	EUR	6,935	469
Blue Dart Express Limited	India, Mumbai	75.00	EUR	86,536	16,746
Danzas (China) Ltd.	China, Hong Kong	100.00	EUR	-16,183	-6,628
Danzas AEI (HK) Limited	China, Hong Kong	100.00	EUR	-49	0
Danzas AEI Logistics (Shanghai) Co. Ltd.	China, Shanghai	100.00	EUR	1,754	209
DANZASMAL Domestic Logistics Services Sdn. Bhd.[7b]	Malaysia, Kuala Lumpur	49.00	EUR	1,567	684

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Deutsche Post Global Mail (Australia) Pty Ltd.	Australia, Mascot	100.00	EUR	-2,404	-1,187
DHL (Chengdu) Service Ltd.	China, Chengdu	100.00	EUR	899	1
DHL Air Freight Forwarder Sdn. Bhd.[7c)]	Malaysia, Kuala Lumpur	49.00	EUR	1,147	134
DHL Asia Pacific Shared Services Sdn. Bhd.	Malaysia, Kuala Lumpur	100.00	EUR	1,798	573
DHL Aviation (Hong Kong) Ltd.	China, Hong Kong	99.85	EUR	25,405	1,007
DHL Aviation Services (Shanghai) Co. Ltd.	China, Shanghai	99.85	EUR	39,268	1,290
DHL Distribution (Thailand) Limited	Thailand, Nonthaburi	81.02	EUR	71,901	12,236
DHL eCommerce (Hong Kong) Limited	China, Hong Kong	100.00	EUR	6,715	2,910
DHL eCommerce (India) LLP	India, Mumbai	100.00	EUR	-1,969	-2,171
DHL eCommerce (Japan) K.K.	Japan, Tokyo	100.00	EUR	-1,813	-942
DHL eCommerce (Malaysia) Sdn. Bhd.	Malaysia, Puchong	100.00	EUR	-112	-2,364
DHL eCommerce (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	-27,665	-11,127
DHL Exel Logistics (Malaysia) Sdh. Bhd.[7c)]	Malaysia, Petaling Jaya	49.00	EUR	2,448	283
DHL Express (Australia) Pty Ltd.	Australia, Sydney	100.00	EUR	24,434	6,837
DHL Express (Brunei) Sdn. Bhd.	Brunei Darussalam, Bandar Seri Begawan	90.00	EUR	798	7
DHL Express (Cambodia) Ltd.	Cambodia, Phnom Penh	100.00	EUR	3,517	1,803
DHL Express (Fiji) Ltd.	Fiji, Suva	100.00	EUR	968	48
DHL Express (Hong Kong) Limited	China, Hong Kong	100.00	EUR	21,377	-302,586
DHL Express (India) Pvt. Ltd.	India, Mumbai	100.00	EUR	86,018	15,446
DHL Express (Macau) Ltd.	Macau, Macau	100.00	EUR	275	113
DHL Express (Malaysia) Sdn. Bhd.	Malaysia, Kuala Lumpur	70.00	EUR	5,343	2,020
DHL Express (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	7,543	1,565
DHL Express (Papua New Guinea) Ltd.	Papua New Guinea, Port Moresby	100.00	EUR	312	-63
DHL Express (Philippines) Corp.	Philippines, Makati City	100.00	EUR	18,050	4,446
DHL Express (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	170,140	6,700
DHL Express (Taiwan) Corp.	Taiwan, Taipei	100.00	EUR	21,452	10,701
DHL Express (Thailand) Limited[7c)]	Thailand, Samutprakarn	73.99	EUR	4,693	-170
DHL Express International (Thailand) Ltd.	Thailand, Bangkok	73.99	EUR	14,607	1,843
DHL Express Laos Sole Company Limited	Laos, Vientiane	100.00	EUR	2,849	305
DHL Express Lda	East Timor, Dili	100.00	EUR	450	2
DHL Express Nepal Pvt. Ltd.	Nepal, Kathmandu	100.00	EUR	4,671	538
DHL Global Forwarding (Australia) Pty Ltd.	Australia, Tullamarine	100.00	EUR	23,427	17,090
DHL Global Forwarding (Bangladesh) Limited	Bangladesh, Dhaka	100.00	EUR	2,649	500
DHL Global Forwarding (China) Co. Ltd.	China, Shanghai	100.00	EUR	108,445	18,468
DHL Global Forwarding (Fiji) Limited	Fiji, Lautoka	100.00	EUR	1,386	44
DHL Global Forwarding (Hong Kong) Limited	China, Hong Kong	100.00	EUR	47,460	37,615
DHL Global Forwarding (Korea) Ltd.	South Korea, Seoul	100.00	EUR	7,446	3,792
DHL Global Forwarding (Malaysia) Sdn. Bhd.	Malaysia, Kuala Lumpur	100.00	EUR	12,422	2,260
DHL Global Forwarding (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	6,470	-1,292
DHL Global Forwarding (Philippines) Inc.	Philippines, Manila	100.00	EUR	2,867	198
DHL Global Forwarding (PNG) Limited	Papua New Guinea, Port Moresby	74.00	EUR	911	384
DHL Global Forwarding (Singapore) Pte. Ltd.	Singapore, Singapore	100.00	EUR	112,569	21,949
DHL Global Forwarding (Singapore) Pte. Ltd.. Taiwan Branch	Taiwan, Taipei	100.00	EUR	5,796	6,655
DHL Global Forwarding (Thailand) Limited	Thailand, Bangkok	73.99	EUR	8,048	1,719

Affiliated Companies included in the Consolidated Financial Statements

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
DHL Global Forwarding (Vietnam) Corporation[7a)]	Vietnam, Ho Chi Minh City	49.00	EUR	8,099	7,385
DHL Global Forwarding Caledonie	New Caledonia, Noumea	100.00	EUR	3,141	269
DHL Global Forwarding Japan K.K.	Japan, Tokyo	100.00	EUR	8,393	4,406
DHL Global Forwarding Lanka (Private) Limited	Sri Lanka, Colombo	70.00	EUR	-531	-456
DHL Global Forwarding Management (Asia Pacific) Pte. Ltd.	Singapore, Singapore	100.00	EUR	275,249	17,929
DHL Global Forwarding Myanmar Limited	Myanmar, Yagon	100.00	EUR	306	100
DHL Global Forwarding Pakistan (Private) Limited	Pakistan, Karachi	100.00	EUR	4,732	-819
DHL Global Forwarding Polynesie S.A.R.L.	French Polynesia, Faaa	100.00	EUR	4,200	465
DHL Holdings (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	26,623	356
DHL Incheon Hub Ltd.	South Korea, Incheon	100.00	EUR	7,324	1,225
DHL Information Services (Asia-Pacific) Sdn. Bhd.	Malaysia, Puchong	100.00	EUR	18,673	7,322
DHL International Kazakhstan. TOO	Kazakhstan, Almaty	100.00	EUR	1,378	307
DHL ISC (Hong Kong) Limited	China, Hong Kong	100.00	EUR	14,880	1,057
DHL Japan Inc.	Japan, Tokyo	100.00	EUR	38,269	8,652
DHL Keells (Private) Limited[7c)]	Sri Lanka, Colombo	50.00	EUR	4,438	2,336
DHL Korea Limited	South Korea, Seoul	100.00	EUR	39,663	4,345
DHL Logistics (Beijing) Co. Ltd.	China, Beijing	100.00	EUR	15,641	8,940
DHL Logistics (Cambodia) Ltd.	Cambodia, Phnom Penh	100.00	EUR	2,655	226
DHL Logistics (China) Co. Ltd.	China, Beijing	100.00	EUR	57,193	845
DHL Logistics (Kazakhstan) TOO	Kazakhstan, Aksai	100.00	EUR	-1,881	-635
DHL Logistics (Nanjing) Co. Ltd	China, Nanjing	100.00	EUR	2,084	-32
DHL Logistics (Shenzhen) Co. Ltd.	China, Shenzhen	100.00	EUR	4,353	-412
DHL Logistics (Zhuhai) Co. Ltd	China, Zhuhai	100.00	EUR	0	0
DHL Logistics Private Limited	India, Mumbai	100.00	EUR	81,386	4,821
DHL Pakistan (Private) Limited	Pakistan, Karachi	100.00	EUR	3,113	583
DHL Project & Chartering Limited	China, Hong Kong	100.00	EUR	2,843	2,424
DHL Properties (Malaysia) Sdn. Bhd.	Malaysia, Shah Alam	69.98	EUR	3,657	181
DHL SCM K.K.	Japan, Saitama	100.00	EUR	37	-217
DHL Sinotrans Bonded Warehouse (Beijing) Co.. Ltd.	China, Beijing	50.00	EUR	7,693	3,382
DHL Sinotrans International Air Courier Ltd.[7c)]	China, Beijing	50.00	EUR	309,680	234,887
DHL Supply Chain (Australia) Pty Limited	Australia, Mascot	100.00	EUR	37,916	14,218
DHL Supply Chain (Hong Kong) Limited	China, Hong Kong	100.00	EUR	75,846	11,034
DHL Supply Chain (Korea) Ltd.	South Korea, Seoul	100.00	EUR	-1,769	-111
DHL Supply Chain (Malaysia) Sdn. Bhd.	Malaysia, Petaling Jaya	100.00	EUR	5,322	315
DHL Supply Chain (New Zealand) Limited	New Zealand, Auckland	100.00	EUR	36,603	3,225
DHL Supply Chain (Taiwan) Co. Ltd.	Taiwan, Taipei	100.00	EUR	5,870	2,249
DHL Supply Chain (Thailand) Limited	Thailand, Bangkok	73.99	EUR	24,244	3,718
DHL Supply Chain (Vietnam) Limited	Vietnam, Ho Chi Minh City	100.00	EUR	5,178	597
DHL Supply Chain (Vietnam) Transportation JSC	Vietnam, Ho Chi Minh City	51.00	EUR	-1,031	160
DHL Supply Chain India Private Limited	India, Mumbai	100.00	EUR	45,007	10,504
DHL Supply Chain K.K.	Japan, Tokyo	100.00	EUR	9,630	5,289
DHL Supply Chain Management Phils., Inc.	Philippines, Manila	100.00	EUR	526	61

Reported IFRS data

1) Only subgroup data available 2) Numbers from 2015 3) Numbers from 2014 4) Data not available 5) Dormant 6) Numbers after profit transfer 7a) Inclusion due to majority of voting rights 7b) Inclusion based on company's contractual agreements 7c) Inclusion based on other contractual arrangements 8) In liquidation 9) Local GAAP 10) Voting rights 11) Numbers from 2013 12) Numbers from 2012 13) Not included, because they do not have significant influence on the Group's net assets, financial position and results of operations 14) Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP 15) Numbers from 2017

Affiliated Companies included in the Consolidated Financial Statements

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DHL Supply Chain Myanmar Ltd.	Myanmar, Yangon	100.00	EUR	168	-112
DHL Supply Chain Phils., Inc.	Philippines, Manila	100.00	EUR	4,236	1,630
DHL Supply Chain Singapore Pte. Ltd.	Singapore, Singapore	100.00	EUR	32,515	3,715
DHL Worldwide Express (Bangladesh) Private Limited	Bangladesh, Dhaka	90.00	EUR	12,510	2,878
DHL-VNPT Express Ltd.	Vietnam, Ho Chi Minh City	51.00	EUR	6,410	761
Dongguan DHL Supply Chain Co., Ltd.	China, Dongguan	100.00	EUR	4,855	3,219
Dun Ho Logistics Zhuhai (Hong Kong) Limited	China, Hongkong	100.00	EUR	0	0
Exel Consolidation Services Limited	China, Hong Kong	100.00	EUR	2,442	-5
Exel Logistics (China) Co. Ltd	China, Shanghai	100.00	EUR	-5,922	2,138
Exel Logistics Services Lanka (Private) Ltd.	Sri Lanka, Colombo	100.00	EUR	2,641	276
Gori Australia Pty Ltd.	Australia, Brighton-Le-Sands	100.00	EUR	5,885	1,665
MSAS Global Logistics (Far East) Limited	China, Hong Kong	100.00	EUR	1,134	-3
PT. Birotika Semesta[7c)]	Indonesia, Jakarta	0.00	EUR	15,054	4,427
PT. DANZAS SARANA PERKASA	Indonesia, Jakarta	100.00	EUR	923	-60
PT. DHL Global Forwarding Indonesia	Indonesia, Jakarta	100.00	EUR	18,468	2,216
PT. DHL Supply Chain Indonesia	Indonesia, Jakarta	90.34	EUR	5,996	3,190
Shanghai Danzas Freight Agency Co. Ltd.	China, Shanghai	100.00	EUR	3,495	-273
Skyline Air Logistics Ltd.	India, Mumbai	99.99	EUR	2,354	84
StarBroker (Hong Kong) Limited	China, Hong Kong	100.00	EUR	32	-3
Trade Clippers Cargo Limited	Bangladesh, Dhaka	100.00	EUR	289	1
Watthanothai Company Ltd.[7a)]	Thailand, Bangkok	49.00	EUR	441	3,409
Other regions					
Air & Ocean General transport. forwarding (shipping). Customs Clearance & Maritime services	Iraq, Baghdad	100.00	EUR	7,666	1,112
Al Dura Al Hamra for General Transport LLC	Iraq, Baghdad	100.00	EUR	36	0
Danzas Bahrain WLL[7b)]	Bahrain, Manama	40.00	EUR	3,936	1,851
DGF Cameroon PLC	Cameroon, Douala	65.00	EUR	987	-121
DHL (Israel) Ltd.	Israel, Tel Aviv	100.00	EUR	13,629	1,195
DHL (Mauritius) Ltd.	Mauritius, Port Louis	100.00	EUR	1,442	1,446
DHL (Namibia) (Pty) Ltd.	Namibia, Windhoek	100.00	EUR	1,032	-12
DHL (Tanzania) Ltd.	Tanzania, Dar es Salaam	100.00	EUR	-267	50
DHL Aviation (Maroc) SA	Morocco, Casablanca	100.00	EUR	4,339	47
DHL Aviation (Nigeria) Ltd.	Nigeria, Lagos	100.00	EUR	-87	23
DHL Aviation (Pty) Limited	South Africa, Johannesburg	100.00	EUR	5,860	394
DHL Aviation EEMEA B.S.C.(c)	Bahrain, Manama	100.00	EUR	855	384,052
DHL Aviation Kenya Ltd.	Kenya, Nairobi	100.00	EUR	15	-2
DHL Egypt WLL	Egypt, Cairo	100.00	EUR	2,714	1,349
DHL Express (Rwanda) Limited	Rwanda, Kigali	100.00	EUR	392	18
DHL Express Maroc S.A.	Morocco, Casablanca	100.00	EUR	3,023	1,042
DHL Food Logistics Egypt Ltd.	Egypt, Alexandria	97.2	EUR	687	84
DHL Freight Tasimacilik ve Lojistik Hizmetleri A.S.	Turkey, Istanbul	100.00	EUR	621	-503
DHL Ghana Limited	Ghana, Accra	100.00	EUR	1,073	0
DHL Global Forwarding & Co. LLC[7c)]	Oman, Muscat	40.00	EUR	7,767	2,405
DHL Global Forwarding (Angola) – Comércio e Transitários. Limitada	Angola, Luanda	100.00	EUR	-69,913	-468
DHL Global Forwarding (Congo) SA	Republic of the Congo, Pointe-Noire	100.00	EUR	-4,208	-1,005

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DHL Global Forwarding (Gabon) SA	Gabon, Libreville	99.00	EUR	-1,629	-1,264
DHL Global Forwarding (JSC) - Libya for delivery of goods services[7a)]	Libya, Tripoli	49.00	EUR	835	123
DHL Global Forwarding (Kenya) Limited	Kenya, Nairobi	100.00	EUR	-73	460
DHL Global Forwarding (Kuwait) Company WLL[7b)]	Kuwait, Safat	49.00	EUR	4,777	2,059
DHL Global Forwarding (Senegal) S.A.	Senegal, Dakar	100.00	EUR	-1,056	99
DHL Global Forwarding (Uganda) Limited	Uganda, Kampala	100.00	EUR	290	-91
DHL Global Forwarding Abu Dhabi LLC[7b)]	United Arab Emirates (UAE), Abu Dhabi	49.00	EUR	20,646	1,818
DHL Global Forwarding Azerbaijan LLC	Azerbaijan, Baku	100.00	EUR	-506	-525
DHL GLOBAL FORWARDING COTE D'IVOIRE SA	Ivory Coast, Abidjan	100.00	EUR	1,331	-6,056
DHL Global Forwarding Egypt S.A.E.	Egypt, Cairo	100.00	EUR	6,092	1,666
DHL Global Forwarding Lebanon S.A.L.[7c)]	Lebanon, Beirut	50.00	EUR	1,425	1,037
DHL Global Forwarding Nigeria Limited	Nigeria, Lagos	100.00	EUR	-422	-1,075
DHL Global Forwarding Qatar LLC[7b)]	Qatar, Doha	49.00	EUR	4,816	1,581
DHL Global Forwarding SA (Pty) Limited	South Africa, Boksburg	100.00	EUR	31,159	6,483
DHL Global Forwarding Tasimacilik A. S.	Turkey, Istanbul	100.00	EUR	13,287	-365
DHL Guinea Ecuatorial. S.L.	Republic of Equatorial Guinea, Malabo	100.00	EUR	-1,505	-1,529
DHL International (Algerie) SARL	Algeria, Algiers	100.00	EUR	1,699	39
DHL International (Angola) – Transportadores Rápidos Limitada	Angola, Luanda	100.00	EUR	1,150	267
DHL International (Bahrain) WLL[7c)]	Bahrain, Manama	49.00	EUR	55	0
DHL International (Congo) SARL	Democratic Republic of the Congo, Kinshasa	100.00	EUR	-13,035	-5,932
DHL International (Gambia) Ltd.	Gambia, Kanifing	100.00	EUR	-140	-149
DHL International (Liberia) Ltd.	Liberia, Monrovia	100.00	EUR	-288	121
DHL International (Pty) Ltd.	South Africa, Isando	74.99	EUR	13,383	2,260
DHL International (Pvt) Ltd.	Zimbabwe, Harare	100.00	EUR	2,557	480
DHL International (SL) Ltd.	Sierra Leone, Freetown	100.00	EUR	-157	-154
DHL International (Uganda) Ltd.	Uganda, Kampala	100.00	EUR	772	89
DHL International B.S.C.(c)	Bahrain, Manama	100.00	EUR	430	18,869
DHL International Benin SARL	Benin, Cotonou	100.00	EUR	881	7
DHL International Botswana (Pty) Ltd.	Botswana, Gaborone	100.00	EUR	440	126
DHL International Burkina Faso SARL	Burkina Faso, Ouagadougou	100.00	EUR	-1,149	-1,247
DHL International Cameroon SARL	Cameroon, Douala	100.00	EUR	-473	371
DHL International Centrafrique SARL	Central African Republic, Bangui	100.00	EUR	63	15
DHL International Congo SARL	Republic of the Congo, Brazzaville	100.00	EUR	-4,941	-829
DHL International Cote D'Ivoire SARL	Ivory Coast, Abidjan	100.00	EUR	1,143	534
DHL International Gabon SA	Gabon, Libreville	100.00	EUR	-323	-61
DHL International Guinee SARL	Guinea, Conakry	100.00	EUR	735	27
DHL International Iran PJSC	Iran, Tehran	100.00	EUR	2,917	946
DHL International Madagascar SA	Madagascar, Antananarivo	100.00	EUR	635	-309
DHL International Malawi Ltd.	Malawi, Blantyre	100.00	EUR	-188	-9
DHL International Mali SARL	Mali, Bamako	100.00	EUR	847	155
DHL International Mauritanie SARL	Mauretania, Nouakchott	100.00	EUR	577	-340
DHL International Niger SARL	Niger, Niamey	100.00	EUR	959	271
DHL International Nigeria Ltd.	Nigeria, Lagos	100.00	EUR	2,563	681
DHL International Reunion SARL	Réunion, Sainte Marie	100.00	EUR	650	314
DHL International Tchad SARL	Chad, Ndjamena	100.00	EUR	-234	-67
DHL International Togo SARL	Togo, Lomé	100.00	EUR	33	46

Reported IFRS data

[1)] Only subgroup data available [2)] Numbers from 2015 [3)] Numbers from 2014 [4)] Data not available [5)] Dormant [6)] Numbers after profit transfer [7a)] Inclusion due to majority of voting rights [7b)] Inclusion based on company's contractual agreements [7c)] Inclusion based on other contractual arrangements [8)] In liquidation [9)] Local GAAP [10)] Voting rights [11)] Numbers from 2013 [12)] Numbers from 2012 [13)] Not included, because they do not have significant influence on the Group's net assets, financial position and results of operations
[14)] Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP [15)] Numbers from 2017

