Deutsche Post DHL Group

DPDHL Group Presentation

Investor Relations
November 2018

Q3 2018 – KEY MANAGEMENT OBSERVATIONS

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Q3 results: In line with expectations

DHL: All divisions with continued strong performance

PeP: Execution of planned measures gains momentum

Global markets: no tangible impact in Q3, uncertainties persist

Group: 2018 & 2020 targets confirmed

Q3 DELIVERS ON EXPECTED PATH TOWARDS FULL YEAR TARGETS

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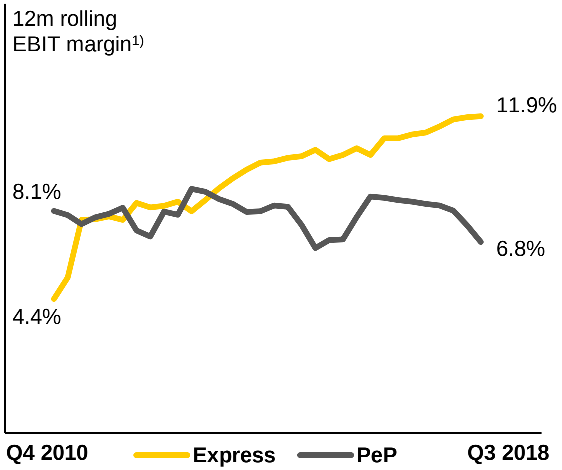
Organic growth momentum fully intact and DHL divisions drive overall increase in group profitability

Q3 Revenue, organic yoy	
DPDHL Group	**+4.7%**
PeP	+0.8%
DHL Express	+9.1%
DHL GFF	+6.8%
DHL SC	+2.3%

Asset intense: Express and PeP



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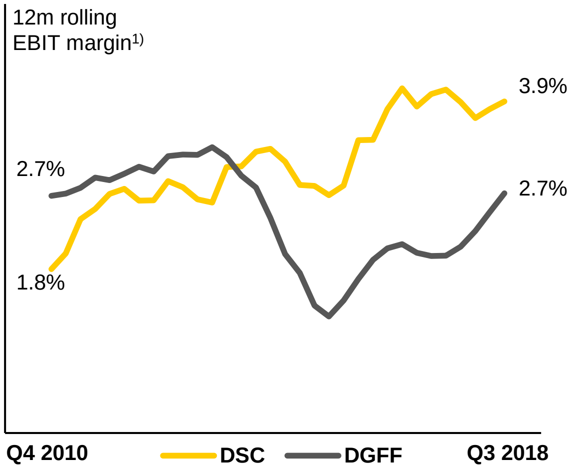
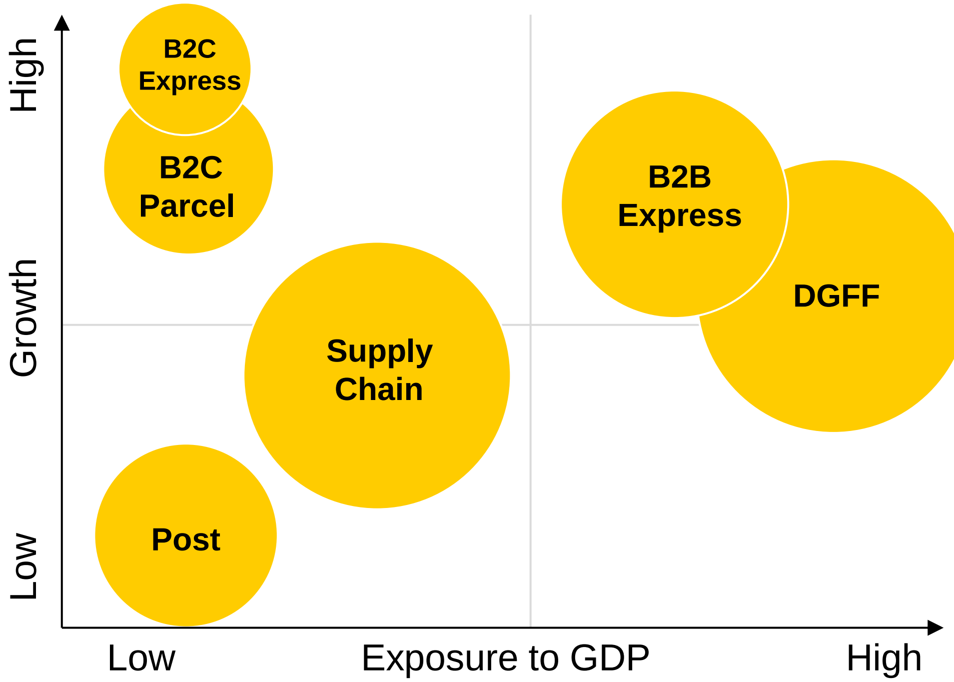
Asset light: DGFF and DSC



1) Adjusted for the DGFF write-off in 2015 and the PeP restructuring charge in 2018

WELL DIVERSIFIED, GLOBAL PORTFOLIO OF ACTIVITIES



- Strong, structurally growing and profitable B2C businesses in Parcel and Express
- DGFF and EXP B2B more exposed to global trade patterns, i.e. to normal cyclical swings and external factors
- DSC provides slower but more resilient growth
- Continued management of structural shift from Post to Parcel in Germany

CONTINUED UNCERTAINTY ON EXTERNAL RISK FACTORS

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CURRENCY IMPACTS

Currently: € >50m headwind in Q3 Group EBIT, mainly EXP
Outlook: continued and sustainable offset of FX effects through local price and cost adjustments

TRADE WARS & BREXIT

Currently: no tangible impact on volumes in Q3 (most relevant: EXP, DGF)

Outlook: macro environment still strong for now, but external forecasts coming down

FUEL PRICES

Vast majority of fuel costs passed on to customers via surcharges (EXP, DSC) or included in freight rates (DGFF) with no significant EBIT impact

Proven levers to counteract any potential adverse market development:

- Capex steering
- Use flexibiliy on local (labor) and global (fleet capacity) costs
- Yield management (e.g. surcharges, price increases)
- Discretionary spending (e.g. advertisement)

2018 & 2020 GUIDANCE

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excl. effects from DSC China transaction

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%

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

GROUP STRUCTURE: ALL DIVISIONS ARE SELF FINANCING AND CONTRIBUTE TO GROUP SHAREHOLDER RETURN

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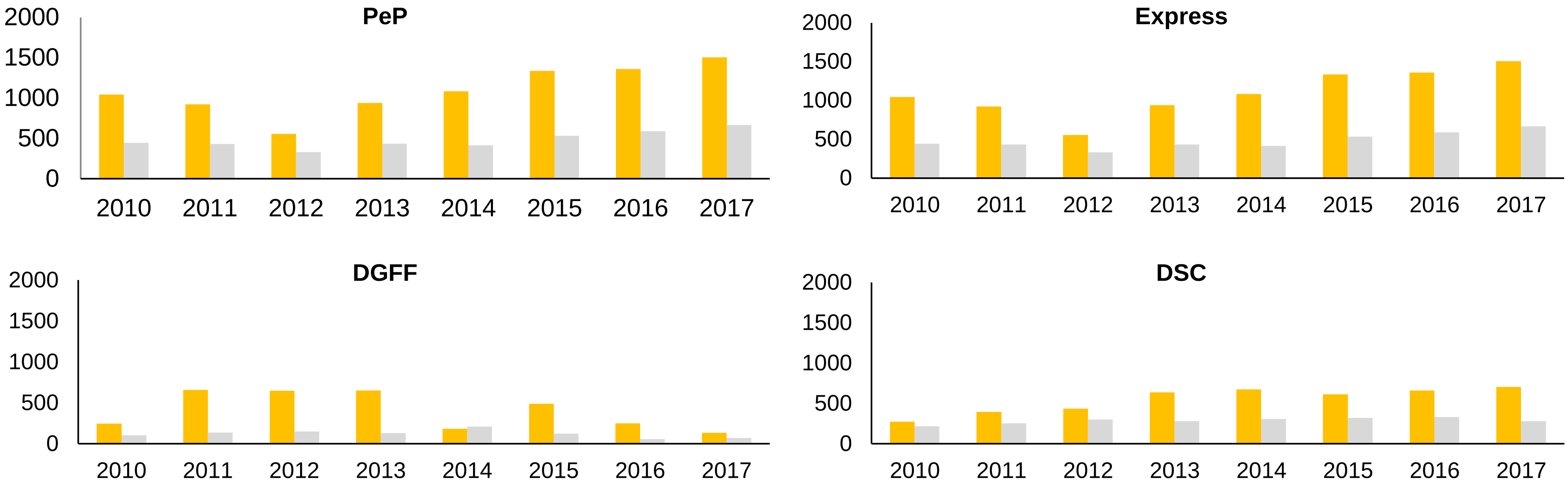
EUR m OCF Capex

OCF vs Gross Capex by Division, 2010-17



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

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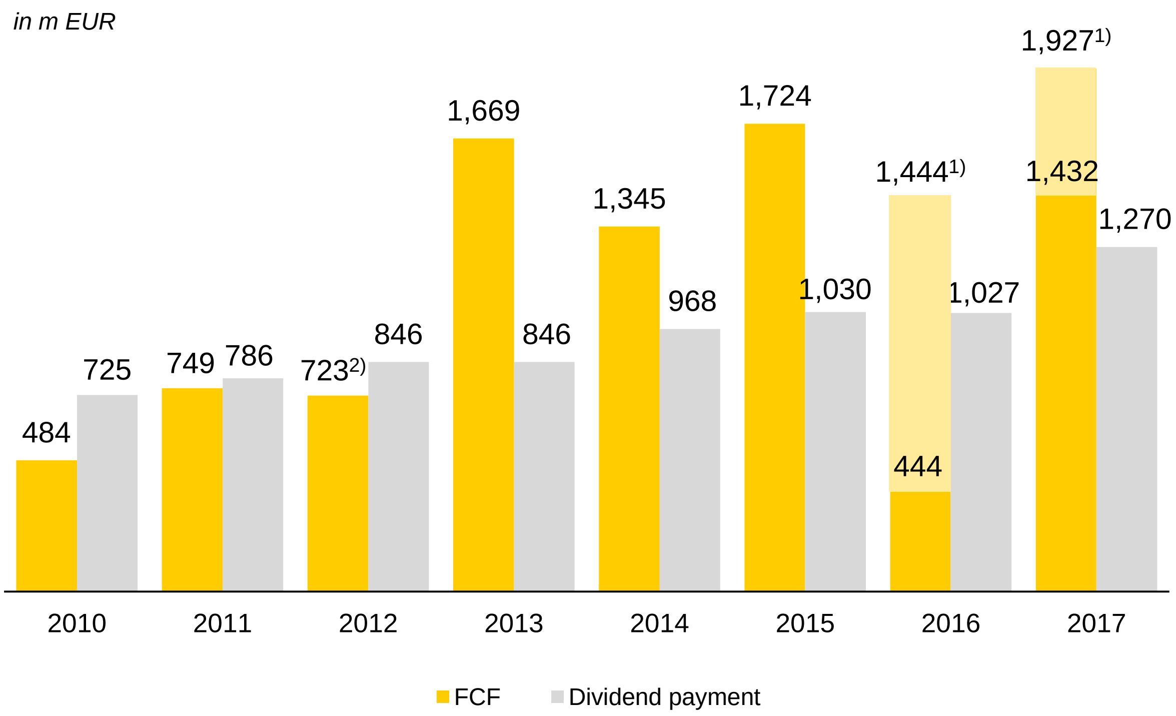

