

ACCELERATE SUSTAINABLE GROWTH

INTRODUCTION OF DHL GROUP STRATEGY 2030

Tobias Meyer, Group CEO
Frankfurt | September 24, 2024



WHERE DO WE COME FROM?

1998-2007

Acquisition Phase

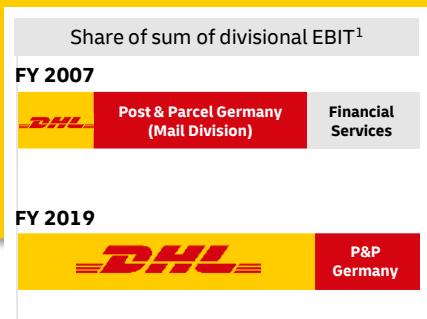
Diversification from German postal operator to global logistics leader through acquisitions



2008-2019

Successful Integration & Transformation

Establishing Group culture & building divisional capabilities, translating into track record of profitable growth

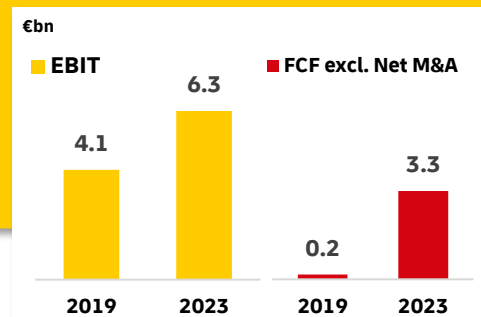


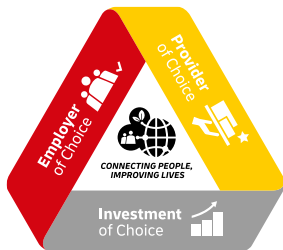
¹Both years excl. Corp Center (2007) / Group Functions (2023) / Consolidation

2020-2024

Current Status – On a New Level

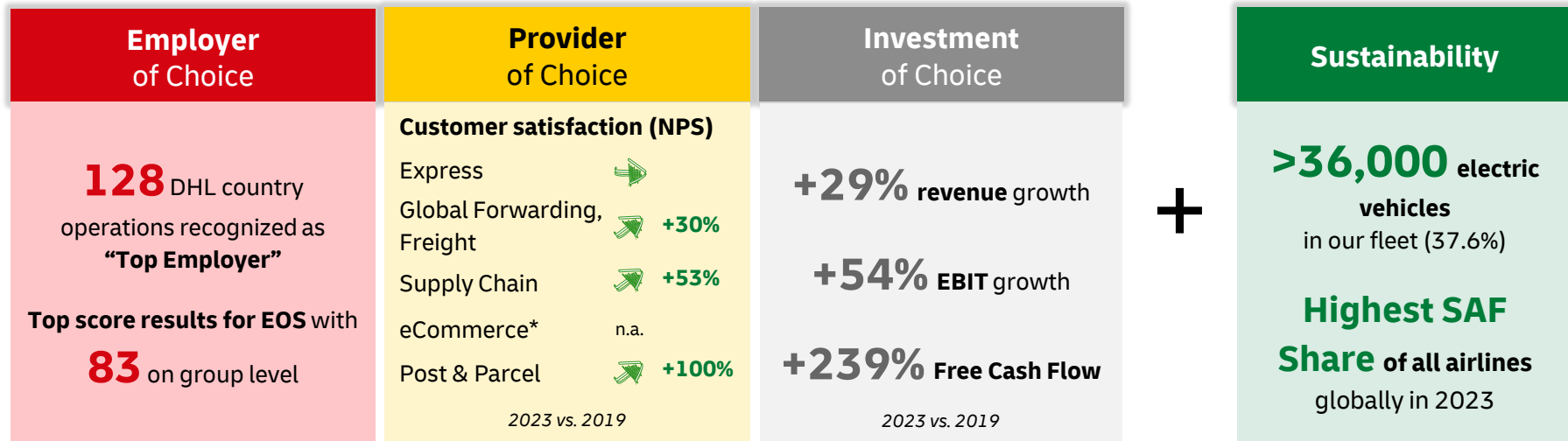
Record earnings and cash flow achieved during the pandemic – sustained higher profitability and cash flow post-COVID





**IN STRATEGY 2025 CYCLE,
WE DELIVER ON OUR THREE
BOTTOM LINES...**

**... AND OUR ESG
ROADMAP,
INTRODUCED IN 2021.**



*Global measurement of customer satisfaction implemented for DHL eCommerce since 2023

Strategy 2030 Accelerate sustainable growth

Global Trade

E-commerce

Climate Change

Digitalization

NEW

Evolving Workforce

Strong Foundation

Our Purpose

Connecting People.
Improving Lives.