Affiliated Companies included in the Consolidated Financial Statements

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
DHL International Transportation Co WLL[7c)]	Kuwait, Safat	0.00	EUR	616	0
DHL International Zambia Limited	Zambia, Lusaka	100.00	EUR	-3,134	-579
DHL Lesotho (Proprietary) Ltd.	Lesotho, Maseru	100.00	EUR	200	-74
DHL Logistics Ghana Ltd.	Ghana, Tema	100.00	EUR	-2,826	-1,386
DHL Logistics Kenya Limited	Kenya, Nairobi	100.00	EUR	-116	-283
DHL Logistics Middle East DWC-LLC	United Arab Emirates (UAE), Dubai	100.00	EUR	15,065	5,884
DHL Logistics Morocco S.A.	Morocco, Casablanca	100.00	EUR	-327	-68
DHL Logistics Tanzania Limited	Tanzania, Dar es Salaam	100.00	EUR	-817	-1,250
DHL Lojistik Hizmetleri A.S.	Turkey, Istanbul	100.00	EUR	12,162	-2,567
DHL Mocambique Lda.	Mozambique, Maputo	100.00	EUR	-376	-153
DHL Operations BV Jordan Services with Limited Liability	Jordan, Amman	100.00	EUR	435	141
DHL Qatar Limited[7b)]	Qatar, Doha	49.00	EUR	-525	-6
DHL Regional Services Limited	Nigeria, Lagos	100.00	EUR	53	0
DHL Regional Services Ltd.	Mauritius, Port Louis	100.00	EUR	-12	0
DHL Senegal SARL	Senegal, Dakar	100.00	EUR	2,086	1,282
DHL Supply Chain (South Africa) (Pty) Ltd.	South Africa, Germiston	100.00	EUR	15,629	-5,941
DHL Supply Chain Kenya Limited	Kenya, Nairobi	100.00	EUR	4,769	1,748
DHL Supply Chain Tanzania Limited	Tanzania, Dar es Salaam	100.00	EUR	830	613
DHL Swaziland (Proprietary) Ltd.	Swaziland, Mbabane	100.00	EUR	352	-21
DHL Worldwide Express & Company LLC	Oman, Ruwi	70.00	EUR	1,596	182
DHL Worldwide Express (Abu Dhabi) LLC[7b)]	United Arab Emirates (UAE), Abu Dhabi	49.00	EUR	186	0
DHL Worldwide Express (Dubai) LLC[7b)]	United Arab Emirates (UAE), Dubai	49.00	EUR	91	-10
DHL Worldwide Express (Sharjah) LLC[5), 7b]	United Arab Emirates (UAE), Sharjah	49.00	EUR	113	0
DHL Worldwide Express Cargo LLC[5), 7b)]	United Arab Emirates (UAE), Dubai	49.00	EUR	68	0
DHL Worldwide Express Ethiopia Private Limited Company	Ethiopia, Addis Ababa	99.85	EUR	2,723	831
DHL Worldwide Express Kenya Limited	Kenya, Nairobi	51.00	EUR	-320	-399
DHL Worldwide Express Tasimacilik ve Ticaret A.S.	Turkey, Istanbul	100.00	EUR	20,909	4,606
Document Handling (East Africa) Ltd.	Kenya, Nairobi	51.00	EUR	55	0
Exel Contract Logistics (Nigeria) Limited	Nigeria, Lagos	100.00	EUR	2,382	0
Exel Saudia LLC[7a)]	Saudi Arabia, Al Khobar	50.00	EUR	17,412	8,148
F.C. (Flying Cargo) International Transportation Ltd.	Israel, Tel Aviv	100.00	EUR	95,548	10,427
Giorgio Gori International Freight Forwards (Pty) Ltd.	South Africa, Ferndale	100.00	EUR	263	84
Hull. Blyth (Angola) Ltd. (Angolan branch)	Angola, Luanda	100.00	EUR	-121	-5,019
Sherkate Haml-oNaghl Sarie DHL Kish	Iran, Tehran	100.00	EUR	0	0
SNAS Lebanon SARL	Lebanon, Beirut	90.00	EUR	-3,622	-97
SNAS Trading and Contracting[7c)]	Saudi Arabia, Riyadh	0.00	EUR	10	-28
SSA Regional Services (Pty) Ltd.	South Africa, Johannesburg	100.00	EUR	926	251
Trans Care Fashion SARL (Morocco)[5)]	Morocco, Casablanca	100.00	EUR	-306	0
Ukhozi Logistics (Pty) Ltd.	South Africa, Boksburg	100.00	EUR	-37	-44

Affiliated Companies not included in the Consolidated Financial Statements[13)]

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Europe					
ASG Leasing Handelsbolag[2), 5), 9)]	Sweden, Stockholm	100.00	SEK	5	-
Beteiligungsgesellschaft Privatstraße GVZ Eifeltor GBR[4), 14)]	Germany, Grafschaft-Holzweiler	53.54	EUR	-	-
Business Mail Limited[5), 9)]	United Kingdom, Slough	100.00	GBP	0	-
Business Post Europe Limited[5), 9)]	United Kingdom, Slough	100.00	GBP	0	-
Business Post Group Limited[5), 9)]	United Kingdom, Slough	100.00	GBP	4	-
Business Post Limited[5), 9)]	United Kingdom, Slough	100.00	GBP	0	-
Compass Point (St Ives) Management Company Limited[9), 12)]	United Kingdom, Bracknell	100.00	GBP	-4	-6
DEGEMOLTO Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG[2), 9)]	Germany, Eschborn	100.00	EUR	51	278
Deutsche Post Altersvorsorge Sicherung e.V. & Co. Objekt Gronau KG[9), 12)]	Germany, Bonn	94.48	EUR	-64,328	-710
Deutsche Post gemeinnützige Gesellschaft für sichere und vertrauliche Kommunikation im Internet mbH[2), 9)]	Germany, Bonn	100.00	EUR	25	0
Deutsche Post Grundstücks-Vermietungsgesellschaft beta mbH & Co. Objekt Leipzig KG[9), 12)]	Germany, Bonn	94.48	EUR	-22,254	-4,325
Deutsche Post Grundstücks-Vermietungsgesellschaft beta mbH[6), 9), 12)]	Germany, Bonn	100.00	EUR	17	0
Deutsche Post Pensionsfonds AG[9), 12)]	Germany, Bonn	99.98	EUR	3,284	56
Deutsche Post Pensions-Treuhand GmbH & Co. KG[9), 12)]	Germany, Bonn	99.98	EUR	17	0
DHL Pensions Investment Fund Limited[5), 9), 12)]	United Kingdom, Bedford	100.00	GBP	0	0
DHL Trustees Limited[5), 9), 12)]	United Kingdom, Bedford	74.00	GBP	0	0
DSC Healthcare Trustees Limited[9),12)]	United Kingdom, Bracknell	100.00	GBP	0	0
Exel Secretarial Services Limited[5), 9), 12)]	United Kingdom, Bracknell	100.00	GBP	0	0
Fashionflow Limited[5), 9), 12)]	United Kingdom, Bracknell	100.00	GBP	0	0
forum gelb GmbH[6), 9)]	Germany, Bonn	100.00	EUR	25	0
Higgs Air Espana S.A[8)]	Spain, Barcelona	100.00	EUR	-	-
Rosier Distribution Limited[4), 5)]	United Kingdom, Hounslow	100.00	GBP	-	-
Siegfried Vögele Institut (SVI) - Internationale Gesellschaft für Dialogmarketing mbH[2), 6), 9)]	Germany, Königstein	100.00	EUR	50	0
StreetScooter Schweiz AG[9), 12)]	Switzerland, Oensingen	100.00	CHF	111	35
Tankfreight (Ireland) Ltd[3), 8)]	Ireland, Dublin	100.00	EUR	0	0
Tankfreight Limited[5), 9), 12)]	United Kingdom, Bracknell	100.00	GBP	1	0
Tibbett & Britten Applied Limited[9), 12)]	United Kingdom, Bracknell	100.00	GBP	-1	-29
Tibbett & Britten Dairy Logistics Sp. z o.o.[3) 5), 8)]	Poland, Warsaw	100.00	PLN	50	-
UK Mail Express Parcels and Mail Limited[5), 9)]	United Kingdom, Slough	100.00	GBP	0	-
UK Pallets Limited[4), 8)]	United Kingdom, Slough	100.00	GBP	-	-
UK Today Couriers Limited[5), 9)]	United Kingdom, Slough	100.00	GBP	0	-
UNITRANS Deutschland Gesellschaft für Terminverkehre mbH[9), 12)]	Germany, Düsseldorf	65.38	EUR	313	13
Web-Despatch.com Limited[5), 9)]	United Kingdom, Slough	100.00	GBP	0	-
Americas					
Deutsche Post World Net USA Inc.[5), 12)]	USA, Washington	100.00	USD	0	0
DHL Express (Belize) Limited[5)]	Belize, Belize City	100.00	EUR	-	-

Reported IFRS data
1) Only subgroup data available 2) Numbers from 2015 3) Numbers from 2014 4) Data not available 5) Dormant 6) Numbers after profit transfer 7a) Inclusion due to majority of voting rights 7b) Inclusion based on company's contractual agreements 7c) Inclusion based on other contractual arrangements 8) In liquidation 9) Local GAAP 10) Voting rights 11) Numbers from 2013 12) Numbers from 2012 13) Not included, because they do not have significant influence on the Group's net assets, financial position and results of operations
14) Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP 15) Numbers from 2017

Affiliated Companies not included in the Consolidated Financial Statements[13]

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
DHL International (Antigua) Ltd.[4,5]	Antigua and Barbuda, St. Johns	100.00	USD	-	-
Hyperion Properties Inc.[5,12]	USA, Westerville	100.00	USD	0	0
Inversiones 3340. C.A.[9,11]	Venezuela, Caracas	49.00	VEF	47	-
Power Packaging. Inc.[5,12]	USA, Westerville	100.00	USD	0	0
Safe Way Argentina S.A.[5]	Argentina, Buenos Aires	100.00	ARS	-	-
Skyhawk Transport Ltd.[2,9]	Canada, Mississauga	100.00	CAD	0	0
Asia Pacific					
Concorde Air Logistics Ltd.[9,15]	India, Mumbai	74.66	INR	49,476	7,410
DHL Aviation (Philippines). Inc.[8,15]	Philippines, Makati City	100.00	PHP	0	0
DHL Customs Brokerage Corp.[4,8]	Philippines, Pasay City	100.00	PHP	-	-
DHL Danzas Air & Ocean (Cambodia) Ltd.[8,15]	Cambodia, Phnom Penh	73.99	USD	0	0
DHL Express LLP[9,11]	Kazakhstan, Almaty	100.00	KZT	2,000	0
Exel Logistics Delbros Philippines Inc.[4,5,8]	Philippines, Manila	60.00	PHP	-	-
EZYHAUL PTE. LTD.[4]	Singapore, Singapore	29.17	SGD	-	-
Ezyhaul Sdn. Bhd.[4]	Malaysia, Petaling Jaya	29.17	MYR	-	-
PT. Cargotama Multi Servisindo[8,15]	Indonesia, Jakarta	100.00	IDR	0	0
DANZAS AEI (Private) Ltd.[4,5]	Zimbabwe, Harare	100.00	USD	-	-
Danzas AEI Intercontinental LTD[4,8]	Malawi, Blantyre	100.00	MWK	-	-
DHL Air Freight Forwarder (Egypt) WLL[4,8]	Egypt, Cairo	99.90	EGP	-	-
DHL Danzas Air & Ocean (Kenya) Ltd.[4,8]	Kenya, Nairobi	100.00	KES	-	-
DHL Global Forwarding DR Congo SARL[3,8]	Democratic Republic of the Congo, Kinshasa	100.00	EUR	-1,624	-3,380
DHL Logistics Middle East FZE[5,11]	United Arab Emirates (UAE), Dubai	100.00	EUR	668	301
DHL Oil + Gas (Angola) Ltda.[5]	Angola, Luanda	49.00	AOA	500	-
Elder Dempster Ltda.[4,5]	Angola, Luanda	100.00	USD	-	-
Exel Contract Logistics (SA) (Pty) Ltd.[4,5]	South Africa, Elandsfontein	100.00	ZAR	-	-
Tibbett & Britten Egypt Ltd.[8]	Egypt, Cairo	50.00	EGP	-	-
Exel Contract Logistics (SA) (Pty) Ltd.[4,5]	South Africa, Elandsfontein	100.00	ZAR	-	-
Tibbett & Britten Egypt Ltd.[8]	Egypt, Cairo	50.00	EGP	-	-

Joint Operations (Quota Consolidation)

Name	Country. Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Europe					
Aerologic GmbH	Germany, Leipzig	50.00	EUR	33,036	5,170

Joint Ventures (at Equity Consolidation)

Name	Country. Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Europe					
Danzas DV, LLC[8]	Russia, Yuzhno-Sakhalinsk	50.00	RUB	-12,678	-
Health Solutions Team Limited[15]	United Kingdom, Bracknell	50.00	GBP	200	0
Asia Pacific					
Yamato Dialog & Media Co. Ltd.[9], [15]	Japan, Tokio	49.00	JPY	830,334	440,413

Associated Companies (Accounting treatment in the Consolidated Financial Statements following the Equity Method)

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Europe					
Cargo Center Sweden AB[1], [9], [12]	Sweden, Stockholm	50.00	SEK	20,630	-4,508
Relais Colis SAS[9], [12]	France, Creteil	33.80	EUR	22,496	1,576
Americas					
DHL Aero Expreso S.A.	Panama, Panama City	49.80	EUR	29,671	732
Integracion Aduanera S. A.[5], [11]	Costa Rica, San José	51.00	CRC	325,953	-
Asia Pacific					
AHK Air Hong Kong Limited[1], [9], [12]	China, Hong Kong	40.00	HKD	398,131	752,778
Danzas Intercontinental, Inc. (Philippines)[8]	Philippines, Manila	39.98	PHP	-3,367	-
Myanmar DHL Limited[2], [9]	Myanmar, Rangoon	49.00	USD	4,125	1,323
Tasman Cargo Airlines Pty. Limited[9], [12]	Australia, Mascot	48.98	AUD	8,876	572
Other Regions					
Bahwan Exel LLC [15]	Oman, Muscat	44.10	OMR	-	1,586
Danzas AEI Emirates LLC [15]	United Arab Emirates (UAE), Dubai	40.00	AED	229,024	66,711
Global-E Online Ltd.[15]	Israel, Kiryat Ono	22.56	USD	-	-13,098

Reported IFRS data
[1] Only subgroup data available [2] Numbers from 2015 [3] Numbers from 2014 [4] Data not available [5] Dormant [6] Numbers after profit transfer [7a] Inclusion due to majority of voting rights [7b] Inclusion based on company's contractual agreements [7c] Inclusion based on other contractual arrangements [8] In liquidation [9] Local GAAP [10] Voting rights [11] Numbers from 2013 [12] Numbers from 2012 [13] Not included, because they do not have significant influence on the Group's net assets, financial position and results of operations
[14] Partner with unlimited liability is Deutsche Post AG or other consolidated subsidiary, acc. § 313 (2) Nr.6 local GAAP [15] Numbers from 2017

Non-consolidated Joint Ventures[13)]

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Asia Pacific					
Wuhan Jinyu DHL Supply Chain Management Co., Ltd.[4)]	China, Wuhan	40.00	CNY	-	-

Non-consolidated associated companies[13)]

Name	Country, Headquarters	Group equity share %	Currency	Equity in thousands	Net income in thousands
Europe					
Airmail Center Frankfurt GmbH[9), 12)]	Germany, Frankfurt/Main	20.00	EUR	4,763	1,313
Compador Dienstleistungs GmbH[9), 12)]	Germany, Berlin	26.00	EUR	0	1,232
Diorit Grundstücksverwaltungsgesell-schaft mbH & Co. Vermietungs KG[2), 9),10)]	Germany, Mainz	49.00	EUR	0	23
European EPC Competence Center GmbH[2), 9)]	Germany, Cologne	30.00	EUR	572	75
Expo-Dan[4), 5)]	Ukraine, Kiev	50.00	UAH	-	-
Gardermoen Perishable Center AS[2), 9)]	Norway, Gardermoen	33.33	NOK	8,057	1,597
Jurte Grundstücksverwaltungsgesell-schaft mbH & Co. Vermietungs KG[2), 9)]	Germany, Mainz	24.00	EUR	1	13
production.net AC GmbH[2), 9)]	Germany, Aachen	26.00	EUR	17	-29
Americas					
BITS Limited	Bermuda, Hamilton	40.00	BMD	1,759	129
Consimex S.A.[9), 12)]	Colombia, Medellin	29.22	COP	8,068	681,975
DHL International (Cayman) Ltd.	Cayman Islands, George Town	40.00	KYD	1,598	87
Other Regions					
Danzas AEI Intercontinental (Mauritius) Ltd.[8)]	Mauritius, Port Louis	35.00	MUR		
DHL Yemen Company Limited (Express Courier)[9), 11)]	Yemen, Sanaa	49.00	YER	-40,544	-74,395
Drakensberg Logistics (Pty) Ltd.[3), 9)]	South Africa, Germiston	50.00	ZAR	20,620	6,188

Exchange rates 2017

Currency	Country	Closing rates 2017 1 EUR =	Average rates 2017 1 EUR =
AED	United Arab Emirates (UAE)	4.4071	4.1770
AOA	Angola	198.8803	188.5241
AUD	Australien	1.5352	1.4791
BMD	Bermuda	1.1997	1.1372
CAD	Canada	1.5051	1.4720
CHF	Switzerland	1.1700	1.1162
COP	Colombia	3580.4300	3366.9883
CRC	Costa Rica	679.3901	644.0584
EGP	Egypt	21.3307	20.2394
GBP	United Kingdom	0.8880	0.8763
HKD	Hongkong	9.3752	8.8649
INR	India	76.6308	73.7957
JPY	Japan	135.0382	127.3131
KYD	Cayman Islands	1.0078	0.9553
KZT	Kazakhstan	399.2662	370.5389
MXN	Mexiko	23.6442	21.4245
NOK	Norway	9.8354	9.3694
OMR	Oman	0.4619	0.4378
PHP	Philippines	59.8158	57.3320
PLN	Poland	4.1786	4.2442
RUB	Russia	69.4091	66.1111
SEK	Sweden	9.8332	9.6447
UAH	Ukraine	33.7776	30.3652
USD	USA	1.1997	1.1372
VEF	Venezuela	4007.9803	2487.5460
YER	Yemen	300.3869	284.5387
ZAR	South Africa	14.7826	15.0549

Changes in voting rights 2017

Annex 4a

Notifications of changes in voting rights in accordance with section 21 ff of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in 2017[1)]

	Notification threshold	Date on which threshold was crossed or reached	Voting rights in accordance with section 21, 22 of the WpHG [1)]		Reason for notification: purchase/sale of		Reported as at 31 Dec. 2017		Instruments in accordance with section 25 no.1 of the WpHG [2)]		Instruments in accordance with section 25 no.1 of the WpHG [2)]		Note
Notifying party	in %	Date	in %	Absolute	Shares with voting rights	Instruments	Shares	Instruments	in %	Absolute	in %	Absolute	Shareholder
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	14 March 2017	3.0050	37,284,577	x								Norges Bank
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	22 March 2017	2.9200	36,275,325	x								
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	9 June 2017	3.0500	37,004,368	x								Norges Bank
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	14 June 2017	2.9900	36,289,094	x								
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	22 June 2017	3.0400	36,869,888	x								Norges Bank
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	27 June 2017	2.9800	36,222,196	x								
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	28 June 2017	3.0100	36,583,353	x								Norges Bank
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	3	29 June 2017	2.9900	36,353,004	x								

[1)] Notifications until 19 February 2017 are reported in the notes to the Annual Financial Statements as at 31 December 2016
[2)] No other notifications within the meaning of section 26(1) of the WpHG were made in financial year 2017

Annex 4b

Notifications of changes in voting rights in accordance with section 26 (1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) published in previous years

	Notification threshold	Date on which treshold was crossed or reached	Voting rights in accordance with section 21, 22 of the WpHG	
Notifying party	**in %**	**Date**	**in %**	**absolute**
Notifications of changes in voting rights in accordance with section 26(1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in 2015				
BlackRock Group Limited, London, U.K.	3	6 October 2015	3.0500	36,936,885
BlackRock Group Limited, London, U.K.	3	27 October 2015	2.9500	35,743,960
Notifications of changes in voting rights in accordance with section 26(1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in 2014				
BlackRock International Holdings, Inc. New York	5	20 January 2014	5.2000	62,926,776
BlackRock International Holdings, Inc. New York	5	28 April 2014	4.9900	60,361,715
BlackRock Jersey International Holdings L.P., St. Helier, Jersey	5	20 January 2014	5.2000	62,926,776
BlackRock Jersey International Holdings L.P., St. Helier, Jersey	5	28 April 2014	4.9900	60,361,715
BlackRock Group Limited, London, U.K.	5	20 January 2014	5.0400	60,921,221
BlackRock Group Limited, London, U.K.	5	14 April 2014	4.9900	60,471,892
BlackRock Advisors Holdings, Inc., New York	5	30 April 2014	4.9800	60,268,201
BlackRock Following a review, conducted in close collaboration with the Federal Financial Supervisory Authority (BaFin), of the way BlackRock has interpreted its voting rights disclosure obligations under German law, BlackRock entities are filing a statement representing their holdings as at the settlement date of 25 September 2014. The statement does not reflect a change in BlackRock's current holdings of voting rights. The statement simply updates information currently in the market regarding BlackRock's holdings in Deutsche Post AG. Further, the statement does not signify any change in investment strategies pursued. Also, BlackRock issues a press release detailing the BlackRock group entities and their respective voting rights in Deutsche Post AG and other relevant German issuers at http://www.blackrock.com/corporate/en-gb/news-and-insights/press-releases and on Bloomberg.		30 September 2014		
Notifications of changes in voting rights in accordance with section 26(1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in 2013				
Federal Republic of Germany, represented by the Federal Ministry of Finance, Berlin, Germany [2)]	25	9 April 2013	24.8900	300,894,984
BlackRock , Inc., New York[1)]	5	16 July 2013	5.0100	60,512,289
BlackRock Financial Management, Inc., New York[1)]	5	18 July 2013	5.0200	60,678,117
BlackRock Holdco 2, Inc., Wilmington[1)]	5	18 July 2013	5.0200	60,678,117
BlackRock International Holdings, Inc. New York	3	22 July 2013	3.0600	36,962,694
BlackRock Jersey International Holdings L.P., St. Helier, Jersey	3	22 July 2013	3.0600	36,962,694
BlackRock Advisors Holdings, Inc., New York	5	8 November 2013	5.0100	60,574,232

1) Additional notifications in 2014 and 2015 related to changes in the shares of voting rights but did not lead to any new cases of thresholds being crossed or reached within the meaning of section 26(1) of the WpHG.

2) As at the 31 December 2017 reporting date, the share of voting rights held by the Federal Republic of Germany, represented by the Federal Ministry of Finance, amounted to 20.7%.

Treasury shares

Annex 5

Treasury shares 1 January to 31 December 2017

		Number	Amount of share capital (€)	Proportion of share capital (%)	Change in revenue reserves (€)	Change in capital reserves (€)	Share price (€)	Date
Treasury shares at 1 Jan. 2017		**29,587,229**						
Treasury shares acquired under Share Matching Scheme								
Incentive (DIS) und Investment Shares (IS) 2016	187,500				-5,770,087.50	0.00	31.77	20.03.17
Incentive (DIS) und Investment Shares (IS) 2016	187,500				-5,795,850.00	0.00	31.91	21.03.17
Incentive (DIS) und Investment Shares (IS) 2016	187,500				-5,801,531.25	0.00	31.94	22.03.17
Incentive (DIS) und Investment Shares (IS) 2016	187,500				-5,767,350.00	0.00	31.76	23.03.17
Incentive (DIS) und Investment Shares (IS) 2016	187,500				-5,666,587.50	0.00	31.22	24.03.17
Incentive (DIS) und Investment Shares (IS) 2016	166,700				-5,091,101.35	0.00	31.54	27.03.17
Incentive (DIS) und Investment Shares (IS) 2016	193,000				-5,800,229.00	0.00	31.05	30.03.17
Incentive (DIS) und Investment Shares (IS) 2016	23,037				-706,655.37	0.00	31.67	10.04.17
Incentive (DIS) und Investment Shares (IS) 2016 [1)]		**1,320,237**	**1,320,237.00**	**0.107%**	**-40,399,391.97**	**0.00**	**31.60**	
Treasury shares acquired within share buyback program 2016/2017		**3,340,173**	**3,340,173.00**	**0.272%**	**-102,382,381.58**	**0.00**	**31.65**	**Q1 2017**
Total acquisitions		**4,660,410**			**-142,781,773.55**	**0.00**		
Capital reduction through retirement of treasury shares		**-27,300,000**	**-27,300,000.00**	**-2.222%**	**-27,300,000.00**	**27,300,000.00**		**March 2017**
Treasury shares issued under Share Matching Scheme								
Matching shares issued in 2012 (acquisition in 2016/17)	-1,113,820				34,650,940.20	0.00	32.11	01.04.17
Total matching shares issued in 2012 [2)]		**-1,113,820**	**-1,113,820.00**	**-0.091%**	**34,650,940.20**	**0.00**	**32.11**	
Incentive (DISs) and investment shares (ISs) issued in 2016	-1,320,237				40,623,692.49	0.00	31.77	01.04.17
Total incentive (DISs) and investment shares (ISs) issued in 2016 [1)]		**-1,320,237**	**-1,320,237.00**	**-0.107%**	**40,623,692.49**	**0.00**	**31.77**	
Total issuance/capital reduction		**-29,734,057**			**47,974,632.69**	**27,300,000.00**		
Treasury shares at 31 Dec. 2017		**4,513,582**						

1) Bonus year 2016 - Issuance 2017

2) Bonus year 2012 - Issuance 2017

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Deutsche Post AG, and the management report includes a fair review of the development and performance of the business and the position of Deutsche Post AG, together with a description of the material opportunities and risks associated with the expected development of Deutsche Post AG.

