

## **Deutsche Post DHL Group concludes 2022 with new records thanks to its international DHL business and is well prepared for 2023**

- Performance driven by DHL divisions: Group revenue reaches EUR 94.4 billion and EBIT increases by 6 percent to EUR 8.4 billion
- Free cash flow (excl. net M&A) exceeds expectations at EUR 4.6 billion
- Dividend increase to EUR 1.85 per share proposed; share buyback program increased by EUR 1.0 billion
- 2023 EBIT guidance covers three scenarios and ranges from EUR 6.0 billion to EUR 7.0 billion, 2025 EBIT target of more than EUR 8.0 billion
- Sustainability: Group attains all non-financial targets
- CEO Frank Appel: “We have once again demonstrated our Group’s capability of surmounting challenging environments and look ahead in the best shape ever.”

**Bonn, March 9, 2023:** Deutsche Post DHL Group, the world’s leading logistics company, once again grew profitably in the past financial year. With revenue of EUR 94.4 billion, the Group exceeded its record from previous year by 15.5 percent. The jump in revenue resulted entirely from the international business of the DHL divisions, despite the fact that global trade and e-commerce normalized in 2022 as expected with slowing momentum in the final quarter. Consequently, shipment volumes were slightly below the all-time high of 2021. Thanks to flexible structures, the Group was nevertheless able to continue utilizing its global networks efficiently throughout the year. The company also benefited from the increasing demand for resilient supply chains in contract logistics and, particularly in the first half of the year, from high freight rates in the forwarding business. Overall, Deutsche Post DHL Group achieved a new record with operating profit (EBIT) of EUR 8.4 billion (2021: EUR 8.0 billion). The key driver was the positive earnings development in the internationally operating DHL divisions, which generated EBIT of around EUR 7.6 billion (2021: EUR 6.6 billion). With EUR 1.3 billion, EBIT of Post & Parcel Germany declined by around EUR 500 million compared with the prior-year result. The Group-wide EBIT margin was 8.9 percent (2021: 9.8 percent).

“We have demonstrated resilience and innovation capability in a challenging environment. Our course and strategy remain well on track. Once again, our thanks go to our employees for their extraordinary commitment in a challenging year,” said Frank Appel, CEO of Deutsche Post DHL Group.

### **Group invests more than ever before and exceeds free cash flow guidance**

Last year, Deutsche Post DHL Group invested a record sum of EUR 4.1 billion (2021: EUR 3.9 billion) in its operating business as well as in digitalization and sustainability. The Group made progress in expanding its electric vehicles fleet, which grew by 7,000 to more than 29,000 e-vehicles worldwide. Further investments were made to modernize the Express division’s aircraft fleet and to build new CO<sub>2</sub>-

neutral delivery bases in Germany. Investments were also made in sorting capacities and e-fulfillment solutions for the growing e-commerce business. There was an increase in efficiency due to investments in additional automation solutions.

Excluding acquisitions, free cash flow reached a new all-time high at EUR 4.6 billion (2021: EUR 4.1 billion). Free cash flow was therefore above the most recent expectation of EUR 4.2 billion and exceeded the guidance initially provided in March 2022 by around EUR 1.0 billion. Free cash flow including acquisitions and divestments amounted to EUR 3.1 billion. Payments for acquisitions and divestments totaling EUR 1.5 billion (2021: EUR 0.0 billion) focused primarily on the acquisition of the ocean freight specialist Hillebrand, whose subsidiaries were seamlessly integrated into the DHL Global Forwarding, Freight division.

The exceptionally good result is also reflected in higher net income. Deutsche Post DHL Group increased its net profit after non-controlling interests to EUR 5.4 billion (2021: EUR 5.1 billion). Basic earnings per share thus amounted to EUR 4.41 (2021: EUR 4.10).

## **Dividend proposal increased; share buyback program expanded**

Against the background of the positive earnings development, the Board of Management and Supervisory Board will propose to the shareholders at the Annual General Meeting on May 4, 2023 an increase of the dividend to EUR 1.85 per share (2022: EUR 1.80 per share). Subject to approval by the shareholders, the Group would thus pay out a total amount of EUR 2.2 billion. Based on the dividend proposal, the payout ratio would be 41 percent and within the target corridor of 40 to 60 percent.

The existing share buyback program 2022-24 will be increased by EUR 1.0 billion. The total volume now amounts to EUR 3.0 billion. There is no change in the intention to conclude the program until the end of 2024.

“With the fundamental improvement in earnings in recent years, we have raised our financial strength to a much higher level. This strengthened starting point creates the financial leeway to continue investing in our core business and to position our company as an attractive investment,” said CFO Melanie Kreis.

