Interim Report
as at 30 June 2019

2|19

Selected key figures

		H1 2018	H1 2019	+/– %	Q2 2018	Q2 2019	+/– %
Revenue	€m	29,775	30,833	3.6	15,026	15,480	3.0
Profit from operating activities (EBIT)	€m	1,652	1,928	16.7	747	769	2.9
Return on sales[1]	%	5.5	6.3	–	5.0	5.0	–
EBIT after asset charge (EAC)	€m	452	637	40.9	139	116	–16.5
Consolidated net profit for the period[2]	€m	1,116	1,204	7.9	516	458	–11.2
Free cash flow	€m	–391	–803	<–100	288	–547	<–100
Net debt[3]	€m	12,303	14,558	18.3	–	–	–
Earnings per share[4]	€	0.91	0.98	7.7	0.42	0.38	–9.5
Number of employees[5]		547,459	540,779	–1.2	–	–	–

[1] EBIT/revenue.
[2] After deduction of non-controlling interests.
[3] Prior-period amount as at 31 December, for the calculation page 8 of the Interim Group Management Report.
[4] Basic earnings per share.
[5] Headcount at the end of the first half of the year, including trainees; prior-period amount as at 31 December.

Deutsche Post DHL Group

GENERAL INFORMATION

Organisation

Tobias Meyer has been head of the Post & Parcel Germany division since 1 April 2019.

In June 2019, Tim Scharwath's Board of Management office and contract were renewed until May 2025.

At the end of June, John Gilbert notified the Supervisory Board that he would be resigning from the Board of Management with effect from 30 September 2019. Oscar de Bok, currently Chief Executive Officer (CEO) of DHL Supply Chain Mainland Europe, Middle East & Africa, will assume responsibility for the Supply Chain board department starting on 1 October 2019.

Research and development

As a service provider, Deutsche Post DHL Group does not engage in research and development activities in the narrower sense and therefore has no significant expenses to report in this connection.

REPORT ON ECONOMIC POSITION

Economic parameters

Global economic growth continued to slow in the first half of 2019. Certain industrial countries were particularly impacted.

The emerging economies in Asia recorded a slight loss of momentum at a high level. Chinese economic growth also slowed down slightly and economic output in Japan again showed only a minimal increase.

The upturn in the United States continued. However, after a good start to the year economic momentum slipped notably in the second quarter. Gross fixed capital formation continued to increase on the whole, with consumer spending remaining the main growth driver. The US Federal Reserve retained its key interest rate at 2.25% to 2.50%.

The eurozone economy registered modest growth in the first half of the year. Nonetheless, the upturn in gross fixed capital formation proved to be robust. Private consumption continued to rise, although without being able to develop any greater momentum. Foreign trade had a negative impact on economic growth relative to the prior-year period. The European Central Bank kept its key interest rate at 0.00% and announced its intention to maintain that level at least into 2020.

German economic growth stagnated in the second quarter of 2019. Manufacturing activity declined markedly, due above all to uncertainties surrounding foreign trade. Although exports were up slightly, overall foreign trade had a negative impact on the economy. However, gross fixed capital formation continued to witness solid growth and consumer spending saw a moderate rise. The weak state of the economy was also reflected in business sentiment. In June, the ifo German Business Climate Index fell to its lowest level in more than four years.

Global economic growth continued to slow in the first half of the year.

Significant events

In February, we completed the sale of our Supply Chain business in China, Hong Kong and Macao in return for a net payment of €653 million.

Results of operations

Portfolio largely unchanged

Beyond the sale of the Supply Chain business in China, our portfolio did not change in the period under review.

Selected indicators for results of operations

		H1 2018	H1 2019	Q2 2018	Q2 2019
Revenue	€m	29,775	30,833	15,026	15,480
Profit from operating activities (EBIT)	€m	1,652	1,928	747	769
Return on sales[1]	%	5.5	6.3	5.0	5.0
EBIT after asset charge (EAC)	€m	452	637	139	116
Consolidated net profit for the period[2]	€m	1,116	1,204	516	458
Earnings per share[3]	€	0.91	0.98	0.42	0.38

[1] EBIT / revenue.
[2] After deduction of non-controlling interests.
[3] Basic earnings per share.

Consolidated revenue also increases due to currency effects
In the first half of 2019, consolidated revenue rose by €1,058 million to €30,833 million, for reasons including positive currency effects of €307 million. The proportion of revenue generated abroad increased from 69.2% to 69.9%. Revenue for the second quarter was up by €454 million to €15,480 million. It was also increased by currency effects of €96 million.

Above all, income of €439 million from the sale of the Supply Chain business in China drove up other operating income considerably to €1,349 million.

Revenue H1 2019
€m
30,833

H1 2018	Change
29,775	+3.6%

Sharp increase in staff costs
In addition to transport costs, currency effects above all increased materials expense by €346 million to €15,598 million. At €10,824 million, staff costs were up considerably, by €672 million over the previous year's figure, due primarily to an increased average headcount in the first half year and the collective wage increase in Germany. Depreciation, amortisation and impairment losses also greatly exceeded the previous year's level (€1,576 million) to reach €1,801 million, due in part to investments, which markedly increased leased property, plant and equipment. Other operating expenses totalled €2,174 million, down slightly from the previous year (€2,197 million). In the first half of 2019, this item included restructuring expenses in the Supply Chain and eCommerce Solutions divisions, whilst in the previous year there was a negative effect from customer contracts.

Consolidated EBIT improves by 16.7%
In the first half of 2019, consolidated EBIT was €1,928 million, 16.7% over the previous year's level (€1,652 million). Net finance costs grew from €270 million to €301 million, due, amongst other things, to higher interest expense on lease liabilities. Profit before income taxes rose by €245 million to €1,627 million. Income taxes grew by €165 million to €358 million due to a higher tax rate, amongst other things.

EBIT H1 2019
€m
1,928

H1 2018	Change
1,652	+16.7%

Consolidated net profit over prior-year figure
Consolidated net profit was up on the prior-year figure (€1,189 million) to €1,269 million in the first half of 2019. Of this amount, €1,204 million was attributable to Deutsche Post AG shareholders and €65 million to non-controlling interest shareholders. Basic earnings per share improved from €0.91 to €0.98 and diluted earnings per share from €0.89 to €0.96.

Changes in revenue, other operating income and operating expenses, H1 2019

	€m	+/– %	
Revenue	30,833	3.6	• Currency effects increase figure by €307 million
Other operating income	1,349	54.0	• Includes income from the sale of the Supply Chain business in China
Materials expense	15,598	2.3	• Currency effects increase figure by €245 million • Higher transport costs
Staff costs	10,824	6.6	• Currency effects increase figure by €104 million • Rise in headcount • The prior-year figure included a positive one-off effect of €108 million from the remeasurement of pension obligations • Collective wage increase in Germany as at 1 October 2018
Depreciation, amortisation and impairment losses	1,801	14.3	• Investment-related increase in leased property, plant and equipment
Other operating expenses	2,174	–1.0	• Prior-year figure included a negative effect of €49 million from customer contracts • Include restructuring expenses in the Supply Chain and eCommerce Solutions divisions in the reporting period

Higher EBIT after asset charge

EAC was up from €452 million to €637 million in the first half of 2019. The imputed asset charge increased, in particular due to investments in property, plant and equipment mainly in the Express division.

EBIT after asset charge (EAC)

€m

	H1 2018	H1 2019	+/–%
EBIT	1,652	1,928	16.7
– Asset charge	–1,200	–1,291	–7.6
= **EAC**	**452**	**637**	**40.9**

Financial position

Selected cash flow indicators

€m

	H1 2018	H1 2019	Q2 2018	Q2 2019
Cash and cash equivalents as at 30 June	2,011	2,220	2,011	2,220
Change in cash and cash equivalents	–1,089	–851	–385	–721
Net cash from operating activities	1,723	1,517	1,355	1,265
Net cash used in investing activities	–580	–295	–45	–385
Net cash used in financing activities	–2,232	–2,073	–1,695	–1,601

Liquidity situation remains solid

The principles and aims of our financial management as presented in the 2018 Annual Report beginning on page 43 remain valid and continue to be pursued as part of our finance strategy.

The FFO to debt performance metric decreased in the first half of 2019 compared with 31 December 2018, due to the increase in debt and the decrease of funds from operations. Reported financial liabilities increased due mainly to higher short-term loans and higher lease liabilities. An increase in pension obligations was responsible for the increase in the adjustment for pensions, despite higher plan assets. Surplus cash and near-cash investments declined, due primarily to the dividend paid for financial year 2018 and negative free cash flow recognised in the first half of the year. This line item contains the net proceeds of €653 million from the sale of the Supply Chain business in China, payments for the renewal of the Express intercontinental aircraft fleet totalling €743 million and the annual pension prepayment to the *Bundesanstalt für Post und Telekommunikation*.

FFO to Debt

€m

	1 Jan. to 31 Dec. 2018	1 July 2018 to 30 June 2019
Operating cash flow before changes in working capital	6,079	5,988
+ Interest received	52	63
– Interest paid	526	577
+ Adjustment for pensions	309	285
= **Funds from operations, FFO**	**5,914**	**5,759**
Reported financial liabilities[1]	16,462	17,243
– Financial liabilities at fair value through profit or loss[1]	38	39
+ Adjustment for pensions[1]	4,110	5,520
– Surplus cash and near-cash investments[1,2]	2,683	969
= **Debt**	**17,851**	**21,755**
FFO to debt (%)	**33.1**	**26.5**

[1] As at 31 December 2018 and 30 June 2019, respectively.
[2] Reported cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

Our credit quality as rated by Fitch Ratings and Moody's Investors Service has not changed from the ratings described and projected in the 2018 Annual Report on page 45. In view of our solid liquidity, the five-year syndicated credit facility with a total volume of €2 billion was not drawn upon during the reporting period. On 30 June 2019, the Group had cash and cash equivalents of €2.2 billion.