Our Values

Respect & Results

Our Customer Promise

Excellence. Simply delivered.



Ready for more

Mindset for Quality and Growth

Continuous improvement and the will to win

Double Down on Structural Tailwinds

Invest into fast-growing sectors
and geographies

Setup for Success

Lean, divisional structure,
best-in-class functional processes and
digital by default



Express



Global Forwarding, Freight



Supply Chain



eCommerce



Post & Parcel Germany



OUR GOALS ALONG THE FOUR BOTTOM LINES

Safe and healthy **workplace**

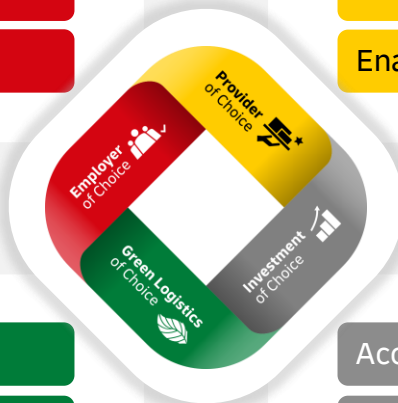
Inclusive high-performance **culture**

Great **colleagues**, best **team**

Frontrunner in **low carbon logistic operations**

Best **green commercial** offering in the industry

Trusted and effective **green solutions**



Best-in-class **customer experience**

Great quality every day

Enabler of **customer success**

Accelerated **profitable growth**

Reliable and **resilient** execution

Attractive **shareholder returns**



CUSTOMER DEMAND FOR LOW-EMISSION PRODUCTS IS PICKING UP

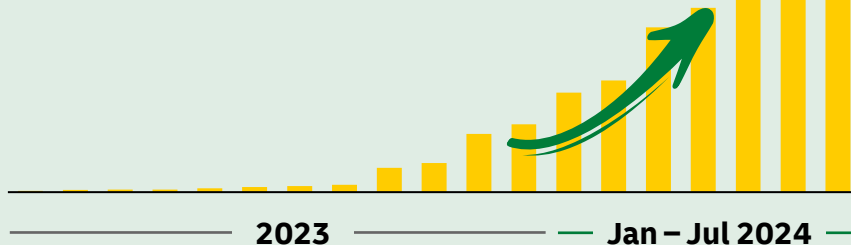


- We are committed to double-down and **accelerate decarbonization measures** across all operations
- **Leader in SAF and in electric vehicles**
- We aim to reduce GHG emissions to **<29m metric tons** p.a. by 2030*

Commercialization of GoGreen Plus

- 🌿 **Partner with our customers** to help them become carbon-neutral
- 🌿 Continue to **increase recovery** of our substantial spend on decarbonization
- 🌿 Ultimately, to be driver of **competitive advantage**

Customer contribution to decarbonization spend



*subject to potential restatement due to methodology updates or change in business scope, e.g., due to M&A

GROWTH THROUGH QUALITY AND STRUCTURAL TAILWINDS



Express



Global Forwarding,
Freight



Supply Chain



eCommerce



Post & Parcel

Growth through divisional growth strategies

- Quality
- Customer loyalty
- Yield management

Growth through Group growth initiatives



Life Sciences
& Healthcare



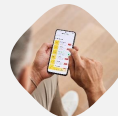
New Energy



Geographic
Tailwinds

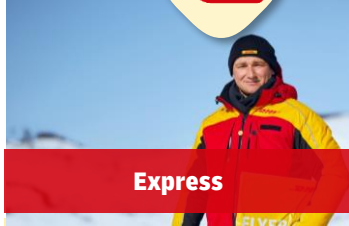


E-commerce



Digital Sales

GROWTH THROUGH DIVISIONAL STRATEGIES



Express

Consistent **quality and operations excellence** across global network as basis for further market share, EBIT and cash flow growth



Global Forwarding, Freight

Further productivity improvement based on centralization and standardization agenda; leverage strong product expertise around the world



Supply Chain

Further build out track record by leveraging **successful operating model** based on **identified focus technologies**



eCommerce

Fully leverage **structural e-commerce growth trend**, with both organic and selected inorganic investments



Post & Parcel Germany

Ongoing **transformation from Post to Parcel** and leveraging synergies between both networks

Accelerating growth through...

