Preliminary Q1 2020 results (April 7th, 2020)

SUMMARY

UPDATE BY DIVISION

FINANCIAL SUMMARY
Current status for the Group under Covid-19

MAIN PRIORITY
Protect our people and keep our networks & operations up and running

EBIT HEADWINDS
Mainly from lower activity levels

RESILIENCE
DPDHL Group entered Covid-19 crisis in the best shape ever

- Clear focus on keeping our people safe in line with WHO and respective local guidelines
- Transport of goods is allowed & critical/needed
- More than ever, our employees are the key enablers

- Q1 preliminary EBIT of ~€590m, incl. Covid-19 impact of ~€-200m and ~€-230m related to StreetScooter
- 2020 guidance withdrawn; 2022 EBIT guidance confirmed
- AGM postponed to a later date this year

- Strong balance sheet, liquidity reserves and ongoing improved cash generation
- Clear strategic focus on core logistics

All Q1 numbers preliminary
Covid-19 Priority – Focus on 3 bottom lines more important than ever: our colleagues are the key enablers

Living Our Purpose: Connecting People, Improving Lives

EMPLOYER OF CHOICE
Protecting our colleagues is the single first priority – and enables our networks & operations to keep running

Strong commitment of our employees to deliver, even more so in challenging times – reflecting our continuous efforts to foster a culture of employee engagement

PROVIDER OF CHOICE
Despite disruptions and volatility in all segments: our services are key to keep our customers in business and consumers provisioned

INVESTMENT OF CHOICE
Operations are up and running – however at lower utilization, leading to lower, but positive EBIT
**P&P Germany Summary**

**MAIL VOLUME (MC+DM) * GROWTH VS. PLAN**

- Normal evolution up to mid-March, since then, decline in DM volumes; minor impact on MC so far
- Q1 Parcel growth in line with 2020 expectation (0% to +5%), increased B2C volumes since end of March

**PARCEL VOLUME GROWTH VS. PLAN**

**Volume developments**

- Post & Parcel delivery fully up & running
- Additional costs due to higher sickness rate and protective measures

**Financial impact**

- Q1: ~€-40m Covid-19 impact (vs expected run rate)
- Mainly reflecting lower revenue in DM and additional costs
DHL Express Summary

**Volume developments**
- **China**: TDI volumes stayed down yoy post CNY – back to yoy growth since first week of March
- **Europe/Americas**: volume growth in line with expectation until mid-March, yoy decline since then, starting in Italy/Spain

**Operational status**
- Network in full operation across the globe
- Adapting virtual airline and ground ops continuously to changing circumstances such as limited belly capacity

**Financial impact**
- **Q1**: ~€-90m Covid-19 impact (vs expected run rate) mainly due to lower volume and utilization
- China recovering but not offsetting Europe/US impacts
- Positive yield development, incl. surcharges limits EBIT headwind

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**China – TDI Shipments Development**

**Europe – TDI Shipments Development**
DGFF Summary

Volume developments
• Significant decline in Air, Ocean and Road Freight volumes in Q1
• APAC recovering over the quarter vs. worsening in Europe and US – leading to overall lessening rates of volume decline over course of Q1
• Rates high as capacities tight, in particular for China AFR at quarter-end

Operational status
• Delivering on our priority: we keep volumes moving for our customers
• Brokerage business: buying power and carrier relationship help in capacity tightness

Financial impact
• Q1: ~€-30m Covid-19 impact (vs expected run rate)
• DGFF EBIT holding up quite well considering volume decline, supported by good GP margins and cost management
DSC Summary

Volume developments
• Significant differences by vertical: e.g. growth in Lifesciences & Healthcare vs decline in automotive

Operational status
• Each site constantly adjusting to operating challenges and volatile demand

Financial impact
• Q1: ~€-30m Covid-19 impact (vs expected run rate)
DeCS Summary

Volume developments
• Europe: holding up well as B2C growth remains well supported
• India: lock-down measures partly also impacting goods flow

Operational status
• Domestic & cross-border delivery capability in Europe intact
• Significant disruption from lock-down measures in India

Financial impact
• Q1: ~€-10m Covid-19 impact (vs expected run rate)
• Mainly reflecting India; minor effect in Europe

All Q1 numbers preliminary
Q1 2020: Preliminary EBIT overview and Covid-19 impact

- EBIT impact as described in divisional section
- Good development excl. Covid-19, in line with expectations for 2020 ramp-up
- Even more importantly: significant positive EBIT generation, despite Covid-19
- StreetScooter re-focus advancing as planned, EBIT effect of ~€-230m, predominantly non-cash
- Q1 FCF expected around €-400m, significantly improved vs ~€-900m in Q1 19 (adjusted for proceeds from DSC China disposal)