- FCF more than covering (rising) dividend payment since 2013
- Cash Flow turnaround mainly driven by
  - EBIT growth
  - Tailing off of provision outflows (esp. US domestic Express restructuring)
  - Increased CF focus and management incentives
- Sustainable FCF performance is basis for continued investments 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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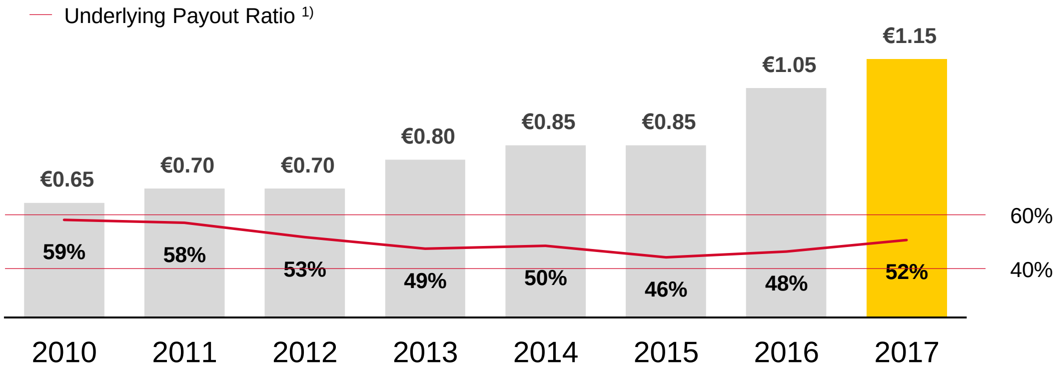
FINANCE POLICY

- 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

REGAINING MOMENTUM TOWARDS OUR LONG TERM STRATEGIC AND FINANCIAL GOALS

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PeP restructuring is proceeding according to plan

DHL divisions continue to deliver profitable growth

Fully committed to deliver on our Strategy 2020 targets and Finance Policy

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

	Network businesses – asset intensive		*Brokerage & Outsourcing – asset light*	
Divisions -EUR m -	**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 Tide-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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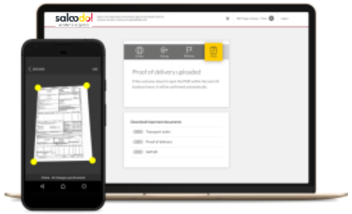
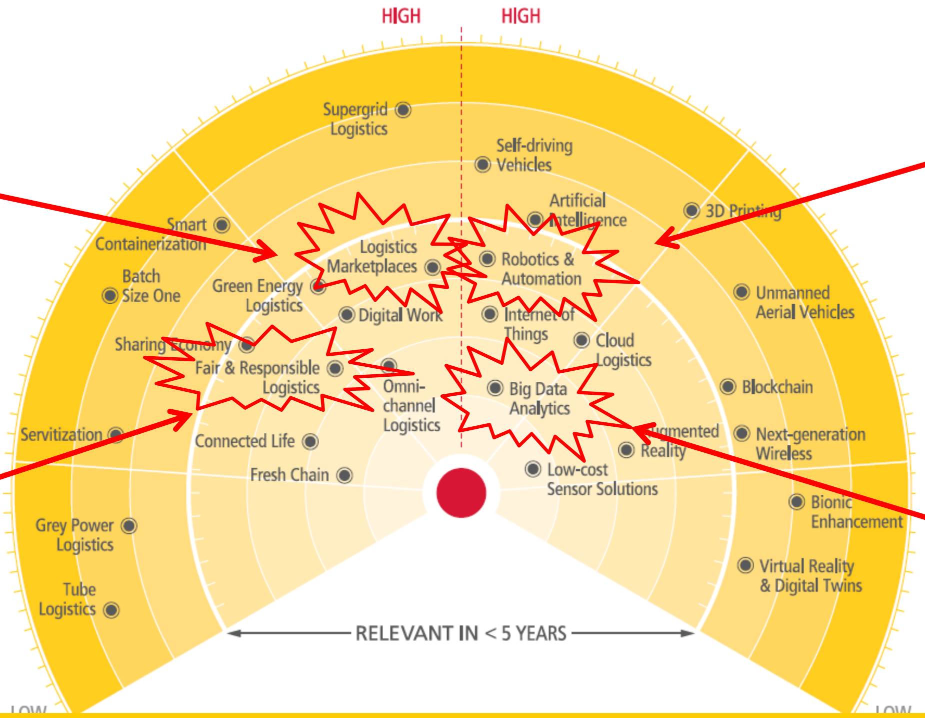
DHL Trend - Radar





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

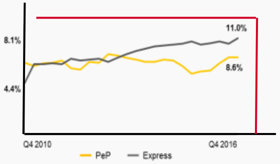
EUR >5bn EBIT in 2020

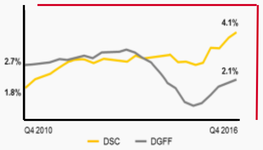
Sustainable Growth Momentum

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

STRATEGY 2020

Focus. Connect. Grow.

POST, E-COMMERCE & PARCEL

PeP Q3 2018: KEY VOLUME TRENDS INTACT

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Germany yoy	Volume	Revenue
Mail Communication	-4.4%	-4.3%
Dialogue Marketing	-6.5%	-6.3%
Parcel Germany	+7.4%	+6.7%

International yoy	Revenue	Excl. FX
DHL Parcel Europe	+10.3%	+10.5%
DHL eCommerce	+6.2%	+7.5%

- Letter volume (MC & DM) decline of -5.5% reflects stable e-substitution trends
- Excluding Q3 2017 support from election benefit, Q3 volume decline trend in line with our long term expectation of 2-3%
- Unchanged growth in German Parcel

- Expansion of international Parcel operations continues at good topline pace, without net burden to PeP EBIT

PeP – DIVISIONAL RESULTS Q3 2018

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€ m	Q3 2017	Q3 2018	Chg.	Management comments
Revenue	4,302	4,329	+0.6%	Revenue flat as growth in Parcel businesses balances mail decline in Germany (organic growth of +0.8%)
EBIT PeP	307	-209	<-100%	EBIT decline driven by restructuring charges (€ -349m civil servant retirement, € -43m other restructuring) as well as increased costs for productivity measures of € -45m
t/o Germany	313	-207	<-100%	Adjusting for the restructuring charges detailed above, operating cost overrun from higher staff and transport costs improved sequentially, in line with full-year guidance
t/o International eCommerce - Parcel	-6	-2	+66.7%	International EBIT remains around break-even levels as planned
Operating Cash Flow	264	294	+11.4%	Restructuring-related EBIT decline predominantly not reflected in OCF as restructuring costs were essentially not cash relevant
Capex	131	226	+72.5%	Increase in line with plan primarily for StreetScooter and Parcel Europe

REMINDER - PeP EBIT BRIDGE TOWARDS CONFIRMED 2020 GUIDANCE

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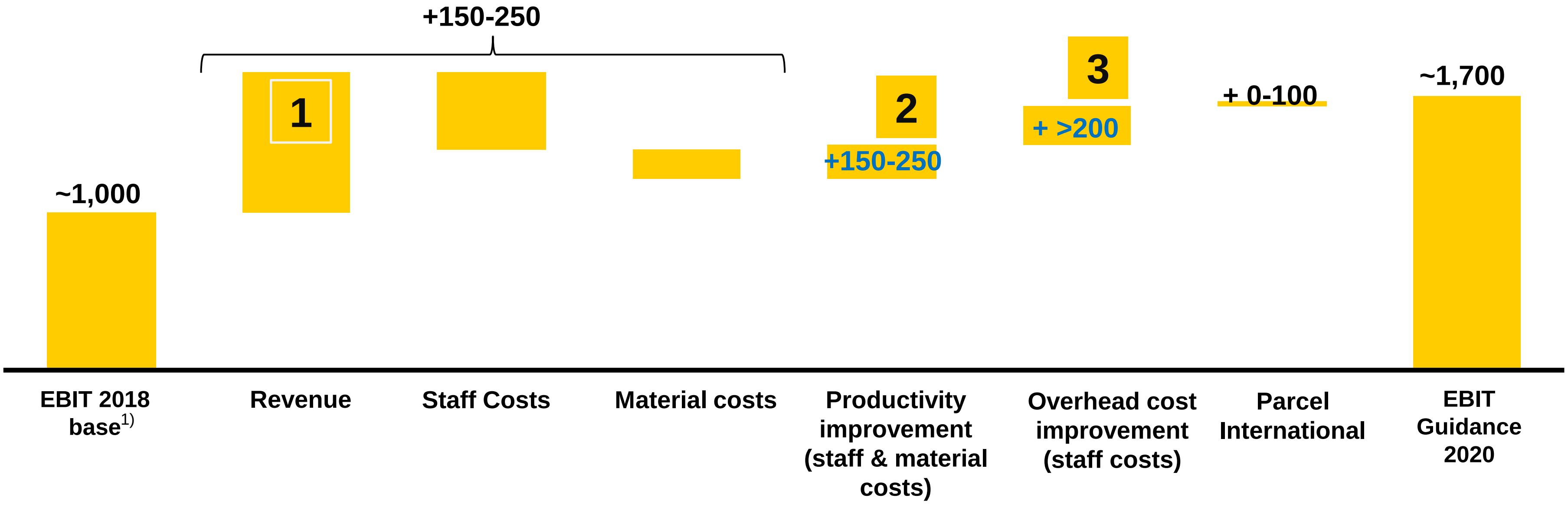
EBIT contribution, in € m
2020 vs 2018



