Interim Report
as at 30 September 2019

3|19

Selected key figures

		9M 2018	9M 2019	+/–%	Q3 2018	Q3 2019	+/–%
Revenue	€m	44,624	46,385	3.9	14,849	15,552	4.7
Profit from operating activities (EBIT)	€m	2,028	2,870	41.5	376	942	>100
Return on sales[1]	%	4.5	6.2	–	2.5	6.1	–
EBIT after asset charge (EAC)	€m	207	914	>100	–245	277	>100
Consolidated net profit for the period[2]	€m	1,262	1,765	39.9	146	561	>100
Free cash flow	€m	–248	–296	–19.4	143	507	>100
Net debt[3]	€m	12,303	14,492	17.8	–	–	–
Earnings per share[4]	€	1.03	1.43	38.8	0.12	0.45	>100
Number of employees[5]		547,459	543,715	–0.7	–	–	–

[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 quarter, including trainees; prior-period number as at 31 December.

Cross-references   dpdhl.com/en/investors

Deutsche Post DHL Group

GENERAL INFORMATION

Organisation

As announced at the end of June, John Gilbert resigned from the Board of Management with effect from 30 September 2019. Since 1 October 2019, the Supply Chain board department has been led by Oscar de Bok.

In September, the Supervisory Board extended Thomas Ogilvie's contract for five years until August 2025. He is the Labour Director and Board of Management member responsible for Human Resources and Corporate Incubations.

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

The pace of global economic growth has been weak at best since the beginning of 2019. Most recently, the renewed escalation of the trade conflict between the United States and China as well as the attacks on Saudi oil facilities have weighed on growth. Chinese economic expansion has also continued to slow.

Growth in the United States during the third quarter of 2019 was weaker compared with the previous year. The US Federal Reserve countered the emerging growth risks with two small interest rate cuts that lowered the key interest rate corridor to between 1.75% and 2.00%.

The eurozone maintained the growth pattern of prior quarters – robust fixed investment amid weaker consumer spending – although the pace of growth slackened. The European Central Bank (ECB) reacted to the weaker economic climate and cut its key interest rate to −0.50%.

In Germany, foreign trade weighed on growth, whilst domestic demand, and consumer spending in particular, still grew solidly. These diverging trends in the German economy were reflected in business sentiment. Although the ifo German Business Climate Index edged up slightly in September, it remained below its long-term average.

The pace of global economic growth has been weak at best.

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.

In the third quarter, we began offering an extended group of employees in Germany the option of taking a lump-sum payment rather than receiving a lifetime pension under our occupational pension plan. This resulted in income of €106 million from the remeasurement of pension obligations, most of which was compensated for in restructuring the Post & Parcel Germany division.

As at 30 September 2019, restructuring expenses of €264 million net had been incurred for measures intended to improve earnings.

Results of operations

Portfolio largely unchanged

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

Selected indicators for results of operations

		9M 2018	9M 2019	Q3 2018	Q3 2019
Revenue	€m	44,624	46,385	14,849	15,552
Profit from operating activities (EBIT)	€m	2,028	2,870	376	942
Return on sales[1]	%	4.5	6.2	2.5	6.1
EBIT after asset charge (EAC)	€m	207	914	−245	277
Consolidated net profit for the period[2]	€m	1,262	1,765	146	561
Earnings per share[3]	€	1.03	1.43	0.12	0.45

[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 nine months of 2019, consolidated revenue rose by €1,761 million to €46,385 million, for reasons including positive currency effects of €547 million. The proportion of revenue generated abroad increased from 69.5% to 70.1%. Revenue for the third quarter was up by €703 million to €15,552 million. It was also increased by currency effects of €240 million.

Above all, income of €439 million from the sale of the Supply Chain business in China drove up other operating income considerably to €1,787 million.

Revenue Q3 2019

€m

15,552

Q3 2018	Change
14,849	+4.7%

Increase in staff costs

In addition to transport costs, currency effects above all increased materials expense from €23,025 million to €23,459 million. At €16,021 million, staff costs were up €559 million over the previous year's figure, due primarily to an increased headcount and the collective wage increase in Germany. The previous year's figure included expenses of €400 million for the early retirement programme in what is now the Post & Parcel Germany division. Depreciation, amortisation and impairment losses also greatly exceeded the previous year's level (€2,414 million) to reach €2,718 million, due in part to investments, which markedly increased leased property, plant and equipment. Other operating expenses totalled €3,293 million, up slightly from the previous year (€3,275 million). In the reporting period, this item included restructuring expenses in the Post & Parcel Germany, Supply Chain and eCommerce Solutions divisions, whilst in the previous year there was a negative effect from customer contracts.

Consolidated EBIT improves substantially

In the first nine months of 2019, profit from operating activities (EBIT) rose 41.5% to €2,870 million, well above the previous year's figure (€2,028 million). Higher interest expense on lease liabilities, amongst other things, caused net finance costs to grow from €–429 million to €–474 million. Profit before income taxes grew by €797 million to €2,396 million. Income taxes were up by €303 million to €527 million due to a higher tax rate, amongst other things.

EBIT Q3 2019

€m

942

Q3 2018	Change
376	>100%

Consolidated net profit well over prior-year figure

In the first nine months of 2019, consolidated net profit amounted to €1,869 million, significantly higher than the previous year's figure (€1,375 million). Of this amount, €1,765 million is attributable to Deutsche Post AG shareholders and €104 million to non-controlling interest shareholders. Basic earnings per share improved from €1.03 to €1.43 and diluted earnings per share from €1.01 to €1.41.

Changes in revenue, other operating income and operating expenses, 9M 2019

	€m	+/–%	
Revenue	46,385	3.9	• Currency effects increase figure by €547 million
Other operating income	1,787	35.5	• Includes income of €439 million from the sale of the Supply Chain business in China
Materials expense	23,459	1.9	• Currency effects increase figure by €402 million • Higher transport costs
Staff costs	16,021	3.6	• Rise in headcount • Currency effects increase figure by €166 million • The prior-year figure included expenses of €400 million for the early retirement programme in the Post & Parcel Germany division. • The prior-year figure included income from the remeasurement of pension obligations totalling €108 million; this figure was €106 million in the reporting period. • Collective wage increase in Germany as at 1 October 2018
Depreciation, amortisation and impairment losses	2,718	12.6	• Investment-related increase in leased property, plant and equipment
Other operating expenses	3,293	0.5	• Prior-year figure included a negative effect of €49 million from customer contracts • Include restructuring expenses of €134 million in the Post & Parcel Germany, Supply Chain and eCommerce Solutions divisions in the reporting period

Higher EBIT after asset charge (EAC)

EAC rose from €207 million to €914 million in the first nine months of 2019. The increase was attributable to the significant rise in EBIT as well as a higher imputed asset charge, due in particular to investments in property, plant and equipment in the Express division.

EBIT after asset charge (EAC)

€m

	9M 2018	9M 2019	+/–%
EBIT	2,028	2,870	41.5
– Asset charge	–1,821	–1,956	–7.4
= EAC	**207**	**914**	**>100**

Financial position

Selected cash flow indicators

€m

	9M 2018	9M 2019	Q3 2018	Q3 2019
Cash and cash equivalents as at 30 September	2,228	2,230	2,228	2,230
Change in cash and cash equivalents	–829	–857	260	–6
Net cash from operating activities	3,144	3,386	1,421	1,869
Net cash used in investing activities	–1,296	–1,045	–716	–750
Net cash used in financing activities	–2,677	–3,198	–445	–1,125

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 are pursued as part of our finance strategy.