- Geographic tailwinds
- SMEs
- GoGreen Plus

- Geographic tailwinds
- Industrial Projects
- Customs clearance
- Sector focus
- SMEs

- E-commerce & omnichannel
- Pharma network
- Fulfilment network
- Spare parts logistics

- Cross-border
- Out-of-home network
- Returns

- E-commerce
- Cross-selling
- Digital touchpoints

GROWTH THROUGH GROUP INITIATIVES



**Life Sciences
& Healthcare**



New Energy



**Geographic
Tailwinds**



E-commerce



Digital Sales



Cross-divisional teams drive and govern these initiatives to ensure progress and accelerate growth



LIFE SCIENCES & HEALTHCARE



New advanced Life Sciences & Healthcare segments like biopharma offer additional growth potential

Development of Life Science & Healthcare segment

Conventional

- Convent. Pharma
- Consumer Health
- Medical Devices

Market CAGR* 2023-'30e
5-6%

Advanced

- Biopharma
- Cell & Gene
- Clinical Trials

Market CAGR* 2023-'30e
>10%

Shipments are becoming

- Colder
- More complex
- More customized



DHL enhances sector specific capabilities



Expand temperature-controlled network



End-to-end integrated solutions



First & last mile specialty courier coverage

DHL
Health Logistics

Establishing a new brand



>5bn €

Growth opportunity



incremental revenue in 2030

*Compound Annual Growth Rate



NEW ENERGY



**Energy Sector
offers high growth
potential especially
with new market
participants
developing into
global players**

New Energy market segments



Wind



Solar



Battery Energy
Storage System



EV & Batteries

Market CAGR
2023-'30e

>15%

DHL collaborates with leading customers in the new energy sector to establish new, efficient solutions

- Joint growth with the leading renewable and EV players
- Strengthen **strategic relationships** with key customers while supporting the Group's overall **decarbonization journey**
- **Expand sector specific supply chain needs**, e.g. handling windmill blades, dangerous goods

DHL
New Energy Logistics

**Establishing
a new brand**



>3bn €

**Growth
opportunity**



incremental
revenue in 2030



GEOGRAPHIC TAILWINDS



We are well positioned to capture shifts in trade patterns with global networks and local expertise

Strong track record in fast growing markets



>9bn €

Revenue 2023

~11%

Revenue CAGR
2019-2023

India

FTE

~25,000

**Warehouse
space***

930

South East Asia

~32,000

1,240

Middle East

~20,000

221

Mexico

~22,000

780

*in thousand m²

Main levers to accelerate growth

Diversification of supply chains

Help global companies make their supply chain **more resilient by expanding footprint** in new countries

Internationalization

Support emerging leaders' internationalization with dedicated account management and integrated logistics solutions

Fast growing companies

Offer our **global networks** to fast growing companies (many still small and local) to sustain their growth and extend their reach



E-COMMERCE



**E-commerce
remains a major
structural growth
driver
across our divisions**

E-Commerce continues to be #1 growth driver

**Global
E-COMMERCE vs.
GDP**
2.6x
until 2030

**Global
E-COMMERCE
Market Size CAGR**
7% until 2030

**X-border
E-COMMERCE**
expected to grow
10-15%
until 2030

Leveraging combined strengths of divisions

In 2023
~28% of **DHL GROUP'S REVENUE**
is derived from **E-COMMERCE**



**Our divisions jointly offer a compelling global e-commerce network that
covers the entire value chain & responds to various customer needs**



DIGITAL SALES



We can achieve significant digital revenue growth by better enabling online transactions across the group



70%

of companies say that **Digital channels** contribute to at least **40%** of revenue



> 2/3rd

of companies prefer **remote human interactions** or **digital self-service** at the ordering stage



71%

Transport and logistics executives say **customer-centricity** is either a top or a high priority

DHL Group has launched a group-wide Digital Sales Program



Digital ad-hoc bookings



Digitally acquired contract customers

- Placed on DHL Group websites and apps as well as with 3rd party touchpoints
- Attracting underserved SME segment while meeting diverse digital needs of DHLs entire customer base across various types of transactions

