DHL SUPPLY CHAIN – ON A NEW LEVEL
DIGITALIZATION DEEP DIVE & SITE VISIT

Canal Winchester, 16 March 2023

DHL Supply Chain – Excellence. Simply delivered.
AGENDA

DHL Supply Chain – Leader in contract logistics
DHL Supply Chain – Delivering Excellence in a digital world
Site Tour
Q&A
We are the

#1 contract logistics provider 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 18.5%
- 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 112k+ employees working in GPTW\(^1\) 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

1) Great Place to Work
We are more than 2x the size of our closest competitors and the only one being able to scale globally.

**Contract logistics players** *(Market shares based on 2021*)

- DHL Supply chain: 6.0%
- GXO: 2.9%
- XPO: 1.9%
- UPS: 1.7%
- CEVA: 1.6%
- Agility: 1.5%
- Geodis: 1.5%
- DB Schenker: 1.3%
- Ryder: 1.2%
- DSV: 1.1%
**STRONG FINANCIAL profile on a profitable growth trajectory**

**Revenue (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (€m)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>12,549</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>13,864</td>
<td>+19%</td>
</tr>
<tr>
<td>2022</td>
<td>16,431</td>
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</table>

Topline growth in 2022 driven by:
- New business signings
- Great contract retention performance
- Strong demand for e-Commerce and strategic products

**EBIT (€m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT (€m)</th>
<th>Margin</th>
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</thead>
<tbody>
<tr>
<td>2020</td>
<td>424</td>
<td>3.4%</td>
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<tr>
<td>2021</td>
<td>705</td>
<td>5.1%</td>
</tr>
<tr>
<td>2022</td>
<td>893</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Leading EBIT margins driven by:
- Growth in strategic products with higher margins
- Productivity gains from digitalization
PROMISING mid-term OUTLOOK with continued above market growth and leading margins

Above market revenue growth

- Topline growth above market, while maintaining selective business approach
- 4 – 6% Market Growth

Capex

- Increasing from FY2021 levels driven by growth, digitalization & decarbonization
- 500+€m CapEx

EBIT

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

Return on Capital Employed\(^1\)

- Improving mid-term from FY2021 levels while continuing to invest into automation & digitalization
- 25%+ ROCE

\(^1\) excl. Goodwill, incl. leases
Increased Supply Chain complexity drives outsourcing

**Market Forces**
- More complex consumer landscape
- Continued inflationary pressure
- Geopolitical uncertainties
- Higher sustainability requirements
- Increased threat of cyber attacks
- Labor scarcity

**Shaping Supply Chain Trends**
- eCommerce, omni-channel & returns
- Automation & digitalization
- Outsourcing to increase flexibility
- Reconfiguration of supply chains
- Decarbonization
- Resilience
E-Commerce and Omni-Channel demands continue to increase and we are best suited to cater to them.

- €2.2bn revenue in e-commerce (+15% vs 2021)
- Strong customer sign up on Fulfillment networks
- >200 operations across all regions
- >25% of DSC’s new business signings is from e-commerce
- >50 returns operations centers globally

Customer Examples (not exhaustive)
Countries with DSC operations
SF Partnership
We facilitate growth for our customers; enabling them to deliver great customer experience, open new channels and enter new markets.

**GROWTH AND EXPANSION**

**Starting point**
1 site facility
**150k sq. ft**

**Future growth journey**
5 site facility
**3.3M sq. ft**

**Example**
*fast-growing retail brand*

**ENABLING NEW CHANNELS**

**Pan-European launch** of a suite of products from major global brand

**Example –**
*Leading brand in high-tech apparel*

**ENTER NEW MARKETS**

10 operations across 9 countries within 1 year

5 more countries to come

**Example –**
*Fast growing tech customer*
WHY DHL SUPPLY CHAIN?

We are the only player with true global scale

We are best positioned to fast-paced growth and supporting our customers to drive value

We sustain long term growth with our integration of physical and digital supply chains
AGENDA

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- Q&A
DHL Supply Chain identified best technology for customer’s requirements and roll-out, steer and track benefits – at scale, across all areas!
Our unique ecosystem of integrated IT solutions, robotics and data analytics applications maximize value for us and our customers.