## **Guidance: Group expects further growth in the medium term**

In light of the continuing uncertainty about the course of an economic recovery, the Group's 2023 EBIT guidance contains three scenarios and ranges from EUR 6.0 billion to EUR 7.0 billion:

- In the favorable case of a recovery starting around mid-year (‘V-shape’ recovery) the Group expects EBIT of around EUR 7.0 billion.

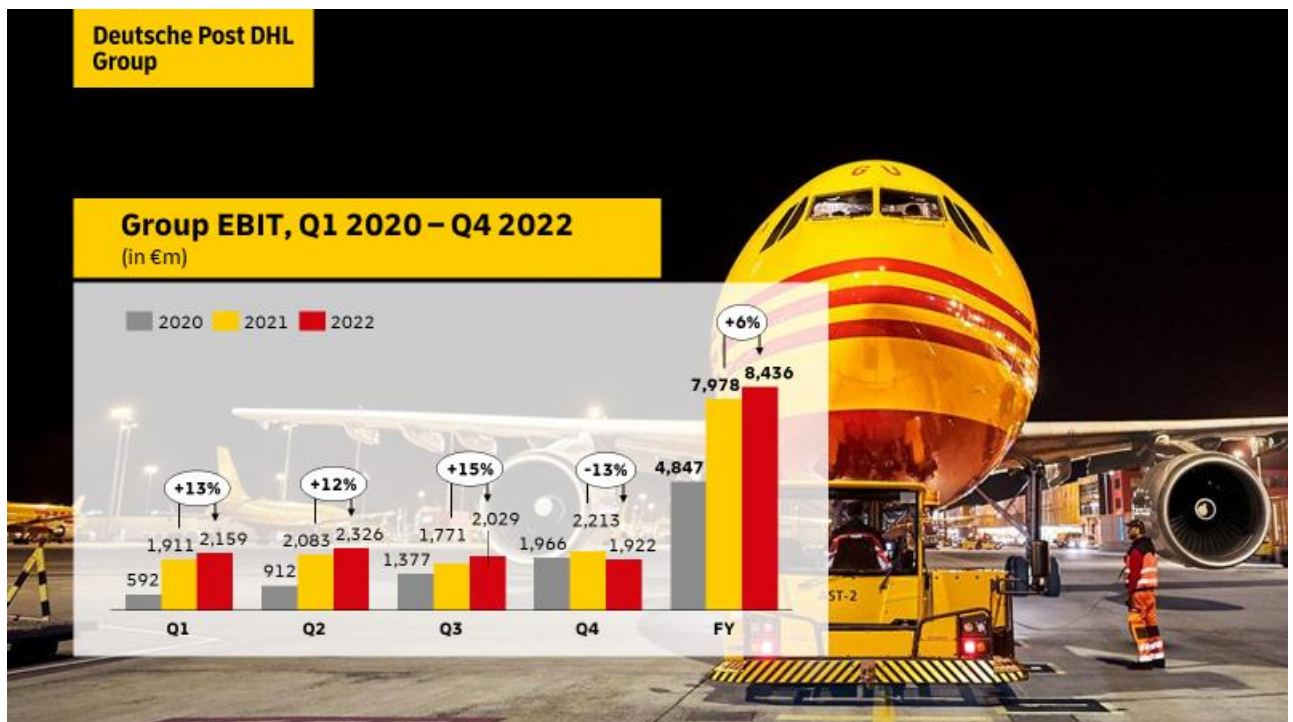
# Press release

- In case of a recovery starting more towards year end (‘U-shape’ recovery) the Group anticipates EBIT of around EUR 6.5 billion.
- In the least favorable case of no significant recovery in 2023 (‘L-shape’ recovery) the Group predicts EBIT of at least EUR 6.0 billion.

“The slowing macroeconomic growth momentum is reflected in our EBIT outlook. That is why we are acting particularly prudent in the first half of 2023 and focusing on our yield and cost management,” said Chief Financial Officer Melanie Kreis.

For 2023 the company foresees a gross capital expenditure in the range from EUR 3.4 billion to EUR 3.9 billion and predicts free cash flow of around EUR 3.0 billion independent of the macroeconomic scenarios. Investments continue to focus on organic growth, strengthening global networks and expanding the product range of climate-friendly transport solutions.

With the presentation of its Annual Report, Deutsche Post DHL Group again issued a medium-term guidance. The Group expects to be able to increase EBIT relative to 2023 again. The EBIT target for 2025 is set to more than EUR 8 billion. The Group anticipates to generate cumulative free cash flow of EUR 9 to 11 billion in the period from 2023 to 2025. Over the same period, the company forecasts cumulative capital expenditure (capex) in the magnitude between EUR 10 and 12 billion.