Deutsche Post AG
Bonn, 19 February 2018

The Board of Management

Dr Frank Appel

Ken Allen

Dr h.c. Jürgen Gerdes

John Gilbert

Melanie Kreis

Dr Thomas Ogilvie

Tim Scharwath

"The English version of Deutsche Post AG's annual financial statements for financial year 2017 constitutes a translation of the original German version. Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries."

Auditor's Report

To Deutsche Post AG, Bonn

Report on the audit of the annual financial statements and of the management report

Audit Opinions

We have audited the annual financial statements of Deutsche Post AG, Bonn, which comprise the balance sheet as at 31 December 2017, and the statement of profit and loss for the financial year from 1 January to 31 December 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Deutsche Post AG for the financial year from 1 January to 31 December 2017. We have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its financial performance for the financial year from 1 January to 31 December 2017 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the

Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:
1. Valuation of shares in affiliated companies
2. Pension provisions

Our presentation of these key audit matters has been structured in each case as follows:
1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

1. Valuation of shares in affiliated companies

1.1 In the annual financial statements of the Company, shares in affiliated companies amounting to € 7,169 million (20.1% of total assets) are reported under the “Financial assets” balance sheet item.

Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost or fair value. The fair values are calculated as the present values of the expected future cash flows according to the planning projections prepared by the executive directors, using discounted cashflow models. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the

relevant financial asset. Based on the values calculated and other documentation, there were write-ups for the financial year of € 120 million and there was no need to recognize impairment losses.
The outcome of this valuation exercise is dependent to a large extent on estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth employed. The valuation is therefore subject to material uncertainty. In the light of this background and the highly complex nature of the measurement as well as the material significance for the net assets and financial performance of the Company, this matter was of particular significance during our audit.

1.2 As part of our audit we assessed the methodology employed for the purposes of the valuation exercise, among other things. In particular, we assessed whether the fair values had been appropriately determined using discounted cashflow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on explanations from the executive directors regarding the key planning value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the company value that is calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In our view, the valuation parameters and underlying valuation assumptions used by the executive directors are appropriate overall, taking account of the available information, for the purpose of appropriately measuring the shares in affiliated companies.

1.3 The Company's disclosures on financial assets are contained in Item 20 of the notes.

2. Pension provisions

2.1 In the annual financial statements of the Company, pension provisions amounting to € 2,599 million (7.3% of total assets) are reported under the "Provisions for pensions and similar obligations" balance sheet item. The pension provisions comprise the net amount of direct obligations to the Company's own employees and pensioners amounting to € 6,733 million (less the difference not balanced of € 231 million from the BilMoG conversion) and the fair value of the plan assets amounting to € 3,962 million and also include the indirect obligations recognised as a liability from the external pension institutions' short-fall in the amount of € 48 million. Corresponding obligations amounting to € 11 million are also reported under the balance sheet item, for which the Company has internally declared collateral promises with performance obligations.

The pension plan obligations resulting from direct and indirect pension commitments are measured using the projected unit credit method. This requires in particular that assumptions be made as to the long-term salary and pension trend, average life expectancy and

staff fluctuation. The Company's plan assets and external pension institutions' assets are measured at fair value, which in turn involves estimation uncertainty.
In our view, these matters were of particular significance during our audit, as the recognition and measurement of this item, which is of a significant amount, is to a large extent based on the estimates and assumptions made by the Company's executive directors.

2.2 During our audit we evaluated, among other things, the actuarial reports obtained and the professional qualifications of the external actuaries. We also assessed, among other things, the appropriateness of the specific features of the actuarial calculations and the quantity structure, the actuarial parameters and the valuation approach on which the valuations were based. Based on this, among other things we checked the calculation of provisions and the presentation in the balance sheet and the notes. For the audit of the fair value of the plan assets and the assets of the external pension institutions we obtained bank and fund confirmations, evaluated the methods on which the relevant valuations were based as well as the valuation parameters applied, and assessed the property valuation reports.

Based on our audit activities we were able to satisfy ourselves that the assessments and assumptions made by the executive directors were substantiated and sufficiently documented.

2.3 The Company's disclosures on pension provisions are contained in Item 32 of the notes.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in the section "Annual Corporate Governance Statement and non-financial report" of the management report
- the separate non-financial report pursuant to § 289b (3) HGB and § 315b (3) HGB

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over-ride of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 28 April 2017. We were engaged by the supervisory board on 27 July 2017. We have been the auditor of Deutsche Post AG, Bonn, without interruption since the Company first met the requirements as a public interest entity within the meaning of § 319a (1) Satz 1 HGB in the financial year 2000.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible For The Engagement
The German Public Auditor responsible for the engagement is Verena Heineke

Düsseldorf, 19 February 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann	Verena Heineke
German Public Auditor	German Public Auditor

Management Report

General Information

Business model and organisation

Four operating divisions

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany. Under the Deutsche Post and DHL brands, the Group provides an international service portfolio consisting of letter and parcel dispatch, express delivery, freight transport, supply chain management and e-commerce solutions. It is organised into the four operating divisions of Post - eCommerce - Parcel, Express, Supply Chain and Global Forwarding, Freight. The Post - eCommerce-Parcel division largely reflects Deutsche Post AG's core business.The DHL divisions of the Group influence Deutsche Post AG indirectly through net investment income.

We consolidate the internal services that support the entire Group in our Global Business Services (GBS) unit. Group management functions are centralised in the Corporate Center.

Organisational structure of Deutsche Post DHL Group — A.01.1

Deutsche Post DHL Group

Corporate Center

CEO, Global Business Services

Board member
Frank Appel

Functions
- Board Services
- Corporate Legal
- Corporate Office
- Corporate Development & First Choice
- Corporate Executives
- Corporate Heritage & Industry Associations
- Corporate Communications & Responsibility
- Corporate Public Policy & Regulation Management
- Global Business Services (Corporate Procurement, Corporate Real Estate, IT Services, Insurance & Risk Management etc.)

Finance

Board member
Melanie Kreis

Functions
- Corporate Accounting & Controlling
- Corporate Finance
- Investor Relations
- Corporate Audit & Security
- Taxes
- Divisional Finance Organisations
- Legal Services

Human resources

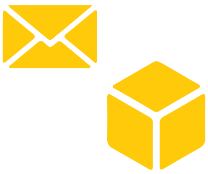
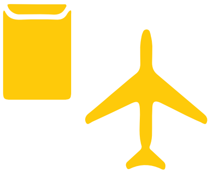
Board member
Thomas Ogilvie

Functions
- Corporate HR Germany
- Corporate HR Standards & Programs
- Corporate HR International
- Divisional HR Organisations

Organisational structure of Deutsche Post DHL Group A.01.2

Deutsche Post DHL Group

Divisions

Post- eCommerce - Parcel	Express	Global Forwarding, Freight	Supply Chain
			
Board member Jürgen Gerdes	**Board member** Ken Allen	**Board member** Tim Scharwath	**Board member** John Gilbert
Business units › Post › eCommerce - Parcel	**Regions** › Europe › Americas › Asia Pacific › MEA (Middle East and Africa)	**Business units** › Global Forwarding › Freight	**Regions** › EMEA (Europe, Middle East and Africa) › Americas › Asia Pacific

Organisational changes

Effective 1 June 2017, Tim Scharwath assumed responsibility for the Global Forwarding, Freight division in his new capacity as a member of the Group Board of Management.

Effective 1 September 2017, Thomas Ogilvie assumed the position of Board Member for Human Resources and Labour Director for the Group.

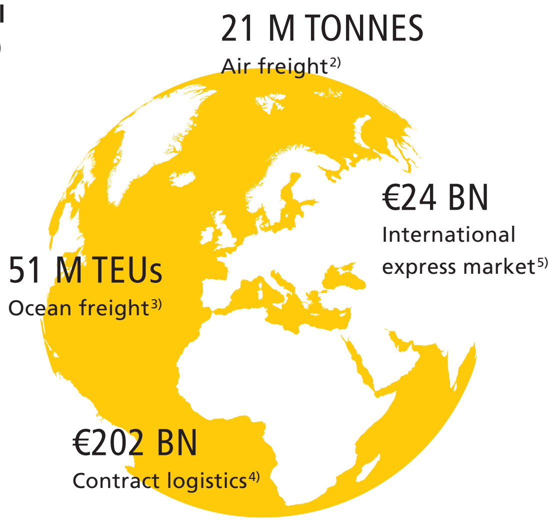
Responsibility for Customer Solutions & Innovation passed to Ken Allen after the balance sheet date.

A presence that spans the globe

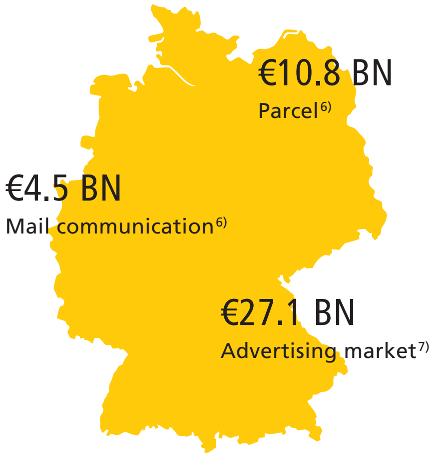
Deutsche Post DHL Group's locations can be found in the list of shareholdings, dpdhl.com/en/investors. Table A.02 provides an overview of market volumes in key regions. Our market shares are detailed in the business units and market positions section below.

Market volumes[1] A.02

Global (2016)



Germany (2017)



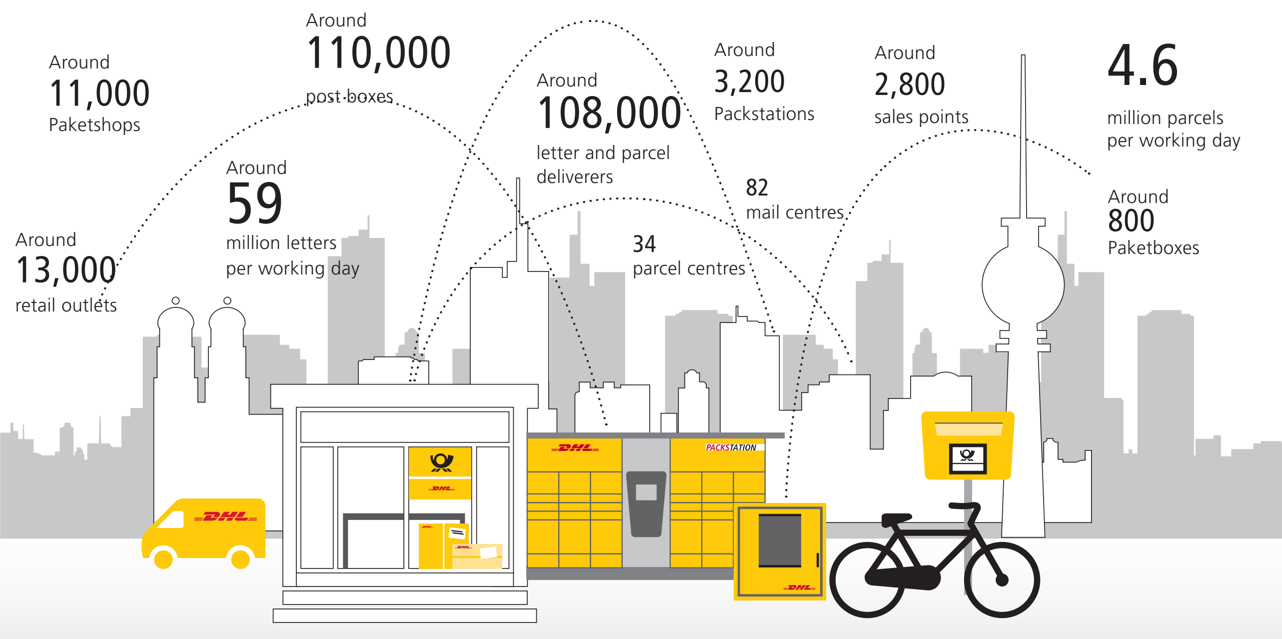
(2016)	Middle East/ Africa	Americas	Europe	Asia Pacific
Air freight (m tonnes)[2]	1.3	4.8	5.5	9.8
Ocean freight (m TEUS)[3]	4.8	8.2	7.2	30.5
Contract logistics (€ bn)[4]	7.2	61.0	66.5	66.9
International express (€ bn)[5]	–	8.2	7.1	8.0
Road transport (€ bn)[8]	–	–	195	–

[1] Regional volumes do not add up to global volumes due to rounding.
[2] Data based solely upon export freight tonnes. Source: Seabury Cargo Advisory.
[3] Twenty-foot equivalent units; estimated part of overall market controlled by forwarders. Data based solely upon export freight tonnes.
Source: company estimates, Seabury Cargo Advisory
[4] Based upon transport Intelligence and company estimates.
[5] Includes express product time Definite International. Country base: Americas, Europe, Asia Pacific, AE, SA, ZA (Global); AR, BR, CA, CL, CO, MX, PA, US (Americas); AT, CZ, DE, ES, FR, IT, NL, PL, RO, RU, SE, TR, UK (Europe); AU, CN, HK, IN, JP, KR, SG, TW (Asia Pacific).
Source: Market Intelligence, 2017, annual reports and desk research.
[6] Germany only. Source: company estimates.
[7] Includes all advertising media with external distribution costs. Source: company estimates.
[8] Market volume covers 25 European countries, excluding bulk and specialties transport.
Source: DHL Market Intelligence Study 2017, based upon company calculations and content supplied by IHS Markit Group, copyright © IHS Global Inc., 2017. all rights reserved.

Business units and market positions

Post - eCommerce - Parcel Division

Nationwide transport and delivery network in Germany, 2017 **A.03**



The postal service for Germany
We deliver around 59 million letters every working day in Germany, making us Europe’s largest postal company. Our products and services are targeted towards both private and business customers and range from physical, hybrid and electronic letters to merchandise delivery and include additional services such as cash on delivery, registered mail and insured items.

In the year under review, the German market for business communications was around €4.5 billion (previous year: around €4.5 billion). Here we look at the business customer market in which we compete, including the companies that operate as service providers in this market – i.e., both competitors offering end-to-end services and consolidators providing partial services. Our market share increased slightly to 61.7% compared with the prior year (61.3 %).

German mail communication market, business costumers, 2017 **A.04**

Market volume: € 4.5 billion	%
Deutsche Post	61.7
Competition	38.3

Source: company estimates.

Targeted and cross-channel advertising
On request, our dialogue marketing unit offers end-to-end solutions to advertisers – from address services and tools for design and creation all the way to printing, delivery and evaluation. This supports cross-channel, personalised and automated customer dialogue so that digital and physical items with interrelated content reach recipients according to a co-ordinated timetable and without any coverage waste. Our digital solutions allow companies to open a cross-channel dialogue with their customers.

The advertising market in Germany gained 1.3% in 2017 to reach a volume of €27.1 billion, primarily because companies increased their advertising expenditures. Our share of the highly fragmented media market rose slightly to 8.2%. As a result of a more accurate enquiry method in the digital media segment, the previous year's total market volume increased arithmetically by €2.4 billion to €26.8 billion. As a result, our market share for the previous year decreased arithmetically to 7.9%.

German advertising market[1], 2017 A.05

Market volume: € 27.1 billion	%
Competition	91.8
Deutsche Post	8.2

[1] Includes all advertising media with external distribution costs; the placement costs are shown as ratios to each other.
Source: company estimates.

Sending mail and merchandise internationally
We carry mail and light-weight merchandise shipments across borders and provide international dialogue marketing services. For business customers in key European mail markets, we offer international shipping services. For the growing e-commerce sector, we develop solutions for international shipments to consumers (B2C). Our portfolio also comprises consulting and services to meet all physical and digital dialogue marketing needs. Furthermore, we offer physical, hybrid and electronic written communications for international business customers.

The global market volume for outbound international mail amounted to around €5.9 billion in 2017 (previous year: around €5.8 billion). Our market share was slightly above the prior-year level at 16.4%.

International mail market (outbound), 2017 A.06

Market volume: € 5.9 billion	%
Competition	83.6
DHL	16.4

Source: company estimates.

Worldwide portfolio of parcel and e-commerce services
We maintain a dense network of parcel acceptance and drop-off points in Germany. Our portfolio of products and services allows recipients to choose whether they wish to receive their parcels during a specific delivery window, on the same day or as quickly as possible. They can also decide at short notice whether their parcels should be delivered to an alternative address, a specific retail outlet or a Paketshop. We offer support to business customers to grow their online retail businesses. We are able to cover the entire logistics chain through to returns management on request.

The German parcel market had a volume of around €10.8 billion in 2017 (previous year: around €10.1 billion). We succeeded in increasing our market share to 45.4% (previous year: 45.1%).

German parcel market, 2017 **A.07**

Market volume: € 10.8 billion	%
Competition	54.6
DHL	45.4

Source: company estimates.

We expanded our cross-border portfolio of e-commerce services during the year under review. We grew our B2C network in Europe thanks to our entry into the UK market through the takeover of UK Mail at the end of 2016. At the beginning of 2017, we added the Spanish and Portuguese markets by reassigning companies from the Express division. Moreover, we expanded our European parcel business to include a total of 26 countries (including the German domestic market) via co operation agreements in Ireland, Romania, Croatia and Bulgaria. There are more than 60,000 acceptance and drop-off points available to our customers in Europe.

Outside of Europe, we began operating national parcel networks in Chile, Malaysia and Vietnam. In the United States, we offer especially fast B2C delivery to customers in a range of metropolitan areas. Locations in Australia and Columbia were added to our network of fulfilment centres. In India, we are testing the use of electric vehicles. We also reinforced our international parcel network by adding a new distribution centre in Japan to support increased cross-border deliveries.

Objectives and strategies

Corporate Strategy

Proactively shaping the Group’s digital future

With our “Strategy 2020: Focus.Connect.Grow.” Deutsche Post DHL Group underscores its global leadership in the logistics industry. Since increasing digitalisation, accelerated e-commerce growth and momentum in the developing markets and emerging economies offer us significant opportunities, we have set the following priorities for our investments and actions:

Focus: We are focussing on our core mail and logistics business. In addition to our three goals of being the provider, employer and investment of choice, we are working to become a benchmark for responsible business. In order to deliver consistent, first-class service to our customers, we conduct frequent surveys to determine their needs and align our offer accordingly. We see ourselves as a family of different divisions, each focused upon defined markets and goals.

Connect: We are working to improve cross-divisionally on a continuous basis. In doing so, we are concentrating upon initiatives that are of interest to various parts of our Group, for example, environmentally friendly solutions and an optimised IT landscape. “Certified” is our Group-wide initiative that enables our employees to gain specific skills and knowledge relevant to their roles. Around 80% of the employees in the Group are to be certified internally by 2020. The motivation and customer-centric culture this fosters – not to mention the improved, holistic understanding of operational processes – help to differentiate our services in the market internationally. During the year under review, we developed new programme modules and certified additional employees.

Grow: We intend to benefit from growth in the e-commerce segment and in the developing and emerging markets. For instance, we invested in the domestic and cross-border parcel business in Europe as well as in our already comprehensive Express network. We also entered additional markets in Malaysia, Vietnam and Chile through our DHL eCommerce business. Our general objective is to increase our presence where the long-term growth potential is greatest. Indeed, we aim to generate a minimum of 30% of Group revenue in emerging markets by the year 2020.

We are proactively shaping the digital future of the Group. Key building blocks include the “Saloodo!” freight platform and our StreetScooter electric vehicles. We also introduced an internal incubator programme and entered into a strategic partnership with Plug and Play, a global start-up ecosystem and venture capital fund. As a corporate partner in Plug and Play’s accelerator programme, we aim to work with young start-ups to develop and implement new solutions in the areas of mobility, supply chain and logistics.

Our strategy is designed to establish a unique market presence by the year 2020 – both geographically and in terms of our portfolio’s performance. Our aim is to be internationally renowned not only as a highly customer-centric company but also as quality leaders. When people think logistics, we want them to think Deutsche Post DHL Group.

Strategy and Goals of the Divisions Post - eCommerce - Parcel Division

Our goal is to offer our customers the best service at all times, at the highest level of quality and at reasonable prices. Therefore, we extend our offering in the Post business unit based on market demand, continuously expand our range of services in the German parcel business and develop digital service offerings.

As part of our Group-wide “Certified” initiative, we aim to certify our employees as PeP Experts by 2020, because for us dedicated and satisfied employees are the key to high-quality performance. In addition, we are systematically driving forwards the networking of our division by co-operating with institutions outside of the Group as well as with other Group divisions.

To benefit from growing e-commerce, we are expanding into new markets and segments. We are also expanding our networks and product offerings in our existing markets. Furthermore, we are engaged in growth areas such as electric mobility and food logistics.

In order to continue to grow profitably, we are designing a market-based cost structure by adapting our networks to the dynamic market conditions and shipment structures. We also cut costs wherever possible and sensible, whilst investing in technologies, automation, innovation and growth areas.

Group Management

Financial Performance Indicators

Uniform management

There are no performance indicators relevant to internal management for the parent company Deutsche Post AG as a legal entity. Deutsche Post DHL Group’s key performance indicators, as determined on the basis of the IFRSs and indicated below, are therefore applied to the management of Deutsche Post AG.

Impact on management compensation
Deutsche Post DHL Group uses both financial and non-financial performance indicators in its management of the Group. The monthly, quarterly and annual changes in these indicators are compared with the prior-year data and the forecast data to assist in making management decisions. The year-to-year changes in financial and non-financial performance metrics portrayed here are also particularly relevant for calculating management remuneration. The Group's financial performance indicators are intended to preserve a balance between profitability, an efficient use of resources and sufficient liquidity. The performance of these indicators in the year under review is described in the **Report on economic position**.

