

**Deutsche Post DHL
Group**

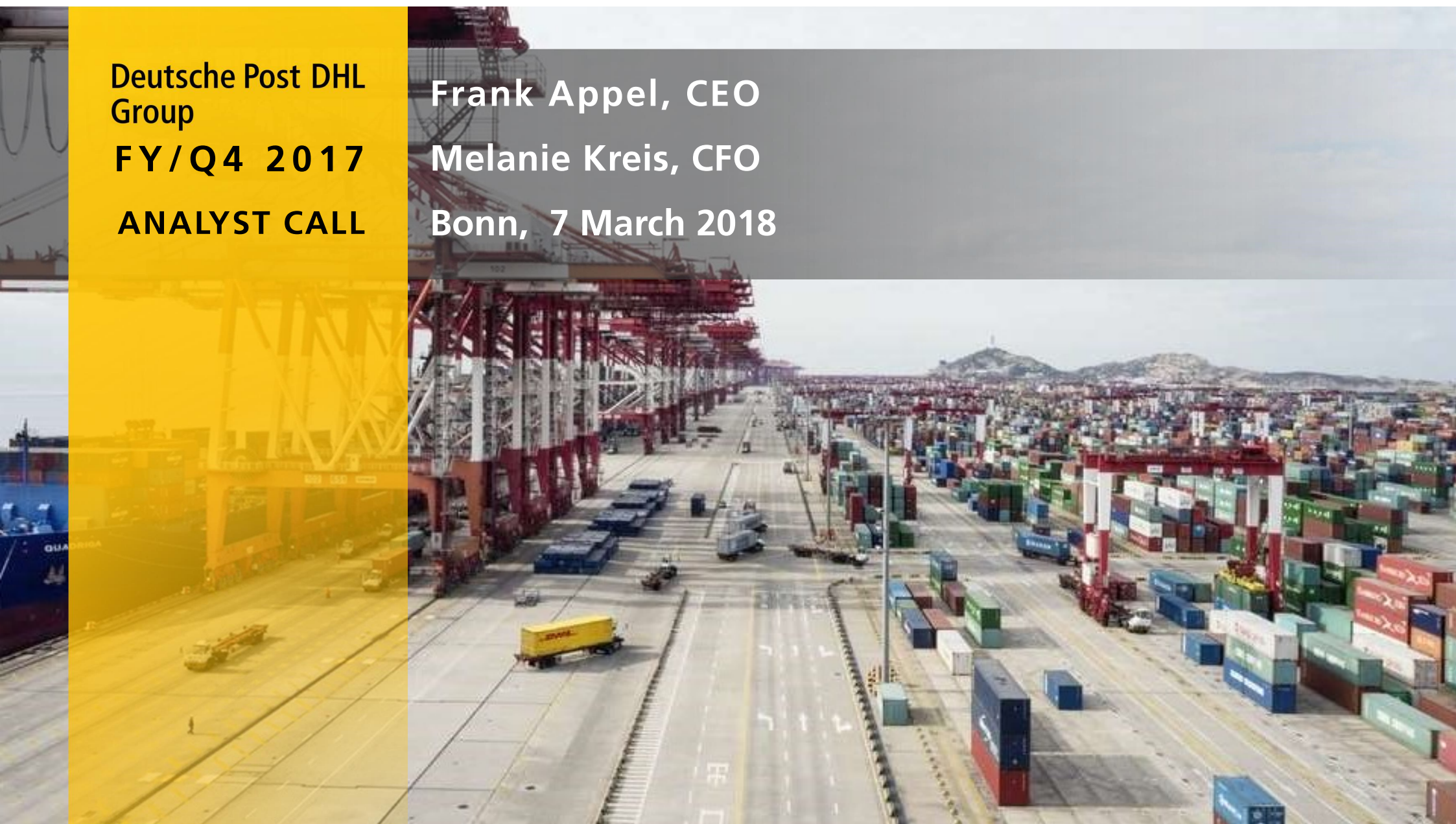
FY/Q4 2017

ANALYST CALL

Frank Appel, CEO

Melanie Kreis, CFO

Bonn, 7 March 2018



AGENDA

Deutsche Post DHL
Group

1 Q4/FY 2017 Highlights (Frank Appel)

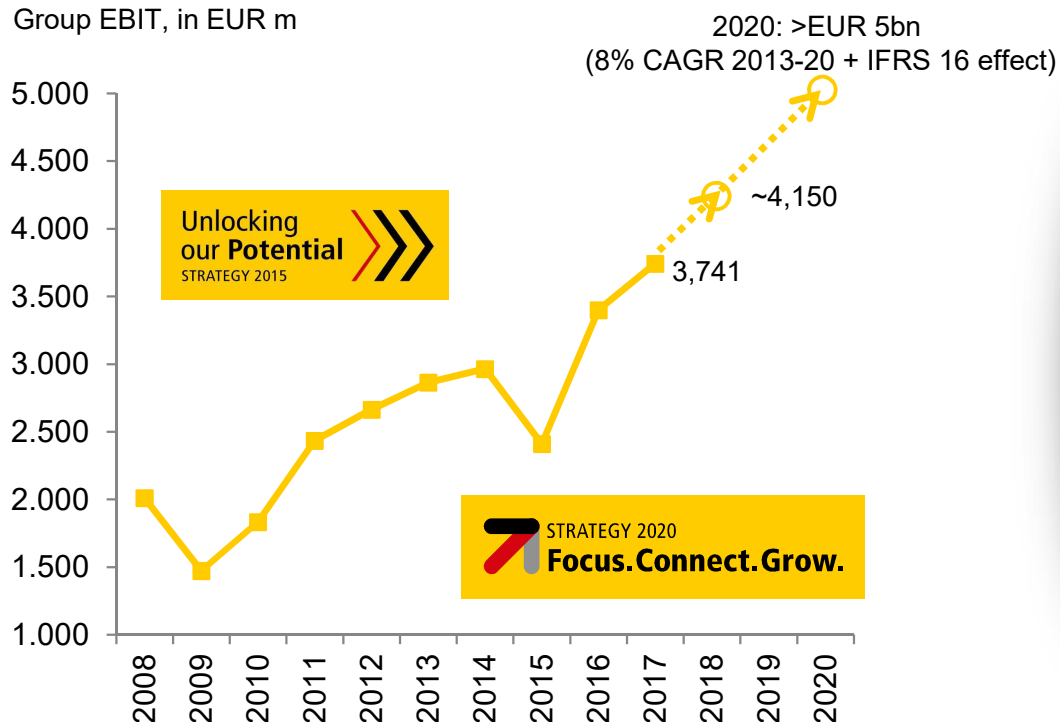
2 2017 Divisional review (Frank Appel)