1 Pricing Measures **2** Direct cost (Productivity) **3** Indirect Cost (Restructuring)

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

PeP OPERATING COST OVERRUN IN LINE WITH EXPECTED PHASING

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in € m

Q1

-142

Q1 17:	425
Q1 18:	391
Pension	+108
yoy:	-142

Q2

-91

Q2 17:	260
Q2 18:	108
Restructuring	-51
Prod. meas.	-10
yoy:	-91

Q2 vs Q1

- Lower sickness rate
- International EBIT better yoy
- No significant cost improvement in Germany yet

Q3

-79

Q3 17:	307
Q3 18:	-209
Restructuring	-392
Prod. meas.	-45
yoy:	-79

Q3 vs Q2

Initiated measures delivering expected first benefits

Q4e

-[0-50]

Q4e vs Q3

- 1st contribution from cost initiatives and early retirement
- First impact from parcel yield initiatives

FY18e

~-350

PeP RESTRUCTURING MEASURES: UPDATE AS PER END OF Q3 2018

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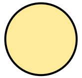
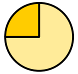
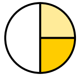
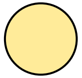
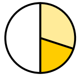
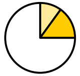
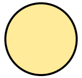
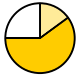
		Problem Identification	Measures Developed	Measures Initiated	Cost (Q2 18)	Cost (Q3 18)
1	**Pricing Measures**					
2	**Direct cost (Productivity)**				€ -10m	**€ -45m**
3	**Indirect Cost (Restructuring)**				€ -51m	**€ -392m**

Q2 2018 **Q3 2018** **to come**

2 PeP RESTRUCTURING MEASURES, DIRECT COSTS

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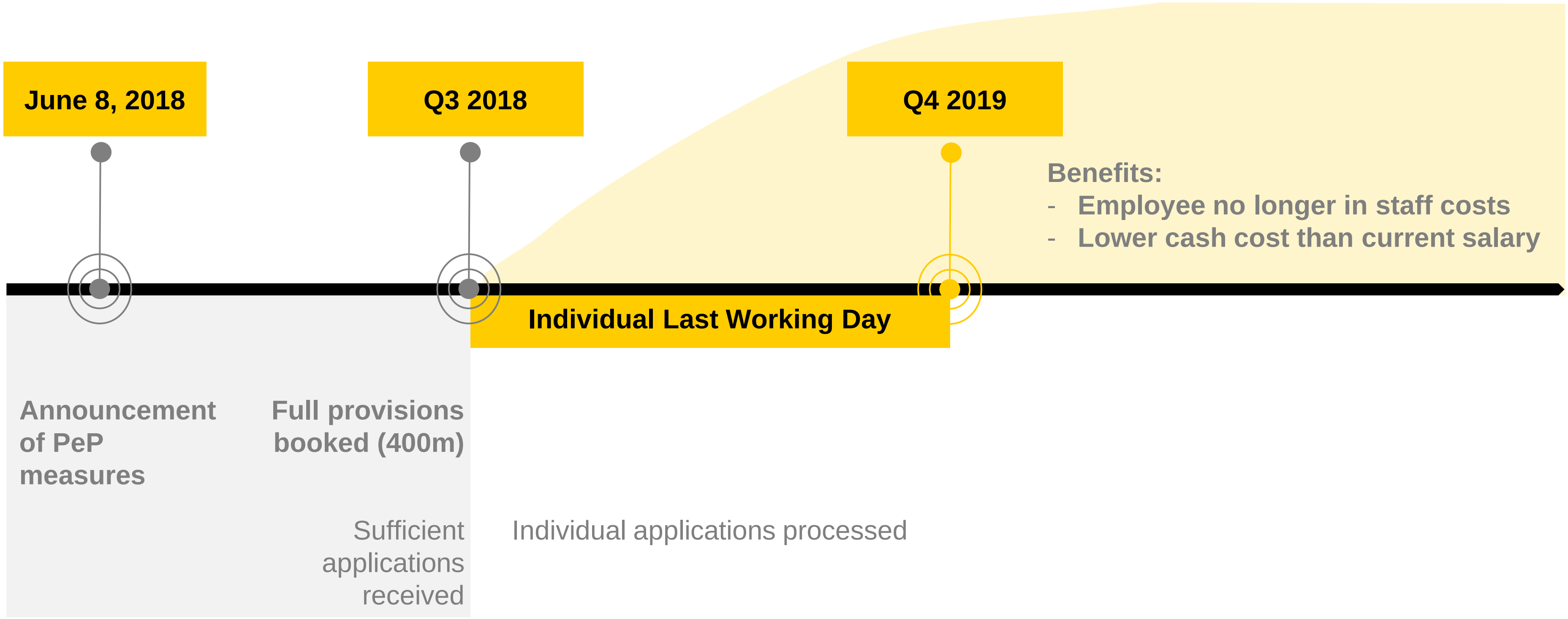
		Hubs	Transport	Last mile
Process stabilization	Stabilizing of operations based on existing SOP[1)]	+ Transfer of best practices to low performing entities + Intensify Certified training + Improve accuracy of volume forecasts	+ Optimized schedule management to avoid overtime	+ Deliver small parcels by postmen + Focus on on-time shift ending
Process improvement	Apply 1st Choice and lean management tools to improve SOP[1)]	+ Increased performance dialogues + Additional trainers to improve truck loading quality	+ Use regular tours for pick-ups instead of on-call tours + Improve daily network planning	+ Further rollout "Verbund" delivery (joint parcel & mail delivery) + Increased performance dialogues (Zustellteamleiter)
Process renewal	Drive structural process enhancements through automation and digitalization	+ Further reduce share of manual handling of letters & parcels + Increase share of letters sorted in delivery sequence even more	+ Replacement of legacy transport management system + Improved volume prognosis based on enhanced data analytics	+ Introduce intelligent routing and shipment visibility (OnTrack) + Enable flexible mail delivery districts based on daily volumes

1) SOP = Standard Operating Procedure

3 PeP RESTRUCTURING MEASURES, INDIRECT COSTS (1/2)

Civil Servants early retirement program fully on track



3 PeP RESTRUCTURING MEASURES, INDIRECT COSTS (2/2)

	Redesign of organization	Refocus on core business	Reduction of expenses
Q2	▪ Simplification ▪ Right-sizing ▪ No duplications	Shutdown of activities, e.g. Siegfried Vögele Institut – Dialogmarketing-Wissen aus erster Hand Allyouneed MARKTPLATZ Post Reisen – Deutschland macht Urlaub	e.g. ▪ Reduction of marketing spend ▪ Review of IT projects
Q3	**Redesign** 1. PeP split announced 2. Internal organizational changes in implementation	**Disposal** Allyouneed Fresh SUPERMARKT	**Marketing and IT** Related staff and material cost reduction in progress

PeP: NEW DIVISIONAL SETUP AS OF JAN 1ST, 2019

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PeP, revenue 9M 2018

Post	**€7.1bn (FY17: €10.0bn)**
Parcel Germany	**€3.9bn (FY17: €5.2bn)**
Parcel Europe	**€1.6bn (FY17: €2.0bn)**
DHL eCommerce	**€1.2bn (FY17: €1.5bn)**

Post & Paket Deutschland

Frank Appel (Group CEO), current interim PeP CEO, retains the interim CEO role for Post & Paket Deutschland

DHL eCommerce Solutions

Ken Allen, currently CEO and board member for DHL Express, will take over CEO and board responsibility for DHL eCommerce Solutions until end 2022

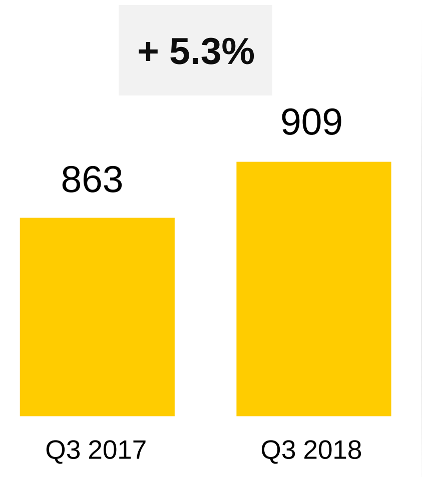
STRATEGY 2020

Focus. Connect. Grow.

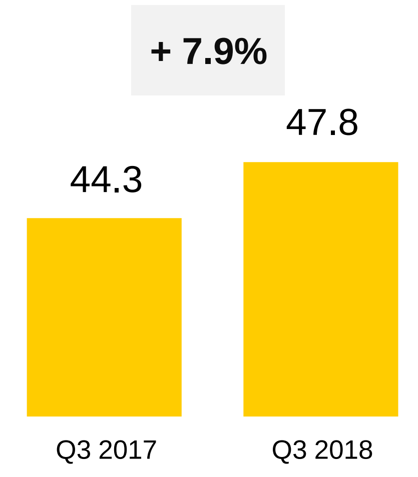
EXPRESS

EXPRESS: NO CHANGE IN GROWTH MOMENTUM IN Q3

TDI* Shipments per day ‘000s



TDI* Revenues per day in € m



- Slower TDI shipment/day growth reflects Q3 17 base effect and strong yield focus - local General Price Increases (GPI) for 2019 announced
- Organic revenue growth: >9%; EBIT excl. FX & IFRS 16: >10%
- TDI shipment/day growth well diversified: MEA +13.0%, Europe +6.8%, APAC +3.1% and Americas +1.7%

* TDI (Time Definite International)

EXPRESS – DIVISIONAL RESULTS Q3 2018

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€ m	Q3 2017	Q3 2018	Chg.	Management comments
Revenue	3,645	3,906	+7.2%	Adjusted for adverse FX effects organic increase of +9.1% as volume growth remains robust and yield discipline strong
EBIT	372	409	+9.9%	Reflects continued strong operating performance as the IFRS 16 benefit (€ 20m) was more than offset by negative FX effect
Operating Cash Flow	607	794	+30.8%	Excl. IFRS16 effect (€ 174m), good OCF reflects operating performance
Capex	180	381	>100%	Strong yoy increase again driven by downpayment on Boeing 777 order