Profit from operating activities measures earnings power
The profitability of the Group's operating divisions is measured as profit from operating activities (EBIT). EBIT is calculated by deducting materials expense and staff costs, depreciation, amortisation and impairment losses, as well as other operating expenses from revenue and other operating income, and adding net income from investments accounted for using the equity method. Interest and other finance costs/other financial income are shown in net financial income/net finance costs.

EBIT after asset charge promotes efficient use of resources
An additional key performance indicator for the Group is EBIT after asset charge (EAC). EAC is calculated by subtracting the cost of capital component, or asset charge, from EBIT. Making the asset charge a part of business decisions encourages the efficient use of resources and ensures that the operating business is geared towards increasing value sustainably whilst generating increasing cash flow.

The asset charge is calculated on the basis of the weighted average cost of capital, or WACC, which is defined as the weighted average net cost of interest-bearing liabilities and equity, taking into account company-specific risk factors in accordance with the Capital Asset Pricing Model.

A standard WACC of 8.5% is applied across the divisions, and this figure also represents the minimum target for projects and investments within the Group. The WACC is generally reviewed once annually on the basis of the current situation on the financial markets. To ensure better comparability of asset charge with previous figures, in 2017 the WACC was maintained at a constant level compared with the previous years.

The asset charge calculation is performed each month so that fluctuations in the net asset base can also be taken into account during the year. Table A.08 shows the composition of the net asset base.

Free cash flow facilitates liquidity management
Along with EBIT and EAC, cash flow is another key performance metric used by Group management. This is targeted at maintaining sufficient liquidity to cover all of the Group's financial obligations from debt repayment and dividends, in addition to operating payment commitments and investments. Cash flow is calculated using the cash flow statement. Operating cash flow (OCF) includes all items that are related directly to operating value creation. OCF is calculated by adjusting EBIT for changes in non-current assets (depreciation, amortisation and (reversals of) impairment losses, net income/loss from disposals), other non-cash income and expense, dividends received, taxes paid, changes in provisions and other non-current assets and liabilities. Another key parameter of OCF is net working capital. Effective management of net working capital is an important way for the Group to improve cash flow in the short to medium term. Free cash flow (FCF) as a management-related performance indicator is calculated on the basis of OCF by adding/subtracting the cash flows from capital expenditure, acquisitions and divestitures as well as net interest paid. Free cash flow is regarded as an indicator of how much cash is available to the company at the end of a reporting period for paying dividends or repaying debt.

Calculations A.08

Revenue

+ Other operating income

− Materials expense

− Staff costs

− Depreciation, amortisation and impairment losses

− Other operating expenses

± Net income from investments accounted for using the equity method

= **EBIT**
Profit from operating activities

EBIT

− Asset charge

= Net asset base
× Weighted average cost of capital (WACC)

= **EAC**
EBIT after asset charge

Operating assets

- Intangible assets
- Property, plant and equipment
- Goodwill
- Trade receivables (included in net working capital)[1]
- Other non-current operating assets[2]

− Operating liabilities

- Operating provisions (not including provisions for pensions and similar obligations)
- Trade payables (included in net working capital)[1]
- Other non-current operating liabilities[2]

= **Net asset base**

EBIT

+ Depreciation, amortisation and impairment losses

± Net income/loss from disposal of non-current assets

± Non-cash income and expense

± Change in provisions

± Change in other non-current assets and liabilities

+ Dividends received

± Income taxes paid

= **Operating cash flow before changes in working capital (net working capital)**

± Changes in net working capital

= **Net cash from/used in operating activities (operating cash flow – OCF)**

± Cash inflow/outflow arising from change in property, plant and equipment and intangible assets

± Cash inflow/outflow arising from acquisitions/divestitures

± Net interest paid

= **FCF**
Free cash flow

[1] Includes EBIT-related current assets and liabilities. Not included are assets and liabilities related to taxes, financing and cash and cash equivalents, for example.
[2] Includes EBIT-related other non-current assets and liabilities. Not included are assets and liabilities related to taxes or bonds, for example.

Non-Financial Performance Indicators

Results of Employee Opinion Survey used as a management indicator
Our annual worldwide Employee Opinion Survey shows us how we are perceived as a group from the perspective of our employees. We place particular significance on the survey's indication of Employee Engagement and of how employees rate the leadership behaviour of their superiors. The Active Leadership indicator is thus used in the calculation of bonuses for executives. The results of the Employee Opinion Survey carried out in the reporting year can be found in the **Employees section.**

Reducing dependency upon fossil fuels
We aim to reduce our dependency upon fossil fuels, improve our carbon efficiency and lower costs. The corresponding target of our GoGreen environmental protection programme is greenhouse gas efficiency, which we measure using a carbon efficiency index (CEX). CEX is based upon the business unit-specific emission intensity figures, which are

indexed to the base year. We quantify the greenhouse gas emissions upon which our CEX is based in accordance with the Greenhouse Gas Protocol Standards and DIN EN 16258; those attributable to our European air freight business are calculated in accordance with the requirements of the European Union Emissions Trading System (EU ETS). Pursuant to DIN EN 16258, all gases that are harmful to the environment must be disclosed in the form of CO_2 equivalents (CO_2e). This indicates the ratio of the respective emissions to a matching performance indicator in the Group. CEX is a management indicator of non-financial performance. The figures obtained for the reporting year are provided in the section on **Corporate responsibility.**

Disclosures required by takeover law

Disclosures required under sections 289a of the Handelsgesetzbuch (HGB – German Commercial Code) and explanatory report

Composition of issued capital, voting rights and transfer of shares
As at 31 December 2017, the company's share capital totalled €1,228,707,545 and was composed of the same number of no-par value registered shares. Each share carries the same rights and obligations stipulated by law and/or in the company's Articles of Association and entitles the holder to one vote at the Annual General Meeting (AGM). No individual shareholder or group of shareholders is entitled to special rights, particularly rights granting powers of control.

The exercise of voting rights and the transfer of shares are based upon statutory provisions and the company's Articles of Association; the latter do not restrict either of these activities.

Shareholdings exceeding 10% of voting rights
KfW Bankengruppe (KfW), Frankfurt am Main, is our largest shareholder, holding 20.7% of the share capital. The Federal Republic of Germany holds an indirect stake in Deutsche Post AG via KfW.

Appointment and replacement of members of the Board of Management
The members of the Board of Management are appointed and replaced in accordance with the relevant statutory provisions (cf. sections 84 and 85 of the Aktiengesetz (AktG – German Stock Corporation Act) and section 31 of the Mitbestimmungsgesetz (MitbestG – German Co-determination Act)). Article 6 of the Articles of Association stipulates that the Board of Management must have at least two members. Beyond that, the number of board members is determined by the Supervisory Board.

Amendments to the Articles of Association
In accordance with section 119 (1), number 5 and section 179 (1), sentence 1 of the AktG, amendments to the Articles of Association are adopted by resolution of the AGM. In accordance with article 21 (2) of the Articles of Association in conjunction with sections 179 (2) and 133 (1) of the AktG, such amendments generally require a simple majority of the votes cast and a simple majority of the share capital represented on the date of the resolution. In such instances where the law requires a greater majority for amendments to the Articles of Association, that majority is decisive.

Board of Management authorisation, particularly regarding issue and buy-back of shares
The Board of Management is authorised, subject to the consent of the Supervisory Board, to issue up to 160,000,000 new, no-par value registered shares (Authorised Capital). Details may be found in article 5 (2) of the Articles of Association. The Articles of Association may be viewed on the company's website or in the electronic company register. They may also be viewed in the commercial register of the Bonn Local Court.

The Board of Management has furthermore been authorised by resolution of the Annual General Meetings of 25 May 2011 (agenda item 6), 27 May 2014 (agenda item 8) and 28 April 2017 (agenda item 7) to issue share subscription rights. The authorisation resolutions are included in the notarised minutes of the AGM that can be viewed in the commercial register of the Bonn Local Court. In order to service both current subscription rights and those yet to be issued, the Annual General Meeting approved conditional capital increases. The details are stipulated in article 5 (3) to (5) of the company's Articles of Association. As at 31 December 2017, the subscription rights already issued conferred rights to up to 37,625,184 Deutsche Post AG shares, assuming the prerequisites are met. Under the approvals granted, up to 82,788,141 additional subscription rights may be issued.

The AGM of 28 April 2017 authorised the company to buy back shares on or before 27 April 2022 up to an amount not to exceed 10% of the share capital existing as at the date of adoption of the resolution. Further details may be found in the authorisation resolution adopted by the AGM of 28 April 2017 (agenda item 8). In addition to this, the AGM of 28 April 2017 also authorised the Board of Management, within the scope specified in agenda item 8, to buy back shares, including through the use of derivatives (agenda item 9). Based on that authorisation resolution, the company had repurchased no shares as at 31 December 2017.

Significant agreements that are conditional upon a change in control following a takeover bid and agreements with members of the Board of Management or employees providing for compensation in the event of a change in control
Deutsche Post AG holds a syndicated credit facility with a volume of €2 billion that it has taken out with a consortium of banks. If a change in control within the meaning of the contract occurs, each member of the bank consortium is entitled under certain conditions to cancel its share of the credit line as well as its share of outstanding loans and to request repayment. The terms and conditions of the bonds issued under the Debt Issuance Programme established in March 2012 and of the convertible bonds issued in December 2012 and December 2017 also contain change-in-control clauses. In the event of a change in control within the meaning of the terms and conditions, creditors are, under certain conditions, granted the right to demand early redemption of the respective bonds.

In the event of a change in control, any member of the Board of Management is entitled to resign their office for good cause within a period of six months following the change in control after giving three months' notice to the end of a given month, and to terminate their Board of Management contract (right to early termination). If the right to early termination is exercised or a Board of Management contract is terminated by mutual consent within nine months of the change in control, the Board of Management member is entitled to payment to compensate the remaining term of their Board of Management contract. Such payment is limited to the cap pursuant to the recommendation of No. 4.2.3 of the German Corporate Governance Code, subject to the specifications outlined in the remuneration report. With regard to the Annual Bonus Plan with Share Matching for executives, the holding period for the shares will become invalid with immediate effect in the event of a change in control of the company. The participating executives will receive the total number of matching shares corresponding to their investment in due course. In such case, the employer will be responsible for any tax disadvantages resulting from a reduction of the holding period. Exempt from this are taxes normally incurred after the holding period.

Research and development

As a service provider, the Deutsche Post AG does not engage in research and development activities in the narrower sense and therefore has no significant expenses to report in this connection.

Remuneration of the Board of Management and Supervisory Board

Remuneration structure of the Group Board of Management in financial year 2017
The remuneration system for the Board of Management is aligned to the company's strategy and is geared toward performance-based and sustainable corporate governance. It creates an incentive for the members of the Board of Management to work for and on behalf of the company over the long term.

The Supervisory Board regularly examines the appropriateness of this remuneration. Criteria for evaluating the appropriateness of remuneration are the tasks performed by each individual Board of Management member, his or her personal performance, the economic situation, the company's success and future perspectives, and the customary level of remuneration, taking into consideration the peer group and the overall remuneration structure in the company. In this process the Supervisory Board takes into consideration the relation thereof to the remuneration of the senior management level and to the workforce overall, including its development over time. In evaluating the appropriateness of remuneration, the Supervisory Board is supported by an independent external remuneration expert.

The remuneration of the Board of Management is composed of a non-performance-related component and variable – in other words performance-related – components with a short, medium and long-term effect, as well as pension commitments and fringe benefits.

Remuneration Caps
The remuneration as a whole as well as its variable components have been capped.
For remuneration granted in financial year 2017 and thereafter, an overall cap of €8 million for the chairman and €5 million for the ordinary members (plus fringe benefits in each case) was introduced in addition to the previously existing thresholds that additionally limit the maximum amount attainable from the target remuneration of a single financial year (overall cap on remuneration granted).

In addition to this overall cap on remuneration granted in a financial year, a second overall cap to apply beginning in 2022 will ensure that remuneration paid in a single financial year does not exceed the amount of €8 million for the chairman and €5 million for each ordinary member of the Board of Management (overall cap on remuneration paid). These caps also do not take into account additional fringe benefits.

Non-performance-related components
Non-performance-related components are the annual base salary (fixed annual remuneration) and fringe benefits.

The annual base salary is paid in twelve equal monthly instalments retroactively at the end of each month. Fringe benefits comprise particularly the use of a company car, subsidies for health and long-term care insurance in accordance with the provisions of the German Social Security Code, and special allowances and benefits for assignments outside the members' home country.

Performance-related components
The variable remuneration paid to the Board of Management is almost entirely multi-annual, in other words based on medium- and long-term performance. More than half of the variable target remuneration for 2017 consists of a long- term incentive plan (LTIP) with a four-year calculation period; the rest is made up of an annual bonus linked to the company's yearly profits, with 50% of the annual bonus flowing into a medium-term component with a three-year calculation period (deferral). All of the variable remuneration components are forward-looking.

Less than a quarter of the variable remuneration component is granted on the basis of a one-year calculation.

Annual Bonus
The members of the Board of Management receive an annual bonus whose individual amount reflects the extent to which predefined targets are achieved, missed or exceeded. Achievement of the upper targets for the financial year that have been agreed based upon demanding objectives is rewarded with the maximum annual bonus. If the targets specified for the financial year are only partially reached or completely missed, the annual bonus will be paid on a prorata basis or not at all.

The Supervisory Board assesses achievement based on the agreed performance criteria. The maximum amount of the annual bonus may not exceed 100% of the annual base salary.

The same performance criteria were used to calculate the amount of the annual bonus for the year under review as for the previous year. A key parameter for all Board of Management members is the Group's EBIT after asset charge performance metric, including the asset charge on goodwill before goodwill impairment (EAC). For the Board of Management members in charge of the Post - eCommerce - Parcel, Express, Global Forwarding, Freight and Supply Chain divisions, the EAC of their respective division is also a key parameter. The Group's reported free cash flow is one of the targets applicable to all members of the Board of Management. Target setting is based on the capital market guidance. Furthermore, an employee-related target is agreed with all Board of Management members based upon the annual Employee Opinion Survey. In financial year 2017, the employee engagement KPI was relevant for the performance assessment. As in the previous years, further targets are additionally agreed with the members of the Board of Management that reflect the focus of their work in the respective financial year, in accordance with the Group strategy. The granted variable annual bonus consists of financial targets (75 %) and non-financial targets (25 %).

Deferral
Even if the agreed targets are reached, the annual bonus is not paid out in full in a single instalment. Instead, 50% of the annual bonus flows into a medium-term component with a three-year calculation period with a performance phase of one year and a sustainability phase of two years (deferral). That medium-term component will be paid out after expiry of the sustainability phase subject to the condition that EAC – an indicator of sustainability – is additionally reached during the sustainability phase. This is the case when at least the cost of capital has been earned. Otherwise, payment of the medium-term component is forfeited without compensation. This demerit system puts greater emphasis on sustainable company development in determining Board of Management remuneration and sets long-term incentives.

Long-Term Incentive Plan
Since financial year 2006, the company has granted the Board of Management members share-price-based, long-term cash remuneration by issuing stock appreciation rights (SAR s) within the scope of a long-term incentive plan (LTIP). To participate in the LTIP, the Board of Management members have to make a personal financial investment consisting of 10% of their annual base salary on the grant date, primarily in stock.

In financial year 2017, the Board of Management members received SAR s with a value of one base salary on the grant date. Beginning in financial year 2018, they will receive SAR s with a value of 50% to 150% of one base salary on the grant date, depending on the attainment of one-year strategic targets. The relevant target categories for the granting of SAR s in 2018 are the development of the share price compared with the company's competitors and strategic individual targets, including a digital transformation target in each case.

The SAR s granted can be fully or partly exercised after the expiration of a four-year waiting period at the earliest, provided absolute or relative performance targets have been achieved at the end of this waiting period. SAR s lapse if they are not exercised within two years after the waiting period expires (exercise period).

To determine whether and how many of the SAR s granted are exercisable, four share-price-related (absolute) and two reference-index-based (relative) performance targets are measured. Within the scope of the absolute performance targets, a sixth of the SAR s granted is earned in each case if the closing price of Deutsche Post shares at the end of the waiting period exceeds the issue price by at least 10, 15, 20 or 25%. Both relative performance targets are tied to the performance of the shares in relation to the STOXX Europe 600 Index (SXXP; ISIN EU0009658202). They are met if the share price equals the index performance or outperforms it by more than 10%.

To determine the share price performance, the average price of Deutsche Post shares or the average index value for a reference period is compared with that of a performance period. The reference period comprises the last 20 consecutive trading days prior to the issue date. The average price of Deutsche Post shares during the reference period of the 2017 tranche was €34.72 and the average index value was 375.59 points. The performance period is the last 60 trading days before the end of the waiting period. The average (closing) price is calculated as the average closing price of Deutsche Post shares in Deutsche Börse AG's Xetra trading system. If absolute or relative performance targets are not met by the end of the waiting period, the SAR s attributable to them will expire without replacement or compensation.

Each exercised SAR entitles the Board of Management member to receive a cash settlement equal to the difference between the average closing price of Deutsche Post shares for the five trading days preceding the exercise date and the exercise price of the SAR. The proceeds from stock appreciation rights are limited to a maximum amount. The remuneration from stock appreciation rights may be limited by the Supervisory Board in the event of extraordinary circumstances.

Pension commitments (retirement and surviving dependants' benefits)
The members of the Board of Management have been granted contribution-based pension Commitments; Upon their initial appointment to the Board of Management, Frank Appel and Jürgen Gerdes were granted the final-salary-based existing pension commitments. Under the contribution-based pension plan, the company credits an annual amount of 35% of the annual base salary to a virtual pension account for each Board of Management member. The maximum contribution period is 15 years.

The pension capital accrues interest at an annual rate equal to the "iBoxx Corporates AA 10+ Annual Yield" rate, or at an annual rate of 2.25% at minimum, and will continue to do so until the pension benefits fall due. The pension benefits are paid out in a lump sum in the amount of the value accumulated in the pension account. The benefits fall due when the Board of Management member reaches the age of 62, or in the case of invalidity whilst in office or death.

In the event of benefits falling due, the pension beneficiary may opt to receive an annuity payment in lieu of a lump sum payment. If this option is exercised, the capital is converted to an annuity payment, taking into account the average "iBoxx Corporates AA 10+ Annual Yield" for the past ten full calendar years as well as the individual data of the surviving dependants and a future pension increase of 1% per year.

Upon their initial appointment to the Board of Management, Frank Appel and Jürgen Gerdes were granted the final-salary-based direct pension commitments customary in the company at the time which provide for benefits in the case of permanent invalidity, death or retirement. After five years of service on the Board of Management, the entitlements they have acquired will vest in full; both Frank Appel and Jürgen Gerdes have exceeded this minimum duration of service. Frank Appel's pension commitment provides for retirement benefits to be granted at the earliest from the age of 55. As he has been appointed to the Board of Management beyond this age, he has not availed himself of this provision. Jürgen Gerdes will not be eligible for retirement benefits until he turns 62.

The pensions of Frank Appel and Jürgen Gerdes are geared towards annuity payments. They also have the option of choosing a lump sum instead. The benefit amount depends on the pensionable income and the pension level derived from the years of service. Pensionable income consists of the annual base salary (fixed annual remuneration) computed on the basis of the average salary over the last twelve calendar months of employment. Both Frank Appel and Jürgen Gerdes attained the maximum pension level (50 %) after ten years of service. Subsequent retirement benefits increase or decrease to reflect changes in the consumer price index in Germany.

Provisions to cap severance payments pursuant to the Corporate Governance Code recommendation, change-of-control provisions and post-contractual non-compete clauses

In accordance with the recommendation of the DCGK, Board of Management contracts contain a provision stipulating that in the event of premature termination of a Board of Management member's contract, the severance payment may compensate no more than the remaining term of the contract. The severance payment is limited to a maximum amount of two years' remuneration including fringe benefits (severance payment cap). The severance payment cap is calculated exclusive of any special remuneration or the value of rights allocated from LTIPs.

In the event of a change of control, any member of the Board of Management is entitled to resign from office for good cause within a period of six months following the change in control, after giving three months' notice to the end of a given month, and to terminate their Board of Management contract (right to early termination).

The contractual provisions stipulate that a change in control exists if a shareholder has acquired control within the meaning of section 29 (2) of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) via possession of at least 30% of the voting rights, including the voting rights attributable to such shareholder by virtue of acting in concert with other shareholders as set forth in section 30 of the WpÜG or if a control agreement has been concluded with the company as a dependent entity in accordance with section 291 of the Aktiengesetz (AktG – German Stock Corporation Act) and such agreement has taken effect or if the company has merged with another legal entity outside of the Group pursuant to section 2 of the Umwandlungsgesetz (UmwG – German Reorganisation and Transformation Act), unless the value of such other legal entity, as determined by the agreed conversion rate, is less than 50% of the value of the company.

In the event that the right to early termination is exercised or a Board of Management contract is terminated by mutual consent within nine months of the change in control, the Board of Management member is entitled to payment to compensate the remaining term of their Board of Management contract. Such payment is limited to 150% of the severance payment cap pursuant to the DCGK recommendation. The amount of the payment is reduced by 25% if the Board of Management member has not reached the age of 60 upon leaving the company. If the remaining term of the Board of Management contract is less than two years and the Board of Management member has not reached the age of 62 upon leaving the company, the payment will correspond to the severance payment cap. The same applies if a Board of Management contract expires prior to the Board of Management member's reaching the age of 62 because less than nine months remained on the term of the contract at the time of the change in control and the contract was not renewed.

Board of Management members are also subject to a non-compete clause, taking effect on the cessation of their contracts. During the one-year non-compete period, former Board of Management members receive 100% of their last contractually stipulated annual base salary on a pro-rata basis as compensation each month. Any other income earned during the non-compete period is subtracted from the compensation paid. The amount of the compensation payment itself is deducted from any severance payments or pension payments. Prior to, or concurrent with, cessation of the Board of Management contract, the company may declare its waiver of adherence to the non-compete clause. In such a case, the company will be released from the obligation to pay compensation due to a restraint on competition six months after receipt of such declaration.

Remuneration of the Supervisory Board
Remuneration for the members of the Supervisory Board is governed by article 17 of the Articles of Association of Deutsche Post AG, according to which they receive only fixed annual remuneration in the amount of €70,000 (as in the previous year).

The Supervisory Board chairman and the Supervisory Board committee chairs receive an additional 100% of the remuneration, and the Supervisory Board deputy chair and committee members receive an additional 50%. This does not apply to the Mediation or Nomination Committees. Those who only serve on the Supervisory Board or its committees, or act as chair or deputy chair, for part of the financial year are remunerated on a pro-rata basis.