3 Financial results Q4/FY 2017 (Melanie Kreis)

4 Guidance 2018 (Melanie Kreis)

Q4/FY 2017 HIGHLIGHTS

Group EBIT, in EUR m



Delivering steady profitable growth

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

Unique global footprint and investing for further growth

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



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

SUMMARY 2017 KEY FINANCIALS

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Delivering steady profit and cash flow growth

EUR m	FY 2017	Change, EUR m	Change, % yoy
Revenue	60,444	+3,110	+5.4%
EBIT	3,741	+250	+7.2%
OCF ¹⁾	3,792	+353	+10.3%
FCF ¹⁾	1,927	+483	+33.4%

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

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

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

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



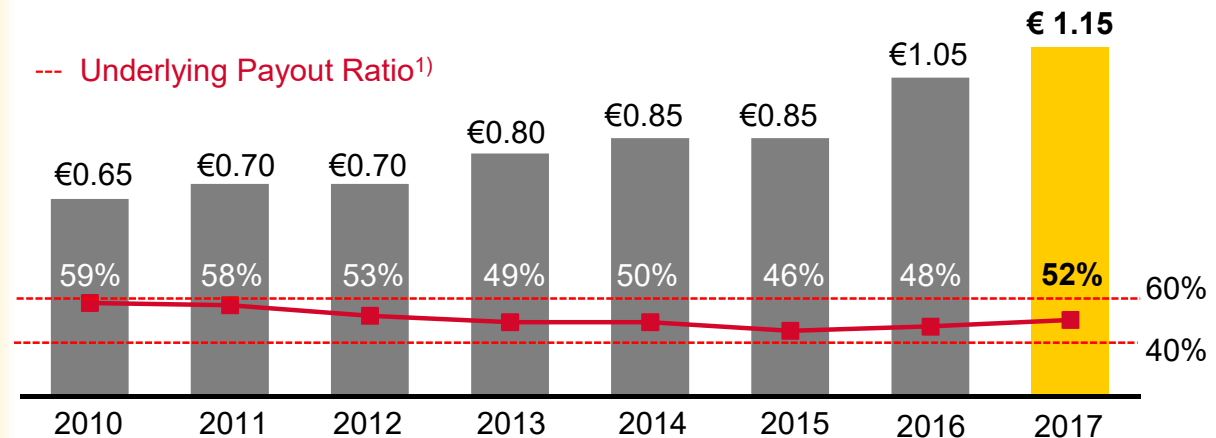
DPDHL GROUP FINANCE POLICY: CONFIRMED AND EXECUTED UPON

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FINANCE POLICY

- **Target / maintain rating BBB+**
- **Dividend payout ratio** to remain between **40–60% of net profit** (continuity and Cash Flow performance considered)
- **Excess liquidity** will be used for **share buybacks** and/or **extraordinary dividends** and/or potential additional **pension funding** (if not by other means)

Dividend proposal of EUR 1.15 for FY2017



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

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

AGENDA

1 Q4/FY 2017 Highlights (Frank Appel)

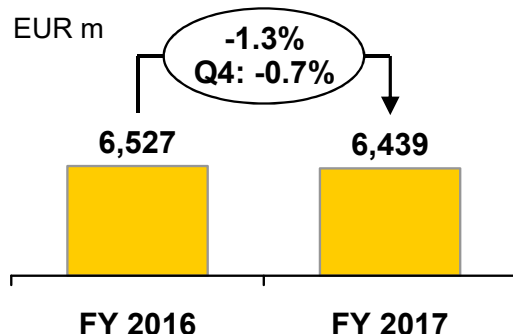
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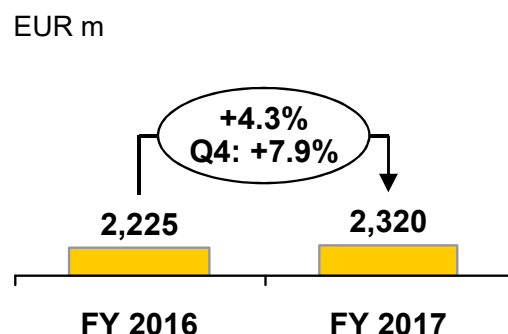
4 Guidance 2018 (Melanie Kreis)

PeP: PARCEL GROWTH CONTINUES TO OUTWEIGH MAIL DECLINE

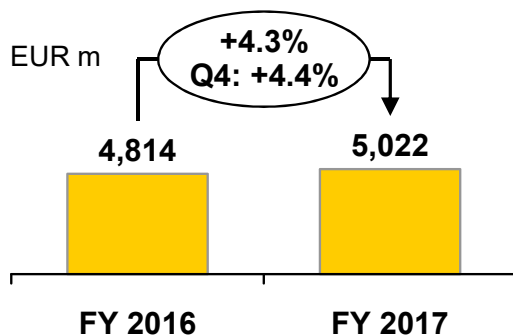
Mail Communication revenue



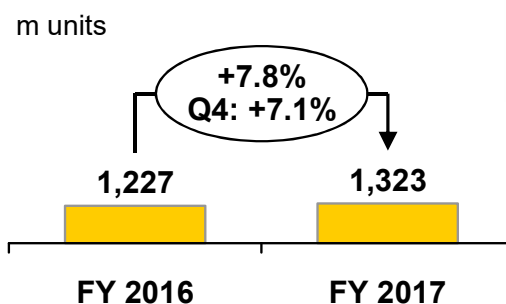
Dialogue Marketing revenue



Parcel Germany revenue

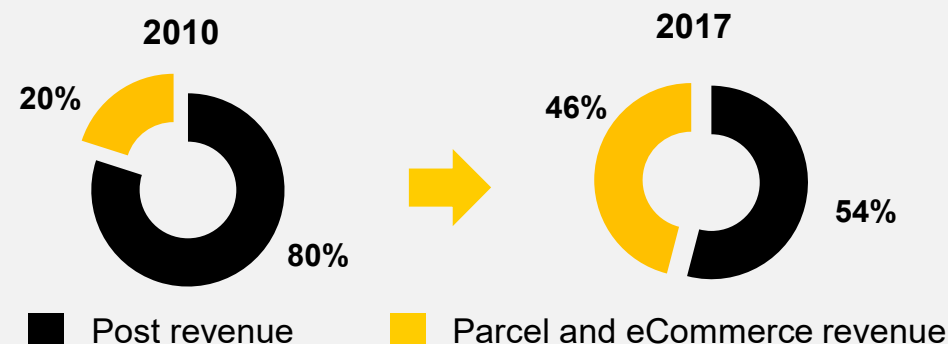


Parcel Germany volumes



Business Highlights

- Ongoing, gradual shift towards Parcel and eCommerce



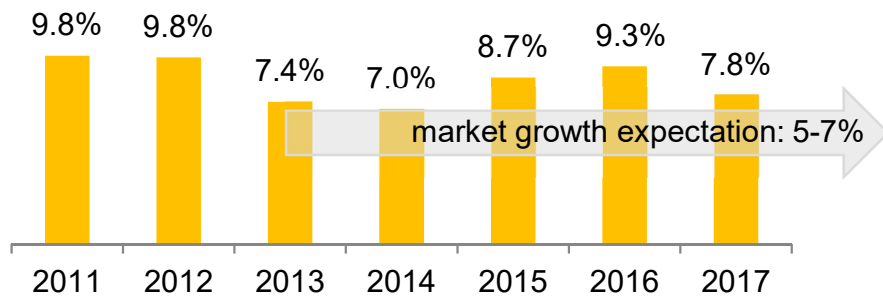
- Letter volume per working day (WD) increased by 1.5% in Q4 driven by Dialogue Marketing - resulting in almost flat full-year at +0.7% with support of elections:

