

An aerial photograph of a large port facility. On the left, a blue container ship named 'QUADRIGA' is docked at a pier. Several large red and white gantry cranes are positioned along the pier. A yellow DHL truck is driving on a wide road in the foreground. To the right, there are numerous stacks of colorful shipping containers (blue, green, red, white) and more cranes. In the background, a city and a hill are visible under a cloudy sky.

Deutsche Post DHL
Group

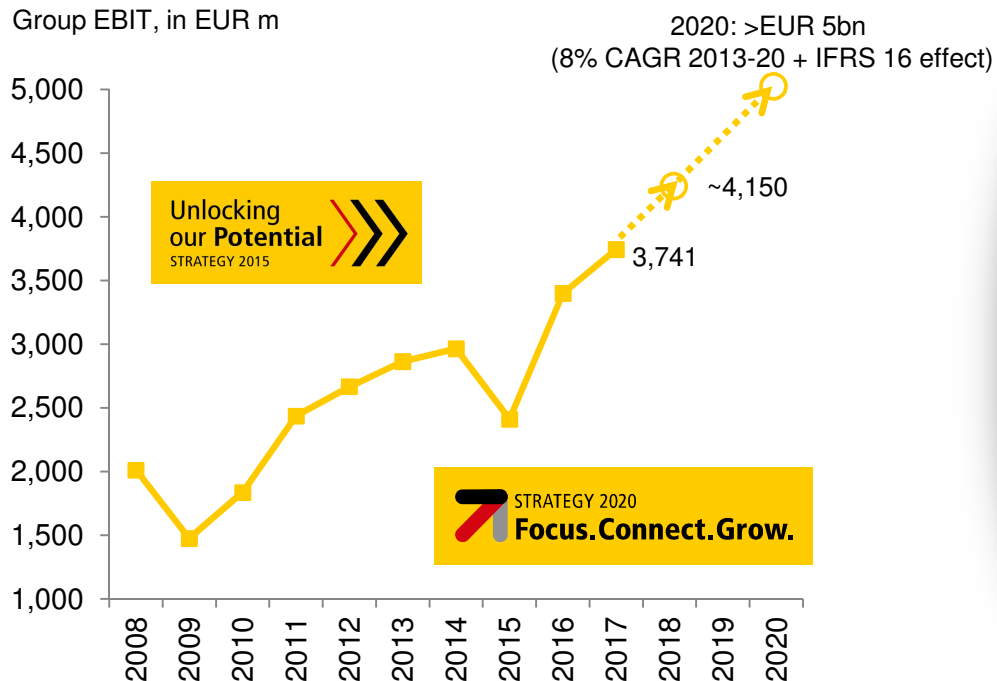
Deutsche Post DHL Group

Investor Relations

March 2018

Q4/FY 2017 HIGHLIGHTS

Group EBIT, in EUR m



Delivering steady profitable growth

- Strong organic growth across all divisions, reflecting structural e-commerce trend as well as macroeconomic acceleration
- 2017 Group EBIT increase of 7.2%, delivering on guidance
- EBIT growth drives strong Cash Flow generation, allowing to balance growth investments and rising shareholder returns

Unique global footprint and investing for further growth

- Unique global capabilities to leverage growth in e-commerce logistics
- Further potential to optimize divisional profitability – esp. in DGFF
- Continued investments into capacity, speed and technology support sustainable growth path



EUR 1.15 dividend proposed (+9.5%) – 2020 Group EBIT guidance confirmed incl. adjustment for IFRS16 effect

SUMMARY 2017 KEY FINANCIALS

Delivering steady profit and cash flow growth

EUR m	FY 2017	Change, EUR m	Change, % yoy
Revenue	60,444	+3,110	+5.4%
EBIT	3,741	+250	+7.2%
OCF ¹⁾	3,297	+353	+10.3%
FCF ¹⁾	1,927	+483	+33.4%

Topline growth accelerated, and once more translated into stronger EBIT growth

Profit growth driving further improvement in operating and free cash flow generation

Strong FCF increase also reflects swing in net M&A (2016: UK Mail acquisition; 2017: Williams Lea Tag disposal) while growth investments increased

1) FY17 and 2016 comparison adjusted for pension fundings of EUR 1bn in Q2/16 and EUR 0.5bn in Q4/17

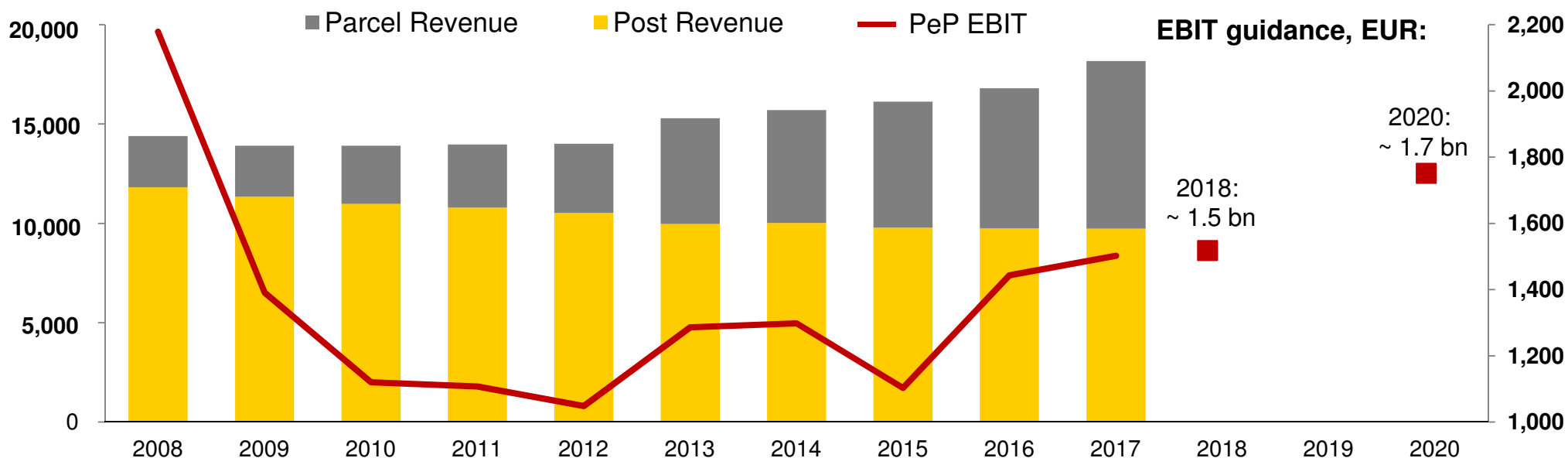


Delivering sustainable performance improvement across all metrics year by year

PeP: EBIT HISTORY AND OUTLOOK

2017 PeP EBIT: EUR 1.502bn

PeP revenue & EBIT,
in EUR m



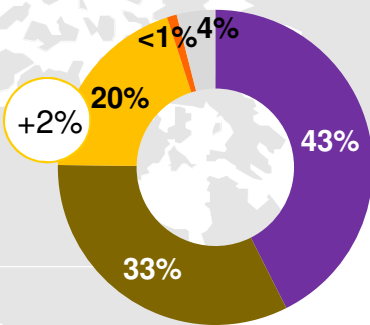
Since 2012 low point, EBIT up EUR >400m, all while investing in Parcel expansion

DHL EXPRESS: NEW MARKET STUDY CONFIRMS SHARE GAINS IN ALL REGIONS

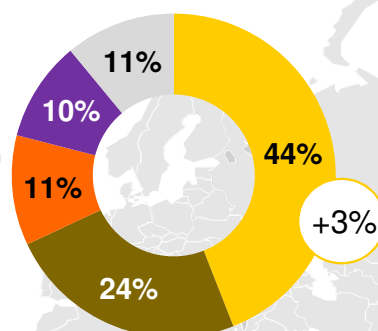
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Continued TDI leadership across all regions outside the Americas

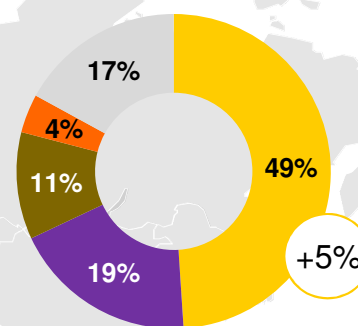
Americas [EUR 8.2bn]



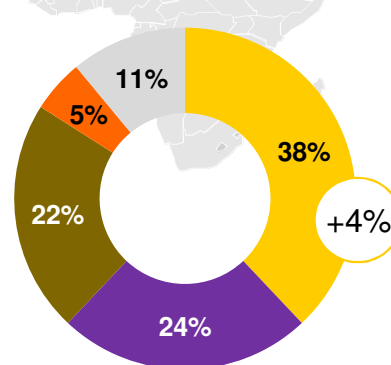
Europe [EUR 7.1bn]



Asia Pacific [EUR 8.0bn]



Global [EUR 24.0bn]



+x% %pt change vs. 2014 MI study

■ DHL ■ TNT ■ UPS ■ FedEx ■ Others

Country base:

EU: AT, CZ, DE, ES, FR, IT, NL, PL, RO, RU, SE, TR, UK

AM: AR, BR, CA, CL, CO, MX, PA, US;

AP: AU, CN, HK, IN, JP, KR, SG, TW

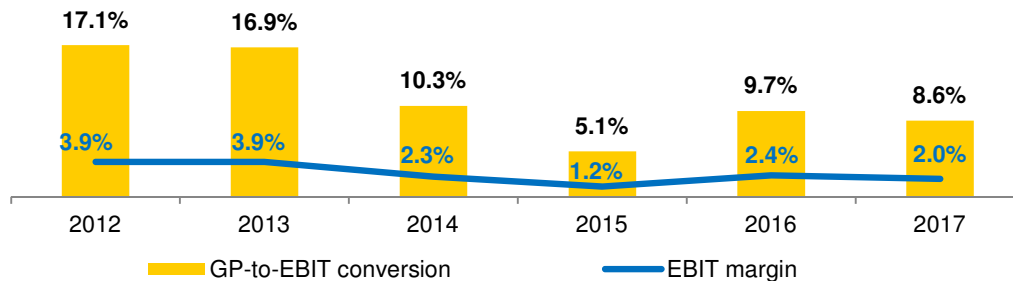
GLOBAL: EU+AM+AP+(AE+SA+ZA)

Source: Market Intelligence 2017, annual reports and desk research

DGFF: PERFORMANCE STARTS TURNING AS 2017 SHOWED PROGRESS IN MANY IMPORTANT AREAS

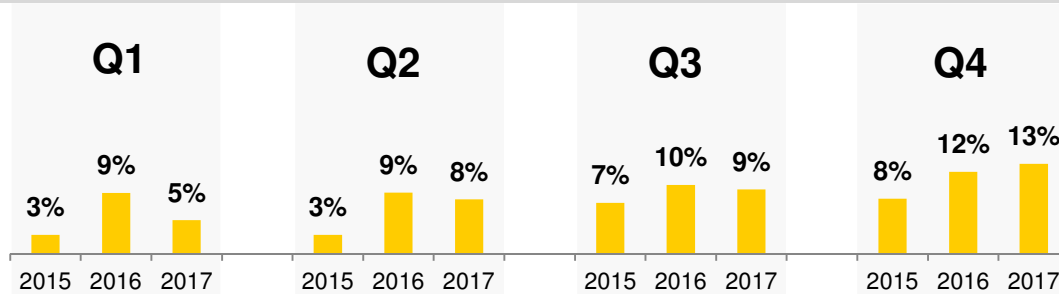
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DGF Gross Profit conversion and EBIT margin



2015 EBIT adjusted for EUR -353m one-offs

DGF Gross Profit conversion, quarterly progression



2015 Quarterly EBIT adjusted for one-offs



Volume trends pick up and rate development gradually normalizing



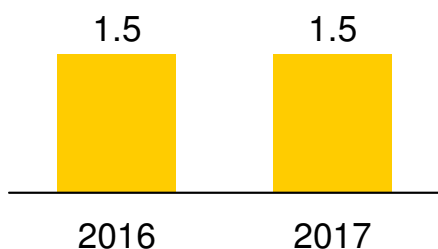
New IT system (IRR) completed pilot and entered into roll-out phase