Significantly higher capital expenditure for assets acquired

Investments in property, plant and equipment, and intangible assets (not including goodwill) acquired amounted to €1,718 million in the first half of 2019 (previous year: €876 million). Please refer to notes 10 and 15 for a breakdown of capex into asset classes and regions.

In the Post & Parcel Germany division, the largest capex portion was attributable to the expansion of our network.

Investments in the Express division related to buildings and technical equipment, for example at our Cologne, Istanbul, Stavanger and Milan locations. Capital spending also focussed upon continuous maintenance and renewal of our aircraft fleet, in particular further advance payments were made for the renewal of the Express intercontinental aircraft fleet.

In the Global Forwarding, Freight division, we invested in warehouses, office buildings and IT.

In the Supply Chain division, the majority of funds were invested to support new business, mostly in the Americas and EMEA (Europe, Middle East and Africa) regions.

In the eCommerce Solutions division, most of the investments were attributable to a new terminal in the Netherlands and investments in India.

At Corporate Functions, investments were made in the IT infrastructure, the renewal and expansion of the vehicle fleet and the production of our StreetScooter electric vehicles.

Capex and depreciation, amortisation and impairment losses, H1

	Post & Parcel Germany adjusted[1]		Express		Global Forwarding, Freight		Supply Chain		eCommerce Solutions adjusted[1]		Corporate Functions		Consolidation[1,2]		Group	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Capex (€m) relating to assets acquired	255	187	298	1,051	45	51	137	151	60	57	80	223	1	–2	**876**	**1,718**
Capex (€m) relating to leased assets	1	26	285	540	80	82	379	275	47	47	311	277	0	0	**1,103**	**1,247**
Total (€m)	**256**	**213**	**583**	**1,591**	**125**	**133**	**516**	**426**	**107**	**104**	**391**	**500**	**1**	**–2**	**1,979**	**2,965**
Depreciation, amortisation and impairment losses (€m)	143	149	549	635	114	127	396	459	71	105	303	325	0	1	**1,576**	**1,801**
Ratio of total capex to depreciation, amortisation and impairment losses	1.79	1.43	1.06	2.51	1.10	1.05	1.30	0.93	1.51	0.99	1.29	1.54	–	–	**1.26**	**1.65**

[1] Adjusted prior-year figures, note 15.
[2] Including rounding.

Capex and depreciation, amortisation and impairment losses, Q2

	Post & Parcel Germany adjusted[1]		Express		Global Forwarding, Freight		Supply Chain		eCommerce Solutions adjusted[1]		Corporate Functions		Consolidation[1,2]		Group	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Capex (€m) relating to assets acquired	169	102	218	930	25	25	67	76	30	18	41	121	–1	–2	**549**	**1,270**
Capex (€m) relating to leased assets	0	0	165	321	43	47	266	124	21	29	140	147	–1	–1	**634**	**667**
Total (€m)	**169**	**102**	**383**	**1,251**	**68**	**72**	**333**	**200**	**51**	**47**	**181**	**268**	**–2**	**–3**	**1,183**	**1,937**
Depreciation, amortisation and impairment losses (€m)	73	75	282	322	58	64	204	242	36	51	153	164	1	0	**807**	**918**
Ratio of total capex to depreciation, amortisation and impairment losses	2.32	1.36	1.36	3.89	1.17	1.13	1.63	0.83	1.42	0.92	1.18	1.63	–	–	**1.47**	**2.11**

[1] Adjusted prior-year figures, note 15.
[2] Including rounding.

Lower operating cash flow

Net cash from operating activities decreased by €206 million compared with the prior-year period, to €1,517 million in the first half of 2019. Starting with EBIT, which at €1,928 million was well over the previous year's figure of €1,652 million, all non-cash income and expense items were adjusted. The payments resulting from the sale of the Supply Chain business in China are shown in net cash from / used in investing activities. The cash outflow from changes in working capital grew from €1,083 million to €1,198 million, due primarily to an increase in receivables and other current assets.

Net cash used in investing activities decreased from €580 million to €295 million. This was due mainly to the net proceeds from the sale of the Supply Chain business in China amounting to €653 million. The cash outflow to acquire property, plant and equipment and intangible assets was €798 million higher than in the previous year, at €1,863 million. A total of €743 million has been paid to date in financial year 2019 for the renewal of the Express intercontinental aircraft fleet.

Free cash flow declined considerably from €–391 million to €–803 million in the first half of the year. Apart from the effects mentioned above, greater cash funds were required for leases.

At €2,073 million, net cash used in financing activities was €159 million lower than in the previous year (€2,232 million), due primarily to bank loans obtained.

Cash and cash equivalents dropped from €3,017 million as at 31 December 2018 to €2,220 million as at 30 June 2019.

Calculation of free cash flow

€m

	H1 2018	H1 2019	Q2 2018	Q2 2019
Net cash from operating activities	**1,723**	**1,517**	**1,355**	**1,265**
Sale of property, plant and equipment and intangible assets	45	89	23	41
Acquisition of property, plant and equipment and intangible assets	−1,065	−1,863	−508	−1,229
Cash outflow from change in property, plant and equipment and intangible assets	**−1,020**	**−1,774**	**−485**	**−1,188**
Disposals of subsidiaries and other business units	0	657	0	0
Disposals of investments accounted for using the equity method and other investments	0	0	0	0
Acquisition of subsidiaries and other business units	−51	−8	−49	−8
Acquisition of investments accounted for using the equity method and other investments	−29	−9	−12	0
Cash outflow/inflow from acquisitions/divestitures	**−80**	**640**	**−61**	**−8**
Proceeds from lease receivables	13	13	13	6
Repayment of lease liabilities	−815	−947	−417	−475
Interest on lease liabilities	−183	−204	−94	−103
Cash outflow from leases	**−985**	**−1,138**	**−498**	**−572**
Interest received	26	37	14	21
Interest paid	−55	−85	−37	−65
Net interest paid	**−29**	**−48**	**−23**	**−44**
Free cash flow	**−391**	**−803**	**288**	**−547**

Net assets

Selected indicators for net assets

		31 Dec. 2018	30 June 2019
Equity ratio	%	27.5	24.9
Net debt	€m	12,303	14,558
Net interest cover[1]		7.8	7.7
Net gearing	%	47.0	53.9

[1] In the first half of the year.

Consolidated total assets down

The Group's total assets amounted to €50,139 million as at 30 June 2019, €331 million lower than at 31 December 2018 (€50,470 million).

Intangible assets, at €11,878 million, remained at the level of the prior-year reporting date (€11,850 million). Additions to property, plant and equipment and positive currency effects exceeded depreciation and disposals, increasing the total from €19,202 million to €20,036 million. In contrast, other non-current assets dropped by €200 million to €153 million, mostly on account of actuarial losses that reduced pension assets. Selling money market funds sharply reduced current financial assets from €943 million to €158 million. Trade receivables rose from €8,247 million to €8,485 million. Other current assets were up €609 million to €2,978 million. This figure includes the deferred expense of €207 million at the reporting date that was recognised for the prepaid annual contribution to civil servant pensions to the *Bundesanstalt für Post und Telekommunikation*. The €797 million decrease in cash and cash equivalents to €2,220 million is described in the section Financial position, page 6. Assets held for sale declined by €415 million to €11 million after the sale of the Supply Chain business in China.

On the equity and liabilities side of the balance sheet, equity attributable to Deutsche Post AG shareholders stood at €12,140 million, well below the level as at 31 December 2018 (€13,590 million): consolidated net profit for the period and currency effects increased this figure, whilst actuarial losses from pension obligations and the dividend distribution decreased it. Lower interest rates resulted in a steep increase in provisions for pensions and similar obligations by €1,199 million to €5,547 million. Current financial liabilities rose from €2,593 million to €3,342 million on account of loans. Trade payables decreased from €7,422 million to €6,543 million at the balance sheet date. Other current liabilities increased by €295 million to €4,727 million, due primarily to an increase in liabilities to employees, such as holiday entitlements. We no longer hold any liabilities associated with assets held for sale after the disposal of the Supply Chain business in China.

Net debt increases to €14,558 million

Our net debt rose from €12,303 million as at 31 December 2018 to €14,558 million as at 30 June 2019. At 24.9%, the equity ratio fell below the figure as at 31 December 2018 (27.5%). Net interest cover indicates the extent to which net interest obligations are covered by EBIT. At 7.7, it remained at the previous year's level (7.8). Net gearing was 53.9% as at 30 June 2019.

Net debt

€m	31 Dec. 2018	30 June 2019
Non-current financial liabilities	13,838	13,873
+ Current financial liabilities	2,425	3,064
= **Financial liabilities**[1]	**16,263**	**16,937**
– Cash and cash equivalents	3,017	2,220
– Current financial assets	943	158
– Positive fair value of non-current financial derivatives[2]	0	1
= **Financial assets**	**3,960**	**2,379**
Net debt	**12,303**	**14,558**

[1] Less operating financial liabilities.
[2] Reported in non-current financial assets in the balance sheet.