### EBIT, in €m

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>P&amp;P Germany</td>
<td>227</td>
<td>227</td>
<td>330</td>
<td>-40</td>
<td>370</td>
<td>63.0%</td>
</tr>
<tr>
<td>DHL</td>
<td>1,011</td>
<td>666</td>
<td>570</td>
<td>-160</td>
<td>730</td>
<td>9.6%</td>
</tr>
<tr>
<td>Express</td>
<td>453</td>
<td>453</td>
<td>390</td>
<td>-90</td>
<td>480</td>
<td>6.0%</td>
</tr>
<tr>
<td>DGFF</td>
<td>100</td>
<td>100</td>
<td>70</td>
<td>-30</td>
<td>100</td>
<td>0%</td>
</tr>
<tr>
<td>DSC</td>
<td>486</td>
<td>118</td>
<td>100</td>
<td>-30</td>
<td>130</td>
<td>10.2%</td>
</tr>
<tr>
<td>DeCS</td>
<td>-28</td>
<td>-5</td>
<td>10</td>
<td>-10</td>
<td>20</td>
<td>n.a.</td>
</tr>
<tr>
<td>Corp. Functions</td>
<td>-79</td>
<td>-79</td>
<td>-320</td>
<td>-</td>
<td>-90</td>
<td>-13.9%</td>
</tr>
<tr>
<td>t/o StreetScooter</td>
<td>--</td>
<td>--</td>
<td>-230</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>GROUP</strong></td>
<td><strong>1,159</strong></td>
<td><strong>814</strong></td>
<td><strong>590</strong></td>
<td><strong>-200</strong></td>
<td><strong>1,020</strong></td>
<td><strong>25.3%</strong></td>
</tr>
</tbody>
</table>

* Q1 2019: adjusted for €+426m China net EBIT gain and €-58m restructuring in DSC and €-23m restructuring costs in DeCS
** 2020: rounded preliminary figures
## Cash Flow Drivers: Covid-19 effects and main priorities

<table>
<thead>
<tr>
<th>Covid-19 Impacts</th>
<th>Management Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>Adapting cost base, but not possible to fully offset short term impact; cost cuts where needed and sensible – not at expense of future</td>
</tr>
<tr>
<td>Q1 Group preliminary EBIT: ~€-200m Covid-19 effect</td>
<td></td>
</tr>
<tr>
<td>Operations up &amp; running → lower but still significant, positive EBIT</td>
<td></td>
</tr>
<tr>
<td><strong>Change in working capital</strong></td>
<td>Major focus on collection and management of receivables</td>
</tr>
<tr>
<td>Lower activity levels should over time lead to lower WC need, partly offsetting EBIT impact on OCF</td>
<td></td>
</tr>
<tr>
<td>No material A/R impact to date, constantly monitored</td>
<td></td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>Possibility to cancel/delay individual projects</td>
</tr>
<tr>
<td>Delays on individual Capex projects (e.g. construction)</td>
<td>Decisions to be taken based on (virus) outlook, balance sheet strength and individual capex project - not at expense of future</td>
</tr>
</tbody>
</table>
Strong balance sheet and liquidity position

1.7x

LIQUIDITY
No financial covenants on bonds and syndicated credit facility
Time to maturity 4.68 years

€2.9bn
Cash & cash equivalents (31.12.19)

€2.0bn
Syndicated credit facility runs until 2024 (undrawn)

>€1.5bn
Bilateral credit lines (undrawn)

~€500m
2020 maturities

Operating Leases
Related to multi-year commitment on operating assets

Net Debt
EBITDA

in €m

Deutsche Post DHL Group
## FY 2020: Guidance withdrawn

### Guidance 2020 Withdrawn

<table>
<thead>
<tr>
<th>Corporate</th>
<th>DHL</th>
<th>P&amp;G Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT 2020</td>
<td>&gt;3.7</td>
<td>&gt;1.6</td>
</tr>
</tbody>
</table>

- One-time costs related to non-core business
- StreetScooter

### Guidance subject to Corona and StreetScooter effects

- Not considered: Corona effect
- Early to quantify, negative effects

### Additional metrics

- FCF 2020
  - -2.8bn incl. StreetScooter
  - -2.6bn Excludes Corona

- Effects considered:
  - Includes StreetScooter and Corona
  - Excludes Corona
Rolling 2022 FCF & Capex targets pre Covid-19; EBIT confirmed

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group EBIT</td>
<td>&gt;5.3</td>
<td>Pre Covid-19</td>
</tr>
<tr>
<td>Capex (20-22) cumulative</td>
<td>8.5 - 9.5</td>
<td>Pre Covid-19</td>
</tr>
<tr>
<td>FCF (20-22) cumulative</td>
<td>5.0 - 6.0</td>
<td>Pre Covid-19</td>
</tr>
</tbody>
</table>

2022 minimum EBIT guidance assuming a normalization post Covid-19

**Capex** excludes potential phasing shifts induced by Covid-19

**Free Cash Flow** excludes potential Capex shifts and EBIT impact from Covid-19
DPDHL Group entered Covid-19 crisis in the best shape ever