The FFO to debt performance metric decreased in the first nine months of 2019 compared with the figure as at 31 December 2018 because debt increased. Reported financial liabilities increased, mainly as a result of an increase in short-term loans and higher lease liabilities. The adjustment for pensions rose due to an increase in pension obligations, despite the rise in 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 nine months of the year. This line item contains the net proceeds of €653 million from the sale of the Supply Chain business in China and payments for the renewal of the Express intercontinental aircraft fleet totalling €988 million.

FFO to debt

€m

	1 Jan. to 31 Dec. 2018	1 Oct. 2018 to 30 Sept. 2019
Operating cash flow before changes in working capital	6,079	6,026
+ Interest received	52	72
– Interest paid	526	600
+ Adjustment for pensions	309	248
= Funds from operations, FFO	**5,914**	**5,746**
Reported financial liabilities[1]	16,462	17,219
– Financial liabilities at fair value through profit or loss[1]	38	29
+ Adjustment for pensions[1]	4,110	6,145
– Surplus cash and near-cash investments[1,2]	2,683	1,053
= Debt	**17,851**	**22,282**
FFO to debt (%)	**33.1**	**25.8**

[1] As at 31 December 2018 and 30 September 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 September 2019, the Group had cash and cash equivalents of €2.2 billion.

Higher capital expenditure for assets acquired

Investments in acquired property, plant and equipment and intangible assets (not including goodwill) amounted to €2,572 million in the first nine months of 2019 (previous year: €1,703 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. Capital spending also focussed upon continuous maintenance and renewal of our aircraft fleet, including further advance payments 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).

In the eCommerce Solutions division, most of the capital expenditure was attributable to infrastructure projects in the Netherlands and Poland. Investments were also made in India.

Capital expenditure increased in the Corporate Functions division, where funds were invested in the vehicle fleet, IT equipment and expanding production of StreetScooter electric vehicles.

Capex and depreciation, amortisation and impairment losses, 9M

	Post & Parcel Germany adjusted[1]		Express		Global Forwarding, Freight		Supply Chain		eCommerce Solutions adjusted[1]		Corporate Functions		Consolidation[2]		Group	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Capex (€m) relating to assets acquired	427	285	679	1,523	75	73	200	231	114	80	179	382	29	–2	**1,703**	**2,572**
Capex (€m) relating to leased assets	1	27	637	724	121	105	589	421	94	84	375	622	–1	0	**1,816**	**1,983**
Total (€m)	**428**	**312**	**1,316**	**2,247**	**196**	**178**	**789**	**652**	**208**	**164**	**554**	**1,004**	**28**	**–2**	**3,519**	**4,555**
Depreciation, amortisation and impairment losses (€m)	224	227	840	969	173	189	609	680	109	159	459	494	0	0	**2,414**	**2,718**
Ratio of total capex to depreciation, amortisation and impairment losses	1.91	1.37	1.57	2.32	1.13	0.94	1.30	0.96	1.91	1.03	1.21	2.03	–	–	**1.46**	**1.68**

[1] Note 15.
[2] Including rounding.

Capex and depreciation, amortisation and impairment losses, Q3

	Post & Parcel Germany adjusted[1]		Express		Global Forwarding, Freight		Supply Chain		eCommerce Solutions adjusted[1]		Corporate Functions		Consolidation[2]		Group	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Capex (€m) relating to assets acquired	172	98	381	472	30	22	63	80	54	23	99	159	28	0	**827**	**854**
Capex (€m) relating to leased assets	0	1	352	184	41	23	210	146	47	37	64	345	–1	0	**713**	**736**
Total (€m)	**172**	**99**	**733**	**656**	**71**	**45**	**273**	**226**	**101**	**60**	**163**	**504**	**27**	**0**	**1,540**	**1,590**
Depreciation, amortisation and impairment losses (€m)	81	78	291	334	59	62	213	221	38	54	156	169	0	–1	**838**	**917**
Ratio of total capex to depreciation, amortisation and impairment losses	2.12	1.27	2.52	1.96	1.20	0.73	1.28	1.02	2.66	1.11	1.04	2.98	–	–	**1.84**	**1.73**

[1] Note 15.
[2] Including rounding.

Higher operating cash flow

Net cash from operating activities increased year-on-year by €242 million to €3,386 million in the first nine months of 2019. Based upon EBIT, which at €2,870 million was well over the previous year's figure (€2,028 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 was down from €1,038 million to €743 million, due primarily to a decrease in the cash outflow from the build-up of inventories.

Net cash used in investing activities decreased from €1,296 million to €1,045 million. The key factor here was 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 €881 million higher than in the previous year, at €2,679 million. Payments for the renewal of the Express intercontinental aircraft fleet have totalled €988 million in financial year 2019 to date. In contrast, the sale of money market funds increased proceeds from current financial assets by €309 million to €782 million.

In addition to these effects, greater cash funds were required for leases. Free cash flow decreased from €–248 million to €–296 million.

At €3,198 million, net cash used in financing activities was up €521 million, much higher than in the previous year (€2,677 million). In the previous year, we had issued promissory note loans totalling €500 million. In the reporting period, we repaid €265 million of this amount early, whilst also taking out loans of €527 million.

Cash and cash equivalents declined from €3,017 million as at 31 December 2018 to €2,230 million as at 30 September 2019.

Calculation of free cash flow

€m

	9M 2018	9M 2019	Q3 2018	Q3 2019
Net cash from operating activities	**3,144**	**3,386**	**1,421**	**1,869**
Sale of property, plant and equipment and intangible assets	46	104	1	15
Acquisition of property, plant and equipment and intangible assets	−1,798	−2,679	−733	−816
Cash outflow from change in property, plant and equipment and intangible assets	**−1,752**	**−2,575**	**−732**	**−801**
Disposals of subsidiaries and other business units	5	678	5	21
Disposals of investments accounted for using the equity method and other investments	0	0	0	0
Acquisition of subsidiaries and other business units	−58	−14	−7	−6
Acquisition of investments accounted for using the equity method and other investments	−33	−8	−4	1
Cash outflow/inflow from acquisitions/divestitures	**−86**	**656**	**−6**	**16**
Proceeds from lease receivables	13	19	0	6
Repayment of lease liabilities	−1,257	−1,418	−442	−471
Interest on lease liabilities	−277	−310	−94	−106
Cash outflow from leases	**−1,521**	**−1,709**	**−536**	**−571**
Interest received	39	59	13	22
Interest paid	−72	−113	−17	−28
Net interest paid	**−33**	**−54**	**−4**	**−6**
Free cash flow	**−248**	**−296**	**143**	**507**

Net assets

Selected indicators for net assets

		31 Dec. 2018	30 Sept. 2019
Equity ratio	%	27.5	24.5
Net debt	€m	12,303	14,492
Net interest cover[1]		6.5	7.9
Net gearing	%	47.0	53.7

[1] In the first nine months.

Consolidated total assets up

As at 30 September 2019, the Group's total assets amounted to €50,912 million, €442 million higher than at 31 December 2018 (€50,470 million).

Intangible assets increased from €11,850 million to €12,002 million because additions and positive currency effects exceeded amortisation and impairment losses and disposals. Property, plant and equipment rose from €19,202 million to €20,814 million, primarily on account of the €1 billion already capitalised for the renewal of the Express intercontinental aircraft fleet, mainly for advance payments. In contrast, other non-current assets dropped by €227 million to €126 million. This was due mainly to the remeasurements that reduced pension assets. Our sale of money market funds sharply reduced current financial assets from €943 million to €140 million. Trade receivables increased from €8,247 million to €8,524 million. Other current assets rose by €434 million to €2,803 million. This figure includes the deferred expense of €104 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 €787 million decrease in cash and cash equivalents to €2,230 million is described in the section Financial position, page 6. Assets held for sale declined by €361 million to €65 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 €12,225 million, markedly 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 €1,789 million to €6,137 million. On balance, financial liabilities rose from €16,462 million to €17,219 million. Loans were taken out and three promissory note loans were repaid early. Trade payables decreased from €7,422 million to €6,508 million as at the balance sheet date.

