



Deutsche Post DHL
Group

We have reached a **new performance level** and are delivering stronger than ever

ON A NEW LEVEL

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DHL Global Forwarding, Freight:
Leading market position in global air & ocean freight and European road freight

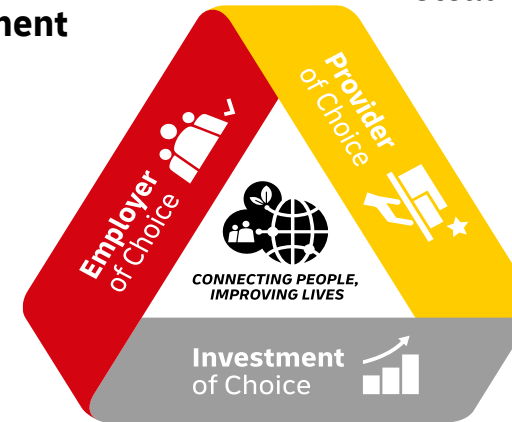
DHL Global Forwarding, Freight investment summary

- **Asset-light business model:** Global presence in >150 countries with around 45,000 highly qualified employees
- **Market potential continues to be attractive** addressing international supply chain disruptions (short- to mid-term) and above market growth potential in line with global trade developments (long-term)
- **Investments into state-of-the-art IT** systems are driving increased operational efficiency and enhanced customer experience
- **Sustainably higher GP/EBIT conversion** and EBIT margin levels expected
- **New sustainable product offers** launched in 2021 & 2022

DHL Global Forwarding, Freight: Simplify strategy delivering on all dimensions

EMPLOYER OF CHOICE

- Certified as **Top Employer** and **Great Place to Work** in 35 and 17 countries respectively in 2021
- Employee Opinion Survey (EOS) continues to be strong with scores **>80** for **Employee Engagement** (+8pp. vs 2019)



PROVIDER OF CHOICE

- **Digitalization** roadmap includes significant enhancements in customer experience (myDHLi, Saloodo!)
- **Net Promoter Score** continues to steadily increase (2021: 56, 2019: 46)

SUSTAINABLE DEVELOPMENT

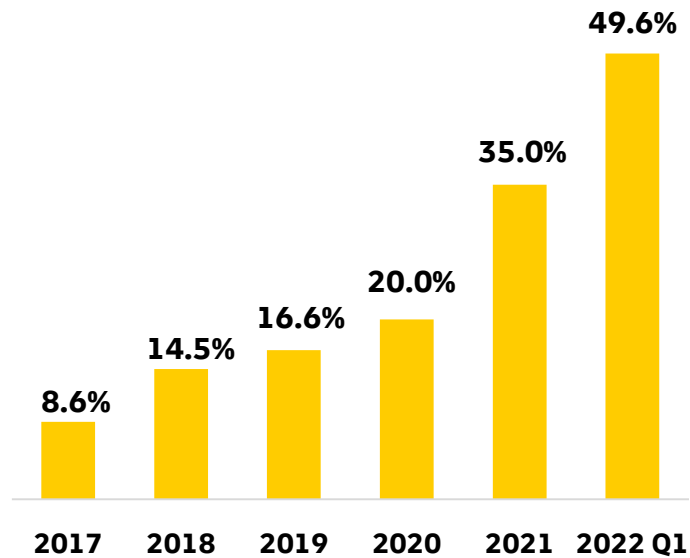
- Launched series of **sustainable transport** solutions, e.g. by using rail and sustainable air and marine fuels