Priority: weather short-term impacts
✓ Protect our employees
✓ Keep up customer service
✓ Maintain liquidity & strong balance sheet

Limited visibility for guidance

Maintain strategic focus
➢ Provider of Choice based on operational excellence
➢ Use fundamental strengths to be best positioned for an eventual recovery
DPDHL Group Overview and Results

- Strategy 2025
- Divisional Deep-Dives
- Group Financial Backup
2019 summary: Significant progress along all 3 bottom lines, as well as on sustainability targets

**EMPLOYER OF CHOICE**

Employee satisfaction has further increased on all 10 dimensions

**PROVIDER OF CHOICE**

DHL: Increase in customer satisfaction
P&P: Complaints declined in Post & Parcel

**SUSTAINABLE DEVELOPMENT**

CO2 efficiency improved by 2 points in 2019
35% improvement vs. 2007 base level

**INVESTMENT OF CHOICE**

Record Group EBIT of €4.1bn
Dividend proposal of €1.25 (>4% yield)
## DPDHL Group at a Glance

<table>
<thead>
<tr>
<th>FY 2019</th>
<th>GROUP</th>
<th>P&amp;P Germany</th>
<th>DHL Express</th>
<th>DHL Global Forwarding Freight</th>
<th>DHL Supply Chain</th>
<th>DHL eCommerce Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€63,341m</td>
<td>€15,484m</td>
<td>€17,101m</td>
<td>€15,128m</td>
<td>€13,436m</td>
<td>€4,045m</td>
</tr>
<tr>
<td>EBIT</td>
<td>€4,128m</td>
<td>€1,230m</td>
<td>€2,039m</td>
<td>€521m</td>
<td>€912m</td>
<td>€-51m</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>6.5%</td>
<td>7.9%</td>
<td>11.9%</td>
<td>3.4%</td>
<td>4.7%*</td>
<td></td>
</tr>
<tr>
<td>FTEs</td>
<td>499,461</td>
<td>159,100</td>
<td>96,850</td>
<td>44,265</td>
<td>155,791</td>
<td>30,797</td>
</tr>
</tbody>
</table>

*adjusted for one-offs

Network business – asset intensive

Network business – asset intensive

Brokerage – asset light

Outsource – asset light

Network business – asset intensive
2019 performance again shows benefit of resilient Group footprint & further progress on self-help measures

+2.3% organic revenue growth

Group EBIT margin +140bps in 2019

EBIT Margin: DSC adjusted for 2019 one-offs, DGFF for NFE write-down in 2015

*B2C Express, Parcel Germany and DHL eCommerce Solutions
FY 2019 Group Revenue

GROUP
€63,341m
€+1,791m
(+2.9%)
FY 2019 Group EBIT

Reported EBIT growth yoy
All in €m

P&P Germany

2019:
Zero net impact from pension revaluation and restructuring costs; EBIT growth supported as planned by cost & yield measures
2018: €-502m restructuring costs and €+108m pension revaluation

Express

2019:
Continued TDI volume growth across regions translated into sustained EBIT growth. Temporary impact from heavyweight campaign no more holding back EBIT growth as of Q3

DGFF

2019:
Despite increasingly challenging markets, continued EBIT growth throughout 2019; supported by +210bps improvement in DGF GP-to-EBIT conversion

DSC

2019:
€+426m net gain from China deal, partly offset by planned €-151m non-recurring charges. Good operating development in all regions
2018:
€-92m non-recurring charges

DeCS

2019:
Includes €-80m restructuring costs. Solid progress in operating performance – on track towards 2020 profitability target

Corps. Func./Cons.

2019:
Cost development in line with 2019 guidance reflecting increase in Corporate Incubations, mainly for StreetScooter

GROUP €4,128m
€+966m (+30.6%)
+7.6% excl. one-off effects
Capex outlook: 2019 peak due to B777 order

- Peak at €3.7bn in 2019 (incl. €1.1bn B777 order)
- Stable / slightly rising excl. B777 order going forward
Group ROCE up despite significant B777 investment in 2019

Group ROCE vs WACC

- IFRS16 introduction in FY 2018 set a new base for Group ROCE by adding full lease commitments into CE, even though actual cash outs are expensed later through the contract period
- 2019 EBIT growth drove increase in Group ROCE despite significant investment in Express asset base through intercontinental fleet renewal (B777 order)

Group ROCE = Group EBIT / (Total assets – current liabilities)

*2015 EBIT adjusted for NFE-write off;
€1.25 dividend proposal in line with Finance Policy
AGM postponed

FINANCE POLICY

• Target / maintain rating BBB+

• Dividend payout ratio to remain between 40–60% of net profit (continuity and Cash Flow performance considered)

• Excess liquidity will be used for share buybacks and/or extraordinary dividends

Underlying Payout Ratio 1)

AGM postponed to a later date this year (as announced April 7, 2020). New date to be determined.