Other current liabilities increased by €615 million to €5,047 million, due primarily to an increase in liabilities to employees. After the disposal of the Supply Chain business in China, liabilities associated with assets held for sale declined to €54 million.

Net debt increases to €14,492 million

Our net debt rose from €12,303 million as at 31 December 2018 to €14,492 million as at 30 September 2019. At 24.5%, 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 7.9, it was up on the previous year's level (6.5). Net gearing was 53.7% as at 30 September 2019.

Net debt

€m

	31 Dec. 2018	30 Sept. 2019
Non-current financial liabilities	13,838	13,830
+ Current financial liabilities	2,425	3,032
= **Financial liabilities**[1]	**16,263**	**16,862**
– Cash and cash equivalents	3,017	2,230
– Current financial assets	943	140
= **Financial assets**	**3,960**	**2,370**
Net debt	**12,303**	**14,492**

[1] Less operating financial liabilities.

Business performance in the divisions

POST & PARCEL GERMANY DIVISION

Key figures, Post & Parcel Germany

€m

	9M 2018 adjusted[1]	9M 2019	+/–%	Q3 2018 adjusted[1]	Q3 2019	+/–%
Revenue	10,919	11,194	2.5	3,520	3,713	5.5
of which Post	7,134	7,040	–1.3	2,273	2,344	3.1
Parcel	3,929	4,320	10.0	1,299	1,428	9.9
Other/Consolidation	–144	–166	–15.3	–52	–59	–13.5
Profit/loss from operating activities (EBIT)	311	708	>100	–202	304	>100
Return on sales (%)[2]	2.8	6.3	–	–5.7	8.2	–
Operating cash flow	562	480	–14.6	275	354	28.7

[1] Note 15.
[2] EBIT/revenue.

Revenue surpasses prior-year level

In the first nine months of 2019, revenue in the division was €11,194 million, exceeding the prior-year figure of €10,919 million by 2.5%. Revenue for the third quarter of 2019 was up 5.5% compared with the prior-year period, in part due to an extra working day.

Quarterly revenue in Post business unit exceeds prior-year level

At €7,040 million, revenue in the Post business unit in the first nine months of 2019 was 1.3% below the previous year's level (€7,134 million). Volumes declined by 2.5%. Third-quarter revenue was up 3.1% to €2,344 million.

Although volumes declined, Mail Communication revenues for the first nine months of 2019 nearly reached the prior-year level, mainly as a result of the postage rate increase as at 1 July. Third-quarter revenue exceeded the previous year's level thanks to the rate increase and the extra working day.

The general trend towards sending goods as letters persisted. In the Dialogue Marketing business, activities are shifting increasingly to online media. The measures we have taken to increase sales to e-commerce businesses were unable to fully compensate for the revenue and volume declines.

E-commerce brings further growth in the Parcel business unit

In the Parcel business unit, revenue was up 10.0% to €4,320 million in the first nine months of 2019. Growth in the third quarter amounted to 9.9%. Volumes also continued to rise due to sustained growth in e-commerce, with an increase of 6.8% to 1,118 million items in the first nine months and 6.1% to 368 million items in the third quarter. The fact that revenue growth outpaced volume growth is attributable to price increases.

Post & Parcel Germany: revenue

€m	9M 2018 adjusted[1]	9M 2019	+/–%	Q3 2018 adjusted[1]	Q3 2019	+/–%
Post	7,134	7,040	–1.3	2,273	2,344	3.1
of which Mail Communication	4,626	4,586	–0.9	1,469	1,548	5.4
Dialogue Marketing	1,603	1,558	–2.8	519	506	–2.5
Other/Consolidation Post	905	896	–1.0	285	290	1.8
Parcel	3,929	4,320	10.0	1,299	1,428	9.9

[1] Note 15.

Post & Parcel Germany: volumes

Mail items (millions)	9M 2018 adjusted[1]	9M 2019	+/–%	Q3 2018 adjusted[1]	Q3 2019	+/–%
Post	13,059	12,734	–2.5	4,189	4,177	–0.3
of which Mail Communication	5,641	5,506	–2.4	1,788	1,813	1.4
Dialogue Marketing	6,182	5,973	–3.4	2,019	1,959	–3.0
Parcel	1,047	1,118	6.8	347	368	6.1

[1] Note 15.

Significant increase in EBIT

EBIT in the division improved significantly in the first nine months of 2019, rising from €311 million to €708 million. Earnings for the previous year had been heavily impacted by non-recurring expenses for the early retirement programme for civil servants and by restructuring measures amounting to €443 million. However, the prior-year figure also included a positive one-off effect of €108 million from the revaluation of pension obligations. Return on sales in the first nine months of 2019 rose from 2.8% to 6.3%. EBIT in the division for the third quarter of 2019 amounted to €304 million (previous year: €–202 million). The prior-year figure included expenses for the early retirement programme and restructuring which amounted to €392 million. In addition, although the third quarter of 2019 saw net income of €90 million from the revaluation of pension obligations, this was offset by additional restructuring costs of the same amount. Operating cash flow fell to €480 million in the first nine months of 2019, due primarily to the negative trend in working capital.

EXPRESS DIVISION

Key figures, Express

€m

	9M 2018	9M 2019	+/–%	Q3 2018	Q3 2019	+/–%
Revenue	11,724	12,458	6.3	3,906	4,247	8.7
of which Europe	5,273	5,554	5.3	1,725	1,858	7.7
Americas	2,383	2,614	9.7	812	911	12.2
Asia Pacific	4,155	4,438	6.8	1,385	1,525	10.1
MEA (Middle East and Africa)	842	909	8.0	277	306	10.5
Consolidation/Other	–929	–1,057	–13.8	–293	–353	–20.5
Profit from operating activities (EBIT)	1,387	1,428	3.0	409	454	11.0
Return on sales (%)[1]	11.8	11.5	–	10.5	10.7	–
Operating cash flow	2,168	2,321	7.1	794	898	13.1

[1] EBIT/revenue.

Dynamic growth of international business continues

Revenue in the division increased by 6.3% to €12,458 million in the first nine months of 2019 (previous year: €11,724 million). This figure includes foreign currency gains of €208 million; excluding these gains, the revenue increase was 4.5%. 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 fuel surcharges, revenue was up by 3.4%.

In the Time Definite International (TDI) product line, revenues per day rose by 4.9% in the first nine months of 2019 and per-day shipment volumes by 5.8%. Revenues per day for the third quarter of 2019 were up by 5.6% and per-day shipment volumes by 5.9%.

In the Time Definite Domestic (TDD) product line, revenues per day increased by 7.0% in the first nine months of 2019 and per-day shipment volumes by 8.0%. Growth in the third quarter amounted to 9.8% for revenues per day and 8.8% for per-day volumes.

Express: revenue by product

€m per day[1]

	9M 2018 adjusted[1]	9M 2019	+/–%	Q3 2018 adjusted[1]	Q3 2019	+/–%
Time Definite International (TDI)	47.3	49.6	4.9	46.3	48.9	5.6
Time Definite Domestic (TDD)	4.3	4.6	7.0	4.1	4.5	9.8

[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

	9M 2018	9M 2019	+/–%	Q3 2018	Q3 2019	+/–%
Time Definite International (TDI)	925	979	5.8	908	962	5.9
Time Definite Domestic (TDD)	474	512	8.0	464	505	8.8

Stable growth in the Europe region

Revenue in the Europe region increased by 5.3% to €5,554 million in the first nine months of 2019 (previous year: €5,273 million). That figure includes foreign currency losses of €16 million; growth excluding currency effects was 5.6%. In the TDI product line, revenues per day increased by 5.0%. Per-day shipment volumes improved by 7.8%. International per-day revenues for the third quarter of 2019 were up by 4.5% and per-day shipment volumes by 7.6%.