Business performance in the divisions

POST & PARCEL GERMANY DIVISION

Key figures, Post & Parcel Germany

€m	H1 2018 adjusted[1]	H1 2019	+/–%	Q2 2018 adjusted[1]	Q2 2019	+/–%
Revenue	7,399	7,481	1.1	3,592	3,647	1.5
of which Post	4,861	4,696	–3.4	2,328	2,253	–3.2
Parcel	2,630	2,892	10.0	1,310	1,447	10.5
Other/Consolidation	–92	–107	–16.3	–46	–53	–15.2
Profit from operating activities (EBIT)	513	404	–21.2	108	177	63.9
Return on sales (%)[2]	6.9	5.4	–	3.0	4.9	–
Operating cash flow	287	126	–56.1	371	275	–25.9

[1] Adjusted prior-year figures, note 15.
[2] EBIT/revenue.

Revenue surpasses prior-year level

In the first half of 2019, revenue in the division was €7,481 million, 1.1% above the prior-year figure of €7,399 million, although there was one working day less in Germany. Revenue for the second quarter of 2019 was up 1.5% compared with the prior-year period.

Post business unit experiences revenue decline

In the Post business unit, revenue was €4,696 million in the first half of 2019 and thus 3.4% below the prior-year level of €4,861 million. Volumes declined by 3.5%. In the second quarter, revenue fell by 3.2% to €2,253 million (previous year: €2,328 million).

As expected, revenue and volumes in the Mail Communication business remained in decline overall due to electronic substitution and the fact that there was one less working day. Revenue and volumes were also down in the Dialogue Marketing business as advertising activities continued to shift to online media. The measures we have taken to increase sales to e-commerce businesses were unable to fully compensate for the declines. Revenue from the cross-border mail business decreased due to low-weight goods items now being sent in small packages. The general trend towards sending goods as letters persisted.

E-commerce brings further growth in the Parcel business unit

Revenue in our Parcel business unit was €2,892 million in the first half of the year, an increase of 10.0% on the prior-year figure. The second-quarter increase was even greater at 10.5%. Sustained growth in e-commerce was responsible for the rise in volumes of 7.1% to 750 million items in the first half and 6.6% to 373 million items in the second quarter. The fact that revenue growth outpaced volume growth is attributable to price increases.

Post & Parcel Germany: revenue

€m	H1 2018 adjusted[1]	H1 2019	+/–%	Q2 2018 adjusted[1]	Q2 2019	+/–%
Post	4,861	4,696	–3.4	2,328	2,253	–3.2
of which Mail Communication	3,157	3,038	–3.8	1,491	1,444	–3.2
Dialogue Marketing	1,084	1,052	–3.0	530	507	–4.3
Other/Consolidation Post	620	606	–2.3	307	302	–1.6
Parcel	2,630	2,892	10.0	1,310	1,447	10.5

[1] Adjusted prior-year figures, note 15.

Post & Parcel Germany: volumes

Mail items (millions)	H1 2018 adjusted[1]	H1 2019	+/–%	Q2 2018 adjusted[1]	Q2 2019	+/–%
Post	8,870	8,557	–3.5	4,247	4,064	–4.3
of which Mail Communication	3,853	3,693	–4.2	1,808	1,696	–6.2
Dialogue Marketing	4,163	4,014	–3.6	2,001	1,934	–3.3
Parcel	700	750	7.1	350	373	6.6

[1] Adjusted prior-year figures, note 15.

EBIT declines in the first half of the year

EBIT in the division was down 21.2% to €404 million in the first half of 2019 (previous year: €513 million). The decrease was due mainly to higher costs for material and labour given that the postage price increase did not take effect until 1 July 2019. Collective wage increases contributed to the rise in labour costs. The prior-year figure also included a positive one-off effect of €108 million from the revaluation of pension obligations. However, the prior-year figure also included non-recurring expenses of €51 million for the early retirement programme for civil servants. Return on sales in the first half of 2019 fell from 6.9% to 5.4%. EBIT in the division for the second quarter of 2019 amounted to €177 million (previous year: €108 million). Excluding the €51 million expenses for the early retirement programme in the prior-year quarter, EBIT rose by €18 million in the second quarter of 2019. Operating cash flow decreased to €126 million in the first half, due primarily to the declining trend in working capital.

EXPRESS DIVISION

Key figures, Express

€m	H1 2018	H1 2019	+/–%	Q2 2018	Q2 2019	+/–%
Revenue	7,818	8,211	5.0	4,046	4,240	4.8
of which Europe	3,548	3,696	4.2	1,802	1,887	4.7
Americas	1,571	1,703	8.4	823	885	7.5
Asia Pacific	2,770	2,913	5.2	1,448	1,533	5.9
MEA (Middle East and Africa)	565	603	6.7	290	309	6.6
Consolidation/Other	–636	–704	–10.7	–317	–374	–18.0
Profit from operating activities (EBIT)	978	974	–0.4	517	521	0.8
Return on sales (%)[1]	12.5	11.9	–	12.8	12.3	–
Operating cash flow	1,374	1,423	3.6	753	766	1.7

[1] EBIT/revenue.

Continued growth in international business

Revenue in the division increased by 5.0% to €8,211 million in the first half of 2019 (previous year: €7,818 million). This figure includes foreign currency gains of €111 million; excluding these gains, the revenue increase was 3.6%. The revenue figure also reflects the fact that fuel surcharges were higher in all regions compared with the previous year. Excluding currency effects and the higher fuel surcharges, revenue was up by 2.4%.

In the Time Definite International (TDI) product line, revenues per day increased by 4.6% and per-day shipment volumes by 5.8% in the first half of 2019. Revenues per day for the second quarter of 2019 were up by 5.6% and per-day shipment volumes by 6.6%.

In the Time Definite Domestic (TDD) product line, revenues per day increased by 4.5% in the first half of 2019 and per-day shipment volumes by 7.7%. Growth in the second quarter amounted to 9.1% for revenues per day and 10.8% for per-day shipment volumes.

Express: revenue by product

€m per day

	H1 2018 adjusted[1]	H1 2019	+/–%	Q2 2018 adjusted[1]	Q2 2019	+/–%
Time Definite International (TDI)	47.8	50.0	4.6	49.6	52.4	5.6
Time Definite Domestic (TDD)	4.4	4.6	4.5	4.4	4.8	9.1

[1] To improve comparability, product revenues were translated at uniform exchange rates. These revenues are also the basis for the weighted calculation of working days.

Express: volumes by product

Thousands of items per day

	H1 2018	H1 2019	+/–%	Q2 2018	Q2 2019	+/–%
Time Definite International (TDI)	934	988	5.8	964	1,028	6.6
Time Definite Domestic (TDD)	479	516	7.7	480	532	10.8

Dynamic volume growth in the Europe region

Revenue in the Europe region increased by 4.2% to €3,696 million in the first half of the year (previous year: €3,548 million). This included negative currency effects of €20 million, relating mainly to Turkey. Excluding these effects, revenue growth was 4.7%. In the TDI product line, revenues per day increased by 5.2%. Per-day shipment volumes improved by 7.9%. International per-day revenues for the second quarter of 2019 were up by 5.4% and per-day shipment volumes by 8.2%.

Operating business in the Americas region improved

In the Americas region, revenue rose by 8.4% in the first half of 2019 to €1,703 million (previous year: €1,571 million). The figure included positive currency effects of €54 million, which related mainly to the United States. Excluding these effects, revenue in the region rose by 5.0%. In the TDI product line, per-day shipments were up by 3.1% compared with the previous year. Revenues per day increased by 3.2%. Growth in the second quarter of 2019 amounted to 4.8% for revenues per day and 6.0% for per-day volumes.

Stable revenue growth in the Asia Pacific region

Revenue in the Asia Pacific region increased by 5.2% in the first half of 2019 to €2,913 million (previous year: €2,770 million). This figure included positive currency effects of €54 million, most of which related to Hong Kong and Japan. Excluding these effects, revenue growth was 3.2%. In the TDI product line, revenues per day rose by 4.3% and per-day volumes by 3.4%. Growth in the second quarter of 2019 amounted to 6.0% for revenues per day and 4.8% for per-day volumes.

Sustained growth in MEA region TDI volumes

Revenue in the MEA region (Middle East and Africa) improved by 6.7% in the first half of the year to €603 million (previous year: €565 million). This included positive currency effects of €20 million, most of which related to the United Arab Emirates and Saudi Arabia. Excluding these effects, revenue growth was 3.2%. TDI revenues per day rose by 7.2% and per-day volumes by 11.5%. International per-day revenues for the second quarter of 2019 were up by 8.1% and per-day shipment volumes by 6.9%.

EBIT in the second quarter above prior-year level
In the first half of 2019, EBIT in the division was €974 million, slightly below the prior-year figure of €978 million. The decline was caused by foreign currency losses, mix effects anticipated from portfolio streamlining and weak growth in shipments at the beginning of the year. The return on sales was 11.9% (previous year: 12.5%). In the second quarter, EBIT improved by 0.8% to €521 million and return on sales decreased from 12.8% to 12.3%. Operating cash flow rose to €1,423 million in the first half of the year (previous year: €1,374 million).

GLOBAL FORWARDING, FREIGHT DIVISION

Key figures, Global Forwarding, Freight

€m

	H1 2018	H1 2019	+/–%	Q2 2018	Q2 2019	+/–%
Revenue	7,293	7,558	3.6	3,702	3,796	2.5
of which Global Forwarding[1]	5,144	5,311	3.2	2,610	2,673	2.4
Freight	2,222	2,315	4.2	1,130	1,158	2.5
Consolidation/Other[1]	–73	–68	6.8	–38	–35	7.9
Profit from operating activities (EBIT)	175	224	28.0	105	124	18.1
Return on sales (%)[2]	2.4	3.0	–	2.8	3.3	–
Operating cash flow	170	240	41.2	200	188	–6.0

[1] Prior-year figures adjusted due to reclassifications.
[2] EBIT/revenue.

