

INVESTOR PRESENTATION

Investor Relations

November 2019



DPDHL Group Intro

Strategy 2025 Group Strategy

Strategy 2025 Divisional Strategies

Group Financial Backup

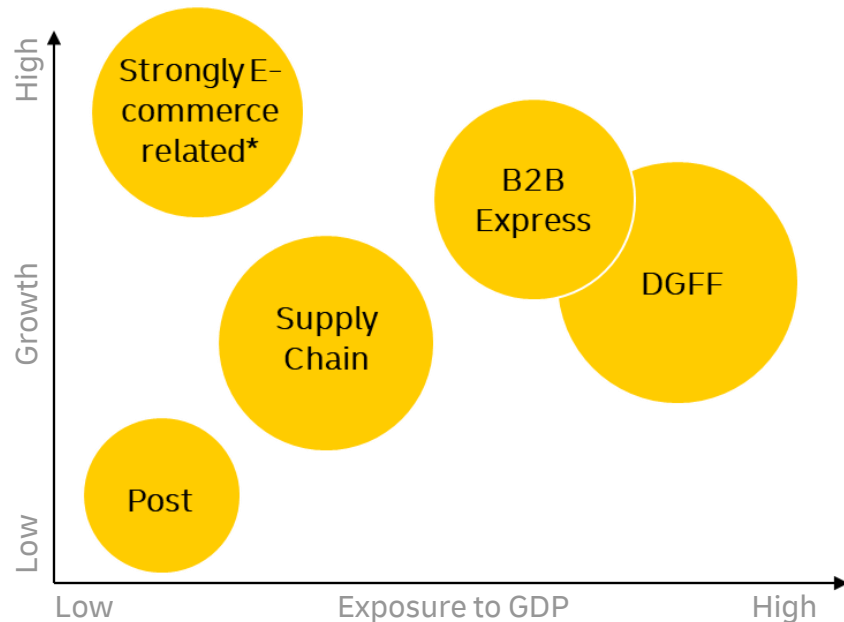


DPDHL Group at a Glance

Deutsche Post DHL Group	Network Businesses – asset intensive			Brokerage & Outsourcing – asset light			
	Post & Parcel Germany	DHL eCommerce Solutions	DHL Express	DHL Global Forwarding, Freight	DHL Supply Chain		
Revenue							
Group revenue €61.6bn	-€ m-	15,108	3,834	16,147	14,978	13,350	
EBIT €3.162bn							
EBIT / Margin	-€ m-	683	-28	1,957	442	520	
~500k employees >220 countries/ territories		4.5%	-	12.1%	3.0%	3.9%	
Market shares							
# 1 P&P Germany # 1 Express Global # 1 GFF Global # 1 SC Global	Staff (FTE)	-in '000-	159.032	29.493	93.550	43.347	151.877

*FY 2018 figures

GLOBALIZATION: Our broad portfolio makes us more resilient



● 2018 revenue

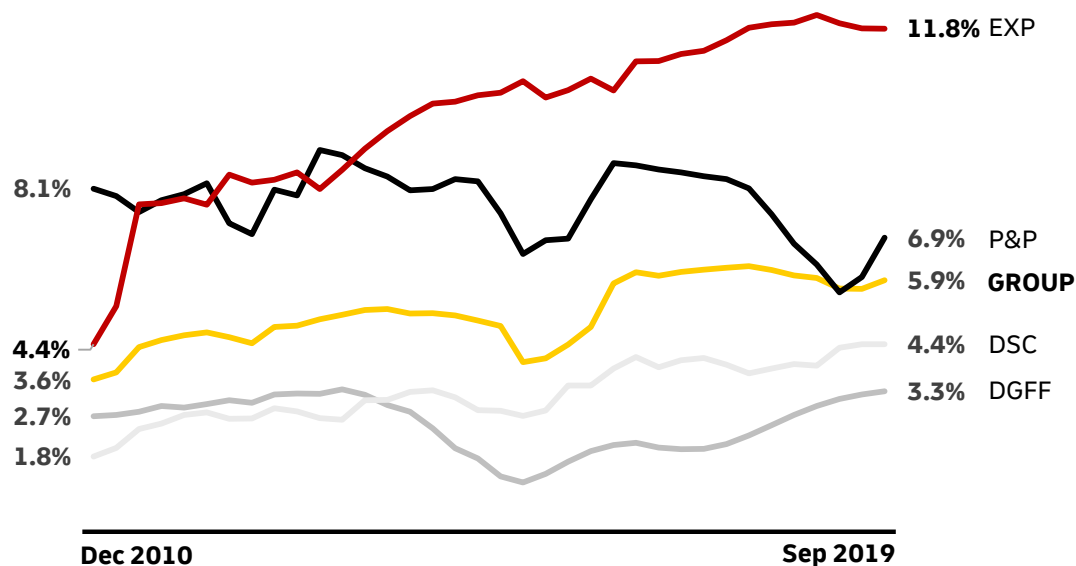
*B2C Express, Parcel Germany and DHL eCommerce Solutions

Our Position

- Largest, most global logistics provider
- Leading market positions
- Strong brands, balanced portfolio

DPDHL: Focus Is The Key To Sustainable Margin Expansion

12m rolling EBIT margin¹⁾



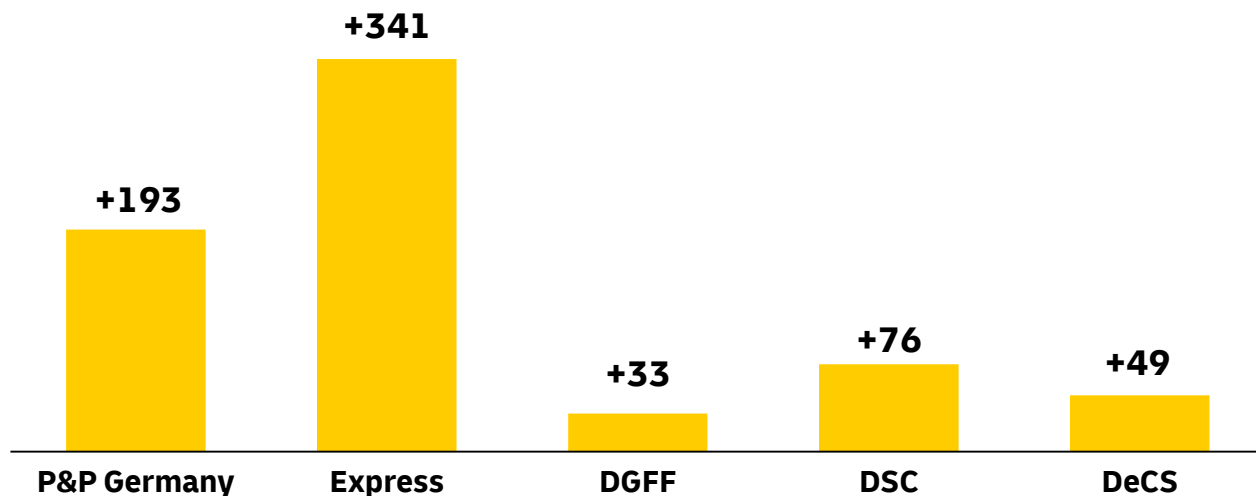
- **Group:** Balanced and steady expansion as all divisions execute on 2020 strategic plans
- **EXP:** Demonstrating the result of sustained focus on TDI and yield
- **P&P:** Overcoming current challenges in managing the transition from post to parcel
- **DSC:** Making gradual progress towards 4-5% goal
- **DGFF:** Building momentum to close gap to benchmark profitability

¹⁾Adjusted for: 2015: DGFF write-off; 2018: PeP restructuring charge; 2019: SF Transaction gain & DSC Restructuring

Q3 2019 Group Revenue

GROUP
€15,552m
€+703m
(+4.7%)

Revenue growth yoy
All in €m



Organic Growth	Group: +3.9%	+5.5%	+6.2%	-0.7%	+3.8%	+3.2%
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Q3 2019 Group EBIT

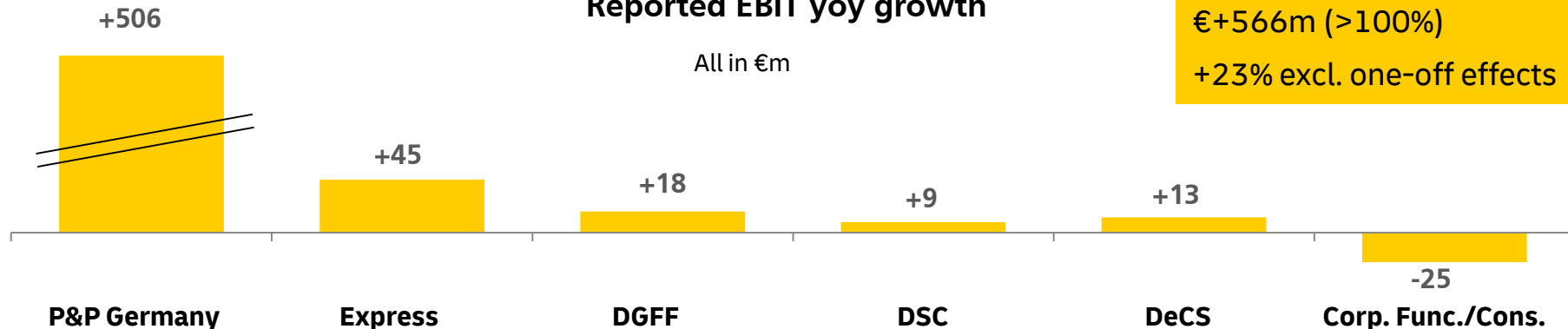
Reported EBIT yoy growth

All in €m

GROUP €942m

€+566m (>100%)

+23% excl. one-off effects



2019: EBIT growth accelerating as expected – cost & yield measures ramping up, now also incl. first effects of mail price increase
2018: €-392m restructuring charge

2019: Continued solid volume growth again translated into significant absolute EBIT increase – transitory effects from heavyweight campaign annualized

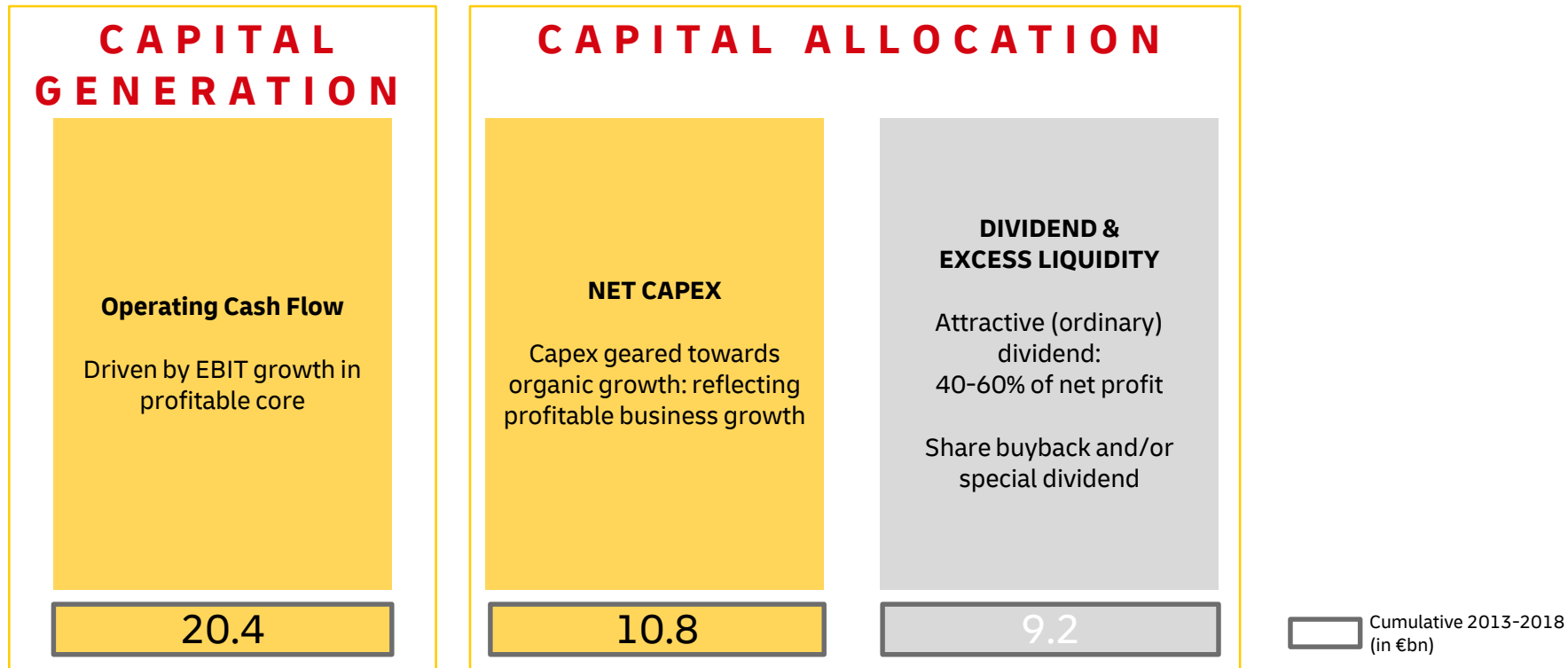
2019: EBIT growth remains mainly driven by self-help measures in DGF and Freight – markets provide limited tailwind

2019: Includes €-8m net effect from restructuring – strong EBIT increase after 9M partly supported by phasing effects

2019: Includes €-4m restructuring costs – further improvement in operating performance and overhead costs on path to 2020 profit contribution

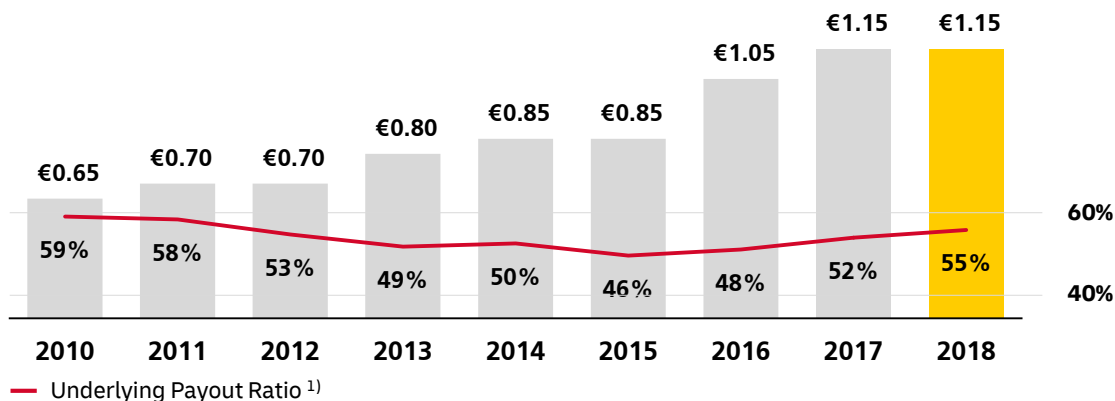
2019: Corporate Incubations costs ramping up in line with full-year guidance

