

DHL SUPPLY CHAIN – ON A NEW LEVEL

MANAGEMENT UPDATE & SITE VISIT

Florstadt, 13 May 2022

DHL Supply Chain – Excellence. Simply delivered.



Your hosts today



Oscar de Bok
CEO DHL Supply Chain



Dietrich Franz
CFO DHL Supply Chain



Martin Ziegenbalg
EVP Head of Investor
Relations DPDHL



AGENDA FOR TODAY

Welcome & Introduction to DHL Supply Chain 11:30 – 12:00

Site Tour 12:00 – 13:20

Networking Break & Lunch 13:20 – 13:50

Best positioned to win in the future 13:50 – 14:35

Q&A 14:35 – 15:00

AGENDA

- **DHL Supply Chain – Leader in contract logistics**
- Site Tour
- DHL Supply Chain – Best positioned to win in the future
- Q&A



**WE ARE THE #1
CONTRACT LOGISTICS
PLAYER MANAGING
SUPPLY CHAINS TO
REDUCE COMPLEXITY
FOR OUR CUSTOMERS**

DHL Supply Chain investment summary

- Industry-leading **EBIT margin of >5%** and attractive **top line growth of 10%**
- Leading in **Omni-channel** and **e-Commerce incl. returns solutions**
- **Proactive real estate strategy** in tier 1 locations enables fast growth in times of capacity constraints
- **Scalable and flexible digital solutions** embedded in our standard ways of working driving efficiency
- Strong Employer of Choice focus with **100k+ employees working in GPTW*** environment, thus attract and retain employees in times of labor shortage
- Business provides the largest supply chain data pool and we **leverage data analytics to drive value**

*Great Place to Work

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DHL SUPPLY CHAIN IS THE MOST INNOVATIVE LOGISTICS PROVIDER, DELIVERING CONSISTENTLY ACROSS ALL BOTTOM LINES

¹⁾ FTEs at year-end: FY 2021 vs. 2019

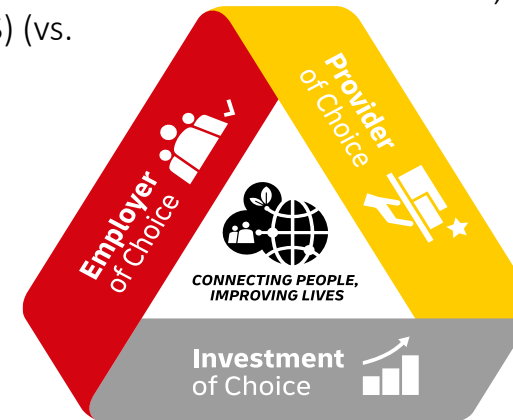
²⁾ 0.54 Lost Time Injury Frequency Rate (LTIFR) for DSC vs. Industry average of 1.6

³⁾ Employees on locations which have at least one active project of our 12 focus technologies

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EMPLOYER OF CHOICE

- +18.3k more employees¹⁾ (vs. 2019), proving our recruiting and retention approach in times of labor shortages
- +7pp. Employee Engagement score of Employee Opinion Survey (EOS) (vs. 2019)



PROVIDER OF CHOICE

- +13 pt. of Net Promoter Score (NPS) increase from 2019 to 2021
- >€5bn new sales in 2021 (total contract value, +20% vs. 2019)

SUSTAINABLE DEVELOPMENT

- Industry leading safety with 66% lower Lost Time Injury Frequency Rate compared to industry average²⁾
- >43% of our facilities are already carbon neutral

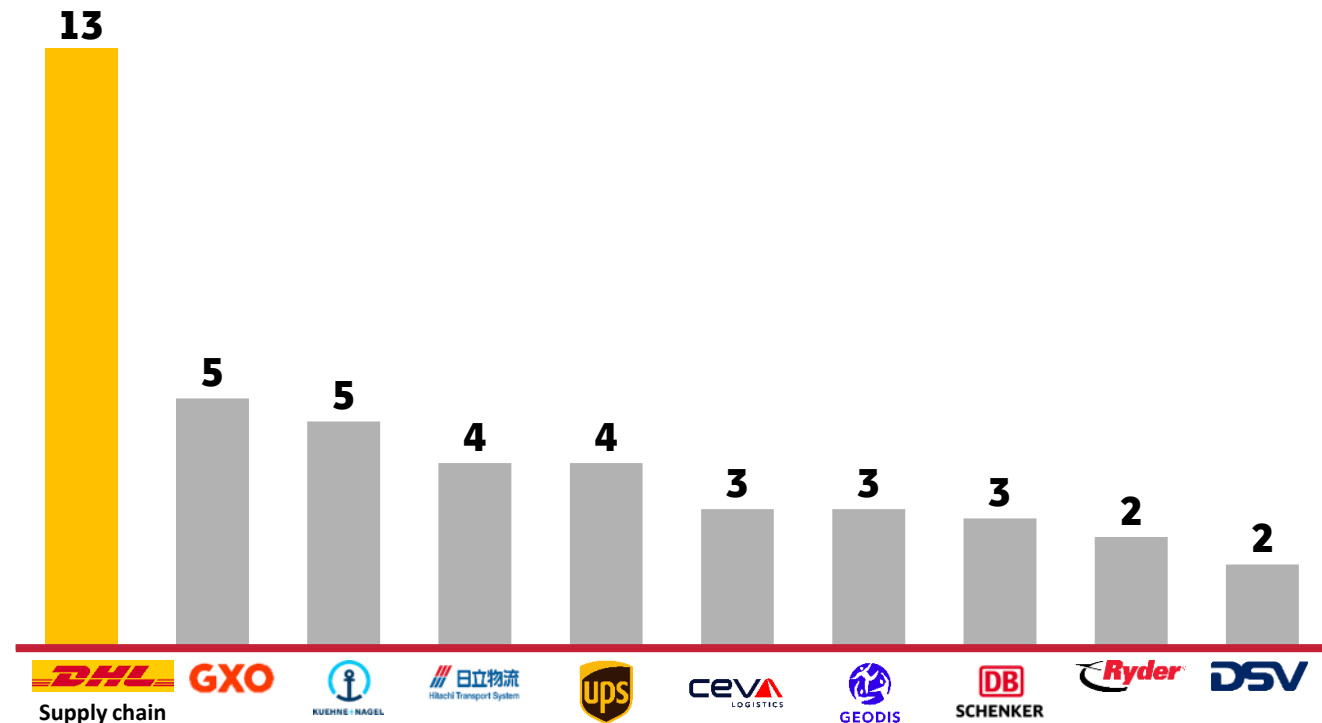
INVESTMENT OF CHOICE

- EBIT margin at industry leading >5.0% and EBITDA margin of 10.5%
- >75% of employees working in **digitalized environment**³⁾

