

Q3 2019 RESULTS

Melanie Kreis, CFO

12 November 2019

Q3 2019 RESULTS | 12 NOVEMBER 2019



Q3 2019 Highlights

- Very good Q3 development, in line with internal expectations and 2019 guidance
- EBIT growth acceleration in P&P and Express materializing as expected
- Solid increase in Q3 cash flow, on track to deliver on full-year FCF guidance



Q3 2019 Group P&L

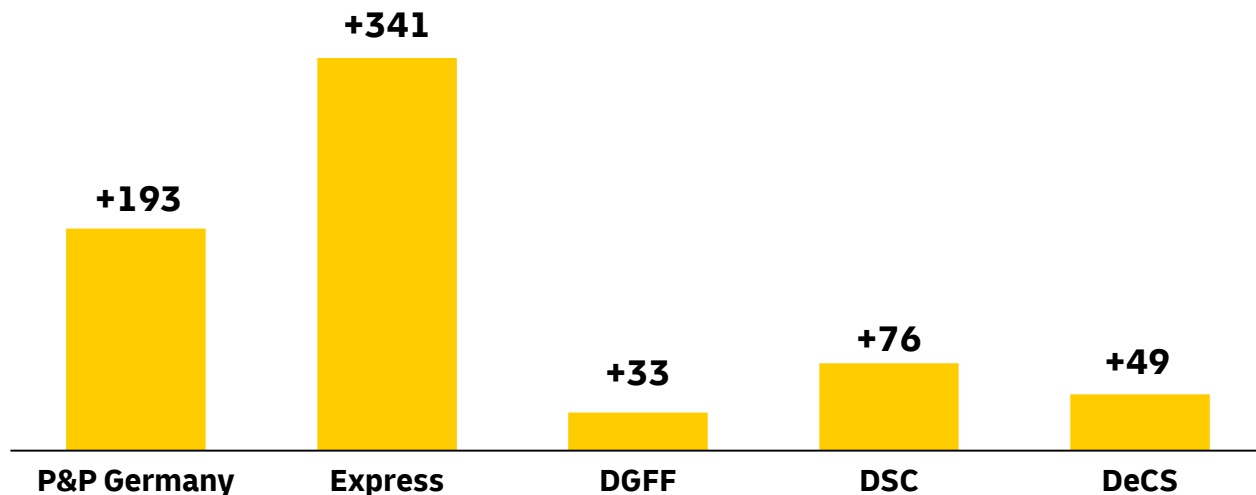
in €m	Q3 2018	Q3 2019	vs. LY
Revenue	14,849	15,552	+4.7%
EBIT	376	942	>100%
Financial result	-159	-173	-8.8%
Taxes	-31	-169	<-100%
Consolidated net profit*	146	561	>100%
EPS (in €)	0.12	0.45	>100%

*after minority interest

Q3 2019 Group 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%
----------------	-----------------	-------	-------	-------	-------	-------

Q3 2019 Group EBIT

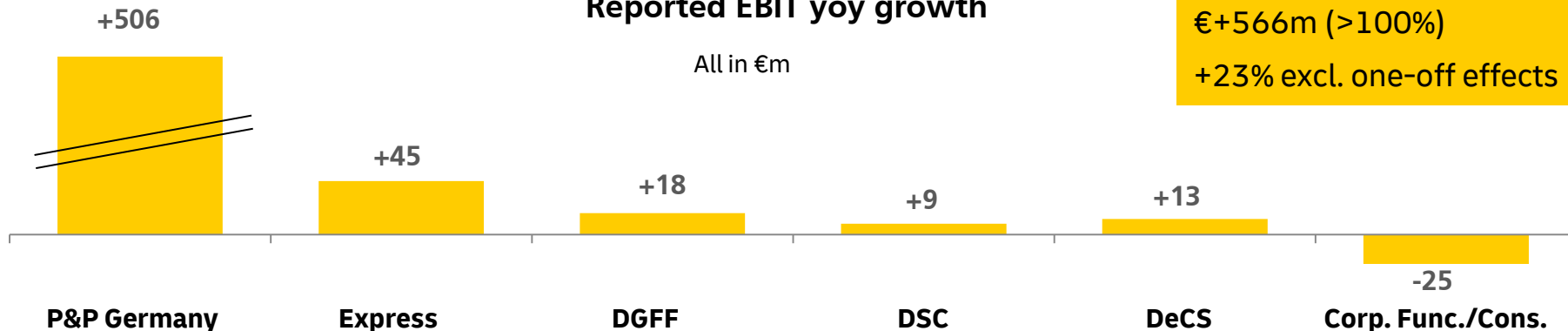
Reported EBIT yoy growth

All in €m

GROUP €942m

€+566m (>100%)