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

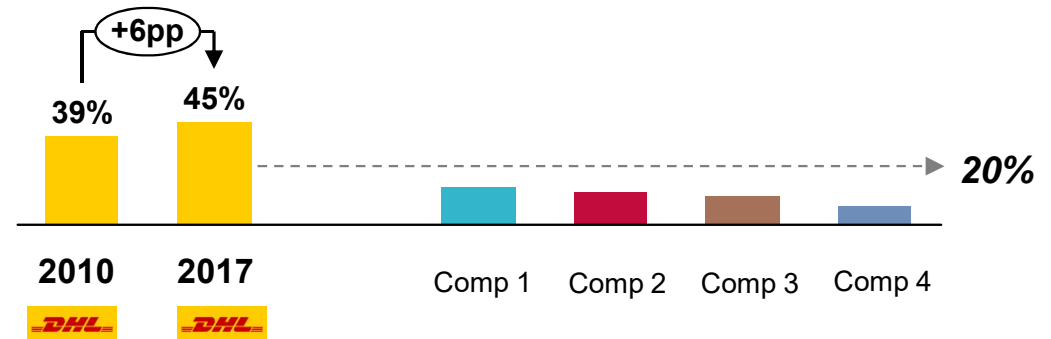
1) Mail Communication & Dialogue Marketing

PeP: DHL Parcel Germany maintains sustainable growth momentum

DHL Parcel Germany, volume growth, yoy



DHL Parcel Germany, market share development



High delivery convenience...

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

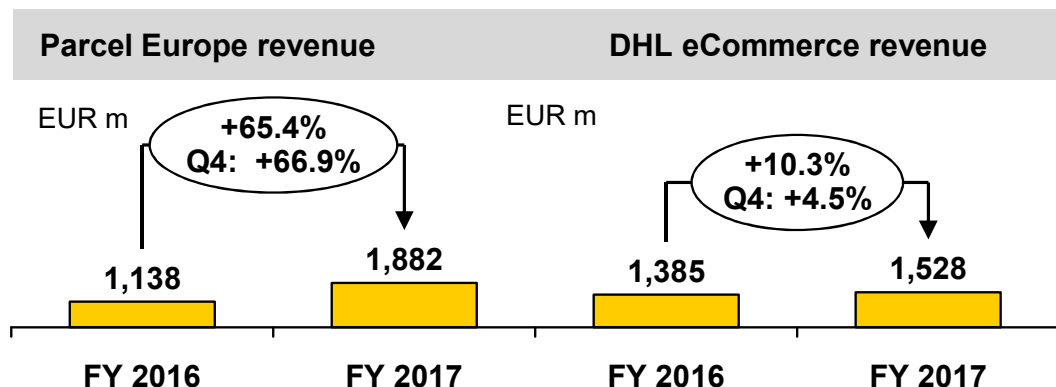
...enabled by efficient, automated network

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

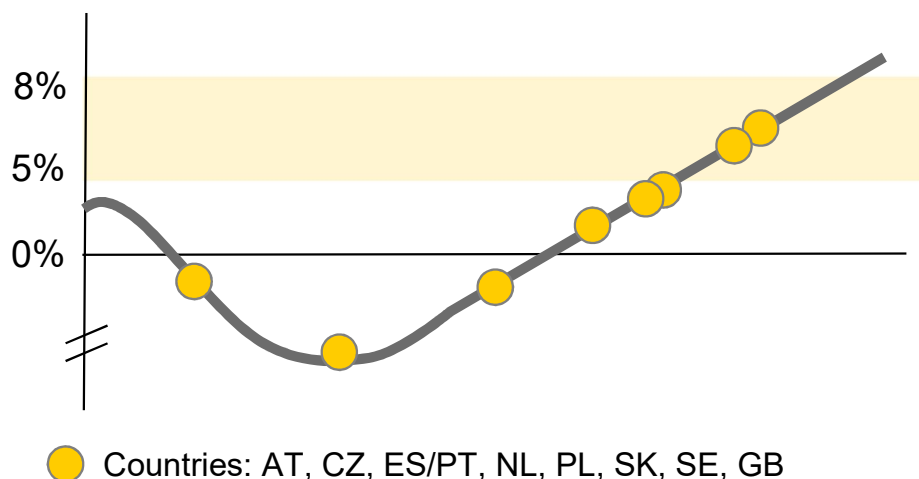


Leading service proposition translates into sustained increase in volume and market share

PeP: ENLARGING OUR E-COMMERCE FOOTPRINT



Parcel Europe, EBIT margin by country



Continued expansion into international parcel markets

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

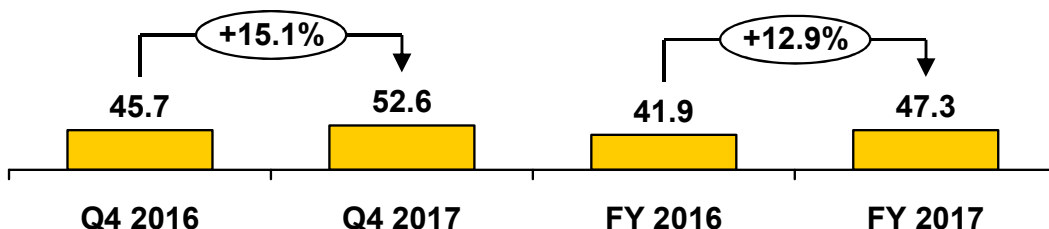
- 2 greenfield countries (AT, SK)
- 7 internal asset shifts (NL, BE, PL, CZ, SE, ES, PT)
- 2 acquisitions (GB: UK Mail, FR: Relais Colis stake)
- 14 countries with Parcel Union cooperations
- Strong 2017 revenue increase: +18.3% adjusted for first time UK Mail contribution (EUR 536m)
- Margin potential: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