New divisional CEO onboard with strong sector experience

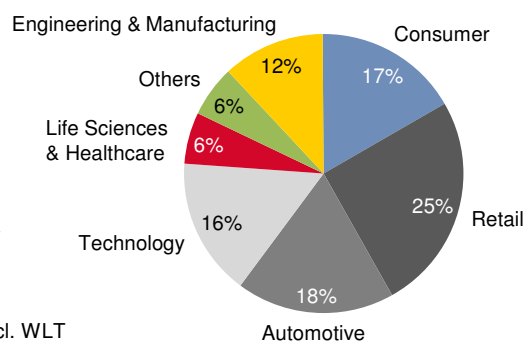
SUPPLY CHAIN: INVESTING IN GROWTH AND EFFICIENCY

New signings, EUR bn¹⁾

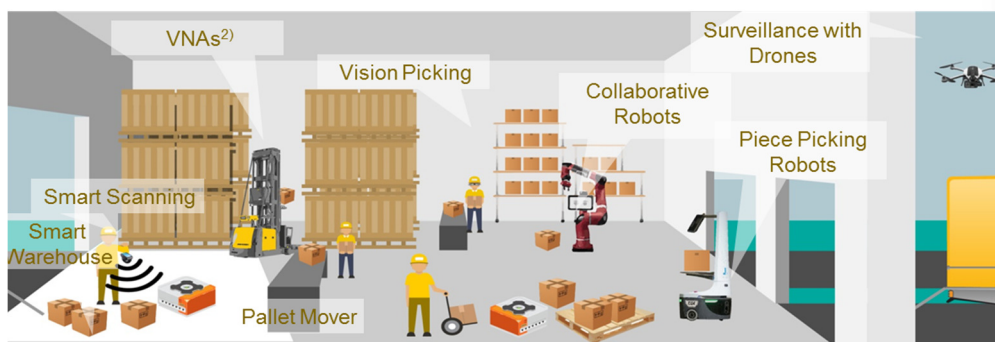


1) Annualized revenue 2016 incl. WLT; 2017 excl. WLT

New signings by sector, FY 2017



Creating the DSC Digital Warehouse Vision



2) Automated guided vehicles for Very Narrow Aisles

INVESTOR RELATIONS PRESENTATION | MARCH 2018

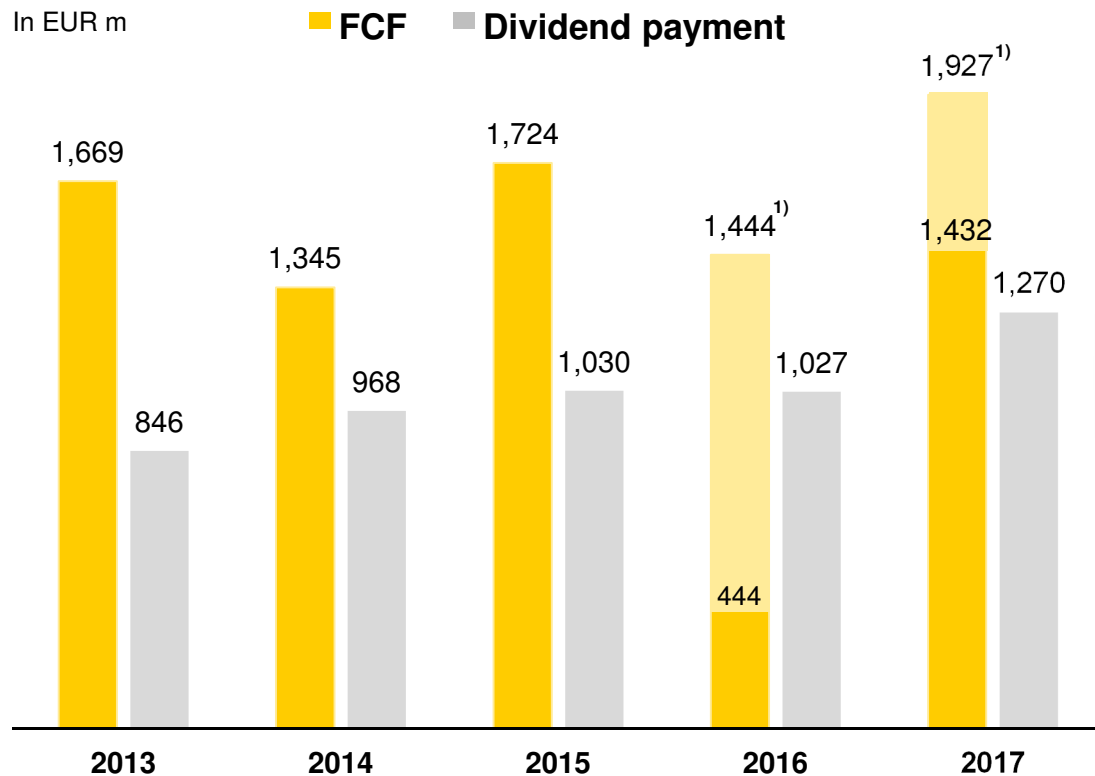
Business Highlights

- EUR 1.5bn order intake again at record levels
- Williams Lea Tag disposal reflects focus on our core supply chain services
 - Q4: no significant EBIT effect, FCF EUR +286m
 - 2018 revenue reduced by EUR ~1.1bn with low-mid double-digit million EBIT impact

Digital Warehouse

- Digitalization showing high cost saving potential through software automation of back-office processes (Robot Process Automation)
- Good progress in integrating warehouse solutions, e.g. piece picking robots
- Leveraging the technical experience towards a clear digital business vision

CONSISTENT STRONG CASH GENERATION



- 2017 FCF generation supported by Williams Lea Tag disposal proceeds (EUR 286m)
- Strong FCF generation notwithstanding sustained investments in growth with net capex spend up to EUR 2.0bn (+EUR 266m)
- Sustainable FCF as basis for attractive shareholders returns:
 - FY2017 dividend proposal of EUR 1.15 (+9.5%)
 - Further excess liquidity generation as FCF consistently exceeds dividend payment since 2013

1) Adjusted for pension funding (2016: 1bn, 2017: 0.5bn)

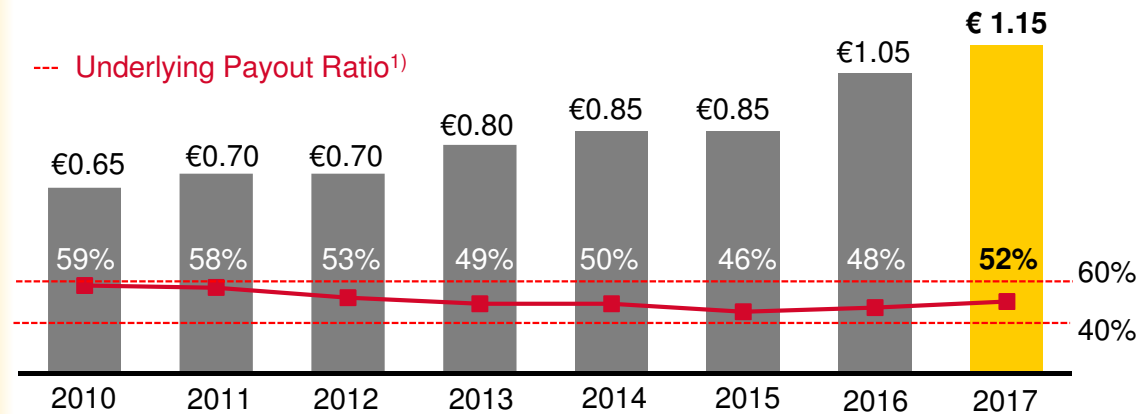
DPDHL GROUP FINANCE POLICY: CONFIRMED AND EXECUTED UPON

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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** and/or potential additional **pension funding** (if not by other means)

Dividend proposal of EUR 1.15 for FY2017



**Expected 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

2018 & 2020 GUIDANCE

EBIT, EUR bn	2018 (incl. IFRS 16)	2020 (incl. IFRS 16)	Previous 2020 guidance (before IFRS 16)
PeP	~1.5	~1.7	~ 3% CAGR 2013-20
DHL	~3.0	~3.7	~ 10% CAGR 2013-20
CC/Other	~ -0.35	~ -0.35	< 0.5% of group revenue
Group	~4.15	>5.0	> 8% CAGR 2013-20

FY 2018:

Free Cash Flow: > EUR 1.5bn

Tax rate: ~18%

Gross Capex (excl. leases): ~ EUR 2.5bn

CONCLUSION

2017 has been another very successful year for DPDHL Group

- » Growth path confirmed with operating profit increase delivering on expectations
- » Strong cash generation allows increases in growth investments as well as shareholder return
- » Further strengthened our unique position to drive profitable growth, notably in e-commerce

Long-term strategic goals intact and consistently delivered upon:

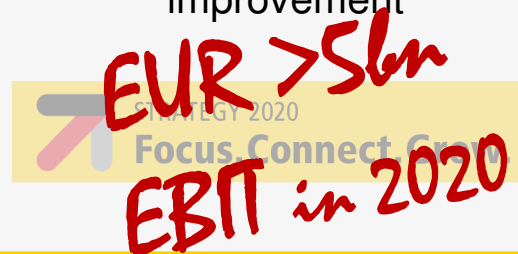
- » Leverage growth in e-commerce and emerging markets, based on unrivalled, diversified business portfolio
- » Clear roadmap for margin improvements in all divisions
- » Solid balance sheet and increasing cash generation support shareholder return strategy

Global Powerhouse of Logistics



Clear Strategic Direction

Our roadmap for margin and profit improvement



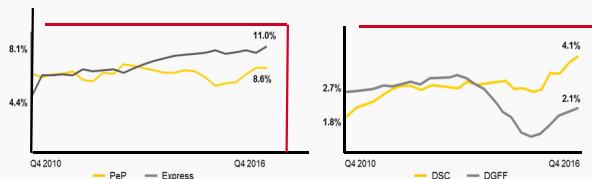
Sustainable Growth Momentum

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



Divisional Information

DPDHL GROUP AT A GLANCE

Deutsche Post DHL
Group

Deutsche Post DHL Group	Divisions -EUR m -	Network businesses – asset intensive		Brokerage & Outsourcing – asset light	
		Post - eCommerce- Parcel	Express	Global Forwarding Freight	Supply Chain
2017					
Group revenues € 60.4bn	Revenue	18.168	15.049	14.482	14.152
EBIT € 3.741bn	EBIT Margin	1.502 8.3%	1.736 11.5%	297 2.1%	555 3.9%
Market capitalization € 49bn per 31.12.2017	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
Approximately 500,000 employees in more than 220 countries/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

CONTINUOUS MARGIN IMPROVEMENT REMAINS TOP PRIORITY ON DIVISIONAL AGENDAS

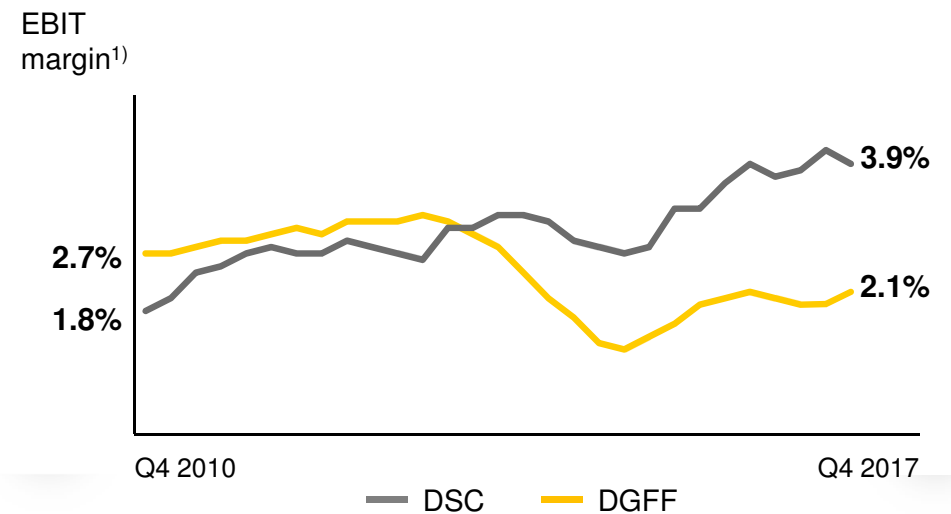
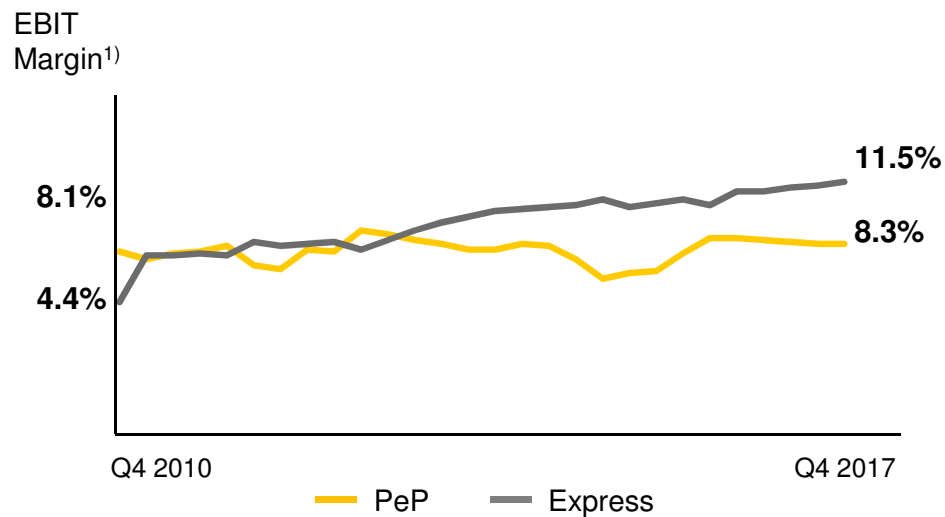
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Further potential to optimize divisional profitability – esp. in DGFF

