Deutsche Post DHL Group

DPDHL Group Presentation

Investor Relations
August 2018

Q2 2018 HIGHLIGHTS

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Q2 development in line with recently adjusted full-year expectations

- DHL: unchanged positive momentum in all divisions
  - Express continues going from strength to strength
  - DGFF recovery progressing well
- PeP Q2 performance in line with recently adjusted 2018 guidance
  - Planned measures on direct & indirect costs and yield initiated
  - Some sequential improvement but principal challenges remain in Q2
- Good Q2 OCF performance brings YTD FCF development closer to last year - while we continue to invest into our growth businesses

PeP issues being addressed, DHL performance on track, 2018 & 2020 EBIT guidance confirmed

GROUP PORTFOLIO STRONGLY DIVERSIFIED IN TERMS OF TOPLINE DRIVERS AND MANAGEMENT OF BUSINESS CYCLES

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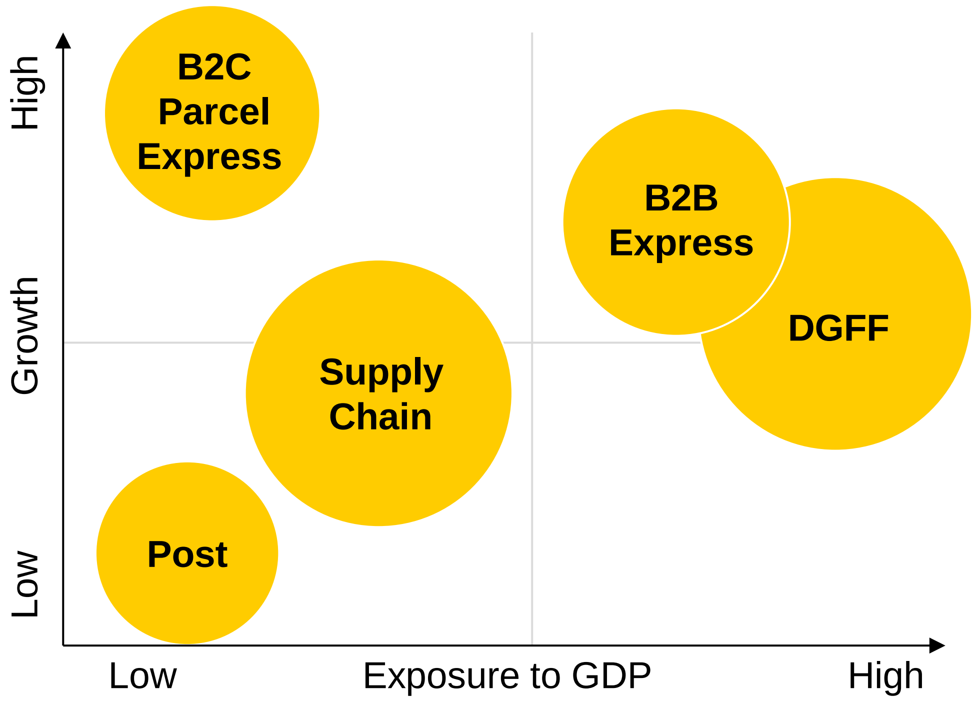

Well balanced and diversified portfolio of businesses and their respective drivers

CONTINUOUS MARGIN IMPROVEMENT REMAINS TOP PRIORITY ON DIVISIONAL AGENDAS

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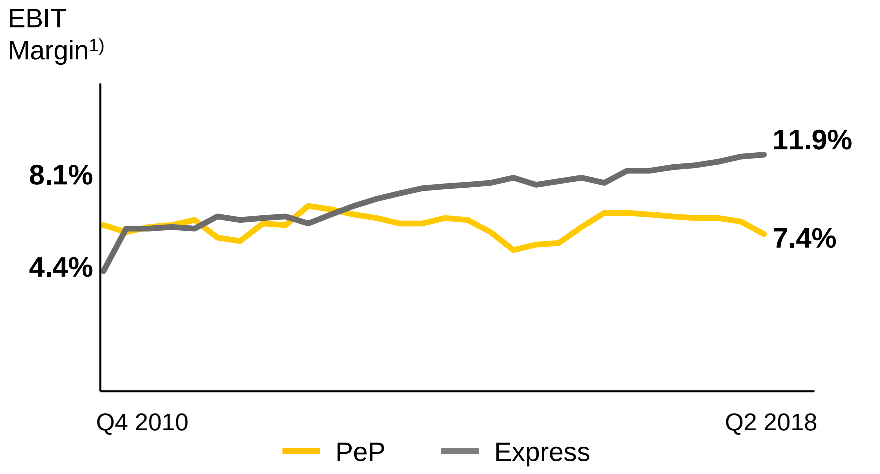
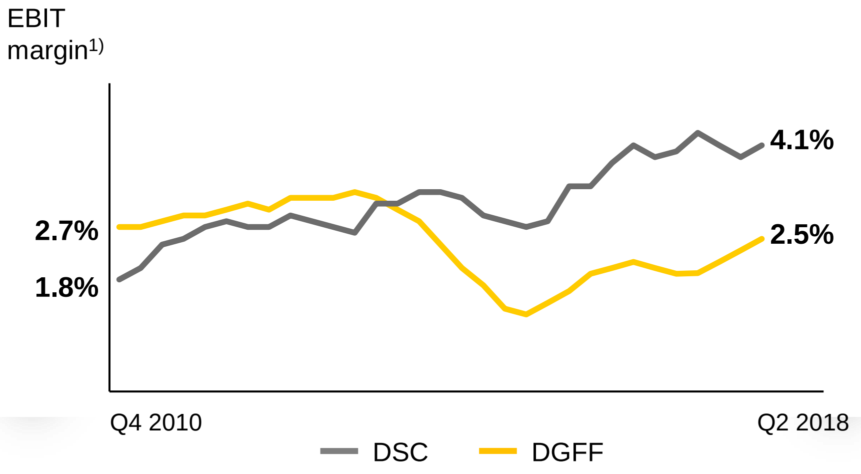
Further potential to optimize divisional profitability – esp. in DGFF

Asset intensive: Express and PeP



Asset light: DGFF and DSC



1) Rolling 12 month EBIT margins, DGFF adjusted for NFE write-off in Q3 2015

Group margin of 6.1% is up +270bp since 2010; +110bp since 2013

REMINDER & CONFIRMATION: OVERVIEW OF OUR PEP MEASURES

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PeP P&L	Parcel Germany	Post
Revenue	1 BALANCE GROWTH & YIELD	1 REGULATORY PRICE REVIEW
Direct costs	2 PRODUCTIVITY MEASURES – supported by further automation / digitalization	
Indirect costs	3 OVERHEAD RESTRUCTURING PROGRAM	
Reporting alignment	Shift of selected growth initiatives from PeP to Corporate Incubations	

Taking significant measures in 2018 to establish sustainable cost structure for ongoing structural shift in PeP portfolio

PEP MEASURES: CURRENT STATUS SUMMARY

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	Problem Identification	Measures Developed	Measures Initiated	Cost (Q2 18)
1 Pricing Measures				
2 Direct cost (Productivity)				€ -10m
3 Indirect Cost (Restructuring)				€ -51m

To come Executed

PEP EBIT BRIDGE TOWARDS CONFIRMED 2020 GUIDANCE

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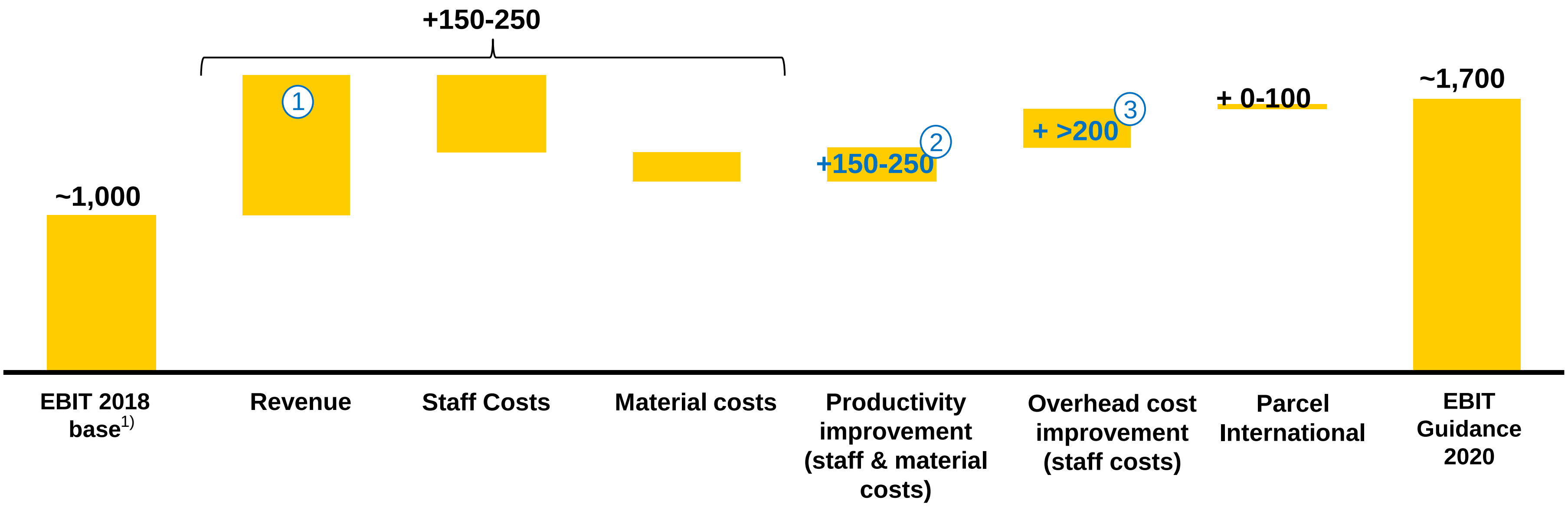
EBIT contribution, in EUR m
2020 vs 2018



1) excl. ~ EUR -500m restructuring costs and EUR +108m pension revaluation

2018 & 2020 GUIDANCE

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EBIT, € bn	2018	2020
PeP	~0.6	~1.7
DHL	~3.0	~3.7
Corporate Functions	~ -0.42	~ -0.35
Group	**~3.2**	**>5.0**

FY 2018:

Free Cash Flow: > € 1.0bn (excl. debt-financed Express intercontinental fleet renewal)

Tax rate: ~ 14% (from ~18%)

Gross Capex (excl. leases): ~ € 2.5bn plus ~ € 0.2bn for debt-financed Express intercontinental fleet renewal

GROUP STRUCTURE: ALL DIVISIONS FINANCE THEIR OWN GROWTH CAPEX AND CONTRIBUTE TO FREE CASH FLOW & DIVIDEND

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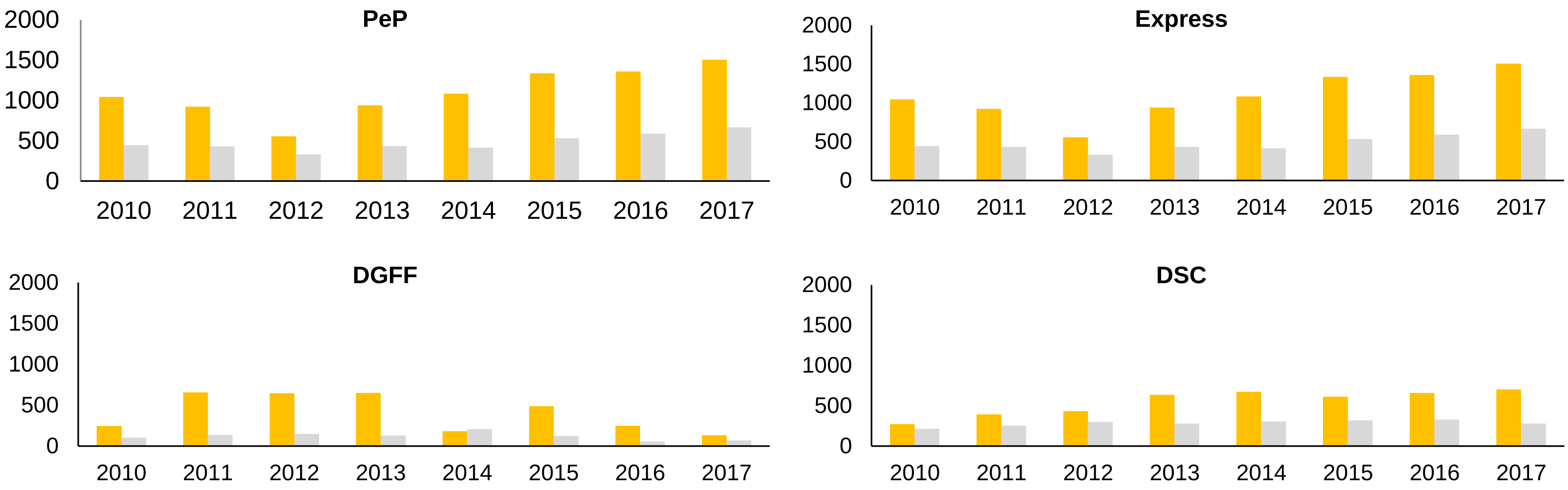
EUR m OCF Capex