4.7



**App store rating
Post & DHL App**

>8m

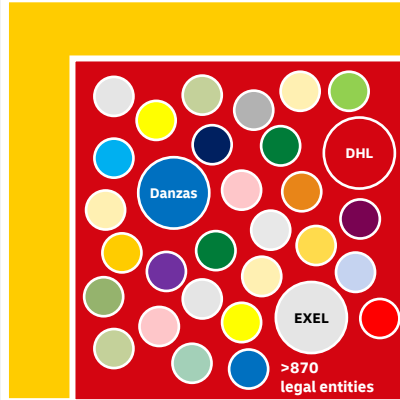
**Monthly
active users
June 2024**

WE HAVE A UNIQUE HISTORY AND COMPANY DEVELOPMENT

In the past, we used to be a **German state owned company** operating solely within Germany



Through our **international expansions**, we have become larger, more colorful, but also more complex



Today, we consist of **five strong divisions** with a **clear management structure**

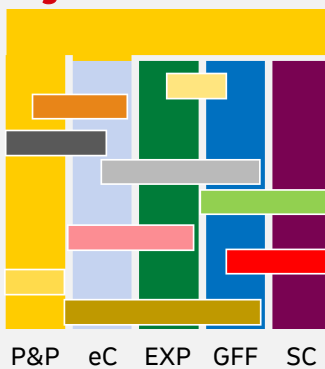


CURRENT STATE

Management structure



Legal structure



TARGET STATE

Management structure



Legal structure



WE ARE PLANNING TO ALIGN LEGAL AND MANAGEMENT STRUCTURE



Reduction of complexity

Dedicated legal holding entities for all five operating divisions and allocation of all subsidiaries to the respective divisional holding entity. Reduces interdivisional entities



Additional divisional flexibility

Simplification, e.g., for the introduction of new IT systems and a more agile structure to exploit growth opportunities






ACCELERATE SUSTAINABLE GROWTH

INTRODUCTION OF DHL GROUP STRATEGY 2030

Melanie Kreis, Group CFO
Frankfurt | September 24, 2024



WE STRIVE FOR A REVENUE GROWTH OF 50% BY 2030

	Market growth assumptions 2024-2030	Expected growth
 Express	TDI* shipment growth: 4-5%	➡ ABOVE
 Global Forwarding, Freight	Growth in core products in line with global GDP	➡ ABOVE
 Supply Chain	4-6% average growth in global contract logistics market	➡ SIGNIFICANTLY ABOVE
 eCommerce	Growth of 6 to 8% across domestic and cross-border e-commerce markets	➡ ABOVE
 Post & Parcel Germany	Mail: mid-single digit decline; Parcel: mid-single digit growth	➡ IN LINE

*Time Definite International

FINANCE POLICY:

Continued investment into growth with strong commitment to shareholders returns

Business Growth



Shareholder Return



Core

Organic Growth

Boosted by Strategy 2030

- Targeted investments into logistics core with strong focus on trade flow shifts, GoGreen Plus, e-commerce and further fast-growing sectors
- Focus on efficient capital allocation to support consistent ROIC increase

Regular Dividend

Core shareholder return instrument

- 40-60% dividend pay-out ratio from adjusted net profit
- Reliable, proven dividend continuity

Ongoing balance

Inorganic Growth

Value-accretive & targeted

M&A to supplement organic growth; subject to strategic, financial & integration criteria

Financing

Combine strong cash generation with balance sheet capacity if needed, in accordance with rating target range

Share buy-back Policy

Additional measure to offer attractive shareholder returns

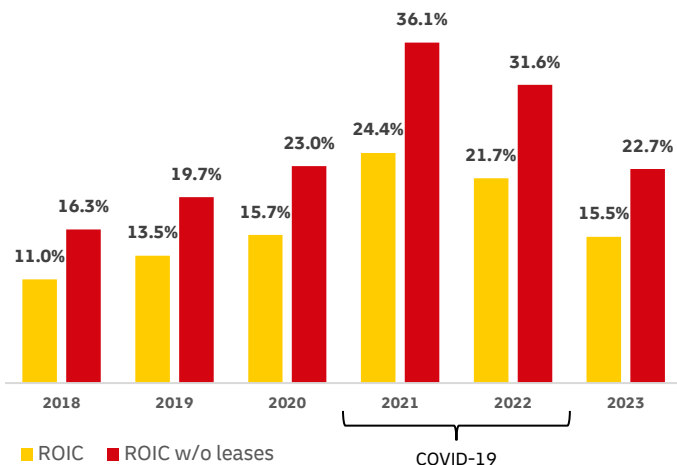
- Use FCF and balance sheet strength as appropriate, relevant M&A spending taken into consideration
- €4bn share buy-back program confirmed and to be executed until year-end 2025