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

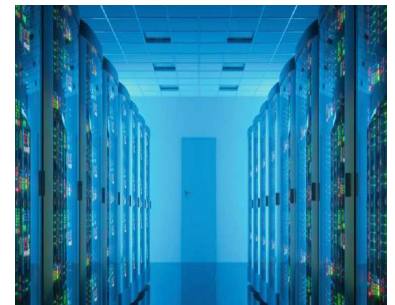
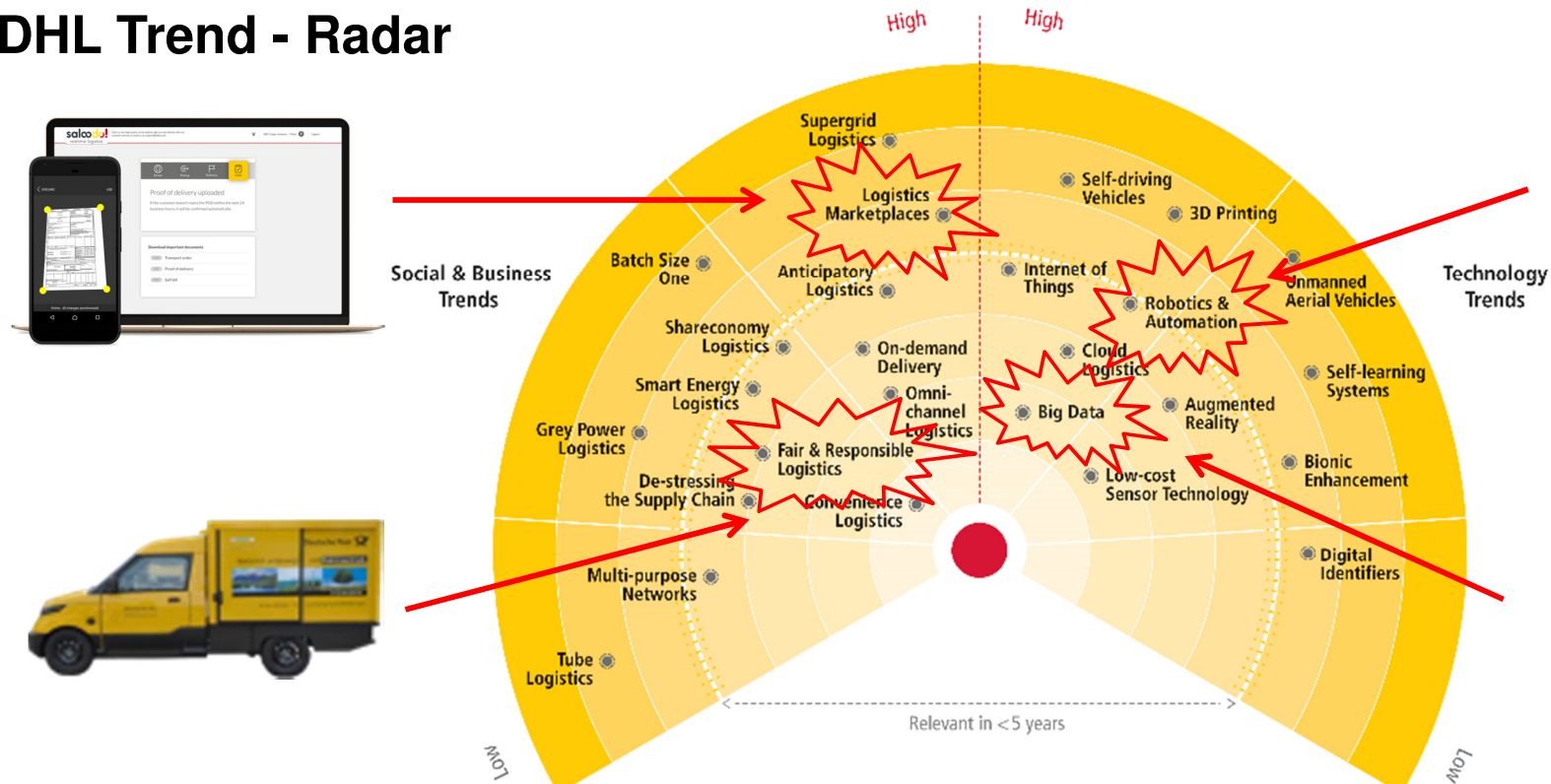



Group margin of 6.2% is up +260bp since 2010; +100bp since 2013

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

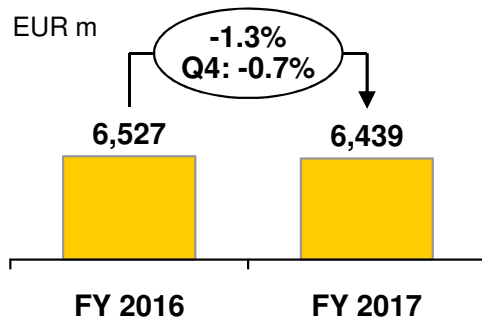
STRATEGY 2020

Focus. Connect. Grow.

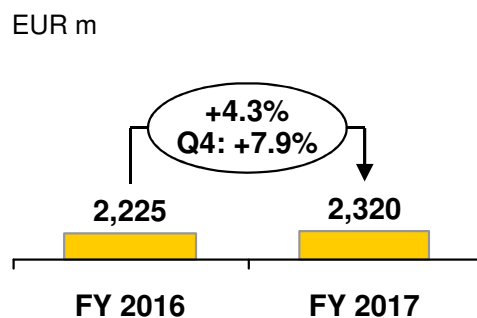
POST, E-COMMERCE & PARCEL

PeP: PARCEL GROWTH CONTINUES TO OUTWEIGH MAIL DECLINE

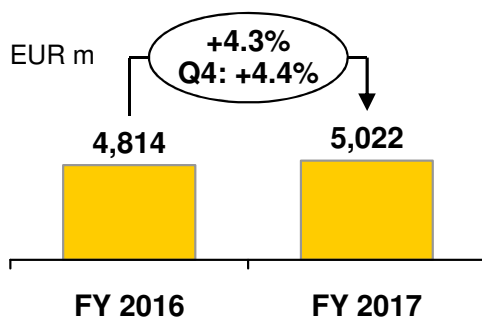
Mail Communication revenue



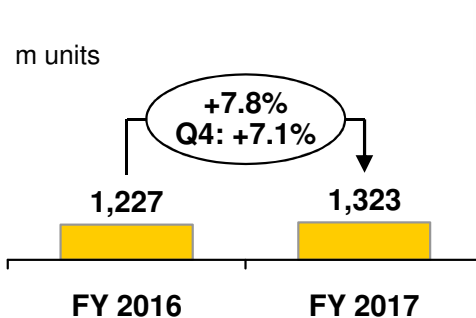
Dialogue Marketing revenue



Parcel Germany revenue

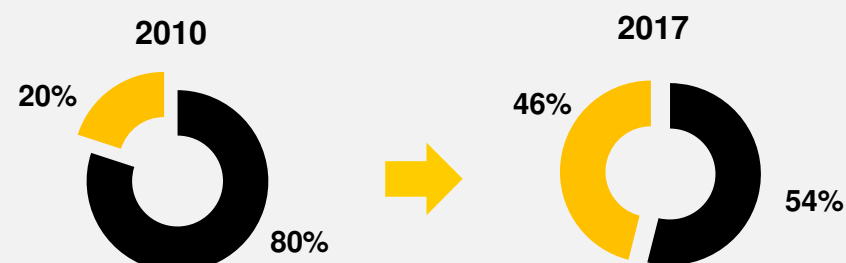


Parcel Germany volumes



Business Highlights

- Ongoing, gradual shift towards Parcel and eCommerce



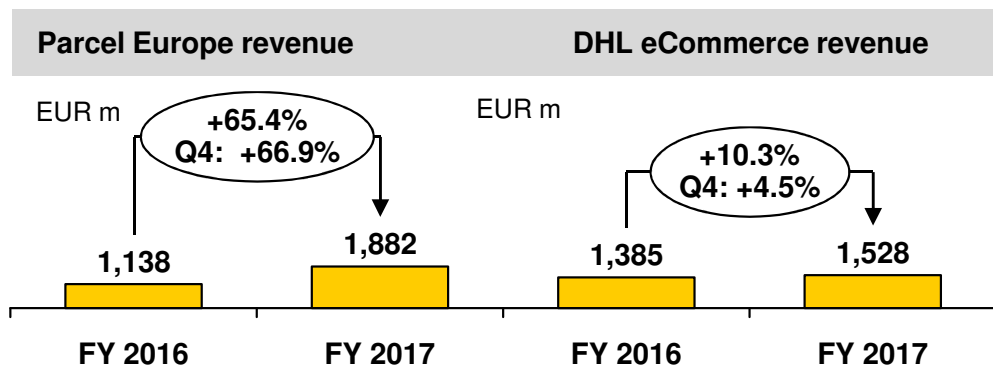
■ Post revenue ■ Parcel and eCommerce revenue

- Letter volume per working day (WD) increased by 1.5% in Q4 driven by Dialogue Marketing - resulting in almost flat full-year at +0.7% with support of elections:

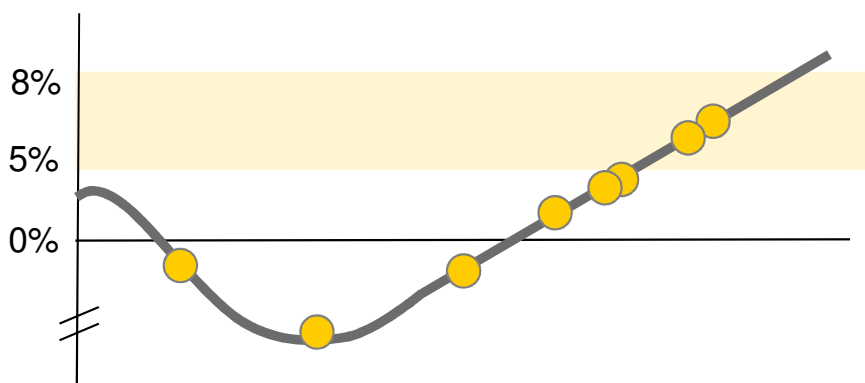
Volume yoy	Q4 17	Q4/WD	2017	2017/WD
Mail Communication	-6.0%	-3.1%	-4.6%	-3.5%
Dialogue Marketing	+2.6%	+5.8%	+3.5%	+4.7%
Letter volume ¹⁾	-1.6%	+1.5%	-0.5%	+0.7%

1) Mail Communication & Dialogue Marketing

PeP: ENLARGING OUR E-COMMERCE FOOTPRINT



Parcel Europe, EBIT margin by country



● Countries: AT, CZ, ES/PT, NL, PL, SK, SE, GB

Continued expansion into international parcel markets

Parcel Europe: European coverage expanded to 26 countries, including Germany, thereof

- 2 greenfield countries (AT, SK)
- 7 internal asset shifts (NL, BE, PL, CZ, SE, ES, PT)
- 2 acquisitions (GB: UK Mail, FR: Relais Colis stake)
- 14 countries with Parcel Union cooperations
- Strong 2017 revenue increase: +18.3% adjusted for first time UK Mail contribution (EUR 536m)
- Margin potential: mid-to-high single digit EBIT margin

DHL eCommerce: PeP capabilities outside Europe

- Excluding FX effects, FY17 revenue up 13.1%, Q4 +13.9%
- Good US domestic and cross-border business from Asia
- E-fulfilment network further expanded

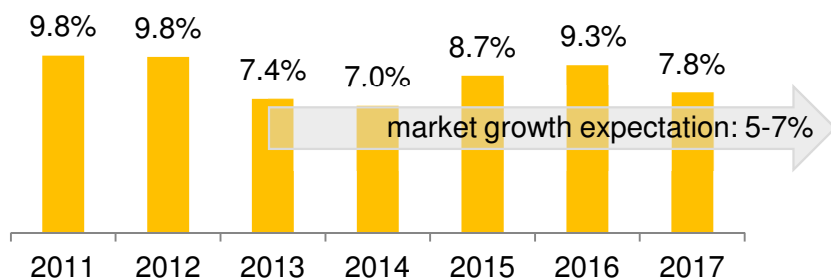
PeP – DIVISIONAL RESULTS Q4 2017

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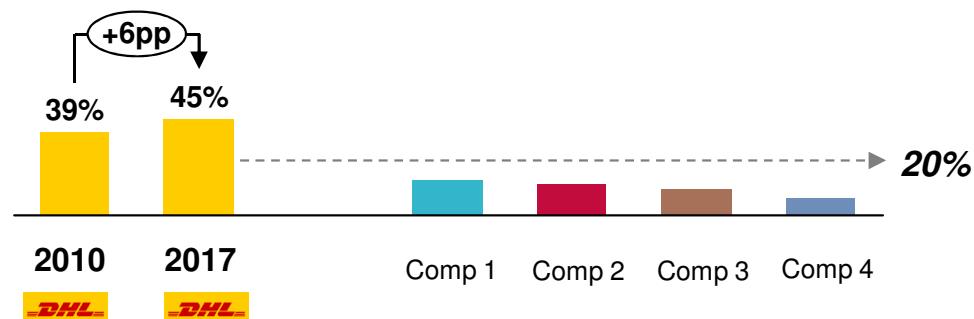
EUR m	Q4 2016	Q4 2017	Chg.	Management comments
Revenue	4,710	5,052	+7.3%	Continued Parcel growth in Germany, Europe and DHL eCommerce drives strong peak season for PeP with Post revenue also up by 2.1%. PeP organic increase of +4.9%
EBIT PeP	490	510	+4.1%	Good Parcel peak season combined with stable Post revenue and slight positive contribution from International in the quarter
t/o Germany	496	503	+1.4%	German EBIT only slightly up as peak season also comes with higher costs
t/o International eCommerce - Parcel	-6	7	>100%	International Parcel expansion progressing to plan
Operating Cash Flow	602	858	+42.5%	OCF increase supported by timing effects
Capex	265	320	+20.8%	Increase primarily driven by investments into German parcel infrastructure

PeP: DHL Parcel Germany maintains sustainable growth momentum

DHL Parcel Germany, volume growth, yoy



DHL Parcel Germany, market share development



High delivery convenience...