OCF vs Gross Capex by Division, 2010-17



All divisions are self-financing and contribute to Group shareholder return

TURNAROUND IN CASH GENERATION ALLOWS US TO FINANCE GROWTH INVESTMENTS AND SHAREHOLDER RETURNS

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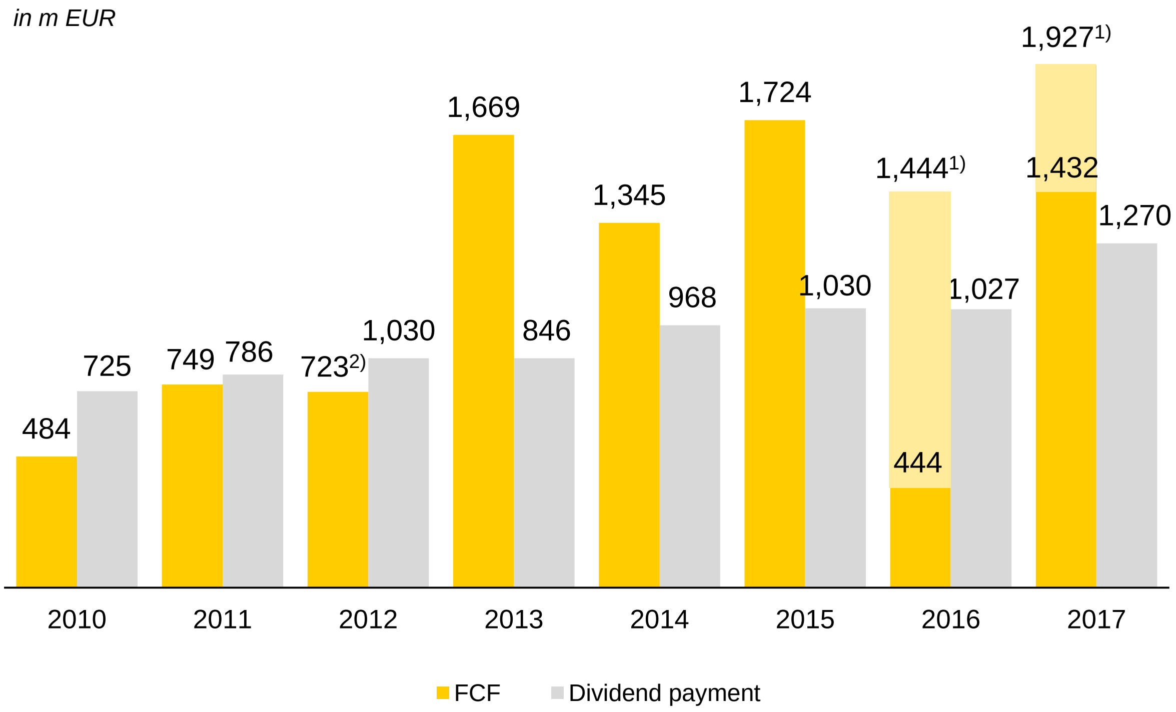

- FCF more than covering (rising) dividend payment since 2013
- Cash Flow turnaround mainly driven by
  - EBIT growth
  - Tailing off of provision outflows (esp. US domestic Express restructuring)
  - Increased CF focus and management incentives
- Sustainable FCF performance is basis for continued investments in organic growth **and** attractive share-holders returns – in line with our Finance Policy

1) Adjusted for pension funding (2016: 1bn, 2017: 0.5bn); 2) Adjusted for pension funding (EUR 2bn) and non-recurring items

DPDHL GROUP FINANCE POLICY
MAIN PRINCIPLES CONFIRMED AND EXECUTED UPON

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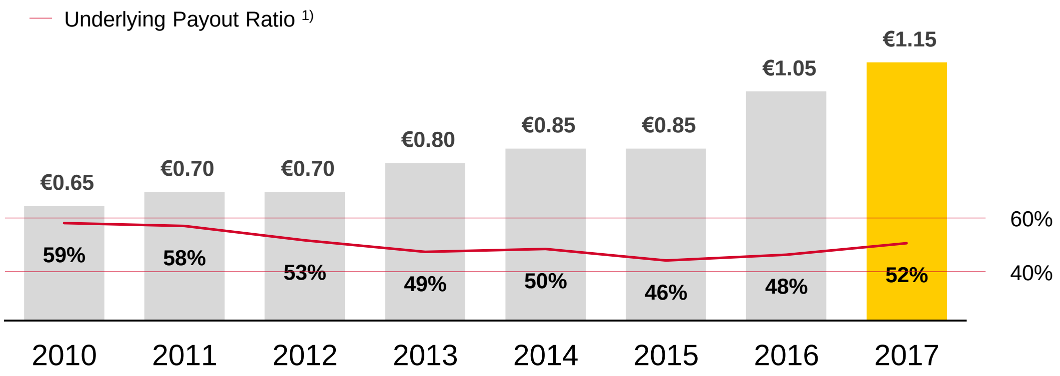
FINANCE POLICY

- 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 of EUR 1.15 for FY2017



Dividend payments of EUR ~1.4bn to DPDHL shareholders on April 27, 2018

1) Adjusted for Postbank effects as well as non-recurring items when applicable

WRAP UP

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Q2 confirmed expected and known trends, positive as well as negative…

- DHL Divisions have the right agenda and are executing successfully
- PeP issues identified, measures initiated in all three focus areas
- Cash flow generation allows to maintain growth investments independent of current PeP challenges

…PeP issues in Germany are being thoroughly addressed, all further priorities also remain in focus!

Fully committed to deliver on our Strategy 2020 targets

Divisional Information

DPDHL GROUP AT A GLANCE

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2017

Group revenues
€ 60.4bn

EBIT
€ 3.741bn

Market capitalization
€ 49bn per 31.12.2017

Approximately 500,000 employees in more than 220 countries/territories

Divisions -EUR m -	*Network businesses – asset intensive*		*Brokerage & Outsourcing – asset light*	
	Post - eCommerce-Parcel	**Express**	**Global Forwarding Freight**	**Supply Chain**
Revenue	**18.168**	**15.049**	**14.482**	**14.152**
EBIT Margin	**1.502** **8.3%**	**1.736** **11.5%**	**297** **2.1%**	**555** **3.9%**
Staff (FTE)	**179.600**	**86.313**	**42.646**	**149.042**
Products	USO Provider for letter products in Germany. Parcel operations in Germany, Europe and selected international markets	Core product Time-Definite International (TDI): premium cross-border parcels and document delivery	Brokerage of transport services in Air, Ocean and Road freight	Customized, outsourced logistics solutions through full value chain
Geographies	Germany - Europe Americas -Asia Pacific	220 countries and territories	>150 countries and territories	>50 countries and territories
Market Share	61% letter mail Germany 45% parcel Germany	34% global market share # 1 Europe, MiddleEast, Africa and Asia, # 3 US	# 1 in air freight # 2 in ocean freight	#1 globally 6.2% market share

DISRUPTION IS EVERYWHERE: INNOVATION IS THE SOLUTION

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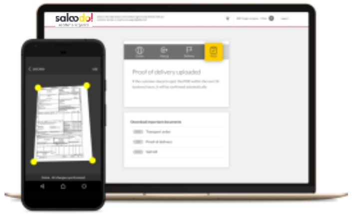
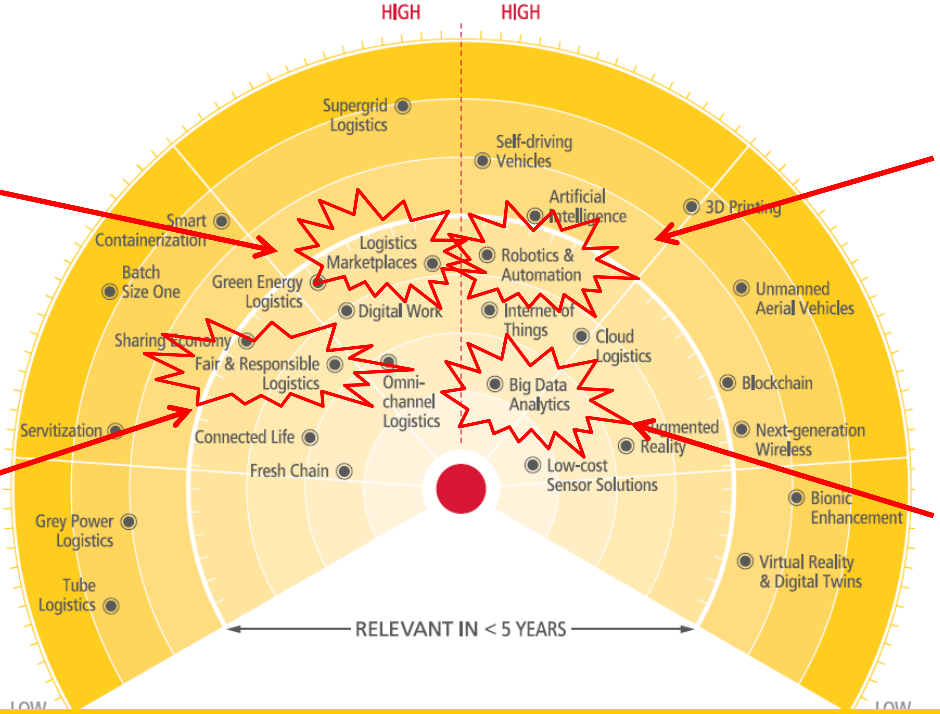
DHL Trend - Radar





In order to stay ahead of the curve, we have to think in a creative way and not be afraid to self-disrupt

DPDHL INVESTMENT PROFILE

Deutsche Post DHL Group

Global Powerhouse of Logistics

#1

Clear Strategic Direction

Our roadmap for margin and profit improvement

STRATEGY 2020
Focus. Connect. Grow.

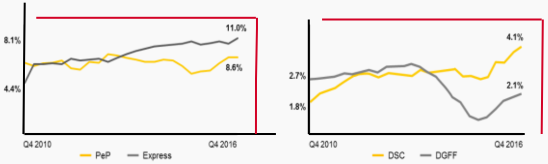
EUR >5bn EBIT in 2020

Sustainable Growth Momentum

Unique position for e-commerce

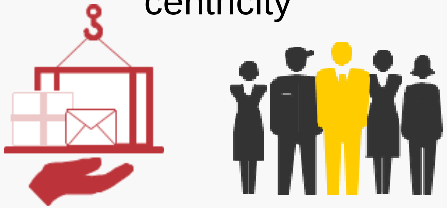
Increasing Margins and Returns

Divisional self-help agendas



Investing for Growth

Innovation, quality & customer centricity



Delivering Attractive Returns

Committed to FCF growth and improving shareholder returns

~3% Dividend Yield

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STRATEGY 2020

Focus. Connect. Grow.