DHL eCommerce: PeP capabilities outside Europe

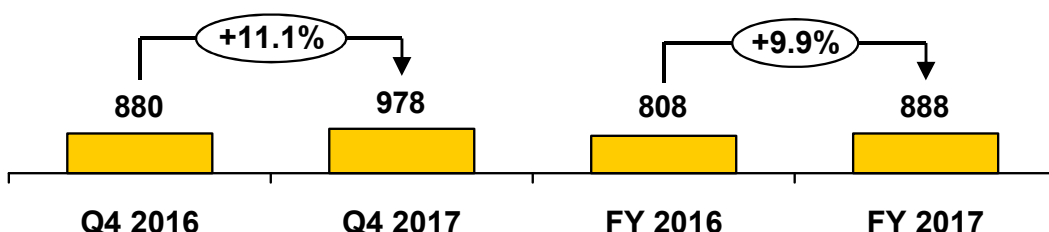
- Excluding FX effects, FY17 revenue up 13.1%, Q4 +13.9%
- Good US domestic and cross-border business from Asia
- E-fulfilment network further expanded

EXPRESS: CONTINUED STRONG TDI PERFORMANCE

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



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

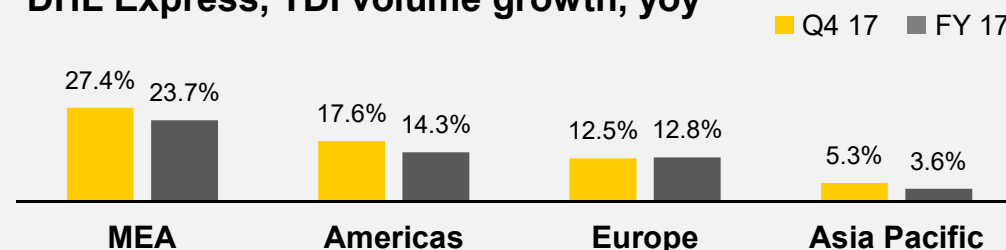


1) Currency translation impacts are eliminated. Data aggregated with same currency rate

Business Highlights

- TDI volume growth continues strongly with all regions contributing

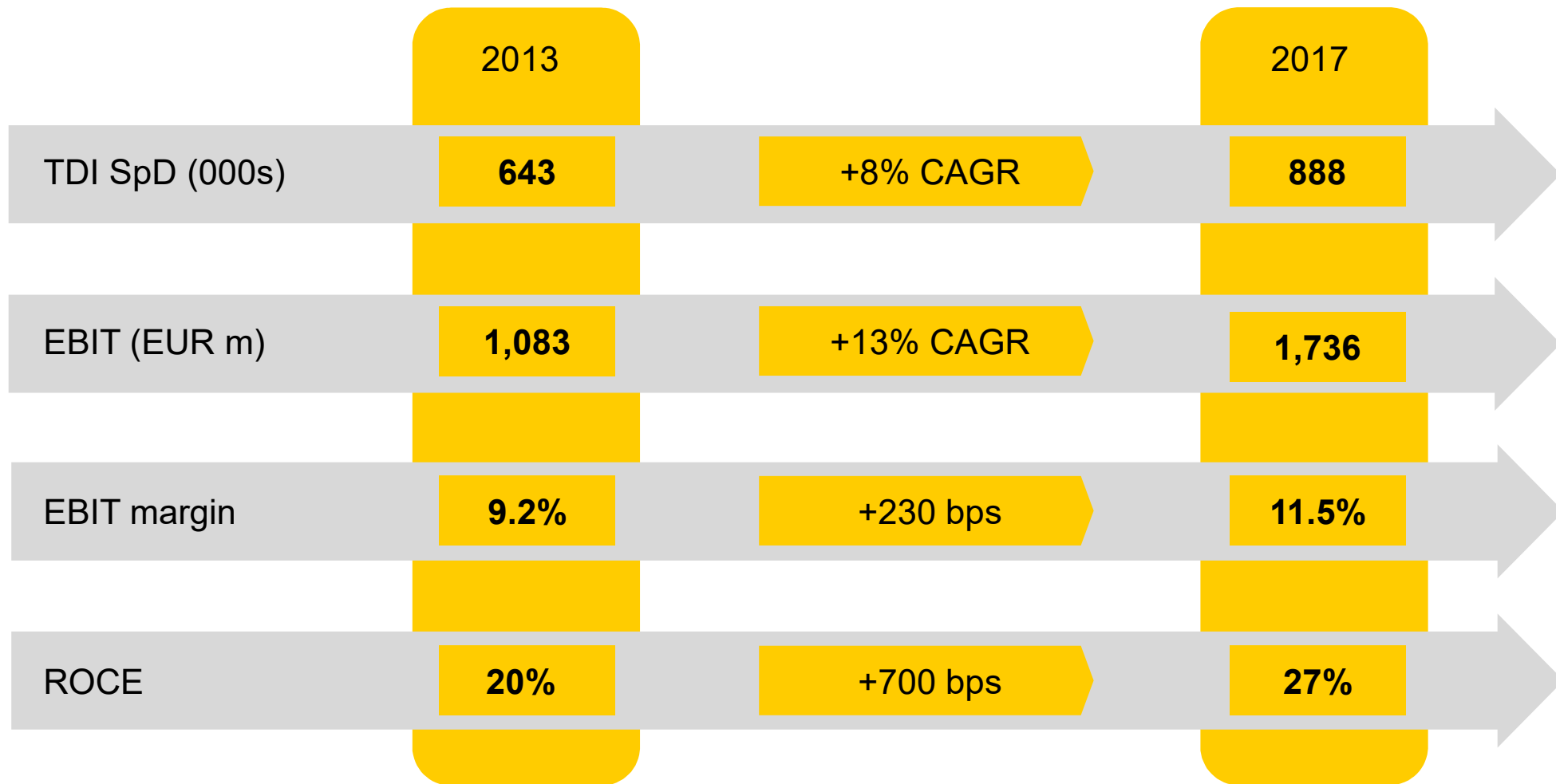
DHL Express, TDI volume growth, yoy



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

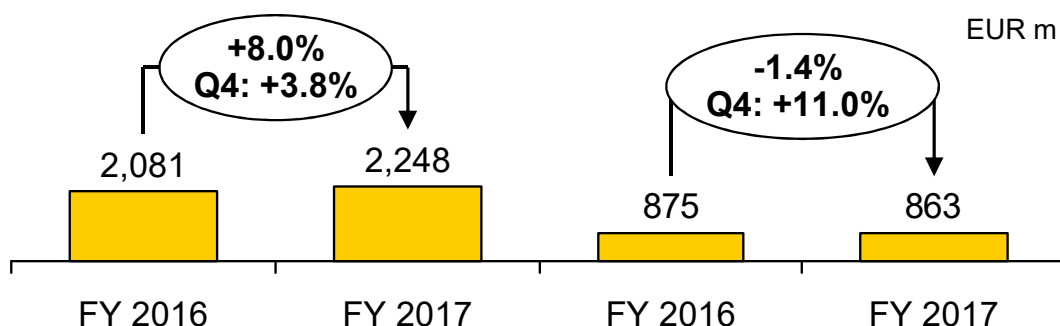
EXPRESS: INVESTING FOR GROWTH AND RETURN