- Broad choice of recipient services for consumers: doorstep delivery, Parcel lockers (Packstation), Click & Collect (Parcel shops), Private Parcel box (Paketkasten)
- Highest density of customer access points for delivery & returns
- ~5.3m parcels per working day in 2017

...enabled by efficient, automated network

- ~85% next day delivery & ~98% second day delivery
- 34 fully automated parcel sorting centers, with average sorting capacity of ~30,000/hour
- >240 local delivery depots and >75 mechanized depots
- Capacity increased by >50% versus 2012

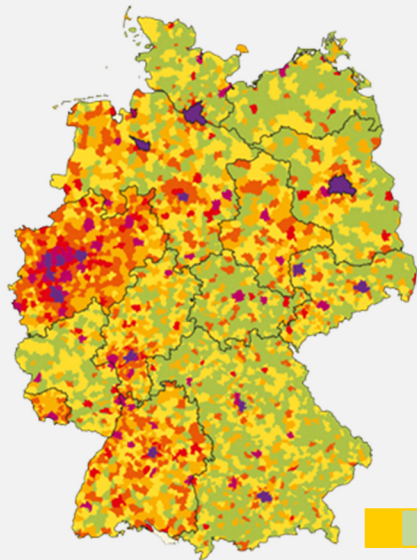


Leading service proposition translates into sustained increase in volume and market share

MINIMIZING IMPACT OF CONTINUOUS MAIL DECLINE: COST FLEXIBILITY IS THE KEY OBJECTIVE

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Joint Delivery helps to optimize delivery of declining mail volumes



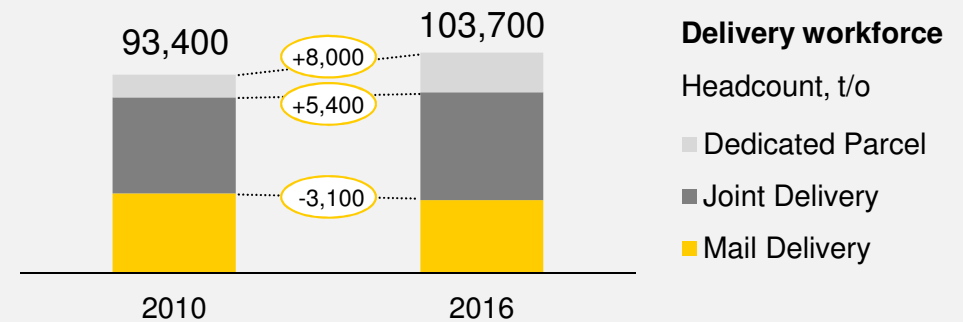
- ~50% of Parcel deliveries done through joint delivery with mail

Joint Delivery of
Parcels and Mail

Dedicated Mail or
Parcel Delivery

Population density, increasing order

Revenue mix shift also reflected in delivery staff development



- Increase in dedicated Parcel and joint delivery drives net hiring since 2010, as a result of strong Parcel growth
- New wage structure provides competitive basis for sustainable growth in Parcel Germany

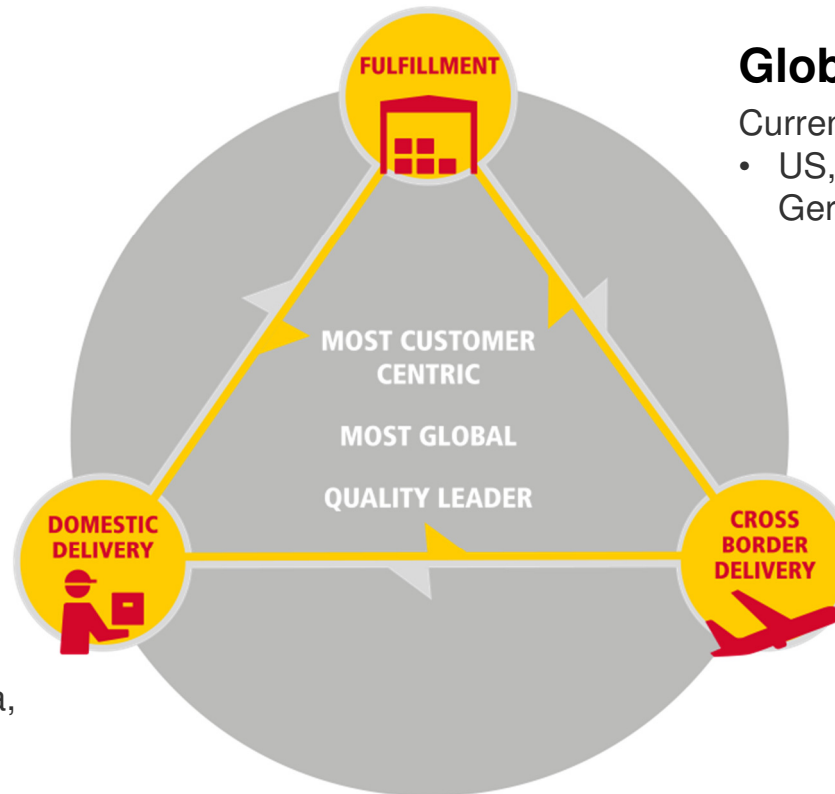


Mail volume decline is a given, so our focus is on compensating measures in order to minimize the impact and allow Parcel to drive PeP growth

DHL eCommerce capabilities based on **three core pillars**

Domestic B2C delivery and returns

- Current network:
 - US, Chile
 - India, Thailand, Malaysia, Vietnam



Global, multi-site eFulfillment

Current network:

- US, Mexico, India, Hong Kong, Australia, Germany

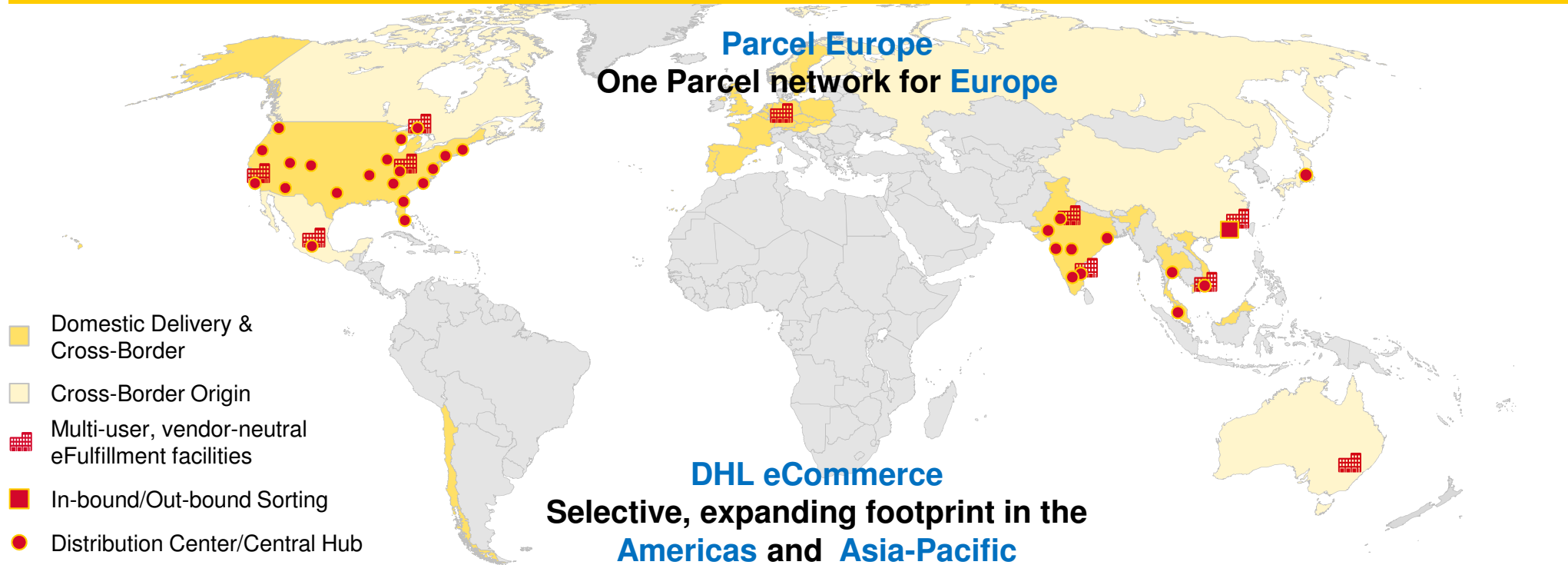
International day-definite delivery and returns

- Currently servicing 220 countries from 11 origin countries (US, Canada, Mexico, Hong Kong, Singapore, China, India, Australia, Japan, Malaysia, Thailand)

EXPANDING OUR INTERNATIONAL E-COMMERCE FOOTPRINT

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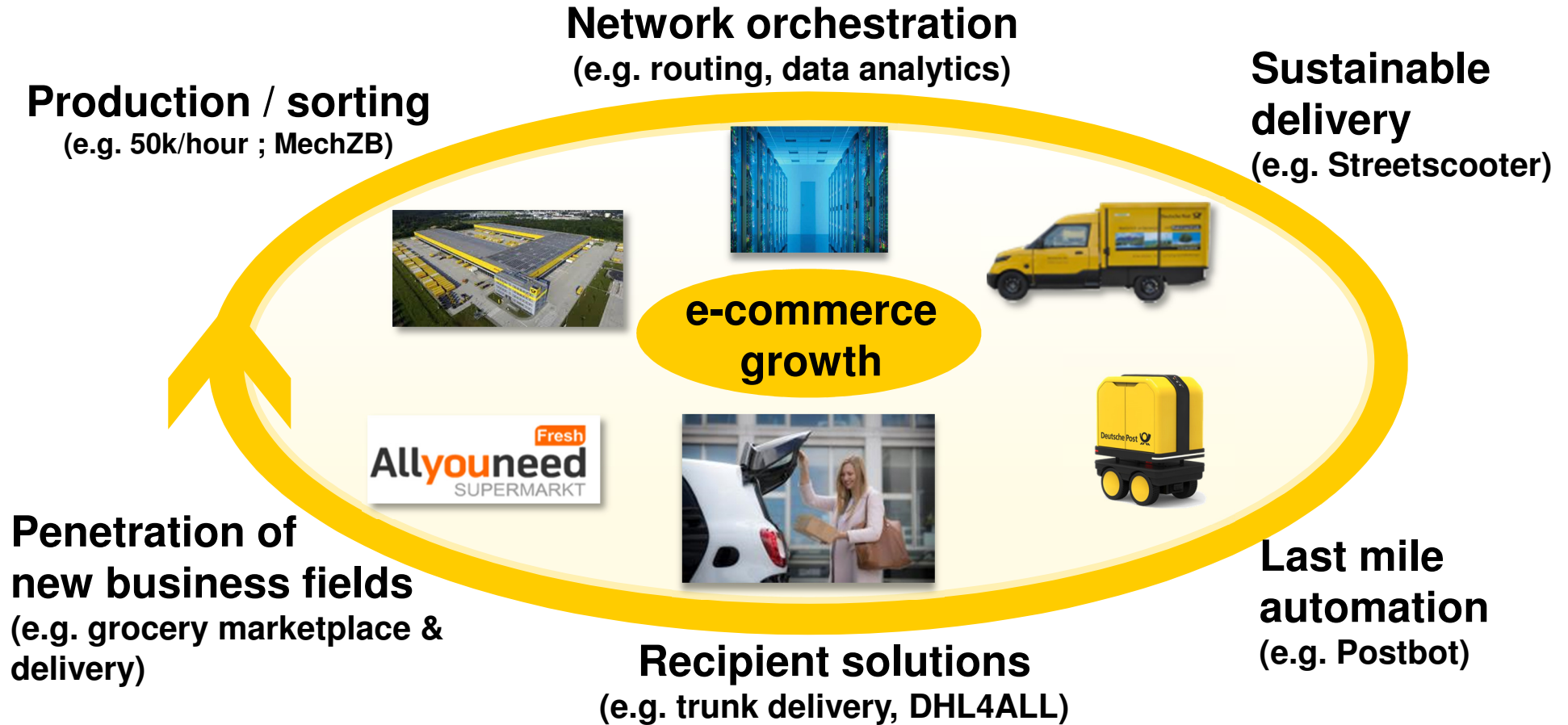
Selected domestic assets combined with global cross-border delivery and vendor-neutral eFulfillment