POST, E-COMMERCE & PARCEL

PeP: KEY VOLUME TRENDS INTACT

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Q2 2018

Germany	Volume	yoy	Revenue	yoy
Mail Communication	1,808m	**-2.8%**	€ 1,484m	**-1.1%**
Dialogue Marketing	2,001m	**-3.5%**	€ 530m	**-2.4%**
Parcel Germany	350m	**+10.4%**	€ 1,310m	**+9.3%**

International	Revenue	yoy	yoy, excl. FX
DHL Parcel Europe	€ 546m	+13.3%	**+14.5%**
DHL eCommerce	€ 397m	+7.6%	**+14.1%**

- Letter volume (MC & DM) decline of -3.2% reflects stable e-substitution trends and 1.0 more working days
- 2017 comparison base including election benefit of ~2% explains higher than usual decline of letter volume/working day of -4.8%. Long-term assumption remains 2-3% decline p.a.
- Parcel Germany continues strong trajectory with ongoing slightly negative pricing/mix effects
- International expansion continues at good pace as we build out our networks in strongly growing ecommerce markets outside Germany

PeP – DIVISIONAL RESULTS Q2 2018

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€ m	Q2 2017	Q2 2018	Chg.	Management comments
Revenue	4,267	4,410	+3.4%	Organic growth of +4.1% with +1.0 more WD, stable mail decline trend and ongoing strong Parcel growth in Germany and International
EBIT PeP	260	108	-58.5%	Decline in line with recently adjusted full-year guidance – includes first costs for overhead restructuring (€ -51m) and productivity improvement measures (€ -10m)
t/o Germany	265	102	-61.5%	Excl. costs for restructuring and productivity measures (€ -61m), operating performance slightly improved vs Q1 - but headwinds from higher staff and transport costs continue
t/o International eCommerce - Parcel	-5	6	>100%	International EBIT remains around break-even levels as planned - small yoy increase partly balancing out Q1 development
Operating Cash Flow	269	375	+39.4%	Excluding IFRS16 effect (€ 28m), improvement mainly due to working capital management. Restructuring costs not cash relevant
Capex	96	200	>100%	Mainly driven by investments into StreetScooter fleet expansion and parcel networks in Germany and abroad

PEP 2018 EBIT BRIDGE – REMINDER

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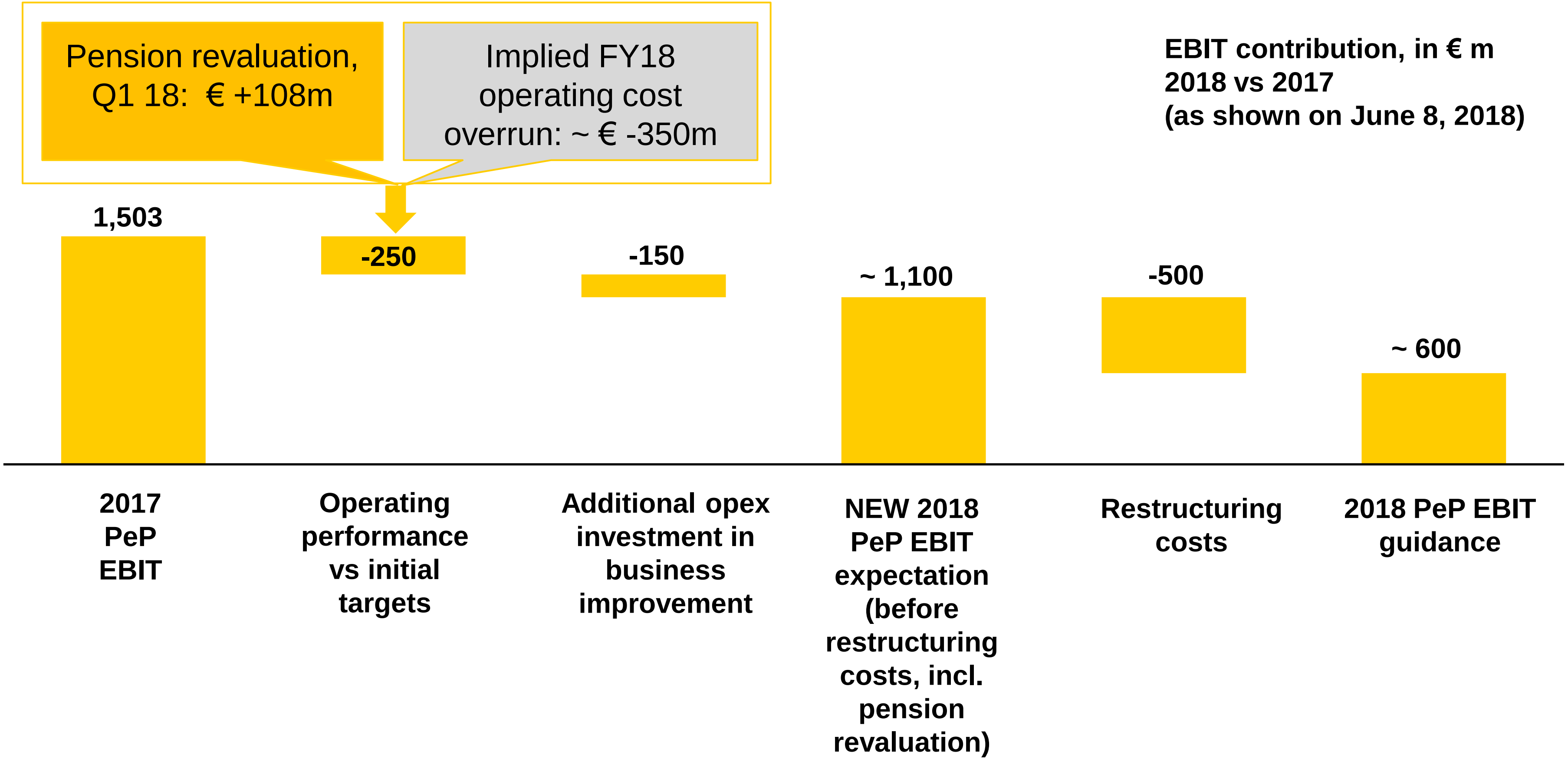
EBIT contribution, in € m
2018 vs 2017
(as shown on June 8, 2018)



PEP 2018 EBIT BRIDGE – EXPECTED QUARTERLY PHASING

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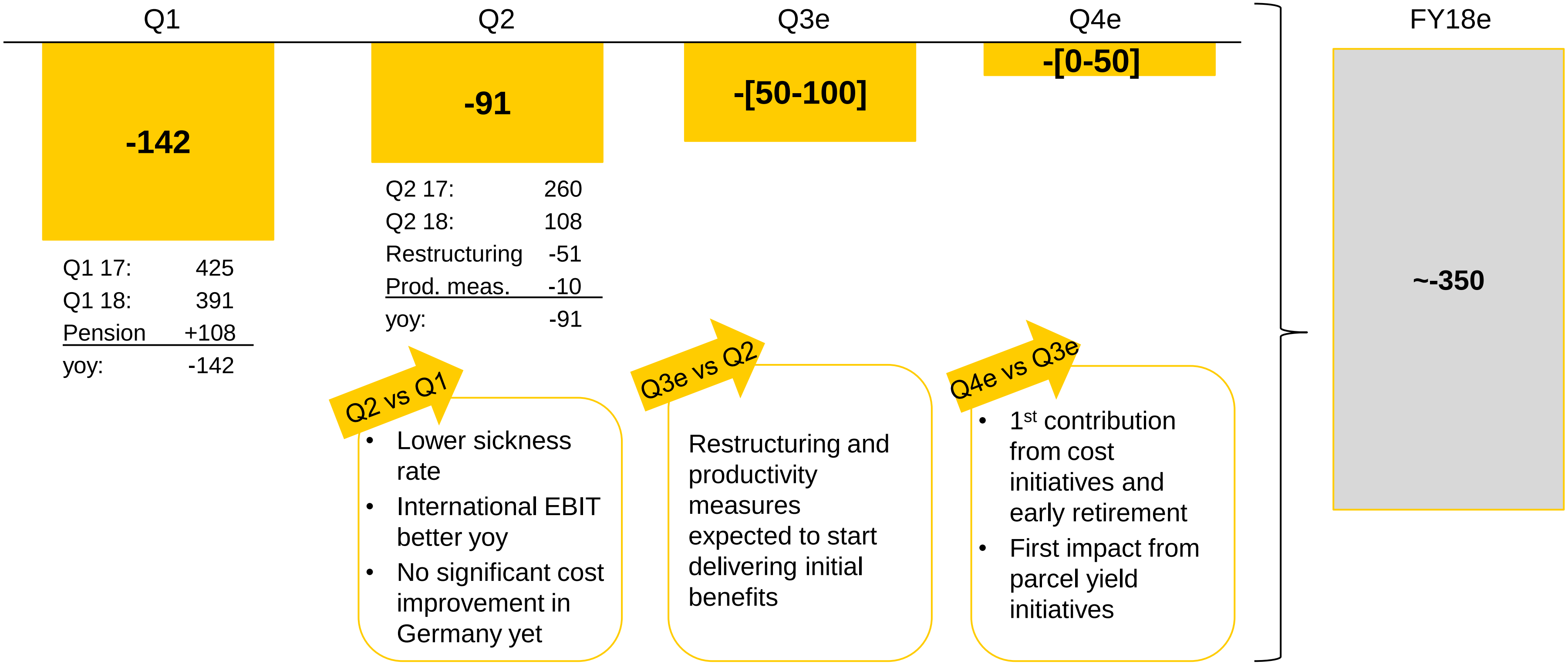
Operating cost overrun
in € m



STATUS UPDATE, PEP MEASURES
① PRICING MEASURES

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Post

- Expected timeline for new price regulation:

Oct	• Regulator publishes draft of benchmark decision for comments
Nov	• Regulator publishes final benchmark decision • Application for approval of the 2019 tariffs
Dec	• Tariff approval by regulator
Jan	• New pricing implemented 1st January

- In scope: Ex-ante regulated mail with revenue base of € ~2.9bn

Parcel

Measures decided:

- Above average general price increase
  - Effective 1.1.2019, partly already as of 1.9.2018
  - In particular for bulky and heavy goods
- Ship-to-profile expertise from DHL Express now being applied by Parcel Germany
  - Ensure stronger contract compliance
  - Customer review boards for active yield management
  - Reflecting customer-specific volume volatility over the course of the year
- Improved peak season planning in alignment with business customers to best prepare peak season uplift in current tight market environment

STATUS UPDATE, PEP MEASURES
② PRODUCTIVITY MEASURES, DIRECT COSTS

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		Hubs	Transport	Last mile
Process stabilization	Stabilizing of operations based on existing SOP[1)]			
Process improvement	Apply 1st Choice and lean management tools to improve SOP[1)]			
Process renewal	Drive structural process enhancements through automation and digitalization			

Individual measures being evaluated and scoped – first measures already initiated

Examples:

- Transfer best practices to low performing operational entities
- Increase performance dialogues
- Re-accelerate Certified training
- Improve volume prognosis based on enhanced data analytics
- Optimize tour management to avoid overtime
- More frequently adjust district sizes according to volume

1) SOP = Standard Operating Procedure

STATUS UPDATE, PEP MEASURES
③ RESTRUCTURING MEASURES, INDIRECT COSTS (1/2)

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a) Redesign of organization

- Simplification
- Right-sizing
- No duplications

b) Refocus on core business

Shutdown of activities, e.g

Siegfried Vögele Institut
Dialogmarketing-Wissen aus erster Hand

Allyouneed MARKTPLATZ

Post Reisen
Deutschland macht Urlaub

c) Reduction of expenses

e.g.