INVESTMENT OF CHOICE

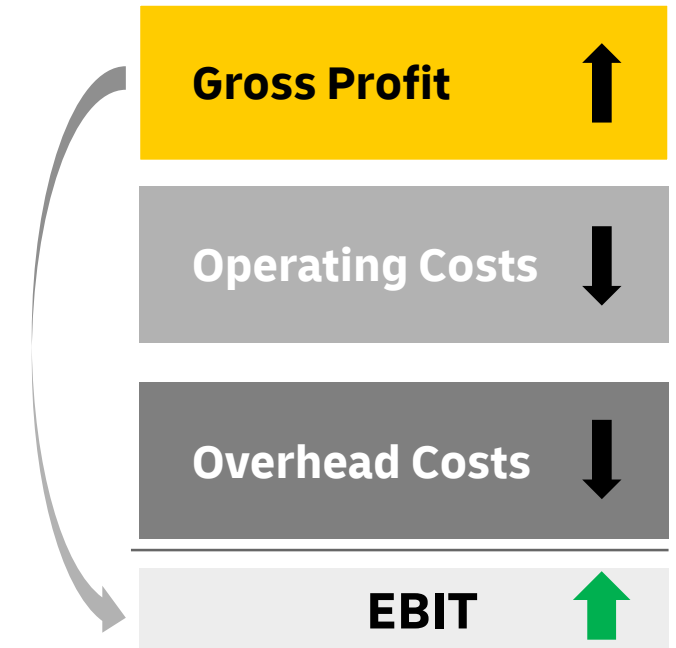
- Record DGFF EBIT of **€1.3bn** in 2021 successfully leveraging challenging freight market conditions
- DGF **GP-EBIT conversion at 35%**

DHL Global Forwarding:
Sustainably higher conversion rate of 35+%

DGF divisional conversion rate development 2017-2022 Q1

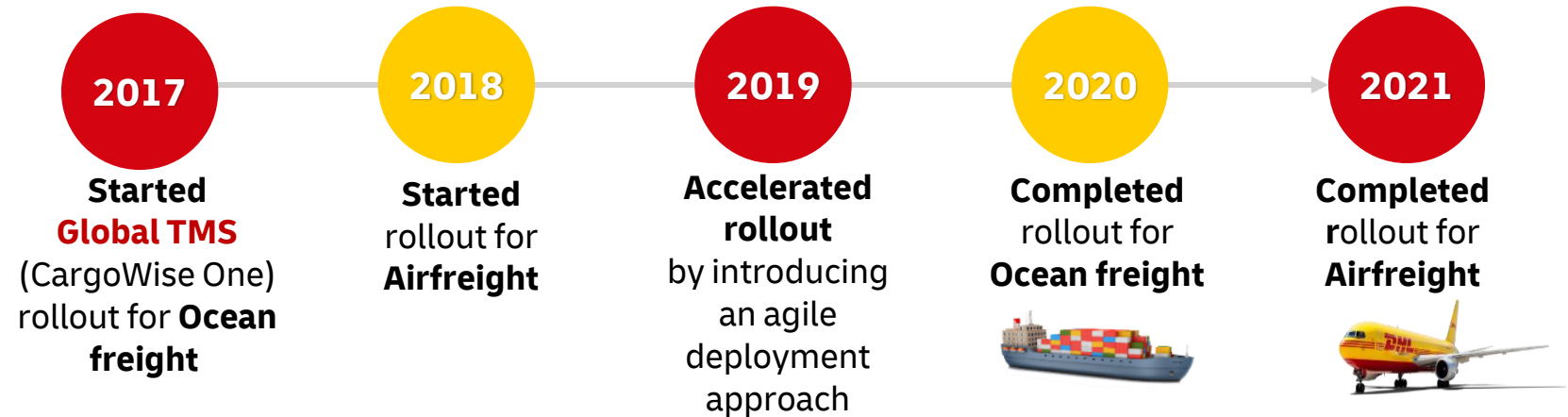


Key levers to make conversion rate improvement sustainable



DHL Global Forwarding: New operations back-end sets foundation to realize benefits from digitalization

Legacy back-end system replaced in record time setting the foundation to continuously optimize the business



Benefit realization (exemplary)

Already established:

- ✓ Enhanced customer, vendor, carrier and customs integration
- ✓ Automated data & timestamp entry
- ✓ eDocument library & storage
- ✓ Auto-Rating & Auto-Costing functionality
- ✓ Full financial & operational transparency
- ✓ Harmonized reporting

Planned/ in development

- Modernization of indirect function systems
- Standardized and efficient workflows across the network
- Higher data quality and master data integrity
- Further process automation and system integrations, e.g. quote requests

