LEARNINGS

TRENDS

STRATEGY
We have learned a lot along the way

We focus on our core activities ...

Focus.

Logistics as our core
Committed to the needs of our stakeholders & our planet
A family of divisions

1. We focus on execution excellence
2. We act along our 3 bottom lines
3. We strengthen our profitable core
4. We leverage e-commerce
5. We take advantage of technology

... to achieve industry-leading performance.
... to achieve quality & service excellence.
... for sustainable above-market growth.

1. One global team
2. Certified specialists for everything we do
3. Connected approach in operations, commercial, green solutions, shared services

Connect.

Grow.

Leader in e-commerce related logistics
Accelerate footprint shift towards emerging markets
Tap new market opportunities for organic expansion

We are successful

We connect across the organization ...

... if we focus on execution excellence
... if we act along our 3 bottom lines
... if we strengthen our profitable core
... if we leverage e-commerce
... if we take advantage of technology
We have captured significant potential already

We are stronger than ever before

Relative position of divisions – Year 2013 versus 2019e
Four main trends from Strategy 2020 remain intact, even though the world around us is changing.

- Globalization
- E-Commerce
- Digitalization
- Sustainability
Some Observations...

- **Logistics**: A key enabler of globalization
- **Emerging markets**: Growth behind expectations
- **Long-haul trade**: Slower growth than expected
- **Gravity centers**: NAFTA, Europe and China
GLOBALIZATION: Our broad portfolio makes us more resilient

Our Strategic Position

- Largest, most global logistics provider
- Leading market positions
- Strong brands, balanced portfolio

*B2C Express, Parcel Germany and DHL eCommerce Solutions
Some Observations...

- **Dynamic growth** opportunity for logistics solutions and single elements of e-commerce supply chain
- **Cross-border** growing more than twice as fast as domestic e-commerce
- Increasing demand for **omnichannel** fulfilment
- Future split between **giant market places and independent brands and retailers**: 50%/50%
E-COMMERCE: We offer the entire logistics value chain

Our Strategic Position

Inbound
- DGFF: Freight Transport
- EXP, DGFF: Customs Service

Fulfillment
- DSC: B2C-dedicated/omni-channel warehouses
- DSC: Multi-user FF network

Delivery
- DeCS: Cross-border intercontinental parcel
- EXP: Cross-border TDI
- P&I: Domestic parcel

Returns
- Parcel EXP: Domestic and international
- DSC: Fulfillment (back to stock)

Existing offer
- Green

Underway
- Orange
DIGITALIZATION

Some Observations...

- Automation drives **efficiency, scalability, growth**
- **Simplicity and standardization** of digital interfaces as new benchmarks
- Potential for **better customer experience** and new business models
DIGITALIZATION: Accelerating our pace of digitalization

Our Strategic Position

- **TECHNOLOGY EXPLOITATION** (95%)
  - Optimize our core business

- **BUSINESS EXPLORATION** (5%)
  - Scale business models augmenting our core
Some Observations...

- Customers, shareholders and society are demanding **sustainable solutions** in line with UN Sustainable Development Goals (SDGs)
- Rising expectations from investors regarding **ESG** disclosures, performance and governance
SUSTAINABILITY: We are in a leading position

Our Strategic Position

SUCCESSFUL “GO” PROGRAMS

33% efficiency improvement since 2007 / Mission 2050
10,000 StreetScooters / Partnerships in Japan & China

15 years GoHelp
(44 DRT deployments / 50 GARD trainings)

10 years GoTeach
(Partnerships SOS / Teach For All)

Global Volunteer Day
122,911 engaged employees in 3,345 projects (2018)
LEARNINGS
TRENDS
STRATEGY
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

Our Purpose
Connecting people, improving lives

Our Vision
We are THE logistics company for the world

Our Values
Respect & Results
Our Purpose
Connecting people, improving lives

Our Vision
We are THE logistics company for the world

Our Values
Respect & Results
Our common DNA

Excellence. Simply Delivered. Along the three Bottom Lines.
Sustainability: Enhancing our ESG focus

**ENVIRONMENTAL IMPACT**
- GoGreen / Mission 2050
- Green solutions
- Green policies & guidelines
- Carbon-efficient delivery solutions
- Tree planting

**SOCIAL IMPACT**
- Employee Engagement (EOS, EOY, GVD...)
- Certified
- Safety First

**GOVERNANCE STRUCTURES**
- Codes of Conduct
- Compliance Management
- Internal Audit
- Data Protection Management
- Responsible Business Practice (RBP) network
Focus on value creation close to the profitable core

Leverage key competitive advantage in each division

Deliver excellence along the three bottom lines

Leverage e-commerce

Digitalize our business models
Digitalization @ DPDHL GROUP

› It’s all about...