- Reduction of marketing spend
- Review of IT projects

STATUS UPDATE, PEP MEASURES
③ RESTRUCTURING MEASURES, INDIRECT COSTS (2/2)

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- Civil Servant early retirement program, scope & process:
  - Civil servants, minimum age 55
  - Employed in an indirect function with no need to refill position
  - Legal basis and process have been used successfully in the past
- P&L and cash flow effects: Full P&L charge upfront in 2018; positive FCF effect

€ m	Q2	H2	2018	`19 vs `18	`20 vs `18
P&L one-offs	-51	-349	-400	-	-
P&L benefits	-	<10	<10	>50	~160
FCF benefits (~¼ of P&L benefit)	-	-	<5	>10	~ 40

- Confirmed: Additional € 100m one-off costs for other restructuring measures in 2018

Initiatives with potential of > € 200m annual indirect cost reduction identified

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EXPRESS

EXPRESS: UNCHANGED STRONG TDI DEVELOPMENT

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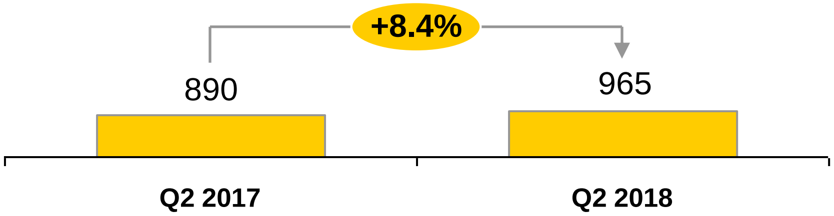
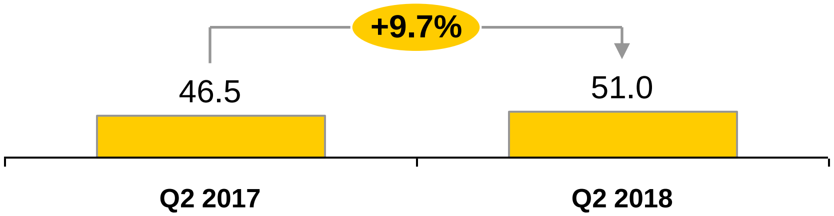
Time Definite International (TDI)

Shipments per day '000s



Revenues per day[1] in € m



1) Currency translation impacts are eliminated. Data aggregated with same currency rate

- TDI shipment/day growth remains well diversified with all regions contributing: Europe +11.1%, MEA +9.6%, Americas +8.8% and APAC +4.3%
- Yield management and yoy higher fuel surcharge drive stronger revenue vs shipment/day growth
- Order for 14 Boeing 777 signed, in line with intentions announced at May CMD:
  - € 0.2bn incremental capex in 2018
  - Significant operating and financial benefits: EBIT margin accretion of 50 bps upon completion of program
  - Whilst impacting capex and FCF, debt-financing means no impact on Group excess liquidity considerations

EXPRESS – DIVISIONAL RESULTS Q2 2018

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€ m	Q2 2017	Q2 2018	Chg.	Management comments
Revenue	3,750	4,046	+7.9%	Adjusted for significant adverse FX effects organic increase of +12.1% reflecting unchanged strong TDI volume growth, strict yield management as well as higher fuel surcharges
EBIT	469	517	+10.2%	Strong operating performance given that IFRS16 benefit was more than offset by significant FX headwind. Margin up +30bps to 12.8%
Operating Cash Flow	542	753	+38.9%	Excl. IFRS16 effect (€ 169m), strong OCF reflects excellent operating performance
Capex	130	218	+67.7%	Strong yoy increase mainly driven by first installment related to Boeing 777 order

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EXPRESS GROWTH SUPPORTED BY BALANCED GLOBAL FOOTPRINT

Quarterly growth ranking, TDI volume growth

	2013				2014				2015				2016				2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
#1	EU	EU	MEA	AM	AP	AP	MEA	EU	MEA	EU	EU	EU	EU	AM	AM	EU	EU	MEA	MEA	MEA	MEA	EU
#2	AP	MEA	AP	AP	MEA	AM	AM	MEA	EU	MEA	MEA	AP	AM	EU	EU	AM	MEA	EU	AM	AM	AM	MEA
#3	MEA	AP	AM	EU	AM	MEA	AP	AP	AP	AP	AP	MEA	AP	AP	MEA	MEA	AM	AM	EU	EU	EU	AM
#4	AM	AM	EU	MEA	EU	EU	EU	AM	AM	AM	AM	AM	MEA	MEA	AP	AP	AP	AP	AP	AP	AP	AP
TDI Shipments/ day	615	647	618	693	662	700	661	748	709	760	723	821	764	820	771	880	824	890	863	978	904	965
Growth	+8.4%				+7.8%				+8.7%				+7.4%				+9.9%				+9.0%	

TDI Shipments/ day | EU Europe | MEA Middle East Africa | AM Americas | AP Asia Pacific

- Consistent strong volume growth in global TDI network
- Constant variation in regional patterns reflects movements in global trade flows

FOCUS ON TDI IS OUR KEY TO SUCCESS

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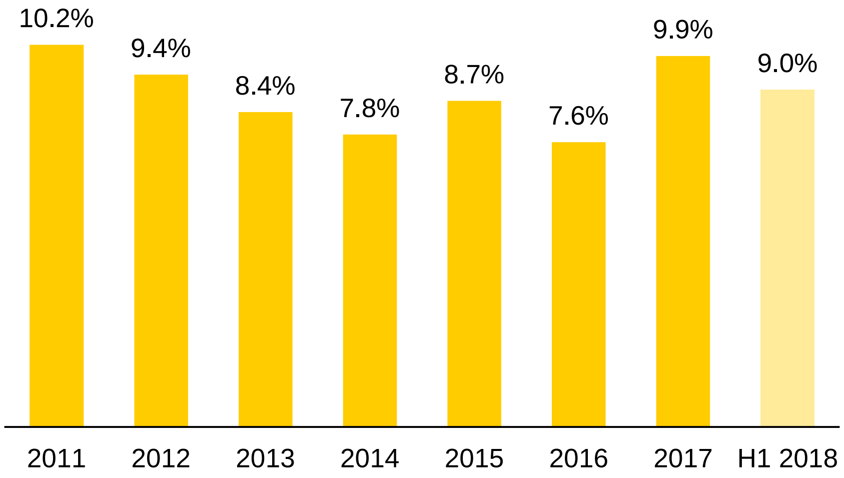
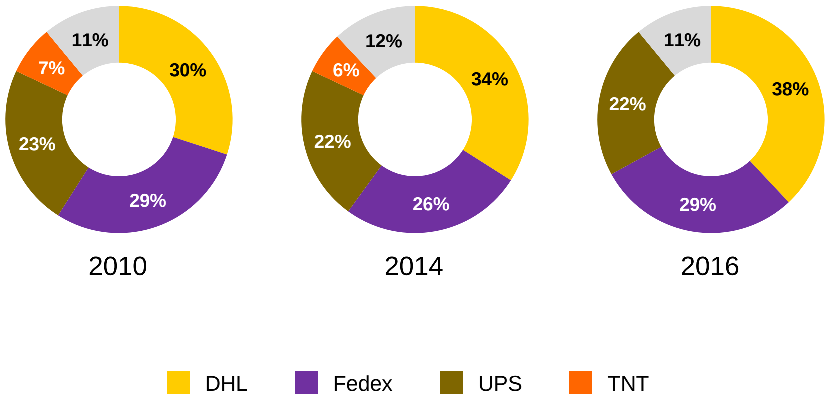
Leading global network & „insane“ customer centricity & certified employees = consistent strong TDI growth and market share expansion

DHL EXPRESS, TDI SPD YOY



TDI, GLOBAL MARKET SHARE



1) includes 4% TNT

E-COMMERCE IS A PROFITABLE GROWTH DRIVER FOR DHL EXPRESS

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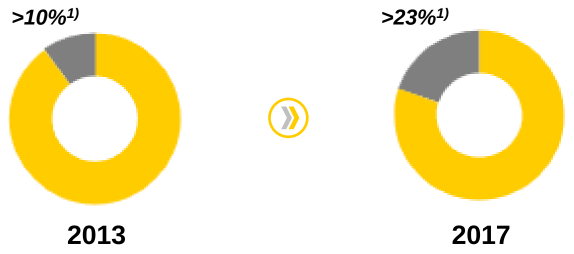
Portion of B2C TDI shipments has increased over time



We treat B2C/e-commerce shipments as a TDI vertical

- applying the same yield discipline
- using B2C requirements to enhance the overall TDI service and capabilities
- equipping our sales force to effectively sell to e-commerce customers
- engaging in partnerships to grow cross-border e-commerce

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

SpD	Volume growth drives better utilization of existing network
WpS	Lower weight per shipment
RpK	Higher RpK 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

1) Indications based on medium to large B2C customers of top 30 countries

X-Border e-commerce has developed into an important TDI vertical and profitable growth driver

INTERCONTINENTAL FLEET: USE REPLACEMENTS AS OPPORTUNITY TO MOVE TOWARDS HIGHER OWNERSHIP STRUCTURE

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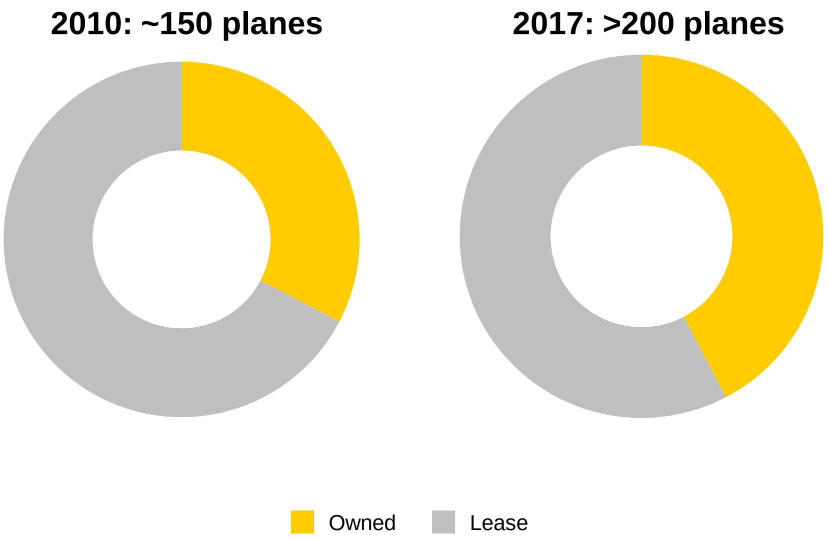
Dedicated fleet (w/o feeders)



2010-17: fleet expansion

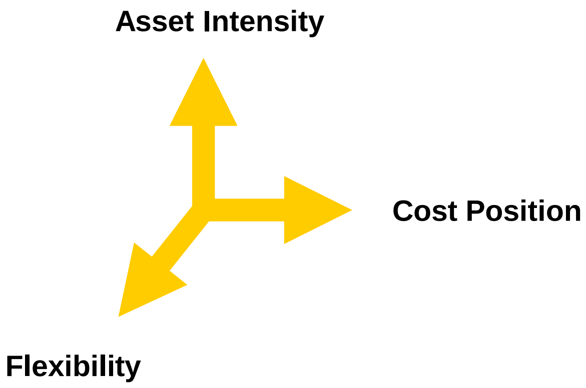
- Expansion based on successful virtual airline model – gradual shift in mid-sized, regional segment from leases to ownership
- Today: well balanced fleet regarding ownership and maturity – ownership structure of intercont fleet still more tilted towards leases

Outlook: intercont replacements by new, owned planes

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

1. AVIATION NETWORK STEERING APPROACH UNCHANGED – OPPORTUNE TIMING TO SHIFT INTERCONT TOWARDS MORE OWNERSHIP

How we look on own vs lease:



Significant benefits of Buy vs Lease for intercont replacements

Cost (operation&ownership) – SIGNIFICANT SAVINGS

- Savings reflect lower cost over lifetime & fuel efficiency, driving >50bp margin improvement potential
- Expect EUR ~ 0.2bn incremental capex in FY18
- Financed by separate debt vehicle – no burden on excess liquidity

Asset intensity – NO CHANGE

- No difference in asset recognition under IFRS 16

Flexibility – OPERATIONAL BENEFITS

- Better flexibilty to match supply capacity to demand changes
- Higher reliability and fuel efficiency of new planes are most relevant on intercon fleet given most intense utilization

Using balance sheet strength to unlock further structural Express margin potential

STRATEGY 2020

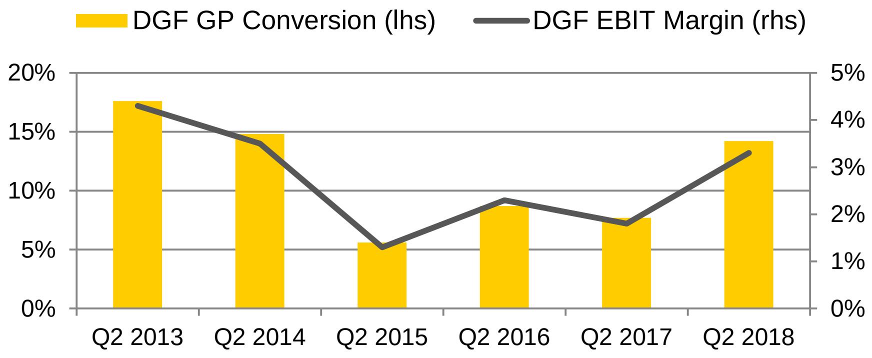
Focus. Connect. Grow.