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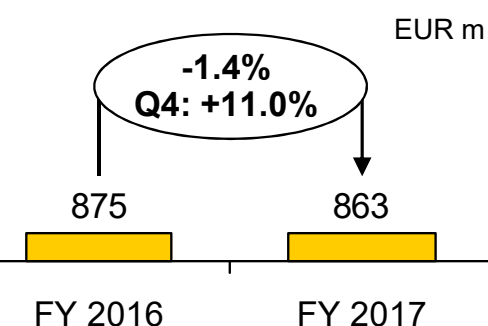


GLOBAL FORWARDING, FREIGHT: PERFORMANCE RECOVERING

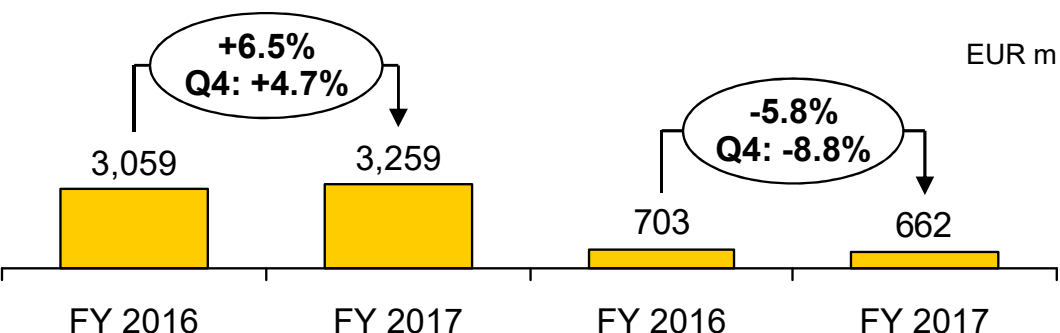
Air freight '000s Export - Tons



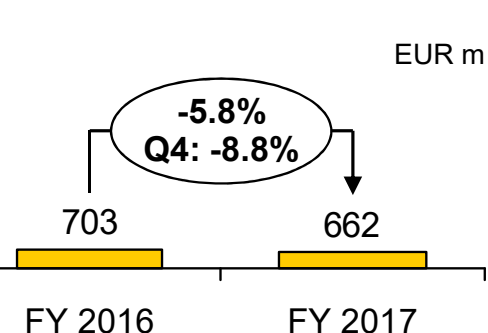
Air freight gross profit



Ocean freight '000s TEU¹⁾



Ocean freight gross profit



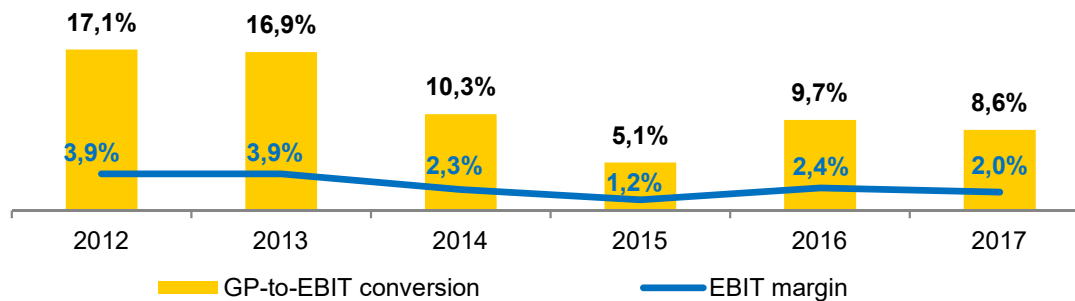
1) Twenty Foot Equivalent Unit

Business Highlights

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

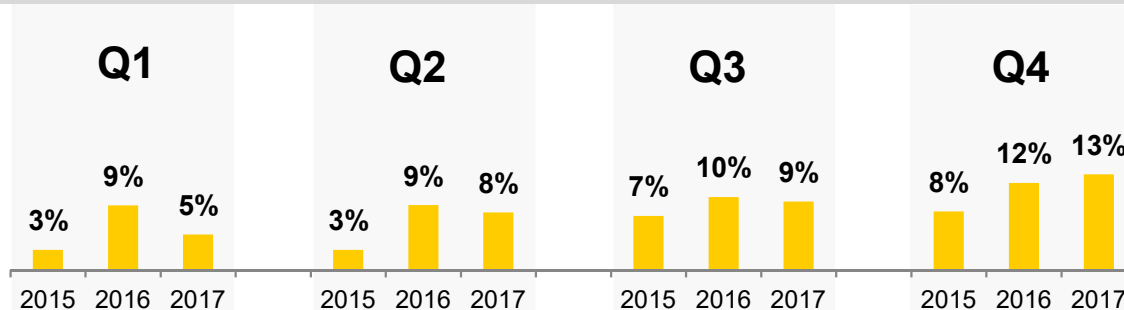
DGFF: PERFORMANCE STARTS TURNING AS 2017 SHOWED PROGRESS IN MANY IMPORTANT AREAS

DGF Gross Profit conversion and EBIT margin



2015 EBIT adjusted for EUR -353m one-offs

DGF Gross Profit conversion, quarterly progression



2015 Quarterly EBIT adjusted for one-offs



Volume trends pick up and rate development gradually normalizing



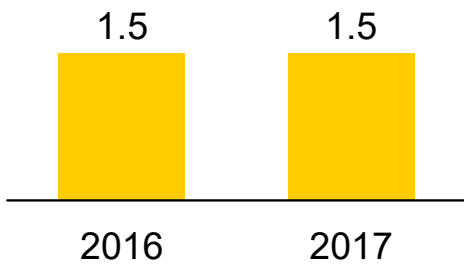
New IT system (IRR) completed pilot and entered into roll-out phase



New divisional CEO onboard with strong sector experience

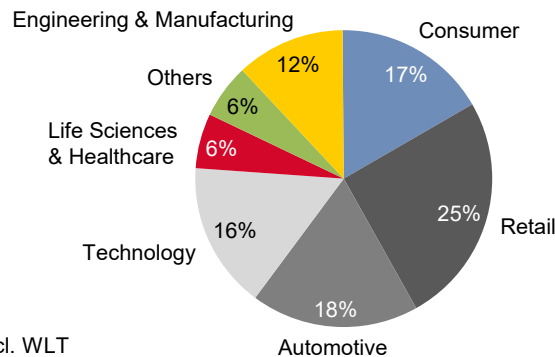
SUPPLY CHAIN: INVESTING IN GROWTH AND EFFICIENCY