EXPRESS GROWTH SUPPORTED BY BALANCED GLOBAL FOOTPRINT

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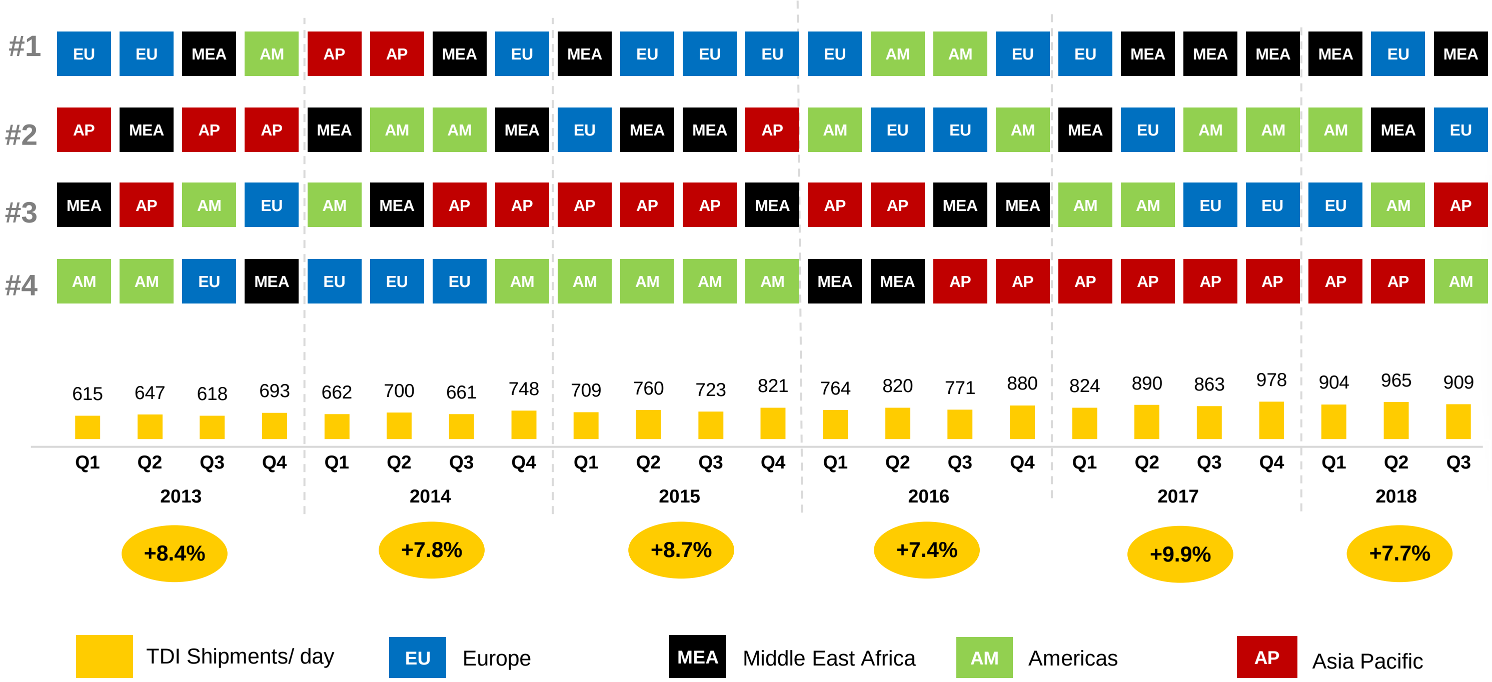
Quarterly growth ranking, TDI volume growth



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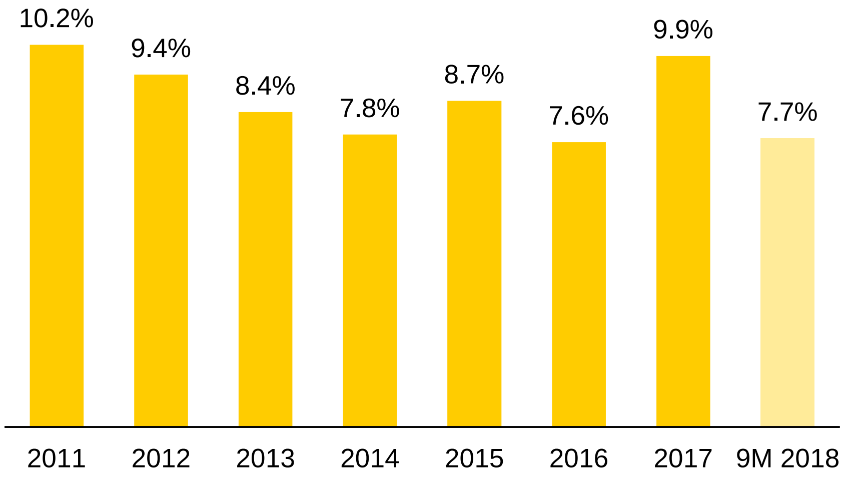
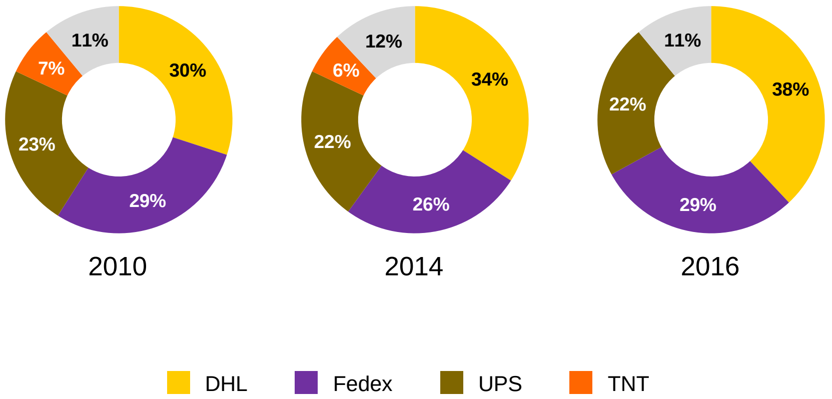
Leading global network & „insane“ customer centricity & certified employees = consistent strong TDI growth and market share expansion

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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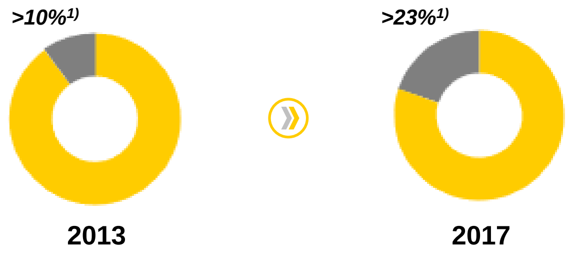
Portion of B2C TDI shipments has increased over time



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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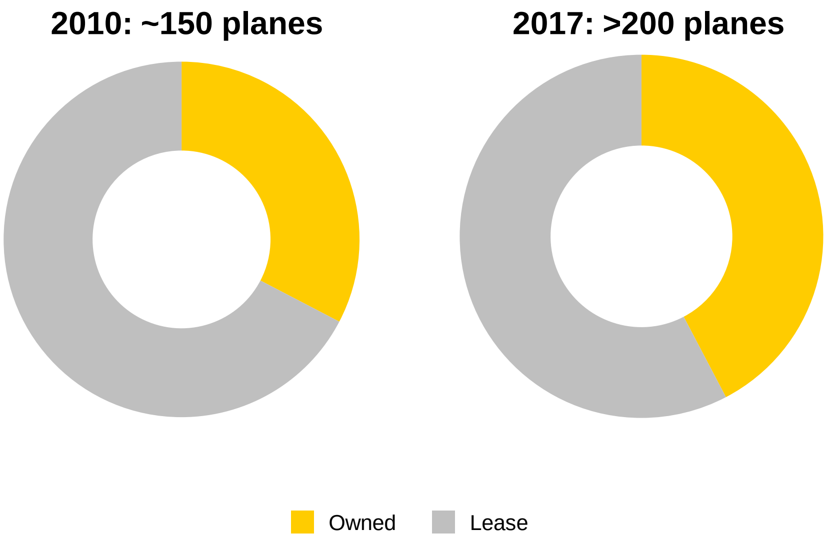
Dedicated fleet (w/o feeders)



2010-17: fleet expansion

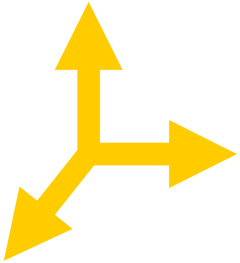
- Expansion based on successful virtual airline model – gradual shift in mid-sized, regional segment from leases to ownership
- Today: well balanced fleet regarding ownership and maturity – ownership structure of intercont fleet still more tilted towards leases

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

DGFF: Q3 PERFORMANCE REFLECTS SELECTIVE STANCE

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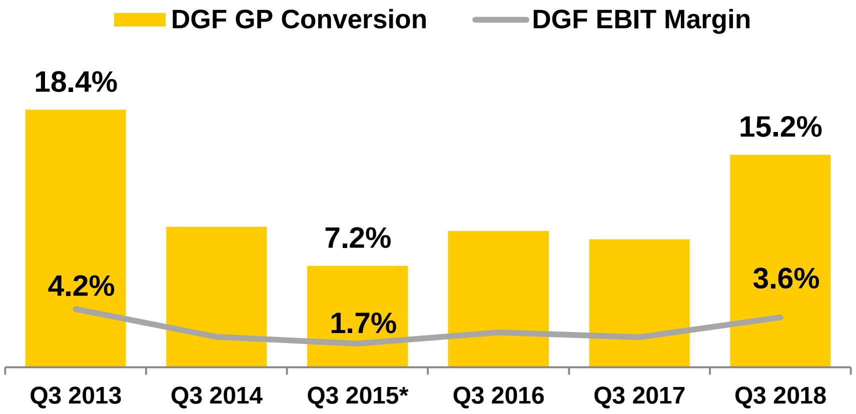
Q3 2018 yoy	Volume	Gross Profit	GP/export t GP/TEU[1)]
Air freight	-5.2%	+9.4%	+15.4%
Ocean freight	-2.7%	+1.8%	+4.6%

- Volume development still below market
- Focus on GP supported by disciplined capacity management
- Benefits visible in marked improvement in GP/t and GP/TEU



* Adjusted for NFE write-off

- Focus on file profitability through new Steering Logic concept
- Indirect cost reductions ongoing
- Usage of IT Renewal solutions (Quoteshop, EDM[2)] and ESP[3)] etc.) ramping up, leading to improved shipment visibility and customer experience (speed of response, service quality)

1) Twenty Foot Equivalent Unit 2) EDM = Electronic Document Management, 3) ESP = Electronic Supplier Portal

GLOBAL FORWARDING, FREIGHT– DIVISIONAL RESULTS Q3 2018

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€ m	Q3 2017	Q3 2018	Chg.	Management comments
Revenue	3,533	3,683	+4.2%	Steady growth as a result of selectivity program and FX effect. Organic topline growth was +6.8%
Gross Profit	851	887	+4.2%	Growth reflects selective stance as slower volume is more than offset by marked improvement in GP/t and GP/TEU
EBIT	67	106	+58.2%	Continued strong recovery despite FX impacts. DGF conversion ratio of 15.2%
Operating Cash Flow	112	67	-40.2%	Excl. IFRS16 effect (€ 50m), cash flow reflects working capital outflows
Capex	15	30	+100%	Phasing effects on usual very low capital intensity levels