Strong international business in the Americas region

Revenue in the Americas region increased by 9.7% to €2,614 million in the first nine months of 2019 (previous year: €2,383 million). Included in that figure are foreign currency gains of €81 million. Excluding currency effects, growth came to 6.3%. In the TDI product line, per-day shipments were up by 4.1% compared with the previous year. Revenues per day increased by 4.7%. Growth in the third quarter of 2019 amounted to 6.1% for per-day volumes and 7.6% for revenues per day.

Operating business in the Asia Pacific region sees further growth

Revenue in the Asia Pacific region rose by 6.8% to €4,438 million in the first nine months of 2019 (previous year: €4,155 million). That figure includes foreign currency gains of €108 million. Excluding currency effects, revenue increased by 4.2%. In the TDI product line, revenues per day rose by 4.8% and per-day volumes by 4.2%. Growth in the third quarter of 2019 amounted to 5.8% for revenues per day and 5.7% for per-day volumes.

Per-day revenues continue to grow in the MEA region

Revenue in the MEA region (Middle East and Africa) improved by 8.0% in the first nine months of 2019 to €909 million (previous year: €842 million). The revenue figure includes foreign currency gains of €30 million. Revenue growth excluding currency effects was 4.4%. TDI revenues per day rose by 5.8% and per-day volumes by 5.3%. International per-day revenues for the third quarter of 2019 were up by 3.0% and per-day shipment volumes declined by 5.9%.

Third-quarter EBIT well above prior year

As expected, EBIT growth accelerated in the reporting period particularly as the effects of portfolio streamlining for heavy shipments on earnings continue to diminish. EBIT for the division rose by 3.0% to €1,428 million in the first nine months of 2019 (previous year: €1,387 million). The return on sales was 11.5% (previous year: 11.8%). In the third quarter, EBIT improved by 11.0% to €454 million and return on sales increased from 10.5% to 10.7%. Operating cash flow increased to €2,321 million in the first nine months of 2019 (previous year: €2,168 million).

GLOBAL FORWARDING, FREIGHT DIVISION

Key figures, Global Forwarding, Freight

€m

	9M 2018	9M 2019	+/–%	Q3 2018	Q3 2019	+/–%
Revenue	10,976	11,274	2.7	3,683	3,716	0.9
of which Global Forwarding[1]	7,784	7,956	2.2	2,640	2,645	0.2
Freight	3,298	3,405	3.2	1,076	1,090	1.3
Consolidation/Other[1]	–106	–87	17.9	–33	–19	42.4
Profit from operating activities (EBIT)	281	348	23.8	106	124	17.0
Return on sales (%)[2]	2.6	3.1	–	2.9	3.3	–
Operating cash flow	237	415	75.1	67	175	>100

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

Currency gains contribute to revenue growth

Revenue in the division increased by 2.7% to €11,274 million in the first nine months of 2019 (previous year: €10,976 million). Excluding positive currency effects of €97 million, revenue was up year-on-year by 1.8%. Revenue in the third quarter of 2019 rose by 0.9% compared with the prior-year figure. In the Global Forwarding business unit, revenue increased by 2.2% to €7,956 million in the first nine months of 2019 (previous year: €7,784 million). Excluding positive currency effects of €114 million, the increase was 0.7%. At €1,876 million, gross profit for the business unit exceeded the prior-year figure of €1,820 million.

Improved air freight margins and solid project business

We reported a decline in air freight volume of 5.3% in the first nine months of 2019, due mainly to the decline in market volumes on key trade lanes. Air freight revenues decreased by 1.3%. Gross profit improved by 3.7%. Air freight revenue fell by 4.7% in the third quarter of 2019, whilst gross profit improved by 2.1% despite a volume decline of 6.2%.

Ocean freight volumes for the first nine months of 2019 were up 0.5% on the previous year's level. Ocean freight revenues rose by 6.2%, whilst gross profit declined by 2.2%. In the third quarter, ocean freight volumes rose by 2.8% and revenue by 3.4%, whilst gross profit fell by 2.4%.

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 30.0% in the prior year to 34.5%. Gross profit for industrial projects improved by 32.7%.

Global Forwarding: revenue

€m

	9M 2018	9M 2019	+/– %	Q3 2018	Q3 2019	+/– %
Air freight	3,552	3,507	–1.3	1,202	1,145	–4.7
Ocean freight	2,574	2,733	6.2	887	917	3.4
Other[1]	1,658	1,716	3.5	551	583	5.8
Total[1]	**7,784**	**7,956**	**2.2**	**2,640**	**2,645**	**0.2**

[1] Prior-year figures adjusted due to reclassifications.

Global Forwarding: volumes

Thousands

		9M 2018	9M 2019	+/– %	Q3 2018	Q3 2019	+/– %
Air freight	tonnes	2,806	2,657	–5.3	940	882	–6.2
of which exports	tonnes	1,579	1,499	–5.1	529	502	–5.1
Ocean freight	TEUs[1]	2,401	2,412	0.5	824	847	2.8

[1] Twenty-foot equivalent units.

Revenue growth in European overland transport business

In the Freight business unit, revenue rose by 3.2% to €3,405 million in the first nine months of 2019 (previous year: €3,298 million) despite negative currency effects of €18 million. The 9.9% 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 3.9% to €861 million (previous year: €829 million).

Significant improvement in earnings

Division EBIT increased significantly in the first nine months of 2019, rising from €281 million to €348 million. The increase was due mainly to improved gross profit margins in air freight and cost measures. Return on sales rose to 3.1% (previous year: 2.6%). In the third quarter of 2019, EBIT improved from €106 million to €124 million and return on sales was 3.3%. Operating cash flow in the first nine months amounted to €415 million (previous year: €237 million).

SUPPLY CHAIN DIVISION

Key figures, Supply Chain

€m

	9M 2018	9M 2019	+/– %	Q3 2018	Q3 2019	+/– %
Revenue	9,607	9,865	2.7	3,271	3,347	2.3
of which EMEA (Europe, Middle East and Africa)	5,047	4,958	–1.8	1,676	1,644	–1.9
Americas	3,033	3,435	13.3	1,071	1,223	14.2
Asia Pacific	1,569	1,490	–5.0	536	487	–9.1
Consolidation/Other	–42	–18	57.1	–12	–7	41.7
Profit from operating activities (EBIT)	336	735	>100	153	162	5.9
Return on sales (%)[1]	3.5	7.5	–	4.7	4.8	–
Operating cash flow	386	521	35.0	253	370	46.2

[1] EBIT/revenue.

Stable revenue growth

Revenue in the division increased by 2.7% to €9,865 million in the first nine months of 2019 (previous year: €9,607 million). The increase is due, in particular, to the good business performance in the Americas region. In addition, positive currency effects increased revenue by €188 million. Excluding currency effects and portfolio changes – in particular, the sale of our Supply Chain business in China in the first quarter – revenue growth was 3.3%. In the third quarter of 2019, revenue increased by 2.3% to €3,347 million (previous year: €3,271 million).

In the Americas and Asia Pacific regions, adjusted for the sale of the Supply Chain business in China, volumes grew in nearly all sectors. In the EMEA region, we achieved significant growth in the Engineering & Manufacturing sector.