FORWARDING, FREIGHT

GLOBAL FORWARDING, FREIGHT: AIR AND OCEAN GP INCREASING

Q2 2018	Volume	Gross Profit	GP/t ; GP/TEU Yoy change
Air freight	943k t (-4.7%)	€ 227m (+8.1%)	+12.8%
Ocean freight	811k TEU[1)] (-1.6%)	€ 168m (+0.6%)	+2.2%

- Selective approach toward lower margin customer volumes and trade lanes limits volume performance – paying off with strong GP/unit improvements especially in AFR segment
- GP margin DGF up to 23.7%



- Simplify program delivering visible progress
- First countries successfully running on new TMS for OFR, further roll-out continuing smoothly
- EBIT margin and GP conversion trending back toward pre NFE levels

1) Twenty Foot Equivalent Unit

GLOBAL FORWARDING, FREIGHT– DIVISIONAL RESULTS Q2 2018

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€ m	Q2 2017	Q2 2018	Chg.	Management comments
Revenue	3,612	3,702	+2.5%	Growth held back by selectivity and adverse FX effects, still very good organic growth of +6.0% incl. +5.8% in Freight
Gross Profit	872	907	+4.0%	Strong improvement in Air Freight as selling rates reflect tight markets, also good progress in Ocean and Road Freight
EBIT	67	105	+56.7%	Successful recovery clearly visible in improving operating and financial performance, even despite negative currency impact. Strong margin improvement of ~100bps to 2.8%
Operating Cash Flow	-36	200	>100%	Excl. IFRS16 effect (€ 48m), cash flow improvement reflects strong operating performance and working capital improvements
Capex	19	25	+31.6%	Phasing effects on usual very low capital intensity levels

THE LIFECYCLE OF A SHIPMENT IS A COMPLEX PROCESS

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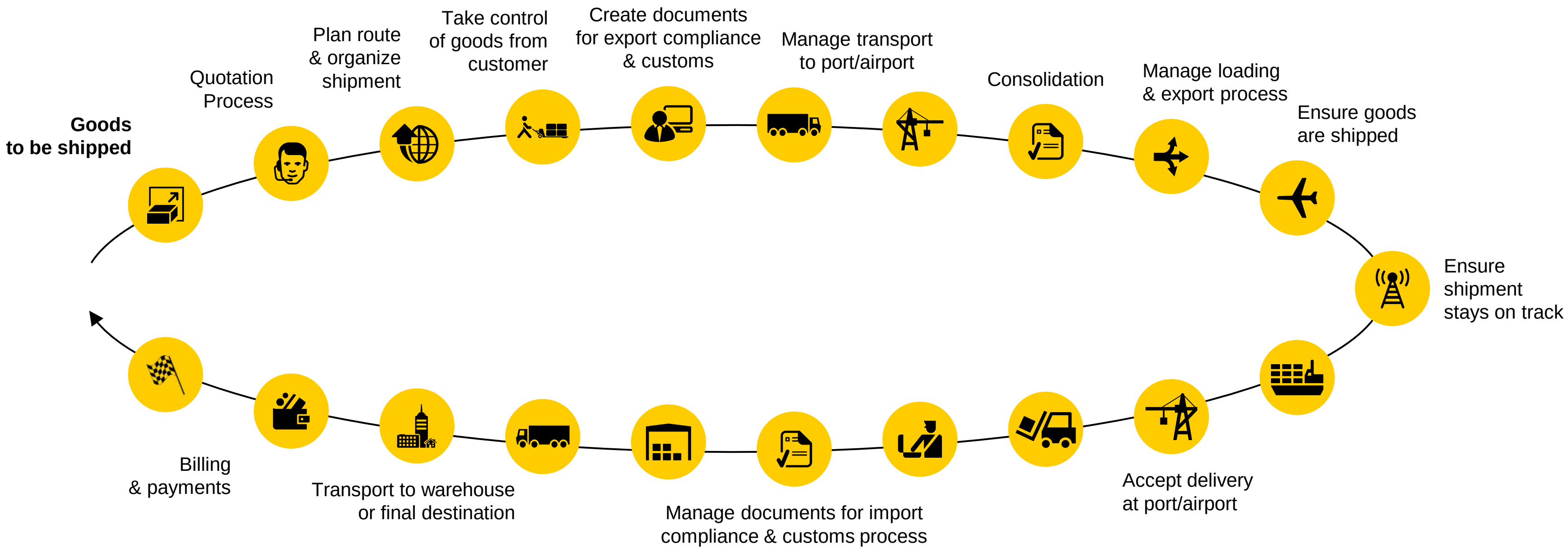
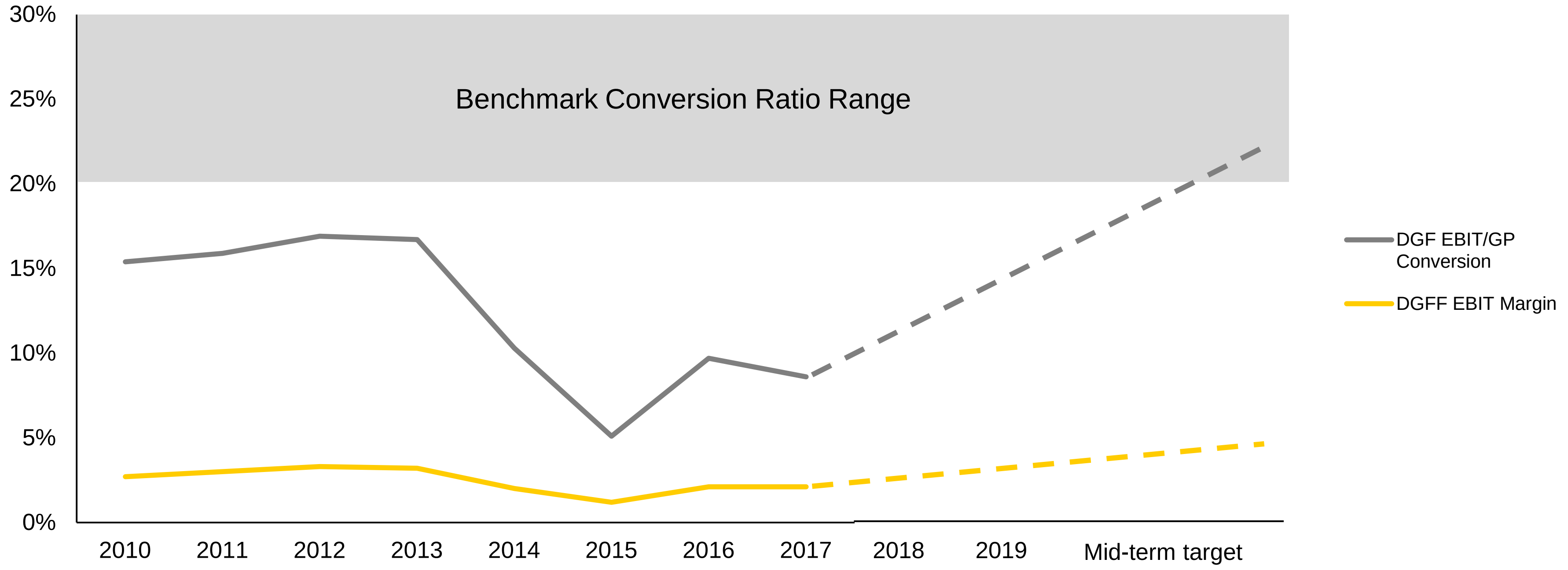
Forwarding is more than brokerage of transport, it is managing all the steps along the way



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

SIMPLIFY STRATEGY AIMS TO CLOSE THE GAP TOWARDS BENCHMARK PROFITABILITY

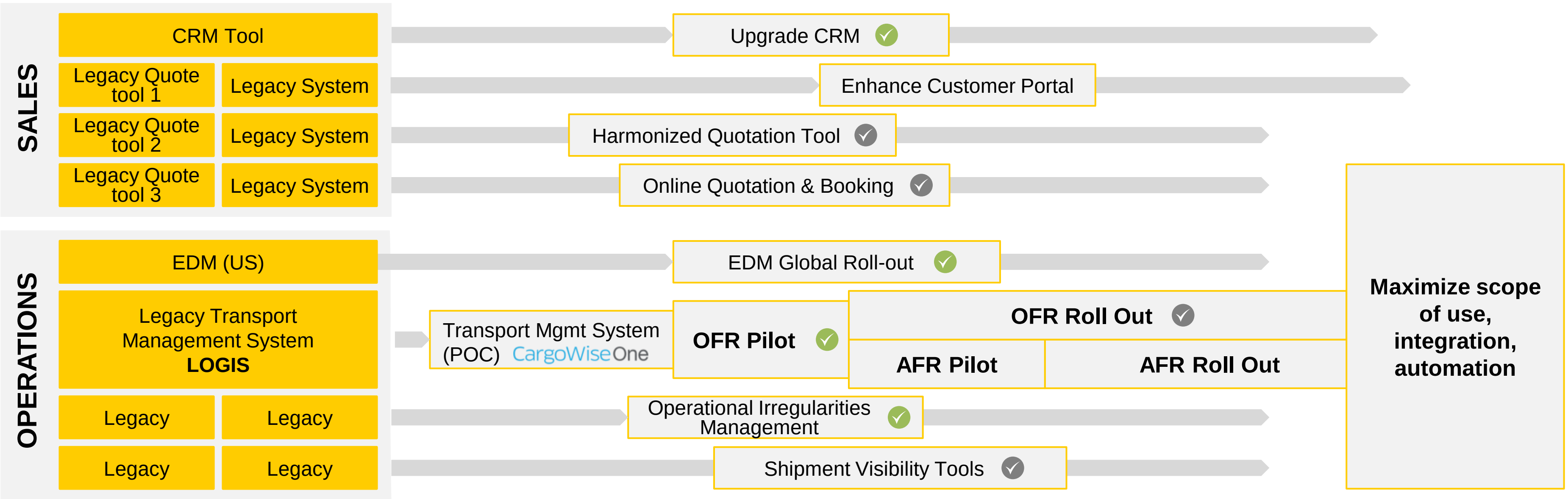


No structural barriers – we have the right combination of people, business model, processes and IT renewal to achieve benchmark conversion ratios over time