Quick and selective international expansion of e-commerce logistics – in and outside of Europe

PEP: CONTINUOUS INNOVATION ALONG THE WHOLE VALUE CHAIN, DRIVING STRUCTURAL E-COMMERCE GROWTH

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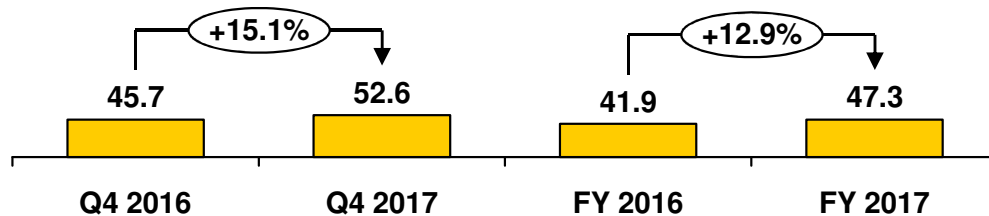
STRATEGY 2020

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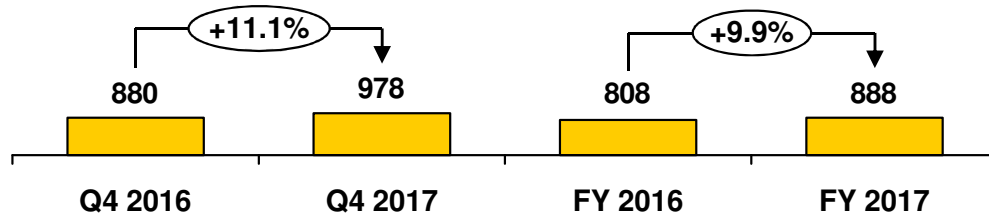
EXPRESS

EXPRESS: CONTINUED STRONG TDI PERFORMANCE

Time Definite International (TDI), revenue per day, in EUR m¹



Time Definite International (TDI), shipments per day, '000s

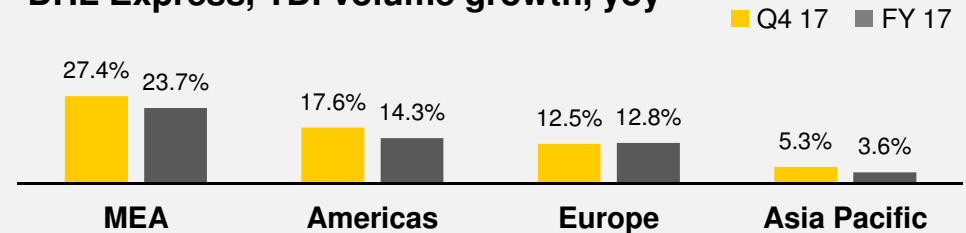


1) Currency translation impacts are eliminated. Data aggregated with same currency rate

Business Highlights

- TDI volume growth continues strongly with all regions contributing

DHL Express, TDI volume growth, yoy



- Revenue growing stronger than shipments due to higher fuel surcharge and active yield management: revenue/kg increase driven by General Price Increase, portfolio optimization and ship-to-profile measures
- Volume growth, yield management and scale efficiencies drive continued EBIT and EBIT margin improvement

EXPRESS – DIVISIONAL RESULTS Q4 2017

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EUR m	Q4 2016	Q4 2017	Chg.	Management comments
Revenue	3,759	4,059	+8.0%	Strong TDI volume increase (+11.1%), yield management and higher fuel surcharge drive organic growth to 15.2% excl. adverse FX effects
EBIT	434	499	+15.0%	Volume growth, yield performance across all verticals and efficiencies in air network costs drive EBIT growth above revenue increase: margin up 80bp to 12.3%
Operating Cash Flow	728	723	-0.7%	Flat due to timing effects and more balanced steering of year-end cash management, full-year OCF up 14.7%
Capex	279	605	+>100%	High Q4 number reflects planned aircraft purchases

EXPRESS: FOR OUR INTERNATIONAL NETWORK, X-BORDER B2C IS A PROFITABLE GROWTH DRIVER

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Portion of B2C TDI shipments has increased over time



Our TDI product is attractive to e-tailers because we offer...

- Unparalleled global door-to-door network
- Fast customs clearance
- Flexible delivery options
- Highest service quality & customer service

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

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	↻

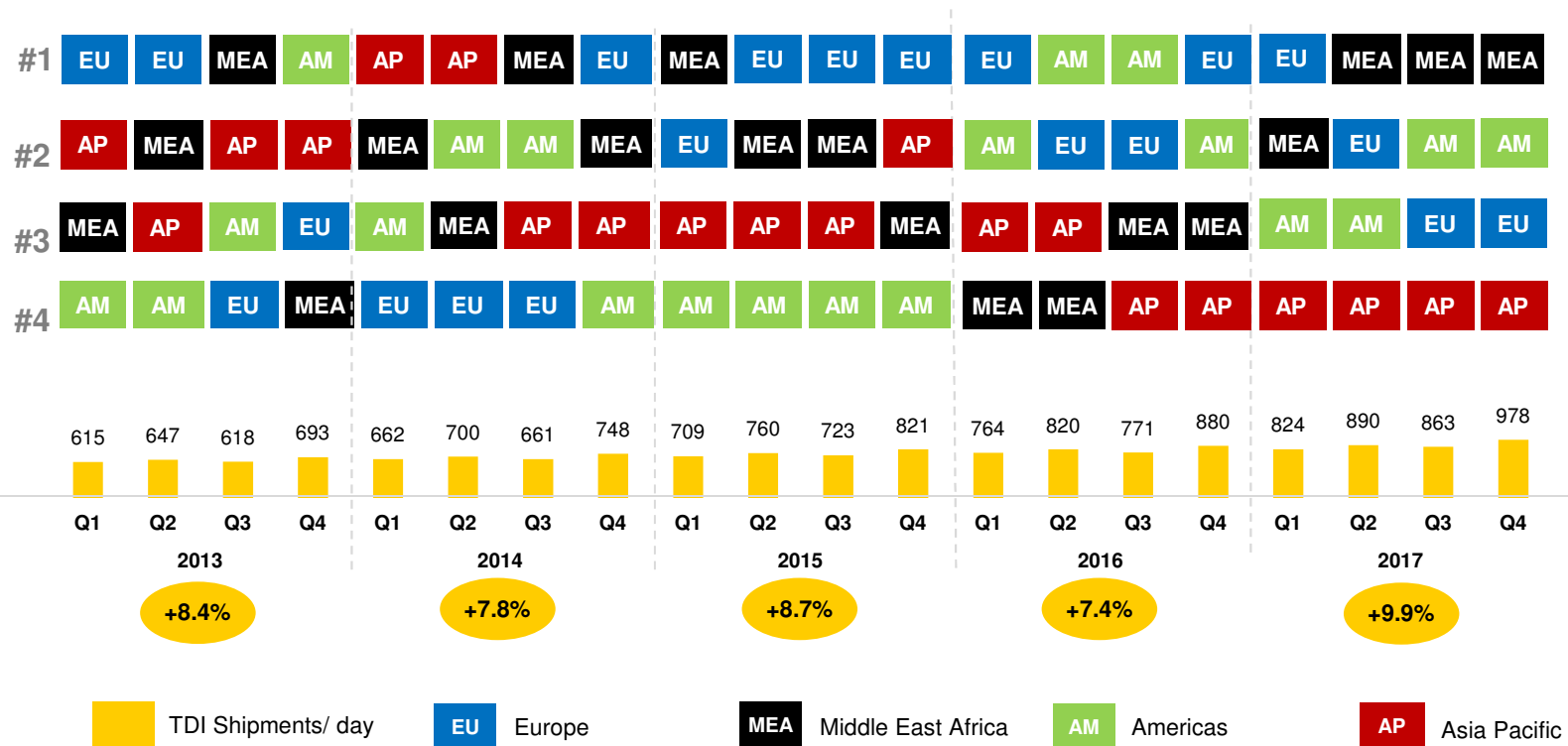


X-Border e-commerce has developed into an important TDI vertical and profitable growth driver

EXPRESS GROWTH SUPPORTED BY BALANCED GLOBAL FOOTPRINT

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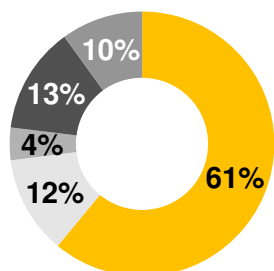
Quarterly growth ranking, TDI volume growth



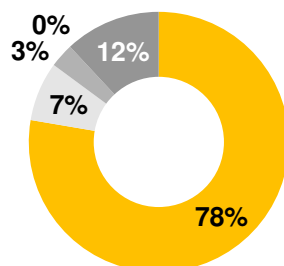
- Consistent strong volume growth in global TDI network
- Constant variation in regional patterns reflects movements in global trade flows

Continue successful FOCUS strategy

2009 Revenue distribution



2017 Revenue distribution



■ TDI ■ TDD ■ DDI ■ DDD ■ ACS / Other

DHL Express Core Product

TDI (Time Definite International) - The premium segment within Express Industry

Time Definite = Dedicated delivery at a scheduled time of day
International = Cross-Border Shipment (intra- or between continents)

TDI: requires dense and broad international network

TDD: Time Definite Domestic

DDI: Day Definite International

DDD: Day Definite Domestic

ACS: Air Capacity Sales (re-sale of spare capacity on dedicated fleet to optimize utilization, not sold by core Express sales teams)

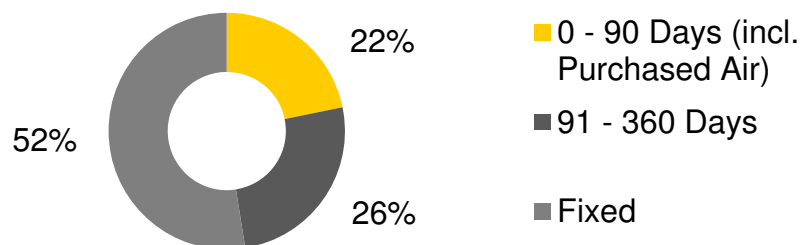
DHL EXPRESS: VIRTUAL AIRLINE MODEL & AIR CAPACITY SALES

Virtual Airline

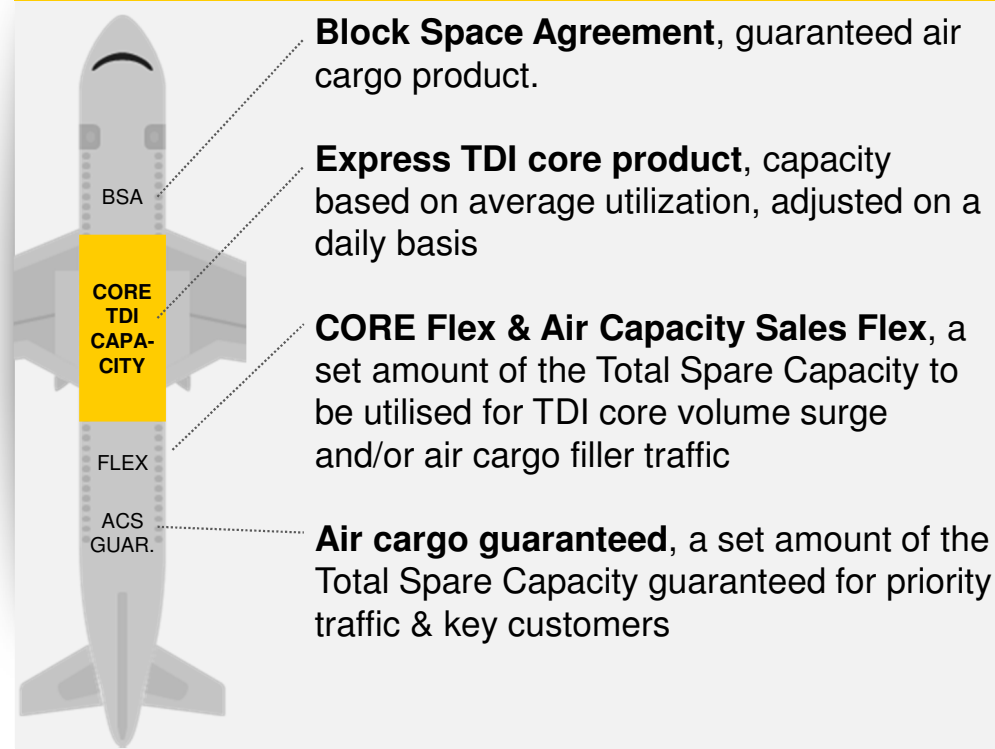
Approx. 500 airports and 22 major hubs connected through

- Dedicated air:** >250 aircraft with 17 partner airlines on >600 daily flights
- Purchased air:** >300 commercial airlines with >1,800 daily flights

Capacity Commitment



Air Capacity Sales



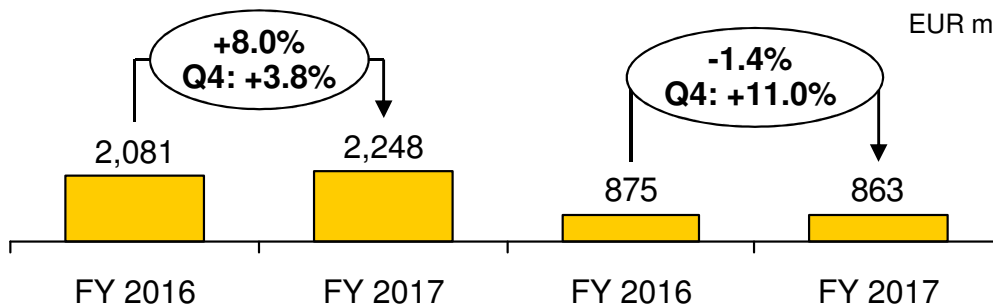
STRATEGY 2020

Focus. Connect. Grow.