New signings, EUR bn¹⁾

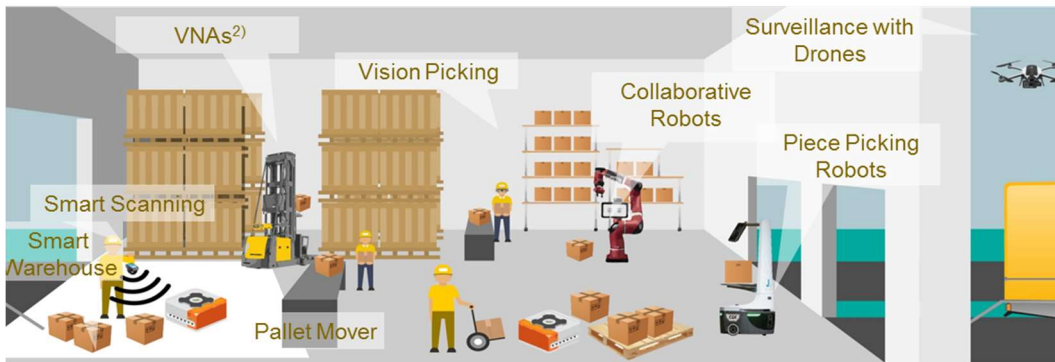


1) Annualized revenue 2016 incl. WLT; 2017 excl. WLT

New signings by sector, FY 2017



Creating the DSC Digital Warehouse Vision



2) Automated guided vehicles for Very Narrow Aisles

RESULTS Q4/FY 2017 | BONN | 7 MARCH 2018

Business Highlights

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

Digital Warehouse

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

2017 has been another very successful year for DPDHL Group

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

Long-term strategic goals intact and consistently delivered upon:

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

AGENDA

1

Q4/FY 2017 Highlights (Frank Appel)

2

2017 Divisional review (Frank Appel)

3

Financial results Q4/FY 2017 (Melanie Kreis)

4

Guidance 2018 (Melanie Kreis)

GROUP P&L 2017

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

1) Attributable to Deutsche Post AG shareholders

CONTINUOUS MARGIN IMPROVEMENT REMAINS TOP PRIORITY ON DIVISIONAL AGENDAS

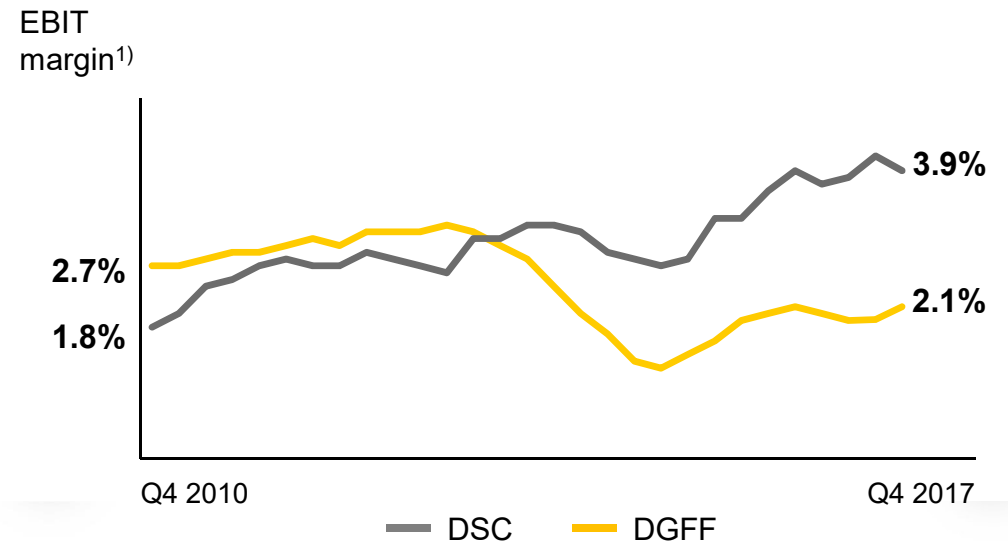
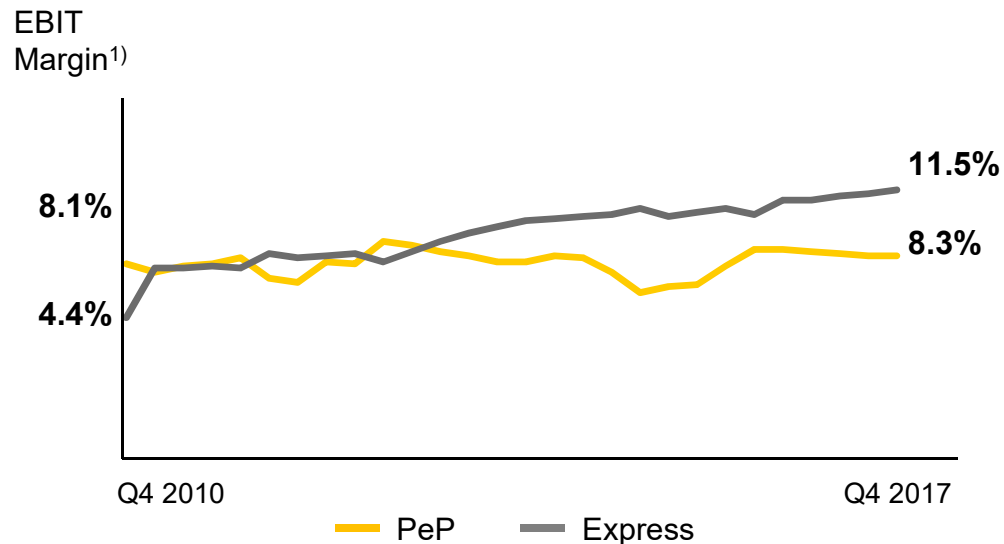
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Further potential to optimize divisional profitability – esp. in DGFF

