

## **Deutsche Post DHL Group with good business development – broad geographic footprint and resilient business model pays off**

- Group revenue was up 0.9% to EUR 15.5 billion, with all five divisions reporting positive earnings in the first quarter of 2020; Group EBIT comes in at EUR 592 million
- Operating cash flow almost tripled to EUR 750 million; investments in profitable growth continued at a high level
- CEO Frank Appel: “We are making an essential contribution to managing the crisis all over the world. Our teams make the impossible possible every day”

**Bonn, May 12, 2020:** Deutsche Post DHL Group, the world’s leading logistics company, maintained its profitable growth trajectory in the first quarter of 2020 despite the noticeable impact of the Covid-19 pandemic. Revenue improved by 0.9% to EUR 15.5 billion, and operating profit (EBIT) came in at EUR 592 million. Adjusted for a pandemic-related negative earnings impact of EUR 210 million as well as negative effects of EUR 234 million incurred in the first quarter to realign the Group’s StreetScooter activities, operating profit stood at approximately EUR 1 billion. This result came in around EUR 200 million over the prior-year figure adjusted for non-recurring items. The Group has with this confirmed the preliminary quarterly figures published in April.

“We are making an essential contribution to managing the crisis, with 550,000 employees in every country of the world and our unmatched global logistics network. Our mission involves transporting protective equipment and medicines, securing industry supply chains and helping to deliver supplies to local populations. We are proud of our teams, who make the impossible possible every day. They also form the basis for Deutsche Post DHL Group performing so well in the first quarter, despite the challenges seen across the globe”, said Frank Appel, CEO of Deutsche Post DHL Group.

### **All five divisions report first-quarter profits**

Thanks to the Group’s extraordinarily broad geographic footprint and comprehensive portfolio of logistics solutions – ranging from international express services, global air and ocean freight transport to warehousing, e-commerce solutions as well as post and parcel solutions in Germany – Deutsche Post DHL Group is more robustly positioned than other companies and thus well situated to navigate crisis situations. Since the coronavirus began spreading around the world, various activities in the different regions performed better and in some cases worse than originally planned. Thanks to the great diversification in both the geographical areas in which the divisions operate and the industries they serve, the divisions were able to operate profitably even in a challenging environment, thus

demonstrating their resilience in times of crisis. “The crisis once again demonstrates the value of our broad and resilient portfolio”, said Frank Appel.

For example, while parcel volumes in the Post & Parcel Germany division increased significantly at the end of the quarter, letter mail registered pronounced declines. While the DHL divisions felt the effects of the standstill in many regions and customer industries, business in China experienced a recovery in March after the drop in February. Globally, the Group saw a strong increase especially in the food and health care sector. Furthermore, thanks to its own fleet of cargo aircraft, Deutsche Post DHL Group proved to be one of the few providers in the world still able to transport urgent deliveries.

## **Medium-term guidance confirmed: EBIT to reach at least EUR 5.3 billion by 2022**

In the first quarter of 2020, all five divisions reported an operating profit despite the negative impact of the Covid-19 pandemic on earnings. However, since the further impact of the pandemic currently cannot be predicted, a full-year guidance for 2020 is currently hardly feasible. Deutsche Post DHL Group therefore withdrew its full-year forecast on April 7. New guidance will be issued as soon as a more reliable basis is in place to enable a detailed earnings forecast.

The Group confirms its medium-term forecast of Group EBIT of at least EUR 5.3 billion in 2022. The cumulative forecasts for capex and cash flows for 2020 to 2022 remain unchanged as well, albeit subject to reservations relating to the yet to be quantified impacts of the Covid-19 pandemic on free cash flow during the current year.

## **Operating cash flow almost tripled as investment spend remains high**

Operating cash flow rose to EUR 750 million in the first quarter (2019: EUR 252 million), thus testifying to the Group’s sound financial position, even in times of crisis. Free cash flow declined to EUR –409 million (2019: EUR –256 million). The cash outflow in the first quarter is a usual seasonal trend for Deutsche Post DHL Group. The previous year was lifted by a cash inflow of EUR 653 million from the sale of the Supply Chain business in China. After adjusting for the non-recurring effect recognized in the previous year, free cash flow registered an increase of EUR 500 million. The improvement was above all due to the very positive development of operating cash flow – also attributable to lower cash outflow from changes in working capital.