+23% excl. one-off effects



<p>2019: EBIT growth accelerating as expected – cost & yield measures ramping up, now also incl. first effects of mail price increase 2018: €-392m restructuring charge</p>	<p>2019: Continued solid volume growth again translated into significant absolute EBIT increase – transitory effects from heavyweight campaign annualized</p>	<p>2019: EBIT growth remains mainly driven by self-help measures in DGF and Freight – markets provide limited tailwind</p>	<p>2019: Includes €-8m net effect from restructuring – strong EBIT increase after 9M partly supported by phasing effects</p>	<p>2019: Includes €-4m restructuring costs – further improvement in operating performance and overhead costs on path to 2020 profit contribution</p>	<p>2019: Corporate Incubations costs ramping up in line with full-year guidance</p>
---	--	---	---	---	--

P&P Germany: Mail price increase implemented

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

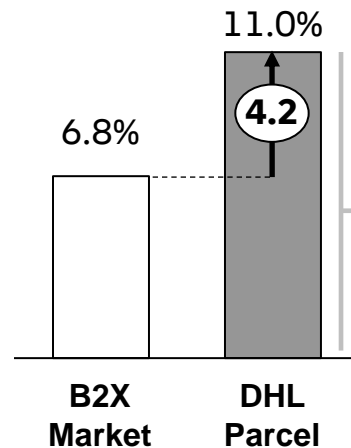
*Mail Communication & Dialogue Marketing

- 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 %)

Top accounts
(~ 340 customers)

~ 1.6

9%

Medium accounts
(~ 17,000 customers)

~ 1.5

13%

Small accounts
(~ 82,000 customers)

~ 0.3

10%

6.8% B2X Market

P&P: Well prepared for the traditionally strong Christmas business

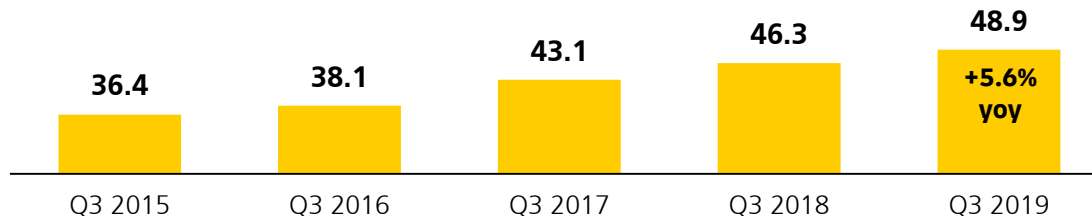


- Up to 11 million parcels per day as compared to the annual average of 5 million per day
- 10,000 additional staff in the weeks before Christmas
 - More than 12,000 additional vehicles in use

Express: Continued solid TDI volume and revenue growth

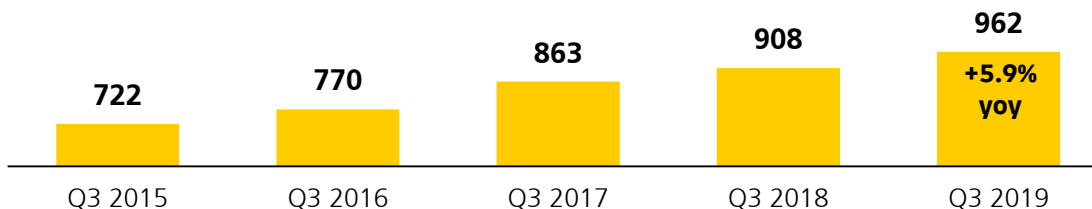
REVENUE PER DAY

in €m



SHIPMENTS PER DAY

'000s



- TDI volume growth remains very solid as strong 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

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 %



DGFF: Preserving GP in challenging markets

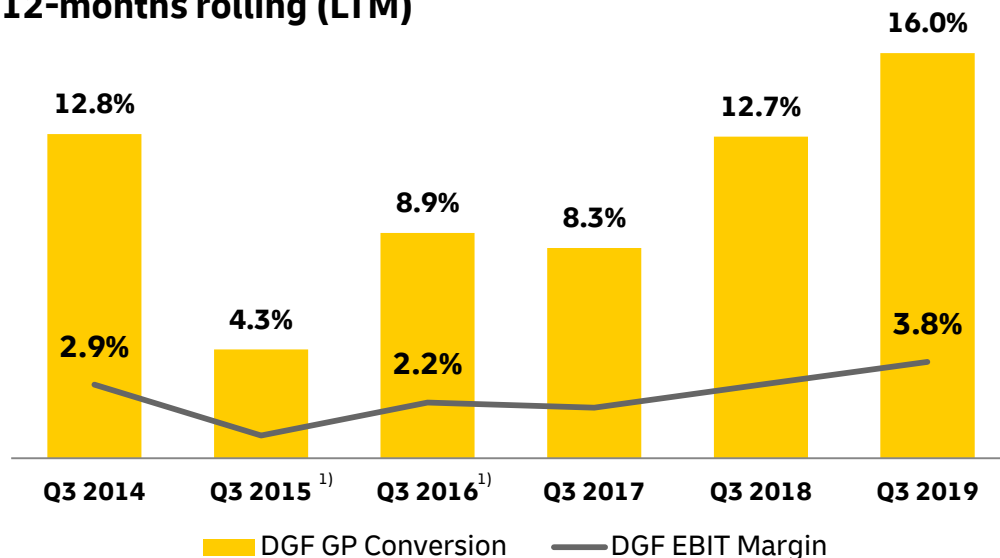
Q3 2019 yoy	Air Freight	Ocean Freight
Volumes	-5.1%	+2.8%
Gross Profit	+2.1%	-2.4%
GP/EXP t ; GP/TEU	+7.6%	-5.0%