Disciplined & clear capital allocation priorities



DPDHL Group Finance Policy: Confirmed And Executed Upon

Dividend of €1.15 for FY2018



Dividend payments of €1.4bn to DPDHL shareholders on May 20th, 2019

FINANCE POLICY

- Target / maintain rating BBB+

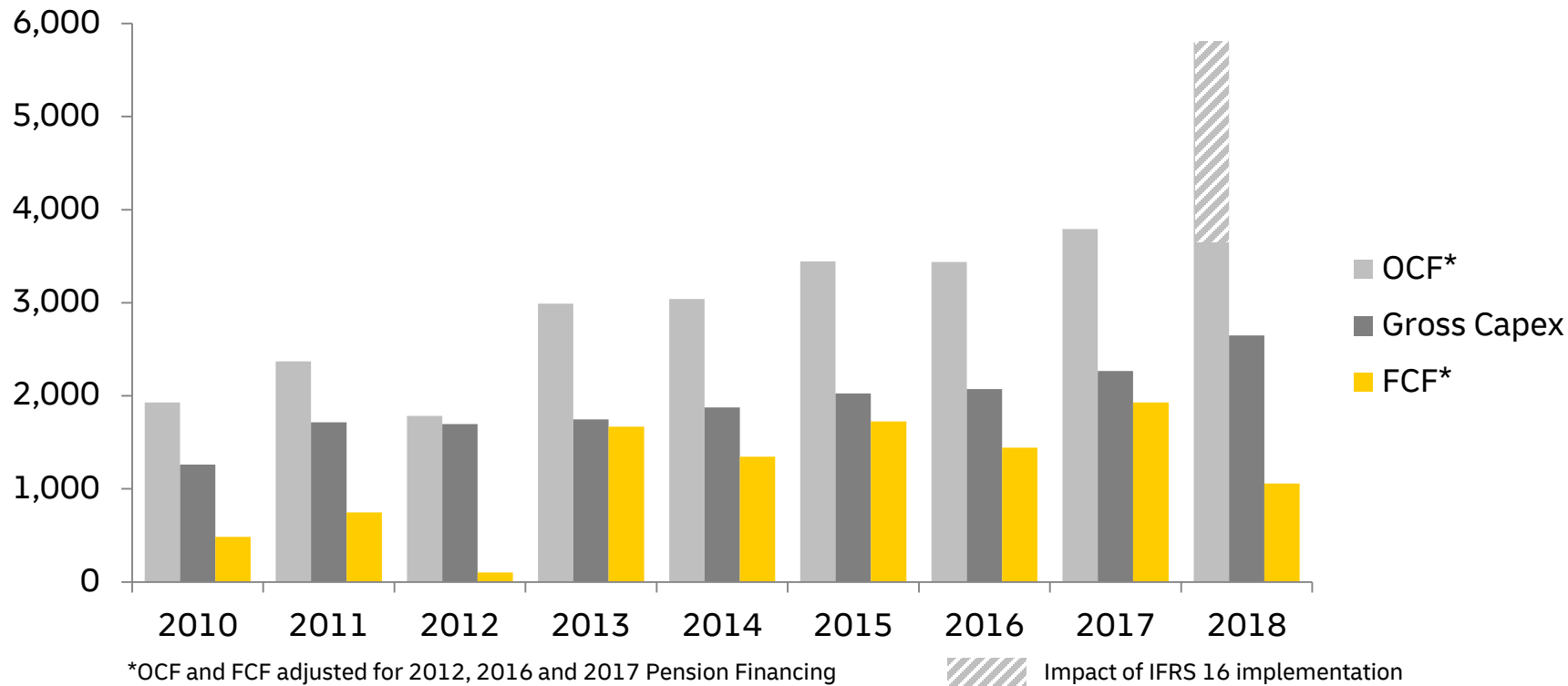
- Dividend payout** ratio to remain between **40–60% of net profit** (continuity and Cash Flow performance considered)

- Excess liquidity** will be used for **share buybacks** and/or **extraordinary dividends**

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

Consistent Cash Flow Generation And Growth Investment

In €m



Capex growth has enabled strong volume increase

Capex increase reflected ongoing strong volume growth in

- **PARCEL GERMANY** (2013-2018: +9% p.a.)
- **EXPRESS** (2013-2018: +8% p.a.)

Parcels per day Germany

>2,000,000 parcels
per day more since 2013



+53%

Express TDI shipments per day

> 300,000 shipments
per day more since 2013

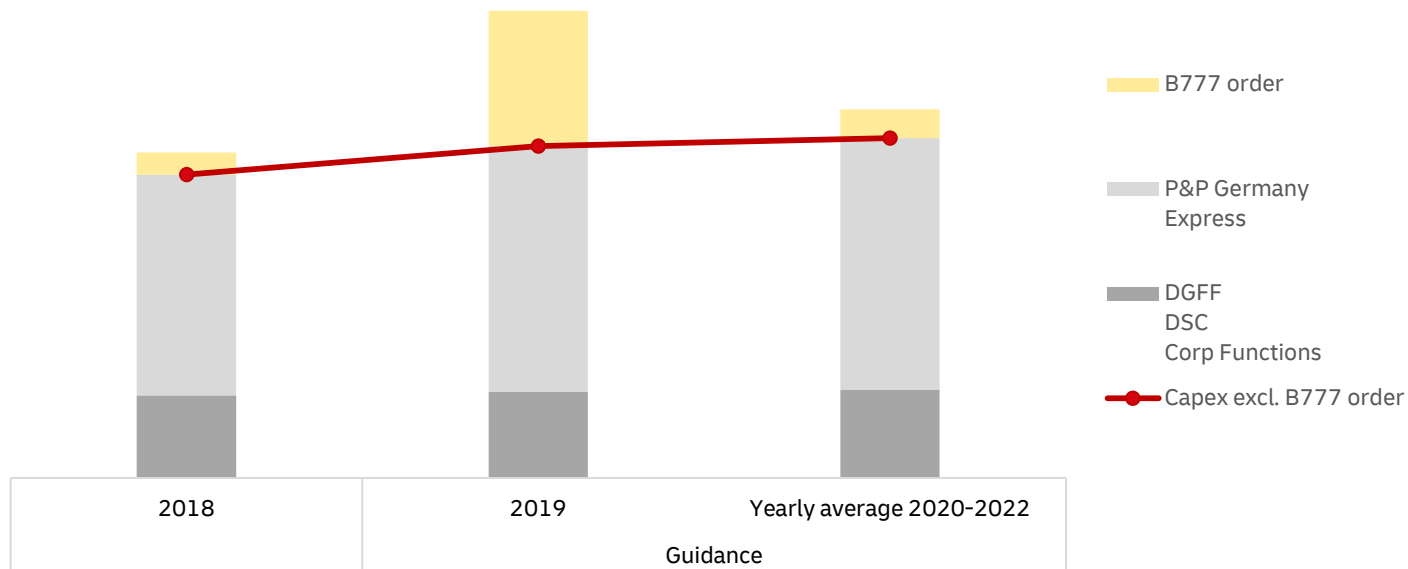


+49%

Capex outlook: 2019 peak due to 777 order

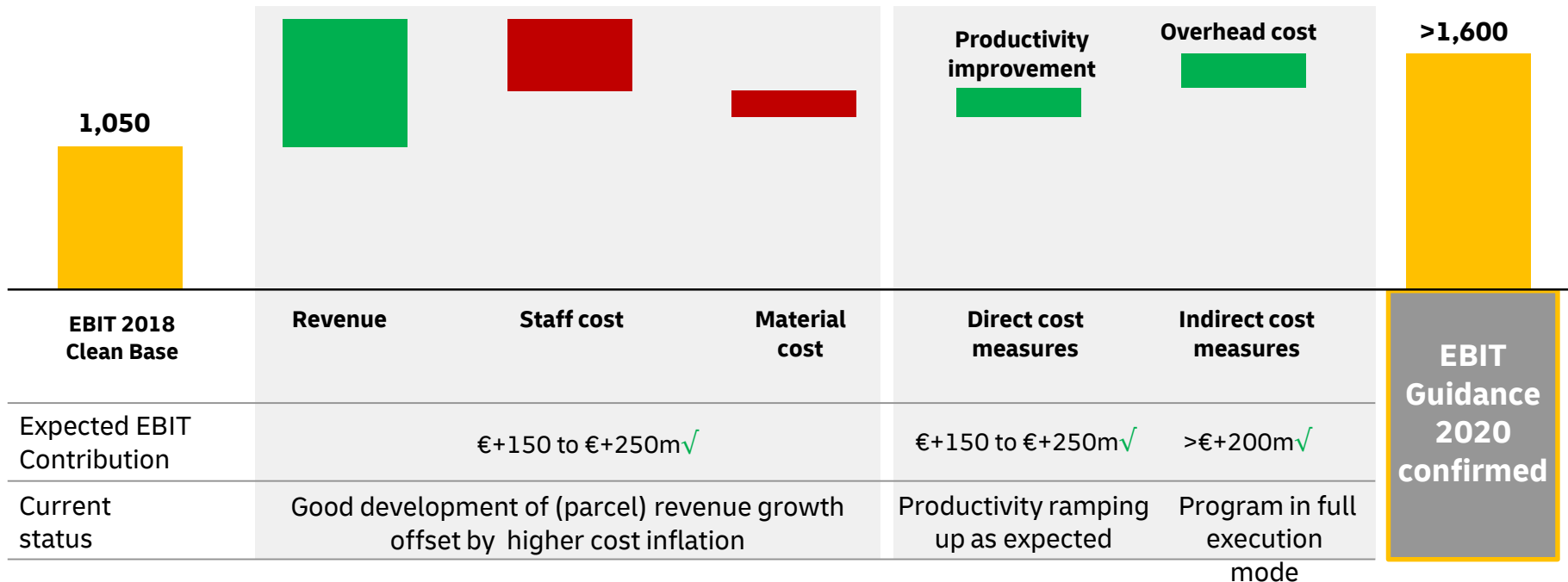
DPDHL Gross Capex:

- Peak at €3.7bn in 2019 (incl. €1.1bn B777 order)
- Stable / slightly rising excl. 777 order going forward



P&P Germany 2020 bridge: main elements confirmed

EBIT contribution, in €m
2020 vs 2018



DHL EBIT Bridge to 2020 Target

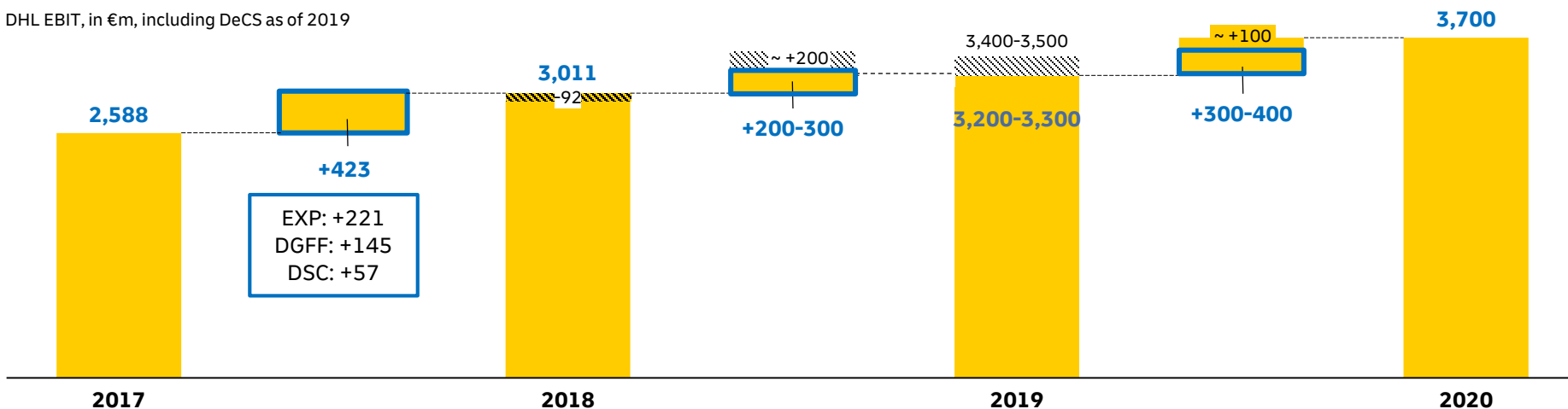


Express: Focus on TDI
 DGFF: IT renewal / Simplify
 DSC: OMS/Standardization
 DeCS: Portfolio focus & volume growth



Based on Global GDP consensus estimates for 2019/20 (~ +3%)

DHL EBIT, in €m, including DeCS as of 2019



■ EBIT excl. non-recurring effects

□ Operating Contribution from Express, DGFF, DSC

▨ Non-rec. effects: 2018, DSC (€-92m); 2019e, DSC China (€+426m), DSC restr. (~ €-150m), DeCS restr. (~ €-60m)

Guidance 2019/2020 confirmed

In € bn	2019	2020
Group EBIT	4.0-4.3	>5.0
P&P Germany	1.1-1.3	>1.6
DHL	3.4-3.5	>3.7
Corporate Functions	-0.5	-0.35

2019

Free Cash Flow: >€0.5bn (incl. ~€1.1bn debt-financed Express intercontinental fleet renewal)

Tax rate: Between 19% and 22%

Gross Capex (excl. leases): ~€3.7bn (incl. ~€1.1bn for debt-financed Express intercontinental fleet renewal)

Rolling 2022 financial targets, as introduced at 2019 CMD

All targets to be rolled
forward annually

In € bn	2022
Group EBIT	>5.3
Capex (20-22) cumulative	8.5 - 9.5
FCF (20-22) cumulative	4.5 - 5.5

2022 minimum EBIT guidance
based on cautious macro scenario

Capex guidance includes ~€800m
for Boeing 777 order in 2020/21

Divisional EBIT growth remains
key driver of OCF and FCF growth

DPDHL Investment Case Summary

EARNINGS



Sustainable growth from diversified global market leader



Clear agenda for improving profitability

CASH FLOW



Continued investments for profitable growth



Strong balance sheet and cash generation

SHAREHOLDER RETURNS



Long-term Finance Policy defining sustainable shareholder returns

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We have learned a lot along the way

STRATEGY 2020
Focus. Connect. Grow.

Focus.	Connect.	Grow.
We focus on our core activities ...	We connect across the organization ...	We grow ...
1 Logistics as our core	One global team	Leader in e-commerce related logistics
2 Committed to the needs of our stakeholders & our planet	Certified specialists for everything we do	Accelerate footprint shift towards emerging markets
3 A family of divisions	Connected approach in operations, commercial, green solutions, shared services	Tap new market opportunities for organic expansion
... to achieve industry-leading performance.	... to achieve quality & service excellence.	... for sustainable above-market growth.

We are successful

- ... if we focus on execution excellence
- ... if we act along our 3 bottom lines
- ... if we strengthen our profitable core
- ... if we leverage e-commerce
- ... if we take advantage of technology



Our Purpose
Connecting people,
improving lives

Our Vision
We are THE logistics company
for the world

Our Values
Respect & Results



Our Mission

Excellence. Simply delivered.