1) Adjusted for Postbank effects as well as non-recurring items when applicable
DPDHL Group Investment Case Summary

EARNINGS
- Sustainable growth from diversified global market leader
- Clear agenda for improving profitability

CASH FLOW
- Continued investments for profitable growth
- Strong balance sheet and cash generation

SHAREHOLDERS’ RETURN
- Long-term Finance Policy defining sustainable shareholder returns
DPDHL Group Overview and Results

Strategy 2025

Divisional Deep-Dives

Group Financial Backup
STRATEGY 2025: Delivering Excellence in a digital world

Our Purpose
Connecting people, improving lives

Our Vision
We are THE logistics company for the world

Our Values
Respect & Results

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

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

Digitalization
Sustainable development: CO2 efficiency improved by 2 further index points

**CEX** measures efficiency of greenhouse gas emissions

Long-term target: Zero CO2 emissions by 2050

**Measures to reduce emissions – examples**
- Leader in electric mobility: ~11,000 Streetscooter in delivery operations; >30% of deliveries are emission-free
- >80% of group electricity from renewable sources
- >3m trees planted since 2017

*CEX: Carbon Efficiency Index*
Core logistics offers sustainable growth opportunity

Focus on profitable growth in our core

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

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

Expected growth vs. Market

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

- Supported by unchanged strong yield discipline in all divisions
Summary divisional outlook: Strategy 2025

**P&P Germany**
- Beyond 2020, slow topline growth with stable margin

**EXPRESS**
- Continued growth of absolute EBIT
- Continued, but more incremental margin expansion

**DGFF**
- DGF GP-EBIT conversion improvement of 100-200bps p.a.
- Long-term target: ~30% DGF conversion driving 5-6% DGFF EBIT margin

**DSC**
- Topline growth at least in line with market
- Maintain industry leading margin at ~5%

**DeCS**
- Gradual increase towards 5% long term margin thereafter
E-commerce: We offer the entire logistics value chain

<table>
<thead>
<tr>
<th>Inbound</th>
<th>Fulfillment</th>
<th>Delivery</th>
<th>Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFF Freight Transport</td>
<td>DSC B2C-dedicated/omni-channel</td>
<td>DSC Domestic parcel</td>
<td>DSC Domestic and international</td>
</tr>
<tr>
<td>EXP Customs Service</td>
<td>DSC Multi-user FF network</td>
<td>EXP Cross-border TDI</td>
<td>EXP Fulfillment (back to stock)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DSC Cross-border intercontinental parcel</td>
<td></td>
</tr>
</tbody>
</table>

- Existing offer
- Underway
DPDHL Group Overview and Results

Strategy 2025

Divisional Deep-Dives

Group Financial Backup
P&P Germany: 2019 revenue development supported by yield measures in Post and Parcel

- Mail volume decline (MC + DM) in line with long term trend with -3.0% decline in FY 2019 (Q4: -3.1%)
- Significant positive effect from Parcel yield measures continues: FY 2019 Parcel revenue up 9% on 6% volume growth

<table>
<thead>
<tr>
<th>Q4 2019 yoy</th>
<th>Volume</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail*</td>
<td>-3.1%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Parcel Germany</td>
<td>+3.9%</td>
<td>+7.7%</td>
</tr>
</tbody>
</table>

*Mail Communication & Dialogue Marketing
P&P Germany: To have in mind for 2020

• **Mail: Shift from DM to MC / elasticity effects**
  - Fundamental trend in Mail volume decline confirmed at -2% to -3%
  - However, temporarily stronger volume decline of -5% to -6%*, due to changes to product structure and price elasticity
  - Positive revenue effects anticipated due to price increases and structural changes to product portfolio

  ➔ **EBIT impact neutral**

• **Parcel: Expected reduction in Amazon volumes**
  - Overall volume increase expected to be slower at 0 to +5%*
  - Stronger revenue than volume growth due to focus on yield