## Sustainability (ESG): Group achieves all non-financial targets

In addition to the financial targets, Deutsche Post DHL Group pursues clear, measurable goals in the areas of the environment (Environmental), social affairs (Social) and responsible corporate governance (Governance) as part of its Strategy 2025. Absolute logistics-related emissions are targeted to fall to less than 29 million metric tons of CO<sub>2</sub>e by 2030 adhering to the Science Based Targets initiative. In 2022 those have developed better than assumed due to lower volumes and have fallen to 36.5 million metric tons CO<sub>2</sub>e (2021: 39.4 million metric tons CO<sub>2</sub>e). One contribution to this was made by targeted decarbonization measures, which are part of the compensation-relevant non-financial indicators:

- **Environment:** Based on targeted measures the Group realized savings of around 1 million metric tons of CO<sub>2</sub>e as planned. For the coming financial year, the company has set itself the goal of saving around 1.3 million metric tons of CO<sub>2</sub>e based on active decarbonization measures.
- **Social:** At 83 percent (2021: 84 percent), employee engagement was nearly on par with the previous year and exceeded the target value of over 80 percent. The target for fiscal 2023 remains unchanged with above 80 percent.
- **Governance:** The share of valid compliance-relevant training certificates in middle and upper management reached 98 percent (2021: 96 percent) and was above the target for 2022 (97 percent).

Improvements can also be seen in the other non-financial key performance indicators: The lost time injury frequency rate (number of accidents per 200,000 hours worked) fell to 3.4 (2021: 3.9). The Group is thus well on track to achieve the targeted reduction to below 3.1 by 2025.

To strengthen diversity and inclusion, the Board of Management has included the topics of equity and belonging in the orientation of diversity management. The proportion of women in middle and senior management has risen to 26.3 percent (2021: 25.1 percent). The Group continues to aim to increase this share to at least 30 percent by 2025. Further improvement to 27.7 percent is targeted for 2023.

In 2022, the Board of Management and the Supervisory Board resolved to include an additional non-financial key performance indicator: an independent external cybersecurity rating now supplements the portfolio of non-financial performance indicators. The external cybersecurity rating is targeted to amount to at least 710 out of 900 in 2023. This indicator will become relevant for the compensation of the Group Board of Management in 2023, replacing the share of valid compliance-relevant training certificates in middle and upper management used in 2022.

Please see the [Annual Report](#) for further information on progress and measures in the areas of environment, social affairs and governance.

## Earnings driven by international logistics business of DHL divisions

**DHL Express:** Revenue increased to EUR 27.6 billion (2021: EUR 24.2 billion). Pricing measures, exchange rate effects and increased fuel surcharges were the drivers of this development. The increase in average weight per shipment also had a positive impact on revenue development, while revenue growth was slowed by a decline in international time-definite express (TDI) shipments. Nevertheless, network capacities were efficiently utilized over the course of the year thanks to the high degree of flexibility. EBIT decreased by 4.6 percent year on year to EUR 4.0 billion. This was mainly due to higher costs and negative exchange rate effects. Profitability remained at a high level with an EBIT margin of 14.6 percent (2021: 17.4 percent).

**DHL Global Forwarding, Freight:** This division achieved a significant jump in revenue and earnings in 2022 thanks to operational improvements and high freight rates. EBIT increased significantly to EUR 2.3 billion (2021: EUR 1.3 billion). Revenue jumped sharply to EUR 30.2 billion (2021: EUR 22.8 billion). Air freight volumes were down 9.3 percent year on year, while road freight shipment volumes declined by 4.8 percent. In ocean freight, transport volumes grew by 4.8 percent due to the integration of the beverage logistics company Hillebrand. The division's EBIT margin improved to an exceptionally high level of 7.6 percent (2021: 5.7 percent).

**DHL Supply Chain:** Demand for reliable supply chains increased once again in 2022. The division recorded its strongest ever figures for new business, which amounted to annualized revenue of approximately EUR 1.5 billion in 2022 (2021: EUR 1.4 billion). High demand pushed revenue up to a total of EUR 16.4 billion in 2022 (2021: EUR 13.9 billion). EBIT reached a strong level of EUR 893 million (2021: EUR 705 million) and the EBIT margin increased to 5.4 percent (2021: 5.1 percent). The division continued to standardize its processes, and implemented additional digitalization and automation projects, thus achieving further efficiency improvements. DHL Supply Chain has also further strengthened the establishment of dedicated e-fulfillment sites. The acquisition of a majority stake in the Dutch company Monta in the fourth quarter 2022 is intended to further accelerate growth in e-commerce.