Supply Chain: revenue by sector and region, 9M 2019

Total revenue: €9,865 million

of which Retail	28%
Consumer	24%
Auto-mobility	16%
Technology	14%
Life Sciences & Healthcare	10%
Engineering & Manufacturing	6%
Others	2%
of which Europe/Middle East/Africa/Consolidation	50%
Americas	35%
Asia Pacific	15%

New business worth around €694 million secured

In the first nine months of 2019, the division concluded additional contracts worth around €694 million in annualised revenue with both new and existing customers. The Retail and Consumer sectors accounted for the majority of the gains. The annualised contract renewal rate remained at a consistently high level.

Solid business performance leads to EBIT growth

EBIT in the division was €735 million in the first nine months of 2019 (previous year: €336 million). It was influenced positively by solid growth in almost all regions and the sale of the China business in the first quarter of 2019. This was offset by negative one-off effects of €119 million in the reporting period and €50 million in the first quarter of 2018. Excluding the above effects, EBIT was up 10.9% in the first nine months of 2019. The return on sales was 7.5% (previous year: 3.5%). Operating cash flow improved from €386 million to €521 million in the first nine months of 2019.

EBIT for the third quarter of 2019 was up 5.9% year-on-year to €162 million. Excluding non-recurring effects from strategic measures of €–8 million, EBIT rose by 11.1%. Return on sales amounted to 4.8% in the third quarter (previous year: 4.7%).

ECOMMERCE SOLUTIONS DIVISION

Key figures, eCommerce Solutions

€m

	9M 2018	9M 2019	+/–%	Q3 2018	Q3 2019	+/–%
Revenue	2,769	2,958	6.8	915	964	5.4
of which Americas	760	834	9.7	253	273	7.9
Europe	1,608	1,696	5.5	527	541	2.7
Asia	405	427	5.4	136	148	8.8
Other/Consolidation	–4	1	>100	–1	2	>100
Profit/loss from operating activities (EBIT)	–21	–40	–90.5	–7	6	>100
Return on sales (%)[1]	–0.8	–1.4	–	–0.8	0.6	–
Operating cash flow	54	128	>100	20	80	>100

[1] EBIT/revenue.

Revenue continues to increase

The division generated revenue of €2,958 million in the first nine months of 2019, up 6.8% on the prior-year figure of €2,769 million, despite individual portfolio streamlining measures. All regions contributed to the increase. Revenue in the Americas region rose by 9.7% to €834 million (previous year: €760 million). In the Europe region, revenue grew by 5.5% to €1,696 million (previous year: €1,608 million). Revenue in the Asia region came to €427 million in the first nine months of the year, exceeding the prior-year figure by 5.4%. Excluding foreign currency gains of €58 million, the total year-on-year revenue increase came to 4.7% in the reporting period. Division revenue for the third quarter was up 5.4% to €964 million (previous year: €915 million).

EBIT declines due to restructuring expenses

Division EBIT fell to €–40 million in the first nine months of 2019 (previous year: €–21 million), due primarily to restructuring expenses in a net amount of €55 million. The expenses were incurred for portfolio optimisation, overhead reductions and loss allowances, amongst other things. The return on sales therefore remained negative at –1.4% (previous year: –0.8%). At €128 million, operating cash flow was significantly higher than in the previous year, mainly due to improvements in operating performance and net working capital. Third-quarter EBIT came to €6 million (previous year: €–7 million), with the increase reflecting the good performance of the core business and the initial successes of the restructuring measures implemented. Return on sales amounted to 0.6% in the third quarter (previous year: –0.8%).

EXPECTED DEVELOPMENTS

Future economic parameters

The economic outlook for 2019 as reported in the 2018 Annual Report beginning on page 63 deteriorated further as the year progressed. In its October forecast, IHS Markit expects global growth of 2.6% (IMF: 3.0% as at October), with the outlook for global trade volume projected at 2.0% (IMF: 1.1% as at October). Any recovery in global growth is unlikely before the second half of 2020. The looming political and economic risks are mainly on the downside, including the situation in the Middle East and its impact on the oil price, global trade conflicts and a significant slowdown in key economies.

The gradual deceleration of growth in the Chinese economy will continue, with IHS Markit expecting annual growth for full-year 2019 to decline to 6.2% (IMF: 6.1% as at October). The Japanese economy will hardly gain any momentum after the VAT increase on 1 October (IHS Markit: 0.9%; IMF: 0.9% as at October).

New tariffs will slow growth in the United States but are unlikely to force its economy into recession. The renewed reduction of the US key interest rate to 1.5% to 1.75% should also contribute to this. Growth is expected to reach 2.3% in 2019 (IMF: 2.4% as at October), considerably lower than last year.

Growth momentum in the eurozone will slow markedly (IHS Markit: 1.1%, IMF: 1.2% as at October), with manufacturing and related supplier sectors being suppressed by weak world markets.

Looming political and economic risks are mainly on the downside.

Germany is expected to continue suffering from a persistently slack economy, with no recovery expected before the second half of 2020. IHS Markit is predicting growth of just 0.4% for 2019 (IMF in October: 0.5%).

Earnings forecast

After the end of the third quarter, we are confirming the earnings forecast for this year that was adjusted in August. For 2019 as a whole, the Board of Management is expecting consolidated EBIT of between €4.0 billion and €4.3 billion. The Post & Parcel Germany division is projected to contribute between €1.1 billion and €1.3 billion to this figure. For the DHL divisions, we are anticipating earnings totalling between €3.4 billion and €3.5 billion. The Corporate Functions result is forecast to be around €–0.5 billion.

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 in the 2018 Annual Report on page 65.

OPPORTUNITIES AND RISKS

The introduction of a capital guarantee option for pension commitments to employees in Germany represents a moderately significant opportunity in full-year 2019. The Group is exposed to risk stemming from the continued restructuring of the Post & Parcel Germany division. All in all, these factors are not expected to significantly impact earnings.

Otherwise, the Group's opportunity and risk situation did not change significantly during the first nine months of 2019 as compared with the situation described in the 2018 Annual Report beginning on page 66 or the updated opportunity and risk situation presented in the Interim Report as at 30 June 2019 on page 14. 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 September

€m

	9M 2018	9M 2019	Q3 2018	Q3 2019
Revenue	44,624	46,385	14,849	15,552
Other operating income[1]	1,319	1,787	443	438
Changes in inventories and work performed and capitalised[1]	261	188	84	47
Materials expense	−23,025	−23,459	−7,773	−7,861
Staff costs	−15,462	−16,021	−5,310	−5,197
Depreciation, amortisation and impairment losses	−2,414	−2,718	−838	−917
Other operating expenses	−3,275	−3,293	−1,078	−1,119
Net income from investments accounted for using the equity method	0	1	−1	−1
Profit from operating activities (EBIT)	**2,028**	**2,870**	**376**	**942**
Financial income	131	146	30	30
Finance costs	−542	−621	−189	−191
Foreign currency losses	−18	1	0	−12
Net finance costs	**−429**	**−474**	**−159**	**−173**
Profit before income taxes	**1,599**	**2,396**	**217**	**769**
Income taxes	−224	−527	−31	−169
Consolidated net profit for the period	**1,375**	**1,869**	**186**	**600**
attributable to Deutsche Post AG shareholders	1,262	1,765	146	561
attributable to non-controlling interests	113	104	40	39
Basic earnings per share (€)	**1.03**	**1.43**	**0.12**	**0.45**
Diluted earnings per share (€)	**1.01**	**1.41**	**0.12**	**0.45**