**WE ARE MORE THAN
TWICE THE SIZE OF
OUR CLOSEST
COMPETITORS AND
THE ONLY ONE BEING
ABLE TO SCALE
GLOBALLY**

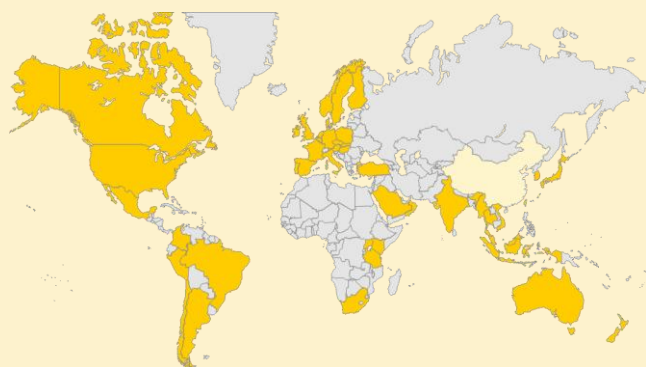
Contract logistics players

(Revenue 2020 in €B)





1. Market shares only refer to the company's respective contract logistics segment Source: DPDHL Market Intelligence, Transport Intelligence. Market share is presented on the basis of divisional revenue

DSC is the only **truly
global player** capable of
managing supply chains
across all continents



+50 countries
with own
operations

+1500 operations
in strategic
locations globally

 Countries covered by DHL Supply Chain
 Partnership

**We drive growth
from a **diversified**
customer base**

Example blue-
chip customers



Example
'rising stars'

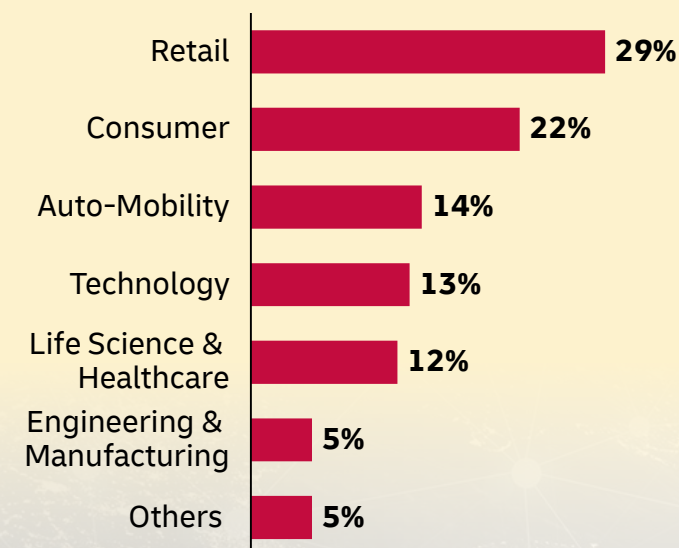


15% of revenue from top 10 customers

80% of revenue from top 200 customers

**We ensure resilience by
serving **diversified**
strategic sectors**

Revenue Mix, FY 2021

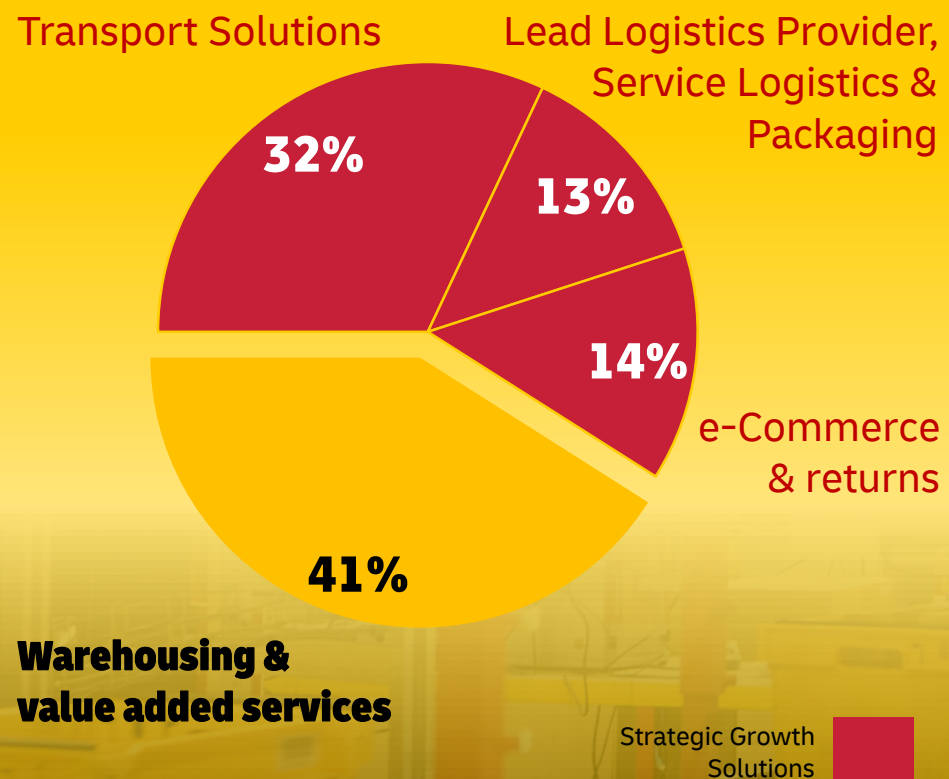


Our strategic solutions are targeted to our customer's needs across all industry verticals and accelerate our top and bottom line growth

	e-Commerce incl. returns	Service Logistics	Lead Logistics Provider	Packaging	Real Estate Solutions	Transport	Warehousing
Retail							
Consumer	State of the Art omni-channel and efulfillment solutions incl. returns management	Delivery within 2-4 hours in an unrivalled worldwide network for global aftermarket services of critical parts e.g. for medical devices	Management and optimization of the entire or significant parts of customers' supply chain's	Tailored design and execution of packaging services	Design, development and management of logistics real estate in strategic locations	Domestic distribution building upon the largest collection of domestic transport capabilities in the industry as well as x-border transport	Providing best-in-class dedicated or shared warehousing operations
Auto-Mobility							
Life Science & Healthcare							
Technology							
Engineering & Manufacturing							