DGFF: CLOSING THE GP CONVERSION GAP VIA TMS AND IT RENEWAL

Deutsche Post DHL Group

Transport Management System (TMS) Implementation

Roll out plan fully on track

- ~40 Ocean Freight countries live
- First Air Freight country also live, incl. customs brokerage
- Joint OFR and AFR deployment for small countries planned going forward

Driving system and process efficiency

One shipment concept

- No double data entry leads to reduced effort, errors
- End-to-end visibility of the shipment

Improved data and workflow

- Automation through interfaces with carriers and customers
- Single Master Data repository
- Use of electronic documents

IT RENEWAL ROADMAP UPDATE

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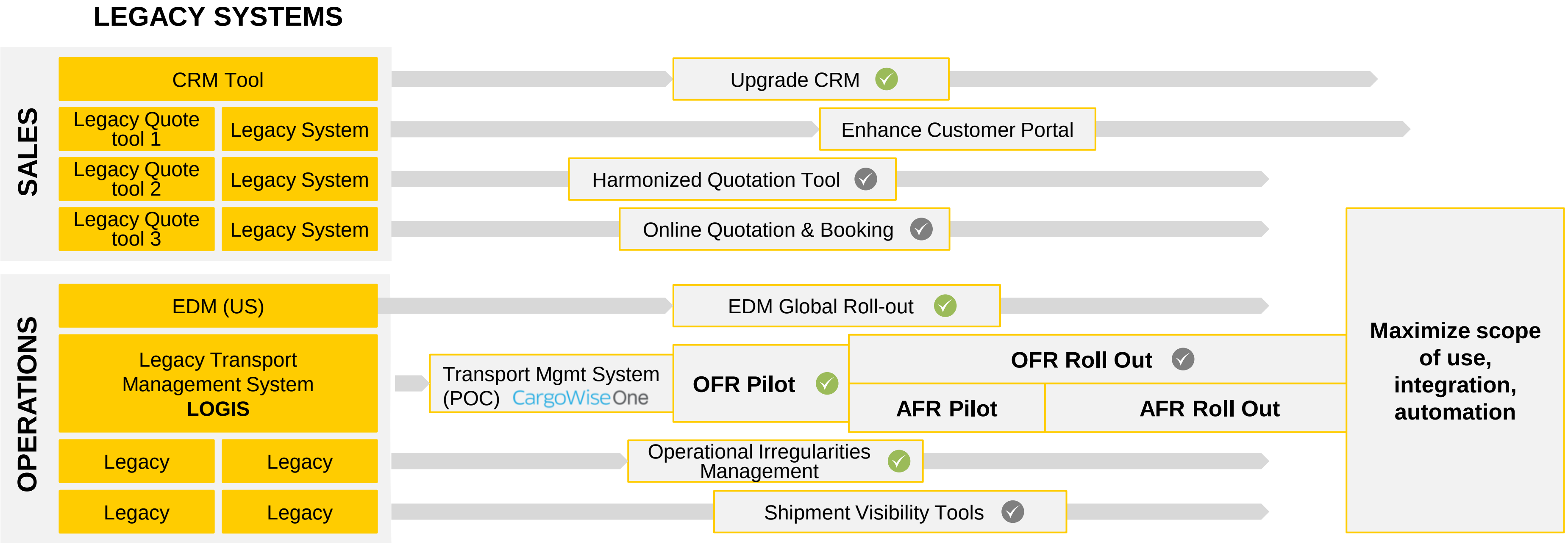

✓ Significant progress/completed; now business as usual ✓ Initiated and demonstrating progress; further rollout ongoing

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

SIMPLIFY STRATEGY AIMS TO CLOSE THE GAP TOWARDS BENCHMARK PROFITABILITY

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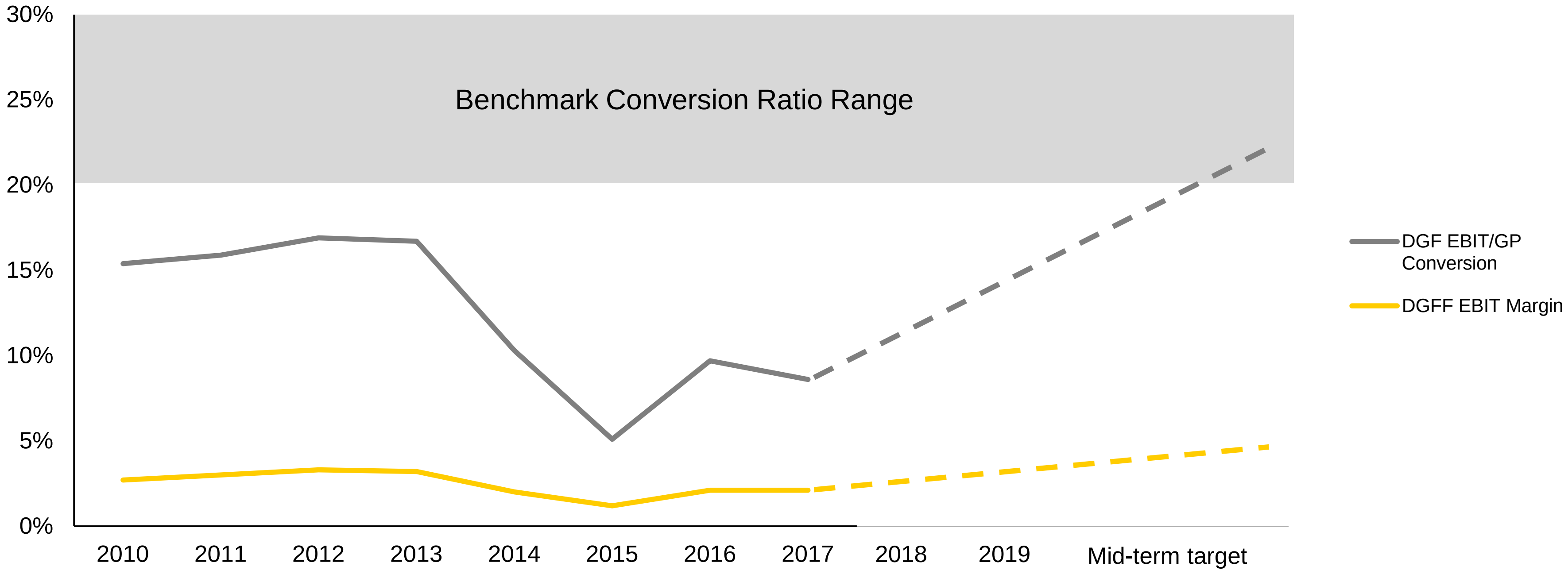

No structural barriers – we have the right combination of people, business model, processes and IT renewal to achieve benchmark conversion ratios over time

THE LIFECYCLE OF A SHIPMENT IS A COMPLEX PROCESS

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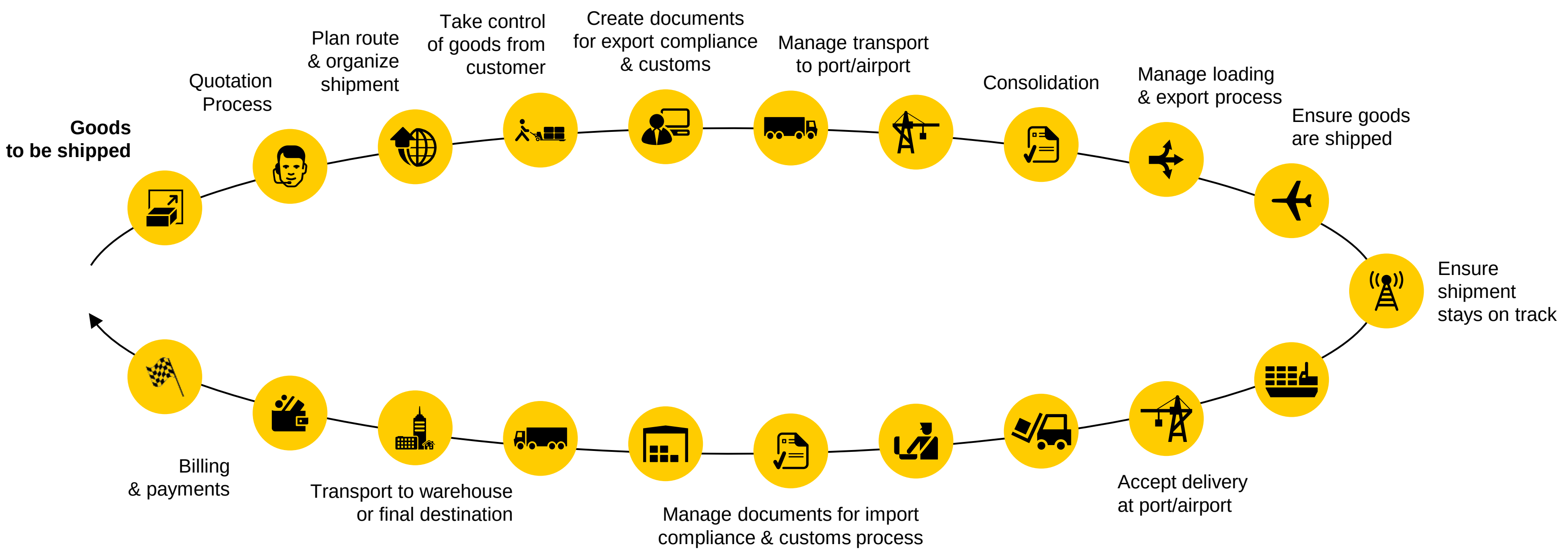
Forwarding is more than brokerage of transport, it is managing all the steps along the way



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

FORWARDING IS AN ASSET-LIGHT AND HIGH RETURN INDUSTRY

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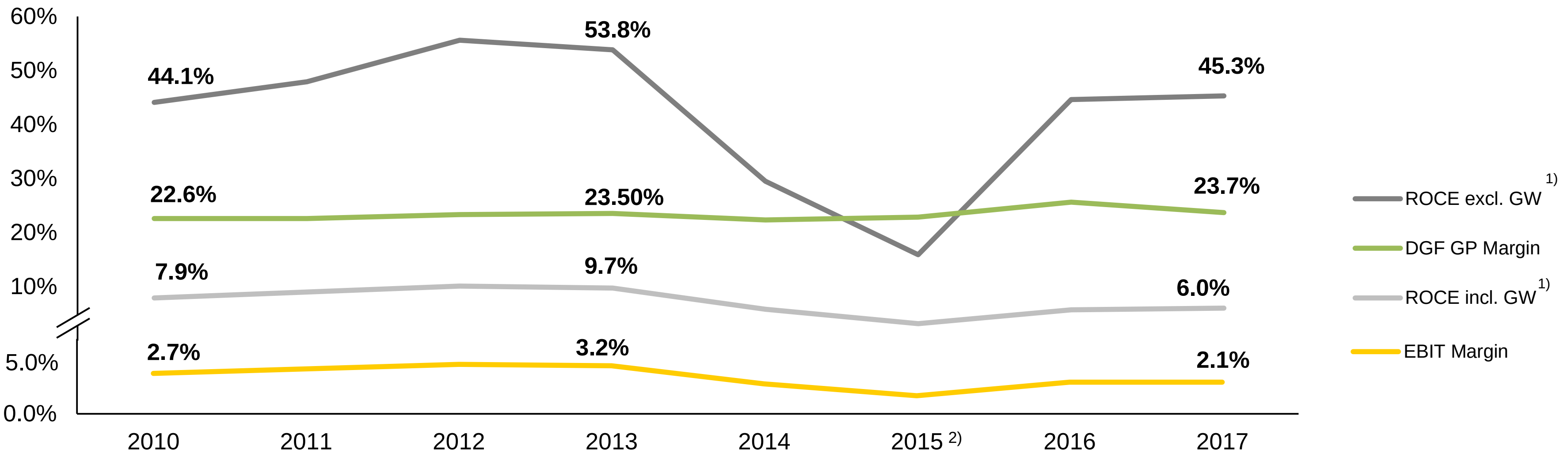
DHL Global, Forwarding, Freight: ROCE, GP and EBIT margin, 2010-17



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

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STRATEGY 2020

Focus. Connect. Grow.