[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 September

€m	9M 2018	9M 2019	Q3 2018	Q3 2019
Consolidated net profit for the period	**1,375**	**1,869**	**186**	**600**
Items that will not be reclassified to profit or loss				
Change due to remeasurements of net pension provisions	102	−2,181	441	−779
Reserve for equity instruments without recycling	0	−30	−3	−28
Income taxes relating to components of other comprehensive income	−38	97	−14	44
Share of other comprehensive income of investments accounted for using the equity method, net of tax	0	0	0	0
Total, net of tax	**64**	**−2,114**	**424**	**−763**
Items that may be reclassified subsequently to profit or loss				
IAS 39 hedging reserve				
Changes from unrealised gains and losses	−2	−13	1	−7
Changes from realised gains and losses	−32	8	−6	−2
Currency translation reserve				
Changes from unrealised gains and losses	−3	333	−61	269
Changes from realised gains and losses	0	32	0	0
Income taxes relating to components of other comprehensive income	9	1	2	2
Share of other comprehensive income of investments accounted for using the equity method, net of tax	1	3	−1	2
Total, net of tax	**−27**	**364**	**−65**	**264**
Other comprehensive income, net of tax	**37**	**−1,750**	**359**	**−499**
Total comprehensive income	**1,412**	**119**	**545**	**101**
attributable to Deutsche Post AG shareholders	1,308	12	516	61
attributable to non-controlling interests	104	107	29	40

BALANCE SHEET

€m	31 Dec. 2018	30 Sept. 2019
ASSETS		
Intangible assets	11,850	12,002
Property, plant and equipment	19,202	20,814
Investment property	18	28
Investments accounted for using the equity method	119	129
Non-current financial assets	730	777
Other non-current assets	353	126
Deferred tax assets	2,532	2,537
Non-current assets	**34,804**	**36,413**
Inventories	454	507
Current financial assets	943	140
Trade receivables	8,247	8,524
Other current assets	2,369	2,803
Income tax assets	210	230
Cash and cash equivalents	3,017	2,230
Assets held for sale	426	65
Current assets	**15,666**	**14,499**
TOTAL ASSETS	**50,470**	**50,912**
EQUITY AND LIABILITIES		
Issued capital	1,233	1,236
Capital reserves	3,469	3,461
Other reserves	−947	−617
Retained earnings	9,835	8,145
Equity attributable to Deutsche Post AG shareholders	13,590	12,225
Non-controlling interests	283	246
Equity	**13,873**	**12,471**
Provisions for pensions and similar obligations	4,348	6,137
Deferred tax liabilities	54	31
Other non-current provisions	1,655	1,588
Non-current financial liabilities	13,869	13,859
Other non-current liabilities	205	345
Non-current provisions and liabilities	**20,131**	**21,960**
Current provisions	1,073	926
Current financial liabilities	2,593	3,360
Trade payables	7,422	6,508
Other current liabilities	4,432	5,047
Income tax liabilities	718	586
Liabilities associated with assets held for sale	228	54
Current provisions and liabilities	**16,466**	**16,481**
TOTAL EQUITY AND LIABILITIES	**50,470**	**50,912**

CASH FLOW STATEMENT

1 January to 30 September

€m

	9M 2018	9M 2019	Q3 2018	Q3 2019
Consolidated net profit for the period	1,375	1,869	186	600
Income taxes	224	527	31	169
Net finance costs	429	474	159	173
Profit from operating activities (EBIT)	**2,028**	**2,870**	**376**	**942**
Depreciation, amortisation and impairment losses	2,414	2,718	838	917
Net loss/income from disposal of non-current assets	20	−485	10	0
Non-cash income and expense	21	−44	13	7
Change in provisions	174	−458	278	−336
Change in other non-current assets and liabilities	−71	128	−23	67
Dividend received	2	2	0	0
Income taxes paid	−406	−602	−116	−183
Net cash from operating activities before changes in working capital	**4,182**	**4,129**	**1,376**	**1,414**
Changes in working capital				
Inventories	−257	−63	−117	24
Receivables and other current assets	−619	−619	−34	230
Liabilities and other items	−162	−61	196	201
Net cash from operating activities	**3,144**	**3,386**	**1,421**	**1,869**
Subsidiaries and other business units	5	678	5	21
Property, plant and equipment and intangible assets	46	104	1	15
Investments accounted for using the equity method and other investments	0	0	0	0
Other non-current financial assets	40	37	13	14
Proceeds from disposal of non-current assets	91	819	19	50
Subsidiaries and other business units	−58	−14	−7	−6
Property, plant and equipment and intangible assets	−1,798	−2,679	−733	−816
Investments accounted for using the equity method and other investments	−33	−8	−4	1
Other non-current financial assets	−10	−4	−7	−3
Cash paid to acquire non-current assets	−1,899	−2,705	−751	−824
Interest received	39	59	13	22
Current financial assets	473	782	3	2
Net cash used in investing activities	**−1,296**	**−1,045**	**−716**	**−750**
Proceeds from issuance of non-current financial liabilities	562	196	526	29
Repayments of non-current financial liabilities	−1,294	−1,724	−449	−768
Change in current financial liabilities	−46	295	−296	−127
Other financing activities	28	19	2	−6
Cash paid for transactions with non-controlling interests	−3	−5	0	0
Dividend paid to Deutsche Post AG shareholders	−1,409	−1,419	0	0
Dividend paid to non-controlling interest shareholders	−122	−137	−117	−129
Purchase of treasury shares	−44	−11	0	−1
Proceeds from issuing shares or other equity instruments	0	11	0	11
Interest paid	−349	−423	−111	−134
Net cash used in financing activities	**−2,677**	**−3,198**	**−445**	**−1,125**
Net change in cash and cash equivalents	**−829**	**−857**	**260**	**−6**
Effect of changes in exchange rates on cash and cash equivalents	−78	39	−43	18
Changes in cash and cash equivalents associated with assets held for sale	0	31	0	−2
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	2,011	2,220
Cash and cash equivalents at end of reporting period	**2,228**	**2,230**	**2,228**	**2,230**

STATEMENT OF CHANGES IN EQUITY

1 January to 30 September

€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	−122	−1,531
Transactions with non-controlling interests				0	0	0	4	4	−3	1
Changes in non-controlling interests due to changes in consolidated group								0	2	2
Issue/retirement of treasury shares	3	25					0	28	0	28
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)		79						79		79
Share-based payment schemes (exercise)	2	−92					65	−25		−25
								−1,262	**−123**	**−1,385**
Total comprehensive income										
Consolidated net profit for the period							1,262	1,262	113	1,375
Currency translation differences						6		6	−9	−3
Change due to remeasurements of net pension provisions							64	64	0	64
Other changes				−24	0		0	−24	0	−24
								1,308	**104**	**1,412**
Balance at 30 September 2018	**1,233**	**3,448**	**–**	**−5**	**11**	**−1,022**	**8,968**	**12,633**	**245**	**12,878**
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	−137	−1,556
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	5					−5	0	0	0
Purchase of treasury shares	0						−11	−11		−11
Differences between purchase and issue prices of treasury shares (share-based payment schemes)		0						0		0
Convertible bonds	0							0		0
Share-based payment schemes (issuance)		34						34		34
Share-based payment schemes (exercise)	3	−47					56	12		12
								−1,377	**−144**	**−1,521**
Total comprehensive income										
Consolidated net profit for the period							1,765	1,765	104	1,869
Currency translation differences						365		365	3	368
Change due to remeasurements of net pension provisions							−2,083	−2,083	0	−2,083
Other changes				−4	−31		0	−35	0	−35
								12	**107**	**119**
Balance at 30 September 2019	**1,236**	**3,461**	**–**	**−11**	**−23**	**−583**	**8,145**	**12,225**	**246**	**12,471**

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 September 2019 and have been reviewed.

1 Basis of accounting

The condensed consolidated interim financial statements as at 30 September 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 Sept. 2019
Number of fully consolidated companies (subsidiaries)		
German	127	81
Foreign	616	610
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 the third quarter of 2019, 46 German DHL Delivery companies were merged into Deutsche Post AG. 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

No companies were acquired by 30 September 2019.