Asset intensive: Express and PeP



Asset light: DGFF and DSC



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



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

GROUP P&L Q4 2017

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

1) Attributable to Deutsche Post AG shareholders

FREE CASH FLOW Q4 2017

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

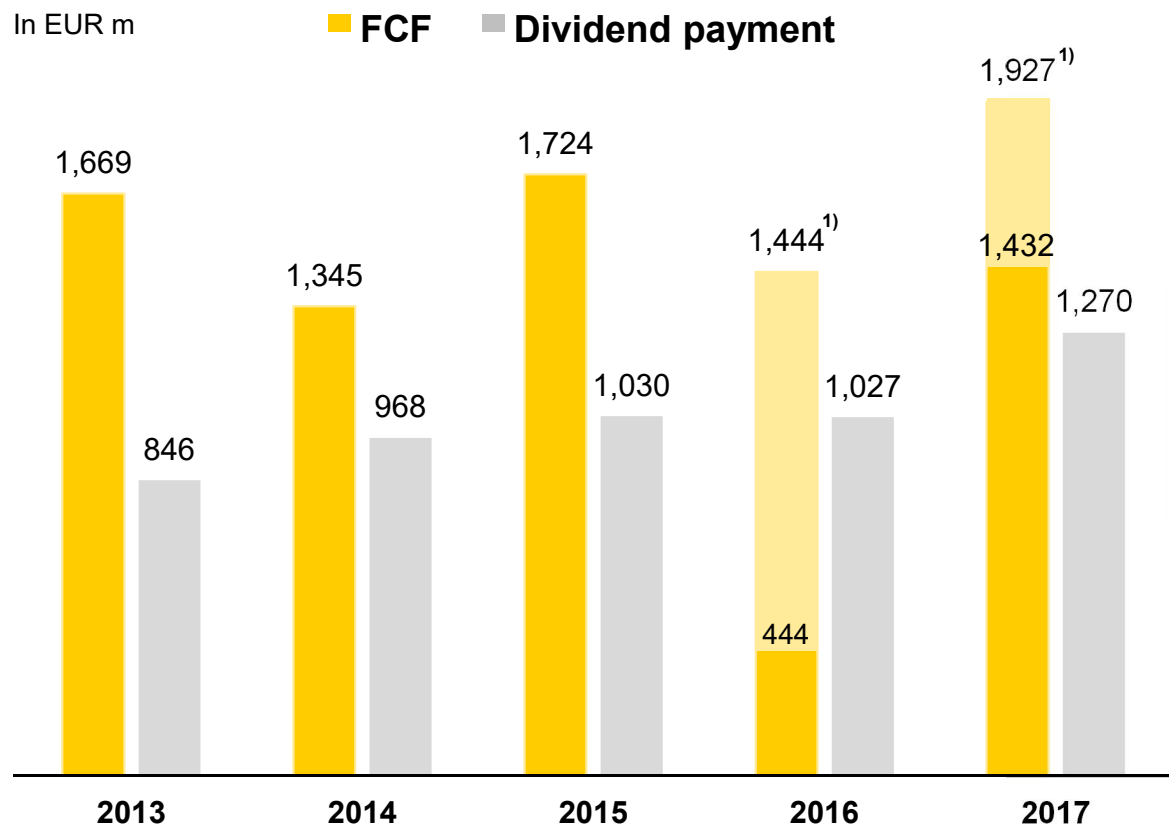
EUR m	Q4 2016	Q4 2017	
Net cash from operating activities before changes in Working Capital	1,205	981	Usual strong seasonal Operating Cash Flow generation, impacted by EUR 495m pension funding in UK
Changes in Working Capital	720	546	Changes in working capital below last year due to a more balanced steering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

FREE CASH FLOW FY 2017

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

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

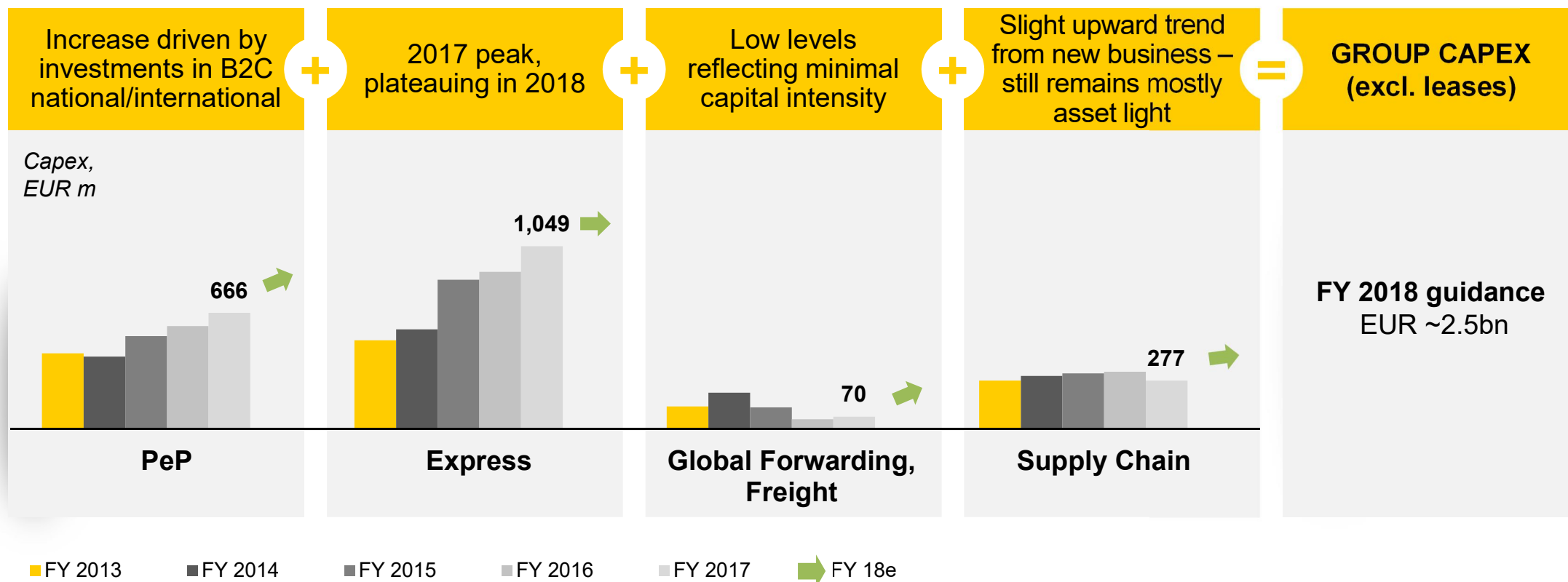
CONSISTENT STRONG CASH GENERATION



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

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

CAPEX: RECENT HISTORY AND OUTLOOK



PENSIONS: STATUS UPDATE ON DEFINED BENEFIT PLANS

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After UK funding, Group funding ratio up to 75%