- ... enhancing **customer** experience
- ... improving **employee** experience
- ... increasing **efficiency**

› **Powered by the right Group infrastructure and agile divisional architecture**
Group Infrastructure

Dedicated Global Centers of Excellence (COEs)

- Blockchain
- Data Lake
- Internet of Things (IoT)
- Intelligent automation of physical operations
- Data Analytics
- Intelligent automation back office
- Application Programming Interfaces (API)
Divisional Architecture

Modernizing our IT backbone

- Digitalization @ P & P Germany
- Express Global Application Portfolio
- IT Renewal Roadmap
- Freight TMS EVO
- Global Architecture under Digital Integration (GAUDI)
- Finance ERP Roadmap
- HR Business Enterprise Architecture
- ITSS Roadmap
Advanced analytics

Example: Express volume forecasting

- Prediction of daily volumes for international flight trade lanes

- Reaching the next level of productivity:
  - 3ppt increased forecasting accuracy
  - Benefits: enabled sale of excess capacity and increased quality
Digitalizing ourselves

Investing
- We will invest ~ €2bn cumulatively through to 2025 in digitalization, embedded in the ongoing opex and capex spending

Expecting
- We expect a yearly run rate benefit of > €1.5bn by 2025
CLEAR OBJECTIVES along the three bottom-lines

- Engaged employees bring passion & commitment to work and deliver exceptional quality
- Exceptional quality delights our customers and leads to loyalty
- Customer loyalty leads to profitable growth
CLEAR OBJECTIVES: Employer of Choice

Know your people

- Attract and retain the best talent
- Develop world-class frontline leaders through Certified
- Strengthen a “Safety First” culture

Achieve world-class employee engagement measured by steady progress in “Great Place to Work®” and “Employee Engagement” score of >80% in Employee Opinion Survey (EOS)
CLEAR OBJECTIVES: Provider of Choice

Know your customers

- Leverage digital technologies to enhance customer experience
- Achieve market-leading quality through use of First Choice tools every day, everywhere
- Serve customers in a sustainable way, reducing our environmental impact

Achieve best-in-class customer satisfaction measured by dedicated KPIs such as Net Promoter Score
CLEAR OBJECTIVES: Investment of Choice

Know your numbers

- Profitable Growth in Logistics Core
- Benchmark Margins
- Improved Cash Generation

Achieve attractive returns for our shareholders
Melanie Kreis, CFO
Frankfurt, October 1st 2019

STRATEGY 2025
Delivering excellence in a digital world
Measurable KPIs along all three bottom lines

INVESTMENT OF CHOICE

- Profitable Growth in Logistics Core
- Benchmark Margins
- Improved Cash Generation
- Attractive Shareholder Returns
Benchmark Margins

Profitable Growth in Logistics Core

Improved Cash Generation

Attractive Shareholder Returns
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, DeCS, DSC
- **Above**: DGFF

  - Supported by unchanged strong yield discipline in all divisions
Profitable growth supported by disciplined yield management

P&P Germany
Regulated mail price increases & parcel yield management incl. yearly GPI (General Price Increase)

EXPRESS
Yield management incl. yearly GPI (General Price Increase)

DGFF
GP optimization through aligned pricing strategies and value-added products

DSC
Contract selectivity based on service excellence

DeCS
Strong focus on yield and profitability
Benchmark Margins

Improved Cash Generation

Profitable Growth in Logistics Core

Attractive Shareholder Returns
DPDHL Group: Further to go on margin expansion

12m rolling EBIT margin\(^1\)

### Summary divisional outlook: Strategy 2025

<table>
<thead>
<tr>
<th>Division</th>
<th>Overview</th>
</tr>
</thead>
</table>
| **P&P Germany** | • 2020: Guidance confirmed: €>1.6bn; Margin: ~10%  
• 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 100-200bp p.a.  
• By 2020, 20% DGF GP-EBIT conversion  
• 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** | • Positive EBIT contribution as of 2020  
• Gradual increase towards 5% long term margin thereafter |
Benchmark Margins

Profitable Growth in Logistics Core

Improved Cash Generation

Attractive Shareholder Returns
Historical capex: gradual increase with improving returns

Group Gross capex, in € m

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex Total</th>
<th>B777 Order</th>
<th>DGFF DSC Corp Functions</th>
<th>P&amp;P Germany Express</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,747</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1,876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2,024</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2,074</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2,648</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>2,268</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Group ROCE: Increase of >300bp in 2012-2017

1) 2018 distorted by IFRS16
Capex growth has enabled strong volume increase

Capex increase reflected ongoing strong volume growth in

- **PARCEL GERMANY** (2013-2018: +9% p.a.)
- **EXPRESS** (2013-2018: +8% p.a.)