Currency effects support revenue growth
Revenue in the division increased by 3.6% to €7,558 million in the first half of 2019 (previous year: €7,293 million). Excluding positive currency effects of €40 million, revenue was up year-on-year by 3.1%. Revenue for the second quarter of 2019 rose by 2.5% compared with the second quarter of 2018. In the Global Forwarding business unit, revenue for the first half of the year was up by 3.2% to €5,311 million (previous year: €5,144 million). Excluding positive currency effects of €56 million, the increase was 2.2%. The business unit increased gross profit from €1,201 million in the prior year to €1,239 million, also partly attributable to positive currency effects.

Improved air freight margins and solid project business
We reported a decline in air freight volume of 4.9% in the first half of 2019, due mainly to the current decline in market volumes on key trade lanes. Nevertheless, air freight revenues in the reporting period were slightly (0.5%) above the prior-year level. Gross profit improved by 4.5%. Air freight revenue fell by 2.4% in the second quarter, whilst gross profit improved by 4.8% despite a volume decline of 5.8%.

Ocean freight volumes fell 0.8% below the previous year's level in the first half of 2019. Revenues rose by 7.6%, whilst gross profit declined by 2.1%. In the second quarter, volumes were at the prior-year level (+0.2%), whilst ocean freight revenues increased by 8.9% and gross profit fell by 3.0%.

The industrial project business (reported in the following table as part of Other) improved compared with the prior year. The share of revenue related to industrial project business, which is reported under Other, increased from 29.7% in the prior year to 34.1%. Gross profit for industrial projects improved by 26.7%.

Global Forwarding: revenue

€m

	H1 2018	H1 2019	+/–%	Q2 2018	Q2 2019	+/–%
Air freight	2,350	2,362	0.5	1,188	1,160	–2.4
Ocean freight	1,687	1,816	7.6	853	929	8.9
Other	1,107	1,133	2.3	569	584	2.6
Total	**5,144**	**5,311**	**3.2**	**2,610**	**2,673**	**2.4**

Global Forwarding: volumes

Thousands

		H1 2018	H1 2019	+/–%	Q2 2018	Q2 2019	+/–%
Air freight	tonnes	1,866	1,775	–4.9	943	888	–5.8
of which exports	tonnes	1,050	997	–5.0	533	502	–5.8
Ocean freight	TEU[1]	1,577	1,565	–0.8	811	813	0.2

[1] Twenty-foot equivalent units.

Revenue growth in European overland transport business

In the Freight business unit, revenue rose by 4.2% to €2,315 million in the first half of 2019 (previous year: €2,222 million) with a negative currency effect of €16 million. The 9.5% volume growth was driven mainly by B2C business in Sweden and less-than-truckload business in the Czech Republic and Poland. The business unit's gross profit rose by 4.1% to €584 million (previous year: €561 million).

Significant improvement in earnings

EBIT in the division increased significantly in the first half of 2019, rising from €175 million to €224 million. The increase was due mainly to improved gross profit margins in air freight and cost measures. Return on sales rose to 3.0% (previous year: 2.4%). In the second quarter, EBIT improved from €105 million to €124 million, and return on sales was 3.3%. Operating cash flow amounted to €240 million in the first half of the year (previous year: €170 million).

SUPPLY CHAIN DIVISION

Key figures, Supply Chain

€m

	H1 2018	H1 2019	+/–%	Q2 2018	Q2 2019	+/–%
Revenue	6,336	6,518	2.9	3,212	3,251	1.2
of which EMEA (Europe, Middle East and Africa)	3,371	3,314	–1.7	1,685	1,625	–3.6
Americas	1,962	2,212	12.7	1,015	1,149	13.2
Asia Pacific	1,033	1,003	–2.9	528	482	–8.7
Consolidation/Other	–30	–11	63.3	–16	–5	68.8
Profit from operating activities (EBIT)	183	573	>100	128	87	–32.0
Return on sales (%)[1]	2.9	8.8	–	4.0	2.7	–
Operating cash flow	133	151	13.5	131	241	84.0

[1] EBIT/revenue.

Revenue growth compensates for sale of China business

Revenue in the division increased by 2.9% to €6,518 million in the first half of 2019 (previous year: €6,336 million).

The increase was due mainly to sales growth in the Americas region, which made up for the sale of our Supply Chain business in China. In addition, positive currency effects increased revenue in the first half of the year by €120 million. Excluding currency effects and particularly the sale of our Supply Chain business in China, revenue growth was 3.0%. In the second quarter, revenue was up by 1.2% to €3,251 million (previous year: €3,212 million).

The Americas and Asia Pacific regions registered growth in almost all sectors. In the EMEA region, the main volume increases were seen in the Engineering & Manufacturing and Retail sectors.

Supply Chain: revenue by sector and region, H1 2019

Total revenue: €6,518 million

of which Retail	28%
Consumer	24%
Auto-mobility	16%
Technology	13%
Life Sciences & Healthcare	10%
Engineering & Manufacturing	6%
Others	3%
of which Europe/Middle East/Africa/Consolidation	51%
Americas	34%
Asia Pacific	15%

New business worth around €435 million secured

In the first half of 2019, the division concluded additional contracts worth around €435 million in annualised revenue with both new and existing customers. The Retail, Consumer and Life Sciences & Healthcare sectors accounted for the majority of the gains. The annualised contract renewal rate remained at a consistently high level.

EBIT impacted by revenue growth and the sale of the China business

EBIT in the division was €573 million in the first half of 2019 (previous year: €183 million). It was influenced positively by growing business and the sale of the China business in the first quarter of 2019. The increase in EBIT was offset partially by expenses for strategic cost-reduction measures amounting to €111 million, most of which involved restructuring in Europe. The first quarter of the prior year had also been impacted negatively by one-off effects of €50 million from customer contracts. Excluding the above effects, EBIT was up 10.7% in the first half of 2019. The return on sales was 8.8% (previous year: 2.9%). Operating cash flow improved from €133 million to €151 million in the first half of 2019.

Second-quarter EBIT was down significantly from the prior-year figure, with cost-reduction measures of €53 million accounting for most of the decline of 32.0% to €87 million. Excluding this effect and although we sold our business in China, EBIT was up 9.4%. Return on sales amounted to 2.7% in the second quarter (previous year: 4.0%).

ECOMMERCE SOLUTIONS DIVISION

Key figures, eCommerce Solutions

€m

	H1 2018	H1 2019	+/–%	Q2 2018	Q2 2019	+/–%
Revenue	1,854	1,994	7.6	937	995	6.2
of which Americas	507	561	10.7	256	278	8.6
Europe	1,081	1,155	6.8	547	576	5.3
Asia	269	279	3.7	135	140	3.7
Other/Consolidation	–3	–1	66.7	–1	1	>100
Loss from operating activities (EBIT)	–14	–46	<–100	0	–18	–
Return on sales (%)[1]	–0.8	–2.3	–	0.0	–1.8	–
Operating cash flow	34	48	41.2	4	27	>100

[1] EBIT/revenue.

International domestic and cross-border business

The eCommerce Solutions division comprises the former DHL eCommerce and DHL Parcel Europe business units, which supply domestic and cross-border services outside of Germany. The division is being partially restructured during the current financial year.

Revenue increases in the first half of the year

The division generated revenue of €1,994 million in the first half of 2019, up 7.6% on the prior-year figure of €1,854 million. All regions contributed to the increase. Revenue in the Americas region rose by 10.7% to €561 million (previous year: €507 million). In the Europe region, revenue grew by 6.8% to €1,155 million (previous year: €1,081 million). In the Asia region, revenue exceeded the prior-year figure by 3.7% to reach €279 million. Excluding foreign currency gains of €38 million, the total year-on-year revenue increase came to 5.5% in the first half. Division revenue for the second quarter was up 6.2% to €995 million (previous year: €937 million).

EBIT declines due to restructuring expenses

EBIT in the division fell to €–46 million in the first half of 2019 (previous year: €–14 million), due primarily to restructuring expenses in a net amount of €51 million. The expenses were incurred for portfolio optimisation, overhead reductions and loss allowances, amongst other things. The return on sales therefore fell to –2.3% (previous year: –0.8%). At €48 million, operating cash flow was above the 2018 level, mainly as a result of an improvement in net working capital. EBIT came to €–18 million in the second quarter (previous year: €0 million). The return on sales was –1.8% (previous year: 0.0%).

EXPECTED DEVELOPMENTS

Future economic parameters

The economic outlook for full-year 2019 as reported in the @ 2018 Annual Report beginning on page 63 continued to deteriorate as the year progressed. The International Monetary Fund (IMF) now expects growth of just 3.2% in global economic output. The forecast for growth in global trade volumes was lowered significantly to 2.5%. In addition, the IMF no longer explicitly expects an increase in growth in the second half of the year. The risks for this outlook are essentially downside risks. They result in particular from persisting trade tensions and potential turmoil on the financial markets.

In China, gross domestic product (GDP) is likely to grow more slowly than in the previous year (IMF: 6.2%). GDP growth in Japan is expected to be moderate, coming in at approximately the prior-year level (IMF: 0.9%; IHS: 0.7%).

In the United States, the economic upturn is expected to remain intact, although GDP growth is likely to be somewhat weaker than in the previous year (IMF: 2.6%; OECD: 2.8%).

The upward momentum seen in the eurozone is expected to slow significantly, with GDP registering only moderate growth (IMF: 1.3%; ECB: 1.2%).

The economic outlook continued to deteriorate.

Early indicators suggest that the phase of economic weakness will persist for some time in Germany. Not only is momentum therefore expected to decline compared with the prior year but GDP growth is also forecast to be weak in absolute terms (IMF: 0.7%; *Sachverständigenrat*: 0.8%).