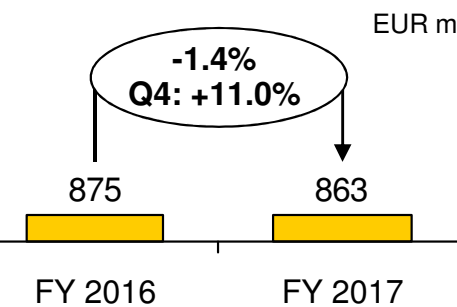
FORWARDING, FREIGHT

GLOBAL FORWARDING, FREIGHT: PERFORMANCE RECOVERING

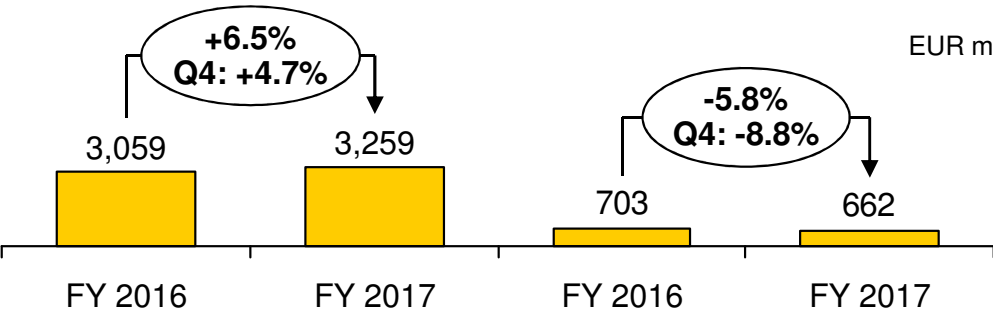
Air freight '000s Export - Tons



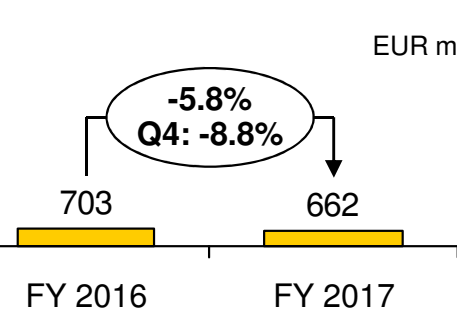
Air freight gross profit



Ocean freight '000s TEU¹⁾



Ocean freight gross profit



1) Twenty Foot Equivalent Unit

Business Highlights

- DGFF fully participating in market recovery with strong Air and Ocean freight volume growth in 2017
- Successful peak season in AFR with 3.8% volume growth translated into 11.0% GP increase reflecting early peak season preparation
- Volume growth in OFR still being offset by GP pressure in OFR market
- Full-year DGFF EBIT slightly up as H2 improvement offset H1 decline
- Returning to former profitability levels remains 1st priority, long term ambition unchanged to close gap to benchmark performance - Simplify initiatives incl. IT roll-out (IRR) on track

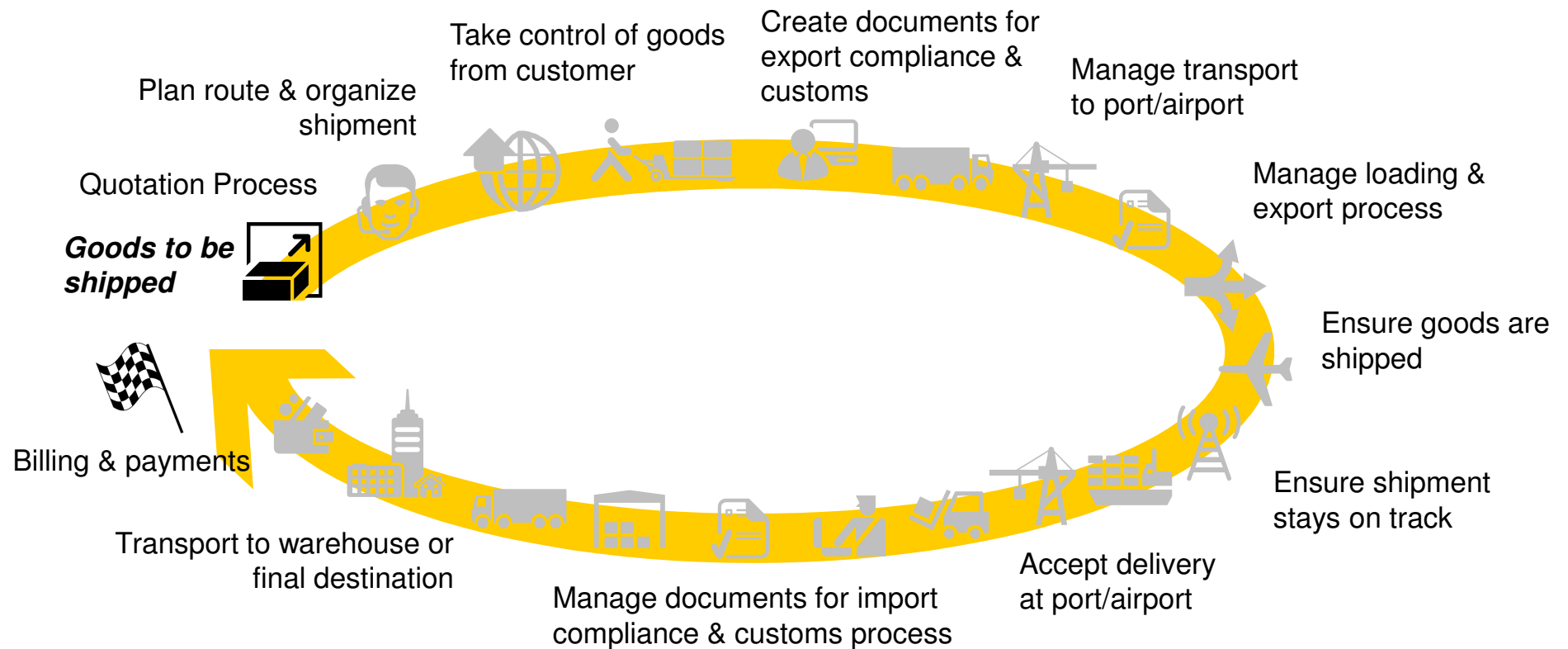
GLOBAL FORWARDING, FREIGHT– DIVISIONAL RESULTS Q4 2017

Deutsche Post DHL
Group

EUR m	Q4 2016	Q4 2017	Chg.	Management comments
Revenue	3,623	3,791	+4.6%	Good momentum continues, reflecting growth in AFR and OFR volumes - organic increase of 9.1%
Gross Profit	883	879	-0.5%	AFR posting increase in absolute GP and GP/t – rate development in OFR still challenging with ongoing pressure on GP
EBIT	104	123	+18.3%	Strong peak season well managed, margin at pre NFE levels of 3.2%
Operating Cash Flow	206	119	-42.2%	Reflecting WC build-up due to increasing activity levels
Capex	18	18	flat	Stable on low level reflecting asset light business model

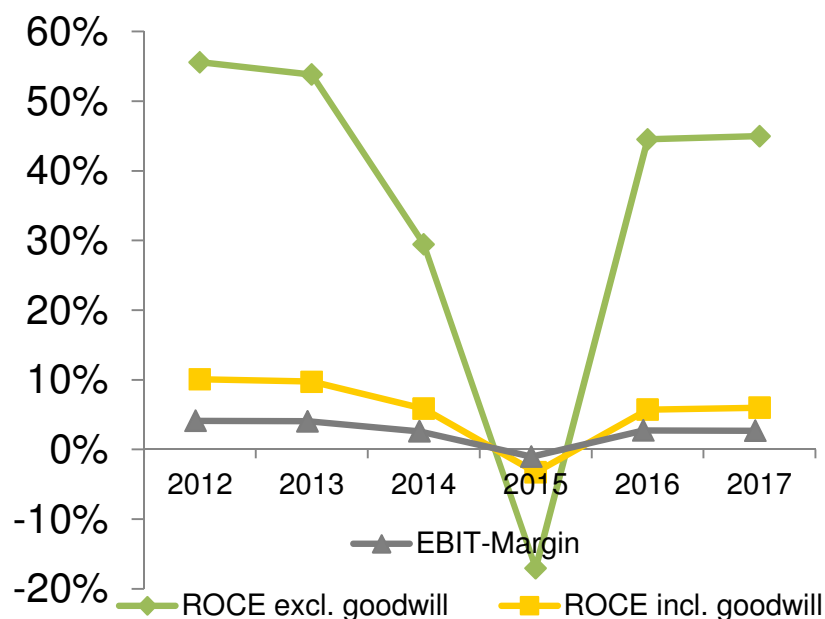
THE LIFECYCLE OF A SHIPMENT IS A COMPLEX PROCESS

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



DGFF SUMMARY: AMBITIOUS YET ACHIEVABLE PLAN

DGFF: recent EBIT and ROCE history



- Forwarding is an attractive industry – and DGFF has a leading franchise, brand and right people to be a successful industry leader
- We know our weaknesses and are committed to bringing our practices to best-in-class levels
- Our plan is ambitious, but the steps to address our short- and medium term challenges are well-described and accepted

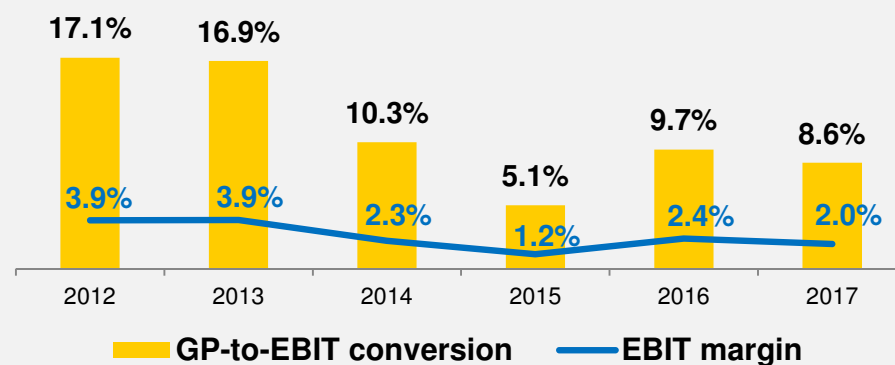


We remain committed to our goal of benchmark conversion ratios and profitability

DGFF: GROSS PROFIT AND GROSS PROFIT/EBIT CONVERSION

<u>in € m</u>	<u>FY</u> <u>2017</u>
Total revenues	14.482
Revenues Global Forwarding	10.279
t/o Airfreight	4.608
t/o Oceanfreight	3.512
t/o others	2.159
Revenues Freight	4.354
Consolidation	-151
Total gross profit	3.470
t/o Airfreight	863
t/o Oceanfreight	662
t/o others	865
t/o Freight	1.080
Reported EBIT	297
t/o Forwarding	206
t/o Freight	91

DGF Gross Profit conversion and EBIT margin



SIMPLIFY: IMPROVE EXECUTION, OWNERSHIP AND INCENTIVES

Challenges

- Decision-making and execution takes too long
- Complex structures and processes
- Working together as one network
- No state-of-the-art IT systems yet and new digital players entering

Simplify

- 1 Adherence to a set of clear business rules along three areas:
 - **Mindset and behavior**
 - **Roles and responsibilities**
 - **Steering and incentives**
- 2 Structural cost reductions on all levels
- 3 IT Renewal Roadmap (IRR)

STRATEGY 2020

Focus. Connect. Grow.