  ➔ **EBIT impact considered in guidance**

• **Current wage agreement expiring end of May**

*Pre Covid-19
Strategy 2025 divided into two horizons

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

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

Digitalization @ P&P
# P&P Germany: Products and Pricing

## P&P revenue FY19: €15.4bn

<table>
<thead>
<tr>
<th>Mail Communication €6.3bn</th>
<th>Ex-ante products – <em>private customers</em></th>
<th>Jul 2019: 10.6% increase for 2019-2021 period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Partial services – <em>business customers</em></td>
<td>2019: No increase, 2020: 3-4% through reduction of discounts</td>
</tr>
<tr>
<td>Dialogue Marketing €2.1bn</td>
<td>Addressed and undressed advertisement mailings, campaigns (both digital &amp; physical)</td>
<td>2020: partially increased</td>
</tr>
<tr>
<td>Other €1.9bn</td>
<td>Press, pension services, retail</td>
<td>2020: partially increased</td>
</tr>
<tr>
<td>Parcel Germany €6.1bn</td>
<td>Business customers</td>
<td>Stronger increase than historically</td>
</tr>
<tr>
<td></td>
<td>Top accounts (~330 customers)</td>
<td>Stronger increase than historically</td>
</tr>
<tr>
<td></td>
<td>Middle accounts (~18k customers)</td>
<td>Sep 2019: Most recent increase on listed prices</td>
</tr>
<tr>
<td></td>
<td>Small accounts (~85k customers)</td>
<td>Listed prices in retail outlets and online</td>
</tr>
<tr>
<td></td>
<td>Private customers</td>
<td></td>
</tr>
</tbody>
</table>

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**Pricing**

- Jul 2019: 10.6% increase for 2019-2021 period
- 2019: No increase, 2020: 3-4% through reduction of discounts
- 2020: partially increased
- 2020: partially increased
- Stronger increase than historically
- Sep 2019: Most recent increase on listed prices
- Listed prices in retail outlets and online
P&P Germany: Parcel growth driven by all customer segments

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>Revenue Parcel 2019 (in €bn)</th>
<th>Revenue growth 2019 (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top accounts (~ 330 customers)</td>
<td>~ 2.3</td>
<td>8%</td>
</tr>
<tr>
<td>Medium accounts (~ 18,000 customers)</td>
<td>~ 2.0</td>
<td>12%</td>
</tr>
<tr>
<td>Small accounts (~ 85,000 customers)</td>
<td>~ 0.4</td>
<td>11%</td>
</tr>
</tbody>
</table>

6.8% B2X Market
Digitalization in P&P Germany

**Postage**
Simply use your mobile phone to add postage

**Notification**
Always know *which* shipment is on the way...

**Tracking**
... and *where* it currently is

**Receiving/sending**
Receiving and sending parcels around the clock

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**Postage**

- Mobile stamps
  - End 2020

- Mobile parcel stamps and returns
  - Now available

**Notification**

- Notification and copy
  - Summer 2020

- 15-minute notification
  - Fall 2020

**Tracking**

- Letter tracking
  - Ramp-up 2020

- Live parcel tracking
  - Starting in 2021

**Receiving/sending**

- Packstation expansion
  - 7,000 Packstations through 2021
  - and the new self-service kiosk solution *Post & Paket 24/7* that will offer basic mail and parcel services starting in 2021

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Now available
# P&P Germany: Financial Outlook

## Market (2018 – 25)

### Market growth assumptions

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

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<table>
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<tbody>
<tr>
<td></td>
<td>IN LINE</td>
</tr>
<tr>
<td></td>
<td>AT LEAST IN LINE</td>
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</tbody>
</table>

## Capex Outlook

- Capex p.a. between €500-600m for 2020-2022
- Expansion of Parcel infrastructure (e.g. Packstation, hubs, depots, fleet), new sorting concepts and digitalization

## EBIT Outlook

### Beyond 2020

- Slow topline growth with stable margin
DHL Express are the ‘Experts in Export and Import’

The Profitable Core

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

Revenue Mix¹)

(€bn, FY 2019)

- TDI: 77%
- DDI & TDD: 10%
- ACS & Others: 13%

Global TDI market ²)

(2016)

- DHL: 38.0%
- UPS: 22.0%
- FedEx: 29.0%
- Others: 11.0%


²) Source: Market Intelligence 2017, annual reports

FedEx

In 2014: 26% FedEx / 6% TNT

UPS

In 2014: 23%
Express: Leading global footprint drives well supported TDI growth in 2019

TDI volume growth, quarterly growth ranking 2015 - 2019

FY19 TDI shipments/day
+7.8% Europe
+5.4% Americas
+3.7% Asia Pacific
+2.9% Middle East Africa

+8.7%  +7.6%  +9.9%  +7.4%  FY: 5.7%  Q4: 5.4%
**DHL Express: TDI focus drives sustained growth momentum**

<table>
<thead>
<tr>
<th></th>
<th>TDI Shipments per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015-2018</strong></td>
<td><strong>2019</strong></td>
</tr>
<tr>
<td>DHL EXPRESS</td>
<td>7-10%</td>
</tr>
<tr>
<td>B2B</td>
<td><strong>Mid single-digit</strong></td>
</tr>
<tr>
<td>B2C</td>
<td>20 plus %</td>
</tr>
</tbody>
</table>
E-commerce is a Profitable Growth Driver for DHL Express

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

<table>
<thead>
<tr>
<th>KPI</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C shipment share</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>9%</td>
<td>12%</td>
</tr>
</tbody>
</table>