Earnings forecast

Our earnings forecast for full-year 2019 now takes into account the effects of the decision issued in May in the price cap review, which was conducted to determine the extent to which prices can be increased with respect to the Post & Parcel Germany revenue volumes that are subject to ex-ante regulation. The *Bundesnetzagentur's* current price cap parameters resolution grants a maximum price increase margin of 10.6% for products regulated by the price cap procedure for the period from 1 July 2019 to 31 December 2021. The prices approved by the *Bundesnetzagentur* for this period will fully exploit this.

We have raised the lower end of the earnings range and now expect the Post & Parcel Germany division to contribute earnings of between €1.1 billion and €1.3 billion (previously €1.0 billion and €1.3 billion).

We are maintaining our earnings projections for all other divisions and for Corporate Functions. Therefore, we now anticipate Group EBIT for 2019 to reach between €4.0 billion and €4.3 billion (previously between €3.9 billion and €4.3 billion).

We are reconfirming all other elements of the earnings forecast as described in our @ 2018 Annual Report beginning on page 64.

Expected financial position

We are reconfirming the expected financial position for full-year 2019 as described in the @ 2018 Annual Report on page 65.

Performance of further indicators relevant for internal management

We are reconfirming the projected full-year 2019 figures for the EAC and free cash flow management indicators as described on @ page 65 of the 2018 Annual Report.

OPPORTUNITIES AND RISKS

Risks arising from the price cap procedure no longer exist. The *Bundesnetzagentur* has defined the conditions, referred to as parameters, applicable to the approval of postage rates for letters of up to 1,000 grams for 2019 to 2021 and provisionally approved the prices valid until 31 December 2021.

In a judgement dated 10 April 2019, the General Court of the European Union revoked the European Commission's 2011 decision to extend the state aid proceedings in an action brought by Deutsche Post AG, @ 2018 Annual Report on page 69. The European Commission did not file an appeal against the judgement and that decision is now legally binding.

The Group's overall opportunity and risk situation did not otherwise change significantly during the first half of 2019 compared with the situation described in the @ 2018 Annual Report beginning on page 66. No new risks have been identified that could have a potentially critical impact on the Group's results. Based upon the Group's early warning system and in the estimation of its Board of Management, there were no identifiable risks for the Group in the current forecast period which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future.

Any internet sites referred to in the Interim Group Management Report do not form part of the report.

INCOME STATEMENT

1 January to 30 June

€m

	H1 2018	H1 2019	Q2 2018	Q2 2019
Revenue	29,775	30,833	15,026	15,480
Other operating income[1]	876	1,349	470	419
Changes in inventories and work performed and capitalised[1]	177	141	100	51
Materials expense	−15,252	−15,598	−7,751	−7,784
Staff costs	−10,152	−10,824	−5,188	−5,394
Depreciation, amortisation and impairment losses	−1,576	−1,801	−807	−918
Other operating expenses	−2,197	−2,174	−1,103	−1,088
Net income from investments accounted for using the equity method	1	2	0	3
Profit from operating activities (EBIT)	**1,652**	**1,928**	**747**	**769**
Financial income	101	116	57	64
Finance costs	−353	−430	−179	−219
Foreign currency losses	−18	13	−13	18
Net finance costs	**−270**	**−301**	**−135**	**−137**
Profit before income taxes	**1,382**	**1,627**	**612**	**632**
Income taxes	−193	−358	−54	−139
Consolidated net profit for the period	**1,189**	**1,269**	**558**	**493**
attributable to Deutsche Post AG shareholders	1,116	1,204	516	458
attributable to non-controlling interests	73	65	42	35
Basic earnings per share (€)	**0.91**	**0.98**	**0.42**	**0.38**
Diluted earnings per share (€)	**0.89**	**0.96**	**0.41**	**0.36**

[1] For reasons of transparency, changes in inventories and work performed and capitalised were transferred out of other operating income and presented separately.

STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 June

€m	H1 2018	H1 2019	Q2 2018	Q2 2019
Consolidated net profit for the period	**1,189**	**1,269**	**558**	**493**
Items that will not be reclassified to profit or loss				
Change due to remeasurements of net pension provisions	−339	−1,402	−10	−825
Reserve for equity instruments without recycling	3	−2	1	−3
Income taxes relating to components of other comprehensive income	−24	53	−1	28
Share of other comprehensive income of investments accounted for using the equity method, net of tax	0	0	0	0
Total, net of tax	**−360**	**−1,351**	**−10**	**−800**
Items that may be reclassified subsequently to profit or loss				
IAS 39 hedging reserve				
Changes from unrealised gains and losses	−3	−6	−5	3
Changes from realised gains and losses	−26	10	−15	−4
Currency translation reserve				
Changes from unrealised gains and losses	58	64	129	−239
Changes from realised gains and losses	0	32	0	0
Income taxes relating to components of other comprehensive income	7	−1	4	1
Share of other comprehensive income of investments accounted for using the equity method, net of tax	2	1	4	−1
Total, net of tax	**38**	**100**	**117**	**−240**
Other comprehensive income, net of tax	**−322**	**−1,251**	**107**	**−1,040**
Total comprehensive income	**867**	**18**	**665**	**−547**
attributable to Deutsche Post AG shareholders	792	−49	620	−573
attributable to non-controlling interests	75	67	45	26

BALANCE SHEET

€m	31 Dec. 2018	30 June 2019
ASSETS		
Intangible assets	11,850	11,878
Property, plant and equipment	19,202	20,036
Investment property	18	21
Investments accounted for using the equity method	119	127
Non-current financial assets	730	796
Other non-current assets	353	153
Deferred tax assets	2,532	2,514
Non-current assets	**34,804**	**35,525**
Inventories	454	541
Current financial assets	943	158
Trade receivables	8,247	8,485
Other current assets	2,369	2,978
Income tax assets	210	221
Cash and cash equivalents	3,017	2,220
Assets held for sale	426	11
Current assets	**15,666**	**14,614**
TOTAL ASSETS	**50,470**	**50,139**
EQUITY AND LIABILITIES		
Issued capital	1,233	1,234
Capital reserves	3,469	3,465
Other reserves	−947	−851
Retained earnings	9,835	8,292
Equity attributable to Deutsche Post AG shareholders	13,590	12,140
Non-controlling interests	283	334
Equity	**13,873**	**12,474**
Provisions for pensions and similar obligations	4,348	5,547
Deferred tax liabilities	54	50
Other non-current provisions	1,655	1,665
Non-current financial liabilities	13,869	13,901
Other non-current liabilities	205	267
Non-current provisions and liabilities	**20,131**	**21,430**
Current provisions	1,073	1,024
Current financial liabilities	2,593	3,342
Trade payables	7,422	6,543
Other current liabilities	4,432	4,727
Income tax liabilities	718	599
Liabilities associated with assets held for sale	228	0
Current provisions and liabilities	**16,466**	**16,235**
TOTAL EQUITY AND LIABILITIES	**50,470**	**50,139**

CASH FLOW STATEMENT

1 January to 30 June

€m

	H1 2018	H1 2019	Q2 2018	Q2 2019
Consolidated net profit for the period	1,189	1,269	558	493
Income taxes	193	358	54	139
Net finance costs	270	301	135	137
Profit from operating activities (EBIT)	**1,652**	**1,928**	**747**	**769**
Depreciation, amortisation and impairment losses	1,576	1,801	807	918
Net loss/income from disposal of non-current assets	10	−485	2	−11
Non-cash income and expense	8	−51	−11	−6
Change in provisions	−104	−122	71	−10
Change in other non-current assets and liabilities	−48	61	0	20
Dividend received	2	2	2	1
Income taxes paid	−290	−419	−133	−235
Net cash from operating activities before changes in working capital	**2,806**	**2,715**	**1,485**	**1,446**
Changes in working capital				
Inventories	−140	−87	−77	−22
Receivables and other current assets	−585	−849	171	−20
Liabilities and other items	−358	−262	−224	−139
Net cash from operating activities	**1,723**	**1,517**	**1,355**	**1,265**
Subsidiaries and other business units	0	657	0	0
Property, plant and equipment and intangible assets	45	89	23	41
Other non-current financial assets	27	23	14	8
Proceeds from disposal of non-current assets	72	769	37	49
Subsidiaries and other business units	−51	−8	−49	−8
Property, plant and equipment and intangible assets	−1,065	−1,863	−508	−1,229
Investments accounted for using the equity method and other investments	−29	−9	−12	0
Other non-current financial assets	−3	−1	−3	0
Cash paid to acquire non-current assets	−1,148	−1,881	−572	−1,237
Interest received	26	37	14	21
Current financial assets	470	780	476	782
Net cash used in investing activities	**−580**	**−295**	**−45**	**−385**
Proceeds from issuance of non-current financial liabilities	36	167	20	1
Repayments of non-current financial liabilities	−845	−956	−430	−479
Change in current financial liabilities	250	422	251	475
Other financing activities	26	25	8	9
Cash paid for transactions with non-controlling interests	−3	−5	−3	−5
Dividend paid to Deutsche Post AG shareholders	−1,409	−1,419	−1,409	−1,419
Dividend paid to non-controlling interest shareholders	−5	−8	−3	−5
Purchase of treasury shares	−44	−10	2	−10
Interest paid	−238	−289	−131	−168
Net cash used in financing activities	**−2,232**	**−2,073**	**−1,695**	**−1,601**
Net change in cash and cash equivalents	**−1,089**	**−851**	**−385**	**−721**
Effect of changes in exchange rates on cash and cash equivalents	−35	21	−7	−20
Changes in cash and cash equivalents associated with assets held for sale	0	33	0	0
Changes in cash and cash equivalents due to changes in consolidated group	0	0	0	0
Cash and cash equivalents at beginning of reporting period	3,135	3,017	2,403	2,961
Cash and cash equivalents at end of reporting period	**2,011**	**2,220**	**2,011**	**2,220**