SUPPLY CHAIN

SUPPLY CHAIN – DIVISIONAL RESULTS Q3 2018

Deutsche Post DHL Group

€ m	Q3 2017	Q3 2018	Chg.	Management comments
Revenue	3,495	3,271	-6.4%	Topline continues to be affected by sale of Williams Lea Tag and FX effects; organic revenue growth is +2.3%
EBIT	148	153	+3.4%	Solid operating performance and positive IFRS16 effect (€18m) offset impact of FX, WLT disposal and weakness in UK&I base business
Operating Cash Flow	176	253	+43.8%	Positive effects from IFRS16 (€ 170m) partially offset continued phasing of working capital
Capex	58	63	+8.6%	In line with usual low capital intensity on owned assets

DSC: NEW STRATEGIC PARTNERSHIP FOR DOMESTIC CHINA/HK/MACAO

Deutsche Post DHL Group

- DSC's Business in China, Hong Kong and Macao will be a part of SF's business
- DPDHL Group to receive a payment of RMB 5.5 billion (€ ~700 m) and a revenue-based partnership fee over the next ten years
- Strong growth outlook leveraging DHL's best in-class supply chain expertise and technology, and SF's extensive local infrastructure, network, and customer base
- Closing expected around year-end (Q4 2018 or Q1 2019)
- The combination of both will result in the most compelling and attractive logistics company in China

DHL SUPPLY CHAIN: SOLUTIONS OVERVIEW

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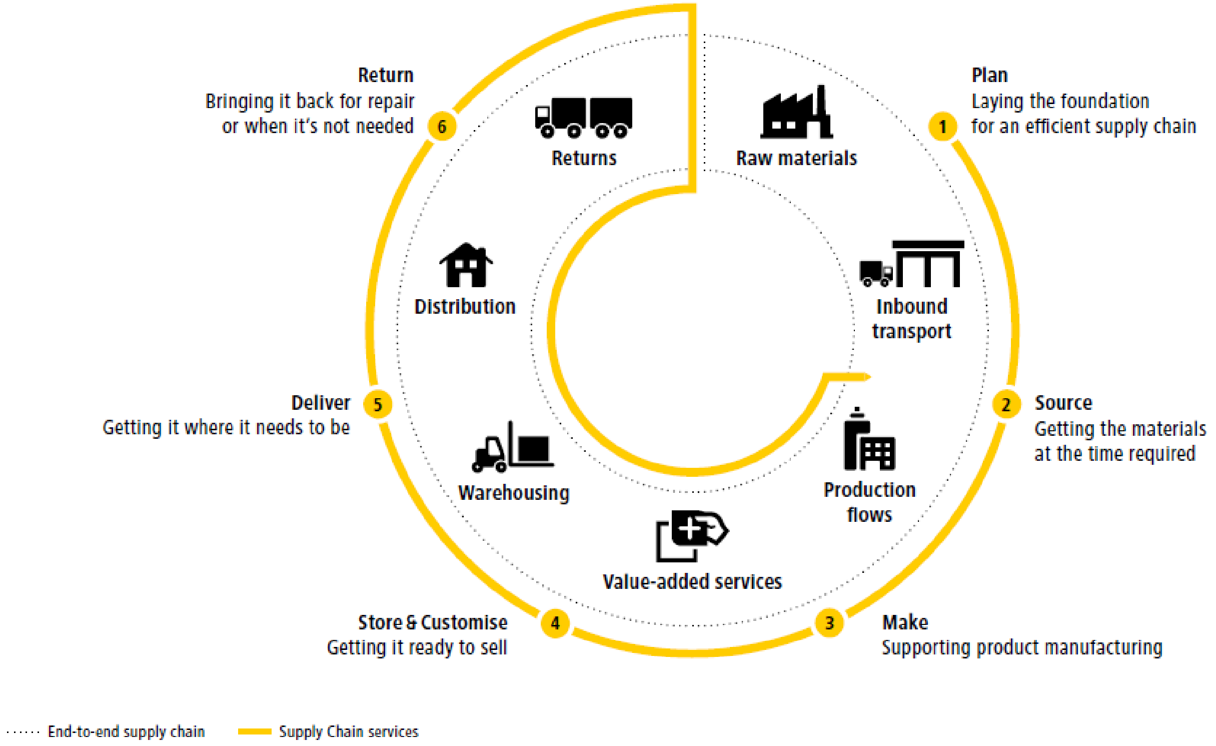
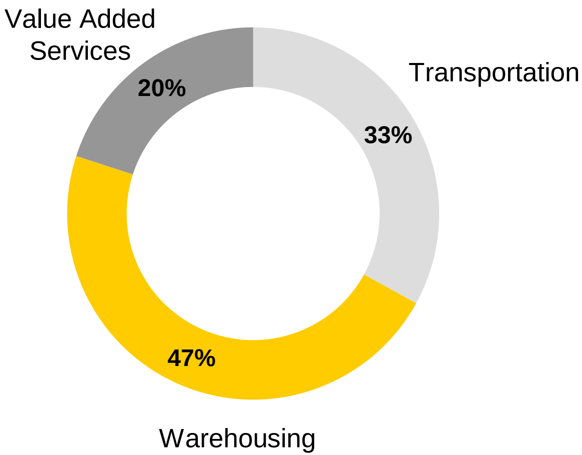
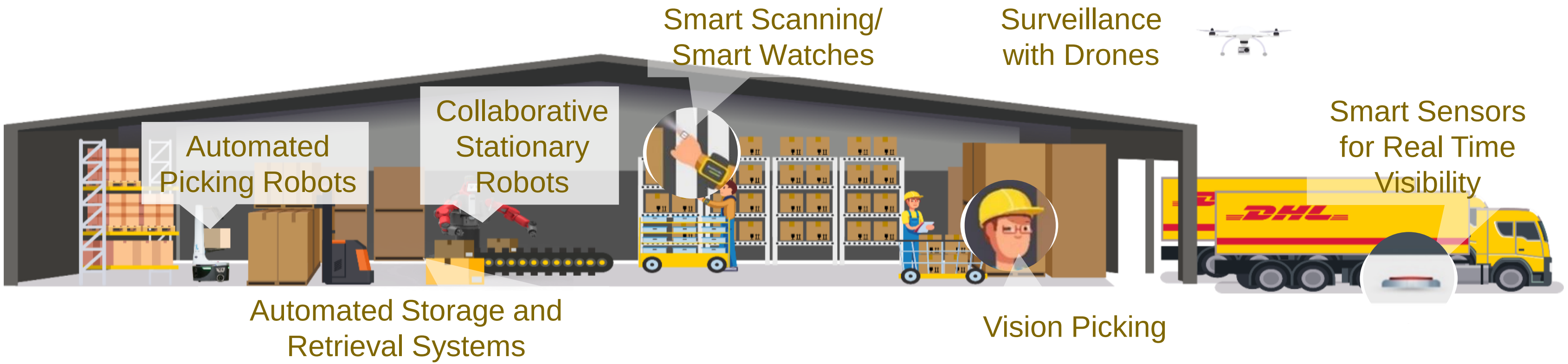
Offering Customized Solutions Across the Entire Supply Chain