Our strategic solutions are accelerating growth

Service Portfolio Mix



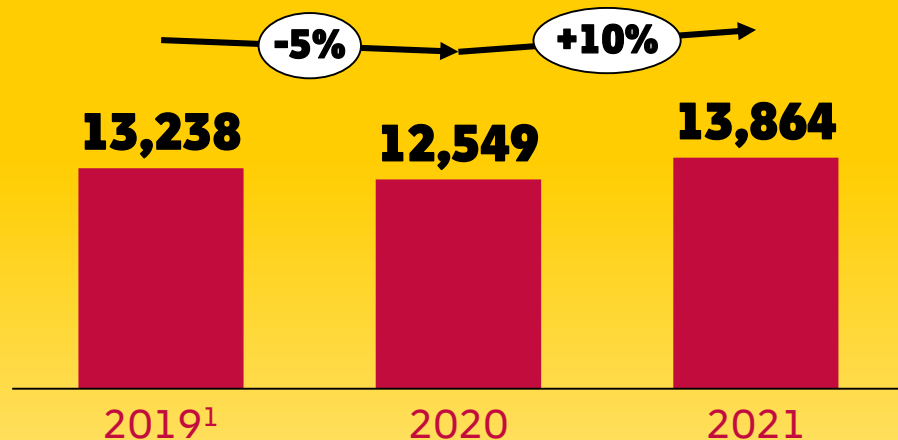
Based on FY 2021 Revenue

2021 vs. 2020 Revenue Growth

e-Commerce incl. returns	+25%
Service Logistics	+17%
LLP	+11%
Packaging	+23%
Transport	+13%

A strong financial profile on a profitable growth trajectory

Revenue (€m)



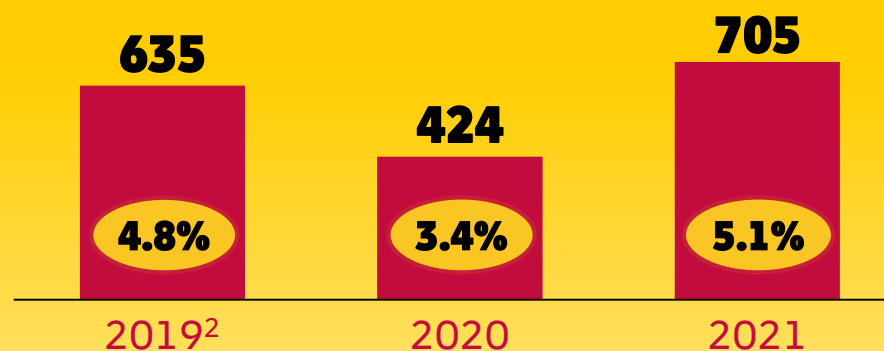
Topline growth in 2021 driven by

- New business signings
- Great contract retention performance
- Strong demand for e-Commerce and strategic products

1) adjusted for divested businesses

EBIT (€m)

EBIT margin



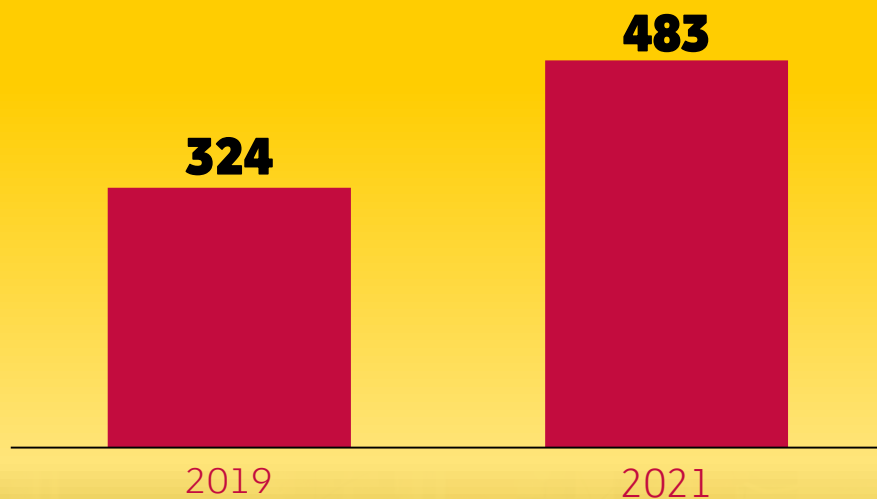
Leading EBIT margins driven by

- Growth in strategic products with higher margins
- Productivity gains from digitalization

2) adjusted for Greater China divestment gain and restructuring one-offs

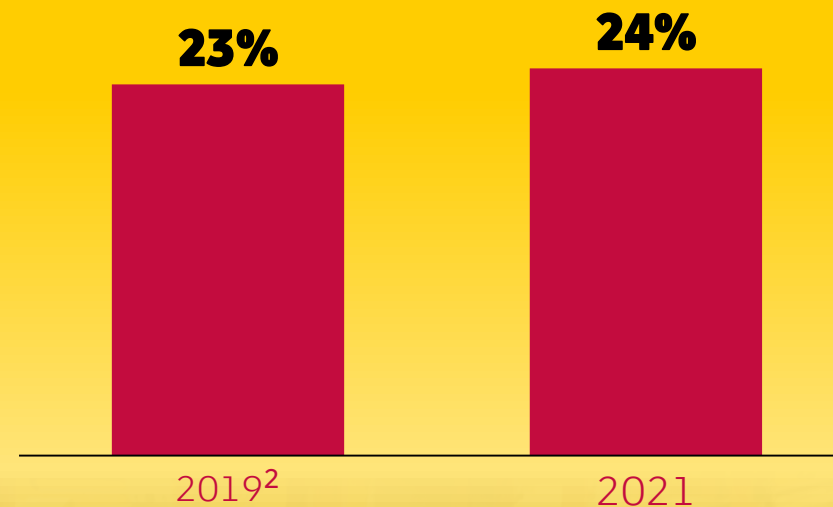
Digitalization and Automation drive profitable growth

CapEx 2021 vs. 2019 (€m)