DHL Global Forwarding, Freight: State-of-the-art customer portal myDHLi enables easy digital interactions

myDHLi developed as a one-stop-portal for customers with continuous enhancements to offer innovative functionalities and features

DGFF offers solutions for all shipping needs, including Air, Ocean, Road and Rail, to boost the collaboration with our customers, colleagues and partners:

- Easy to use with fast and accurate information at all times
- Full visibility over the shipments

Latest enhancements

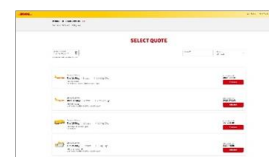
1 Reporting + Analytics

GOGREEN

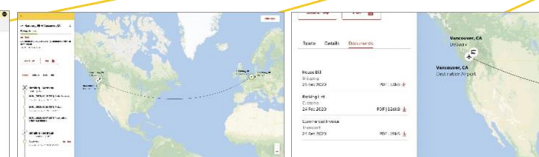
2 Smart ETA¹

- Higher ETA quality and reliability for Ocean Freight shipments
- Improves ETA prediction up to 48%

myDHLi
**FOLLOW
+ SHARE**



QUOTE + BOOK



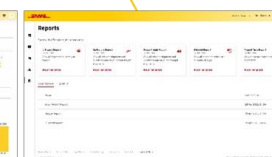
TRACK



DOCUMENTS



ANALYTICS



REPORTS

1) Estimated Time of Arrival

Key levers to make divisional conversion rate improvement sustainable and maintain a DGF conversion of 35+%

Gross Profit optimization ↑

Profitable Growth

- Sector-specific solutions
- E-commerce
- Stronger penetration of selected local markets

AFR shipment consolidation

- Hub & Gateway strategy
- Standardized global operating model

OFR trade & commodity mix

- Dedicated tradelane focus
- J.F. Hillebrand acquisition

Operating costs reduction ↓

Automation

- Further elimination of manual processes like data entry
- Further system integrations, e.g. increasing API usage

Standardization

- Rollout of global operating model on local level incl. standardized approach to offshoring

Scaling

- Scaling of global IT applications for maximum leverage

Structural costs reduction ↓

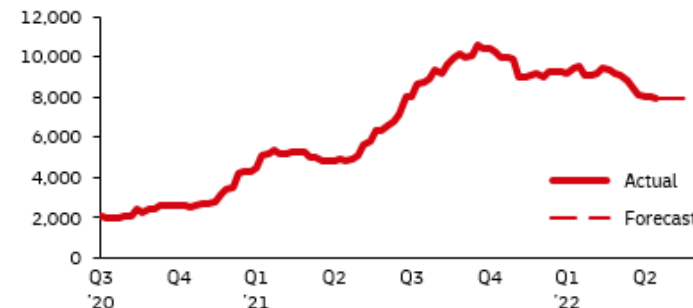
- **IT renewal** and related **benefit realizations** through automation, standardization and scaling also **in indirect functions** incl. HR, IT and Sales
- Continuous review and **streamlining** of global, regional and country **overhead structures**

OCEAN FREIGHT

Profitable growth will
continue despite the
volatile market

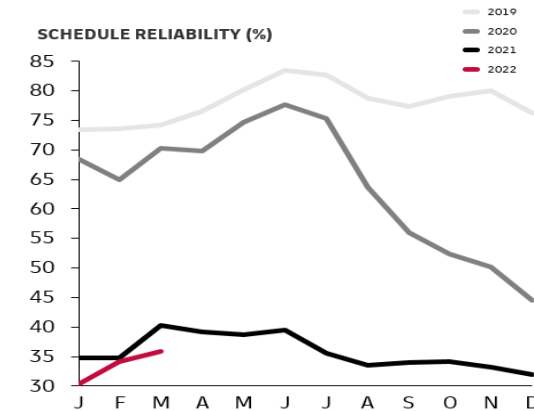
Market expectations post-COVID: Supply chain predictability to remain low

World Container Index (WCI)



Source: Drewry, in USD/40ft container, including BAF & THC both ends, 42 individual routes, excluding intra-Asia routes
Surcharges related to e.g. equipment & space availability are not reflected in WCI & SCFI