Along the three bottom lines in a sustainable way
Enabled by **Common DNA**



Our Business Unit focus

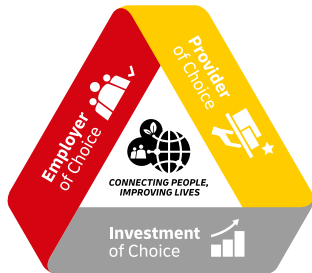
Strengthening the profitable core

Supported by **Group functions**

Digitalization

SUSTAINABILITY

THE TANGIBLE OUTCOME OF OUR PURPOSE
FOR LONG-TERM VALUE CREATION



Excellence. Simply delivered. along the three bottom lines in a *sustainable way*



E ENVIRONMENTAL IMPACT

- Mission 2050
- Green solutions
- Green policies & guidelines
- Carbon-efficient delivery solutions
- Tree planting

S SOCIAL IMPACT

- Employee Engagement (EOS, EOY, GVD...)
- Certified
- Safety First
- **GOTEACH** **GOHELP**
- Diversity & Inclusion
- Explore introduction of additional “Go”-programs

G GOVERNANCE STRUCTURES

- Codes of Conduct and Supplier Code of Conduct
- Compliance Management
- Employee Relations
- Internal Audit
- Data Protection Management

Core logistics offers sustainable growth opportunity

Focus on profitable growth in our core

> Market growth assumption by division (volume p.a., 2018-2025)

- P&P: Parcel +5-7%, Mail -2% to -3%
- EXP: TDI +4-5%
- DGFF: OFR +2-4%; AFR +1-3%; RFR +3-4%
- DSC: Outsourced logistics ~+4% (revenue)
- DeCS: Driving revenue CAGR of 5-10% across all businesses

> Expected growth vs. Market



At least in line:

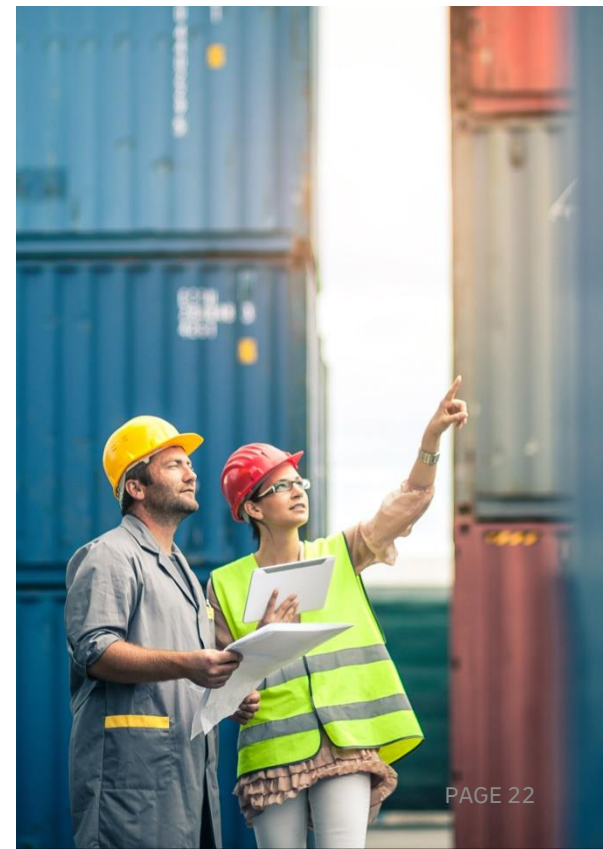
P&P, EXP, DSC, DeCS



Above:

DGFF

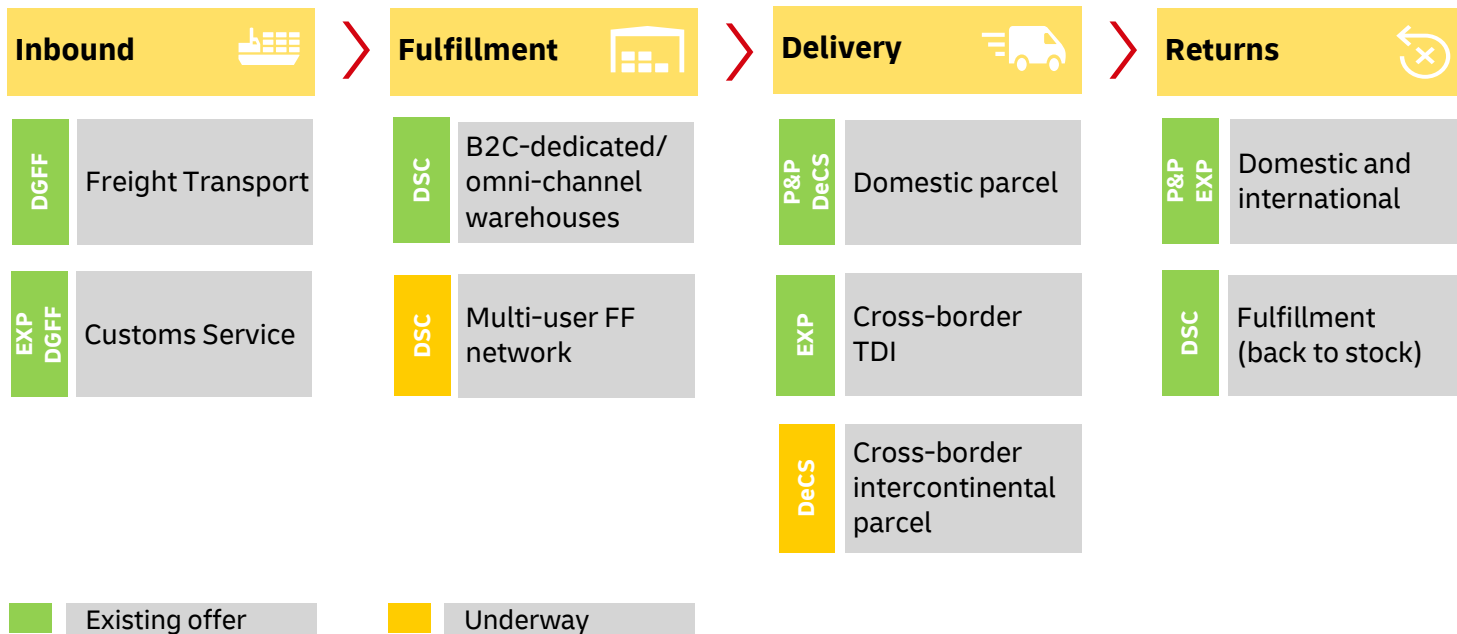
- Supported by unchanged strong yield discipline in all divisions



E-COMMERCE: We offer the entire logistics value chain



Our Position



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P&P Germany: Mail price increase implemented

Q3 2019 yoy	Volume	Revenue
Mail*	-0.9%	+3.3%
Parcel Germany	+6.1%	+9.9%

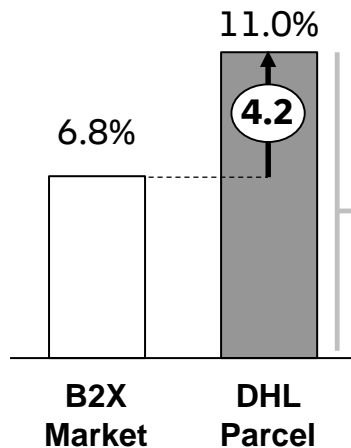
*Mail Communication & Dialogue Marketing

- Average 10.6% price increase on basket of regulated mail products implemented as of July 1
- Incl. working day effect (1 day more yoy), mail volume decline (MC + DM) in line with expected trend at -2.4%
- Parcel yield measures continue to show significant positive effect



Parcel growth driven by all customer segments

Business Customers (B2X)
Revenue growth
9M 2019

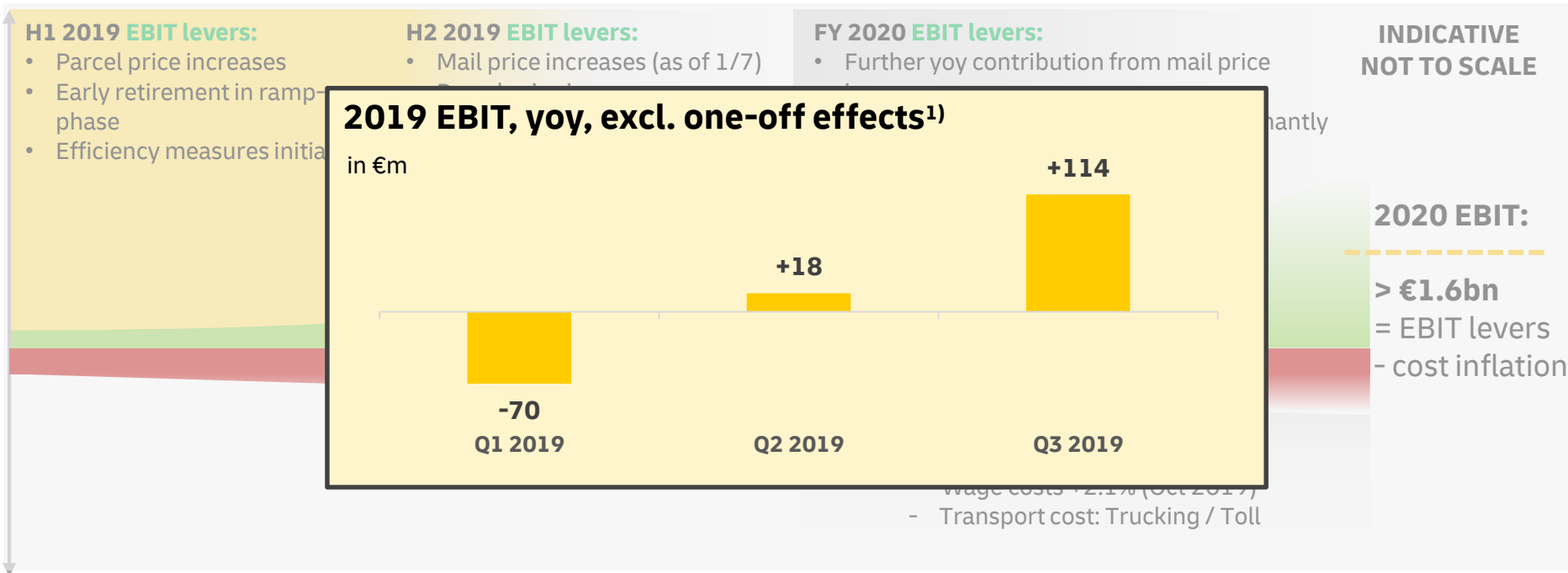


Revenue Parcel
9M 2019
(in €bn)

Revenue growth
9M 2019
(in %)



P&P EBIT bridge recap : EBIT growth accelerating as expected




1) Pension revaluation (Q1/18 & Q3/19) and restructuring costs (Q2&Q3/18 & Q3 19)


Post & Parcel Germany: Going forward...

Success factors vs. ongoing challenges

Success factors

- Parcel volumes: +5 to +7% 
- Price increases in Mail and Parcel
- Decrease indirect cost base & limit increase in direct costs through productivity improvement
- Digitalization and further automation of operating processes

Ongoing challenges

- Mail volumes: -2 to -3% 
- Structural shifts:
 - Post to Parcel
 - More goods-carrying letters
- Cost inflation:
 - Wage costs
 - Material costs, e.g. fleet

Recover and sustain steady earnings momentum

Top strategic priorities for the next strategy horizon

Strategy 2025 divided into two horizons

Refocus on core market in Germany (2019/ 2020)

- Price increases
- Quality improvements
- Indirect cost measures (overhead)
- Direct cost measures (productivity)

In 2020: Phase over to Roadmap 2025

- Optimized asset concept including real estate and new sorting concept for mid-sized shipments
- New features and boost of Packstation
- Accelerate digitalization in operations

Digitalization @ P&P

2019 marks return to positive productivity trend

Continuous improvement

e.g. in parcel centres

- Rollout of Performance Dialogue culture
- Better truck utilization through training

Automatization

e.g. in mail sorting

- Increase sequence sorting, incl. for high-rise buildings
- New sensors/OCR technology to increase read rate

Digitalization

e.g. in delivery

- Optimized delivery through route navigation
- Introduction of first new apps for site managers

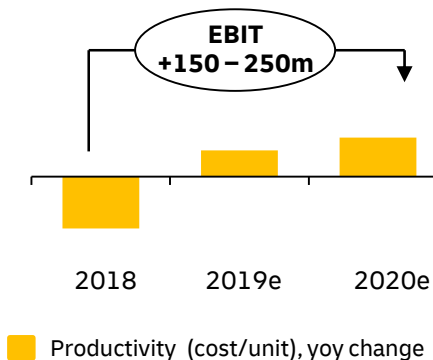
Integration of Post & Parcel

e.g. for small e-com shipments

- Transfer small items shipments into the mail network
- Utilize mail delivery capacity, esp. in peak season

Productivity improvement and EBIT growth

SCHEMATIC



Roadmap 2025 - Initiatives

Enable further profitable growth in parcel

Delivery



~54% - and growing –
of Parcel deliveries done
through joint delivery with mail

Sorting: new initiatives



Letters: Leverage for eCommerce and further automate

2/3 machine-sorted (increasing)

- Automatic sorting of small-format **e-commerce** shipments in our letter sorting centers
- Flexibly leverage uniquely dense delivery network and capacity in (parcel) peak season



Parcels: optimize further

98% machine sorted

- Optimize existing hubs, e.g., with 3-5 side readers at sorters to reduce rejects
- Employ less CapEx-intensive technology, e.g., separation of small-format shipments into bags in our new parcel sorting centres

Maximize synergies to increase Post utilization and preserve Parcel capex

Roadmap 2025 - Initiatives

Packstation Boost

Beginning of 2019

3,700 Packstations

~3% DHL parcel volumes

Plan for 2021

~7,000 Packstations

~5% DHL parcel volumes

Plan for 2025

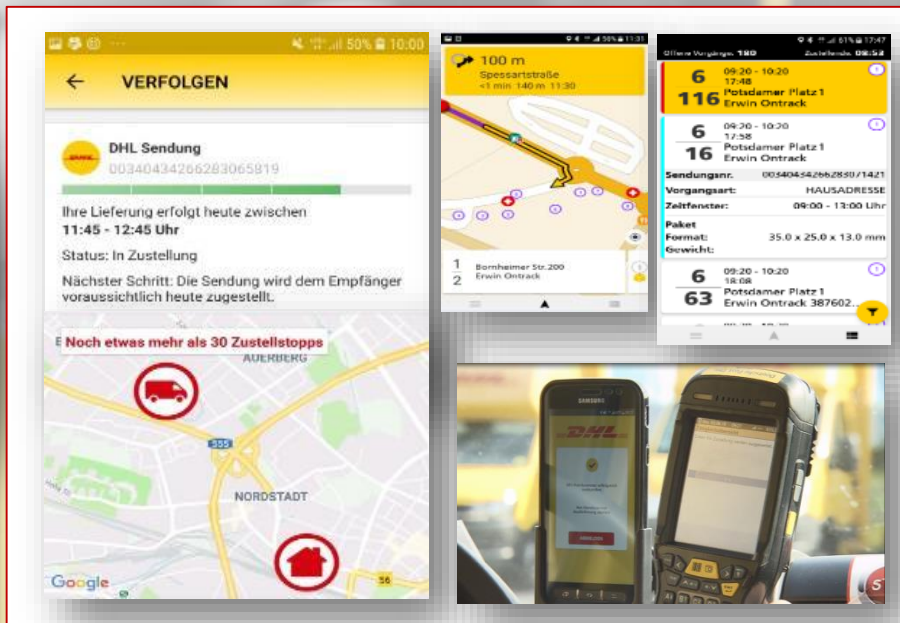
~10% DHL parcel volumes

BENEFITS:

- Satisfy high customer demand for convenient, 24/7 delivery option
- Reduce delivery cost due to high drop factor, lower cost lockers and lower rent for space
- Provide further capacity to handle e-commerce-driven parcel growth

Roadmap 2025 - Initiatives

Digitalization of Delivery



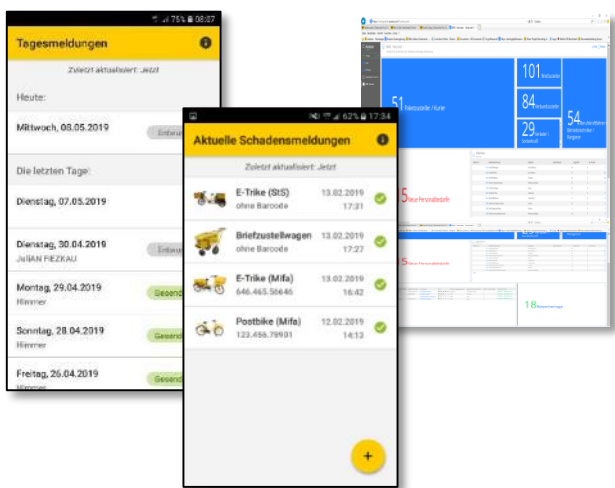
Delivery

E.g. Rollout of ,OnTrack':

- Operations benefit: Better driving sequence and mobile navigation (less training, less stops missed)
- Customer benefit: Live tracking and time window delivery for standard parcels
- Other benefit: less waiting-time "at door" (much bigger effect than optimizing route)


Roadmap 2025 - Initiatives

Digitalization of site management and staff deployment



„Digital delivery depot/ delivery district“:
different Apps for operational processes

Site Management

- Support site managers through better data and visibility (e.g., expected shipment volume per day/district, status of transport to site, delivery performance/issues per district)
- Increased visibility on unit cost/ profitability on granular level
- Digital workflow, e.g., repair/maintenance orders 

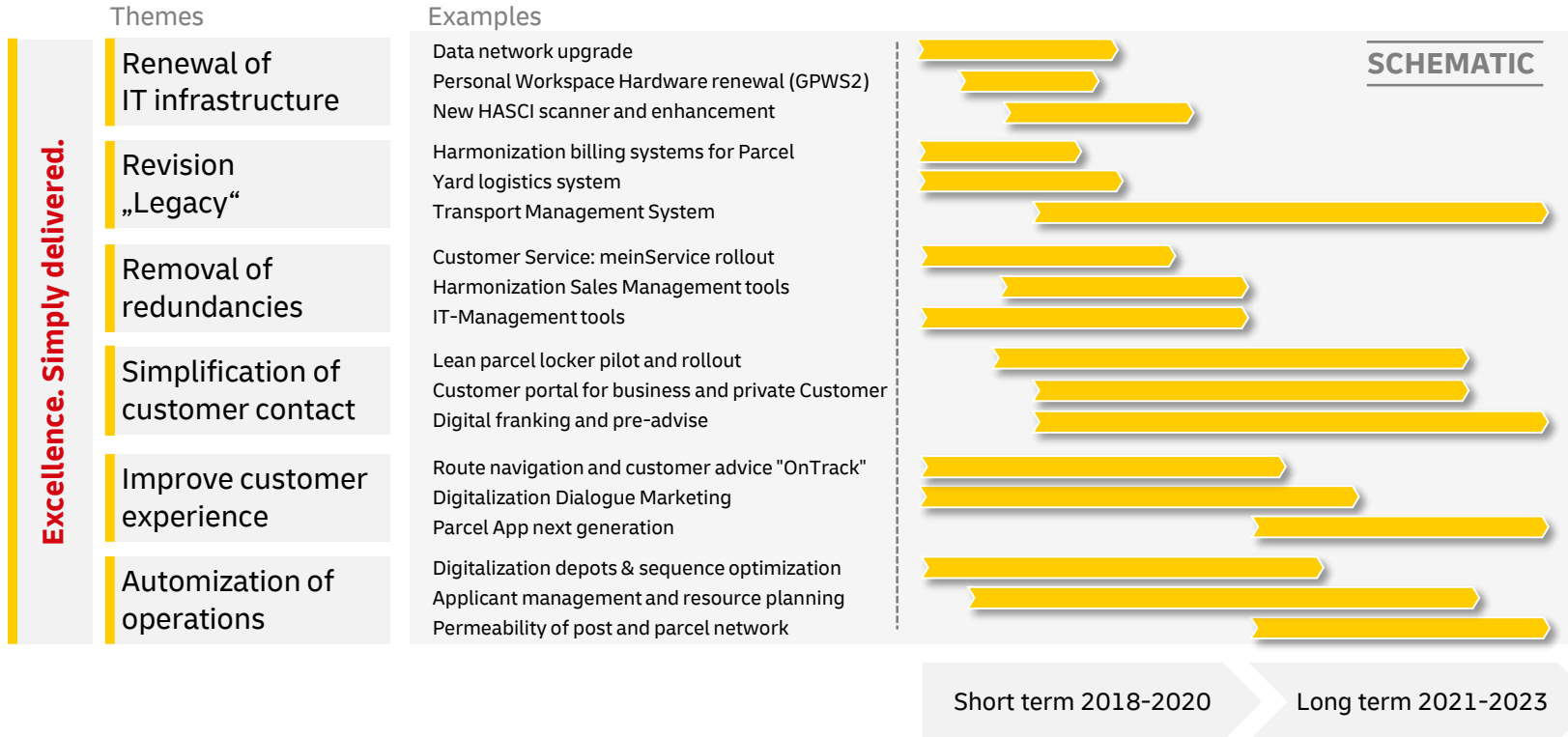
Staff Deployment

- Introduction of IT based applicant management
- Digital support for staff planning and scheduling
- Online interaction with staff and replacement of paper processes



Digitalization @ Post & Parcel Germany

Roadmap-based development/simplification of IT landscape



Post & Parcel Germany: Financial Outlook

Market (2018 – 25)

Market growth assumptions

- Mail volume:  decline of -2 to 3% p.a.
- Parcel volume:  growth of +5 to 7% p.a.

Expected growth vs. market

-  **IN LINE**
-  **AT LEAST IN LINE**

Capex Outlook

- Capex p.a. between 500 and 600m€ for the next three years
- Expansion of Parcel infrastructure (e.g. Packstation, hubs, depots, fleet), new sorting concepts and digitalization

EBIT Outlook

2020

- Guidance confirmed:
€ >1.6bn
- Margin ~10%

Beyond 2020

- Slow topline growth with stable margin

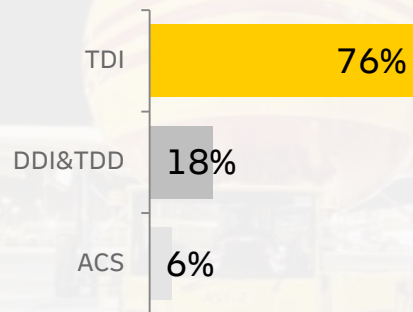
DHL Express are the ‘Experts in Export and Import’

The Profitable Core

Time Definite International (TDI) service for premium, cross-border delivery of time-critical parcels and documents

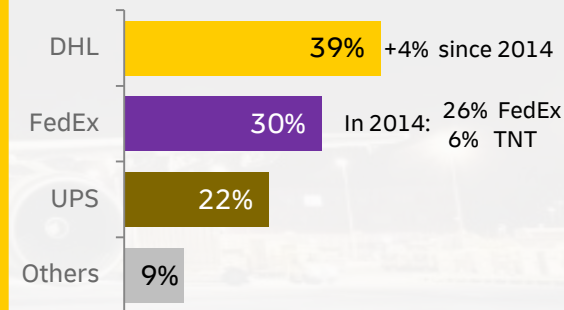
Revenue Mix¹⁾

(€bn, FY 2018)



Global TDI market ²⁾

(2018)



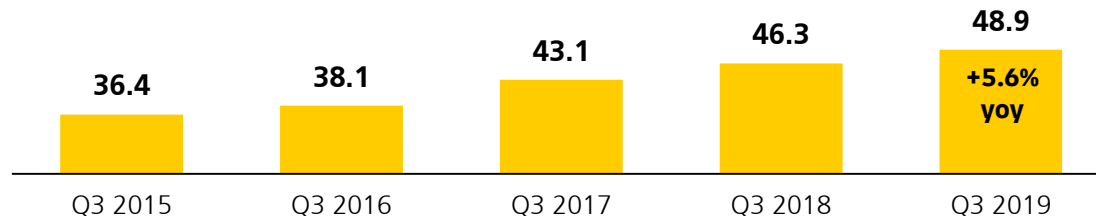
¹⁾ TDI: Time-Definite International, DDI: Day-Definite International, TDD: Time-Definite Domestic, ACS: Air Capacity Sales

²⁾ Source: Market Intelligence 2017, annual reports

Express: Continued solid TDI volume and revenue growth

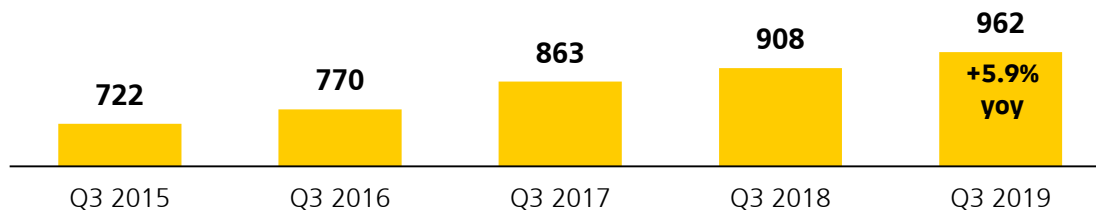
REVENUE PER DAY

in €m



SHIPMENTS PER DAY

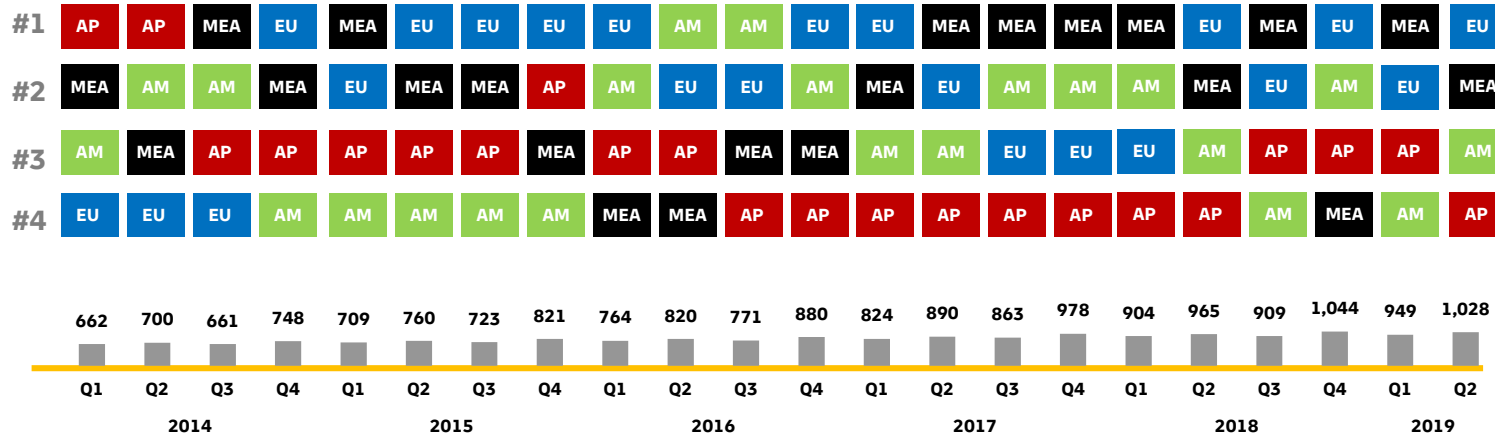
'000s



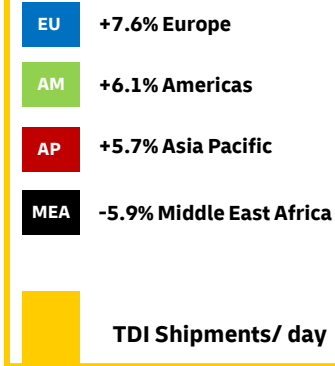
- TDI volume growth remains very solid as growth in premium B2C balances slower growth in B2B due to macro uncertainties
- As expected, revenue and volume growth rates again closer as mix effects from heavyweight measures have annualized

Trade flows with constant variation in regional pattern

Quarterly growth ranking 2014 - 2019, TDI volume growth



Q3 TDI Shipments per day



Express: TDI focus drives sustained growth momentum

TDI Shipments per Day

	2015-2018	9M 2019
DHL EXPRESS	7-10%	5.8%
B2B	Mid single-digit	Low single-digit
B2C	20 plus %	10 plus %



E-commerce is an attractive TDI vertical supporting Express profit growth

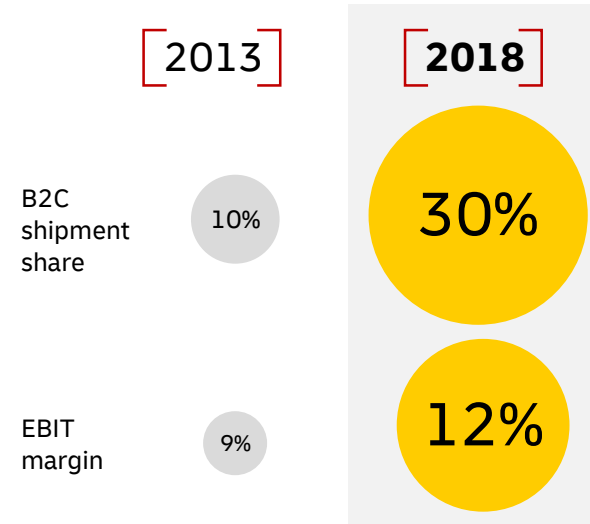
We...