>50% of CapEx in 2021 is Automation & Digitalization

Return on Capital Employed¹⁾



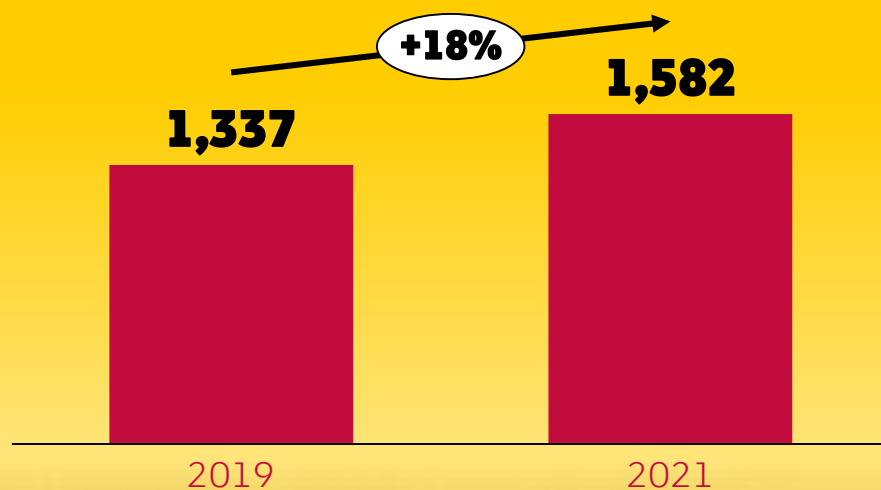
Generating higher returns on more digitalized asset base

1) excl. Goodwill, incl. leases

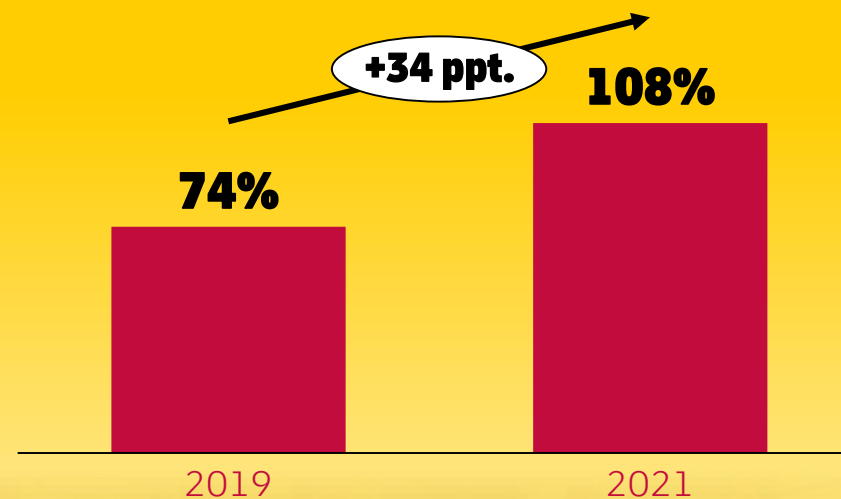
2) EBIT adjusted for Greater China divestment gain and restructuring one-offs

Focus on Net Working Capital drives strong EBITDA to Cash Conversion

Operating Cash Flow (€m)

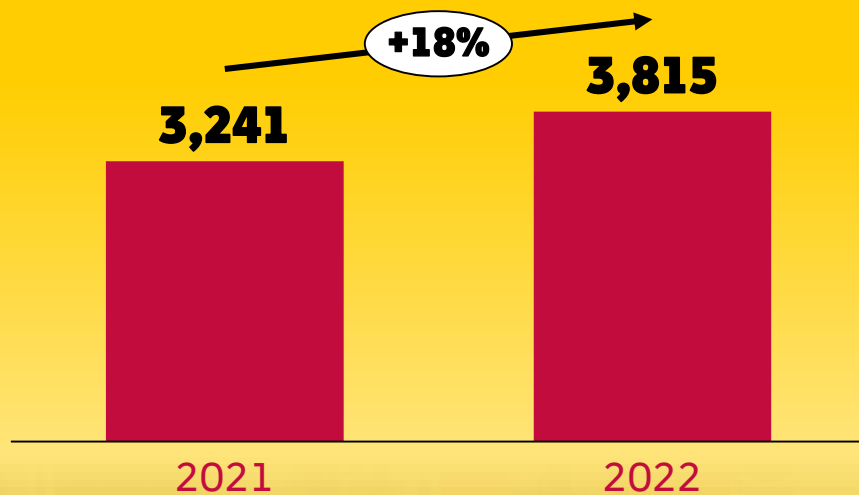


Operating Cash flow as % of EBITDA



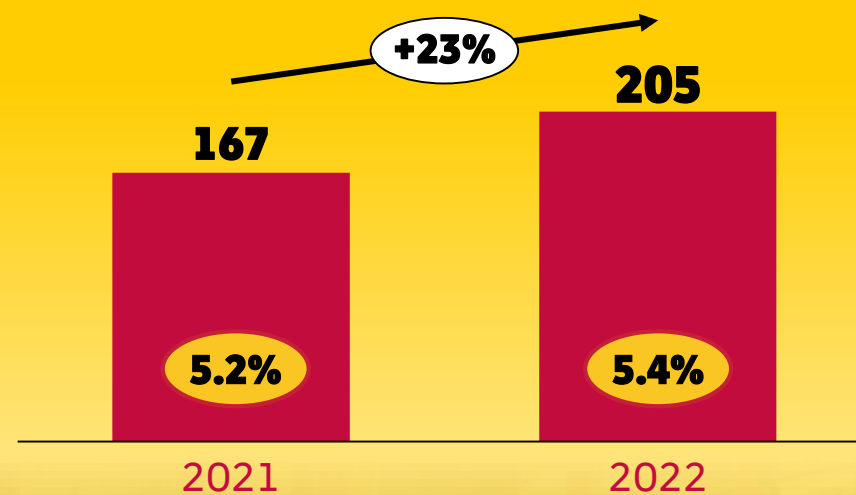
Q1 2022 top and bottom line growth remains strong

Q1 Revenue (€m)



Q1 EBIT (€m)

EBIT
margin



Financial Outlook

Market & Revenue

4 – 6%
Market Growth

Topline growth above market, while maintaining selective business approach

Capex

500+€m
CapEx

Increasing from FY2021 levels driving growth, digitalization & decarbonization

EBIT

5 – 6%
EBIT Margin

Continuous improvement of **industry-leading profitability** with **EBIT margin of 5-6%**

Return on Capital Employed¹⁾

25%+
ROCE

Improving mid-term from FY2021 levels while continuing to invest into automation and digitalization

1) excl. Goodwill, incl. leases

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Significant acceleration in global mega trends and changing customers needs increase complexity of Supply Chains

Global Mega Trends...