- **SpD**: Volume growth drives better utilization of existing network
- **WpS**: Lower weight per shipment
- **RpK**: Higher Revenue per Kilo related to lower WpS
- **First mile**: More pieces per stop at pickup
- **Hub sort**: Better utilization of existing infrastructure, with high degree of conveyables
- **Airlift**: Better utilization of existing capacity, with lower WpS being advantageous
- **Last mile**: Residential delivery to private households
Intercontinental Fleet: Use Replacements as Opportunity to Move Towards Higher Ownership Structure

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

Outlook: intercontinental replacements by new, owned planes

- Order for 14 Boeing 777s signed, in-line with intentions announced at May 2018 CMD – first delivery in 2019
- New aircraft are capacity neutral but bring significant cost, efficiency and reliability benefits
- Any further fleet expansion to be carefully considered in line with market growth expectations
DHL Express: Virtual Airline Model

Approx. 500 airports and 22 major hubs connected through

Dedicated air: >260 aircraft with 17 owned and partner airlines
Purchased air: >300 commercial airlines
Flights per day: ~3,200 commercial and non-commercial

✈️ 45 dedicated intercontinental aircraft
✈️ 237 dedicated regional aircraft
Express Capex: B777 investment peak in 2019, flat around €1bn excl. B777 order

**DHL Express Capex**

- B777 order
- Express excl. B777 order

**Boeing 777 order**
- Expected Capex peak of €1.1bn in 2019
- Investment fully accomplished by 2021
- No net capacity increase: B777 planes replace end-of-lifetime leases

**Confirmed Capex budget of €1bn/year:**
- Includes planes, vehicles and hubs/depots
- Covers capacity replacement & growth in line with mid-term expectation of +4-5% TDI market volume growth p.a.
DHL Express: Financial Outlook

Market (2018 – 25)

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

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

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

EBIT Outlook
- Continued growth of absolute EBIT
- Continued, but more incremental margin expansion
DGFF: The foundation for further success has been laid

The Profitable Core

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

Revenue Mix

(€bn, FY 2019)

<table>
<thead>
<tr>
<th>Service</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air</td>
<td>4.9</td>
</tr>
<tr>
<td>Road</td>
<td>4.4</td>
</tr>
<tr>
<td>Ocean</td>
<td>3.5</td>
</tr>
<tr>
<td>Other</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Market Position

(2018)

- **#1** Air Freight
- **#2** Ocean Freight
- **#2** European Road Freight
DGFF: Weakening momentum across major markets

- Overall slowdown in the market due to macro and trade tensions
- Overall DGF Gross Profit down 2.8% yoy reflecting market conditions
- Internal measures allowed to turn GP decline into further EBIT increase through incremental GP/EBIT conversion improvement

### Q4 2019 yoy

<table>
<thead>
<tr>
<th></th>
<th>Air Freight</th>
<th>Ocean Freight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes</td>
<td>-3.3%</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>-6.7%</td>
<td>-5.2%</td>
</tr>
<tr>
<td>GP/EXP t; GP/TEU</td>
<td>-3.5%</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>
DGF: EBIT growth supported by further GP-to-EBIT conversion improvement

DGF EBIT margin and GP/EBIT conversion

- Increase in 2019 DGFF GP driven by improved GP margin in AFR, Other and Freight
- Continued GP-EBIT conversion improvement reflecting successful execution on internal self-help measures
- DGFF EBIT: +17.9% in FY 2019, +7.5% in Q4 2019
- CW1 Update: >95% of Ocean Freight volumes and ~15% of Air Freight volumes rolled out

1) Adjusted for NFE one-off
DGFF – Emerging new rivals do not pose imminent risk of disruption

**Digital Capabilities**

**Digital Forwarders**
- Modern, fully-integrated IT infrastructure
- Digital customer interaction tools

**Incumbents**
- Back-end IT infrastructure
- Own setup (physical) globally
- Operational expertise
- Global sales force
- Carrier relationships

**Global network**

**Gaps to close**
- Modern, fully-integrated IT infrastructure
- Digital customer interaction tools
Complemented by DHL interaction applications to enhance our customer experience

- DGF’s one-stop customer portal to excellence in digital transport logistics
- Delivers fast and accurate information to enhance decision-making
- Follow and share shipment details with all relevant shipment parties
- Integrated quoting capability, reporting and analytics features available
The lifecycle of a shipment is a complex process

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

Success in Forwarding is built on experience, customer relationships, processes and in some aspects, such as consolidation, is also a function of scale.
DGFF: Financial Outlook

Market (2018 – 25)

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

Expected growth vs. market
- ABOVE
  Aligned with unchanged focus on GP optimization and profitable growth

Capex Outlook
- Flat / slightly increasing from FY 2018 levels (€110m)
- Asset light business model: Selected investments related to warehouses, sites and IT

EBIT Outlook
- DGF GP-EBIT conversion improvement of 100-200 bps p.a.
- Long-term target: ~30% DGF conversion driving 5-6% DGFF EBIT margin
**DHL Supply Chain: Business Overview**