RATING TARGET RANGE: BBB+ TO A-

INTRODUCING ROIC:

Investing for growth with consistently high capital returns

Group ROIC since implementation of IFRS 16



Note: Group ROIC excl. leases and goodwill: 41.8% (FY2023)



- **Extend long-term track record of value creation** from continued targeted investment in core business
- **Increased focus on ROIC as key capital returns metric**

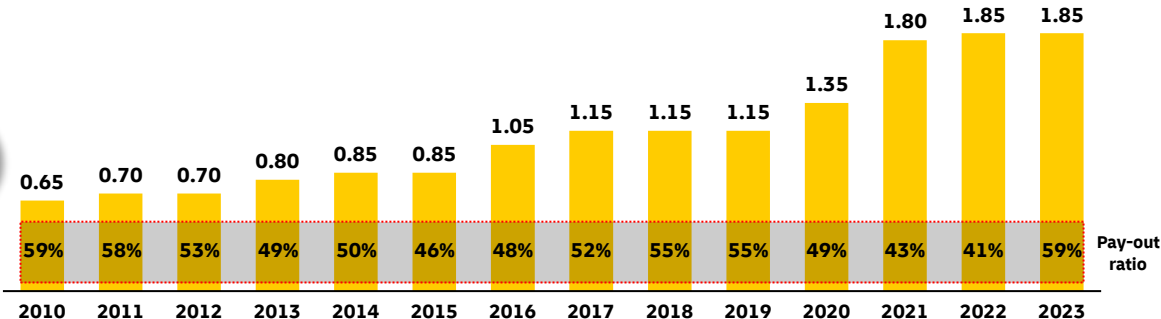
$$\text{ROIC} = \frac{\text{EBIT}}{\text{Inv. Capital}}$$

Invested Capital: Goodwill + PPE
Owned + PPE Leased + NWC -
Provisions +/- Net other non current

- Also steered on divisional level, e.g. **Express ROIC structurally higher vs. pre-pandemic at >20% in FY2023** (FY2019: 17.5%)
- Suggestion to **add ROIC to management incentivation**

ATTRACTIVE SHAREHOLDER RETURNS THROUGH DIVIDEND AND BUY-BACK

Dividend (per share, €)



5%
Dividend yield*



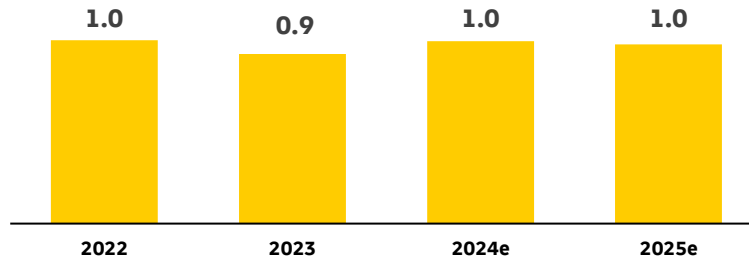
*based on closing share price on September 23, 2024

Share buy-back (€bn)

2016/2017
up to **€1bn** program

2021
up to **€1bn** program

Current €4bn program:



- Current share buy-back tranche of **€600m** to be completed by Dec 2024
- After that, outstanding buy-back commitment of **€1bn to be** executed by the end of **2025**, in line with €4bn total commitment for 2022-25

SUMMARY STRATEGY 2030



Growth through service excellence – Group’s business divisions to focus on profitable core business



Accelerated Sustainable Growth above global GDP – From fast-growing geographies and industry sectors, e-commerce and digitalization



“Green Logistics of Choice” – Commitment to decarbonization drives increased commercialization and long-term competitive advantage



Setup for Success – Aligning complex legal with proven management structure to ensure a lean and agile divisional set-up