Globalization



E-Commerce



Digitalization



Sustainability

...shape rising Customer needs



Flexibility & Agility



Speed



ESG



Resilience



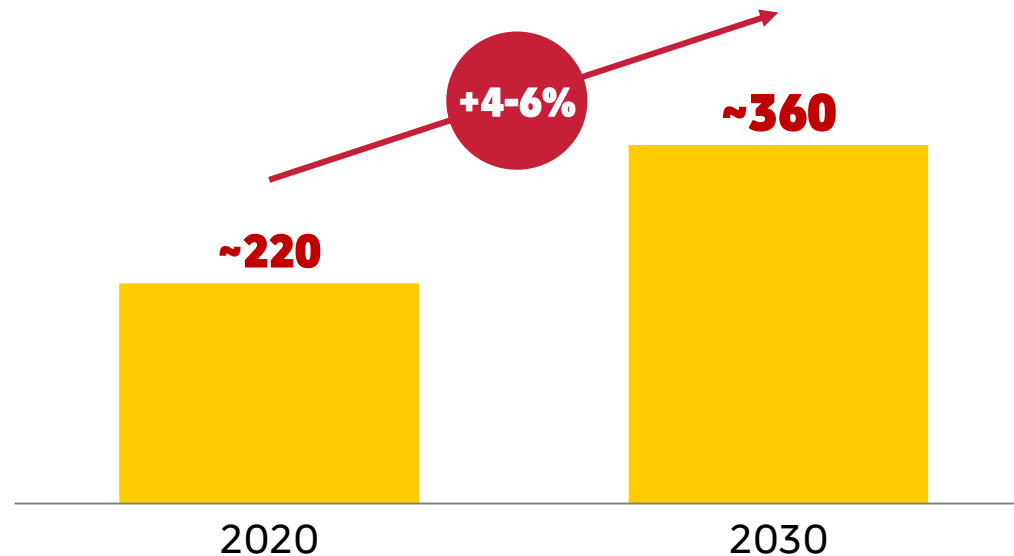
Cost

STRUCTURAL GROWTH DRIVERS

- Growing GDP
- Increasing complexity in customers supply chains and outsourcing shares
- Rising in e-Commerce and circular economy

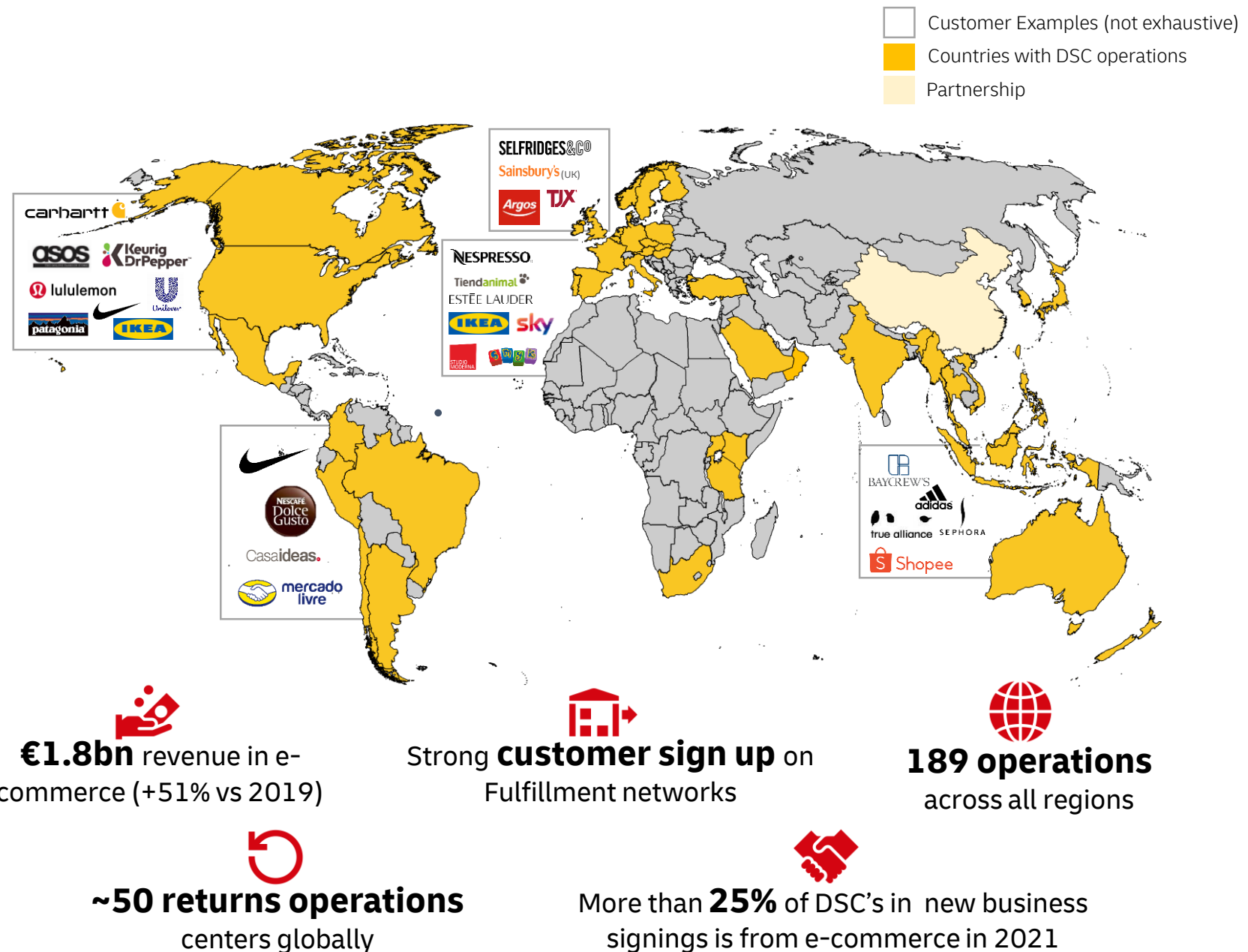
We target to continue to outgrow ~4-6% market growth

Outsourced market development¹ (in €B)