IT RENEWAL ROADMAP UPDATE

Deutsche Post DHL Group

LEGACY SYSTEMS



Significant progress/completed; now business as usual

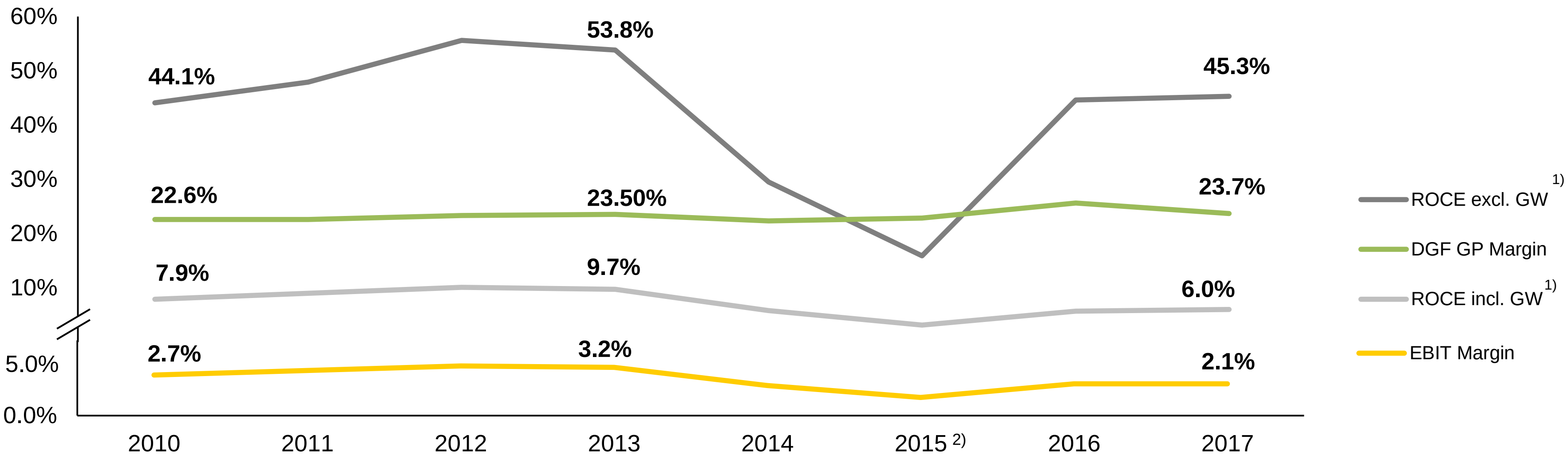
Initiated and demonstrating progress; further rollout ongoing

Significant progress has been made across all initiatives, further rollout on-going

FORWARDING IS AN ASSET-LIGHT AND HIGH RETURN INDUSTRY

Deutsche Post DHL Group

DHL Global, Forwarding, Freight: ROCE, GP and EBIT margin, 2010-17



1) Divisional ROCE: EBIT / Rolling 12m net segment assets (Business Operating Assets + Goodwill), 2) Adjusted for 2015 write-off

Steady GP margins show that DGFF business quality remains at benchmark levels. Simplify strategy aims to unlock benchmark conversion and EBIT margin levels

STRATEGY 2020

Focus. Connect. Grow.

SUPPLY CHAIN

SUPPLY CHAIN – DIVISIONAL RESULTS Q2 2018

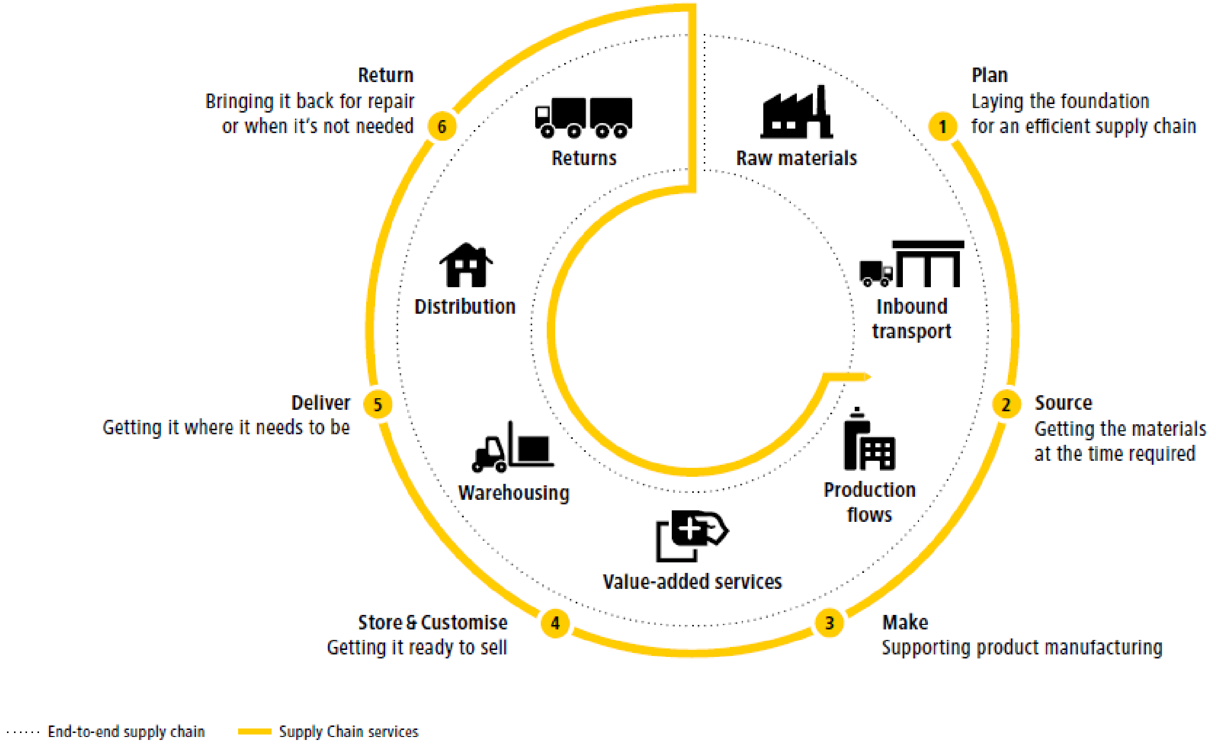
Deutsche Post DHL Group

€ m	Q2 2017	Q2 2018	Chg.	Management comments
Revenue	3,515	3,212	-8.6%	Disposal of Williams Lea Tag and FX effects explain reported decline, organic revenue growth is +2.7%
EBIT	124	128	+3.2%	Solid operating performance - positive EBIT effect from IFRS16 is roughly offset by adverse yoy effects from FX and WLT disposal
Operating Cash Flow	139	131	-5.8%	Positive effects from IFRS16 (€ 145m) offset by phasing of working capital
Capex	75	67	-10.7%	In line with usual low capital intensity on owned assets

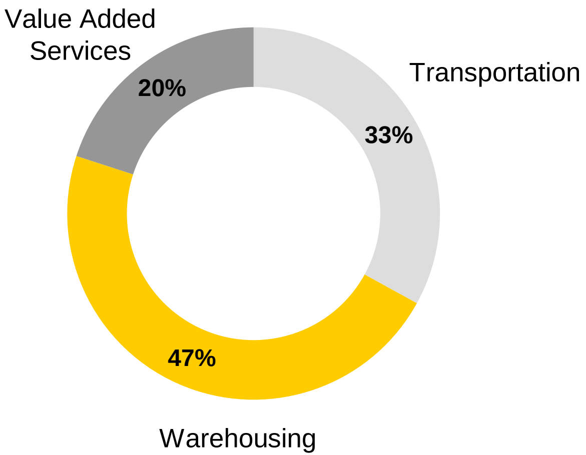
DHL SUPPLY CHAIN: SOLUTIONS OVERVIEW

Deutsche Post DHL Group

Offering Customized Solutions Across the Entire Supply Chain



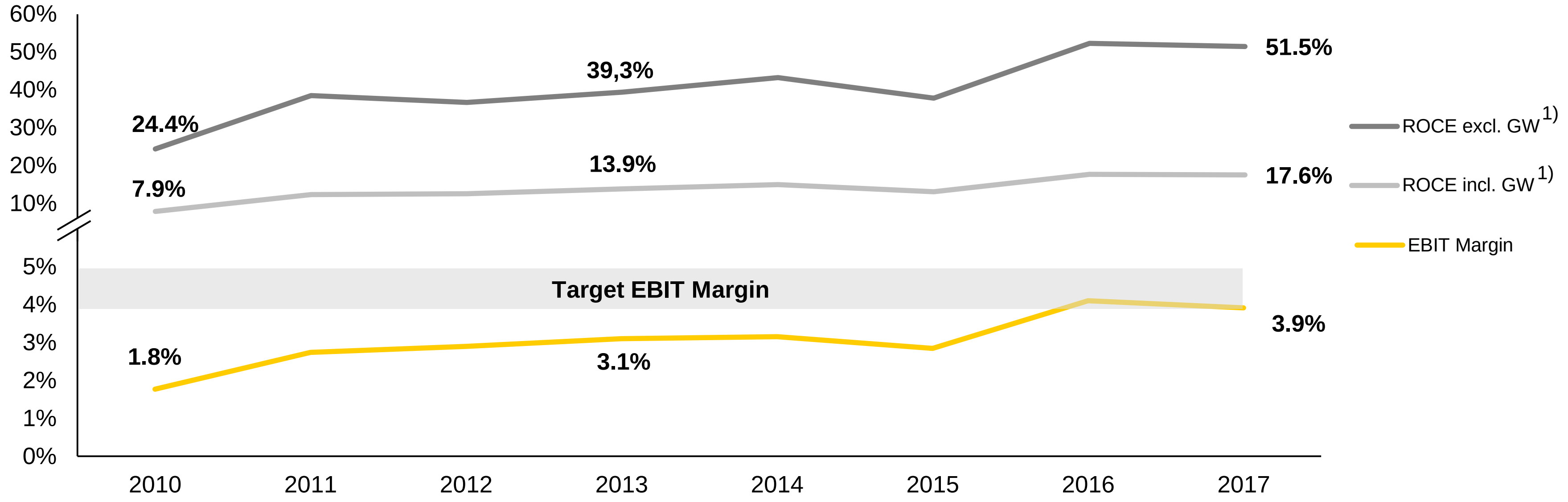
Revenue by Service Area FY 2017



LIMITED ASSET INTESITY DRIVES ATTRACTIVE AND RISING ROCE

Deutsche Post DHL Group

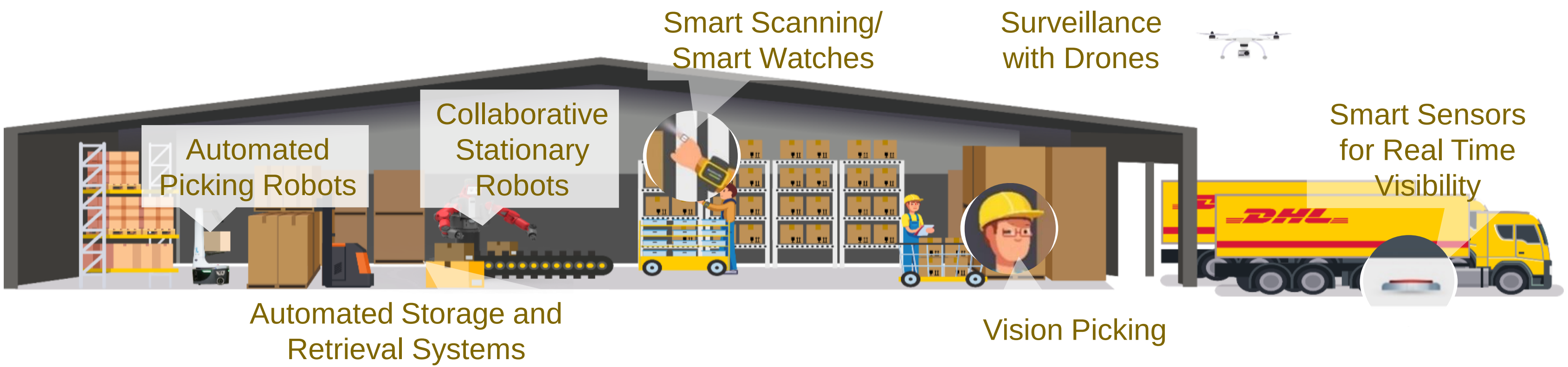
DHL Supply Chain: ROCE and EBIT margin, 2010-17

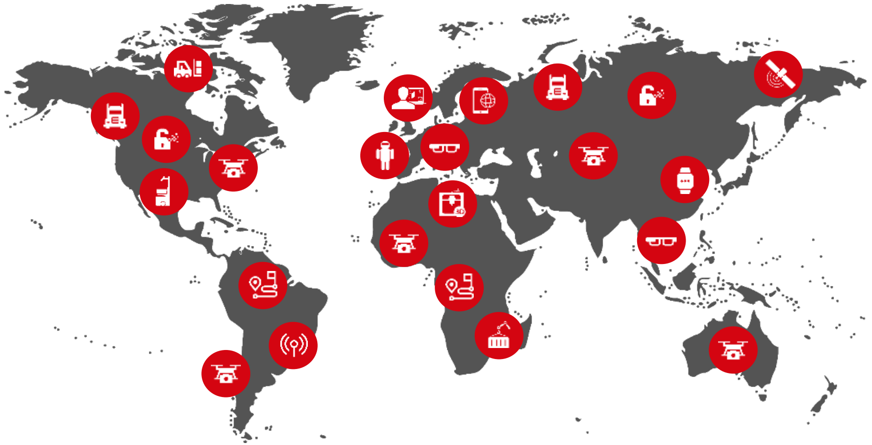


1) Divisional ROCE: EBIT / Rolling 12m net segment assets (Business Operating Assets + Goodwill)

Focus on Strategy 2020 initiatives provides sustained growth in EBIT, EBIT margin and ROCE. EBIT margin moving into the target band accompanied by strong & improving return profile.