- ... manage e-commerce as a TDI vertical
- ... continuously enhance TDI capabilities to meet e-commerce requirements
- ... sell e-commerce to SME

Going forward we'll continue to:

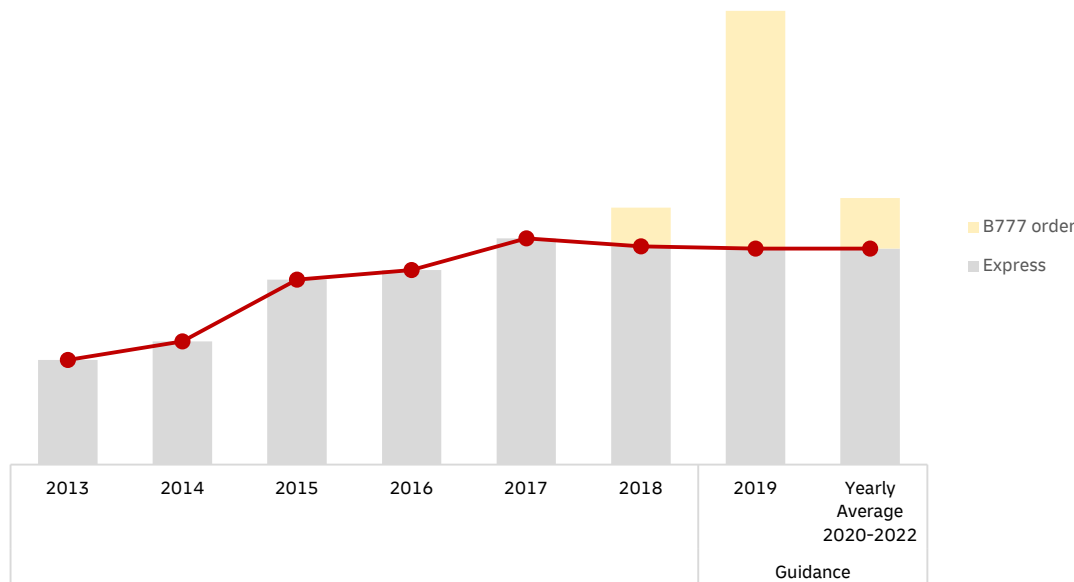
- maintain disciplined approach to **sales** and **pricing** across the network
- explore and engage in **partnerships** that strengthen our position in this field
- develop **TDI capabilities** to meet B2C and B2B demands

DHL Express



Express capex – 777 investment peak in 2019, flat around €1bn excl. 777 order

EXPRESS Gross Capex development



2013-2018:

> **300,000** TDI shipments **per day more** since 2013



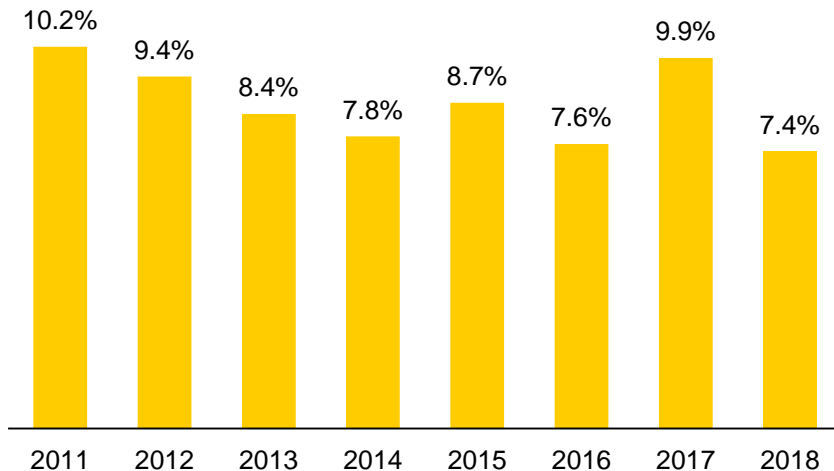
Outlook:

Expect **+4-5%** TDI market **volume growth** p.a.

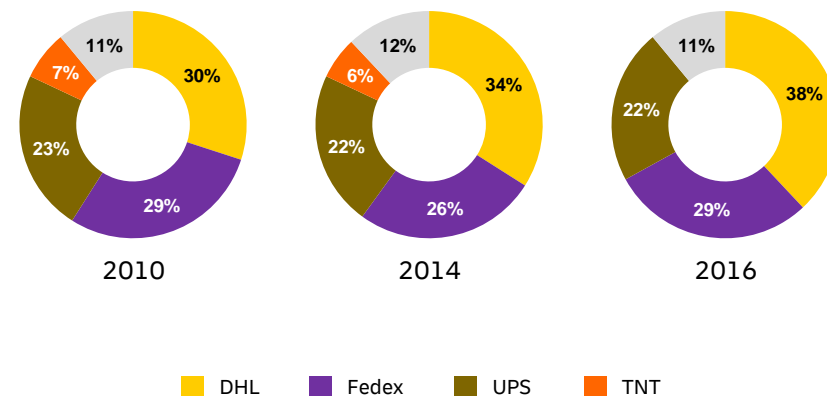
Focus on TDI is Our Key to Success

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

DHL EXPRESS, TDI SPD YOY



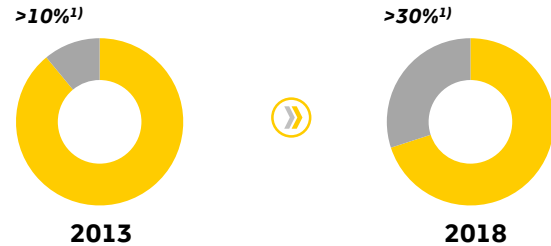
TDI, GLOBAL MARKET SHARE



1) includes 4% TNT

E-commerce is a Profitable Growth Driver for DHL Express

Portion of B2C TDI shipments has increased over time



We treat B2C/e-commerce shipments as a TDI vertical

- applying the same yield discipline
- using B2C requirements to enhance the overall TDI service and capabilities
- equipping our sales force to effectively sell to e-commerce customers
- engaging in partnerships to grow cross-border e-commerce

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

We grow B2C profitably because 90% of the KPIs perfectly suit our network

SpD	Volume growth drives better utilization of existing network	↑
WpS	Lower weight per shipment	→
RpK	Higher RpK related to lower WpS	↑
First mile	More pieces per stop at pickup	↑
Hub sort	Better utilization of existing infrastructure, with high degree of conveyables	↑
Airlift	Better utilization of existing capacity, with lower WpS being advantageous	↑
Last mile	Residential delivery to private households	↻

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

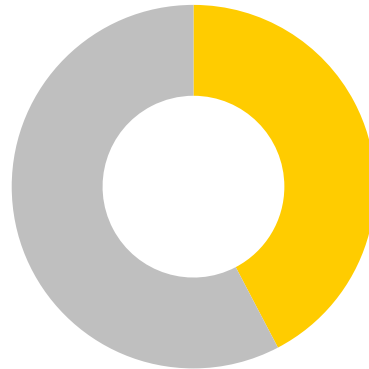
Intercontinental Fleet: Use Replacements as Opportunity to Move Towards Higher Ownership Structure

Dedicated fleet (w/o feeders)

2010: ~150 planes



2018: >200 planes



Owned Lease

2010-18: fleet expansion

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

Outlook: intercont replacements by new, owned planes

- Order for 14 Boeing 777s signed, in-line with intentions announced at May 2018 CMD – first delivery expected in 2019
- New aircraft are capacity neutral but bring significant cost, efficiency and reliability benefits
- Any further fleet expansion to be carefully considered in line with market growth expectations

DHL Express: Financial Outlook

Market (2018 – 25)

Market growth assumptions

- TDI volume growth: 4-5%

Expected growth vs. market

 **AT LEAST IN LINE**

Supported by unchanged strong yield discipline

Capex Outlook

- Excl. current replacement order for Boeing 777s, capex flat around 2018 level of €~1bn for next 2-3 years
- Investment in expansion and digitalization along whole value chain (air & ground fleet, hubs/gateways/depots)

EBIT Outlook

- Continued growth of absolute EBIT
- Continued, but more incremental margin expansion

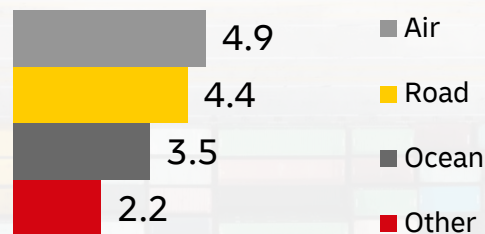
DGFF - The foundation for further success has been laid

The Profitable Core

International transportation of **Air Freight**, **Ocean Freight** and **Road Freight** including **Customs Clearance** and related **Value-added Services** like warehousing, cargo insurance, etc.

Revenue Mix

(€bn, FY 2018)



Market Position

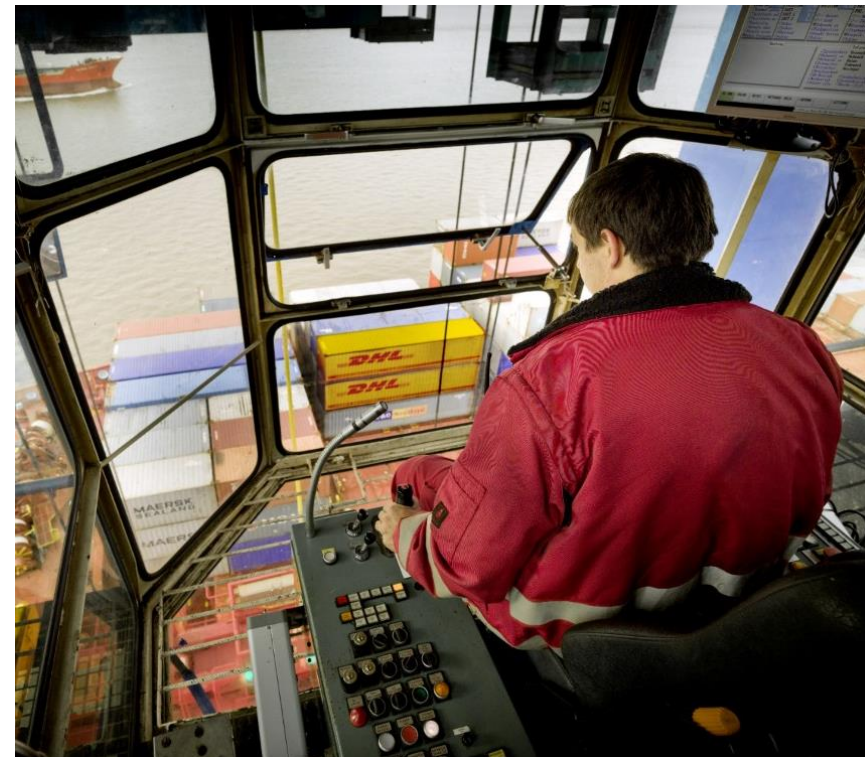
(2018)



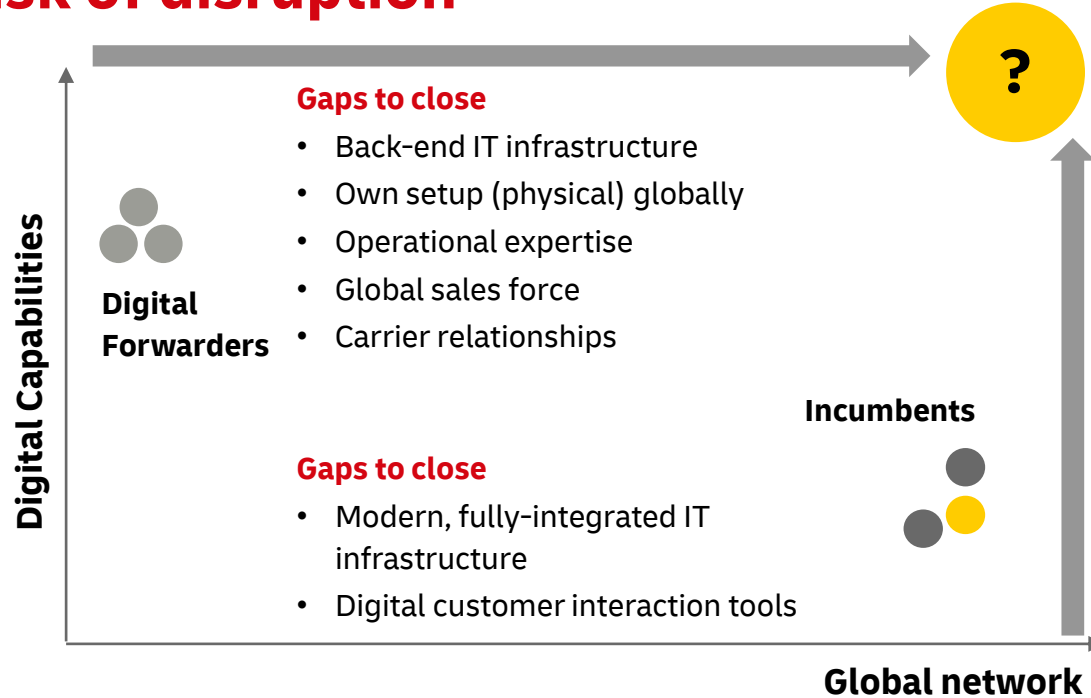
DGFF: Preserving GP in challenging markets

Q3 2019 yoy	Air Freight	Ocean Freight
Volumes	-5.1%	+2.8%
Gross Profit	+2.1%	-2.4%
GP/EXP t ; GP/TEU	+7.6%	-5.0%

- Subdued market environment reflecting general macro and trade worries, particularly in AFR
- Overall DGFF Gross Profit still up 3.0% yoy, supported by increases in AFR, Other and Freight



DGFF - Emerging new rivals do not pose imminent risk of disruption



DGFF IT infrastructure - IRR / Cargowise 1 builds a fully-integrated foundation

CargoWise One

Foundation of further modular applications for Digital Customer interaction

Benefit realization just started

IRR applications enable

- Automation
- Data accuracy
- E2E shipment ownership
- Gradual harmonization of our process and application landscape



By the end of 2019 we aim for >95% of Ocean Freight volumes on CW1; rollout of Air Freight has started

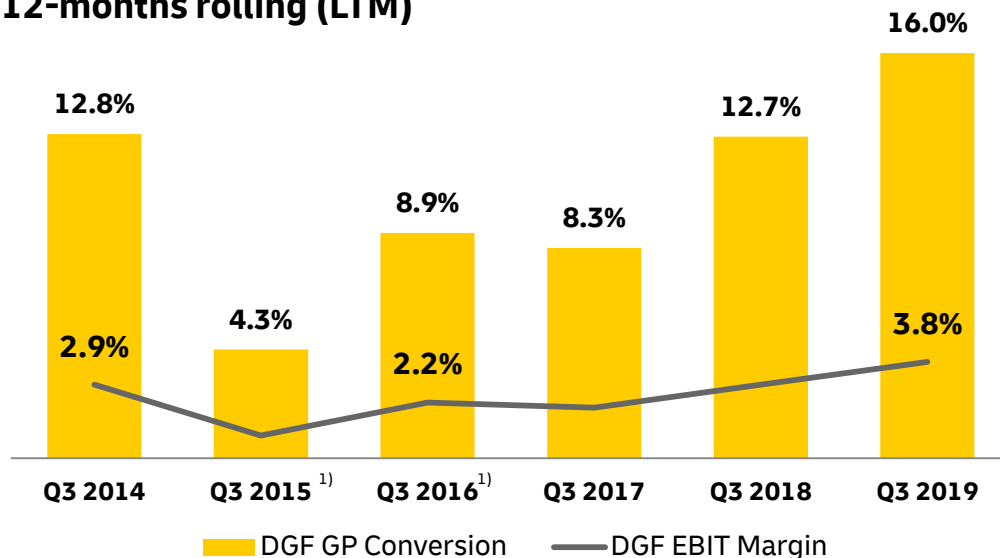
Complemented by DHL Interaction applications to enhance our customer experience

The screenshot shows the DHL SH (Shipments Hub) dashboard. It includes a navigation menu on the left with options: Dashboard, Shipments, Quotes, Bookings, and Analytics. The main content area features a map of Europe and parts of Asia with several yellow circular markers indicating shipment locations. Below the map, there are sections for 'LAST VIEWED' and 'DELAYED' shipments, each with a 'Create a quote' button. At the bottom, there are three shipment cards showing routes like 'Bremerhaven, DE → Osaka, JP', 'Waterlooville → Fremont, NE', and 'Tianjin, CN → Manila, PH'.