12 Focus technologies identified along entire logistics process:

<table>
<thead>
<tr>
<th>Investment of choice</th>
<th>Provider of choice</th>
<th>Employer of choice</th>
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</thead>
<tbody>
<tr>
<td>Productivity and utilization increase, cost reduction</td>
<td>Customer satisfaction increase</td>
<td>Employee attraction and retention, overall satisfaction</td>
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</table>

<table>
<thead>
<tr>
<th>Assisted Picking Robots</th>
<th>(un)Loading Technologies</th>
<th>Intelligent Process Automation</th>
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</thead>
<tbody>
<tr>
<td>Goods-to-Person Robots</td>
<td>Data Analytics</td>
<td>Sortation Technologies</td>
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<td>Packaging Technologies</td>
<td>Smart Operations</td>
<td>Supporting Robots</td>
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<tr>
<td>Indoor Robotic Transport</td>
<td>Wearable Devices</td>
<td>Asset Tracking &amp; Monitoring</td>
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# of digitalization projects live:

<table>
<thead>
<tr>
<th>Year</th>
<th>~300</th>
<th>~500</th>
<th>~600</th>
<th>~2,000</th>
<th>~3,700</th>
<th>~5,400</th>
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<tbody>
<tr>
<td>Jan' 18</td>
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<td>Jan' 19</td>
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<td>Jan' 20</td>
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<td>Today</td>
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We are best in orchestrating multiple vendors of IT solutions, robotics and analytics into our ecosystem.
Focusing on automating the most labor-intensive processes of Picking and (un-)Loading that contribute ~33% of total direct hours today.

### Labor hours per operational activity (% of total hours)

- **Picking**: 21%
- **(un) Loading and receiving**: 10%

### Collaborative Robotics – Assisted Picking Robots

- >4,000 robots
- >70% productivity increase
- 80% decrease in training time

### (un/re)Loading Technologies

- Full autonomous handling of complex, labor-intensive (un)loading of trucks/containers

Examples
Leveraging data analytics to drive operational efficiencies – our fully fledged data ecosystem enables rapid scaling of use cases across many operations.

**Examples**

**Machine Learning –**
Cycle Counting Predictive Model

**Warehouse Analytics –**
Warehouse Process Optimization

- Potentially prevented over 5,000 short orders*
- Reduction of indirect planning time from 16 hours to 4 hours
- 30% increased pick productivity

* Measured in pilot case
DHL Supply Chain’s digitalization agenda has been recognized as industry leading with strongest focus on execution

“Innovation: Technology is at the heart of DHL Supply Chain’s innovation strategy. The company focuses on a customer-centric approach to technology and innovation. DHL has more than 3,600 digitalization projects live, touching almost 1,000 global sites, ranging from assisted picking robots to asset tracking and monitoring”
We are the 1# contract logistics provider in North America and deliver trajectory on top and bottom-line growth

#1 provider in North America

- **520** facilities in U.S. and Canada
- **46.5k** associates in 2022
- **>150M** sq. ft operating space in strategic locations
- **8** resourcing centers across major locations
- **+21%** revenue growth (CAGR) vs. 2020
- Largest share of total **> €400M**\(^1\) of investments is going to North America

1) Global investments in digitalization 2021 - 2025
North America Region is a key incubator of innovation and great example of how we scale digitalization as part of the way we operate.

- 95% customers covered by AD technology
- 150+ million units picked with collaborative robotics
- >90% sites with active Accelerated Digitalization projects

# of digitalization projects live:

- Jan ‘18: ~10
- Jan ‘19: ~100
- Jan ‘20: ~500
- Jan ‘21: ~850
- Today: ~1300+
We have a broad set of technologies deployed in North America covering the entire operational process from in- to outbound integrating multiple vendors.

### Integrated systems and advanced analytics
- to ensure connectivity of logistics assets, software analytics and robotics solutions.
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We are uniquely positioned to integrate physical & digital supply chain solutions & drive value from orchestrating digitalization and analytics.

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

- **In global reach**: We operate 1,500 locations in 50+ countries
- **In capacity**: >40 Mio square meters of warehouse space
- **In vehicles operated**: ~10,500 own vehicles in addition to managed transportation

...and we are leading in digital capabilities

- **Logistic data pool globally**: Our global reach and scale gives us unmatched access to data
- **In workforce digitalization**: >80% of our employees operate in sites with focus technologies deployed
- **Leading technology ecosystem**: 100+ strong partnerships to ensure speed and drive innovations

**Physical assets** + **Digital capabilities**
Q&A