CLEAR DIGITALIZATION STRATEGY





- **Digitalization is a strategic pillar for DSC with a clear roadmap** in terms of overarching goals and target use cases
- Technologies are **being deployed across regions by local experts**, in close **cooperation with our customers and the technology providers**

Appendix

GROUP P&L Q2 2018

Deutsche Post DHL Group

€ m	Q2 2017	Q2 2018	Chg.	Management comments
Revenue	14,813	15,026	+1.4%	Continued good organic growth of +6.2% after adjustment for adverse FX effects, Williams Lea Tag disposal and contributions from small bolt-on acquisitions
EBIT	841	747	-11.2%	EBIT decline due to operating performance and first restructuring costs in PeP. Expected strong EBIT contribution from DHL Divisions. Corporate Functions at € -111m, incl. € -22m Corporate Incubations
t/o PeP	260	108	-58.5%	Operating performance slightly improves vs Q1, but still too high cost base; € -61m costs for restructuring and productivity measures included
t/o DHL	661	750	+13.5%	Strong Express performance continues, DGFF shows strongest Y-o-Y growth as operating turnaround progresses
Financial result	-89	-135	-51.7%	Increase due to first-time recognition of interest expenses on leases (IFRS16)
Taxes	-113	-54	+52.2%	Tax rate at 8.8%, driving H1 rate to 14.0%. This reflects the lowered full year guidance (from 18% to 14%) due to reduced expected profit in Germany
Cons. net profit[1)]	602	516	-14.3%	Mainly reflecting EBIT decline as higher financial costs are largely balanced by lower taxes
EPS (in €)	0.50	0.42	-16.0%	

1) Attributable to Deutsche Post AG shareholders

Q2 2018 IFRS 16 P&L IMPLICATIONS OVERVIEW

Deutsche Post DHL Group

€ m	Q2 2017	Q2 2018	Chg.	Delta LY	IFRS 16 effect
Revenue	**14,813**	**15,026**	**+1.4%**	**+213**	
Material Expense / Staff cost /Net other operating expenses	-13,598	-13,472	+0.9%	+126	+508
EBITDA	**1,215**	**1,554**	**+27.9%**	**+339**	**+508**
Depreciation & Amortization	-374	-807	<-100%	-433	-461
EBIT	**841**	**747**	**-11.2%**	**-94**	**+47**
Financial Result	-89	-135	-51.7%	-46	-94
Income Tax	-113	-54	+52.2%	+59	+6
Net Profit[1)]	602	516	-14.3%	-86	-41
EPS	0.50	0.42	-16.0%	-0.08	-0.03

EBIT effect due to IFRS 16

PeP	+10
DHL	+37
- **EXP**	+19
- **DGFF**	+4
- **DSC**	+14
Corporate Functions	0

1) Attributable to Deutsche Post AG shareholders

FREE CASH FLOW Q2 2018

Deutsche Post DHL Group

Good OCF performance – FCF nevertheless lower due to higher capex and M&A spend

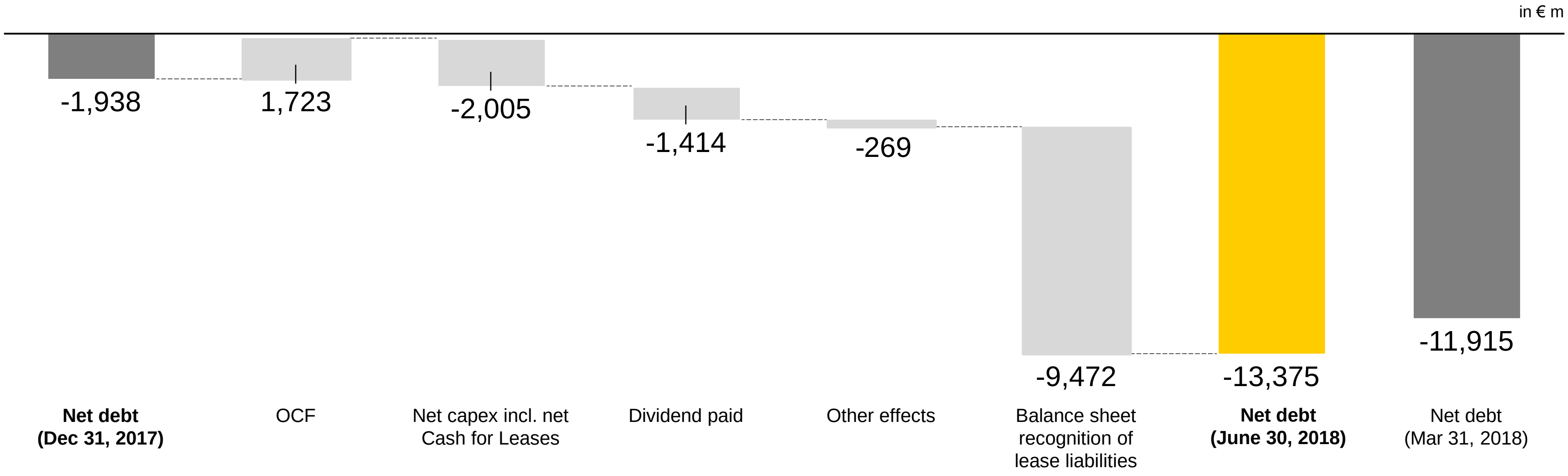
Reminder: IFRS16 has significant impact on individual lines, but none on final FCF line

€ m	Q2 2017	Q2 2018	Delta LY	IFRS 16 effect	
EBIT	**841**	**747**	**-94**	**+47**	
Depreciation/ Amortization	374	807	+433	+461	Significant increase in depreciation due to IFRS16
Cash from operating activities before changes in WC	**838**	**1,485**	**+647**	**+508**	Adjusted for IFRS16 accounting effects, good OCF generation reflecting ongoing strong operating performance in DHL divisions as well as non-cash PeP restructuring costs
Changes in Working Capital	-112	-130	-18	-10	
Net cash from operating activities after changes in WC	**726**	**1,355**	**+629**	**+498**	
Net Capex	-303	-485	-182		Decline in FCF (€ -97m) driven by higher cash out for capex and M&A Additional "Net Cash for Leases" line ensures FCF is fully comparable to previous years under new IFRS16 accounting
Net Cash for Leases	0	-498	-498	-498	
Net M&A	3	-61	-64		
Net Interest	-41	-23	+18		
Free Cash Flow	**385**	**288**	**-97**		FFO/Debt at 27.8% (29.9% in March 18)

NET DEBT (-)/LIQUIDITY (+)

Deutsche Post DHL Group

€1.4bn cash out for dividend explains usual seasonal net debt increase in Q2



IFRS 16: MAJOR P&L IMPLICATIONS

Deutsche Post DHL Group

EUR m	Expected IFRS16 effect on 2018[1)]		
Revenue			**No changes**
Materials expense	~ -1,950		Decrease as lease expenses to be recognized as depreciation and interest costs – only exemptions for short-term leases and low-value assets, which stay in material costs
EBITDA	**~ +1,950**		**Increase due to lower materials expenses**
D&A	~ +1,800		Increase due to new depreciation of capitalized operating-lease-assets
EBIT	**~ +150**		**EBIT increase as operating lease expense replaced by depreciation and interest**
Net finance costs	~ -350		Increase due to interest cost component booked in finance cost
Income taxes	~ -50		Lower during first years due to higher deferred tax assets
Cons. net profit	**~ -150**		**Whilst neutral over time, timing effect due to higher interest during first years**

Main P&L effects: increase in EBITDA and EBIT, long-term neutral to net profit

1) Based on leases as per 1.1.2018

IFRS 16: EXPECTED IMPLICATIONS FOR DPDHL GROUP

Deutsche Post DHL Group

Scope at DPDHL Group: >25,000 leasing contracts, covering >35,000 assets

Expected major impacts on 2018 numbers:

P&L	EBIT: expected increase of EUR ~ 150m
Balance sheet	Net debt: Expected increase of ~ EUR 9bn
FCF	FCF: no change based on new definition: OCF – *redemption of lease liabilities* - net capex - net M&A - net interest
Credit Rating	No impact on rating and related metrics expected

Current internal estimates: to be further validated

No effect on actual cash generation and debt rating

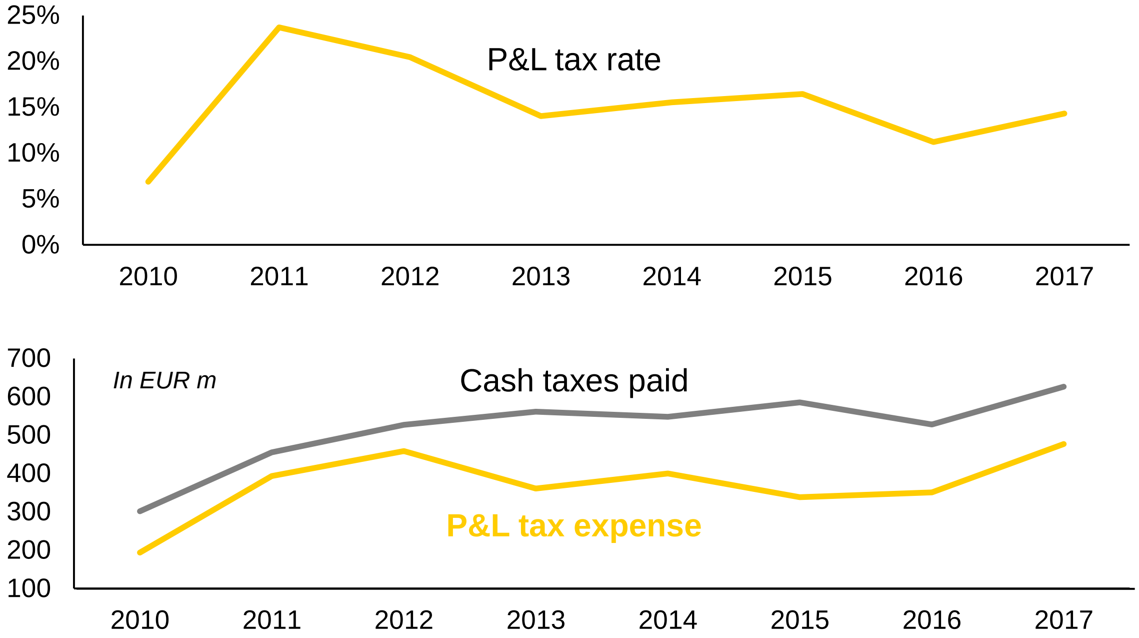
EBIT GROWTH IS AND REMAINS THE MOST IMPORTANT FCF DRIVER

Deutsche Post DHL Group

CASH FLOW STATEMENT	EXPECTED TREND	MAIN DRIVERS
EBIT	↗	**Group EBIT guidance, 2020: EUR >5bn**
Depreciation	↗	Step change due to 1st time application of IFRS 16 in 2018, thereafter gradual increase reflecting capex spend
Change in provisions	↘	Total provisions still expected to come further down through net utilization Cash-outs expected to trend flat to slightly down yoy
Working capital	↗	Increasing as business grows but strong focus on working capital management
Income taxes	↗	Increase reflecting EBIT growth
Net capex	↗	Further modest yoy increases based on growth opportunities, excluding debt-financed Express intercont fleet renewal
Redemption of lease liabilities	↗	**NEW** due to 1st time application of IFRS 16 in 2018 (offsetting change in depreciation)
Net M&A	→	Remains opportunistic & bolt-on
FCF	↗	**Expect to generate excess liquidity every year (FCF > dividend payment)**