**DHL eCommerce Solutions:** Following strong growth in the previous year, the division was able to maintain revenue in 2022 at the new level. Revenue climbed to EUR 6.1 billion (2021: EUR 5.9 billion), driven mainly by pricing measures. The expected normalization of shipment volumes materialized, with a 6.3 percent decline in parcel volumes. India recorded an encouraging increase in parcel volumes. Network utilization remained good. However additional inflationary driven cost increases had a negative impact. The division nevertheless closed the year profitably, with an EBIT margin of 6.3 percent (2021: 7.0 percent). At EUR 389 million, EBIT was moderately below the previous year (2021: EUR 417 million).

**Post & Parcel Germany:** The division's revenue and earnings remained below previous year's level. Revenue decreased to EUR 16.8 billion (2021: EUR 17.4 billion), mainly due to the expected normalization in parcel shipments while facing limited opportunities for price adjustments in the letter mail business. Overall, parcel volumes were down 8.3 percent on the previous year. This decline is not surprising, as parcel volumes were heavily influenced by the pandemic in 2021, especially in the first half of the year. Letter mail volumes again showed the structural decline, falling by 0.7 percent. Cost increases due in part to significantly higher energy prices had a negative impact on earnings. EBIT decreased significantly to EUR 1.3 billion (2021: EUR 1.7 billion). At 7.6 percent, the EBIT margin was also considerably lower than in the previous year (2021: 10.0 percent).

– End –

**Note to editors:** An interview with CEO Frank Appel can be found at [www.dpdhl.com](http://www.dpdhl.com). The Group's annual press conference starts at 10:30 a.m. The event for investors will be streamed on our website starting at 09:00 a.m. The Annual Report 2022 can be accessed at [www.dpdhl.com/ir](http://www.dpdhl.com/ir).

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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 net-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 around 600,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than EUR 90 billion in 2022.

**The logistics company for the world.**

**Group financial highlights in full year**

in €m	FY 2021	FY 2022	Change in %
Revenue	81,747	94,436	15.5
– of which international	60,193	72,566	20.6
Profit from operating activities (EBIT)	7,978	8,436	5.7
Consolidated net profit <sup>1)</sup>	5,053	5,359	6.1
Basic earnings per share (in €)	4.10	4.41	7.6
Diluted earnings per share (in €)	4.01	4.33	8.0

**Divisional revenue in full year**

in €m	FY 2021	FY 2022	Change in %
Express	24,217	27,592	13.9
Global Forwarding, Freight	22,833	30,212	32.3
Supply Chain	13,864	16,431	18.5
eCommerce Solutions	5,928	6,142	3.6
Post & Parcel Germany	17,445	16,779	-3.8
Group Functions/Consolidation	-2,540	-2,720	-7.1
<b>Group</b>	<b>81,747</b>	<b>94,436</b>	<b>15.5</b>

**Divisional EBIT in full year**

in €m	FY 2021	FY 2022	Change in %
DHL	6,644	7,617	14.6
– Express	4,220	4,025	-4.6
– Global Forwarding, Freight	1,303	2,311	77.4
– Supply Chain	705	893	26.7
– eCommerce Solutions	417	389	-6.7
Post & Parcel Germany	1,747	1,271	-27.2
Group Functions/Consolidation	-414	-453	-9.4
<b>Group</b>	<b>7,978</b>	<b>8,436</b>	<b>5.7</b>

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

**Group financial highlights for the fourth quarter**

in €m	4th quarter 2021	4th quarter 2022	Change in %
Revenue	23,378	23,776	1.7
– of which international	17,450	17,915	2.7
Profit/loss from operating activities (EBIT)	2,213	1,922	-13.1
Consolidated net profit <sup>1)</sup>	1,484	1,335	-10.0
Basic earnings per share (in €)	1.21	1.11	-8.3
Diluted earnings per share (in €)	1.18	1.09	-7.6

**Divisional revenue in the fourth quarter**

in €m	4th quarter 2021	4th quarter 2022	Change in %
Express	6,856	7,029	2.5
Global Forwarding, Freight	7,134	6,805	-4.6
Supply Chain	3,655	4,363	19.4
eCommerce Solutions	1,664	1,696	1.9
Post & Parcel Germany	4,771	4,623	-3.1
Group Functions/Consolidation	-702	-740	-5.4
<b>Group</b>	<b>23,378</b>	<b>23,776</b>	<b>1.7</b>

**Divisional EBIT in the fourth quarter**

in €m	4th quarter 2021	4th quarter 2022	Change in %
DHL	1,805	1,658	-8.1
– Express	1,111	941	-15.3
– Global Forwarding, Freight	403	402	-0.2
– Supply Chain	198	225	13.6
– eCommerce Solutions	93	91	-2.2
Post & Parcel Germany	576	384	-33.3
Group Functions/Consolidation	-168	-121	28.0
<b>Group</b>	<b>2,213</b>	<b>1,922</b>	<b>-13.1</b>

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