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



DGF: GP-to-EBIT conversion improvement ongoing

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



1) Adjusted for NFE one-off

- 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

DSC: ongoing positive development

- Revenue increase of 2.3% in Q3, despite the sale of the Chinese business in Q1 2019; organic growth of 3.8%
- EBIT growth of 5.9%; margin with 4.8 % at the upper end of the corridor of 4.0 - 5.0% targeted for 2020
- Very good order intake: additional contracts with a volume of EUR 694 million closed in the first nine months of 2019



In October, SC prolonged the 10 year partnership with Jaguar Land Rover by five more years

eCommerce Solutions: positive EBIT contribution for the first time

- eCS achieved revenue growth of 5.4 % to EUR 964 million
- EBIT increase to EUR 6 million (2018: EUR -7 million); Q3 2019 without restructuring EUR 10 million
- Deutsche Post DHL Group expects earnings in this division to continue to trend upward in the coming quarters
- Expansion of the European parcel network to Cyprus (announced in October)



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

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 on October 1)

All targets to be rolled
forward annually

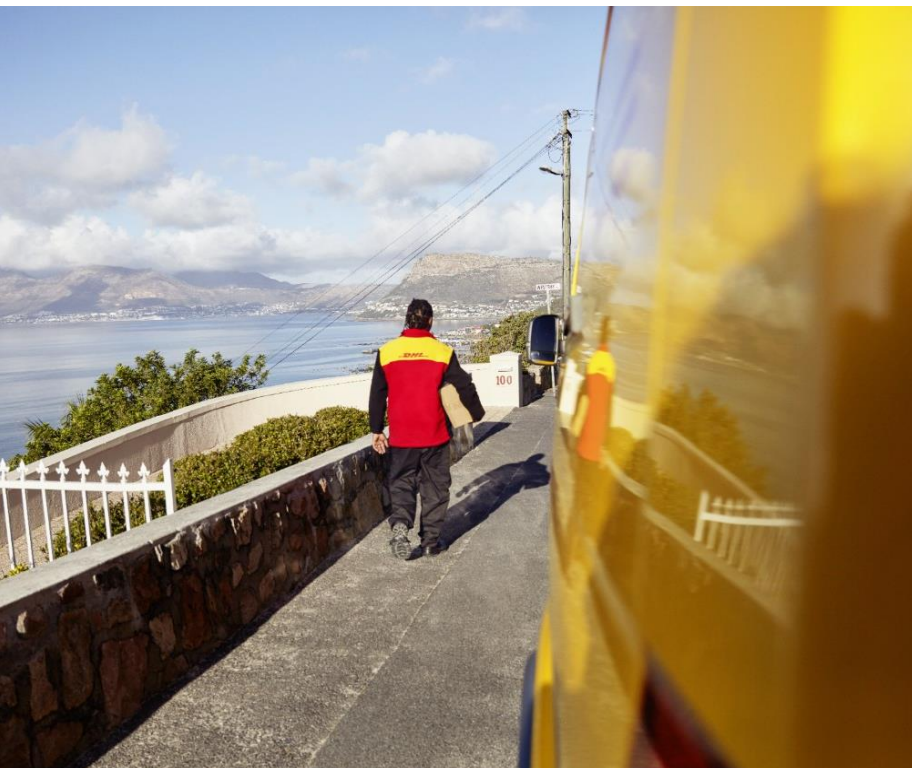
In € bn	2022
Group EBIT	>5.3
Capex (20-22) cumulative	8.5 - 9.5
FCF (20-22) cumulative	4.5 - 5.5

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

WRAP UP



- Expected acceleration in earnings momentum driven by self-help measures on cost and pricing
- Market environment still marked by high uncertainty
- On track for significant EBIT and cash flow improvement through 2022