1. Excludes Real Estate Solutions and Packaging
Source: DPDHL Market Intelligence, Statista, Passport/Euromonitor, EvaluatePharma, APQC, Armstrong & Associates, Inc., Mordor Intelligence

**E-COMMERCE AND
OMNI-CHANNEL
DEMANDS CONTINUE
TO INCREASE AND
WE ARE BEST SUITED
TO CATER TO THEM**



We deliver State of the Art fulfillment and returns solutions catering to specific customer needs and exceeding growth plans

Dedicated Fulfillment and Omni-channel solutions

Tailored solutions building on DSC's extensive experience incl. automation solutions



Best in class operations to deliver on customer promise



Fit for purpose automation solutions



Full end to end visibility via MySupplyChain

Fulfillment Networks

Easy fulfillment - close to your customers on a click



Multi-customer sites offering e-Commerce sellers quicker market access



+30 locations in Europe and India live and growing



Fast set up easily integrating via API and key web-shops

Returns

Full breadth of returns handling services



Returns shipping



Returns Fulfillment



Returns Management



OUR LEADING ESG CAPABILITIES SERVICE OUR CUSTOMERS' INCREASING NEEDS

We are leading the industry's ESG standards to offer a future-proof product portfolio to our customers



Environment

Clean operations for climate protection

Example initiatives

Net-Zero carbon warehouses

Reducing transport emissions

GoGreen sustainable customer solutions

>43%

Carbon neutral warehouses



Social

Great company to work for

Example initiatives

Industry-leading OHS¹ standards

Diversity and inclusion

CSR / Corporate Citizenship

~66%

Lower Lost Time Injury Frequency Rate compared to industry average²



Governance

Highly trusted company

Example initiatives

Data protection and IT-security

Zero-tolerance to corruptive behavior

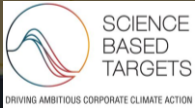
Trade compliance

96%

compliance training completion

1. Occupational Health and Safety
2. 0.5 accidents / 200k work hours for DHL Supply Chain compared to 1.6 industry average, FY 2021

DSC's strong green solutions portfolio is a differentiator as customer's CO₂ reduction commitments increase



2/3

of our customers have signed off for Science Based Targets increasing their **CO₂ reduction commitments**

Examples of decarbonization measures

Warehousing

Building decarbonization:
New build of >400,000 **sqm.** of carbon neutral warehouse space through our Real Estate Solutions product in 2022.

Transport

CO₂ reduction within own fleet:
Deployment of >520 gas vehicles in UK (until 2025)

Securing bio gas supply
Closing long term biogas supply deals e.g. Ireland saving >15,000t CO₂ per year

Third party transport:
Green Carrier Certification

Packaging

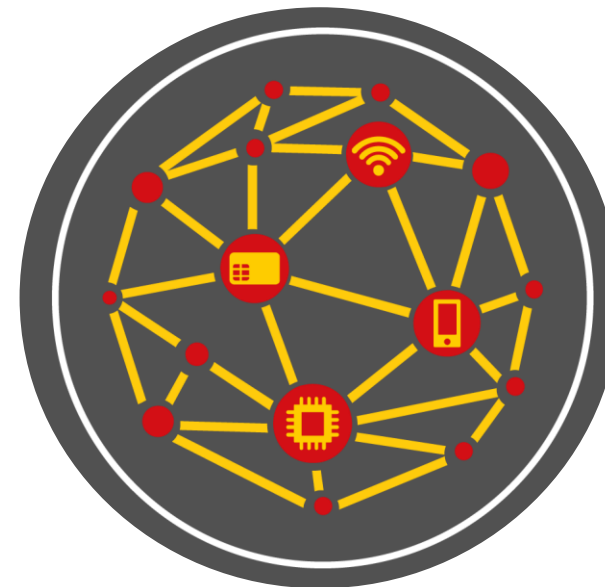
Focus renewable packaging: replacing conventional stretch wrap with fully fiber film (60% reduction in the amount of film used, compared to standard stretch wrap)

**SCALING
DIGITALIZATION
TECHNOLOGIES ON
THE BASIS OF OUR
MODULAR,
STANDARDIZED BACK
END TO MITIGATE
LABOR SHORTAGE
AND INCREASE
PRODUCTIVITY**



Standardization

Globally consistent operating standards via our Operations Management System First Choice



Automation and Digitalization

4,000+ digitalization projects live to date, focused on 12 core technologies for our customers

Our unique ecosystem of integrated IT solutions, robotics and data analytics applications maximize value for us & our customers