Ocean Schedule Reliability (%)



Source: Sea Intelligence

Market Outlook

- Temporary volume peak expected after Shanghai re-opening.
- US demand expected to remain solid
- EU market impacted by inflation and Ukraine crisis

Market Environment

- Low schedule reliability
- Sudden COVID constraints
- Port congestions

Ocean Freight : Selective approach to maintain growth path and contribute to 35+% divisional conversion rate for DGF

Gross Profit optimization ↑

- Increased margins due to clear **customer segmentation** and focused **trade lane selection**
- Leverage our leading market position to conclude **long-term capacity agreements** with Ocean Carriers
- Favorable **freight rate negotiations** possible because of our extensive global coverage
- Ability to offer **fully integrated solutions** end-to-end within own network
- DHL cross-divisional cooperation allows for a **holistic and comprehensive customer approach**
- **Sector specific value propositions** provide a tailor made solution to all industries

Operating costs reduction ↓

- **Enhanced data visibility and quality** through our operating system and interactive tools
- **Higher productivity** thanks to process automation and optimization
- **Operational excellence** supported by state of the art systems, management tools and training

OCEAN FREIGHT

Hillebrand
acquisition was
finalized, significant
integration progress
achieved since the
deal closing

**Great
strategic fit**

Hillebrand is a full service ocean freight forwarder with a focus on logistics for Beer, Wine, Spirits and Bulk commodities in Flexitanks and ISO tank containers and complements DHL's subsidiary Gori

**Financially
attractive**

>€100m
EBIT (FY21)

90+
Countries of presence

2700+
Employees globally

**Integration
well under
way**

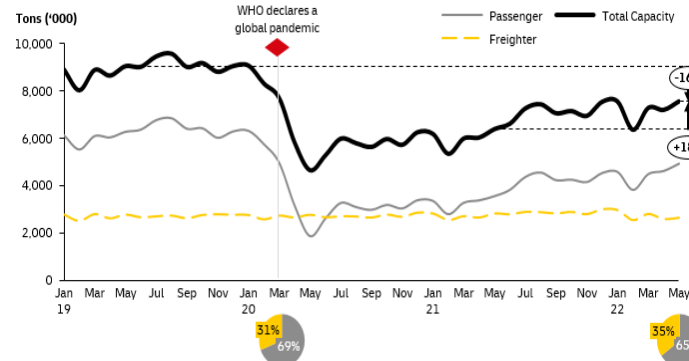
- Acquisition finalized on 23rd of March at an **equity value of €1.5bn**
- **100 % ownership** by DHL Global Forwarding, Freight
- Hillebrand and DHL's subsidiary Gori will serve as experts for logistics of beverages, beer, wine and spirits under joint **brand 'Hillebrand Gori – a DHL company'**
- **Hillebrand Bulk business** (i.e. flexitanks, ISO tanks) will be transitioned **under DHL brand umbrella**, focusing on industrial commodities & foodstuff
- **Synergies developing as expected** e.g., in the context of joint procurement

AIR FREIGHT

Providing our customers with solutions leading to strong financial results supported by high yields

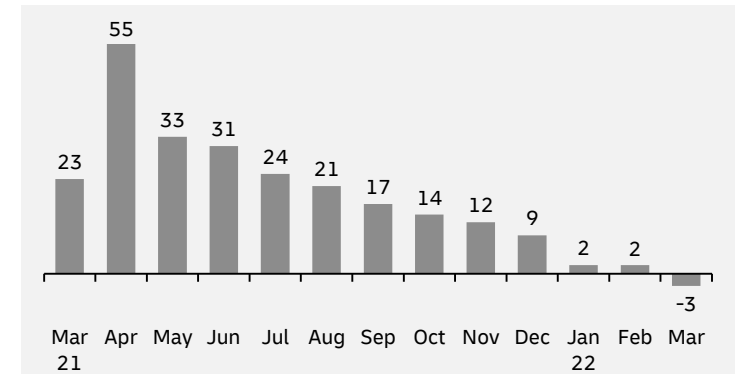
Market expectations post-COVID: Capacity expected to remain tight while global AFR market expected to continue its historic growth path