Strategy 2030
**Accelerate
sustainable
growth**

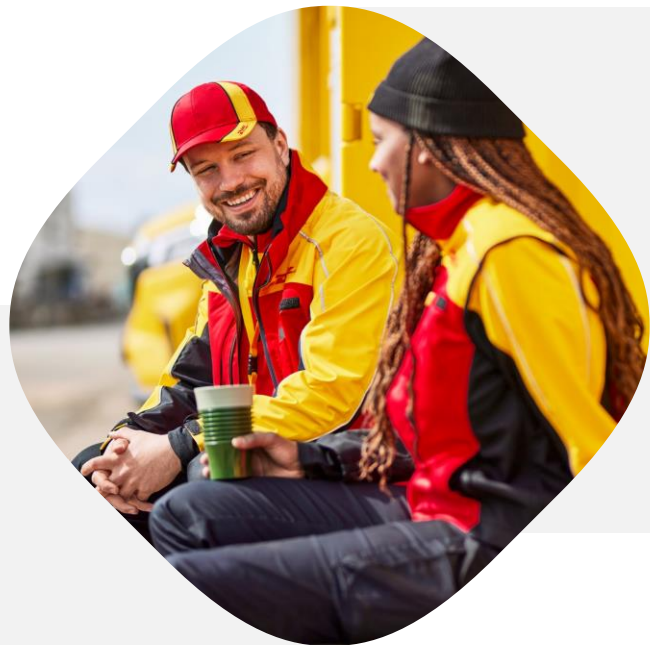


Strategy 2030

**Accelerate
sustainable
growth**

MODELLING MANUAL:

Underlying assumptions include forward-looking statements*



GDP growth over the cycle assuming a “normal” economic cycle (real GDP growth of 2.5-3%)

No widespread global supply chain disruptions: normalization of global freight rates

Divisional market growth assumptions are based on historical experience. Actual global market developments can lead to different outcomes

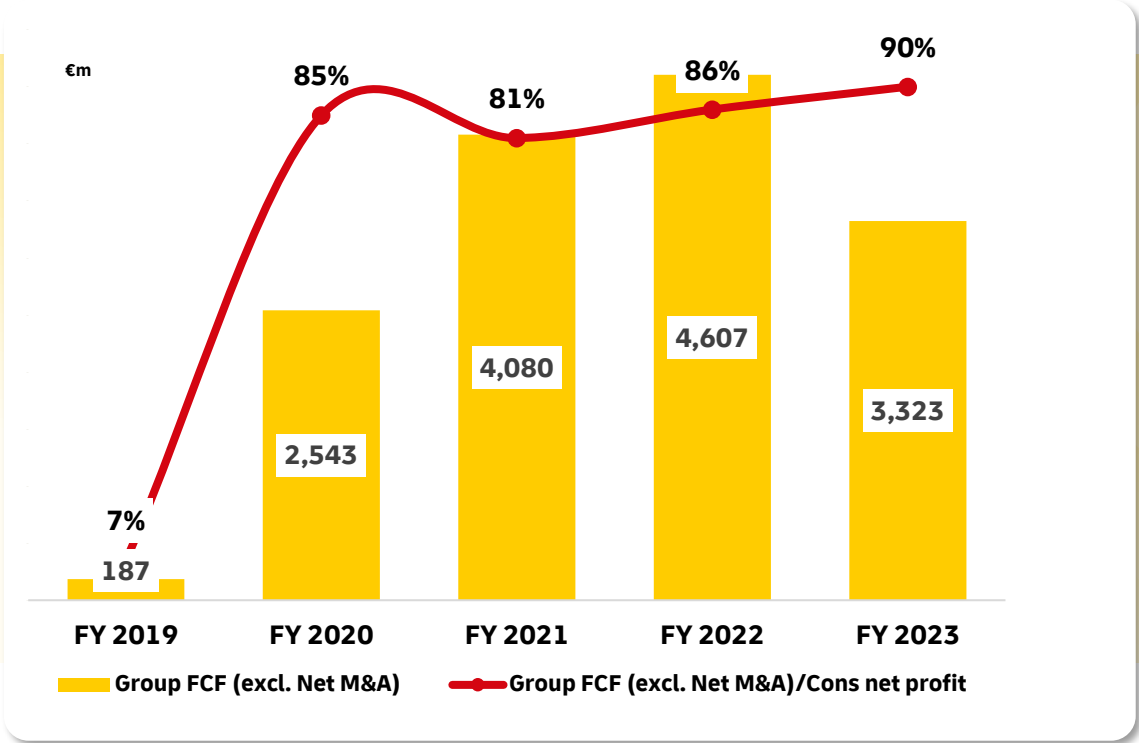
*Forecasts are subject to risks and uncertainties, many of which are beyond DHL's control. That could cause actual developments and results to differ materially from our historical experience and the expectations contained in this presentation.