As in the previous year, Supervisory Board members receive an attendance allowance of €1,000 for each plenary meeting of the Supervisory Board or committee meeting that they attend. They are entitled to the reimbursement of out-of-pocket cash expenses incurred in the exercise of their office. Any value added tax charged on Supervisory Board remuneration or out-of-pocket expenses is reimbursed.

Annual Corporate Governance Statement and non-financial report

The Annual Corporate Governance Statement can be found at dpdhl.com/en/investors and in the Corporate Governance Report. The separate, summarised non-financial report for Deutsche Post AG and the Group with the disclosures in accordance with sections 289b ff. and 315b f. of the HGB can be found in the **Corporate Responsibility Report, dpdhl.com/cr-report2017**.

Report on Economic Position

Overall Board of Management assessment of the Group’s economic position

Deutsche Post AG reported a net profit for the year of €1.9 billion in 2017. The Post - eCommerce - Parcel (PeP) division, which largely reflects Deutsche Post’s core business, continues to see dynamic growth in the German parcel business.

In financial year 2017, Deutsche Post DHL Group increased revenue in all divisions and consolidated EBIT was in line with our expectations at €3.74 billion.

Forecast/actual comparison

Forecast/actual comparison A.09

Targets 2017	Results 2017	Targets 2018
EBIT › Group: around €3.75 billion. › PeP division: around €1.5 billion. › DHL divisions: around €2.6 billion. › Corporate Center/Other: €-0.35 billion.	**EBIT** › Group: €3.74 billion. › PeP division: €1.50 billion. › DHL divisions: €2.59 billion. › Corporate Center/Other: €-0.35 billion.	**EBIT** › Group: around €4.15 billion. › PeP division: around €1.50 billion. › DHL divisions: around €3.00 billion. › Corporate Center/Other: around €-0.35 billion.
EAC Will develop in line with EBIT and increase.	**EAC** Developed in line with EBIT and increased.	**EAC** Will decrease due to initial application of IFRS 16.
Cash flow Free cash flow of more than €1.4 billion.	**Cash flow** Free cash flow increased to €1.43 billion.	**Cash flow** Free cash flow of more than €1.5 billion.
Capital expenditure (capex) Increase investments to around €2.3 billion.	**Capital expenditure (capex)** Invested: €2.3 billion.	**Capital expenditure (capex)** Invest (excluding leasing) around €2.5 billion.
Dividend distribution Pay out 40% to 60% of net profit as dividend.	**Dividend distribution** Proposal: pay out 51.9% of net profit as dividend.	**Dividend distribution** Pay out 40% to 60% of net profit as dividend.
Employee Opinion Survey Increase approval rating of key performance indicator Active Leadership by one percentage point.	**Employee Opinion Survey** Approval rating of key performance indicator Active Leadership increased by one percentage point to 75%.	**Employee Opinion Survey** Increase approval rating of key performance indicator Active Leadership by one percentage point.
Greenhouse gas efficiency CEX will increase by one index point.	**Greenhouse gas efficiency** CEX increased by two index point to 32.	**Greenhouse gas efficiency** CEX will increase by another index point.

Economic parameters

Global economy picks up

The global economy picked up speed in 2017, mainly on the back of broad-based economic growth. In the industrial countries, average GDP growth came in at 2.3%. The growth rate for the emerging markets rose to 4.7%. A number of the larger threshold economies succeeded in overcoming recessions, some of them quite severe. On the whole, global economic output grew by 3.7% (previous year: 3.2%) after adjusting for purchasing power. This development pushed up global trade even more (IMF: 4.7%; OECD: 4.8%) to the strongest figures seen in several years.

Global economy: growth indicators, 2017 A.10

%	Gross domestic product (GDP)	Export	Domestic demand
China	6.9	7.9	n.a
Japan	1.6	6.8	1.1
USA	2.3	3.4	2.4
Euro zone	2.5	4.8	2.2
Germany	2.2	4.7	2.2

Some Data estimated, as at 14 February 2018.
Source: Postbank, national statistics.

The Asian threshold economies again provided the strongest economic momentum. At 6.5%, GDP growth slightly exceeded the prior-year figure of 6.4%. China provided for a pleasant surprise with a slight acceleration in growth to 6.9% (previous year: 6.7%). The main boost to the Chinese economy came from the sharp rise in export activity. In Japan, the economy witnessed a notable revival. Private consumption was up moderately, and gross fixed capital formation increased significantly. Strong momentum also came from exports, which benefitted from rising demand and a slightly weaker yen. All in all, GDP growth rose to 1.8% (previous year: 0.9%).

In the United States, the economy sped up noticeably and corporate investment shot up substantially. Private consumption expanded considerably once more and remained the key driver of growth. Foreign trade put a slight damper on growth, despite the fact that export activity registered a notable increase. Total GDP growth was 2.3%, rising from 1.5% in the previous year, whilst the unemployment rate dropped again significantly from its already low level.

In the euro zone, the economic upswing gathered strength in the year under review, with domestic demand providing for strong momentum once again. Pronounced increases continued to be seen in private consumption and gross fixed capital formation, whilst government spending experienced weaker growth. Foreign trade contributed positively to economic growth, unlike in the previous year where it had a pronounced negative effect. The growth in foreign trade was ultimately responsible for the acceleration in GDP growth to 2.5% (previous year: 1.8%). From a regional perspective, economic growth was more balanced than in previous years. The average unemployment rate dropped significantly to 9.1% in line with the robust upturn.

Once again, domestic demand provided for sustained momentum in the German economy. Private consumption increased substantially thanks to a sharp increase in incomes, whilst government spending expanded only moderately.

Investments in machinery and equipment posted stronger growth, however. Construction spending and exports also reported impressive growth rates, resulting in an increase in GDP growth to 2.2% (previous year: 1.9%). The unemployment rate fell to 5.7% on an annual average (previous year: 6.1%). At the same time, the average number of employed persons rose to 44.3 million (previous year: 43.6 million).

Rise in crude oil prices over the course of 2017

At the end of 2017, the price for one barrel of Brent Crude was US$66.73 (previous year: US$55.21). Over the course of the year, the price of oil fluctuated between US$44 and US$67 per barrel, with the average price for the year increasing by around 24% on the previous year to just over US$54 per barrel. Oil prices hit bottom in June, after which the growing global economy led to steadily increasing demand and prices.

Stronger euro thanks to healthy euro zone economy

The European Central Bank (ECB) initiated a cautious change in its monetary policy during 2017. In the spring, the bank reduced the monthly volume of its bond-buying programme by €20 billion to €60 billion. As the year progressed, the ECB decided to reduce the monthly volume even further to €30 billion effective from the start of 2018. Euro zone monetary policy nonetheless remained quite expansive. The ECB left its key refinancing rate at 0.00%, and the deposit rate for the year as a whole was –0.40%. In the United States, the Federal Reserve continued its gradual exit from crisis-related monetary policy. Against the backdrop of solid economic growth and falling unemployment rates, the Fed raised its key interest rate in three steps of 0.25 percentage points each to 1.25% to 1.50% at year-end.

The euro made noticeable gains on the dollar in 2017, benefitting above all from the growing euro zone economy. At the end of the year, the euro listed at just over US$1.20, a rise of 14.0% year-on-year. The pound sterling was under downwards pressure throughout much of 2017 due to the UK's expected exit from the EU and the ensuing negotiations, which have proved lengthy and complicated. However, the Bank of England then propped up the pound by raising its key interest rate. Overall, the euro gained 4.0% on the pound sterling in 2017.

Significant decline in risk premiums for corporate bonds

The euro zone bond markets continued to be impacted during 2017 by the ECB's expansionary monetary policy, and capital market interest rates remained at a very low level. Towards the end of the year, favourable economic prospects and rising expectations that the ECB would soon tighten its monetary policy led to a slight increase in capital market interest rates. At year-end 2017, yields on ten-year German government bonds had risen to 0.43% (previous year: 0.21%). By contrast, yields on ten-year US government bonds fell by 0.03 percentage points year-on-year to 2.41%. Risk premiums for corporate bonds with good ratings were not only well below the prior-year level at the end of 2017 but also low compared with long-term levels.

Stock market prices made pronounced gains during the course of 2017, supported by the acceleration in global GDP growth on the back of extremely low interest rates. Many companies were able to increase revenue and profits, which laid the foundation for rising share prices. Not even the political uncertainty resulting from the euro zone elections and the Brexit negotiations was able to halt the upwards trend more than momentarily. The DAX ended the year at 12,918 points, a year-on-year gain of 12.5%. The EURO STOXX 50 was up just 6.5% year-on-year, whilst in the US the broad-market S & P 500 gained an impressive 19.4%.

International trade makes significant gains

The global trade movements of relevance to us – air and ocean freight sent in containers, excluding liquids and bulk goods – grew by a total of 5.1% in the year under review (previous year: 1.7%). Air freight volumes performed especially well. Ocean freight and air freight imports to Asia evidenced the highest growth rates.

Trade volumes: compound annual growth rate, 2016 to 2017 — A.11

%

Export \ Import	Asia Pacific	Europe	Latin America	MEA (Middle East and Africa)	North America
Asia Pacific	6.3	4.7	6.8	-1.5	5.6
Europe	6.0	0.5	7.8	2.6	4.4
Latin America	6.4	0.9	3.4	2.5	3.3
MEA (Middle East and Africa)	8.3	4.2	8.7	5.7	8.2
North America	8.8	4.2	-1.1	8.9	5.4

Source: Seabury Cargo advisory, as at 28 november 2017; based upon all relevant ocean and air freight trading volumes in tonnes, excluding liquids and bulk goods. Excluding shipments within the european union free trade zone.

Legal environment
In view of our leading market position, a large number of our services are subject to sector-specific regulation under the Postgesetz (PostG – German Postal Act). Further information regarding this issue and legal risks is contained in the Opportunities ans Risks chapter.

Significant events

By way of a resolution of the Board of Management dated 21 March 2017, a capital reduction was implemented through retirement of 27.3 million treasury shares.

In December 2017, we placed two bonds in an aggregate principal amount of €1.5 billion: a convertible bond in the amount of €1.0 billion and a term of 7.5 years and a traditional bond in the amount of €500 million and a term of ten years.

Results of operations

Increase in revenue
Revenue increased by a total of €253 million, or 1.8%, year-on-year. The main reason for the increase was the rise in revenue in the eCommerce-Parcel business unit. Separate notes on revenue can be found in the section below which describes the revenue performance analysis.

Selected indicators for results of operations A.12

€ m	2016	2017
Revenue	14,080	14,333
Net profit for the year	1,492	1,886
Return on sales (based on net profit for the year)	11%	13%
Net retained profit	5,487	6,103
Return on equity (based on net profit for the year)	10%	12%

Other operating income saw a decrease of €94 million, or 8.5%, compared with the previous year.

Operating expenses (materials expense, staff costs, depreciation, amortisation and impairment losses, and other operating expenses) fell to €14,210 million, from €14,516 million in 2016. Materials expense increased by €45 million, which is mainly the result of the higher cost of services purchased to transport letter items and parcels. Staff costs declined by €148 million to €7,434 million compared with the previous year, with the change on the prior-year figure largely due to the early retirement programme implemented in financial year 2016. Depreciation, amortisation and impairment losses saw an increase of €17 million, and other operating expenses a decline of €220 million to €1,867 million. The latter was mainly due to smaller differences in exchange rates.

The financial result of €925 million (previous year: €827 million) consists of net investment income of €1,276 million and net interest expense of €351 million. The change in the financial result is mainly attributable to the €409 million increase in income from profit transfer agreements of Deutsche Post Beteiligung Holding GmbH, which is partly offset by a higher interest expense (€287 million) for pension provisions. In the previous year, a switch was made from a 7-year to a 10-year average for the discount rates (HGB) applicable to pension provisions. The switch led to non-recurring income in 2016.

After deduction of income taxes in the amount of €-197 million (previous year: €2 million) where the Company reported a one-off effect in the previous year, net profit for the year was €1,886 million (previous year: €1,492 million).

Including the retained profits brought forward from the previous year, net retained profit totalled €6,103 million (previous year: €5,487 million).

The return on sales (based on net profit for the year) was 13% as compared to 11% in the previous year.

Earnings per outstanding share based on net profit for the year amounted to €1.54 (previous year: €1.23). Based on net retained profit, earnings per share amounted to €4.99 (previous year: €4.53).

Further detailed explanations of the annual financial statements of Deutsche Post AG are contained in the following section and in the notes.

Revenue performance analysis

Revenue increases by 1.8%

In the year under review, revenue in the division was €14,333 million, 1.8% above the prior-year figure of €14,080 million, although there were 2.9 fewer working days in Germany. Most of the growth originated in the eCommerce - Parcel business unit.

Revenue in the Post business unit at prior-year level

In the Post business unit, revenue was €9,294 million in the year under review and thus at the prior-year level (€9,287 million). Volumes declined by 0.3%.

Additional mail volumes due to special factors such as elections were unable to offset the overall decline in Mail Communication volumes. By contrast, revenue and volumes increased in the Dialogue Marketing business, due in part to communication ahead of the elections.

Post business unit: revenue A.13

€ m	2016*	2017	+/–%
Mail Communication	5,393	**5,318**	-1.4
Dialogue Marketing	2,127	**2,217**	+4.2
Other	1,767	**1,759**	-0.5
Total	9,287	**9,294**	+0.1

*) Adjusted to reflect changed product allocations.

Post business unit: volumes A.14

Mail items (millions)	2016*	2017	+/–%
Mail Communication	7,212	**6,904**	-4.3
Dialogue Marketing	8,520	**8,899**	+4.4
Other	2,539	**2,418**	-4.8
Total	18,271	**18,221**	-0.3

*) Adjusted to reflect changed product allocations.

eCommerce - Parcel business unit continues to grow
Revenue in the eCommerce - Parcel business unit was €3,972 million in the year under review, exceeding the prior-year figure of €3,648 million by 8.9%.

The Parcel business in Germany continues to grow due to the strong e-commerce trend. Revenue in the Parcel Germany business increased by 9.0% to €3,957 million in 2017 (previous year: €3,629 million) and volumes rose by 9.2% to 1,378 million parcels.

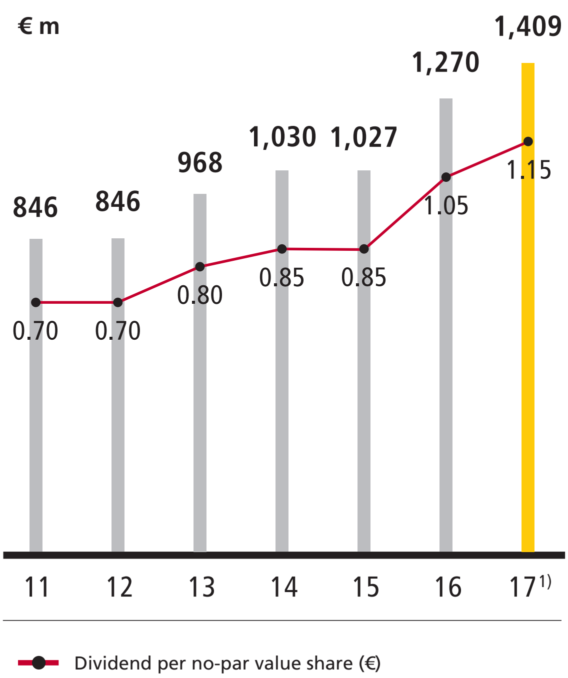
eCommerce-Parcel business unit: revenue A.15

€ m	2016	2017	+/–%
Parcel Germany	3,629	**3,956**	+9.0
Other	19	**16**	-15.8
Total	3,648	**3,972**	+8.9

eCommerce-Parcel business unit: volumes A.16

Parcel (millions)	2016	2017	+/–%
Parcel Germany	1,262	**1,378**	+9.2
Other	2	**2**	0.0
Total	1,264	**1,380**	+9.2

Total dividend and dividend per no-par value share A.17



1) Proposal

Dividend of €1.15 per share proposed
Our finance strategy calls for a payout of 40% to 60% of net profits as dividends as a general rule. The Board of Management and the Supervisory Board will therefore propose a dividend of €1.15 per share for financial year 2017 to shareholders at the Annual General Meeting on 24 April 2018 (previous year: €1.05). Expressed in terms of net profit, which is defined as the consolidated net profit for the period after the deduction of non-controlling interests, the distribution ratio is 51.9%. The net dividend yield based on the year-end closing price for our shares is 2.9%. The dividend will be distributed on 27 April 2018 and is tax-free for shareholders resident in Germany. It does not entitle recipients to a tax refund or a tax credit.

Financial position

Financial management is a centralised function in the Group
The Group's financial management activities include managing liquidity along with hedging against fluctuations in interest rates, currencies and commodity prices, arranging Group financing, issuing guarantees and letters of comfort and liaising with rating agencies. Responsibility for these activities rests with Corporate Finance at Group headquarters in Bonn, which is supported by three Regional Treasury Centres in Bonn (Germany), Weston, Florida (USA) and Singapore. The regional centres act as interfaces between Group headquarters and the operating companies, advise the companies on financial management issues and ensure compliance with Group-wide requirements.

Corporate Finance's main task is to minimise financial risk and the cost of capital in addition to preserving the Group's financial stability and flexibility over the long term. In order to maintain its unrestricted access to the capital markets, the Group continues to aim for a credit rating appropriate to the sector. We therefore monitor the ratio of our operating cash flow to our adjusted debt particularly closely. Adjusted debt refers to the Group's net debt, allowing for unfunded pension obligations and liabilities under operating leases.

Maintaining financial flexibility and low cost of capital
The Group's finance strategy builds upon the principles and aims of financial management. In addition to the interests of shareholders, the strategy also takes creditor requirements into account. The goal is for the Group to maintain its financial flexibility and low cost of capital by ensuring a high degree of continuity and predictability for investors.

A key component of this strategy is having a target rating of "BBB+", which is managed via a dynamic performance metric known as funds from operations to debt (FFO to debt). Our strategy additionally includes a sustained dividend policy and clear priorities regarding the use of excess liquidity, which is to be used to gradually increase plan assets of our pension plans, to distribute special dividends and to buy back shares.

Finance strategy A.18

Credit rating
- Maintain "BBB+" and "Baa1" ratings, respectively.
- FFO to debt used as dynamic performance metric.

Dividend policy
- Pay out 40 % to 60 % of net profit.
- Consider cash flows and continuity.

Excess liquidity
- Increase plan assets of pension plans.
- Pay out special dividends or execute share buy-back programme.

Debt portfolio
- Syndicated credit facility taken out as liquidity reserve.
- Debt Issuance Programme established for issuing bonds.
- Bonds issued to cover long-term capital requirements.

Investors
- Reliable and consistent information from the company.
- Predictability of expected returns.

Group
- Preserve financial and strategic flexibility.
- Assure low cost of capital.

Cash at Deutsche Post AG declined slightly, falling by €30 million to €1,756 million in the reporting period.

Deutsche Post AG's debt (provisions and liabilities) saw a slight increase of €669 million to €19,469 million year-on-year. Debt increased due to the issue of the new 2017 convertible bond in the amount of €1,000 million and a new traditional bond in the amount of €500 million, with the majority of the two bonds being used to finance Group cash management. An offsetting effect resulted from a decrease of €309 million in the liability from the 2012 convertible bond as investors exercised their conversion right.

Cash and liquidity managed centrally
The cash and liquidity of our globally operating subsidiaries is managed centrally by Corporate Treasury. 80% of the Group's external revenue is consolidated in cash pools and used to balance internal liquidity needs. In countries where this practice is ruled out for legal reasons, internal and external borrowing and investment are managed centrally by Corporate Treasury. In this context, we observe a balanced banking policy in order to remain independent of individual banks. Our subsidiaries' intra-group revenue is also pooled and managed by our in-house bank (inter-company clearing) in order to avoid paying external bank charges and margins. Payment transactions are executed in accordance with uniform guidelines using standardised processes and IT systems. Many Group companies pool their external payment transactions in the intra-group Payment Factory, which executes payments on behalf of the respective companies via Deutsche Post AG's central bank accounts.

Limiting market risk
The Group uses both primary and derivative financial instruments to limit market risk. Interest rate risk is managed exclusively via swaps. Currency risk is additionally hedged using forward transactions, cross-currency swaps and options. We pass on most of the risk arising from commodity fluctuations to our customers and, to some extent, use commodity swaps to manage the remaining risk. The parameters, responsibilities and controls governing the use of derivatives are laid down in internal guidelines.

Flexible and stable financing
The Group covers its long-term financing requirements by means of equity and debt. This ensures our financial stability and also provides adequate flexibility. Our most important source of funds is net cash from operating activities.

We also have a syndicated credit facility in a total volume of €2 billion that guarantees us favourable market conditions and acts as a secure, long-term liquidity reserve. The facility matures in 2020, and does not contain any covenants concerning the Group's financial indicators. In view of our solid liquidity, the syndicated credit facility was not drawn down during the year under review.

As part of our banking policy, we spread our business volume widely and maintain long-term relationships with the financial institutions we entrust with our business. In addition to credit lines, we meet our borrowing requirements through other independent sources of financing, such as bonds and operating leases. Most debt is taken out centrally in order to leverage economies of scale and specialisation benefits and hence minimise borrowing costs.

In December 2017, we issued a bond in a volume of €0.5 billion as part of the Debt Issuance Programme established in 2012 with a volume of up to €8 billion. We also issued a convertible bond in the amount of €1.0 billion in December 2017. The cash funds received that same month were utilised to refinance existing financial liabilities and for the further funding of pension obligations in the United Kingdom in the amount of €0.5 billion.

A total of €0.3 billion of the convertible bond issued in 2012 in the amount of €1 billion was converted in 2017. Further information on current bond issues is contained in the notes.

Deutsche Post AG issues sureties, letters of comfort and guarantees

Deutsche Post AG provides security for the loan agreements, leases and supplier contracts entered into by Group companies, associates or joint ventures by issuing sureties, letters of comfort or guarantees as needed. This practice allows better conditions to be negotiated locally. The sureties are provided and monitored centrally.

No change in the Group's credit rating

The ratings of "A3" issued by Moody's Investors Service (Moody's) and "BBB+" issued by Fitch Ratings (Fitch) remain in effect with regard to our credit quality. The stable outlook from both rating agencies is also still applicable. We remain well positioned in the transport and logistics sector with these ratings. The following table shows the ratings as at the reporting date and the underlying factors. The complete and current analyses by the rating agencies and the rating categories can be found at **dpdhl.com/en/investors.**

Agency ratings A.19

	+ Rating factors	– Rating factors
Fitch Ratings Long-term: BBB+ Short-term: F2 Outlook: stable	› Balanced business risk profile. › Stable contribution of core mail products. › Growth in internet-led parcel volumes. › Strong position in global time-definite express services with continued growth and margin improvement. › Fairly stable credit metrics and adequate liquidity.	› Structural mail volume decline in the Post - eCommerce - Parcel division due to secular changes in the industry. › Exposure to global market volatility and competitiveness through the DHL divisions.
Moody's Investors Service Long-term: A3 Short-term: P–2 Outlook: stable	› Scale and global presence as the world's largest logistics company. › Large and robust mail business in Germany. › Expectations of progressive improvement in profitability through its network investments and restructuring programmes. › Adequate financial metrics, conservative financial policy and excellent liquidity profile.	› Challenging and competitive market conditions. › Exposure to global macroeconomic trends in the logistics businesses. › Structural decline of traditional postal services. › Ongoing turnaround initiatives for Global Forwarding, Freight.