End to End Supply Chain visibility & Orchestration



12 Focus Technologies

Robotics & Automation

Assisted Picking Robots



Inventory Management Robots



Intelligent Process Automation



Goods-to-Person Technologies



Robotic Arms



Algorithmic Optimization



Packing Technologies



Smart Operations



Supporting Robots



Indoor Robotic Transport



Wearable Devices

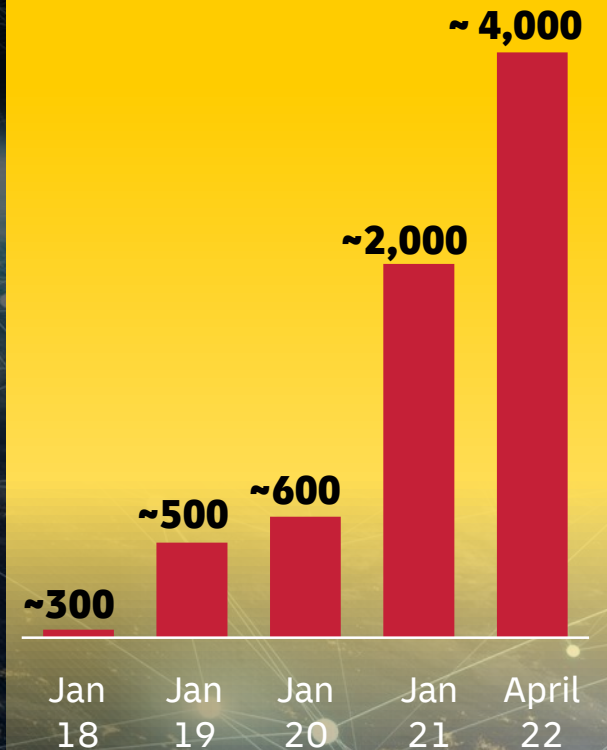


Asset Tracking & Monitoring



Data Analytics & Analytics based optimization

of digitalization projects of our 12 focus technologies live

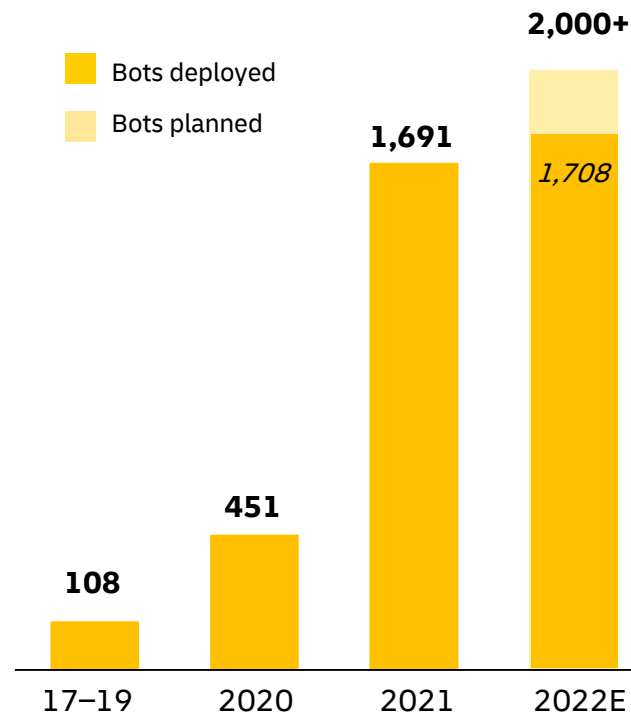


Assisted picking robots as example for implementation of focus technologies

Assisted Picking Robots

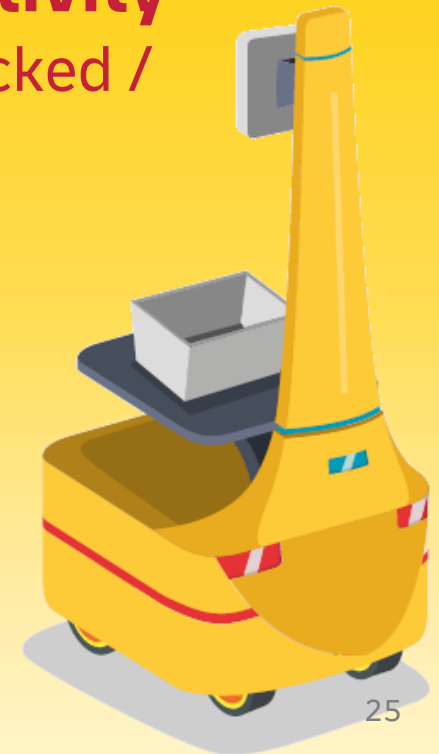
- Transport cartons and picked **goods** through the warehouse - **minimizes non-value-adding walking**
- Calculates **optimal order-picking route** within the warehouse
- Supports with **inventory replenishment**
- Primarily used in **piece-picking operations**, such as eCommerce and Retail

of robots live & planned



~30 –
180%

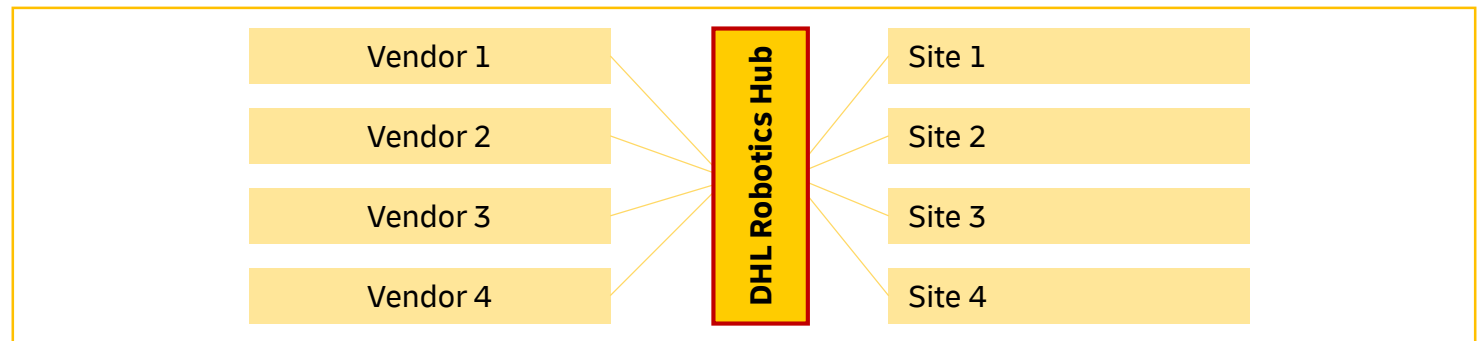
Efficiency savings
in picking
productivity
(units picked /
hour)



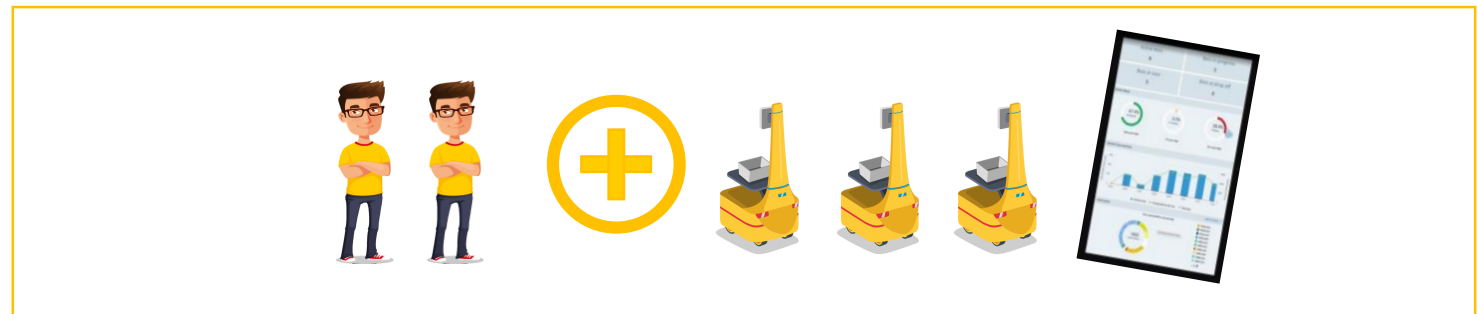
**WE COMBINE
FLEXIBLE
AUTOMATION AND
ANALYTICS TO
INCREASE SPEED TO
DEPLOY AND
OPTIMIZE THE
RESOURCE MIX
INCREASING BOTTOM
LINE RESULTS**