"Thanks to our good balance sheet and liquidity situation, we were again able to invest almost half a billion Euros in the first quarter, despite Covid-19. We have thus strengthened our global network and

prepared ourselves for further profitable growth in the future”, said Melanie Kreis, CFO of Deutsche Post DHL Group.

In the first quarter of 2020, Deutsche Post DHL Group invested a total of EUR 453 million (2019: EUR 448 million) across all divisions. All in all, Deutsche Post DHL Group generated consolidated net profit of EUR 301 million (after non-controlling interests) in the first quarter of 2020 (2019: EUR 746 million). Basic earnings per share decreased accordingly to EUR 0.24 (2019: EUR 0.60).

## **Post & Parcel Germany: earnings up nearly 50%**

The division saw a continuation of its structural trends in the first quarter of 2020, slightly fostered by the pandemic towards the end of the quarter: While the Post business registered significant volume declines due to a pronounced downturn in dialogue marketing, the Parcel business reported dynamic volume growth based on physical store closures. Booming e-commerce starting from the last week of March led to spikes in parcel volumes, which are normally seen only in the pre-Christmas season. Total revenue for Post & Parcel Germany rose by 3.8% to EUR 4.0 billion.

In the first quarter, the Post & Parcel Germany division increased operating profit by 47.1% year-on-year to EUR 334 million. The improvement was due in particular to the cost containment and pricing adjustments made in both the Post and Parcel businesses. Earnings were negatively impacted by Covid-19-related revenue losses especially in dialogue marketing, as well as by additional expenses to safeguard operations in the midst of the pandemic, which amounted to a negative EBIT impact of EUR 44 million.

## **Express: revenue continues growing with profitability on a sustained high level**

DHL Express also succeeded in increasing revenue and generating very good earnings in the first quarter despite the Covid-19 pandemic. Revenue improved by 4.5% to EUR 4.2 billion. The availability of its own fleet of cargo aircraft proved to be a key factor for the division, allowing it to still offer urgent delivery to customers despite the virtual standstill in passenger flights resulting in the loss of freight capacity in many regions of the world.

In the first quarter, the Express division reported an operating profit of EUR 393 million (2019: EUR 453 million). Earnings were negatively impacted by the pandemic-related imbalanced usage of its network. As soon as the situation returns to normal, Express will again be able to utilize its unique global infrastructure more efficiently. The total negative impact of Covid-19 on earnings was

EUR 90 million in the first quarter, with the effects being felt in line with the spread of the virus. Although business in China already registered a noticeable recovery in March, business in Europe and North America experienced a trend at the end of the quarter that was similar to the trend in China in February. However, the operating margin remained at a very good level of 9.5% (2019: 11.4%).

## **Global Forwarding, Freight: limited freight capacity and declining demand present challenges**

Revenue of Global Forwarding, Freight decreased by 4.1% compared with the previous year to EUR 3.6 billion. The division is confronted with a severe shortage of available market capacity due to the pandemic, owing for example to the cancellation of passenger flights. With declining volumes, the capacity shortage led to a positive gross-margin development in air freight.

Operating profit came to EUR 73 million in the first quarter of 2020 (2019: EUR 100 million). Earnings were burdened by negative effects of EUR 33 million due to the pandemic.

## **Supply Chain: positive earnings growth and good level of new contracts**

Supply Chain posted a slight drop in revenue of 1.9% to EUR 3.2 billion in the first quarter, simultaneously showing an increase of organic revenues despite the pandemic by 2.1%. The division's robust performance is attributable to an even distribution of customers among sectors and regions. While certain industries such as automotive and fashion have been more impacted by the effects of the crisis due to suspended production and reduced demand, others such as food and health care registered positive effects. Supply Chain even succeeded in concluding additional contracts worth EUR 135 million with both new and existing customers in spite of the crisis.