STATEMENT OF CHANGES IN EQUITY

1 January to 30 June

€m

			Other reserves							
	Issued capital	Capital reserves	IAS 39 revaluation reserve	IAS 39 hedging reserve	Reserve for equity instruments without recycling	Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
Balance at 1 January 2018	1,224	3,327	10	19	–	−1,027	9,084	12,637	266	12,903
Adjustments due to new IFRS			−10		11	−1	−50	−50	−2	−52
Balance at 1 January 2018, adjusted	1,224	3,327	–	19	11	−1,028	9,034	12,587	264	12,851
Capital transactions with owner										
Dividend							−1,409	−1,409	−7	−1,416
Transactions with non-controlling interests				0	0	0	4	4	−4	0
Changes in non-controlling interests due to changes in consolidated group								0	2	2
Issue/retirement of treasury shares	0	0					0	0	0	0
Purchase of treasury shares	−1						−45	−46		−46
Differences between purchase and issue prices of treasury shares (share-based payment schemes)		7					−7	0		0
Convertible bonds	5	102						107		107
Share-based payment schemes (issuance)		65						65		65
Share-based payment schemes (exercise)	2	−64					65	3		3
								−1,276	**−9**	**−1,285**
Total comprehensive income										
Consolidated net profit for the period							1,116	1,116	73	1,189
Currency translation differences						57		57	2	59
Change due to remeasurements of net pension provisions							−363	−363	0	−363
Other changes				−21	3		0	−18	0	−18
								792	**75**	**867**
Balance at 30 June 2018	**1,230**	**3,437**	**–**	**−2**	**14**	**−971**	**8,395**	**12,103**	**330**	**12,433**
Balance at 1 January 2019	1,233	3,469	–	−7	8	−948	9,835	13,590	283	13,873
Capital transactions with owner										
Dividend							−1,419	−1,419	−9	−1,428
Transactions with non-controlling interests				0	0	0	7	7	−7	0
Changes in non-controlling interests due to changes in consolidated group								0		0
Issue of treasury shares	0	0					0	0	0	0
Purchase of treasury shares	0						−10	−10		−10
Differences between purchase and issue prices of treasury shares (share-based payment schemes)		0						0		0
Convertible bonds	0	0						0		0
Share-based payment schemes (issuance)		21						21		21
Share-based payment schemes (exercise)	1	−25					24	0		0
								−1,401	**−16**	**−1,417**
Total comprehensive income										
Consolidated net profit for the period							1,204	1,204	65	1,269
Currency translation differences						96		96	1	97
Change due to remeasurements of net pension provisions							−1,349	−1,349	1	−1,348
Other changes				3	−3		0	0	0	0
								−49	**67**	**18**
Balance at 30 June 2019	**1,234**	**3,465**	**–**	**−4**	**5**	**−852**	**8,292**	**12,140**	**334**	**12,474**

SELECTED EXPLANATORY NOTES

Basis of preparation

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany. The condensed consolidated interim financial statements of Deutsche Post AG and its subsidiaries cover the period from 1 January to 30 June 2019 and have been reviewed.

1 Basis of accounting

The condensed consolidated interim financial statements as at 30 June 2019 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSs to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2019 are not necessarily an indication of how business will develop in the future.

The accounting policies applied to the condensed consolidated interim financial statements are generally based upon the same accounting policies used in the consolidated financial statements for financial year 2018. Exceptions are the new or revised International Financial Reporting Standards (IFRSs) required to be applied for the first time in financial year 2019 that, however, have not had a material influence on the consolidated interim financial statements. Detailed explanations of these can be found in the 2018 Annual Report in note 5 to the consolidated financial statements.

The income tax expense for the reporting period was deferred on the basis of the tax rate expected to apply to the full financial year. The tax rate for 2019 will increase primarily because a smaller additional recognition of deferred taxes on tax loss carryforwards is expected due to the use of tax losses compared with the previous year.

2 Consolidated group

The companies listed in the following table are consolidated in addition to the parent company Deutsche Post AG:

Consolidated group

	31 Dec. 2018	30 June 2019
Number of fully consolidated companies (subsidiaries)		
German	127	128
Foreign	616	608
Number of joint operations		
German	1	1
Foreign	0	0
Number of investments accounted for using the equity method		
German	1	1
Foreign	18	15

In addition to the disposal of companies resulting from the deconsolidation of the Supply Chain business in China, Hong Kong and Macao, note 2.3, an additional 4.9% interest in Relais Colis SAS, France, which is accounted for using the equity method, and the remaining 10% interest in Olimpo Holding S.A., Brazil, were acquired.

2.1 Acquisitions in 2019

There were no acquisitions in the first half of 2019.

2.2 Contingent consideration

Variable purchase prices were agreed for certain companies acquired in previous years:

Contingent consideration

Company	Basis	Period for financial years from/to	Results range from/to	Fair value of total obligation at the acquisition date	Remaining payment obligation at 31 December 2018	Remaining payment obligation at 30 June 2019
Mitsafetrans S.r.l.	EBITDA	2016 to 2018	€0 to 19 million	€15 million	€5 million	€5 million
Suppla Group	EBITDA	2018 to 2019	€0 to 10 million[1]	€12 million	€10 million	–

[1] Adjusted in financial year 2018 due to reassessments.

The agreed payment of €8 million for the variable purchase price component for the Suppla Group was made in May 2019.

2.3 Disposal and deconsolidation effects in 2019

Gains are shown in other operating income; losses are reported in other operating expenses.

Supply Chain

In mid-February 2019, Deutsche Post DHL Group sold its Supply Chain business in China, Hong Kong and Macao to S.F. Holding, China. The table below shows the effects of the disposal of twelve consolidated companies and three companies accounted for using the equity method.

Disposal and deconsolidation effects

€m

1 January to 30 June 2019	Supply Chain business in China
Non-current assets	212
of which goodwill	91
Current assets	194
Cash and cash equivalents	33
ASSETS	**439**
Non-current provisions and liabilities	45
Current provisions and liabilities	179
EQUITY AND LIABILITIES	**224**
Net assets	**215**
Cash consideration received	686
Losses from the currency translation reserve	–32
Deconsolidation gain	**439**

In addition, Deutsche Post DHL Group will receive an annual amount linked to revenue over the next ten years in a strategic partnership.

3 Significant transactions

In addition to the sale of the Supply Chain business in China, note 2, the following significant transactions occurred:

During the first half of 2019, restructuring expenses of €111 million in the Supply Chain division and €51 million in the eCommerce Solutions division were incurred for measures intended to improve earnings.

Income statement disclosures

4 Revenue by business unit

€m

	H1 2018	H1 2019
Post & Parcel Germany[1]	**7,225**	**7,297**
Post	4,668	4,490
Parcel	2,520	2,769
Other	37	38
Express	**7,632**	**8,027**
Global Forwarding, Freight	**6,864**	**7,087**
Global Forwarding	5,030	5,211
Freight	1,834	1,876
Supply Chain	**6,258**	**6,472**
eCommerce Solutions[1]	**1,731**	**1,876**
Corporate Functions	**65**	**74**
Total revenue	**29,775**	**30,833**

[1] Prior-period amounts adjusted due to new segment structure, note 15.

5 Other operating income

€m

	H1 2018	H1 2019
Income from the disposal of assets	19	504
Income from the remeasurement of liabilities	66	122
Insurance income	109	120
Income from currency translation	112	79
Reversals of impairment losses on receivables and other assets	60	76
Income from fees and reimbursements	61	58
Commission income	51	45
Income from the reversal of provisions	70	38
Income from prior-period billings	28	28
Sublease income	15	25
Operating lease income	24	22
Income from derivatives	40	15
Income from loss compensation	15	13
Income from the derecognition of liabilities	7	8
Subsidies	10	7
Recoveries on receivables previously written off	8	7
Miscellaneous	181	182
Total	**876**	**1,349**

Since the fourth quarter of 2018, changes in inventories and work performed and capitalised have been presented in a separate item in the income statement, note 6. The prior-period amounts were adjusted accordingly.

Income from the disposal of assets increased, in particular, due to the sale of the Supply Chain business in China, note 2.

Miscellaneous other operating income includes a large number of smaller individual items.

6 Changes in inventories and work performed and capitalised

€m

	H1 2018	H1 2019
Income (+)/expense (–) from changes in inventories	45	–32
Work performed and capitalised	132	173
Total	**177**	**141**

Changes in inventories and work performed and capitalised were transferred out of other operating income, where they had previously been recognised, and have been presented as a separate income statement item since the fourth quarter of 2018, note 5. The prior-period amounts were adjusted accordingly.

Changes in inventories are largely attributable to real estate development projects. Work performed and capitalised relates mainly to the production of electric vehicles by StreetScooter GmbH.

7 Depreciation, amortisation and impairment losses

€m

	H1 2018	H1 2019
Amortisation of and impairment losses on intangible assets, of which impairment loss: €3 million (previous year: €0 million)	97	103
Depreciation of and impairment losses on property, plant and equipment acquired, of which impairment loss: €18 million (previous year: €0 million)	580	679
Depreciation of and impairment losses on right-of-use assets, of which impairment loss: €7 million (previous year: €1 million)	899	1,015
Impairment of goodwill	0	4
Depreciation, amortisation and impairment losses	**1,576**	**1,801**

Total impairment losses amounted to €32 million. Of this figure, €25 million was attributable to the Supply Chain segment and related mainly (€17 million) to the non-current assets of the power packaging business in the United States.