WE STRIVE FOR A REVENUE GROWTH OF 50% BY 2030

	Market growth assumptions 2024-2030	Expected growth vs. market
 Express	TDI* shipment growth: 4-5%	 ABOVE Driven by best service quality and successful business strategy
 Global Forwarding, Freight	Growth in core products in line with global GDP	 ABOVE Driven by quality, sector and sales channel strategy, and further digitalization
 Supply Chain	4-6% average growth in global contract logistics market	 SIGNIFICANTLY ABOVE Driven by ongoing outsourcing trend, trade development as well as strategic initiatives towards higher growth products & sectors
 eCommerce	Growth of 6 to 8% across domestic and cross-border e-commerce markets	 ABOVE Expanding market share alongside strong yield discipline
 Post & Parcel Germany	Mail: mid-single digit decline Parcel: mid-single digit growth	 IN LINE Maintain leading market share alongside continued strong yield discipline

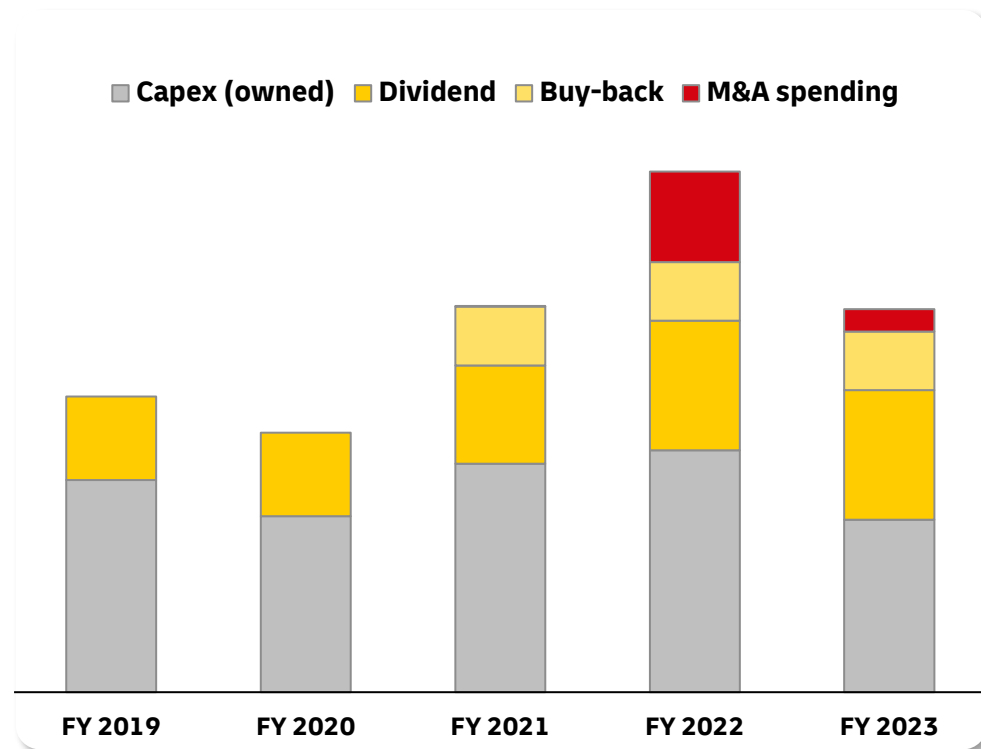
*Time Definite International

STRUCTURALLY HIGHER CASH FLOW CONVERSION



HOW IS CAPITAL BEING SPENT:

Balanced use of cash to cater for business growth and to deliver shareholders returns