Operating profit came to EUR 105 million in the first quarter (2019: EUR 486 million). While the previous year's result was influenced by positive non-recurring effects from the sale of the China business, among other things, negative effects of the pandemic on earnings amounted to EUR 31 million in the current year. Adjusted for these effects and one-off effects in the prior-year figure, the division registered an improvement in earnings of EUR 18 million.

## **eCommerce Solutions: restructuring measures boost earnings**

In the first quarter of 2020, eCommerce Solutions generated revenue at the prior-year level of EUR 1.0 billion amid wide regional variations in terms of the effects of the pandemic. Whereas activities

in Spain and India were affected above all by declining volumes, various European regions experienced higher than usual volumes and efficiency improvements.

The division improved operating profit to EUR 6 million despite Covid-19 (2019: EUR –28 million). This is because the positive effects of restructuring the Group's international parcel activities were able to compensate for the negative impact of EUR 12 million of the pandemic on first-quarter earnings.

**– End –**

**Note to editors:** An interview with CFO Melanie Kreis is available at [www.dpdhl.com](http://www.dpdhl.com). The Group's Investor Webcast will be streamed from 11 a.m. on our website.

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**Deutsche Post DHL Group** is the world's leading logistic company. The Group connects people and markets and is an enabler of global trade. It aspires to be the first choice for customers, employees and investors worldwide. To this end, Deutsche Post DHL Group is focusing on growth in its profitable core logistics businesses and accelerating the digital transformation in all business divisions. The Group contributes to the world through sustainable business practices, corporate citizenship and environmental activities. By the year 2050, Deutsche Post DHL Group aims to achieve zero emissions logistics.

Deutsche Post DHL Group is home to two strong brands: DHL offers a comprehensive range of parcel and international express service, freight transport, and supply chain management services, as well as e-commerce logistics solutions. Deutsche Post is Europe's leading postal and parcel service provider. Deutsche Post DHL Group employs approximately 550,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than 63 billion Euros in 2019.

**The logistics company for the world.**

**Group financial highlights for the first quarter of 2020**

in €m	Q1 2019	Q1 2020	Change in %
Revenue	15,353	15,487	0.9
– of which international	10,607	10,650	0.4
Profit from operating activities (EBIT)	1,159	592	-48.9
Consolidated net profit <sup>1)</sup>	746	301	-59.7
Basic earnings per share (in €)	0.60	0.24	-60.0
Diluted earnings per share (in €)	0.60	0.24	-60.0

**Divisional revenues in the first quarter of 2020**

in €m	Q1 2019	Share of total revenue in %	Q1 2020	Share of total revenue in %	Change in %
Post & Parcel Germany <sup>2)</sup>	3,814	24.8	3,959	25.6	3.8
Express	3,971	25.9	4,150	26.8	4.5
Global Forwarding, Freight	3,762	24.5	3,608	23.3	-4.1
Supply Chain <sup>2)</sup>	3,292	21.4	3,229	20.8	-1.9
eCommerce Solutions	999	6.5	996	6.4	-0.3
Corporate Functions/Consolidation <sup>2)</sup>	-485	n.a.	-455	n.a.	6.2
Group	15,353	100.0	15,487	100.0	0.9

**Divisional EBIT in the first quarter of 2020**

in €m	Q1 2019	Q1 2020	Change in %
Post & Parcel Germany <sup>2)</sup>	227	334	47.1
DHL <sup>2)</sup>	1,011	577	-42.9
- Express	453	393	-13.2
- Global Forwarding, Freight	100	73	-27.0
- Supply Chain <sup>2)</sup>	486	105	-78.4
- eCommerce Solutions	-28	6	>100.0
Corporate Functions/Consolidation	-79	-319	<-100.0
Group	1,159	592	-48.9

<sup>1)</sup> After non-controlling interests

<sup>2)</sup> Prior-year figure adjusted