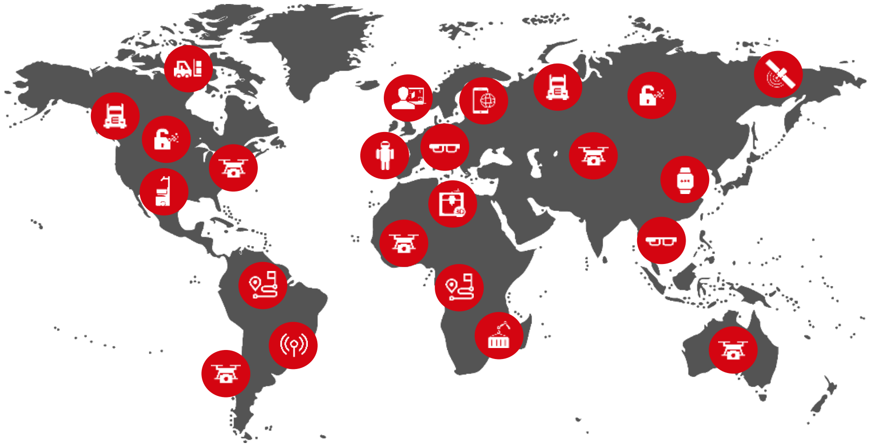


Revenue by Service Area FY 2017



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**

LIMITED ASSET INTESITY DRIVES ATTRACTIVE AND RISING ROCE

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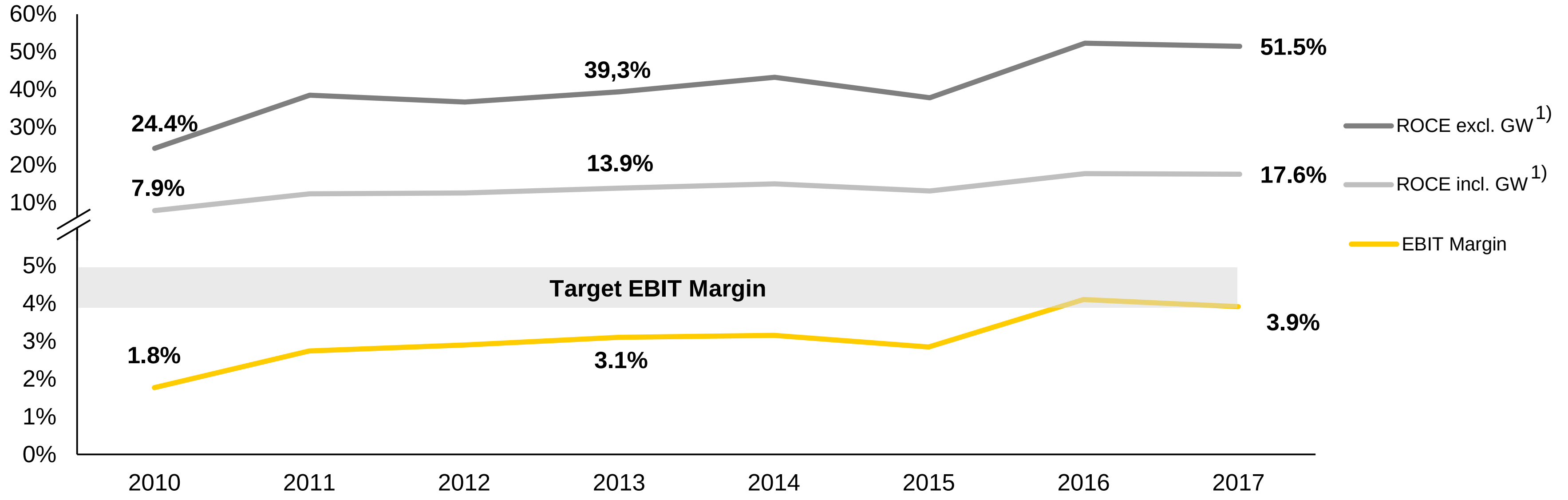
DHL Supply Chain: ROCE and EBIT margin, 2010-17



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.

Appendix

GROUP P&L Q3 2018

Deutsche Post DHL Group

€ m	Q3 2017	Q3 2018	Chg.	Management comments
Revenue	14,639	14,849	+1.4%	Solid organic growth of +4.7% after adjustment for adverse FX effects, Williams Lea Tag disposal and contributions from small bolt-on acquisitions
EBIT	834	376	-54.9%	EBIT decline due to restructuring measures at PeP, continued good performance in DHL divisions, Corporate Functions at € -82m, o.w. € -14m Corporate Incubations
t/o PeP	307	-209	<-100%	Moderate operating performance improvement vs Q2 masked by expected significant increase in restructuring charge (€ -349 civil servant retirement, € -43m other restructuring) as well as costs for productivity measures of € -45m
t/o DHL	586	667	+13.8%	Continued good operating performance from all divisions
Financial result	-101	-159	-57.4%	Increase due to first-time recognition of interest expenses on leases (IFRS16)
Taxes	-64	-31	+51.6%	Tax rate at 14% in line with full year guidance
Cons. net profit[1)]	641	146	-77.2%	Mainly reflecting restructuring-driven EBIT decline and IFRS16 induced increase in financial result
EPS (in €)	0.53	0.12	-77.4%	

1) Attributable to Deutsche Post AG shareholders

Q3 2018 IFRS 16 P&L IMPLICATIONS OVERVIEW

Deutsche Post DHL Group

€ m	Q3 2017	Q3 2018	Chg.	Delta LY	IFRS 16 effect
Revenue	**14,639**	14,849	**+1.4%**	**+210**	
Material Expense / Staff cost /Net other operating expenses	-13,445	-13,635	+1.4%	+190	+537
EBITDA	**1,194**	1,214	**+1.7%**	**+20**	**+537**
Depreciation & Amortization	-360	-838	<-100%	-478	-483
EBIT	**834**	376	**-54.9%**	**-458**	**+54**
Financial Result	-101	-159	-57.4%	-58	-94
Income Tax	-64	-31	+51.6%	+33	+5
Net Profit[1)]	641	146	-77.2%	-495	-35
EPS	0.53	0.12	-77.4%	-0.41	-0.02

EBIT effect due to IFRS 16

PeP	10
DHL	43
- **EXP**	20
- **DGFF**	5
- **DSC**	18
Corporate Functions	1

1) Attributable to Deutsche Post AG shareholders

FREE CASH FLOW Q3 2018

Deutsche Post DHL Group

OCF generation not affected by non-cash PeP restructuring costs – FCF lower due to higher capex (Reminder: IFRS16 has significant impact on individual lines, but none on final FCF line)

€ m	Q3 2017	Q3 2018	Delta LY	IFRS 16 effect
EBIT	**834**	**376**	**-458**	**+54**
Depreciation/ Amortization	360	838	+478	+483
Cash from operating activities before changes in WC	**689**	**1,376**	**+687**	**+537**
Changes in Working Capital	265	45	-220	-1
Net cash from operating activities after changes in WC	**954**	**1,421**	**+467**	**+536**
Net Capex	-401	-732	-331	
Net Cash for Leases	0	-536	-536	-536
Net M&A	-50	-6	+44	
Net Interest	-1	-4	-3	
Free Cash Flow	**502**	**143**	**-359**	**0**

Significant increase in depreciation due to IFRS16

Adjusted for IFRS16 accounting effects, lower PeP EBIT is offset by positive change in provisions as restructuring measures not yet cash relevant

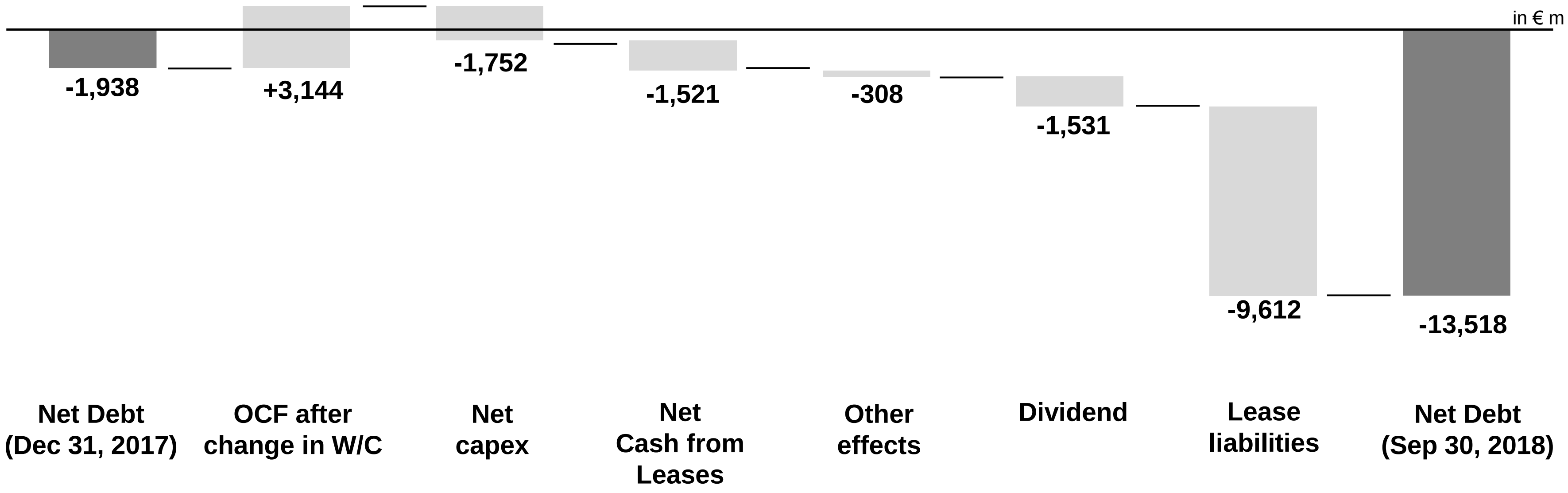
Negative working capital movement, partly as a result of phasing in DSC

Decline in FCF driven principally by increase in net capex
Additional “Net Cash for Leases” line ensures FCF is fully comparable to previous years under new IFRS16 accounting

NET DEBT (-)/LIQUIDITY (+)

Deutsche Post DHL Group

Usual seasonal pattern, with strong deleveraging expected in Q4



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

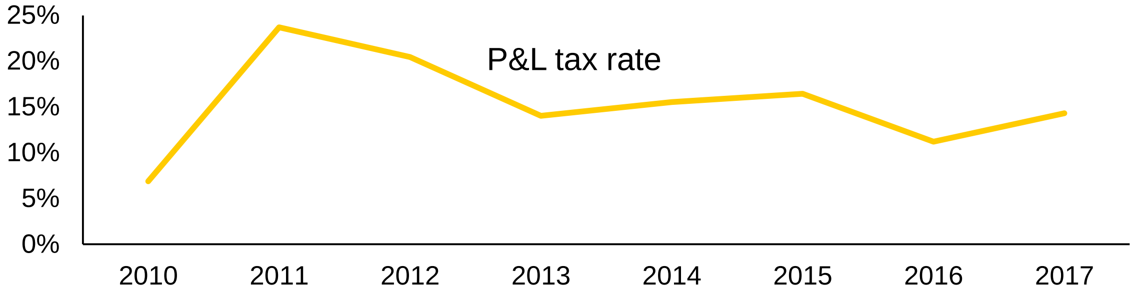
Expected major impacts on 2018 numbers:

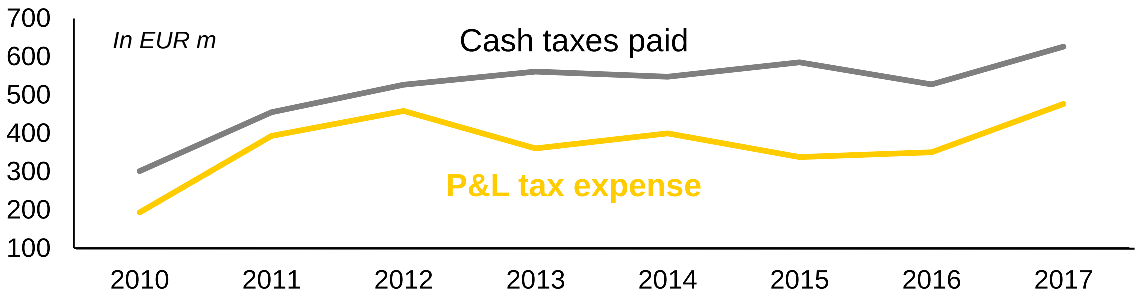
P&L	EBIT: expected increase of EUR ~ 150m
Balance sheet	Net debt: Expected increase of ~ EUR 9bn
FCF	FCF: no change based on new definition: OCF – *redemption of lease liabilities* - net capex - net M&A - net interest
Credit Rating	No impact on rating and related metrics expected