Further growth opportunities through the **right M&A deals**



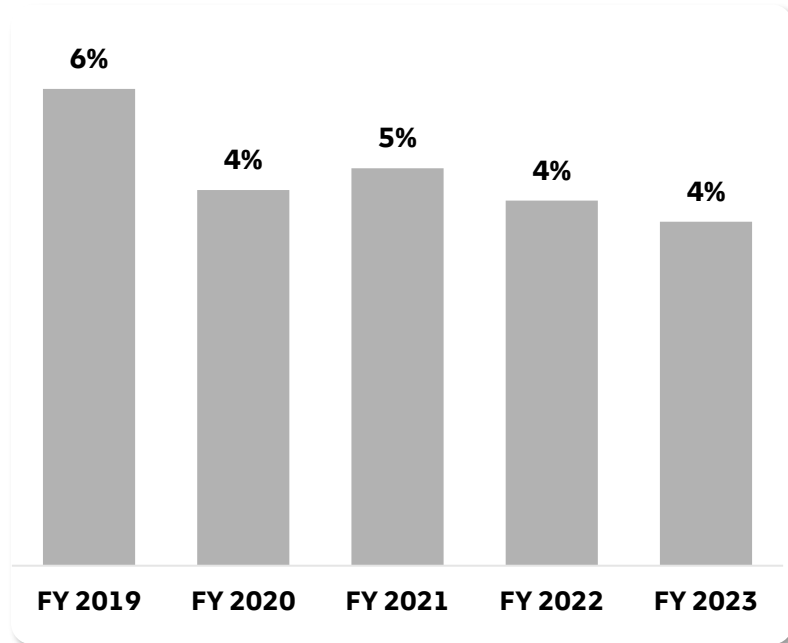
Reliable dividend payment and commitment to **share buy-back**



Investments in attractive long-term growth opportunities in-line with strategic priorities

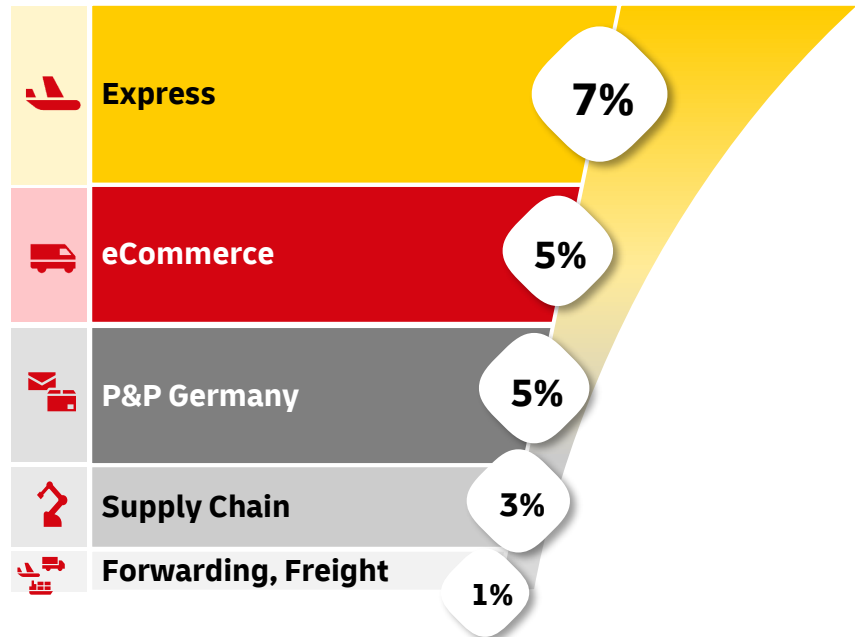
CONTINUED INVESTMENT INTO ATTRACTIVE OPPORTUNITIES WHILE LEVERAGING CAPEX FLEXIBILITY

Group Capex owned assets / Revenue



Capex intensity by division

Average 2019-2023





DHL Group Equity Story

World's leading logistics portfolio with strong market positions



GDP+ Growth
>5% CAGR 2023-'30e



Life Sciences
& Healthcare



New Energy



Geographic
Tailwinds



E-commerce



Digital Sales



**Strong Cashflow, Returns
& Balance Sheet**

>€3bn FCF excl. Net M&A
(FY2023)

15.5% ROIC (FY2023)

A-
Fitch Rating

A2
Moody's



Attractive Shareholder Returns

~5%

dividend
yield*

€4bn

2022-'25
share buy-back
program



Sustainable Investments

**Frontrunner in
low carbon logistics**

**Best green commercial
offering in the industry**

**ESG targets integrated in
management remuneration**