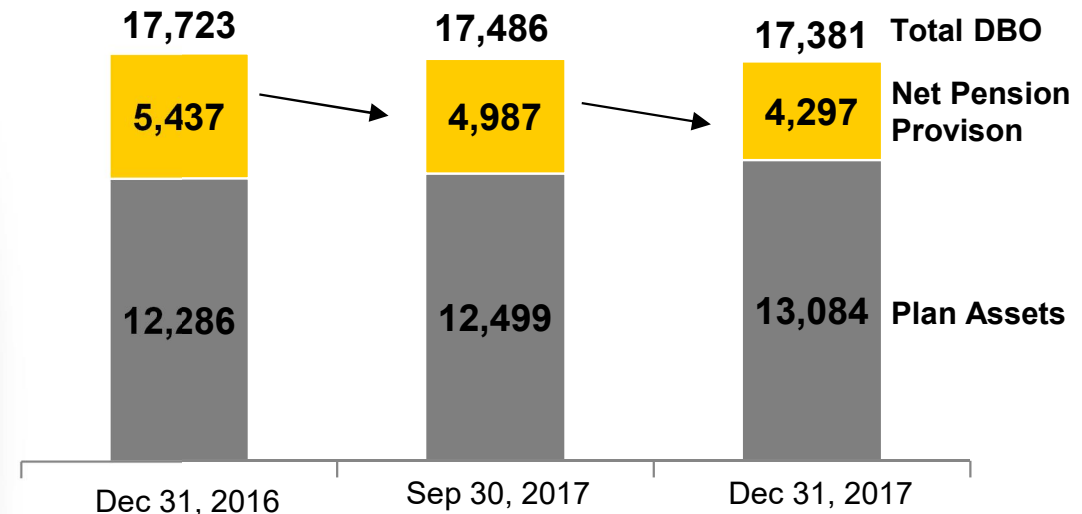
DB pensions in Germany and UK

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

Impact of change in discount rates on Group

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

in EUR m

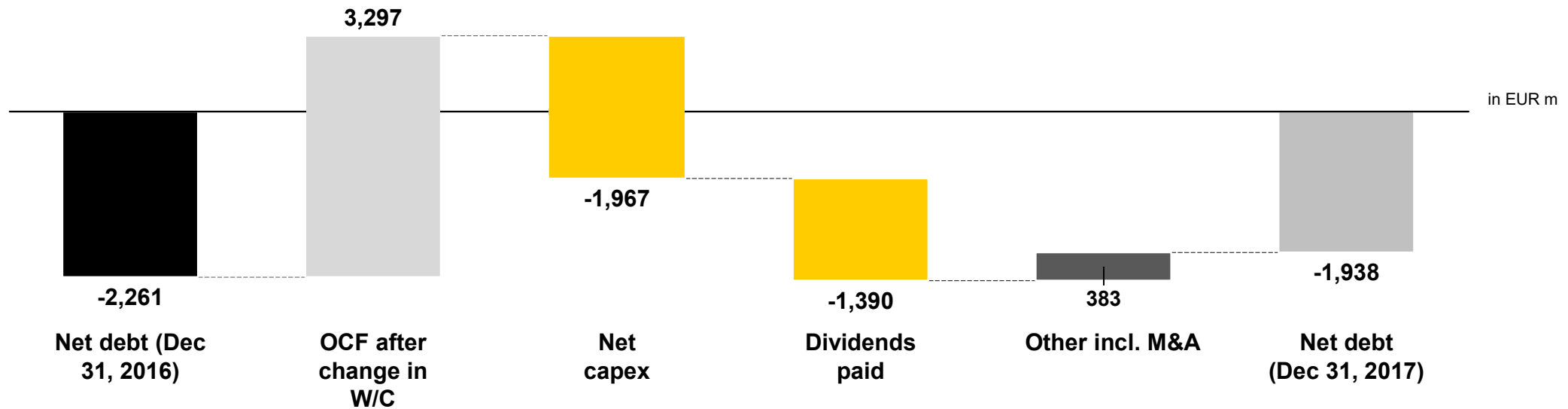


Discount Rate	Germany	UK	Other	Total
Dec 31, 2016	2.25%	2.75%	2.19%	2.39%
Sep 30, 2017	2.25%	2.50%	2.24%	2.33%
Dec 31, 2017	2.25%	2.50%	2.23%	2.32%

NET DEBT DEVELOPMENT

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Net debt reduced despite additional pension funding



PeP – DIVISIONAL RESULTS Q4 2017

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

EXPRESS – DIVISIONAL RESULTS Q4 2017

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

GLOBAL FORWARDING, FREIGHT– DIVISIONAL RESULTS Q4 2017

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

SUPPLY CHAIN – DIVISIONAL RESULTS Q4 2017

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

IFRS 16: MAJOR P&L IMPLICATIONS

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



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

1) Based on leases as per 1.1.2018

AGENDA

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2 Divisional review (Frank Appel)

3 Financial results Q4/FY 2017 (Melanie Kreis)

4 **Guidance 2018 (Melanie Kreis)**

2018 & 2020 GUIDANCE

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

FY 2018:

Free Cash Flow: > EUR 1.5bn

Tax rate: ~18%

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

CFO WRAP UP

Strong 2017 financial performance driven by all 4 divisions

- » PeP, Express and Supply Chain maintained successful operating momentum
- » DGFF turning around, supported by improving markets, internal measures and new CEO

Well positioned for further sustainable, profitable growth

- » Clear strategic roadmap to drive profit growth in the divisions
- » Innovation and investment are key to support divisional growth agendas

Strong cash generation allows to increase growth investments AND shareholder returns

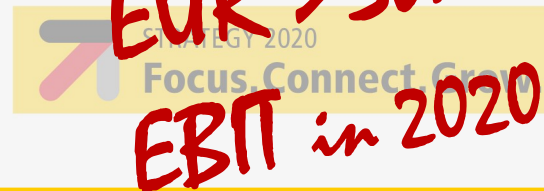
- » Significant spending on innovation & investment, fully internally funded
- » At the same time, 9.5% dividend increase (proposed) and further excess liquidity

Global Powerhouse of Logistics



Clear Strategic Direction

Our roadmap for margin and profit improvement



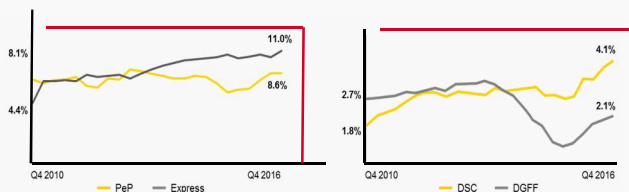
Sustainable Growth Momentum

Unique position for e-commerce



Increasing Margins and Returns

Divisional self-help agendas



Investing for Growth

Innovation, quality & customer centricity



Delivering Attractive Returns

Committed to FCF growth and improving shareholder returns



**Deutsche Post DHL
Group**

FY/Q4 2017

ANALYST CALL

Frank Appel, CEO

Melanie Kreis, CFO

Bonn, 7 March 2018