Parcels per day  Germany

<table>
<thead>
<tr>
<th>Parcels per day</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;2,000,000 parcels per day more since 2013</td>
<td>+53%</td>
</tr>
</tbody>
</table>

Express TDI shipments per day

<table>
<thead>
<tr>
<th>Express TDI shipments per day</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 300,000 shipments per day more since 2013</td>
<td>+49%</td>
</tr>
</tbody>
</table>
Since 2013, EBIT growth consistently translated into OCF

- Until 2012, cash conversion was significantly held back by restructuring cash-outs (mainly EXP US Domestic)
- OCF conversion normalized as of 2013 (5.5%) – increasing further driven by EBIT margin improvement
- FCF margin contracted again more recently due to gradually increasing growth investments

1) For 2012, 2016, 2017 excl. voluntary pension funding; for 2018 adjusted for IFRS16 and P&P restructuring (€503m)
Cash Flow outlook: New mid-term FCF guidance introduced

Deliver EBIT growth in profitable core

Translate EBIT growth into equivalent OCF growth, incl. WC focus

Gross capex peaking in 2019 on 777 order

FCF growth mainly driven by EBIT growth and capex timing
Benchmark Margins

Profitable Growth in Logistics Core

Improved Cash Generation

Attractive Shareholder Returns
**DPDHL Group Finance Policy: Confirmed And Executed Upon**

**Dividend of €1.15 for FY2018**

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>€0.65</td>
<td>59%</td>
</tr>
<tr>
<td>2011</td>
<td>€0.70</td>
<td>58%</td>
</tr>
<tr>
<td>2012</td>
<td>€0.70</td>
<td>53%</td>
</tr>
<tr>
<td>2013</td>
<td>€0.80</td>
<td>49%</td>
</tr>
<tr>
<td>2014</td>
<td>€0.85</td>
<td>50%</td>
</tr>
<tr>
<td>2015</td>
<td>€0.85</td>
<td>46%</td>
</tr>
<tr>
<td>2016</td>
<td>€1.05</td>
<td>48%</td>
</tr>
<tr>
<td>2017</td>
<td>€1.15</td>
<td>52%</td>
</tr>
<tr>
<td>2018</td>
<td>€1.15</td>
<td>55%</td>
</tr>
</tbody>
</table>

- **Underlying Payout Ratio**
  - 2010: 59%
  - 2011: 58%
  - 2012: 53%
  - 2013: 49%
  - 2014: 50%
  - 2015: 46%
  - 2016: 48%
  - 2017: 52%
  - 2018: 55%

**FINANCE POLICY**

- **Target / maintain rating BBB+**
- **Dividend payout** ratio to remain between 40–60% of net profit (continuity and Cash Flow performance considered)
- **Excess liquidity** will be used for share buybacks and/or extraordinary dividends

**Dividend payments of €1.4bn to DPDHL shareholders on May 20th, 2019**

1) Adjusted for Postbank effects as well as non-recurring items when applicable.
Full focus on **execution**: Ensure profitable growth in **core logistics**

Cash Flow remains top finance priority – translate EBIT growth into OCF growth

Clear priorities on cash utilization, starting with investments in profitable core logistics

**For our shareholders:**

Sustainable growth in core portfolio & reliable dividend policy & return to excess liquidity generation
DPDHL Group: Significant upside potential

Relative position of divisions – Outlook

- EBIT margin compared to competition
  - SC 19e Above peer group average
  - GFF 19e Above market
  - P&P 19e Above market
  - eCS 19e Below peer group average
  - EXP 19e Below market

- Revenue growth compared to market
  - DPDHL Group: Significant upside potential
## Guidance 2019 / 2020 reiterated

<table>
<thead>
<tr>
<th>In € bn</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group EBIT</td>
<td>4.0-4.3</td>
<td>&gt;5.0</td>
</tr>
<tr>
<td>P&amp;P Germany</td>
<td>1.1-1.3</td>
<td>&gt;1.6</td>
</tr>
<tr>
<td>DHL</td>
<td>3.4-3.5</td>
<td>&gt;3.7</td>
</tr>
<tr>
<td>Corporate Functions</td>
<td>-0.5</td>
<td>-0.35</td>
</tr>
</tbody>
</table>

### 2019

**Free Cash Flow:** >€0.5bn (incl. ~€1.1bn debt-financed Express intercontinental fleet renewal)

**Tax rate:** Between 19% and 22%

**Gross Capex (excl. leases):**
~€3.7bn (incl. ~€1.1bn for debt-financed Express intercontinental fleet renewal)
### DPDHL Group: New rolling 2022 financial targets

<table>
<thead>
<tr>
<th>In € bn</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group EBIT</td>
<td>&gt;5.3</td>
</tr>
<tr>
<td>Capex (20-22) cumulative</td>
<td>8.5 - 9.5</td>
</tr>
<tr>
<td>FCF (20-22) cumulative</td>
<td>4.5 - 5.5</td>
</tr>
</tbody>
</table>

**All targets to be rolled forward annually**

**2022 minimum EBIT guidance based on cautious macro scenario**