Liquidity and sources of funds

As at the reporting date, the Deutsche Post AG had cash of €1.8 billion (previous year: €1.8 billion) at its disposal. A large portion of that amount is held directly by Deutsche Post AG. The cash is either invested centrally on the money market or deposited in existing bank accounts. These central, short-term financial investments had a volume of €1.7 billion as at the reporting date (previous year: €1.7 billion). In addition, €0.5 billion was invested in a money market fund (previous year: €0.2 billion).

Capital expenditure

Investments in property, plant and equipment rose to €390 million in the year under review (previous year: €375 million) and related primarily to land and buildings (€85 million), other equipment, operating and office equipment (€190 million) as well as advance payments and assets under construction (€72 million). Investments focused on mail and parcel centres, conveyor and sorting systems as well as the electric vehicle fleet.

Net assets

Deutsche Post AG balance sheet
Total assets increased by 4.6% to €35,662 million as at the reporting date (previous year: €34,081 million).

Non-current assets also increased, rising from €18,138 million to €18,404 million. Disclosures on capital expenditure can be found in the preceding section.

Current assets saw an increase of €1,329 million, due largely to higher receivables from affiliated companies (€1,228 million).

Equity rose from €15,239 million in the previous year to €16,143 million. The net profit for 2017 of €1,886 million easily compensated for the €1,270 million in net retained profit from the previous year that was distributed to shareholders. Capital reserves rose by a total of €375 million. The increase was largely attributable to investors exercising their right to convert the 2012 convertible bond into new shares and the conversion right in connection with the issue of the 2017 convertible bond. Revenue reserves declined by €100 million in 2017, mainly as a result of the share buy-back programme. The equity ratio rose slightly year-on-year, from 44.7% to 45.3%. The ratio of equity to non-current assets is now 88% (previous year: 84%).

Provisions saw an increase of €39 million on the previous year: provisions for pensions and similar obligations were up by €40 million, tax provisions rose to €129 million and other provisions fell to €130 million.

Liabilities rose by €630 million to €15,161 million. The main reasons for the increase were the issue of the new 2017 convertible bond in the amount of €1,000 million and a new traditional bond in the amount of €500 million to finance Group cash management, the €309 million decrease in liabilities from the 2012 convertible bond as investors exercised their conversion right, and the decrease in liabilities to affiliated companies (€493 million).

Further details on the Deutsche Post AG balance sheet can be found in the notes.

Deutsche Post Shares

Deutsche Post shares: seven-year overview (IFRS result of the group) A.20

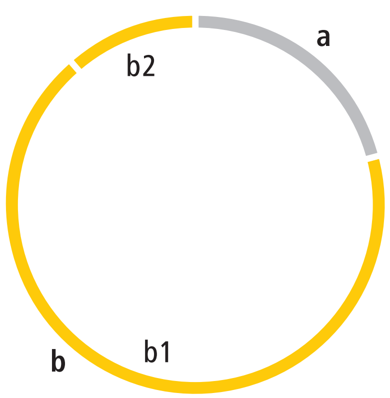
		2011	2012	2013	2014	2015	2016	2017
Year-end closing price	€	11.88	16.60	26.50	27.05	25.96	31.24	**39.75**
High	€	13.83	16.66	26.71	28.43	31.08	31.35	**40.99**
Low	€	9.13	11.88	16.51	22.30	23.15	19.73	**30.60**
Number of shares as at 31 December	millions	1,209.0	1,209.0	1,209.0	1,211.2	1,212.8	1,240.9	**1,228.7**
Market capitalisation as at 31 December	€ m	14,363	20,069	32,039	32,758	31,483	38,760	**48,841**
Average trading volume per day[1]	shares	4,898,924	4,052,323	4,114,460	4,019,689	4,351,223	3,497,213	**2,613,290**
Annual performance including dividends	%	-1.3	45.6	63.9	5.1	-0.9	23.6	**30.6**
Annual performance excluding dividends	%	-6.5	39.7	59.6	2.1	-4.0	20.3	**27.2**
Beta factor[2]		1.19	0.88	0.86	0.94	0.95	0.97	**0.99**
Earnings per share[3]	€	0.96	1.36[7]	1.73	1.71	1.27	2.19	**2.24**
Cash flow per share[4]	€	1,96	-0.17	2.47	2.51	2.84	2.03	**2.72**
Price-to-earnings ratio[5]		12.4	12.2[7]	15.3	15.8	20.4	14.3	**17.7**
Price-to-cash flow ratio[4), 6]		6.1	-97.6	10.7	10.8	9.1	15.4	**14.6**
Dividend	€ m	846	846	968	1,030	1,027[8]	1,270	**1,409**[10]
Payout ratio	%	72.7	51.6	46.3	49.7	66.7[9]	48.1	**51.9**
Dividende per share	€	0.70	0.70	0.80	0.85	0.85	1.05	**1.15**[10]
Dividend yield	%	5.9	4.2	3.0	3.1	3.3	3.4	**2,9**

[1] Volumes trade via the Xetra trading venue.
[2] Three-year beta; Source: Bloomberg
[3] Based upon consolidated net profit after deduction of non-controlling interests.
[4] Cash flow from operating activities.
[5] Year-end closing price/earnings per share.
[6] Year-end closing price/cash flow per share.
[7] Adjusted to reflect the application of IAS 19R.
[8] Reduction due to the share buyback.
[9] Excluding one-off effects (NFE and strike-related effects, disposals and other one-off effects, some of which are based upon assumptions by management:) 45.8%.
[10] Proposal.

Free float stable

The investment share of our largest investor – KfW Banken- gruppe – is 20.7% (previous year: 20.5%) and the free float is 79.3%. Based upon our share register's figures, the share of outstanding stock held by private investors is 11.1% (previous year: 10.8%). In terms of the regional distribution of identified institutional investors, the highest percentage of shares (15.8 %) is held by US investors (previous year: 13.9%), followed by the United Kingdom with a share of 13.8% (previous year: 12.6%). The share of institutional investors in Germany decreased to 12.0% (previous year: 12.4%). Our 25 largest institutional investors held a total of 38.9% of all issued shares (previous year: 41.3%).

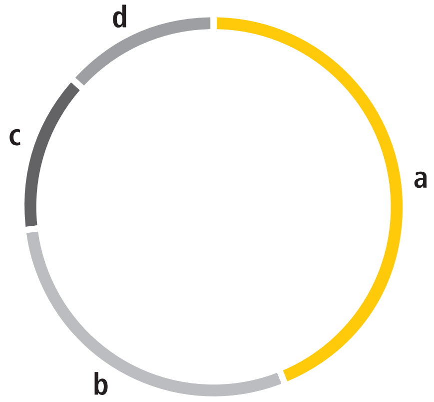
Shareholder structure[1] **A.21**



a	KfW Bankengruppe	20.7 %
b	Free Float	79.3 %
b1	Institutional Investors	68.2 %
b2	Private Investors	11.1 %

[1] As at 31 December 2017

Shareholder structure by region[1] **A.22**



a	Germany	43.8 %
b	Other	26.6 %
c	USA	15.8 %
d	UK	13.8 %

[1] As at 31 December 2017

Non-financial Key Performance Indicators

Employees

Facing change in the workplace with an open mind
We support our employees in developing their potential and offer them a respectful work environment with competitive pay. In today's digital world, this also entails responding to changes in our working methods and facing new challenges open-mindedly and without bias. The task of involving employees in the change process falls, in particular, to our executives, who are supported by systematic human resources work.

Employee Opinion Survey
Our annual Group-wide Employee Opinion Survey comprises 41 questions categorised in ten key performance indicators and one index. We achieved stable or improved results in nearly all areas in 2017, with nearly all figures at or above external benchmarks. The response rate of 76% – an improvement of two percentage points – underscores the survey's acceptance level.

Selected results from the Employee Opinion Survey **A.23**

%	2016	2017
Response rate	74	**76**
Positive rating of Active Leadership KPI	74	**75**
Positive rating of Employee Engagement KPI	75	**75**

Number of employees again rises slightly
As at 31 December 2017, we employed 142,257 full-time equivalents, 2.4 % more than in the previous year. The headcount at the end of the year was 168,834.

Number of employees A.24

	31 Dec. 2016	31 Dec. 2017	Change in %
1. Calculated as full-time employees (excl. trainees)			
Total as at 31 Dec.	138,985	**142,257**	2.4
thereof by division:			
Post - eCommerce - Parcel	134,571	**137,783**	2.4
Other	4,414	**4,474**	1.4
2. Total workforce (excl. trainees)			
Total as at 31 Dec.	166,997	**168,834**	1.1
thereof			
Salaried employees and hourly workers	135,736	**139,140**	2.5
Civil servants	31,261	**29,694**	-5.0
3. Average for the year (excl. trainees)	165,786	**166,899**	0.7

Staff costs below prior-year level
Staff costs fell from €7,582 million in the previous year to €7,434 million in the year under review. Details can be found in the notes.

Adequately compensating performance
Our performance-related compensation, which is in line with both the market and the company's long-term requirements, makes us an attractive employer. We use a systematic job grading system to ensure that our remuneration structures are reasonable and balanced.

In addition, we strengthen our employees' loyalty and motivation by offering additional benefits to supplement the company's defined benefit and defined contribution retirement plans.

Age-based and secure working conditions
In Germany, we responded as early as 2011 to demographic projections by concluding the Generations Pact between Deutsche Post AG and the trade unions. Today, 24,401 of our hourly workers and salaried employees maintain the required working time account and 3,886 are in partial retirement. Since 2016, we have also been offering comparable arrangements for civil servants, 3,629 of whom have established a lifetime working account and 1,076 have entered partial retirement.

Targeted employee development
A customer-focused culture requires a shared understanding. As part of our Group-wide "Certified" initiative, we offer our employees a broad range of curricula, allowing them to gain specific knowledge relevant to their roles and learn more about the greater context of the Group.

An important component of our development initiatives for executives is the further development of their management style on the basis of newly defined leadership attributes. The majority of the target group has already taken part in our Certified Logistics Leader programme.

In Germany, Austria, Switzerland and Denmark, we offer young people the opportunity to enrol in dual-study apprenticeship programmes consisting of in-house training combined with studies at state vocational schools. In Germany alone, students are able to choose from more than 15 state-accredited apprenticeship schemes and twelve dual-study programmes. In 2017, we offered 2,472 positions in our apprenticeship and study programmes.

Diversity promotes in-house innovation
Our organisation unites people from a wide variety of cultures who possess different skills, experiences and perspectives. This diversity bolsters our innovative strength and makes us attractive to customers and employees alike. We promote inclusion and equal opportunity in the workplace, as set out in our Code of Conduct and a Group Statement.

A Group-wide monitoring system tracks diversity indicators to monitor the effectiveness of the actions we take in this regard. In the year under review, the Diversity Council discussed a number of topics, including measures designed to increase the number of women in executive positions. On 31 December 2017, the worldwide proportion of women in management in the Group was 21.5% (previous year: 21.1%).

Health and safety

Occupational safety: always the top priority
The health and safety of our employees are the foundation of the company's business success. We promote both through a supportive working environment with a special focus upon prevention.

More detailed information on workplace safety requirements is provided in our Occupational Health & Safety Policy Statement.

Workplace accidents (DPDHL Group) A.25

	2016	2017
Accident rate (number of accidents per 200,000 hours worked)[1]	**4.0**	**4.4**
Working days lost per accident[1]	**14.8**	**15.3**
Number of fatalities due to workplace accidents	**4**	**3**
of which as a result of traffic accidents	**2**	**1**

[1] Coverage: around 99 %.

The change in the accident rate is essentially the result of an increase in the number of incidents during delivery. Our coverage rate improved from 96% to more than 99%. We report on occupational safety measures and targets and describe the changes in the accident data for the divisions in more detail in our **Corporate Responsibility Report.**

Bolstering health
We inform employees about health risks by offering courses on health-related topics and carrying out initiatives at a local level. One area of focus in the year under review was how to manage stress and deal with mental illness.

Our Group-wide employee benefits programme now offers insurance coverage to supplement statutory health insurance plans in more than 100 countries, in some cases enabling access to high-quality and affordable health care in the first place.

Corporate responsibility

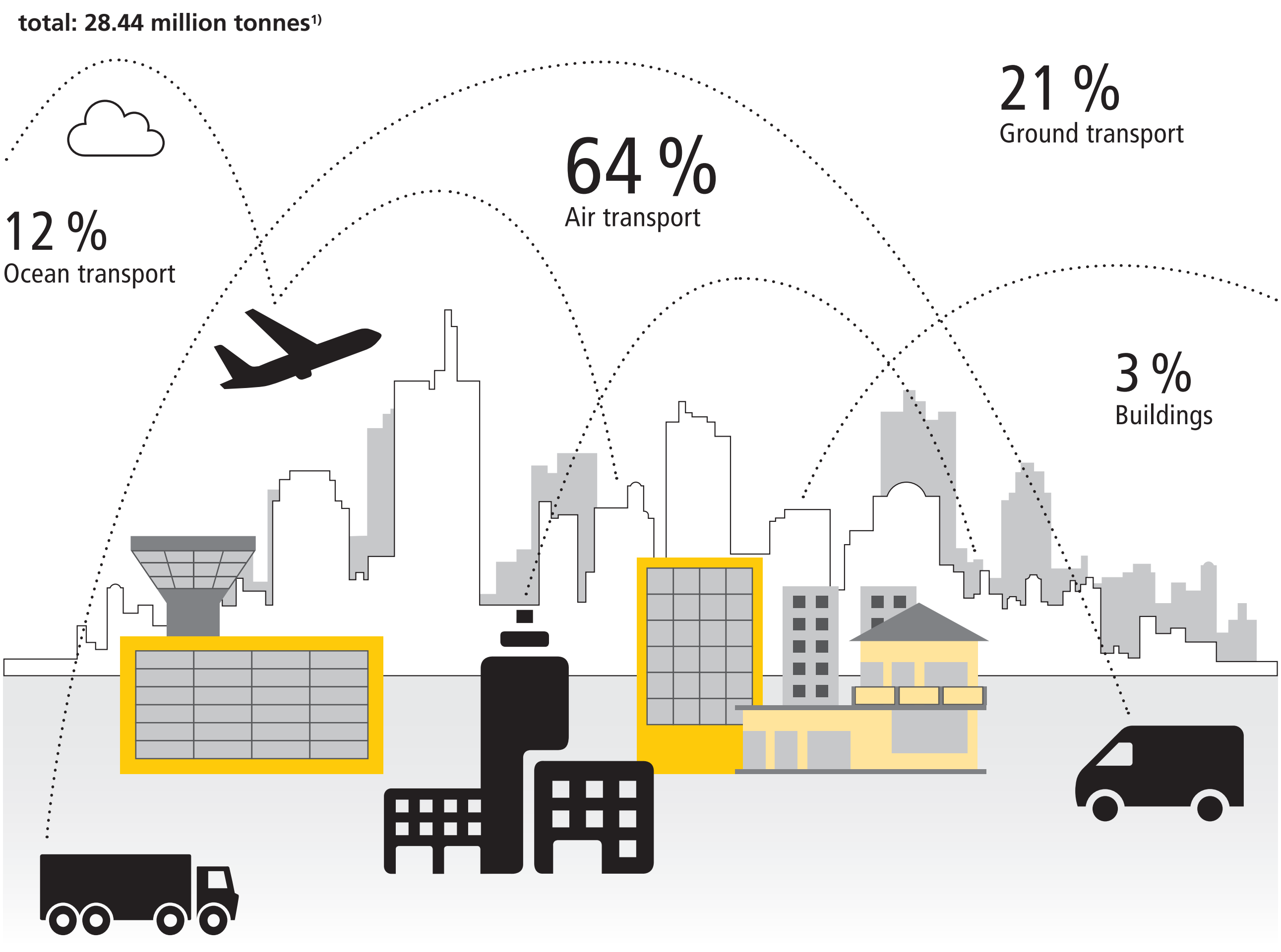
Commitment to shared values
An important part of our Group strategy is to become a benchmark enterprise for responsible business. We have codified responsibility in our Code of Conduct, which is guided by both the principles of the Universal Declaration of Human Rights and the United Nations Global Compact and adheres to recognised legal standards. We also support the United Nation's sustainable development goals.

With responsible business practices we ensure our business operates in compliance with applicable laws, ethical standards and international guidelines. We coordinate the main aspects and issues deemed material via our Groupwide Responsible Business Practice network. Through ongoing dialogue with our stakeholders, we ensure that their expectations as regards social and environmental issues are accounted for appropriately and that our business is aligned systematically with their interests. In the year under review, we reviewed the matters defined two years ago as material for continued relevance and completeness by conducting thorough interviews. In most instances, our original classification was confirmed. We also dealt with the new non-financial reporting requirements. The required information is included in our **Corporate Responsibility Report, dpdhl.com/cr-report2017.**

We use our expertise as a mail and logistics services group for the benefit of society and the environment, and we motivate our employees to engage in volunteer work. We provide logistical support in the wake of natural disasters, are committed to improving the educational and professional opportunities of socially disadvantaged young people, and support local environmental protection and aid projects. In 2017, we continued our initiative to integrate refugees in Germany by providing assistance with language and job skills and we have carried out initial measures in other countries.

Measures to increase carbon efficiency and environmentally friendly GoGreen services help us to fulfil our responsibility towards the environment and society, and to create added value for our customers whilst strengthening our market position. One area we focused upon in the year under review as increasing the proportion of electric vehicles in our fleet.

CO_2e-emissions, 2017 **A.26**



[1)] Scope 1 to Scope 3.

Efficiency target exceeded

In order to measure and manage our greenhouse-gas efficiency, we make use of a carbon efficiency index (CEX). In 2017, our direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions amounted to 6.34 million tonnes of CO_2e (previous year: 6.05 million tonnes of CO_2e). The indirect greenhouse gas emissions (Scope 3) of our transport subcontractors amounted to 22.10 million tonnes of CO_2e (previous year, adjusted: 20.81 million tonnes of CO_2e).

We set new environmental targets in the reporting period. By 2025, for example, we plan to improve our CEX by 50% compared with the 2007 base year. We already achieved an improvement of 32% versus 2007 in 2017, thus exceeding our goal of improving the CEX by one index point compared with the prior year.

Additional information on our environmental activities and targets is included in our **Corporate Responsibility Report, dpdhl.com/cr-report2017.**

Fuel an energy consumption in company fleet and buildings — A.27

		2016	2017
Consumption by fleet			
Air transport (jet fuel)	million kilograms	1,332.5	**1,406.3**
Road transport (petrol, bio-diesel, diesel, bio-ethanol, LPG)	million litres	447.2	**451.1**
Road transport (biogas, CNG, LNG)	million kilograms	4.5	**3.6**
Energy for buildings and facilities (including electric vehicles)	million kilowatt hours	3,039[1)]	**3,194**

[1)] Adjusted

Customers and quality

Facts and figures, customers and quality — A.28

93 % D+1
Letters delivered within Germany the day after posting.

APPROXIMATELY 290
locations certified by the Transported Asset Protection Association (TAPA).

Open 54 hours
Average weekly opening time of around 27,000 sales points in Germany.

MAIL AND PARCEL BUSINESS

DHL BUSINESS UNITS

Net Promoter Approach
Continuously turning criticism into improvements.

93.9 % SATISFIED CUSTOMERS
According to independent market study Kundenmonitor Deutschland

MYDHL PORTAL
Allowing business customers to easily send express items.

TÜV-certified
Certified external system for measuring mail transit times (end-to-end) and internal system for measuring parcel transit times.

OVER 3,000 ELECTRIC VEHICLES
put into operation in 2017.

Insanely Customer Centric Culture
Keeping a constant eye on customer requirements.

CUSTOMER IMPROVEMENT PROJECTS
More than 80 improvement initiatives successfully implemented in 2017.

Sending mail and parcels quickly and reliably
Customers rate the quality of our services based upon whether the items they post reach their destinations quickly, reliably and undamaged. According to surveys conducted by Quotas, a quality research institute, 93% of the domestic letters posted in Germany during our daily opening hours or before final collection are delivered to their recipients the next day. Around 99% reach their recipients within two days. This puts us well above the legally required 80% (D+1) and 95% (D+2). The Quotas measurement system is audited and certified each year by TÜV Rheinland for compliance with EN 13850 requirements. Transit times for international letters are determined by the International Post Corporation. Here, we rank amongst the top postal companies.

In our parcel business, 84% of items posted reach their recipients the next working day. This figure is based upon parcels we collected from business customers that were delivered the next day. Our internal system for measuring parcel transit times has been certified by TÜV Rheinland since 2008.

In our mail business, we achieved a high level of sorting automation that exceeds 90%. In our parcel network, we have increased our sorting capacity by more than 50% since the launch of our Parcel Production Concept in 2012, by increasing productivity in our existing facilities and expanding our infrastructure nationwide. With 34 parcel centres in operation, we have a sorting capacity of over one million parcels per hour. More than 75 mechanised delivery bases support our operations.

Our approximately 27,000 sales points were open for an average of 54 hours per week (previous year: 53 hours). The annual survey conducted by Kundenmonitor Deutschland, the largest consumer survey in Germany, showed a high acceptance of our exclusively partner-operated retail outlets: 93.9% of customers were satisfied with our quality and service (previous year: 93.8%). In addition, impartial mystery shoppers from TNS Infratest tested the postal outlets in retail stores around 30,000 times over the year. The result showed that 94.3% of customers were served within three minutes (previous year: 93.7%).

Another key quality indicator for us is environmental protection, which we describe in our **Corporate Responsibility Report, dpdhl.com/cr-report2017.** In the area of electric mobility, which is strategically important to us, we put over 3,000 vehicles into operation in the year under review and began converting our delivery operations in Berlin, Munich, Hanover, Frankfurt, Dresden, Herne and Essen to the exclusive use of electric vehicles. In addition to deploying Street- Scooters for our own operations, we have been offering the vehicles to businesses and municipalities for purchase since 2017.