- **DGF's one-stop customer portal** to excellence in digital transport logistics
- **Delivers fast and accurate information** to enhance decision-making
- **Follow and share** shipment details with all relevant **shipment parties**
- **Integrated** quoting capability, reporting and analytics features available

DGF: GP-to-EBIT conversion improvement ongoing

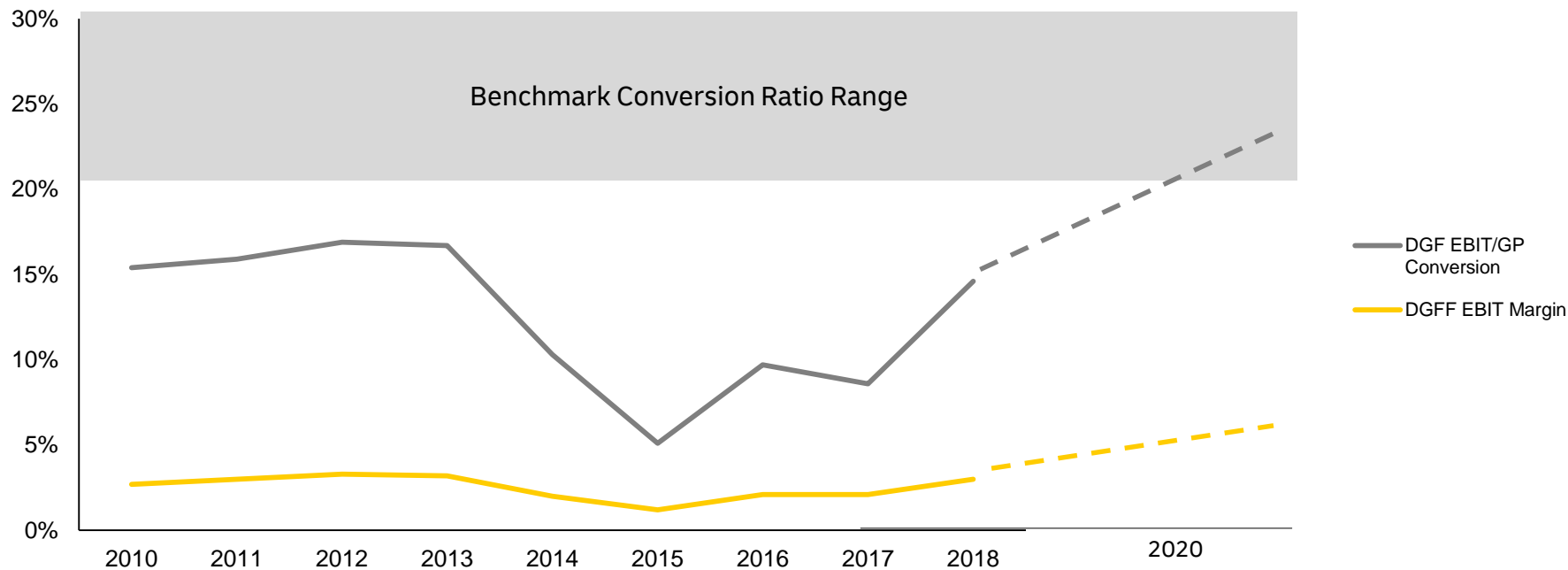
DGF EBIT margin and GP/EBIT conversion,
12-months rolling (LTM)



- Absolute GP generation supported by improved GP margin in AFR, Other and Freight
- GP-EBIT conversion improvement achieved through internal agenda of self-help measures, incl. IT roll-outs

1) Adjusted for NFE one-off

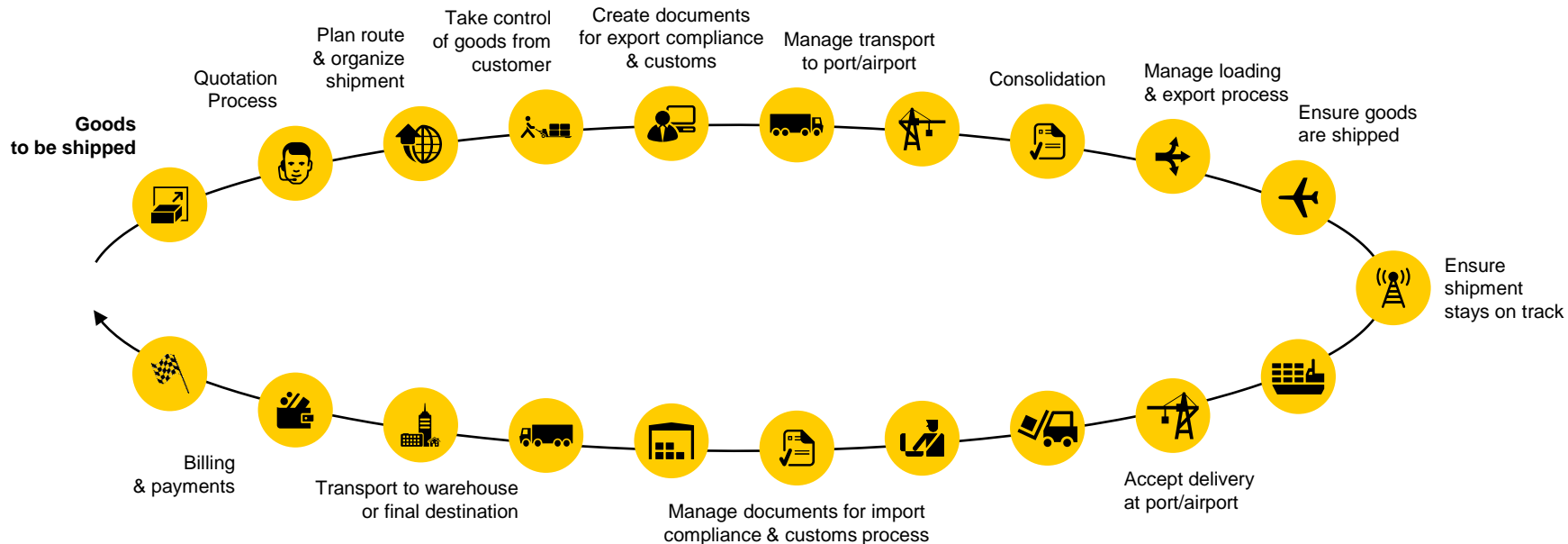
Simplify Strategy Aims to Close the Gap Towards Benchmark Profitability



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

The Lifecycle of a Shipment is a Complex Process

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



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

DGFF: Financial Outlook

Market (2018 – 25)

Market growth assumptions

- Airfreight +1-3% ; Ocean Freight +2-4%
- Road Freight +3-4%

Expected growth vs. market

 **Above**

Aligned with unchanged focus on GP optimization and profitable growth

Capex Outlook

- Flat / slightly increasing from FY18 levels (€110m)
- Asset light business model: Selected investments related to warehouses, sites and IT

EBIT Outlook

- DGF GP-EBIT conversion improvement of 100-200 bps p.a.
- **2020 target:** 20% DGF GP-EBIT conversion
- **Long-term target:** ~30% DGF conversion driving 5-6% DGFF EBIT margin

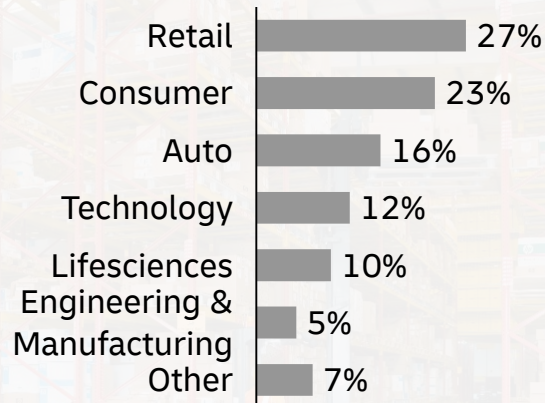
DHL Supply Chain: Business Overview

The Profitable Core

- We **manage supply chains** to reduce complexity for our customers.
- Our profitable core includes **warehousing, transportation** as well as **key solutions** like LLP, Service Logistics, packaging and e-commerce
- We lead in **innovation** and **sustainable** solutions

Revenue Mix

(%, FY 2018)

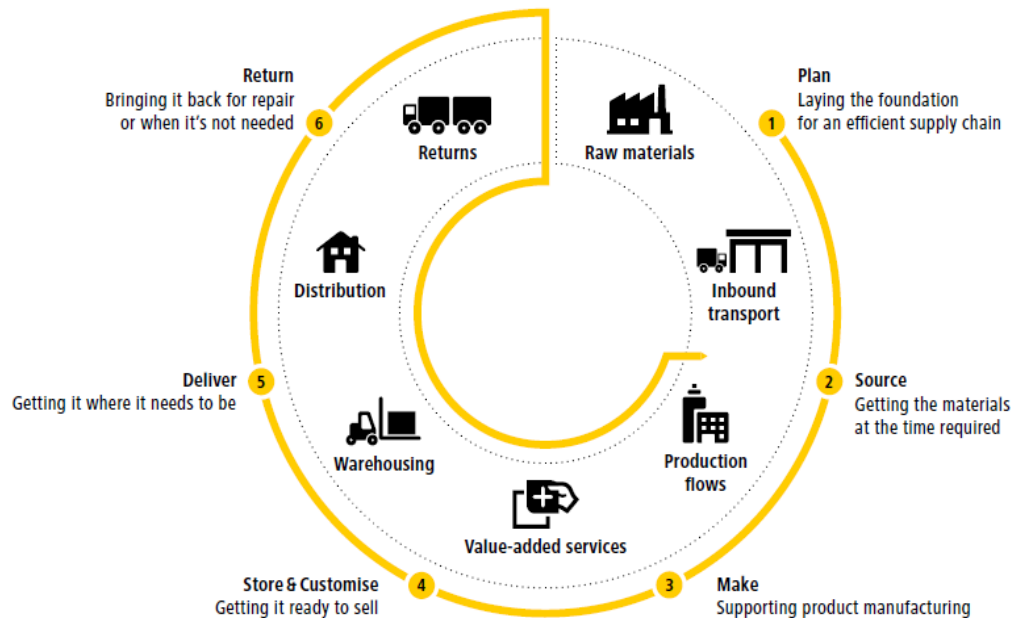


Key Facts

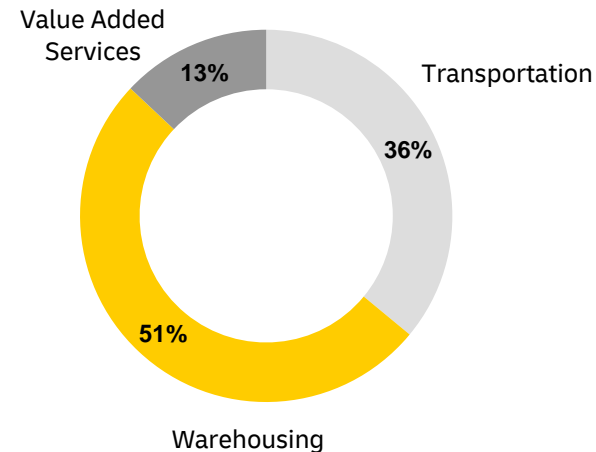
- ~**2,000** sites globally
- 35%** of revenue is transport
- >160,000** employees across 55 countries
- >180 annual** project go-lives with **100%** start-up performance

DHL Supply Chain: Solutions Overview

Offering Customized Solutions Across the Entire Supply Chain



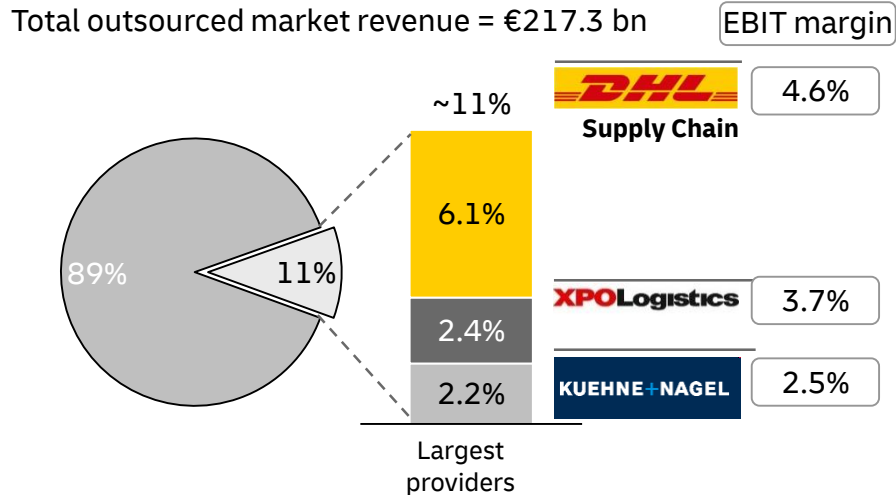
Revenue by Service Area
FY 2018



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

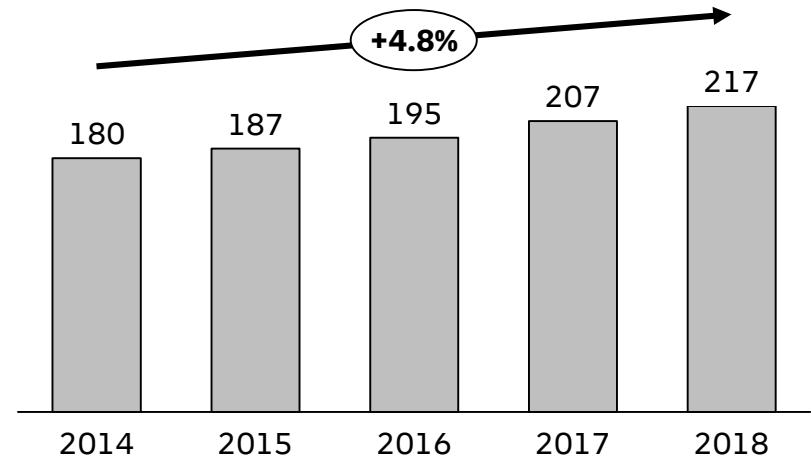
DSC Supply Chain is the global market leader in absolute size and EBIT margin

2018 market share of the top 3 global contract logistics players¹⁾



1) Internal calculation

Contract Logistics Market (€ bn), growth



#ExecutionEdge: Standardization is key to success – DSC leverages a holistic Management System