Capacity Development



Source: Seabury

Demand Development (YoY % Growth)



Source: WorldACD

Market Outlook

- **Disruptions in Ocean Freight** market expected to continue
- **Demand expected to outstrip supply** through 2030
- Given demand vs. supply imbalance, **rates to stay at high levels** through 2023-2024 (e.g. TransPac / AP<->EU)

Market Environment

- **Limited new capacity until 2025:** PAX capacity not expected to return to 2019 levels before 2025
- Capacity cuts due to **sanctions and RU Airspace closure** (impact on transit time)
- Production capacity for large freighters limited; **new aircraft orders low** vs. 2019

DHL Global Forwarding, **Air Freight**: Automation, standardization and upscaling IT benefits as key levers for sustainable contribution to 35+% DGF conversion rate

**Gross Profit
optimization** ↑

- Optimize our **global Hub and Gateway Network** to improve our **consolidations** and continue to **optimize our cargo routing** enabling **centralized capacity procurement** and **maximizing utilization**
- **Long-term capacity agreements** with our preferred carriers and **close cooperation** and capacity planning with **DHL Aviation**
- Principal of **one-file one-operator** and **entrepreneur within a network** will continue to improve customer satisfaction
- **Maximizing digital opportunities** within our key operational process to offer better visibility and ensure first class quality to our customers (e.g. RFID labels)

**Operating costs
reduction** ↓

- Upscaling the **benefits of one system to standardize our operational processes**; implementation of one global target operating model will assure high efficiency across our network
- **Automation of various tasks** (example: auto-rating, booking and costing) will continue to improve productivity and quality

FREIGHT

Strong focus on
pricing and customer
centricity drives best
performance
and service
experience

Pricing initiatives to protect and further improve EBIT margin

Various factors intensify ongoing price pressure

- EU Mobility Package
- Fuel price
- Capacity Shortage
- Labor cost
- Geopolitical tensions
- COVID-19

Pricing initiatives to cover the price increases

General Rate Increase (GRI) / surcharge campaign

- Annual GRI with additional extraordinary GRI conducted in 2022

Fuel surcharge measures

- Adjustment of fuel floater methodology with predominantly monthly frequency

Additionally, we leverage our Efficient Network to ensure high quality service:

- 1 **Invest** into our **European network** to strengthen our footprint
- 2 **Focus on Quality Management**
- 3 **Building up respective skills** to establish a strong **workforce**
- 4 **Continue** successful rollout of **digitalization agenda**, particularly the new Transport Management System (EVO)



DHL Global Forwarding, Freight: Introducing new services as part of our Sustainability agenda

GoGreen: Offering sustainable transport solutions for all core products

Ocean Freight



Sustainable Marine Fuels

For less-than-container load, launched in Jan. 2021
For full-container load, launched in Jun. 2021

Air Freight



Sustainable Aviation Fuels

Launched in Feb. 2022

Road Freight



Insetting Solution

Long established in Sweden, relaunch as Skicka Grönt
Rollout in further countries, planned in 2022

Rail Freight



DHL Railnet

Offered for rail & intermodal shipping

What's more?

1 Collaborate with like-minded industry partners

- Strong industry partnerships and annual carrier certification



2 Form a strong team of Certified GoGreen Specialists

- As part of our DNA, the Groups Certified program is leveraged to embed the knowledge
- Over 50% of employees from DGFF have had foundation training



DHL GLOBAL FORWARDING, FREIGHT

FINANCIAL OUTLOOK

Market

Market growth

Expected to be around GDP growth for Air, Ocean and Road Freight

Capex Outlook

- Flat / slightly increasing from FY21 levels (€132m)
- Asset light business model: Selected investments related to warehouses, sites and IT

Expected growth vs. market

 **ABOVE**

Aligned with unchanged focus on GP optimization and profitable growth

EBIT Outlook

- Absolute GP to fluctuate in fairly narrow range around 2021 levels
- DGF GP-EBIT conversion rate of 35+%, supported by sustainable continuous improvement
- Increase Freight EBIT margin to over 3.5%