Brands

Brand architecture A.29

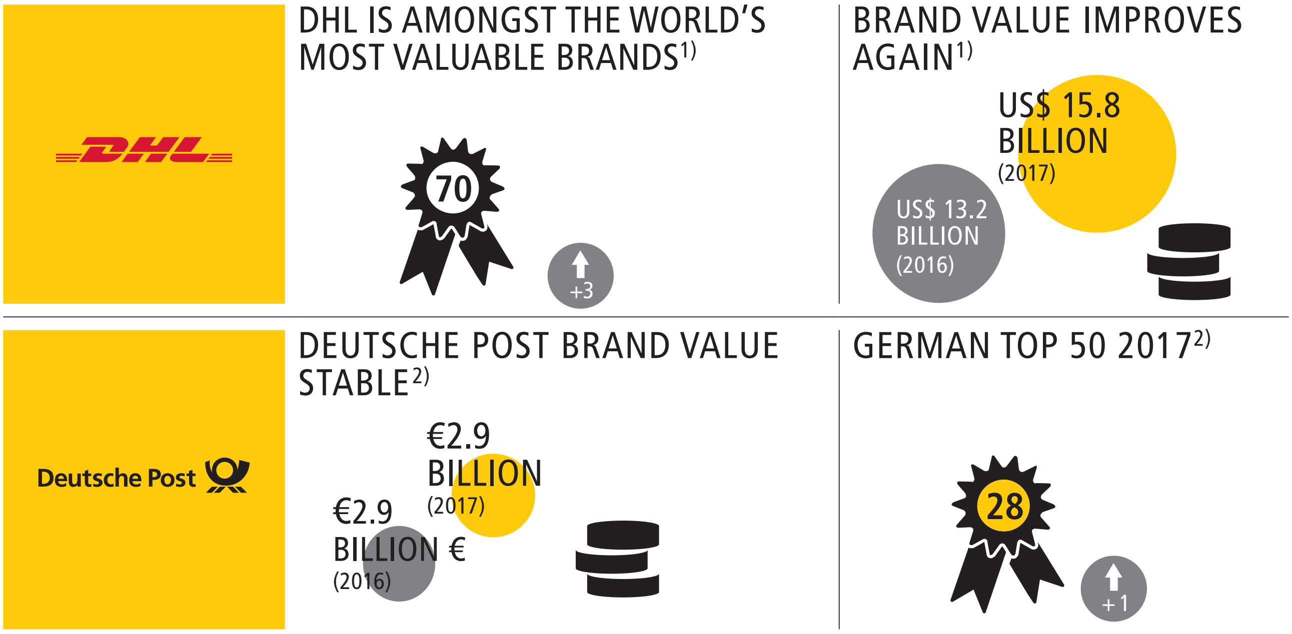
Group	Deutsche Post DHL Group			
Divisions	Post - eCommerce - Parcel	Express	Global Forwarding, Freight	Supply Chain
Brands	Deutsche Post	DHL		

Brand value continues to improve
We manage the Deutsche Post and DHL brands based upon our Group strategy, Objectives and strategies, and we work constantly to further increase the recognition, image and value of our brands.

According to independent studies, our efforts were successful again in the year under review. The BrandZ study published by market research institute Millward Brown valued the DHL brand at US$15.8 billion in 2017, a 19.7% increase (previous year: US$13.2 billion) that moves the company up three places to 70th in the Top 100 Most Valuable Global Brands ranking. Millward Brown determines brand value based upon a company's current financial position as well as the contribution the brand makes to the company's business success. Interbrand, a brand consulting company, uses a similar system to rank the world's most valuable brands each year. In the 2017 ranking, DHL moved up one place to 76th. Interbrand valued the DHL brand at US$5.7 billion (previous year: US$5.7 billion).

Consulting company Brand Finance valued the Deutsche Post brand at €2.9 billion in the year under review (previous year: €2.9 billion), moving the company up one place to 28th in the German Top 50 and affirming it in 13th place amongst the most valuable logistics brands in the world.

Value of Group brands in 2017 A.30



1) Source: Millward Brown, 2017 2) Source: Brand Finance, 2017

DHL boosts brand with advertising and partnerships
In the year under review, DHL continued its brand campaign "The Power of Global Trade" for the third year. Its main theme was again how trade and logistics can improve people's lives. Print and online advertisements, TV commercials and social media activities delivered emotional brand experiences to target groups.

We also bolster our brand's reputation around the world as a partner for high-profile events. For instance, in 2017 we continued our partnerships with Formula 1®, Formula E and the MotoGP™ world motorcycle racing series. We also continued our proven global DHL logistics partnerships with FC Bayern Munich, Fashion Week organisations, the World Touring Car Championship (WTCC) and Gewandhausorchester Leipzig. In August 2017, DHL entered into a new logistics partnership with the global drone racing series DR1 Drone Racing League.

Marketing expenditures, 2017 (Deutsche Post DHL Group) A.31

Volume: around € 437 million	%
Product development and communication	**59.9**
Other	**21.7**
Public & customer relations	**14.5**
Corporate wear	**3.9**

Sports sponsorships strengthen Deutsche Post brand
Deutsche Post systematically draws attention to its brand by sponsoring popular national sporting events. In the year under review, the company again focused upon its strategic partnership with the Deutscher Fußball-Bund (DFB – German football federation). Deutsche Post was involved with the German national football teams and the DFB tournament as well as amateur football leagues and the FUSSBALL.DE platform. The partnerships with the Deutsche Tourenwagen Masters (DTM – German Touring Car Masters) racing series and the Bob- und Schlittenverband für Deutschland (BSD – German bobsleigh, luge and skeleton federation) were likewise continued.

Ecpected Developments

Deutsche Post AG is fully included in the international strategic focus of Deutsche Post DHL Group and the related performance forecast. The Post - eCommerce - Parcel division largely reflects Deutsche Post AG's core business while the DHL divisions indirectly influence Deutsche Post AG in particular through net investment income, as profit transfer agreements are in place. There are no performance indicators relevant to internal management at Deutsche Post AG as a legal entity. The Deutsche Post financial statements prepared in accordance with the German Commercial Code (HGB) are significant for calculating the dividend. Presentation of the Company's outlook is therefore based on Deutsche Post DHL Group's key performance indicators which are calculated in accordance with the IFRSs.

Overall Board of Management assessment of the future economic position

The Board of Management expects consolidated EBIT to reach around €4.15 billion in financial year 2018. The Post - eCommerce - Parcel division, which largely reflects Deutsche Post AG's core business, is likely to contribute around €1.50 billion to this figure. We also expect an additional improvement in overall earnings to around €3.00 billion in the DHL divisions. All of the DHL divisions are expected to contribute to the increase. The Corporate Center/Other result is projected to remain stable at around €-0.35 billion. Due to the changes resulting from the initial application of IFRS 16, we expect the asset charge to increase to a greater extent than EBIT and EBIT after asset charge (EAC) to decline in 2018 as a result. Free cash flow is expected to exceed €1.5 billion.

Forecast period

The information contained in the report on expected developments generally refers to financial year 2018.

Future economic parameters

Good outlook for the global economy

The global economy is expected to pick up slightly once more in 2018. A pronounced upturn is currently being seen in the industrial countries, supported by expansionary monetary policy along with expectations of expansionary fiscal stimulus packages. Despite the existing political risks and a gradual decline in available production capacities, the pace of growth seen in the previous year is expected to continue. Higher growth rates are expected in the emerging markets, due in the main to contributions from countries that were just recently in the midst of fighting off recessionary tendencies. By contrast, a slightly weaker upwards trend is expected for those regions that have been seeing strong growth. Risks jeopardising this outlook continue to stem from the many geopolitical hotspots. Nonetheless, it is still possible that mutually reinforcing upwards cyclical trends could give global economic growth a significant boost.

Global economy: growth forecast A.32

%	2017	2018
World trade volume	**4.7**	**4.6**
Real gross domestic product		
World	3.7	3.9
Industrial countries	2.3	2.3
Emerging markets	4.7	4.9
Central- und Eastern Europe	5.2	4.0
CIS countries	2.2	2.2
Emerging markets in Asia	6.5	6.5
Middle East and North Africa	2.5	3.6
Latin America and the Caribbean	1.3	1.9
Sub-Saharan Africa	2.7	3.3

Source: International Monetary Fund (IMF), World economic outlook, update January 2018.
Growth rates calculated on the basis of purchasing power parity.

The economy in China is likely to weaken further, with GDP growth expected to soften slightly (IMF: 6.6%; OECD: 6.6%). The Japanese economy is projected to record only minimal growth, and economic output is expected to expand at a much slower pace than in 2017 (IMF: 1.2%; OECD: 1.2%).

GDP in the United States is anticipated to increase more strongly in 2018 than in the previous year (IMF: 2.7%; OECD: 2.5%). In the euro zone, the economic recovery is forecast to continue. However, GDP growth is likely to weaken slightly (IMF: 2.2%; ECB: 2.3%).

Leading indicators suggest that the upswing in Germany will remain intact. Growth for the year as a whole is expected to mirror the previous year's level in 2018 (IMF: 2.3%; Sachverständigenrat: 2.2%).

The most likely trend for crude oil listings is a slight decrease from the present level.

The ECB will very likely maintain its key interest rate at the current level in 2018. The bank is also expected to continue to reduce its bond purchases, or even discontinue the programme entirely, should the euro zone economy remain solid. The US Federal Reserve is expected to raise its key interest rate further over the course of the year, which could moderately increase capital market interest rates.

World trade grows solidly

After a strong increase in 2017, we expect growth in the global trade flows relevant to us (air and ocean freight shipped in containers, excluding liquids and bulk goods) to slow somewhat in 2018. All in all, we anticipate an increase of 3.7%.

Parcel market expected to see sustained growth

The market for paper-based mail communication will continue to decline, including in Germany. Physical mail volumes are falling, primarily because people are communicating digitally to an increasing extent. After raising the stamp price for a standard letter at the beginning of 2016, we shall not make any further price adjustments to regulated exante mail products, until after 2018, due to the price-cap mechanism.

The German advertising market is likely to maintain its approximate volumes in 2018. Advertising budgets will continue to shift towards online media. The trend towards automated dialogue marketing campaigns is set to remain unchanged.

The parcel market will continue to grow in Germany, the rest of Europe and the world, as will cross-border services.

The international mail business is likely to see slight growth overall, particularly due to increasing merchandise shipping.

Revenue and earnings forecast

In addition to the overall state of the global economy – which is expected to be robust, insofar as can be foreseen – one of the main factors impacting our Group continues to be structural growth arising from e-commerce transactions. E-commerce growth is making a positive contribution in all regions and divisions, albeit to varying extents. We therefore expect the Group to record another positive revenue trend.

Against this backdrop, we expect consolidated EBIT to reach around €4.15 billion in financial year 2018. The Post - eCommerce - Parcel division, which largely reflects Deutsche Post AG's core business, is likely to contribute around €1.50 billion to this figure. We also expect an improvement in overall earnings to around €3.00 billion in the DHL divisions. All of the DHL divisions are expected to contribute to the increase. The Corporate Center/Other result is projected to remain stable at around €-0.35 billion.

In line with our Group strategy, we plan to focus upon organic growth and anticipate only a few very selective acquisitions in 2018, as in the previous year.

Our finance strategy continues to call for a payout of 40% to 60% of net profits as dividends as a general rule. At the Annual General Meeting on 24 April 2018, we intend to propose to the shareholders that a dividend per share of €1.15 be paid for financial year 2017 (previous year: €1.05).

We expect Deutsche Post AG to generate earnings in financial year 2018 that will enable a similar dividend to be paid.

Expected financial position

No change in the Group's credit rating
In light of the earnings forecast for 2018, we expect the "FFO to debt" indicator to remain stable on the whole and do not expect the rating agencies to change our credit rating from the present level.

Liquidity to remain solid
We anticipate a reduction in our liquidity in the first half of 2018 as a result of the annual pension prepayment due to the Bundesanstalt für Post und Telekommunikation as well as the dividend payment for financial year 2017 in April 2018. However, our operating liquidity situation will improve again significantly towards the end of the year, due to the upturn in business that is normal in the second half.

A bond issued by Deutsche Post AG in the amount of €0.5 billion will fall due in October 2018.

Capital expenditure of around €2.5 billion expected in the group
In 2018, we plan to increase capital expenditure (excluding leasing) to around €2.5 billion in support of our strategic objectives and further growth. The focus of capital expenditure will be similar to that of previous years.

Performance of further indicators relevant for internal management

EAC impacted by IFRS 16 in the group
Due to the changes resulting from the initial application of IFRS 16, EAC will decline to a fundamentally lower level, as the respective cost of capital (asset charge) of the divisions increases disproportionately to EBIT. Without this effect, EAC tends to follow the respective development of EBIT. Free cash flow is expected to exceed €1.5 billion.

Employee Opinion Survey results again positive
We intend to keep up the positive results that our Employee Opinion Survey achieved in the reporting year. For 2018, we expect to see an increase to 76% in the approval rating for the Active Leadership key performance indicator.

Further improve greenhouse gas efficiency
We expect the Group to further improve its carbon efficiency. Our CEX score is projected to increase by one index point during financial year 2018.

Opportunities and risks

Overall Board of Management assessment of the opportunity and risk situation

Identifying and swiftly capitalising upon opportunities and counteracting risks are important objectives for our Group. We already account for the anticipated impact of potential events and developments in our business plan. Opportunities and risks are defined as potential deviations from projected earnings. In consideration of our current business plan, the Group's overall opportunity and risk situation has not changed significantly compared with last year's risk report. According to current assessments, no new risks with a potentially critical impact upon the Group's result have been identified. Based upon the Group's early warning system and in the estimation of its Board of Management, there were no identifiable risks for the Group in the current forecast period which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future. The assessment of a stable to positive outlook is moreover reflected in the Group's credit ratings.

As Deutsche Post AG, due to financing commitments, guarantees, direct and indirect investments in its subsidiaries as well as other factors, is highly interlinked with the Deutsche Post DHL Group companies, its opportunity and risk position largely corresponds to the opportunity and risk situation of Deutsche Post DHL Group. In this respect, the overall Board of Management assessment of the opportunity and risk situation also summarises the opportunity and risk position of Deutsche Post AG.

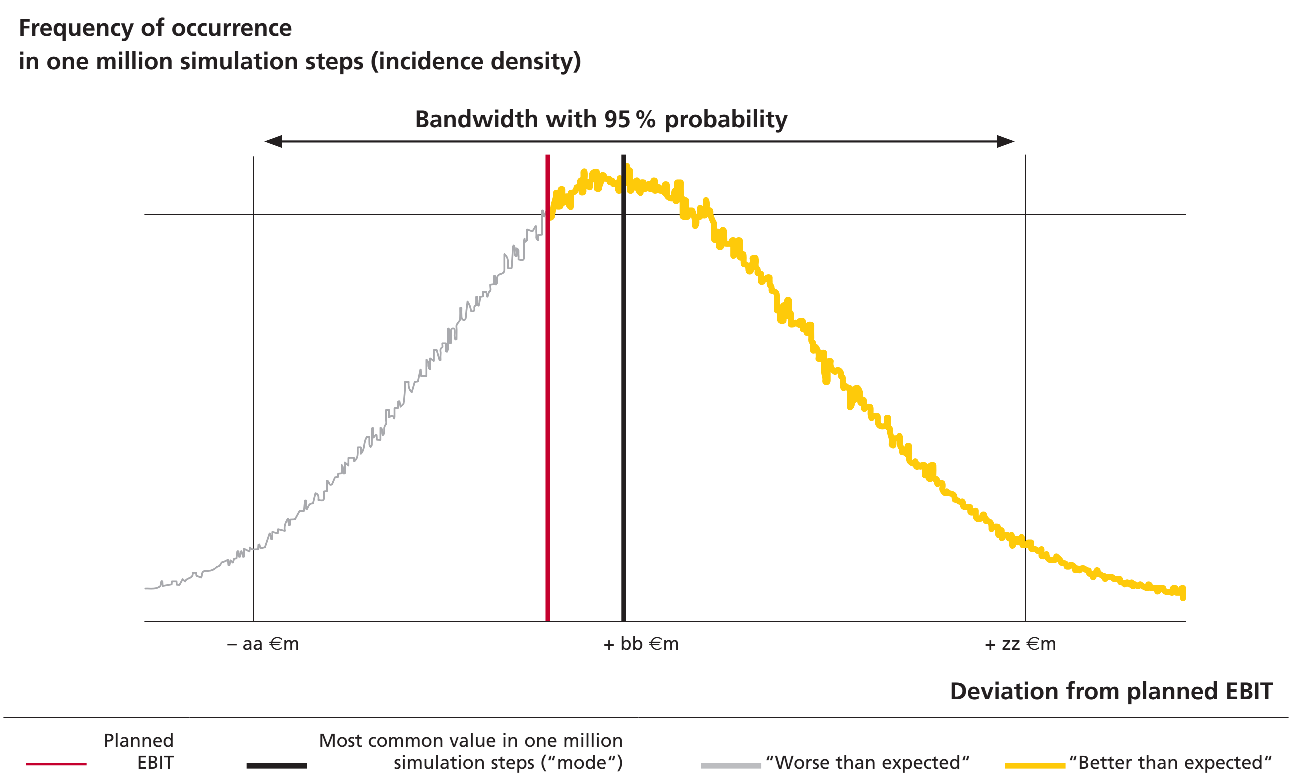
Opportunity and risk management

Uniform reporting standards for opportunity and risk management
As an internationally operating logistics company, we are facing numerous changes. Our aim is to identify the resulting opportunities and risks at an early stage and take the necessary measures in the specific areas affected in due time to ensure that we achieve a sustained increase in enterprise value. Our Group-wide opportunity and risk management system facilitates this aim. Each quarter, managers estimate the impact of future scenarios, evaluate opportunities and risks in their departments, and present planned measures as well as those already taken. Queries are made and approvals given on a hierarchical basis to ensure that different managerial levels are involved in the process. Opportunities and risks can also be reported at any time on an ad-hoc basis.

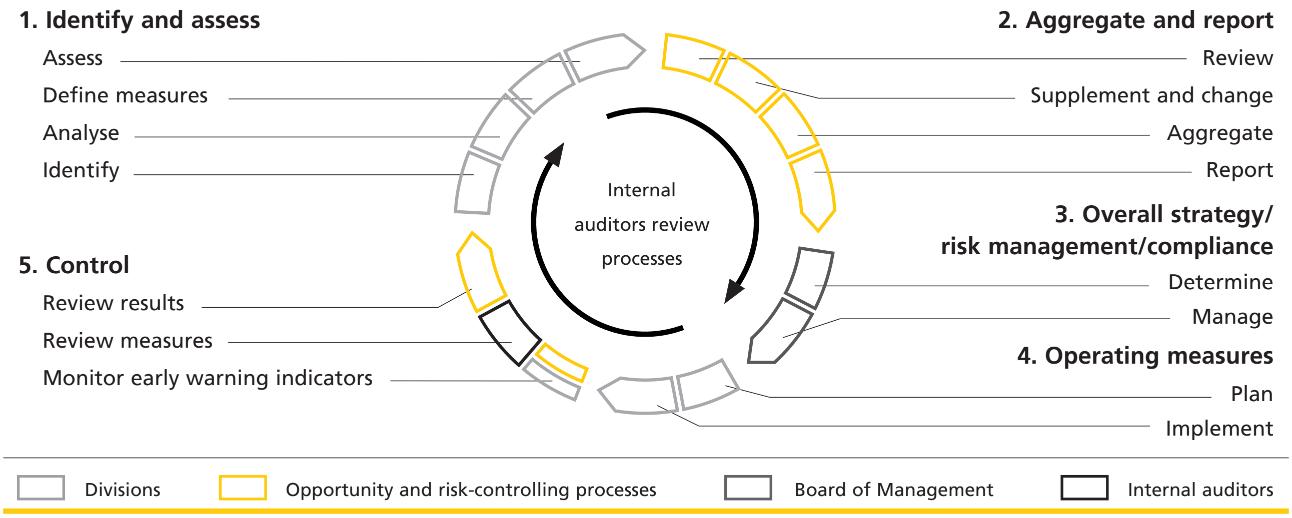
Our early identification process links the Group's opportunity and risk management with uniform reporting standards. We continuously improve the IT application used for this purpose. Furthermore, we use a Monte Carlo simulation for the purpose of aggregating opportunities and risks in standard evaluations.

The simulation is a stochastic model that takes the probability of occurrence of the underlying risks and opportunities into consideration and is based upon the law of large numbers. One million randomly selected scenarios – one for each opportunity and risk – are combined on the basis of the distribution function of each individual opportunity and risk. The resulting totals are shown in a graph of frequency of occurrence. The following graph shows an example of such a simulation:

Monte Carlo simulation A.33



Opportunity and risk management process **A.34**



The most important steps in our opportunity and risk management process are:

1. Identify and assess: Managers in all divisions and regions evaluate the opportunity and risk situation on a quarterly basis and document the action taken. They use scenarios to assess best, expected and worst cases. Each identified risk is assigned to one or more managers who assess and monitor the risk, specify possible procedures for going forwards and then file a report. The same applies to opportunities. The results are compiled in a database.

2. Aggregate and report: The controlling units collect the results, evaluate them and review them for plausibility. If individual financial effects overlap, they are noted in our database and taken into account when compiling them. After being approved by the department head, all results are passed on to the next level in the hierarchy. The last step is complete when Corporate Controlling reports to the Group Board of Management on significant opportunities and risks as well as on the potential overall impact each division might experience. For this purpose, opportunities and risks are aggregated for key organisational levels. We use two methods for this. In the first method, we calculate a possible spectrum of results for the divisions and combine the respective scenarios. The totals for "worst case" and "best case" indicate the total spectrum of results for the respective division. Within these extremes, the total "expected cases" shows current expectations. The second method makes use of a Monte Carlo simulation, the divisional results of which are regularly included in the opportunity and risk reports to the Board of Management.

3. Overall strategy: The Group Board of Management decides on the methodology that will be used to analyse and report on opportunities and risks. The reports created by Corporate Controlling provide an additional, regular source of information to the Board of Management for the overall steering of the Group.

4. Operating measures: The measures to be used to take advantage of opportunities and manage risks are determined within the individual organisational units. They use cost-benefit analyses to assess whether risks can be avoided, mitigated or transferred to third parties.

5. Control: For key opportunities and risks, early-warning indicators have been defined that are monitored constantly by those responsible. Corporate Internal Audit has the task of ensuring that the Board of Management's specifications are adhered to. It also reviews the quality of the entire opportunity and risk management operation. The control units regularly analyse all parts of the process as well as the reports from Internal Audit and the independent auditors, with the goal of identifying potential for improvement and making adjustments where necessary.

Internal accounting control and risk management system (disclosures required under section 289(4) of the Handelsgesetzbuch (HGB – German Commercial Code) and explanatory report)
Deutsche Post uses an internal accounting control system to ensure that accounting adheres to generally accepted accounting principles. This system is intended to make sure that statutory provisions are complied with and that both internal and external accounting provide a valid depiction of business processes in figures. All figures are to be entered and processed accurately, promptly and completely. Accounting mistakes are to be avoided in principle and any errors that may occur uncovered without delay.