2.2 Contingent consideration

The following are the variable purchase prices for companies acquired in prior 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 September 2019
Mitsafetrans S.r.l.	EBITDA	2016 to 2018	€0 to 19 million	€15 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.

€8 million was paid for the Suppla Group in May 2019, and €5 million was paid for Mitsafetrans S.r.l. in July 2019.

2.3 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 assets and liabilities of the companies in question had previously been reported as held for sale. The table below shows the effects of the disposal of twelve consolidated companies and three companies accounted for using the equity method.

Deconsolidation effects

€m

1 January to 30 September 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:

As at 30 September 2019, restructuring expenses of €264 million net had been incurred for measures intended to improve earnings, €119 million of which were attributable to the Supply Chain division, €90 million to Post & Parcel Germany and €55 million to eCommerce Solutions.

In the third quarter of 2019, the Group began offering an extended group of employees in Germany the option of taking a lump-sum payment rather than receiving a lifetime pension under our occupational pension plan. Past service gains totalling €106 million were recognised in staff costs as a result.

Income statement disclosures

4 Revenue by business unit

€m

	9M 2018	9M 2019
Post & Parcel Germany[1]	**10,669**	**10,922**
Post	6,832	6,720
Parcel	3,767	4,138
Other	70	64
Express	**11,447**	**12,185**
Global Forwarding, Freight	**10,323**	**10,580**
Global Forwarding	7,610	7,808
Freight	2,713	2,772
Supply Chain	**9,505**	**9,790**
eCommerce Solutions[1]	**2,585**	**2,799**
Corporate Functions	**95**	**109**
Total revenue	**44,624**	**46,385**

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

5 Other operating income

€m

	9M 2018	9M 2019
Income from the disposal of assets	39	516
Insurance income	165	180
Income from the remeasurement of liabilities	92	146
Income from currency translation	160	140
Reversals of impairment losses on receivables and other assets	84	105
Income from fees and reimbursements	93	88
Income from the reversal of provisions	123	71
Commission income	68	59
Operating lease income	37	47
Sublease income	25	37
Income from prior-period billings	42	33
Income from loss compensation	21	20
Income from derivatives	52	18
Income from the derecognition of liabilities	9	12
Recoveries on receivables previously written off	12	11
Subsidies	13	10
Miscellaneous	284	294
Total	**1,319**	**1,787**

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

	9M 2018	9M 2019
Income (+) / expense (–) from changes in inventories	21	–99
Work performed and capitalised	240	287
Total	**261**	**188**

Changes in inventories and work performed and capitalised 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 relate mainly to real estate development projects and the production of StreetScooter electric vehicles. Work performed and capitalised was attributable primarily to StreetScooter GmbH.

7 Depreciation, amortisation and impairment losses

€m

	9M 2018	9M 2019
Amortisation of and impairment losses on intangible assets, of which impairment loss: €0 million (previous year: €1 million)	143	160
Depreciation of and impairment losses on property, plant and equipment acquired[1], of which impairment loss: €22 million (previous year: €2 million)	889	1,029
Depreciation of and impairment losses on right-of-use assets[1], of which impairment loss: €11 million (previous year: €7 million)	1,382	1,524
Impairment of goodwill	0	5
Depreciation, amortisation and impairment losses	**2,414**	**2,718**

[1] Including investment property.

Total impairment losses amounted to €38 million. Of this figure, €34 million was attributable to the Supply Chain segment and related mainly (€21 million) to the non-current assets of the power packaging business in the United States.

8 Other operating expenses

€m

	9M 2018	9M 2019
Cost of purchased cleaning and security services	304	327
Warranty expenses, refunds and compensation payments	235	266
Expenses for advertising and public relations	265	258
Travel and training costs	253	254
Other business taxes	187	202
Write-downs of current assets	176	185
Telecommunication costs	159	166
Office supplies	132	143
Insurance costs	240	140
Currency translation expenses	157	137
Entertainment and corporate hospitality expenses	132	130
Services provided by the *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency)	114	118
Customs clearance-related charges	98	107
Contributions and fees	78	90
Consulting costs (including tax advice)	92	81
Voluntary social benefits	68	66
Monetary transaction costs	45	50
Legal costs	42	49
Commissions paid	42	44
Losses on disposal of assets	45	40
Audit costs	22	22
Donations	16	15
Miscellaneous	373	403
Total	**3,275**	**3,293**

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 Post & Parcel Germany, Supply Chain and eCommerce Solutions.

In the previous year, other operating expenses included €49 million attributable to negative effects from customer contracts in the Supply Chain division.

9 Earnings per share

Basic earnings per share in the reporting period were €1.43 (previous year: €1.03).

Basic earnings per share

		9M 2018	9M 2019
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,262	1,765
Weighted average number of shares outstanding	number	1,229,198,690	1,233,639,577
Basic earnings per share	**€**	**1.03**	**1.43**

Diluted earnings per share in the reporting period were € 1.41 (previous year: € 1.01).

Diluted earnings per share

		9M 2018	9M 2019
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,262	1,765
Plus interest expense on the convertible bond	€m	6	6
Less income taxes	€m	1	1
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,267	1,770
Weighted average number of shares outstanding	number	1,229,198,690	1,233,639,577
Potentially dilutive shares	number	22,743,508	20,209,961
Weighted average number of shares for diluted earnings	number	1,251,942,198	1,253,849,538
Diluted earnings per share	**€**	**1.01**	**1.41**

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 €4,555 million as at 30 September 2019 (previous year: €3,519 million).

Investments

€m

	30 Sept. 2018	30 Sept. 2019
Intangible assets (not including goodwill)	**140**	**139**
Property, plant and equipment acquired		
Land and buildings	90	101
Technical equipment and machinery	97	147
Transport equipment	153	168
Aircraft	69	78
IT equipment	60	57
Operating and office equipment	49	50
Advance payments and assets under development	1,045	1,832
	1,563	**2,433**
Right-of-use assets		
Land and buildings	1,295	1,559
Technical equipment and machinery	44	41
Transport equipment	136	148
Aircraft	341	233
Advance payments	0	2
	1,816	**1,983**
Total	**3,519**	**4,555**

Advance payments increased due chiefly to the renewal of the intercontinental Express aircraft fleet. A total of €988 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	186
Balance at 31 December / 30 September	**12,236**	**12,421**
Depreciation, amortisation and impairment losses		
Balance at 1 January	1,070	1,037
Disposals	–32	1
Impairment losses	0	5
Currency translation differences	–1	19
Balance at 31 December / 30 September	**1,037**	**1,062**
Carrying amount at 31 December / 30 September	**11,199**	**11,359**

11 Financial assets

€m	Non-current		Current		Total	
	31 Dec. 2018	30 Sept. 2019	31 Dec. 2018	30 Sept. 2019	31 Dec. 2018	30 Sept. 2019
Assets measured at cost	499	518	100	109	**599**	**627**
Assets at fair value through other comprehensive income	43	33	0	0	**43**	**33**
Assets at fair value through profit or loss	188	226	843	31	**1,031**	**257**
Financial assets	**730**	**777**	**943**	**140**	**1,673**	**917**

The financial assets decreased primarily as a result of the sale of money market funds.

Net impairment losses as at 30 September 2019 amounted to €56 million (previous year: €76 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 Sept. 2019	31 Dec. 2018	30 Sept. 2019
DHL Logistics (Schweiz) AG, Switzerland – asset deal (Supply Chain segment)	0	65	0	54
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**	**65**	**228**	**54**

Deutsche Post DHL Group intends to sell the supply chain business of DHL Logistics (Schweiz) AG in the fourth quarter. The measurement as part of the reclassification to assets held for sale and liabilities associated with assets held for sale resulted in an impairment loss of €1 million.