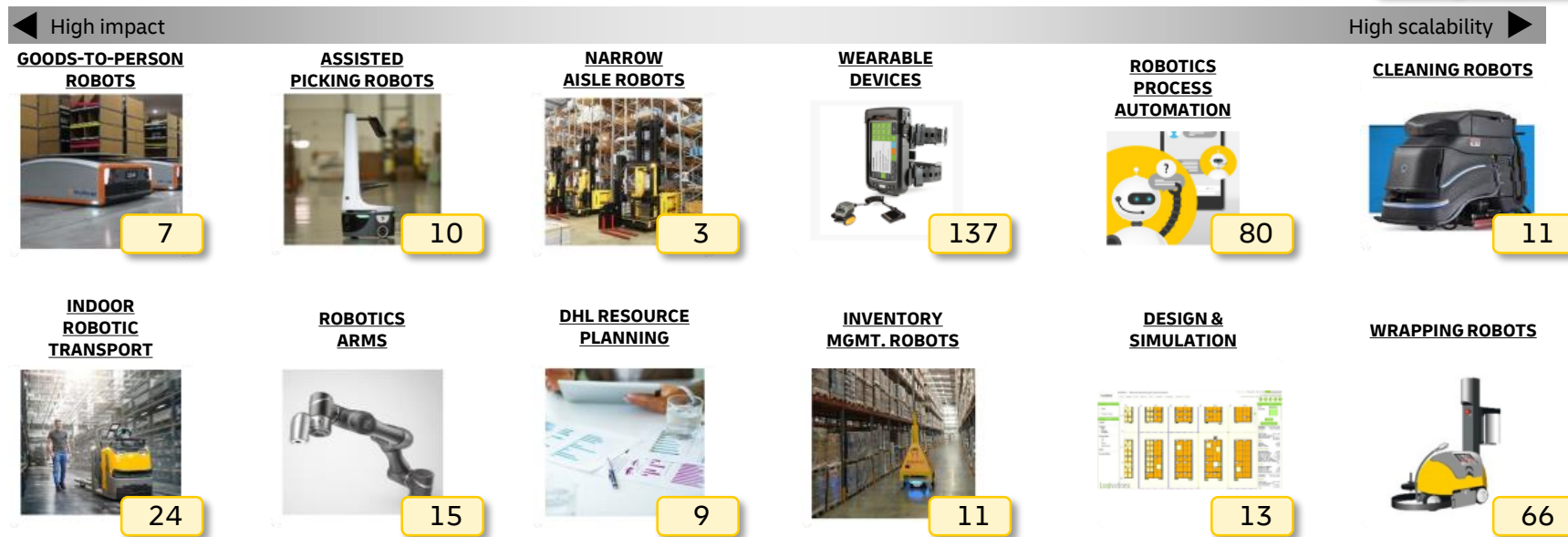
Operations Management System First Choice (OMS FC)



#OwnTomorrow: Leading the industry in innovation deployment with the Accelerated Digitalization Program

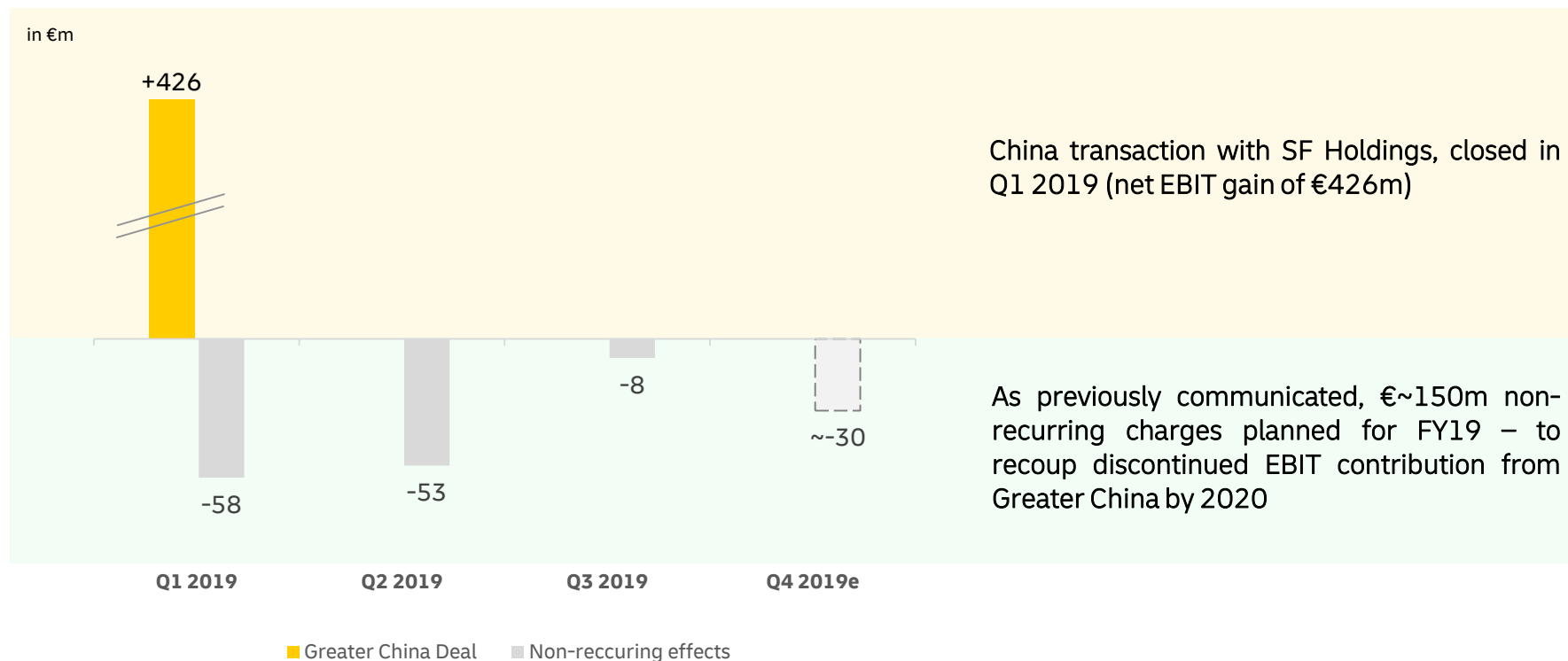
DSC has a clear focus on technologies that can be scaled widely and selected high impact technologies

projects on deployment & of go-lives completed



Source: AD Collaboration Hub, SD Automation Tracker, Salesforce; 1) Number of unique sites/customers identified by DSC facility/customer ID in deployment phases 02. Site Assessment or further along deployment process (i.e. excluding opportunities not assessed). Blank customer/facility IDs are ignored; 2) Parent customer accounts that generated revenue in the last financial year; 3) Incl. new business and renewals. As measured by SD Automation Tracker by KPI "Technologies proposed"

DSC: Summary of 2019 non-recurring effects



DHL Supply Chain Financial Outlook

Market (2018 – 25)

Market growth assumptions

Outsourced contract logistics:
Revenue growth of ~4% p.a.

Expected growth vs. market

 **AT LEAST IN LINE**

Capex Outlook

- Slightly increasing from FY2018 levels (€282m) driven by new business wins
- Asset light business model
- Selected investments related to new business start-ups and accelerated digitalization initiatives

EBIT Outlook

- Topline growth at least in line with market, while maintaining selective business approach
- Maintain industry leading margin at ~5%

DHL eCommerce Solutions – Business Overview

Going forward we focus on domestic and non-time-definite international parcel delivery - especially within Europe

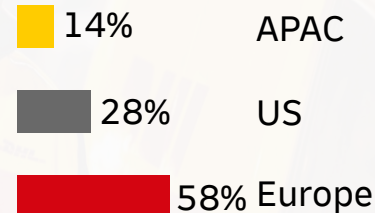
The Profitable Core

Domestic last mile parcel delivery in selected countries outside of Germany (**Europe**, USA and selected Asian emerging markets)

Non-TDI cross-border services primarily to/from and within Europe.

Revenue Mix

(€bn, H1 2019)



We are **not**

... driving a **group-wide e-commerce logistics global strategy**

... focusing on **B2C only but also on B2B** across all verticals

... the **testing environment** anymore (e.g. eFulfillment or Parcel Metro)

We have taken significant actions in 2019

Portfolio Review

- **Separate collaboration agreements signed with Austrian Post** for Austria, Slovakia (Last-mile with Austrian Post), Czech Republic (Last-mile with DHL/PPL)
- **Assessment** of most promising **value proposition** per market with a **clear view on sustainable profit generation**

Strict cost management

- **Restructuring of overhead completed**
 - » New lean structure implemented
- **Review of business plans of portfolio countries:**
 - » Focus on profitability through limited capex spend and increased asset utilization



Thereby we are focusing on two value streams



Domestic last mile delivery

- High quality delivery in **own and partner-networks**
- Healthy **mix of B2C and B2B** across all verticals
- Strong focus on **yield and profitability**



Non-TDI cross-border

- Strong growth in cross border retail
- Changing expectations on **speed, visibility & quality**
- Primary focus **to/from and intra Europe**
- Parcel Connect in Europe a **strong and growing platform**

DeCS Financial Outlook

Market (2018 – 25)

Market growth assumptions

Strong, heterogeneous growth across domestic and cross-border ecommerce markets

Expected growth vs. market

CAGR of 5-10% across all businesses

Based on selective B2C approach and added B2B focus

Capex Outlook

- Average spend of ~€200m p.a. over 2019-2022 (2018: € 166m)
- Investments along whole value chain: fleet replacement, network expansion, digital platform, machinery and equipment in hub and depots

EBIT Outlook

2020

- Positive €+100m y-o-y EBIT improvement in 2020, leading to the unchanged expectation for positive EBIT contribution of €0-100m in 2020

Beyond 2020

- 5-10% sales growth with gradual margin expansion towards 5% long term margin across all businesses



Summary divisional outlook: Strategy 2025

P&P Germany

- 2020: Guidance confirmed: €>1.6bn; Margin: ~10%
- Beyond 2020, slow topline growth with stable margin

EXPRESS

- Continued growth of absolute EBIT
- Continued, but more incremental margin expansion

DGFF

- DGF GP-EBIT conversion improvement of 100-200bps p.a.
- By 2020, 20% DGF GP-EBIT conversion
- Long-term target: ~30% DGF conversion driving 5-6% DGFF EBIT margin

DSC

- Topline growth at least in line with market
- Maintain industry leading margin at ~5%

DeCS

- Positive EBIT contribution as of 2020
- Gradual increase towards 5% long term margin thereafter

DPDHL Group Intro

Strategy 2025 Group Strategy

Strategy 2025 Divisional Strategies

Group Financial Backup



Q3 2019 Group P&L

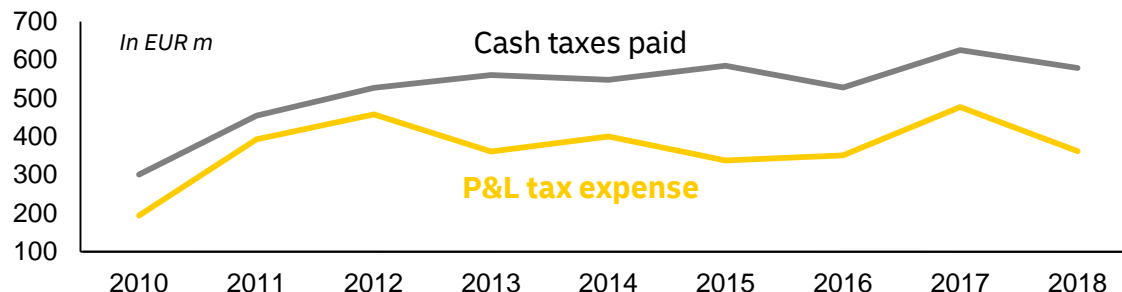
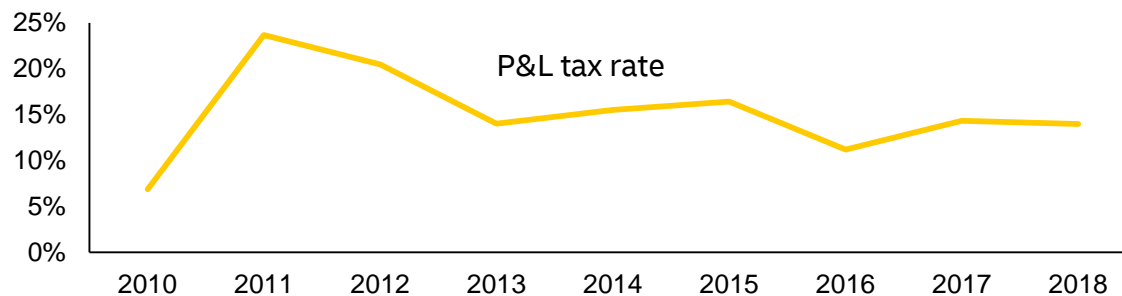
in €m	Q3 2018	Q3 2019	vs. LY
Revenue	14,849	15,552	+4.7%
EBIT	376	942	>100%
Financial result	-159	-173	-8.8%
Taxes	-31	-169	<-100%
Consolidated net profit*	146	561	>100%
EPS (in €)	0.12	0.45	>100%

*after minority interest

Q3 2019 Group Cash Flow

in €m	Q3 2018	Q3 2019	vs. LY
EBIT	376	942	+566
Depreciation/Amortization	838	917	+79
Operating Cash Flow before chg in WC	1,376	1,414	+38
Changes in working capital	45	455	+410
Operating Cash Flow	1,421	1,869	+448
Net Capex	-732	-801	-69
Net Cash from Leases	-536	-571	-35
Net M&A	-6	16	+22
Net interest	-4	-6	-2
FCF	143	507	+364

P&L Tax Rate And Cash Taxes Paid Expected to Increase

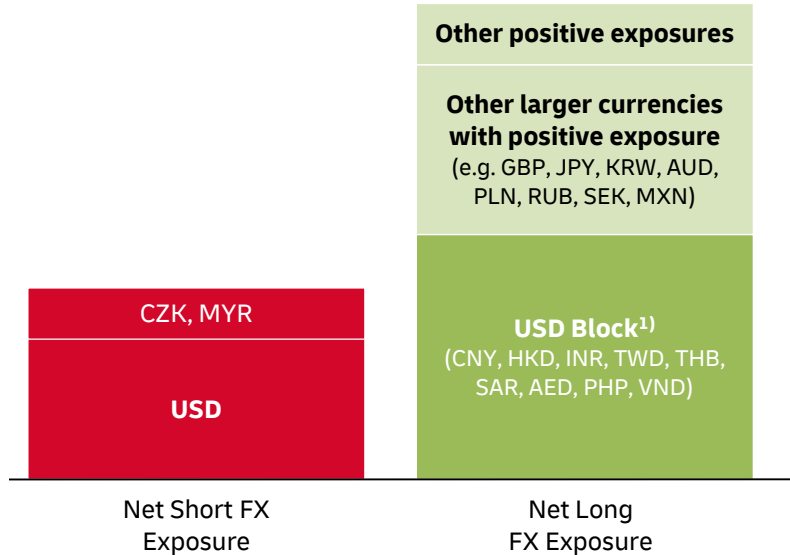


- Main difference between P&L tax expense and cash taxes paid arise from deferred tax assets
- No additional tax loss carryforwards to be capitalized as deferred tax assets in Germany in 2018
- Not yet capitalized tax loss carryforwards amount to EUR 6.4bn, most of it in the US
- Cash taxes paid will increase in line with anticipated growth in profitability