Another €6 million in impairment losses was attributable to eCommerce Solutions. This includes goodwill impairment, which relates to the most recent measurement prior to reclassification of the assets of DHL Paket (Austria) GmbH as held for sale, see note 12.

8 Other operating expenses

€m

	H1 2018	H1 2019
Cost of purchased cleaning and security services	201	217
Warranty expenses, refunds and compensation payments	152	174
Expenses for advertising and public relations	172	167
Travel and training costs	167	166
Other business taxes	126	137
Write-downs of current assets	123	136
Telecommunication costs	103	109
Insurance costs	160	97
Office supplies	88	94
Entertainment and corporate hospitality expenses	88	83
Currency translation expenses	110	80
Services provided by the *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency)	75	79
Customs clearance-related charges	63	70
Contributions and fees	52	58
Consulting costs (including tax advice)	60	52
Voluntary social benefits	46	44
Monetary transaction costs	31	33
Commissions paid	29	29
Losses on disposal of assets	28	26
Legal costs	27	23
Audit costs	15	15
Donations	12	9
Miscellaneous	269	276
Total	**2,197**	**2,174**

For reasons of transparency, the disclosure of personal insurance expenses was standardised as staff costs in the reporting period. Insurance expenses declined accordingly.

Miscellaneous other operating expenses include part of the restructuring expenses for Supply Chain and eCommerce Solutions.

9 Earnings per share

Basic earnings per share in the reporting period were €0.98 (previous year: €0.91).

Basic earnings per share

		H1 2018	H1 2019
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,116	1,204
Weighted average number of shares outstanding	number	1,228,170,191	1,233,287,492
Basic earnings per share	**€**	**0.91**	**0.98**

Diluted earnings per share in the reporting period were €0.96 (previous year: €0.89).

Diluted earnings per share

		H1 2018	H1 2019
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,116	1,204
Plus interest expense on the convertible bond	€m	4	4
Less income taxes[1]	€m	0	0
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,120	1,208
Weighted average number of shares outstanding	number	1,228,170,191	1,233,287,492
Potentially dilutive shares	number	28,991,959	21,628,207
Weighted average number of shares for diluted earnings	number	1,257,162,150	1,254,915,699
Diluted earnings per share	**€**	**0.89**	**0.96**

[1] Rounded below €1 million.

Balance sheet disclosures

10 Intangible assets and property, plant and equipment

Investments in intangible assets (not including goodwill), property, plant and equipment acquired and right-of-use assets amounted to €2,965 million in the first half of 2019 (previous year: €1,979 million).

Investments

€m

	30 June 2018	30 June 2019
Intangible assets (not including goodwill)	**90**	**90**
Property, plant and equipment acquired		
Land and buildings	58	55
Technical equipment and machinery	54	74
Transport equipment	59	64
Aircraft	39	51
IT equipment	34	35
Operating and office equipment	30	29
Advance payments and assets under development	512	1,320
	786	**1,628**
Right-of-use assets		
Land and buildings	914	951
Technical equipment and machinery	23	24
Transport equipment	91	92
Aircraft	75	178
Advance payments	0	2
	1,103	**1,247**
Total	**1,979**	**2,965**

The investments in advance payments increased due chiefly to the renewal of the intercontinental Express aircraft fleet. A total of €743 million has been paid to date in financial year 2019.

Goodwill changed as follows:

Change in goodwill

€m

	2018	2019
Cost		
Balance at 1 January	12,239	12,236
Additions from business combinations	45	0
Disposals	–127	1
Currency translation differences	79	43
Balance at 31 December / 30 June	**12,236**	**12,280**
Depreciation, amortisation and impairment losses		
Balance at 1 January	1,070	1,037
Disposals	–32	2
Impairment losses	0	4
Currency translation differences	–1	6
Balance at 31 December / 30 June	**1,037**	**1,049**
Carrying amount at 31 December / 30 June	**11,199**	**11,231**

The disposals include the sale of the chemical goods transport business (asset deal) of DHL Supply Chain Limited, UK. Impairment losses relate to the US power packaging business and DHL Paket (Austria) GmbH, note 12.

11 Financial assets

€m	Non-current		Current		Total	
	31 Dec. 2018	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018	30 June 2019
Assets measured at cost	499	517	100	142	**599**	**659**
Assets at fair value through other comprehensive income	43	61	0	0	**43**	**61**
Assets at fair value through profit or loss	188	218	843	16	**1,031**	**234**
Financial assets	**730**	**796**	**943**	**158**	**1,673**	**954**

The decrease in financial assets resulted primarily from the sale of money market funds.

Net impairment losses amounted to €42 million in the first half of 2019 (previous year: €53 million).

12 Assets held for sale and liabilities associated with assets held for sale

The amounts reported in this item relate to the following transactions:

€m	Assets		Liabilities	
	31 Dec. 2018	30 June 2019	31 Dec. 2018	30 June 2019
DHL Paket (Austria) GmbH, Austria – asset deal (eCommerce Solutions segment)	0	11	0	0
Sale of the Supply Chain business in China, Hong Kong and Macao (Supply Chain segment)	414	0	228	0
DHL Freight GmbH, Germany – property (Global Forwarding, Freight segment)	9	0	0	0
Exel Logistics Property Limited, UK – property sale (Supply Chain segment)	3	0	0	0
Other	0	0	0	0
Assets held for sale and liabilities associated with assets held for sale	**426**	**11**	**228**	**0**

The sale of the Supply Chain business in China to S.F. Holding, China, was completed in February 2019, note 2.

Following the agreement of a long-term partnership between Deutsche Post DHL Group and Austrian Post, some of the assets of DHL Paket (Austria) GmbH that will be sold to Austrian Post after the transaction is completed were reclassified to assets held for sale and liabilities associated with assets held for sale. The most recent measurement prior to reclassification led to an impairment loss of €2 million.

The competition authorities have approved the transaction. As at 1 August 2019, Austrian Post acquired three logistics centres and ten delivery hubs in Austria as well as the majority of the employees of DHL Paket (Austria) GmbH. As a result, Deutsche Post DHL Group's standard parcel shipments to private customers in Austria will be delivered by Austrian Post.

13 Issued capital and purchase of treasury shares

KfW Bankengruppe (KfW) held a 20.5% interest in the share capital of Deutsche Post AG as at 30 June 2019. The remaining shares are in free float.

Changes in issued capital and treasury shares

€	2018	2019
Issued capital		
Balance at 1 January	1,228,707,545	1,236,506,759
Addition due to contingent capital increase (convertible bond)	5,379,106	0
Addition due to contingent capital increase (Performance Share Plan)	2,420,108	0
Balance at 31 December/30 June	**1,236,506,759**	**1,236,506,759**
Treasury shares		
Balance at 1 January	−4,513,582	−3,628,651
Purchase of treasury shares (share buy-back)	−1,284,619	−282,500
Issue/sale of treasury shares	2,169,550	911,278
Balance at 31 December/30 June	**−3,628,651**	**−2,999,873**
Total at 31 December/30 June	**1,232,878,108**	**1,233,506,886**

The issued capital is composed of 1,236,506,759 no-par value registered shares (ordinary shares) with a notional interest in the share capital of €1 per share, and is fully paid up.

In the second quarter, 282,500 shares were acquired for a total amount of €8 million (average price of €28.07 per share) in order to settle the 2019 tranche of the Share Matching Scheme. Additionally, the rights to matching shares under the 2014 tranche were settled in April 2019 and 903,452 shares issued to executives.

As at 30 June 2019, Deutsche Post AG held 2,999,873 treasury shares.

14 Capital reserves

€m	2018	2019
Balance at 1 January	3,327	3,469
Share Matching Scheme		
Addition	73	9
Exercise	−64	−25
Total for Share Matching Scheme	**9**	**−16**
Performance Share Plan		
Addition	26	12
Exercise	−28	0
Total for Performance Share Plan	**−2**	**12**
Retirement/issue of treasury shares	26	0
Differences between purchase and issue prices of treasury shares	7	0
Capital increase through exercise of conversion rights under convertible bond 2012/2019	102	0
Balance at 31 December/30 June	**3,469**	**3,465**

Segment reporting

15 Segment reporting

Segments by division, H1

€m

	Post & Parcel Germany[1]		Express		Global Forwarding, Freight		Supply Chain		eCommerce Solutions[1]		Corporate Functions		Consolidation[1,2]		Group	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
External revenue	7,225	7,297	7,632	8,027	6,864	7,087	6,258	6,472	1,731	1,876	65	74	0	0	**29,775**	**30,833**
Internal revenue	174	184	186	184	429	471	78	46	123	118	688	627	−1,678	−1,630	**0**	**0**
Total revenue	7,399	7,481	7,818	8,211	7,293	7,558	6,336	6,518	1,854	1,994	753	701	−1,678	−1,630	**29,775**	**30,833**
Profit/loss from operating activities (EBIT)	513	404	978	974	175	224	183	573	−14	−46	−182	−198	−1	−3	**1,652**	**1,928**
of which net income/loss from investments accounted for using the equity method	1	0	1	1	0	0	1	5	−2	−3	0	−1	0	0	**1**	**2**
Segment assets[3]	5,577	6,053	13,766	14,733	8,728	8,808	8,248	7,930	1,750	1,670	4,935	5,221	−96	−86	**42,908**	**44,329**
of which investments accounted for using the equity method	0	0	33	34	24	24	12	16	30	34	21	20	−1	−1	**119**	**127**
Segment liabilities[3]	2,311	2,644	3,635	3,429	3,105	3,040	3,229	2,870	589	566	1,520	1,478	−75	−60	**14,314**	**13,967**
Net segment assets/liabilities[3]	3,266	3,409	10,131	11,304	5,623	5,768	5,019	5,060	1,161	1,104	3,415	3,743	−21	−26	**28,594**	**30,362**
Capex (assets acquired)	255	187	298	1,051	45	51	137	151	60	57	80	223	1	−2	**876**	**1,718**
Capex (right-of-use assets)	1	26	285	540	80	82	379	275	47	47	311	277	0	0	**1,103**	**1,247**
Total capex	256	213	583	1,591	125	133	516	426	107	104	391	500	1	−2	**1,979**	**2,965**
Depreciation and amortisation	143	149	549	635	114	127	395	434	71	99	303	324	0	1	**1,575**	**1,769**
Impairment losses	0	0	0	0	0	0	1	25	0	6	0	1	0	0	**1**	**32**
Total depreciation, amortisation and impairment losses	143	149	549	635	114	127	396	459	71	105	303	325	0	1	**1,576**	**1,801**
Other non-cash income (–) and expenses (+)	19	113	152	150	38	21	93	133	8	36	49	26	1	1	**360**	**480**
Employees[4]	159,032	157,825	93,550	96,354	43,347	44,151	151,877	155,340	29,493	31,131	12,272	12,628	0	0	**489,571**	**497,429**