Current internal estimates: to be further validated

No effect on actual cash generation and debt rating

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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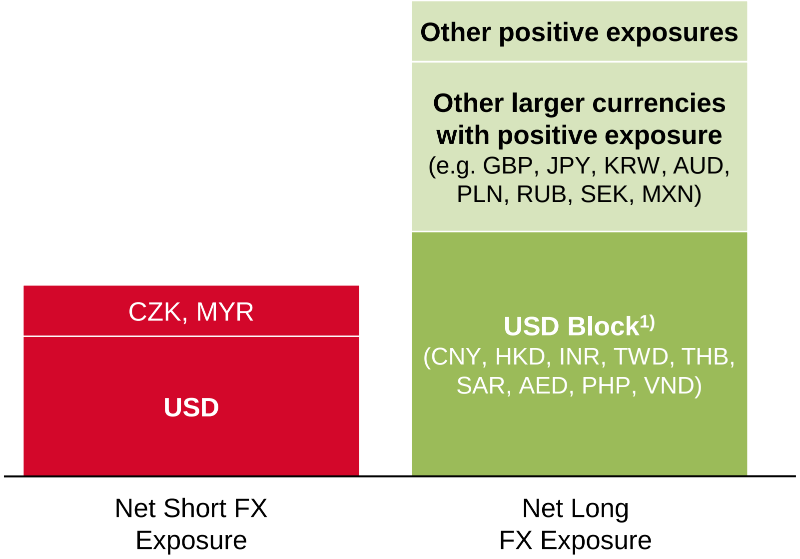


FX effects are mainly translational

- 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

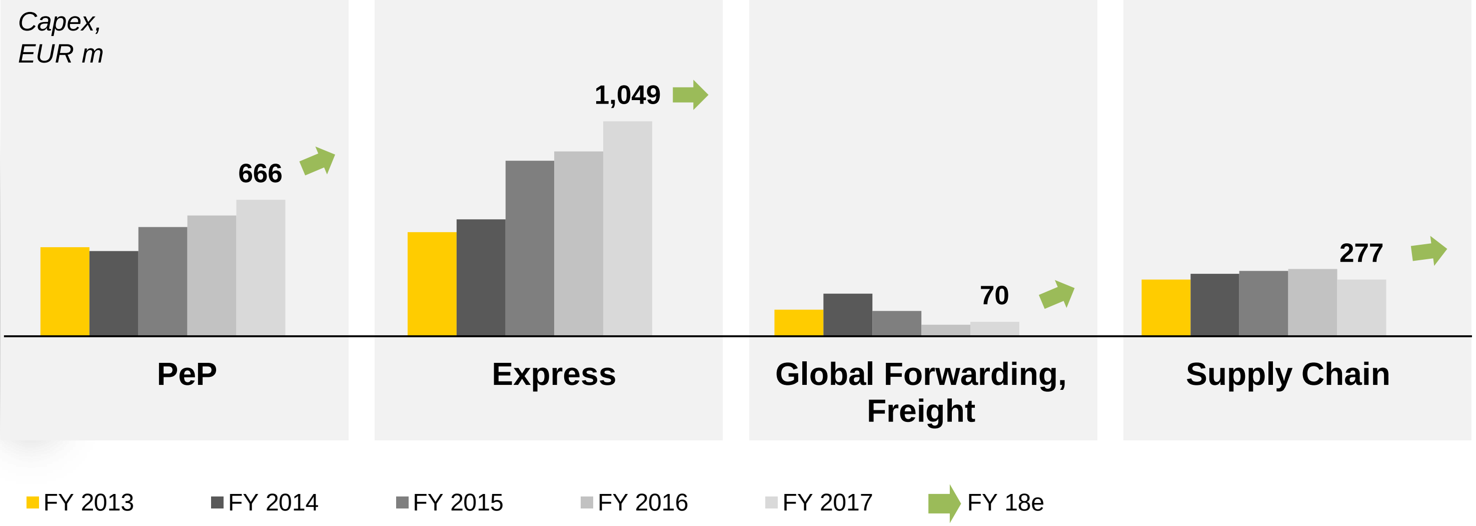
- We do only opportunistic hedging (e.g. Brexit)
- Difficult to model FX externally due to the many cross currency dependencies

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

CAPEX: RECENT HISTORY AND OUTLOOK

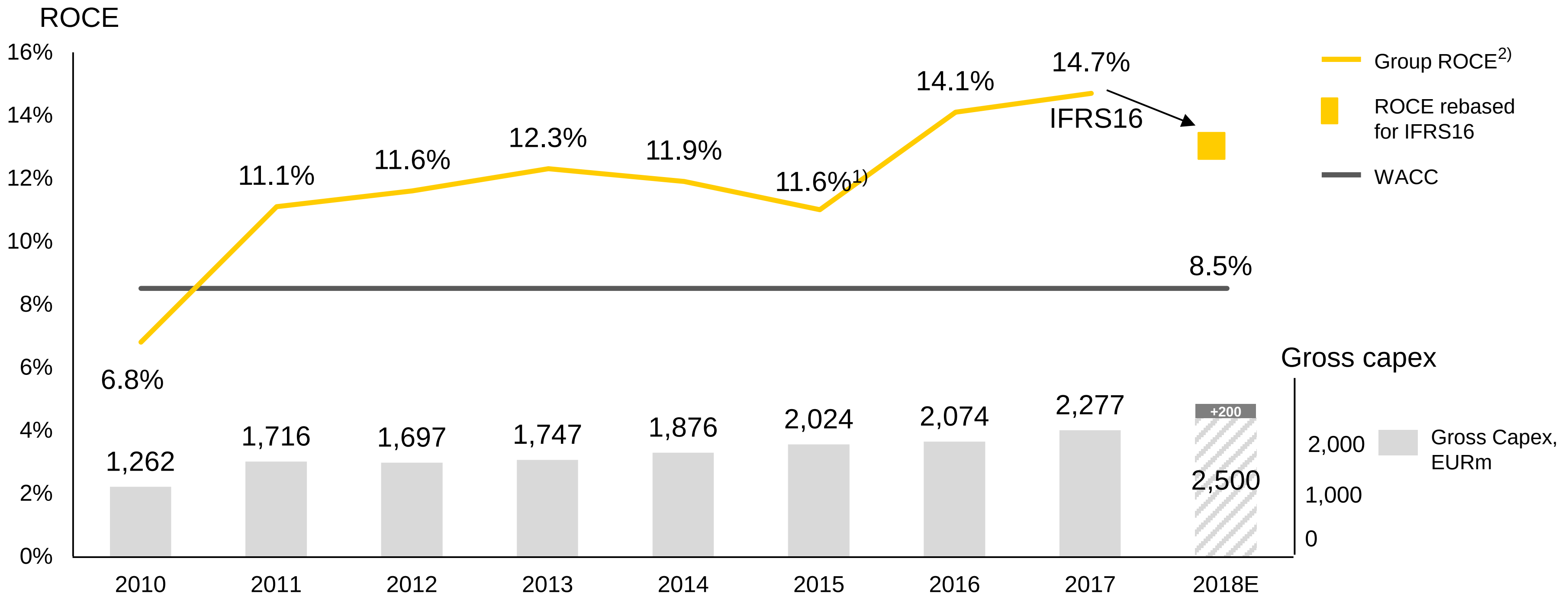
Deutsche Post DHL Group

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)**



FY 2018 guidance
EUR ~2.5bn
+200m

DISCIPLINED GROWTH INVESTMENT HAS LED TO RISING RETURNS



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

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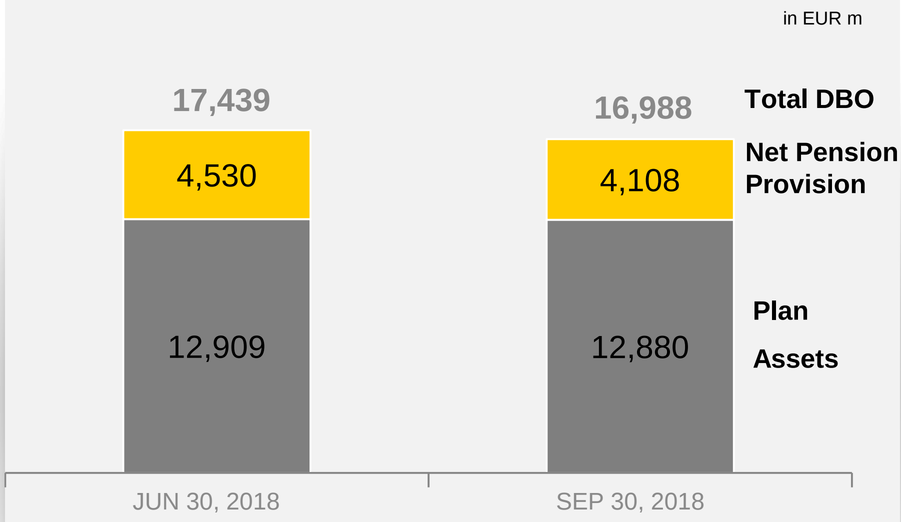
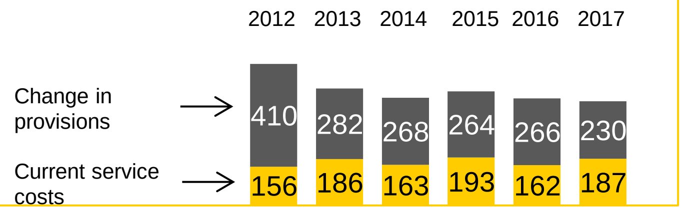


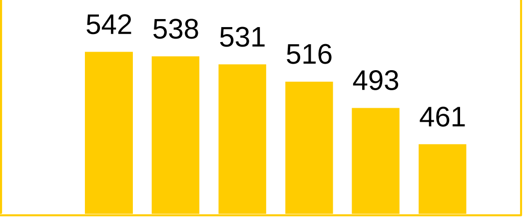
Discount Rate	Germany	UK	Other	Total
Jun 30, 2018	2.00%	2.75%	2.15%	2.24%
Sep 30, 2018	2.25%	2.75%	2.37%	2.42%

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

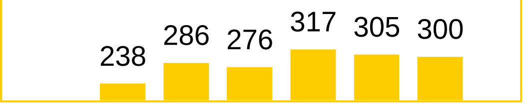


Defined contribution (DC):
Cash out = staff costs in EBIT

Civil servants (in GER)



Hourly workers and salaried employees mainly outside GER



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