DHL Robotics Hub

- Cloud based 'plug & play' integration of robotics into our IT landscape
- 60 % reduction in implementation time to deploy robotics solutions

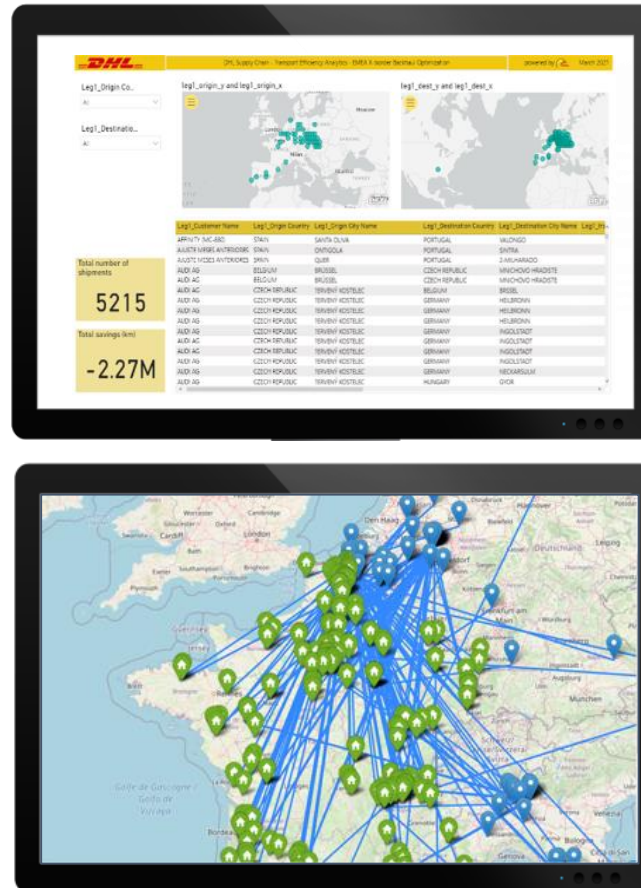


- Optimal real time resource allocation between people and all integrated robotics for maximum efficiency and flexibility



Transport optimization as example how to leverage digital analytics capabilities

- Uses central data layer to consistently **optimize transport networks**
- **Identifies backhaul opportunity** for trucks to **increase network utilization**
- **Optimizes lane combinations** for international shipments to **reduce costs and emissions**



+5.4 million km

distance savings in EMEA alone in the first 6 month of deployment; combining ~21,000 shipments





Scaling digital business models successfully

Leading Digital Freight Platform UKI

- **Analytics enhanced** Digital Freight Platform increasing efficiency of freight transportation.
- **Real time instant visibility** for carriers and shippers
- Algorithms based **matching of loads**
- Easy and **fast carrier onboarding**
- **Optimizing capacity** for customers in times of driver shortage



Transactions per day

~ 307

Avg. this month

~ 1452

Peak



775

Carriers on the platform

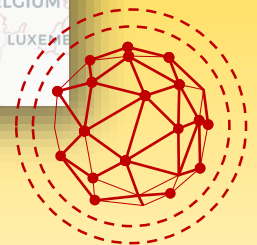
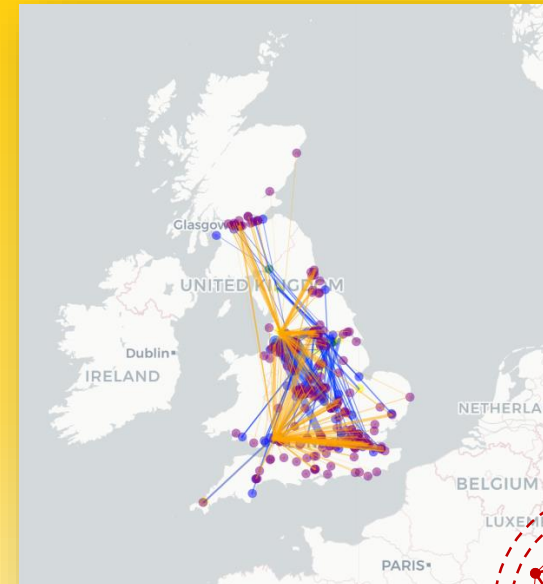


>70

Live customers

>110,000

Transaction completed year to date.



We are uniquely positioned to integrate physical and digital supply chain solutions

We are >2x the size of our closest competitors seen as the most innovative 3PL provider by Gartner ranking...

#1

in global reach

We operate 1,500 locations in 50 countries

#1

in capacity

>40 Mio square meters of warehouse space

#1

in vehicles operated

>10,000 own vehicles in addition to managed transportation

...and we are leading in digital capabilities

#1

Logistic data pool globally

Our global reach and scale gives us unmatched access to data

#1

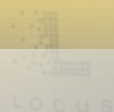
in workforce digitalization

>75% of our employees operate in sites with focus technologies deployed

#1

Leading technology ecosystem

100+ strong partnerships to ensure speed and drive innovations



Physical assets

+

Digital capabilities

New global realities are changing Supply Chain requirements rapidly and further increasing the complexity of Supply Chains



Scarcity



Inflation



**Sociopolitical
Environment**



Cybersecurity

DSC's capability to manage inflation impact and capitalize on scarcities is a clear competitive advantage



Capacity constraints

Capacity to grow in all Tier 1 locations globally

- ~**1.2m sqm.** of prime real estate in strategic locations developed per year
- Long term pre-defined rental development



Driver / Transport capacity shortage

Leverage **digitalization** and **data analytics**

- **>5.4 million km** saved with analytics based optimization and AI
- Training **>1,500 truck drivers** in own driving schools



Labor shortage

Best talent approach as competitive advantage

- **1.4m applications screened** for hiring & onboarding of **>75k employees in 2021**
- **100k+ employees** covered by GPTW
- Scaling of **robotics solutions**



Inflation

Protected in all types of contract

- **Contractually agreed inflation recovery** and pass through
- **Effective labor management** e.g. sharing across sites to mitigate impact

WHY DHL SUPPLY CHAIN?

1

Only player with true global scale and global customer access, serving all channels

2

We have access to the largest amount of supply chain data and drive value from it

3

We are best positioned to benefit from market scarcities

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Q&A