[1] Prior-period amounts adjusted.
[2] Including rounding.
[3] As at 31 December 2018 and 30 June 2019.
[4] Average FTEs.

Segments by division, Q2

€m

	Post & Parcel Germany[1]		Express		Global Forwarding, Freight		Supply Chain		eCommerce Solutions[1]		Corporate Functions		Consolidation[1,2]		Group	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
External revenue	3,504	3,556	3,956	4,151	3,477	3,564	3,182	3,228	874	940	33	41	0	0	**15,026**	**15,480**
Internal revenue	88	91	90	89	225	232	30	23	63	55	370	320	−866	−810	**0**	**0**
Total revenue	3,592	3,647	4,046	4,240	3,702	3,796	3,212	3,251	937	995	403	361	−866	−810	**15,026**	**15,480**
Profit/loss from operating activities (EBIT)	108	177	517	521	105	124	128	87	0	−18	−111	−119	0	−3	**747**	**769**
of which net income/loss from investments accounted for using the equity method	0	0	0	0	0	0	1	5	−1	−2	0	0	0	0	**0**	**3**
Capex (assets acquired)	169	102	218	930	25	25	67	76	30	18	41	121	−1	−2	**549**	**1,270**
Capex (right-of-use assets)	0	0	165	321	43	47	266	124	21	29	140	147	−1	−1	**634**	**667**
Total capex	169	102	383	1,251	68	72	333	200	51	47	181	268	−2	−3	**1,183**	**1,937**
Depreciation and amortisation	73	75	282	322	58	64	204	218	36	50	153	163	1	0	**807**	**892**
Impairment losses	0	0	0	0	0	0	0	24	0	1	0	1	0	0	**0**	**26**
Total depreciation, amortisation and impairment losses	73	75	282	322	58	64	204	242	36	51	153	164	1	0	**807**	**918**
Other non-cash income (–) and expenses (+)	97	61	65	99	10	5	47	45	5	20	13	20	2	1	**239**	**251**

[1] Prior-period amounts adjusted.
[2] Including rounding.

Adjustment of prior-period amounts

The following changes concerning segments were effective as of 1 January 2019: The Post - eCommerce - Parcel division was split into a German and an international division, each led by a separate member of the Board of Management. The German business was renamed Post & Parcel Germany and has been under the leadership of Dr Tobias Meyer since 1 April 2019. Ken Allen now heads the new eCommerce Solutions division. The prior-period amounts were adjusted accordingly.

Information about geographical regions

€m

	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Other regions		Group	
H1	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
External revenue	9,183	9,280	9,054	9,289	5,186	5,659	5,168	5,340	1,184	1,265	**29,775**	**30,833**
Non-current assets[1]	9,229	9,536	10,065	9,961	6,740	7,418	4,563	4,554	524	570	**31,121**	**32,039**
Capex	678	939	605	518	379	1,137	255	272	62	99	**1,979**	**2,965**
Q2												
External revenue	4,485	4,534	4,556	4,662	2,696	2,895	2,687	2,741	602	648	**15,026**	**15,480**
Total capex	368	505	354	243	231	978	184	153	46	58	**1,183**	**1,937**

[1] As at 31 December 2018 and 30 June 2019.

Reconciliation

€m

	H1 2018	H1 2019
Total income of reported segments	1,835	2,129
Corporate Functions	−182	−198
Reconciliation to Group/Consolidation	−1	−3
Profit from operating activities (EBIT)	**1,652**	**1,928**
Net finance costs	−270	−301
Profit before income taxes	**1,382**	**1,627**
Income taxes	−193	−358
Consolidated net profit for the period	**1,189**	**1,269**

16 Disclosures on financial instruments

The following table shows the fair values of financial instruments with each class of financial instrument presented by the level in the fair value hierarchy to which it is assigned:

Financial assets and liabilities

€m

Class	Level 1[1]	Level 2[2]	Level 3[3]	Total
30 June 2019				
Non-current financial assets	238	417	20	**675**
Current financial assets	0	16	0	**16**
Financial assets	**238**	**433**	**20**	**691**
Non-current financial liabilities	5,898	638	0	**6,536**
Current financial liabilities	10	32	5	**47**
Financial liabilities	**5,908**	**670**	**5**	**6,583**
31 December 2018				
Non-current financial assets	231	398	0	**629**
Current financial assets	800	43	0	**843**
Financial assets	**1,031**	**441**	**0**	**1,472**
Non-current financial liabilities	5,687	652	0	**6,339**
Current financial liabilities	9	21	15	**45**
Financial liabilities	**5,696**	**673**	**15**	**6,384**

[1] Quoted prices for identical instruments in active markets.
[2] Inputs other than quoted prices that are directly or indirectly observable for instruments.
[3] Inputs not based upon observable market data.

Level 1 comprises mainly equity and debt instruments measured at fair value and debt instruments measured at amortised cost.

In addition to financial assets and financial liabilities measured at amortised cost, commodity, interest rate and currency derivatives are reported under Level 2. The fair values of financial assets measured at amortised cost are determined, amongst other things, using the multiplier method. The fair values of the derivatives are measured on the basis of discounted expected future cash flows, taking into account forward rates for currencies, interest rates and commodities (market approach). For this purpose, price quotations observable in the market (exchange rates, interest rates and commodity prices) are imported from standard market information platforms into the treasury management system. The price quotations reflect actual transactions involving similar instruments on an active market. If currency options are used, they are measured using the Black-Scholes option pricing model. All significant inputs used to measure derivatives are observable in the market.

Level 3 comprises mainly the fair values of equity investments and derivatives associated with M&A transactions. They are measured using recognised valuation models, taking plausible assumptions into account. The fair values of derivatives as well as of assets and liabilities depend, to a large extent, upon financial ratios. Increasing financial ratios lead to higher fair values, whilst decreasing financial ratios result in lower fair values.

The financial instruments categorised within Level 3 did not have any effects on profit or loss as at 30 June 2019.

17 Contingent liabilities and other financial obligations

The Group's contingent liabilities and other financial obligations, such as purchase obligations, have not changed significantly compared with 31 December 2018.

18 Related party disclosures

Dr Tobias Meyer has been head of the Post & Parcel Germany division, previously headed in a dual role by CEO Frank Appel, since 1 April 2019. There were no other significant changes in related party disclosures in the first half of 2019 as against 31 December 2018. As at 30 September 2019, John Gilbert will step down from the Board of Management. Oscar de Bok will assume responsibility for the Supply Chain division as at 1 October 2019.

19 Events after the reporting date / other disclosures

In a judgement dated 10 April 2019, the General Court of the European Union revoked the European Commission's 2011 decision to extend the state aid proceedings in the action brought by Deutsche Post AG, **@ 2018 Annual Report, note 46.** The European Commission did not file an appeal against the judgement and that decision is now legally binding.

As part of the First Mail Düsseldorf GmbH proceedings, **@ 2018 Annual Report, note 46,** the action brought by Deutsche Post AG against the decision of the *Bundesnetzagentur* was dismissed by the Administrative Court of Cologne. Deutsche Post AG has not lodged an appeal against the judgment. Furthermore, the complaint regarding identical invoices was dismissed by the Administrative Court of Cologne. Deutsche Post AG has waived its right to appeal.

There were no reportable events after the reporting date.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, 5 August 2019

Deutsche Post AG
The Board of Management

Dr Frank Appel	Ken Allen
John Gilbert	Melanie Kreis
Dr Tobias Meyer	Dr Thomas Ogilvie
John Pearson	Tim Scharwath

REVIEW REPORT

To Deutsche Post AG

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Post AG, Bonn, for the period from 1 January to 30 June 2019, which are part of the half-yearly financial report pursuant to section 115 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW – Institute of Public Auditors in Germany) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 5 August 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Prümm	Verena Heineke
Wirtschaftsprüfer	*Wirtschaftsprüferin*
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Published on 6 August 2019.

FINANCIAL CALENDAR 2019/2020

12 November 2019
Interim Report as at 30 September 2019

10 March 2020
2019 Annual Report

12 May 2020
Interim Report as at 31 March 2020

13 May 2020
2020 Annual General Meeting

18 May 2020
Dividend payment

5 August 2020
Interim Report as at 30 June 2020

10 November 2020
Interim Report as at 30 September 2020

Further dates, updates as well as information on live webcasts: @ dpdhl.com/en/investors

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