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

The sale disclosed during the year of DHL Paket (Austria) GmbH assets to Österreichische Post as part of a long-term partnership was completed in August 2019.

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 September 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 September	**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	−393,421
Issue / sale of treasury shares	2,169,550	3,039,077
Balance at 31 December / 30 September	**−3,628,651**	**−982,995**
Total at 31 December / 30 September	**1,232,878,108**	**1,235,523,764**

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.

The rights under the 2014 tranche of the Share Matching Scheme and under the 2015 tranche of the Performance Share Plan were settled by 30 September 2019.

As at 30 September 2019, Deutsche Post AG held 982,995 treasury shares.

14 Capital reserves

€m	2018	2019
Balance at 1 January	3,327	3,469
Share Matching Scheme		
Addition	73	16
Exercise	−64	−25
Total for Share Matching Scheme	**9**	**−9**
Performance Share Plan		
Addition	26	18
Exercise	−28	−22
Total for Performance Share Plan	**−2**	**−4**
Retirement / issue of treasury shares	26	5
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 September	**3,469**	**3,461**

Segment reporting

15 Segment reporting

Segments by division, 9 M

€ 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	10,669	10,922	11,447	12,185	10,323	10,580	9,505	9,790	2,585	2,799	95	109	0	0	**44,624**	**46,385**
Internal revenue	250	272	277	273	653	694	102	75	184	159	1,052	962	–2,518	–2,435	**0**	**0**
Total revenue	10,919	11,194	11,724	12,458	10,976	11,274	9,607	9,865	2,769	2,958	1,147	1,071	–2,518	–2,435	**44,624**	**46,385**
Profit/loss from operating activities (EBIT)	311	708	1,387	1,428	281	348	336	735	–21	–40	–264	–309	–2	0	**2,028**	**2,870**
of which net income/loss from investments accounted for using the equity method	0	0	1	2	0	0	1	7	–4	–5	1	–3	1	0	**0**	**1**
Segment assets[3]	5,577	6,024	13,766	15,157	8,728	8,872	8,248	8,076	1,750	1,649	4,935	5,442	–96	–86	**42,908**	**45,134**
of which investments accounted for using the equity method	0	0	33	36	24	25	12	17	30	33	21	18	–1	0	**119**	**129**
Segment liabilities[3]	2,311	2,717	3,635	3,491	3,105	3,034	3,229	3,006	589	568	1,520	1,436	–75	–62	**14,314**	**14,190**
Net segment assets/liabilities[3]	3,266	3,307	10,131	11,666	5,623	5,838	5,019	5,070	1,161	1,081	3,415	4,006	–21	–24	**28,594**	**30,944**
Capex (assets acquired)	427	285	679	1,523	75	73	200	231	114	80	179	382	29	–2	**1,703**	**2,572**
Capex (right-of-use assets)	1	27	637	724	121	105	589	421	94	84	375	622	–1	0	**1,816**	**1,983**
Total capex	428	312	1,316	2,247	196	178	789	652	208	164	554	1,004	28	–2	**3,519**	**4,555**
Depreciation and amortisation	215	227	840	969	173	189	608	646	109	156	459	493	0	0	**2,404**	**2,680**
Impairment losses	9	0	0	0	0	0	1	34	0	3	0	1	0	0	**10**	**38**
Total depreciation, amortisation and impairment losses	224	227	840	969	173	189	609	680	109	159	459	494	0	0	**2,414**	**2,718**
Other non-cash income (–) and expenses (+)	446	136	213	253	46	32	133	157	15	51	62	27	–5	1	**910**	**657**
Employees[4]	159,032	158,262	93,550	96,507	43,347	44,265	151,877	155,439	29,493	30,878	12,272	12,629	0	–1	**489,571**	**497,979**

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

Segments by division, Q3

€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	3,444	3,625	3,815	4,158	3,459	3,493	3,247	3,318	854	923	30	35	0	0	**14,849**	**15,552**
Internal revenue	76	88	91	89	224	223	24	29	61	41	364	335	−840	−805	**0**	**0**
Total revenue	3,520	3,713	3,906	4,247	3,683	3,716	3,271	3,347	915	964	394	370	−840	−805	**14,849**	**15,552**
Profit/loss from operating activities (EBIT)	−202	304	409	454	106	124	153	162	−7	6	−82	−111	−1	3	**376**	**942**
of which net income/loss from investments accounted for using the equity method	−1	0	0	1	0	0	0	2	−2	−2	1	−2	1	0	**−1**	**−1**
Capex (assets acquired)	172	98	381	472	30	22	63	80	54	23	99	159	28	0	**827**	**854**
Capex (right-of-use assets)	0	1	352	184	41	23	210	146	47	37	64	345	−1	0	**713**	**736**
Total capex	172	99	733	656	71	45	273	226	101	60	163	504	27	0	**1,540**	**1,590**
Depreciation and amortisation	72	78	291	334	59	62	213	212	38	57	156	169	0	−1	**829**	**911**
Impairment losses	9	0	0	0	0	0	0	9	0	−3	0	0	0	0	**9**	**6**
Total depreciation, amortisation and impairment losses	81	78	291	334	59	62	213	221	38	54	156	169	0	−1	**838**	**917**
Other non-cash income (−) and expenses (+)	427	23	61	103	8	11	40	24	7	15	13	1	−6	0	**550**	**177**

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

Adjustment of prior-period amounts

Effective as at 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. The international business is integrated into 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	
9M	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
External revenue	13,597	13,876	13,500	13,816	7,949	8,663	7,820	8,110	1,758	1,920	**44,624**	**46,385**
Non-current assets[1]	9,229	9,874	10,065	10,043	6,740	7,824	4,563	4,608	524	610	**31,121**	**32,959**
Capex	1,169	1,603	840	886	1,026	1,567	403	359	81	140	**3,519**	**4,555**
Q3												
External revenue	4,414	4,596	4,446	4,527	2,763	3,004	2,652	2,770	574	655	**14,849**	**15,552**
Total capex	491	664	235	368	647	430	148	87	19	41	**1,540**	**1,590**

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

Reconciliation

€m

	9M 2018	9M 2019
Total income of reported segments	2,294	3,179
Corporate Functions	−264	−309
Reconciliation to Group/Consolidation	−2	0
Profit from operating activities (EBIT)	**2,028**	**2,870**
Net finance costs	−429	−474
Profit before income taxes	**1,599**	**2,396**
Income taxes	−224	−527
Consolidated net profit for the period	**1,375**	**1,869**

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 September 2019				
Non-current financial assets	245	389	0	**634**
Current financial assets	4	27	0	**31**
Financial assets	**249**	**416**	**0**	**665**
Non-current financial liabilities	5,941	292	0	**6,233**
Current financial liabilities	9	110	0	**119**
Financial liabilities	**5,950**	**402**	**0**	**6,352**
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.

As at 30 September 2019, the financial instruments categorised within Level 3 resulted in effects of €–20 million in other comprehensive income and €2 million in the income statement.

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

As at 30 September 2019, John Gilbert stepped down from the Board of Management. Oscar de Bok assumed responsibility for the Supply Chain board department as at 1 October 2019. Dr Tobias Meyer has been head of the Post & Parcel Germany division since 1 April 2019. There were no other significant changes in related party disclosures as against 31 December 2018.

19 Events after the reporting date / other disclosures

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, 11 November 2019

Deutsche Post AG
The Board of Management

Dr Frank Appel	Ken Allen
Oscar de Bok	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 September 2019, which are part of the quarterly 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, 11 November 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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FINANCIAL CALENDAR 2020

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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