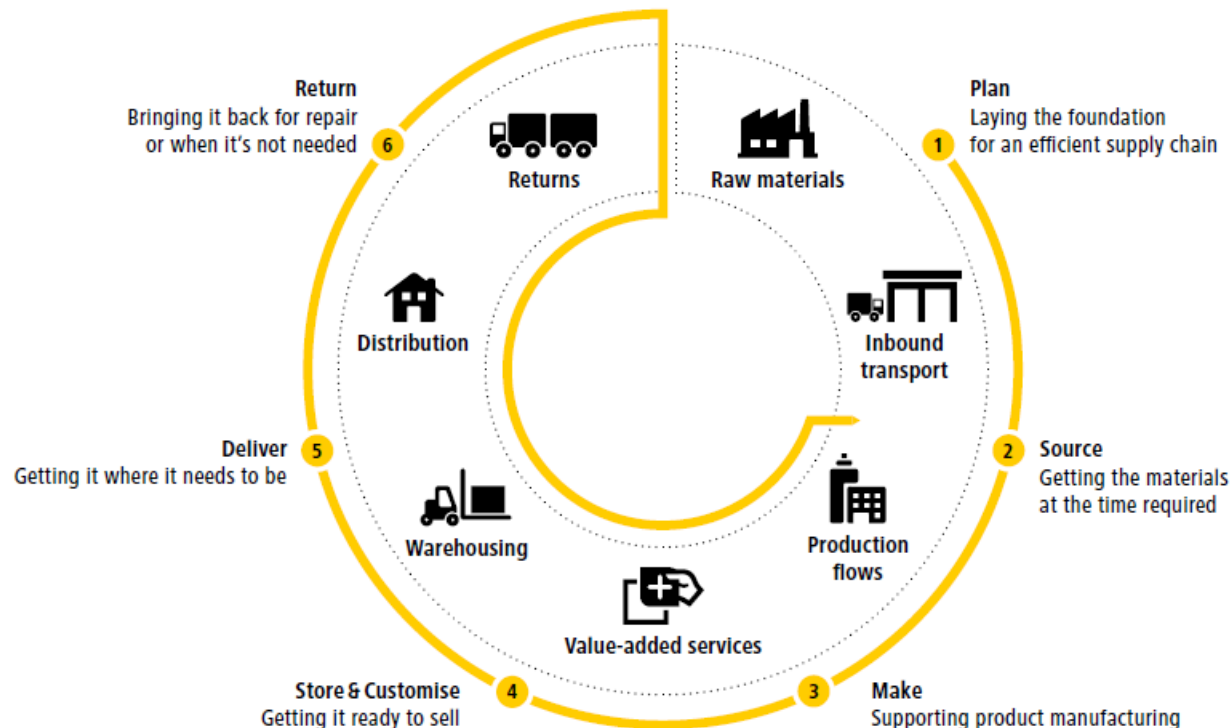
SUPPLY CHAIN

SUPPLY CHAIN – DIVISIONAL RESULTS Q4 2017

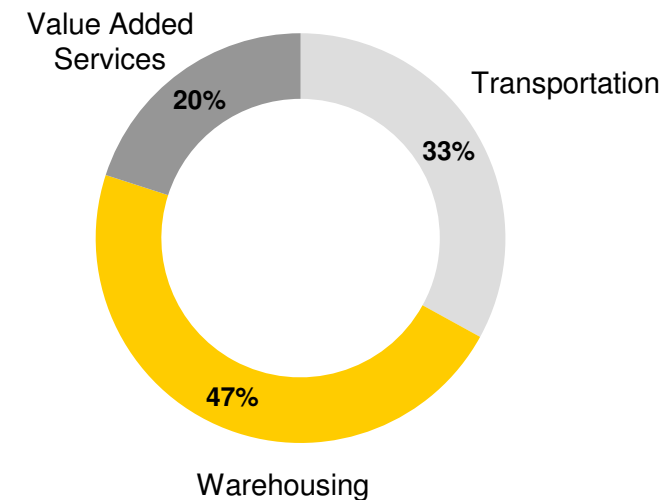
EUR m	Q4 2016	Q4 2017	Chg.	Management comments
Revenue	3,607	3,619	+0.3%	Reported growth primarily influenced by adverse FX developments (GBP, USD) and WLT sale. Organic increase of 7.8% as a result of volume increases across all regions
EBIT	206	184	-10.7%	EBIT below last year as EUR 32m one-time write-down of customer relationship assets masks good business development
Operating Cash Flow	520	28	-94.6%	Includes provision movement from debt-financed UK pension funding
Capex	73	83	+13.7%	Increase in overall low spending due to phasing of new customer start-ups

DHL SUPPLY CHAIN: SOLUTIONS OVERVIEW

Offering Customized Solutions Across the Entire Supply Chain



Revenue by Service Area FY 2017



..... End-to-end supply chain — Supply Chain services

TAPPING NEW E-COMMERCE LOGISTICS OPPORTUNITIES: E-FULFILLMENT

Deutsche Post DHL
Group

DHL Vendor-neutral E-fulfillment



Seamless Logistics Management

- End-to-end order and inventory visibility
- Global order orchestration
- Plug-n-play expansion into new markets



Transactional pricing

- Pay per use
- No capital spend required
- No fixed costs



Quality Fulfillment, Worldwide

- High quality, secure fulfillment
- Choice of standard services
- Consistent SLAs across all locations



Fast and Flexible Shipping

- Broad range of shipping services (domestic + international)
- Late cut-off times

Customer Benefits

- Significant overall cost savings through partnership for fulfillment and shipping
- Quality improvement, control over branding, packaging and inventory data
- Decreased shipping time through best-in-class supply chain technology and fulfillment



Using the full range of our cross-divisional experience and assets allows us to differentiate in e-fulfillment and provide unique customer benefits

DHL SUPPLY CHAIN HAS 9 INITIATIVES TO DELIVER STRATEGY 2020

➤ Focus

Drive standardization and reduce complexity...

1 Improvement of underperforming business



2 Operational standardization



3 Commercial standardization



...to increase efficiency

➤ Connect

Create an effective organization globally...

4 Efficient and effective functions



5 Consistent and lean organization globally



6 Culture and mindset shift



...to enable change

➤ Grow

Shift the portfolio...

7 Value added services



8 Global sectors and products



9 Geographical shift

...to address attractive segments



Supply Chain aims to improve **EBIT margin to 4-5%** and be a strong contributor to **DHL's 10% EBIT CAGR** target of Strategy 2020

Appendix

GROUP P&L 2017

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Group

EUR m	2016	2017	Chg.	Management comments
Revenue	57,334	60,444	+5.4%	Organic growth of 6.8% reflecting economic acceleration and structural e-commerce growth. Adverse FX effects of -2.2%
EBIT	3,491	3,741	+7.2%	Steady profitable growth continued, delivering on guidance
t/o PeP	1,446	1,502	+3.9%	E-commerce-driven Parcel growth offset mild letter decline supported by elections – international operations continue to build out Parcel growth platform
t/o DHL	2,404	2,587	+7.6%	EBIT growth strongest at Express (+12.4%), turnaround in Global Forwarding, Freight (+3.5%), held back by Supply Chain (-3.0%) due to Q4 one-off
Financial result	-359	-411	-14.5%	Affected by write downs on financial assets in Q3 and Q4
Taxes	-351	-477	-35.9%	Tax rate at 14.3% - above 13% expectation due to revaluation of US tax loss carryforwards (FY 16: 11.2%)
Consolidated net profit ¹⁾	2,639	2,713	+2.8%	Net profit and EPS increase slower than EBIT growth due to financial result and tax rate increase
EPS (in EUR)	2.19	2.24	+2.3%	

1) Attributable to Deutsche Post AG shareholders

GROUP P&L Q4 2017

Deutsche Post DHL
Group

EUR m	Q4 2016	Q4 2017	Chg.	Management comments
Revenue	15,410	16,109	+4.5%	Organic revenue increase of +8.4% - Euro strength lead to worsened FX effects in Q4 of -4.1%
EBIT	1,111	1,181	+6.3%	Expected strong year-end with main growth contributions from Express and PeP as well as turnaround of DGFF
t/o PeP	490	510	+4.1%	Good Parcel and eCommerce peak season performance combined with stable Post revenue
t/o DHL	746	806	+8.0%	Strong year-end performance driven by all divisions, although held back by DSC one-off
Financial result	-124	-128	-3.2%	Includes write down on financial asset, offsetting previous year expenses from currency translation
Taxes	-115	-181	-57.4%	Final full-year tax rate of 14.3% leads to Q4 rate of 17.2%
Consolidated net profit ¹⁾	841	837	-0.5%	Net profit and EPS not reflecting EBIT growth due to tax rate increase
EPS (in EUR)	0.70	0.69	-1.4%	

1) Attributable to Deutsche Post AG shareholders

FREE CASH FLOW FY 2017

Strong FCF generation in excess of dividend taking into account EUR 495m pension funding

EUR m	2016	2017	
EBIT	3,491	3,741	Up EUR 250m
Depreciation	1,377	1,471	Increase reflecting increasing growth capex as well as DSC Q4 one-off
Change in provisions	-1,799	-940	Debt-financed pension funding effect in 2016 (EUR 1,000m) and 2017 (EUR 495m) – excl. this effect, 2017 provision change within expected EUR 400-500m range
Income taxes	-528	-626	Cash taxes trending up following profit growth
Other	-27	-228	Swing vs last year due to phasing of lump-sum pension payment offers: related pension obligations reclassified from provision to liabilities in 2016 and liabilities partly served in 2017
Changes in working capital	-75	-121	Expected slight build-up aligned with business growth
Operating Cash Flow	2,439	3,297	Excl. pension fundings up EUR 353m
Net capex	-1,701	-1,967	Significantly higher than last year, mostly due to fleet investments in Express
Net M&A	-206	210	Includes UK Mail acquisition in 2016 (EUR - 278m) and WLT disposal in 2017 (EUR +286m)
Net interest	-88	-108	Increase reflects higher outstanding debt financing
FCF	444	1,432	FCF of 1,927m in 2017 adjusted for pension funding (-495m)

FREE CASH FLOW Q4 2017

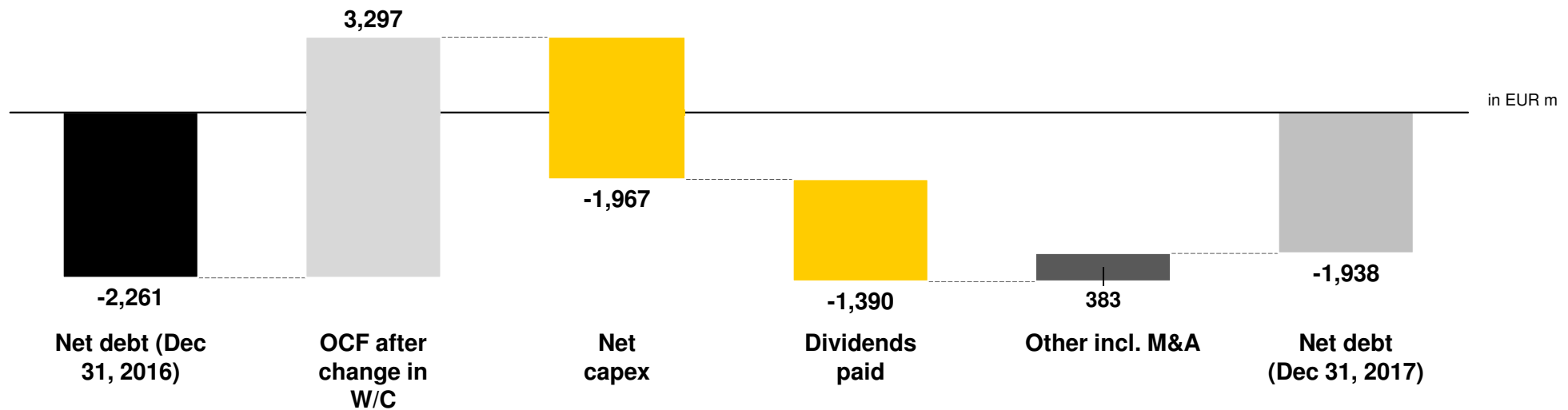
Strong OCF and FCF generation as usual in fourth quarter, despite the expected high capex spend

EUR m	Q4 2016	Q4 2017	
Net cash from operating activities before changes in Working Capital	1,205	981	Usual strong seasonal Operating Cash Flow generation, impacted by EUR 495m pension funding in UK
Changes in Working Capital	720	546	Changes in working capital below last year due to a more balanced steering of year-end cash management
Net cash from operating activities after changes in Working Capital	1,925	1,527	
Net Capex	-404	-779	FY capex up in line with guidance, with Express investments significantly up in Q4 due to expected aircraft purchases
Net M&A	-260	284	Net M&A includes last year's UK Mail acquisition (EUR - 278m) and closing of Williams Lea Tag disposal in Q4 17 (EUR +286m)
Net Interest	-60	-57	
Free Cash Flow	1,201	975	FFO/Debt up to 32.0% (year-end 2016: 30.6%)









NET DEBT DEVELOPMENT

Deutsche Post DHL
Group

Net debt reduced despite additional pension funding



IFRS 16: MAJOR P&L IMPLICATIONS

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

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

Expected major impacts on 2018 numbers:

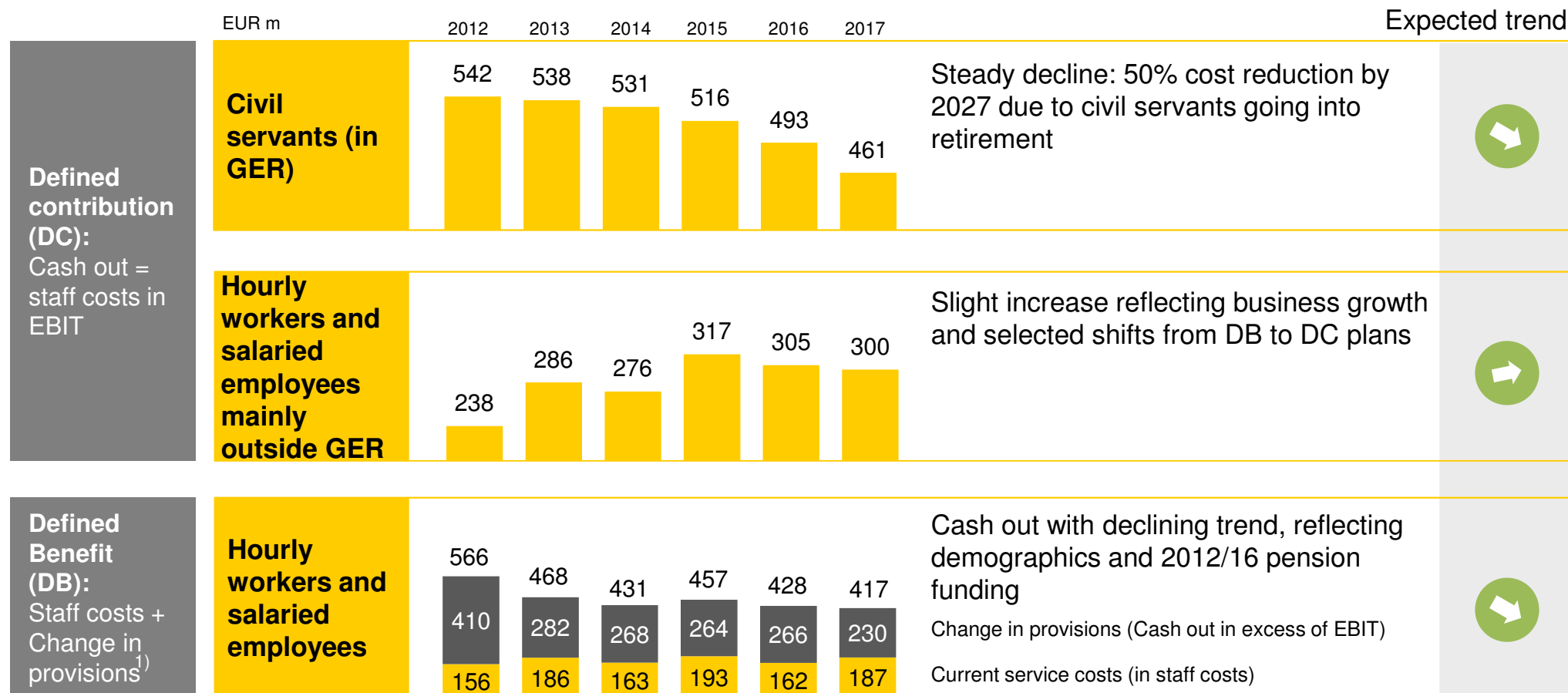
P&L	EBIT: expected increase of EUR ~ 150m	Current internal estimates: to be further validated 
Balance sheet	Net debt: Expected increase of ~ EUR 9bn	
FCF	FCF: no change based on new definition: OCF – <i>redemption of lease liabilities</i> - net capex - net M&A - net interest	
Credit Rating	No impact on rating and related metrics expected	



No effect on actual cash generation and debt rating

OCF: TOTAL CASH OUT FOR PENSION PLANS DECLINING, AS EXPECTED















Deutsche Post DHL Group



1) Cash Out = benefit payments + employer contributions = staff costs + change in provisions, excluding one-offs

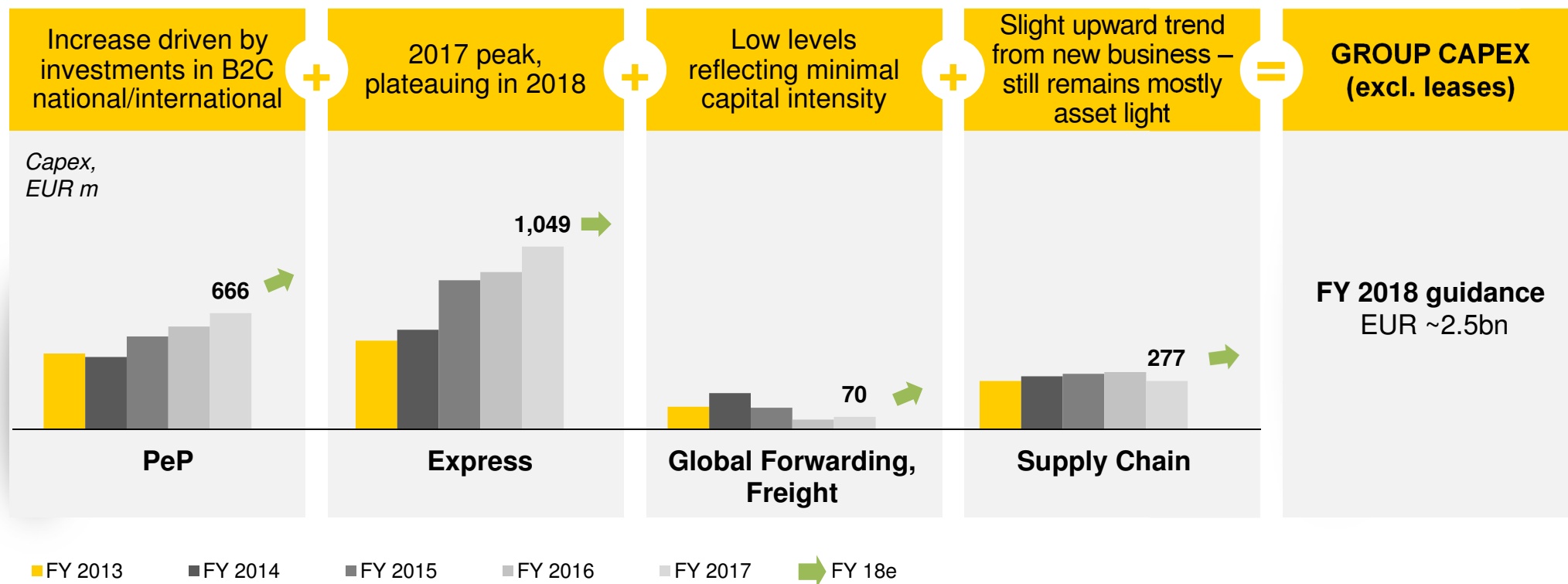
OCF: OTHER PROVISIONS DEVELOPED IN LINE WITH EXPECTATIONS, WITH NO CHANGE IN TRENDS EXPECTED

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Group

EUR m	2012	2017	Trend, as expected ¹⁾	OUTLOOK: drivers intact, trends expected to continue
Other employee benefits	1,109	662	 	Further down reflecting net utilization
Restructuring provisions	681	102	 	US restructuring provisions further tailing off
Technical reserves	591	642	 	Increase with business growth
Postage stamps	450	173	 	Lower as letter volumes continue to decline
Tax provisions	127	163	 	No significant change expected
Miscellaneous provisions	667	809	 	No specific trend expected
Total	3,635	2,552	 	Further decrease, although decelerating

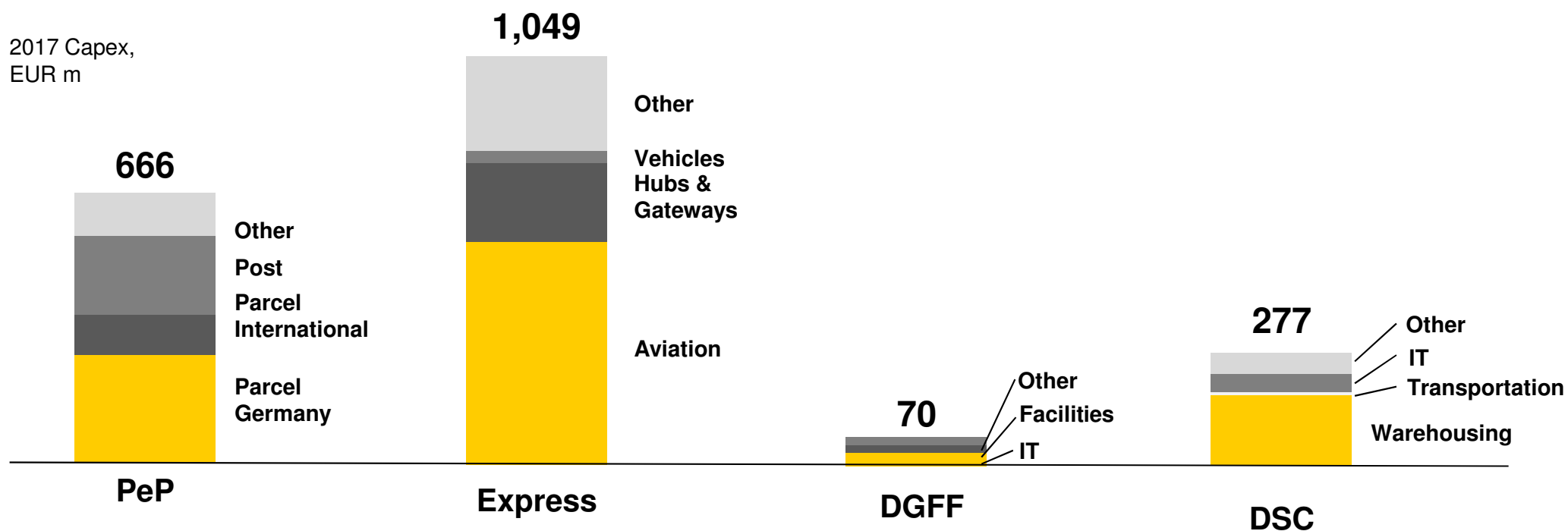
1) IR Tutorial, Pension and Provisions Accounting, April 2013

CAPEX: RECENT HISTORY AND OUTLOOK



CAPEX BY DIVISION – WHERE DOES IT GO?

2017 Capex,
EUR m



 We invest in infrastructure and improving customer service and satisfaction to foster sustainable profit and cash flow growth

PENSIONS: STATUS UPDATE ON DEFINED BENEFIT PLANS

After UK funding, Group funding ratio up to 75%

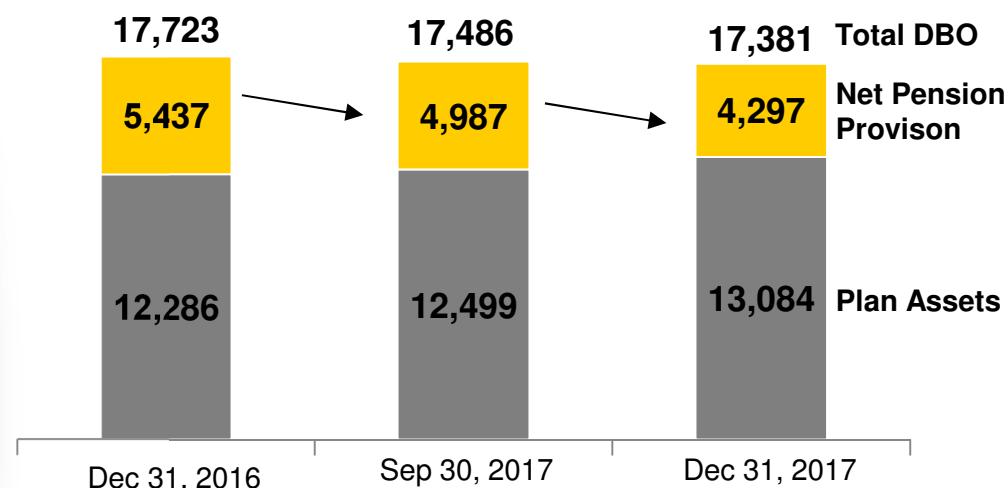
DB pensions in Germany and UK

- Germany: no regulatory funding requirement, funding ratio at 60%
- UK: after EUR 495m funding in Q4, funding ratio up to 98%

Impact of change in discount rates on Group

- Balance sheet:** No significant impacts from discount rate changes in Q4 17 - net pension provision declined as a result of increased pension assets, mainly EUR 495m UK pension funding
- P&L:** Changes made only on annual basis based on prior year end discount rates
- Cash flow:** Current pension payments and employer contributions to plan assets not affected by fluctuations in applied discount rate levels

in EUR m



Discount Rate	Germany	UK	Other	Total
Dec 31, 2016	2.25%	2.75%	2.19%	2.39%
Sep 30, 2017	2.25%	2.50%	2.24%	2.33%
Dec 31, 2017	2.25%	2.50%	2.23%	2.32%

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