P&L tax rate expected to reach mid-to-high 20% range by 2020

FX Movements are Part of Being the Most Global Company in the World



FX effects are mainly translational

- EUR appreciation => lower revenue and EBIT
- Direct USD exposure actually more than offset by USD-correlated block => USD depreciation = positive stand-alone, but in practice most often offset by FX movements in the USD block
- More than 50% of FX effects in 2018 came from outside of the big currencies











Ultimately, FX volatility is unavoidable and best managed by the business

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

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

IFRS 16: Major Effects on 2018 P&L

€m

Revenue			No changes
Materials expense	-2,056		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	+2,056		Increase due to lower materials expenses
D&A	+1,877		Increase due to new depreciation of capitalized operating-lease-assets
EBIT	+179		EBIT increase as operating lease expense replaced by depreciation and interest
Net finance costs	-376		Increase due to interest cost component booked in finance cost
Income taxes	-28	 	Lower during first years due to higher deferred tax assets
Cons. Net Profit	-169	 	Whilst neutral over time, timing effect due to higher interest during first years

IFRS 16: Implications for DPDHL Group

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







Major impacts on 2018 results:

P&L	EBIT: increase of €179m
Balance sheet	Net debt: €9.2bn (from initial recognition of lease liabilities)
FCF	FCF: no change based on new definition: OCF – <i>net cash for lease liabilities</i> - net capex - net M&A - net interest
Credit Rating	No impact on rating and related metrics expected









No effect on actual cash generation and debt rating

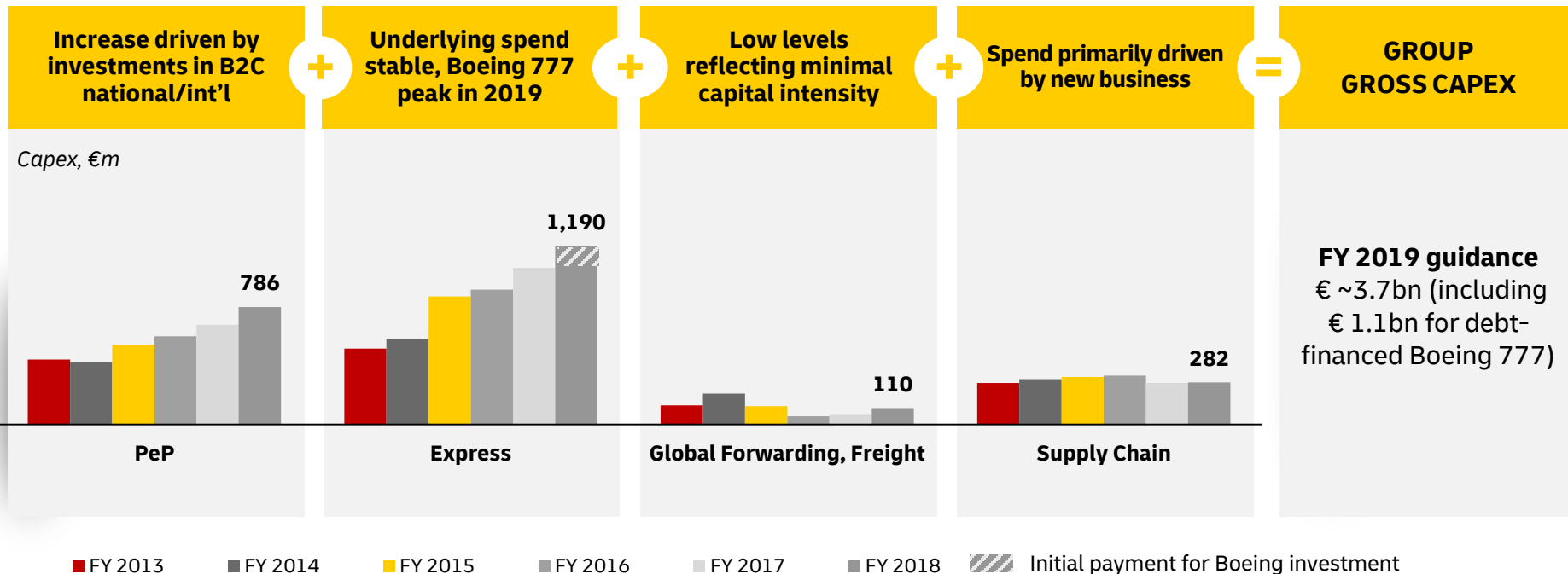
Cash Flow Outlook: overview of major drivers (1/2)

<i>in €bn</i>	2019e	20e vs 19e	Main Drivers
EBIT	3.9 to 4.3		2020 EBIT guidance : >€5bn
Depreciation/amortization	~ +3.6		Slight increase in line with Capex
Change in provisions	~ -0.7		2019 from P&P early retirement: ~€-100m cash-out and ~€-200m cash-neutral movement towards other liabilities
Income taxes paid	-0.7 to -0.8		Rising EBT at stable cash tax rate (~22%)
Change in WC / Other	-0.4		2019 includes reversal of China EBIT gain and build-up of ~€200m other liabilities from P&P early retirement
OCF after changes in WC	5.7 – 6.0		Improvement driven by EBIT growth

Cash Flow Outlook: overview of major drivers (2/2)

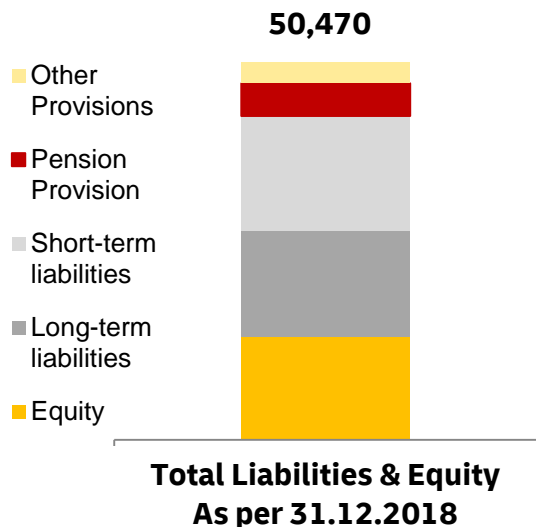
<i>in €bn</i>	2019e	20e vs 19e	Main Drivers
OCF after changes in WC	5.7 – 6.0		Improvement driven by EBIT growth
Net Capex	~ -3.5		Slight gradual increase in divisional capex spendings; Boeing 777 order: ~€1.1bn in 2019, ~€500m in 2020
Net Cash for Leases	~ -2.2		Slightly increasing in line with business growth
Net M&A	~ +0.6		2019: China DSC deal; 2020: no significant M&A planned
Net Interest	~ -0.1		In line with 2019
Free Cash Flow guidance	>0.5		Improvement vs 2019 trough

Gross Capex: Recent History and Outlook

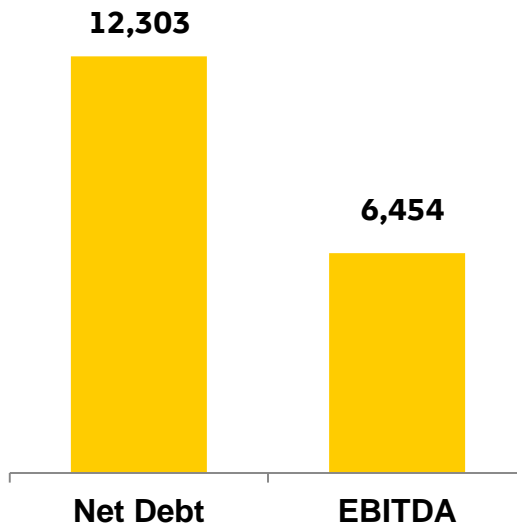


Healthy Leverage Ratios Even After IFRS 16 Implementation

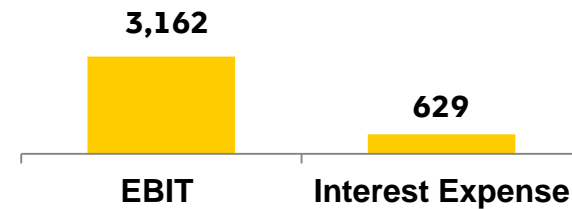
Net Gearing: 47.0%
Equity Ratio: 27.5%



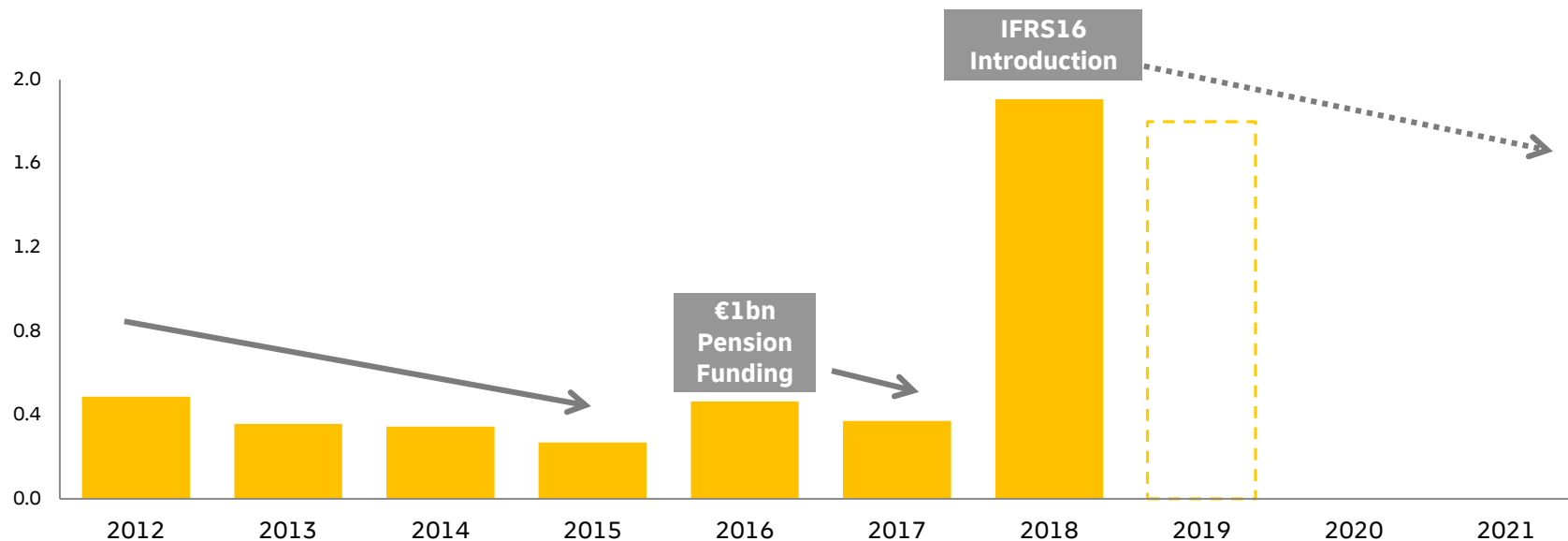
2018 Net Debt/EBITDA: 1.9x



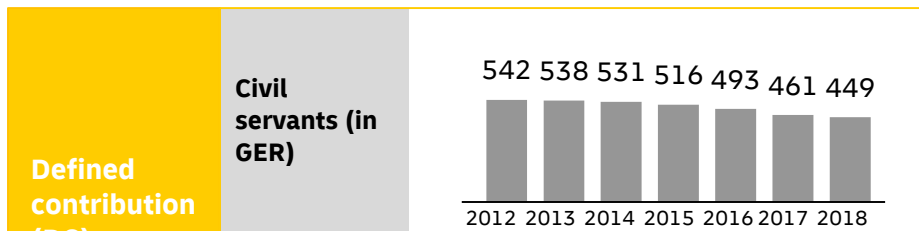
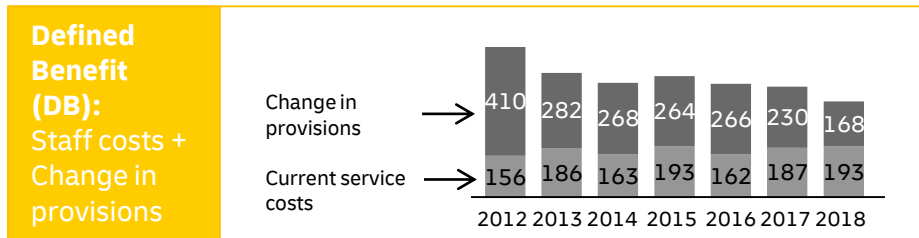
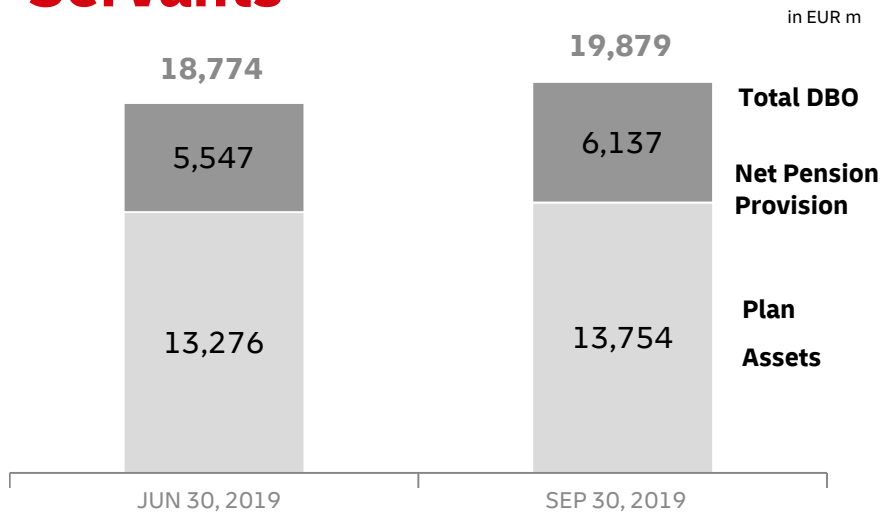
2018 Interest Cover: 5.0x



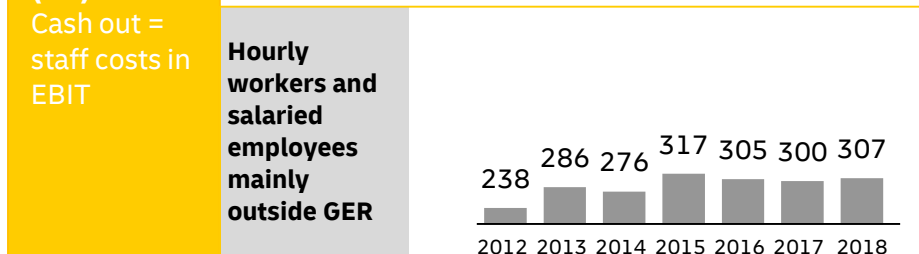
Net Debt / EBITDA: History and Outlook



DPDHL Group Pensions - DBO, DCO, and Civil Servants



Discount Rate	Germany	UK	Other	Total
Jun 30, 2019	1.40%	2.10%	1.66%	1.64%
Sep 30, 2019	1.00%	1.70%	1.31%	1.25%



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