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

### Revenue Mix (%, FY 2019)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>29%</td>
</tr>
<tr>
<td>Consumer</td>
<td>24%</td>
</tr>
<tr>
<td>Auto-mobility</td>
<td>15%</td>
</tr>
<tr>
<td>Technology</td>
<td>14%</td>
</tr>
<tr>
<td>Life Sciences &amp; Healthcare</td>
<td>9%</td>
</tr>
<tr>
<td>E&amp;M**</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Lead Logistics Provider. **E&M: Engineering and Manufacturing

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

Offering Customized Solutions Across the Entire Supply Chain

Revenue by Service Area
FY 2019

- Transportation: 37%
- Value Added Services: 7%
- Warehousing: 56%

Revenue by Service Area FY 2019

- Transportation: 37%
- Value Added Services: 7%
- Warehousing: 56%
DSC: Contributing to Group EBIT growth with industry-leading margins

<table>
<thead>
<tr>
<th>2018 EBIT excl. One-offs</th>
<th>Discontinued China contribution</th>
<th>China disposal</th>
<th>Restructuring charge</th>
<th>Operating improvement</th>
<th>2019 Reported EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>612</td>
<td></td>
<td>+426</td>
<td>-151</td>
<td>+47</td>
<td>912</td>
</tr>
</tbody>
</table>

+8% yoy
DSC: EBIT Margin Development By Region

**Americas**
- Solid topline growth with margins on sustainable strong level

**EMEA**
- Benefits from restructuring measures in UK beginning to drive margin recovery

**APAC**
- Continued strong performance across countries; margin decline in 2019 was due to discontinued EBIT contribution from China

*All figures excluding one-offs*
#ExecutionEdge: Standardization is key to success – DSC leverages a holistic Management System

Operations Management System First Choice (OMS FC)
#OwnTomorrow: Leading the industry in innovation deployment with the Accelerated Digitalization Program

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

<table>
<thead>
<tr>
<th>High impact</th>
<th>High scalability</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOODS-TO-PERSON ROBOTS</td>
<td>7</td>
</tr>
<tr>
<td>ASSISTED PICKING ROBOTS</td>
<td>10</td>
</tr>
<tr>
<td>NARROW AISLE ROBOTS</td>
<td>3</td>
</tr>
<tr>
<td>WEARABLE DEVICES</td>
<td>137</td>
</tr>
<tr>
<td>ROBOTICS PROCESS AUTOMATION</td>
<td>80</td>
</tr>
<tr>
<td>CLEANING ROBOTS</td>
<td>11</td>
</tr>
<tr>
<td>INDOOR ROBOTIC TRANSPORT</td>
<td>24</td>
</tr>
<tr>
<td>ROBOTICS ARMS</td>
<td>15</td>
</tr>
<tr>
<td>DHL RESOURCE PLANNING</td>
<td>9</td>
</tr>
<tr>
<td>INVENTORY MGMT. ROBOTS</td>
<td>11</td>
</tr>
<tr>
<td>DESIGN &amp; SIMULATION</td>
<td>13</td>
</tr>
<tr>
<td>WRAPPING ROBOTS</td>
<td>66</td>
</tr>
</tbody>
</table>

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

Market (2018 – 25)

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

Expected growth vs. market
🚀 AT LEAST IN LINE

Capex Outlook
- Slightly increasing from FY 2018 levels (€282m) driven by new business wins
- Asset light business model
- Selected investments related to new business start-ups and accelerated digitalization initiatives

EBIT Outlook
- Topline growth at least in line with market, while maintaining selective business approach
- Maintain industry leading margin at ~5%
Going forward we focus on domestic and non-time-definite international parcel delivery - especially within Europe.

### The Profitable Core

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

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

### Revenue Mix

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue Mix (€bn, FY 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>57%</td>
</tr>
<tr>
<td>Americas</td>
<td>29%</td>
</tr>
<tr>
<td>Asia</td>
<td>14%</td>
</tr>
</tbody>
</table>

We are not

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

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

- the **testing environment** anymore (e.g. eFulfillment or Parcel Metro)
DHL eCommerce Solutions: Focus on two value streams

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

**Non-TDI cross-border**
- Strong growth in cross border retail
- Changing expectations on speed, visibility & quality
- Primary focus to/from and intra Europe
- Parcel Connect in Europe a strong and growing platform
### DeCS Financial Outlook

#### Market (2018 – 25)

<table>
<thead>
<tr>
<th>Market growth assumptions</th>
<th>Expected growth vs. market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong, heterogeneous growth across domestic and cross-border ecommerce markets</td>
<td>CAGR of 5-10% across all businesses</td>
</tr>
<tr>
<td></td>
<td>Based on selective B2C approach and added B2B focus</td>
</tr>
</tbody>
</table>