The control and risk management system design comprises organisational and technical measures that extend to all organizational units in the Company. Centrally standardised accounting guidelines ensure that financial reporting standards in accordance with the German Commercial Code (HGB) are applied in a uniform manner throughout the Company. A central chart of accounts specifies the items relevant to bookkeeping. Account assignment guidelines provide extensive additional rules. The chart of accounts, the account assignment guidelines and any changes made are recorded in the intranet, which ensures constant access by the users. The responsible organisational units are provided with detailed plans of activities, instructions and schedules for the year-end closing process.

Deutsche Post's primary accounting functions are handled by the Accounting SSC (Shared Service Center) in Cologne (Finance & HR Services Germany). Principally, the following departments have been established for these functions: General Ledger, Accounting for Affiliated Companies, Master Data/Duty, Accounts Payable, Accounts Receivable, Cost Accounting Solutions & Services, Business Process Optimisation, Performance & Quality Management and Corporate Treasury Services.

Transactions relevant to accounting are processed by IT at Deutsche Post AG. To this end, Deutsche Post uses the services of its subsidiary, Deutsche Post IT Services GmbH, with its main and standby centres in Prague. The subsidiary has assumed responsibility for operation and maintenance as well as IT application development and care in respect of the systems relevant to accounting. The application systems used for financial accounting are predominantly standard solutions from SAP AG. In addition, Deutsche Post uses the services of T-Systems Enterprise Services GmbH (T-Systems), a subsidiary of Deutsche Telekom AG. Annual IT reviews are conducted at T-Systems by an independent German auditing firm. The content and results of the audit are documented in writing in an ISAE3402 certification.

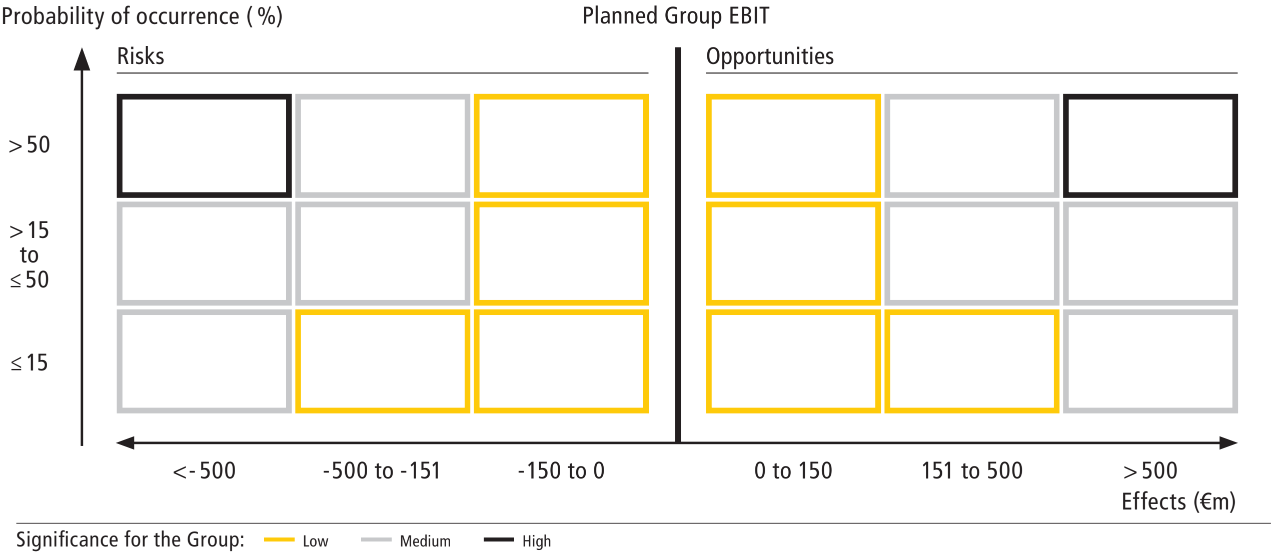
Other components of our control system include automatic plausibility reviews and system validations of the accounting data. In addition, manual checks are carried out regularly at a decentralised level by those responsible locally and at a central level by Corporate Accounting & Controlling, Corporate Tax and Corporate Finance at the Corporate Center. Upstream and downstream checks and analyses of the reported data are performed under chronological aspects. If necessary, we call in outside experts, for instance, in the case of pension provisions. Finally, the Company's standardised process for preparing financial statements using a centrally administered financial statements calendar guarantees a structured and efficient accounting process.

Over and above the aforementioned internal accounting control system and risk management structures, Corporate Internal Audit & Security is an essential component of the Group's controlling and monitoring system. Using risk-based auditing procedures, Corporate Internal Audit & Security examines the processes related to financial reporting and reports its results to the Board of Management on a regular basis.

Reporting and assessing opportunities and risks

In the following, we have reported mainly on those risks and opportunities which, from the current standpoint, could have a significant impact upon the Group during the forecast period beyond the impact already accounted for in the business plan. The risks and opportunities have been assessed in terms of their probability of occurrence and their impact. The assessment is used to classify the opportunities and risks into those of low, high or medium relevance. We characterise opportunities and risks of high or medium relevance as significant, shown as black or grey in table A.35. The following assessment scale is used:

Classification of risks and opportunities — A.35



The opportunities and risks described here are not necessarily the only ones the Group faces or is exposed to. Our business activities could also be influenced by additional factors of which we are currently unaware or which we do not yet consider to be material.

Opportunities and risks are identified and assessed decentrally at Deutsche Post DHL Group. Reporting on possible deviations from projections, including latent opportunities and risks, occurs primarily at the country or regional level. In view of the degree of detail provided in the internal reports, we have combined the decentrally reported opportunities and risks into the categories shown below for the purposes of this report. It should be noted that the figures provided in the underlying individual reports exhibit a significant correlation with the performance of the world economy and global economic output. Unless otherwise specified, a low relevance is attached to the individual opportunities and risks within the respective categories and in the forecast period under observation (2018). The opportunities and risks generally apply for all divisions, unless indicated otherwise.

Categories of opportunities and risks

Opportunities and risks arising from political, regulatory or legal conditions

A number of risks arise primarily from the fact that the Group provides some of its services in a regulated market. Many of the postal services rendered by Deutsche Post AG and its subsidiaries (particularly the Post - eCommerce - Parcel division) are subject to sector-specific regulation by the Bundesnetzagentur (German federal network agency), Glossary, page 181, pursuant to the Postgesetz (PostG – German Postal Act). The Bundesnetzagentur approves or reviews prices, formulates the terms of downstream access and has special supervisory powers to combat market abuse.

In 2015, the Bundesnetzagentur stipulated the conditions applicable to the approval of postage rates for letters of up to 1,000 grams under the price cap procedure. These conditions are referred to as parameters and are set to expire on 31 December 2018. The regulator will be setting new parameters in 2018.

In a judgement dated 14 July 2016, the General Court of the European Union (EGC) set aside the European Commission's state aid decision dated 25 January 2012 in an action brought by the Federal Republic of Germany. In this decision, the European Commission had argued that the financing of civil servant pensions in part constituted unlawful state aid that had to be repaid to the federal government. We have described this in detail in the 2015 and 2016 Annual Report in note 48 to the consolidated financial statements. In their actions, Deutsche Post AG and the federal government asserted that the state aid decision was unlawful. In the aforementioned judgement of 14 July 2016, the EGC allowed that argument as presented in the action brought by the federal government. The proceedings brought by Deutsche Post AG against the state aid ruling of 25 January 2012 have also been brought to a close. In an order dated 17 March 2017, the EGC declared that there was no longer any need to adjudicate on the action brought by Deutsche Post AG and additionally ruled that the costs were to be borne by the European Commission. Since the European Commission did not file an appeal against the EGC's judgement of 14 July 2016, that decision is now legally binding. The state aid decision of the European Commission is therefore null and void with final effect and there are no longer any grounds for the obligation to repay the alleged state aid under the state aid decision. The amount of €378 million that had been deposited in a trustee account for the purpose of implementing the state aid decision was released. The action brought by Deutsche Post AG against the 2011 "extension decision" (Ausweitungsbeschluss) is still pending. That action is based on procedural matters involving the validity of the European Commission's 2011 decision to extend the state aid proceedings. In the action pending, the European Commission has advanced the legal argument that the state aid proceedings initiated in 1999 remain partly open and that it could therefore issue a new final decision bringing the proceedings to a close. With regard to the possible content of this decision, the Commission did not give any particulars. In the legal opinion of Deutsche Post AG, however, the proceedings initiated in 1999 were resolved in full by way of the European Commission's state aid ruling of 19 June 2002. The European Court of Justice expressly confirmed that opinion in its ruling of 24 October 2013. The European Commission's state aid decision of 25 January 2012 remains null and void with final effect.

We describe other significant legal proceedings in section further litigation. However, we do not see these proceedings posing a risk of significant deviation from plan for the 2018 forecast period.

The flow of goods and services is becoming more and more international, and this entails a certain level of risk. As a globally operating logistics company, Deutsche Post DHL Group is subject to the import, export and transit regulations of more than 220 countries and territories whose foreign trade and customs laws must also be complied with. The number and complexity of such laws and regulations (including their extraterritorial application) have increased in recent years and they are also being applied more aggressively by the competent authorities, with stricter penalties imposed. In response to this risk, we have implemented a Group-wide compliance programme. In addition to undertaking the legally prescribed check of senders, receivers, suppliers and employees against current embargo lists, the programme ensures, for example, that the legally required review of shipments is carried out for the purpose of enforcing applicable export restrictions as well as country sanctions and embargos. Deutsche Post DHL Group cooperates with the competent authorities, both in working to prevent violations as well as in assisting in the investigation of violations to avoid sanctions.

Further litigation

Further risks may arise, amongst other things, from pending administrative court appeals by an association against the price-cap parameter decision handed down, and the price approvals granted, by the Bundesnetzagentur under the price cap procedure for 2016 to 2018. The claimant asserts that both of the decisions by the Bundesnetzagentur are unlawful for various reasons. The Bundesnetzagentur and Deutsche Post AG do not share the claimant's opinion.

In its decision dated 14 June 2011, the Bundesnetzagentur concluded that First Mail Düsseldorf GmbH, a subsidiary of Deutsche Post AG, and Deutsche Post AG had contravened the discounting and discrimination prohibitions under the Postgesetz. The companies were instructed to remedy the breaches that had been identified. Both companies appealed against the ruling. Furthermore, First Mail Düsseldorf GmbH filed an application to suspend the execution of the ruling until a decision was reached in the principal proceedings. The Cologne Administrative Court and the Münster Higher Administrative Court both dismissed this application. First Mail Düsseldorf GmbH discontinued its mail delivery operations at the end of 2011 and retracted its appeal on 19 December 2011. Deutsche Post AG continues to pursue its appeal against the Bundesnetzagentur ruling.

In its ruling of 30 April 2012, the Bundesnetzagentur determined that Deutsche Post AG had contravened the discrimination prohibition under the Postgesetz by charging different fees for the transport of identical invoices and invoices containing different amounts. Deutsche Post AG was requested to discontinue the discrimination determined immediately, but no later than 31 December 2012. The ruling was implemented on 1 January 2013. Deutsche Post AG does not share the legal opinion of the Bundesnetzagentur and appealed the ruling.

In its ruling of 28 June 2016, the Bundesnetzagentur determined that the prices for the Dialogpost “Impulspost” product did not meet the pricing standards of the Postgesetz. The agency ordered the prices to be adjusted immediately (adjustment request). According to the Bundesnetzagentur, the prices did not cover the cost of efficiently providing the service and had anticompetitive effects. On 26 July 2016, the Bundesnetzagentur barred Deutsche Post AG from charging these prices and declared the prices invalid (prohibitive order), since at this time Deutsche Post had not yet complied with the adjustment request. Deutsche Post does not share the legal opinion of the Bundesnetzagentur and filed an appeal with the Cologne Administrative Court against the orders issued by the agency.

Since 1 July 2010, as a result of the revision of the relevant tax exemption provisions, the VAT exemption has only applied to those specific universal services in Germany that are not subject to individually negotiated agreements or provided on special terms (discounts, etc.). Deutsche Post AG and the tax authorities hold different opinions on the VAT treatment of certain products. In the interest of resolving these issues, proceedings have been initiated by Deutsche Post AG and competitors and are pending at German tax courts and the European Court of Justice.

In view of the ongoing or announced legal proceedings mentioned above, no further details are given on their presentation in the financial statements.

Macroeconomic and industry-specific opportunities and risks

Macroeconomic and sector-specific conditions are a key factor in determining the success of our business. We therefore pay close attention to economic trends within the regions in which we operate. We are currently watching for both the potential impact of US economic policies as well as the possible consequences of the United Kingdom’s exit from the EU. Alongside other aspects, Brexit would pose a risk to the Group’s net assets, financial position and results of operations owing to potential changes in exchange rates, the economy, aviation traffic rights and customs duties as well as the impact on our customers both within and outside of the UK. To this end, we have established topic-specific working groups to prepare ourselves as thoroughly as possible for the effects of Brexit. Despite the volatile economic climate, demand for logistics services rose overall in 2017, as did the related revenues. A variety of external factors offer us numerous opportunities: indeed we believe that the global market will continue to grow. Advancing globalisation and further world economic growth mean that the logistics industry will continue to expand. This is especially true of Asia, where trade flows to other regions and in particular within the continent will continue to increase. As the market leader, the expansion will benefit us with our DHL divisions to an aboveaverage extent. This also applies to other countries in regions with strong economic growth such as South America and the Middle East, where we are similarly well positioned to take advantage of the market opportunities arising.

Whether and to what extent the logistics market will grow depends on a number of factors.

The trend towards outsourcing business processes continues. Supply chains are becoming more complex and more international, but are also more prone to disruption. Customers are therefore calling for stable, integrated logistics solutions, which is what we provide with our broad-based service portfolio. We continue to see growth opportunities in this area, in particular in the Supply Chain division and as a result of closer co-operation between all our divisions.

The booming online marketplace represents another opportunity for us in that it is creating demand for transporting documents and goods. The B2C market, is experiencing strong growth, particularly due to the continued upward-trend in digital retail trade. This has created high growth potential for the domestic and international parcel business, which we intend to tap into by expanding our parcel network.

We are nonetheless unable to rule out the possibility of an economic downturn in specific regions or a stagnation or decrease in transport quantities. However, this would not reduce demand in all business units. Indeed, the opposite effect could arise in the parcel business, for example, because consumers might buy online more frequently for reasons of cost. Companies might also be forced to outsource transport services in order to lower costs. Cyclical risks can affect our divisions differently with respect to magnitude as well as point in time, which may mitigate the total effect. Overall, we consider these to be medium-level risks. Moreover, we have taken measures in recent years to make costs more flexible and to allow us to respond quickly to a change in market demand.

Deutsche Post and DHL are in competition with other providers. Such competition can significantly impact our customer base as well as the levels of prices and margins in our markets. In the mail and logistics business, the key factors for success are quality, customer confidence and competitive prices. Thanks to the high quality we offer, along with the cost savings we have generated in recent years, we believe that we shall be able to remain competitive and keep any negative effects at a low level.

Financial opportunities and risks

As a global operator, we are inevitably exposed to financial opportunities and risks. These are mainly opportunities or risks arising from fluctuating exchange rates, interest rates and commodity prices and the Group's capital requirements. We attempt to reduce the volatility of our financial performance due to financial risk by implementing both operational and financial measures.

Opportunities and risks with respect to currencies may result from scheduled foreign currency transactions or those budgeted for the future. Significant currency risks from budgeted transactions are quantified as a net position over a rolling 24-month period. Highly correlated currencies are consolidated in blocks. The most important net surpluses are budgeted at the Group level in the "US dollar block", pound sterling, Japanese yen and Indian rupee. The Czech crown is the only currency with a considerable net deficit. As of the reporting date, there were no significant currency hedges for planned foreign currency transactions.

A potential general devaluation of the euro presents an opportunity for the Group's earnings position. Based upon current macroeconomic estimates, we consider this opportunity to be of low relevance. The main risk to the Group's earnings position would be a general appreciation of the euro. The significance of this is deemed low when considering the individual risks arising from the performance of the respective currencies.

The overall risk of all these currency effects is currently deemed to be of low relevance for the Group.

As a logistics group, our biggest commodity price risks result from changes in fuel prices (kerosene, diesel and marine diesel). In the DHL divisions, most of these risks are passed on to customers via operating measures (fuel surcharges).

The key control parameters for liquidity management are the centrally available liquidity reserves. Deutsche Post DHL Group had central liquidity reserves of €4.2 billion as at the reporting date, consisting of central financial investments amounting to €2.2 billion plus a syndicated credit line of €2 billion. The Group's liquidity is therefore sound in the short and medium terms. Moreover, the Group enjoys open access to the capital markets on account of its good ratings within the industry, and is well positioned to secure long-term capital requirements.

The Group's net debt amounted to €1.9 billion at the end of 2017. The share of financial liabilities with short-term interest rate lock-ins in the total financial liabilities in the amount of €6.1 billion was approximately 15%.

Further information on the Group's financial position and finance strategy as well as on the management of financial risks can be found in the report on the economic position.

Opportunities and risks arising from corporate strategy

Over the past few years, the Group has ensured that its business activities are well positioned in the world's fastest-growing regions and markets. We are also constantly working to create efficient structures in all areas to enable us to flexibly adapt capacities and costs to demand – a prerequisite for lasting, profitable business success. With respect to strategic orientation, we are focusing upon our core competencies in the mail and logistics businesses with an eye towards growing organically and simplifying our processes for the benefit of our customers. Digitalisation plays a key role in this. Our digital transformation involves the integration of new technologies into a corporate culture that uses the changing environment to its advantage. Opportunities arise, for example, from new infrastructure networking possibilities as well as digital business models. Our earnings projections regularly take account of development opportunities arising from our strategic orientation.

Risks arising from the current corporate strategy, which extends over a long-term period, are considered to be of low relevance for the Group in the period under review. The divisions face the following special situations:

In the Post - eCommerce - Parcel division, we are responding to the challenges presented by the structural change from a physical to a digital business. We are counteracting the risk arising from changing demand by expanding our range of services. Due to the e-commerce boom, we expect our parcel business to continue growing robustly in the coming years and are therefore expanding our parcel network. We are also expanding our range of electronic communications services, securing our standing as the quality leader and, where possible, making our transport and delivery costs more flexible. We follow developments in the market very closely and take these into account in our earnings projections. For the specified forecast period, we do not see these developments as having significant potential to impact our business negatively.

In the DHL-Express division, our future success depends above all upon general factors such as trends in the competitive environment, costs and quantities transported. We plan to keep growing our international business, and expect a further increase in shipment volumes. Based upon this assumption, we are investing in our network, our services, our employees and the DHL brand. Against the backdrop of the past trend and the overall outlook, we do not see any significant strategic opportunities or risks for the Express division beyond those reported in the section on "Opportunities and risks arising from macroeconomic and industry- specific conditions".

In the DHL-Global Forwarding, Freight division, we purchase transport services from airlines, shipping companies and freight carriers rather than providing them ourselves. We should usually succeed in sourcing transport services on a cost-effective basis. We thus have the opportunity of generating higher margins. In the worst-case scenario, we bear the risk of not being able to pass on all price increases to our customers. The extent of the opportunities and risks essentially depends on trends in the supply, demand and price of transport services as well as the duration of our contracts. Comprehensive knowledge in the area of brokering transport services helps us to capitalise on opportunities and minimise risk.

In the DHL-Supply Chain division, our success is highly dependent on our customers' business success. Since we offer customers a widely diversified range of products in different sectors all over the world, we can diversify our risk portfolio and thus counteract the incumbent risks. Moreover, our future success also depends on our ability to continuously improve our existing business and to grow in our most important markets and customer segments. We do not see any significant strategic opportunities or risks for the Supply Chain division beyond those reported in the section entitled "Opportunities and risks arising from macroeconomic and industry-specific conditions".

Opportunities and risks arising from internal processes

For us to render our services, a number of internal processes must be aligned. These include – in addition to the fundamental operating processes – supporting functions such as sales and purchasing as well as the corresponding management processes. The extent to which we succeed in aligning our internal processes to meet customer needs whilst simultaneously lowering costs correlates with potential positive deviations from the current projections. We are steadily improving internal processes with the help of our First Choice initiatives. This improves customer satisfaction whilst reducing our costs. Our earnings projection already incorporates expected cost savings.

Logistics services are generally provided in bulk and require a complex operational infrastructure with high quality standards. To consistently guarantee reliability and punctual delivery, processes must be organised so as to proceed smoothly with no technical or personnel-related glitches. Any weaknesses with regard to the tendering, sorting, transport, warehousing or delivery of shipments could seriously compromise our competitive position. To enable us to identify possible disruptions in our workflows and take the necessary measures at an early stage, we have developed a global security management system and the Resilience 360 global IT platform that depicts and integrates our global supply chains and locations. Near real-time information on incidents relevant to security flows into the system, which in cases of disruption also serves as a central communications platform. This poses a competitive advantage that has already met with a high degree of interest from both security agencies and customers.

Opportunities and risks arising from information technology

The security of our information systems is particularly important to us. The goal is to ensure continuous IT system operation and prevent unauthorised access to our systems and databases. To fulfil this responsibility, the Information Security Committee, a subcommittee of the IT Board, has defined guidelines, standards and procedures based upon ISO 27002, the international standard for information security management. In addition, Group Risk Management, IT Audit, Data Protection and Corporate Security monitor and assess IT risk on an ongoing basis. For our processes to run smoothly at all times, the essential IT systems must be constantly available. We ensure this by designing our systems to protect against complete system failures. In addition to third-party data centres, we operate central data centres in the Czech Republic, Malaysia and the United States. Our systems are thus geographically separate and can be replicated locally.

We limit access to our systems and data such that employees can only access the data they need to perform their duties. All systems and data are backed up on a regular basis, and critical data are replicated across data centres.

All of our software is updated regularly to address bugs, close potential gaps in security and increase functionality. We employ a patch management process – a defined procedure for managing software upgrade – to control risks that could arise from outdated software or from software upgrades.

Based upon the measures described above, we estimate the probability of experiencing a significant IT incident with serious consequences as very low.

Opportunities and risks arising from human resources

It is essential for us to have qualified and motivated employees in order to achieve long-term success. However, demographic change could lead to a decrease in the pool of available talent in various markets. We respond to this risk with measures designed to motivate our employees as well as promote their development.

We use Strategic Resource Management to address the risks arising from an ageing population and the capacity shortages that may result from hanging demographic and social structures. The experience gained is used to continuously improve strategic resource management as an analysis and planning instrument. The Generations Pact, agreed upon with trade unions in Germany also contributes to taking advantage of the career experience of employees for as long as possible whilst, at the same time, offering young people long-term career perspectives.

Possible increases in both chronic and acute diseases pose another risk to sustaining our business operations. We address this risk with health management programmes, measures tailored to local requirements and cross-divisional cooperation.

This Management Report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts and may be identified by words such as “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets” and similar expressions. As these statements are based upon current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as at the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this Management Report.

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