EBIT increase allows to balance growth investments and rising shareholder returns

P&L TAX RATE AND CASH TAXES PAID EXPECTED TO INCREASE



- Main difference between P&L tax expense and cash taxes paid arise from deferred tax assets
- No additional tax loss carryforwards to be capitalized as deferred tax assets in Germany in 2018
- Not yet capitalized tax loss carryforwards amount to EUR 6.4bn, most of it in the US
- Cash taxes paid will increase in line with anticipated growth in profitability

P&L tax rate expected to reach mid-to-high 20% range by 2020

FX MOVEMENTS ARE PART OF BEING THE MOST GLOBAL COMPANY IN THE WORLD

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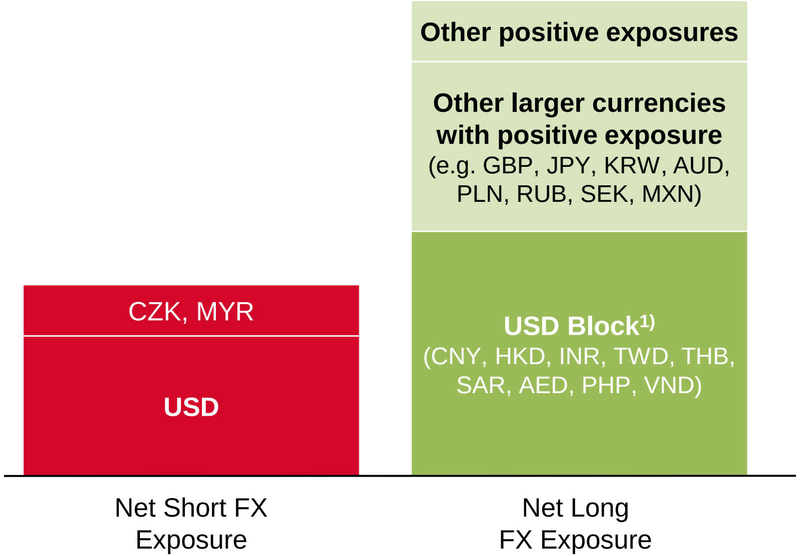


FX effects are mainly translational

- EUR appreciation => lower revenue and EBIT
- Direct USD exposure actually more than offset by USD-correlated block => USD depreciation = positive stand-alone, but in practice most often offset by FX movements in the USD block
- More than 50% of FX effects in 2017 came from outside of the big currencies

Ultimately, FX volatility is unavoidable and best managed by the business

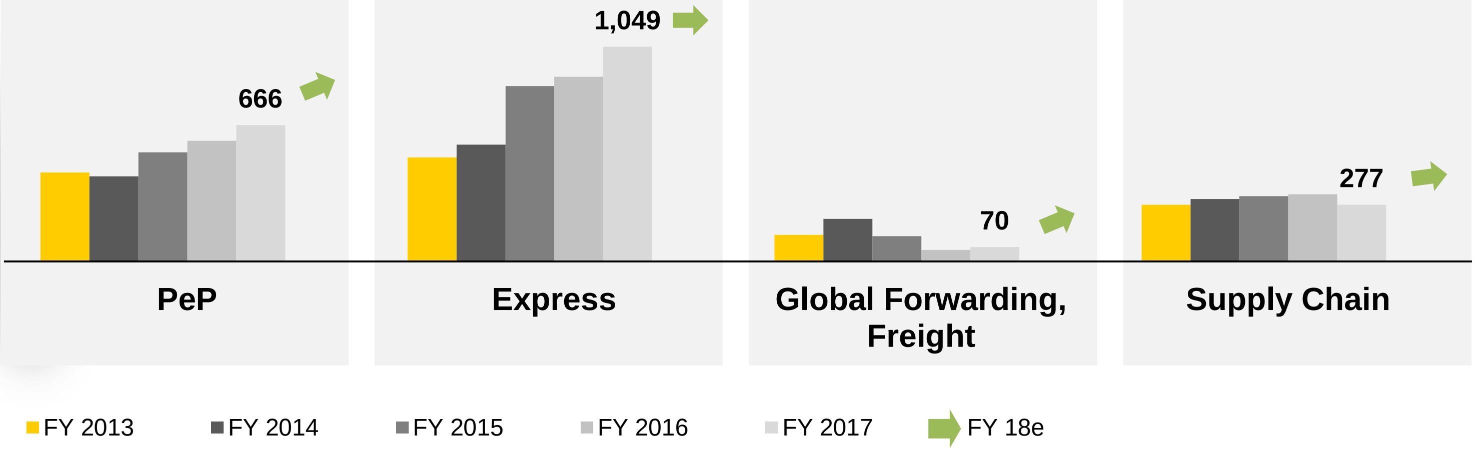
- We do only opportunistic hedging (e.g. Brexit)
- Difficult to model FX externally due to the many cross currency dependencies

1) Currencies with a correlation to the USD above 75%

CAPEX: RECENT HISTORY AND OUTLOOK

Increase driven by investments in B2C national/international	+	2017 peak, plateauing in 2018	+	Low levels reflecting minimal capital intensity	+	Slight upward trend from new business – still remains mostly asset light	=	**GROUP CAPEX (excl. leases)**

Capex, EUR m



FY 2018 guidance
EUR ~2.5bn

DISCIPLINED GROWTH INVESTMENT HAS LED TO RISING RETURNS

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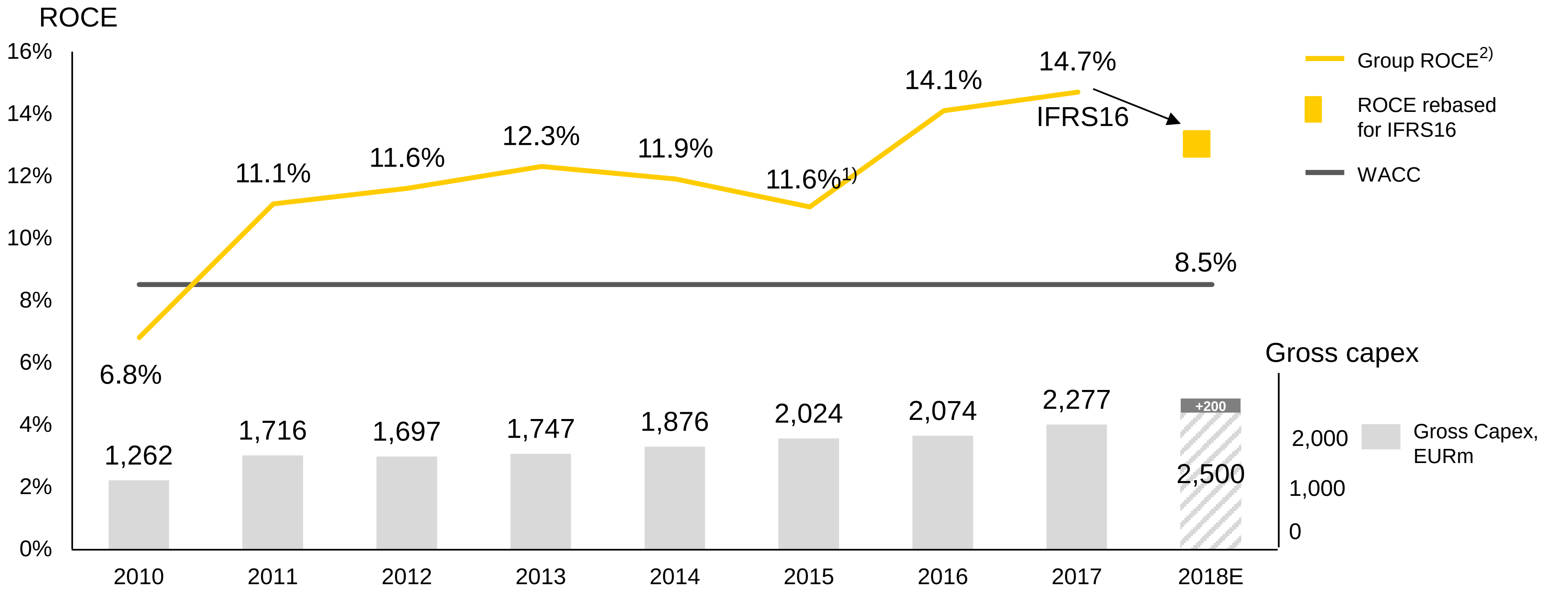
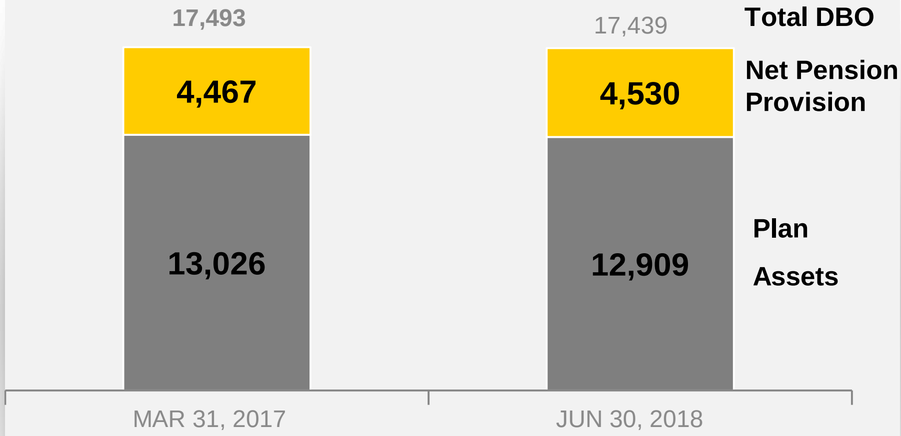


1) 2015 EBIT adjusted for NFE-write off; 2) Group ROCE = Group EBIT / (Total assets – current liabilities)

Although IFRS 16 implementation means that absolute return numbers will change, we remain committed to unchanged capital allocation discipline and sustained growth of all return metrics

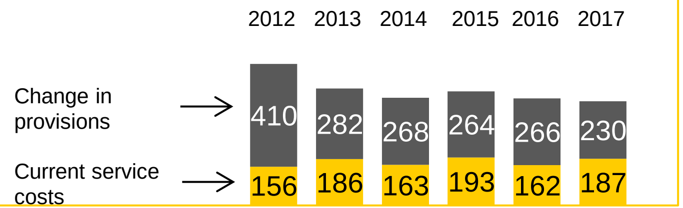
DPDHL GROUP PENSIONS - DBO, DCO, CIVIL SERVANTS

in EUR m



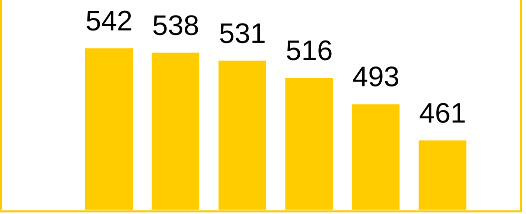
Discount Rate	Germany	UK	Other	Total
Mar 31, 2018	2.00%	2.75%	2.12%	2.24%
Jun 30, 2018	2.00%	2.75%	2.15%	2.24%

Defined Benefit (DB):
Staff costs + Change in provisions

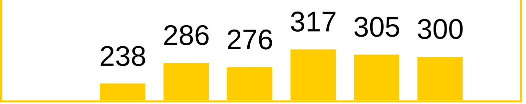


Defined contribution (DC):
Cash out = staff costs in EBIT

Civil servants (in GER)



Hourly workers and salaried employees mainly outside GER



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