#### Capex Outlook

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

#### EBIT Outlook

**Beyond 2020**

- 5-10% sales growth with gradual margin expansion towards 5% long term margin across all businesses
## FY 2019 Group P&L

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>61,550</td>
<td>63,341</td>
<td>+2.9%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>3,162</td>
<td>4,128</td>
<td>+30.6%</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>-576</td>
<td>-654</td>
<td>-13.5%</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>-362</td>
<td>-698</td>
<td>-92.8%</td>
</tr>
<tr>
<td><strong>Consolidated net profit</strong>*</td>
<td>2,075</td>
<td>2,623</td>
<td>+26.4%</td>
</tr>
<tr>
<td><strong>EPS (in €)</strong></td>
<td>1.69</td>
<td>2.13</td>
<td>+26.0%</td>
</tr>
</tbody>
</table>

*after minority interest
## FY 2019 Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>3,162</td>
<td>4,128</td>
<td>+966</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>3,292</td>
<td>3,684</td>
<td>+392</td>
</tr>
<tr>
<td>Change in provisions</td>
<td>282</td>
<td>-506</td>
<td>-788</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-579</td>
<td>-843</td>
<td>-264</td>
</tr>
<tr>
<td>Other</td>
<td>-78</td>
<td>-418</td>
<td>-340</td>
</tr>
<tr>
<td>Changes in Working Capital</td>
<td>-283</td>
<td>4</td>
<td>+287</td>
</tr>
<tr>
<td><strong>OCF</strong></td>
<td>5,796</td>
<td>6,049</td>
<td>+253</td>
</tr>
<tr>
<td>Net Capex</td>
<td>-2,498</td>
<td>-3,474</td>
<td>-976</td>
</tr>
<tr>
<td>Net cash for leases</td>
<td>-2,081</td>
<td>-2,278</td>
<td>-197</td>
</tr>
<tr>
<td>Net M&amp;A</td>
<td>-60</td>
<td>680</td>
<td>740</td>
</tr>
<tr>
<td>Net interest</td>
<td>-98</td>
<td>-110</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>1,059</td>
<td>867</td>
<td>-192</td>
</tr>
</tbody>
</table>
2019 OCF Generation: Major yoy movements

- EBIT: 3.162 → 3.292
  - Decrease of 18
  - Decrease of 465
- D&A: 4.128 → 3.684
  - Decrease of 447
  - Decrease of 282

Mainly DSC China disposal

Mainly P&P early retirement programs (2018/19)

Mainly higher EBIT and timing effects

Net income from disposal of assets

Chg in provision

Chg in other non-current assets / liab.

Income Taxes Paid

Changes in Working Capital

OCF: 5.796 → 6.049

+966

+392

-447

+176

-283

+253
Balance sheet continues to show healthy leverage ratios

**48.2%**
Net Gearing

**27.6%**
Equity Ratio

**1.9x (2018)**
Net Debt / EBITDA

**1.7x (2019)**

**5.9x**
Interest Cover

---

**52,169**
Total Equity & Liabilities 31.12.2019

- **Pension Provisions**: 5,169
- **Other Provisions**: 1,000
- **Current liabilities**: 10,000
- **Non-current liabilities**: 10,000
- **Equity**: 26,000

**13,367**
Net Debt

**7,812**
EBITDA

**4,128**
EBIT

**698**
Interest Expense
DPDHL Group Pensions – DBO and DCO plans

in €m

DBO

<table>
<thead>
<tr>
<th>Sep 30th 2019</th>
<th>Dec 31st 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Assets</td>
<td>13,754</td>
</tr>
<tr>
<td>Net Pension Provision</td>
<td>6,137</td>
</tr>
<tr>
<td>Current service costs</td>
<td>5,102</td>
</tr>
</tbody>
</table>

Defined Benefit
(Staff Costs & Change in Provisions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>163</td>
<td>193</td>
<td>162</td>
<td>187</td>
<td>193</td>
<td>218</td>
</tr>
</tbody>
</table>

Defined Contribution (Cash out = staff costs in EBIT)

Civil Servants in Germany

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>531</td>
<td>516</td>
<td>493</td>
<td>461</td>
<td>449</td>
<td>409</td>
</tr>
</tbody>
</table>

Hourly workers & salaried employees*

*mainly outside Germany

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>276</td>
<td>317</td>
<td>305</td>
<td>300</td>
<td>307</td>
<td>347</td>
</tr>
</tbody>
</table>

Discount Rate

<table>
<thead>
<tr>
<th>Discount Rate</th>
<th>Germany</th>
<th>UK</th>
<th>Other</th>
<th>Total Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31st 2018</td>
<td>2.30%</td>
<td>2.70%</td>
<td>2.35%</td>
<td>2.42%</td>
</tr>
<tr>
<td>Dec 31st 2019</td>
<td>1.40%</td>
<td>1.90%</td>
<td>1.52%</td>
<td>1.56%</td>
</tr>
</tbody>
</table>
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