



# Q4 2020 RESULTS

PRESS CONFERENCE

Management Board Deutsche Post DHL Group  
March 9, 2021 | Troisdorf, Innovation Center

**Deutsche Post DHL  
Group**

## Agenda

01

Strategy 2020 delivered;  
Strategy 2025 in execution

02

Development of the  
Divisions in 2020

03

2020 Key Financials

04

Outlook



**2020 was an exceptional year...**

**DECLINE IN WORLD TRADE**

**BOOM IN E-COMMERCE**

**APPLYING SAFETY MEASURES**





# Despite all the challenges, our employees show record engagement



## Number of employees



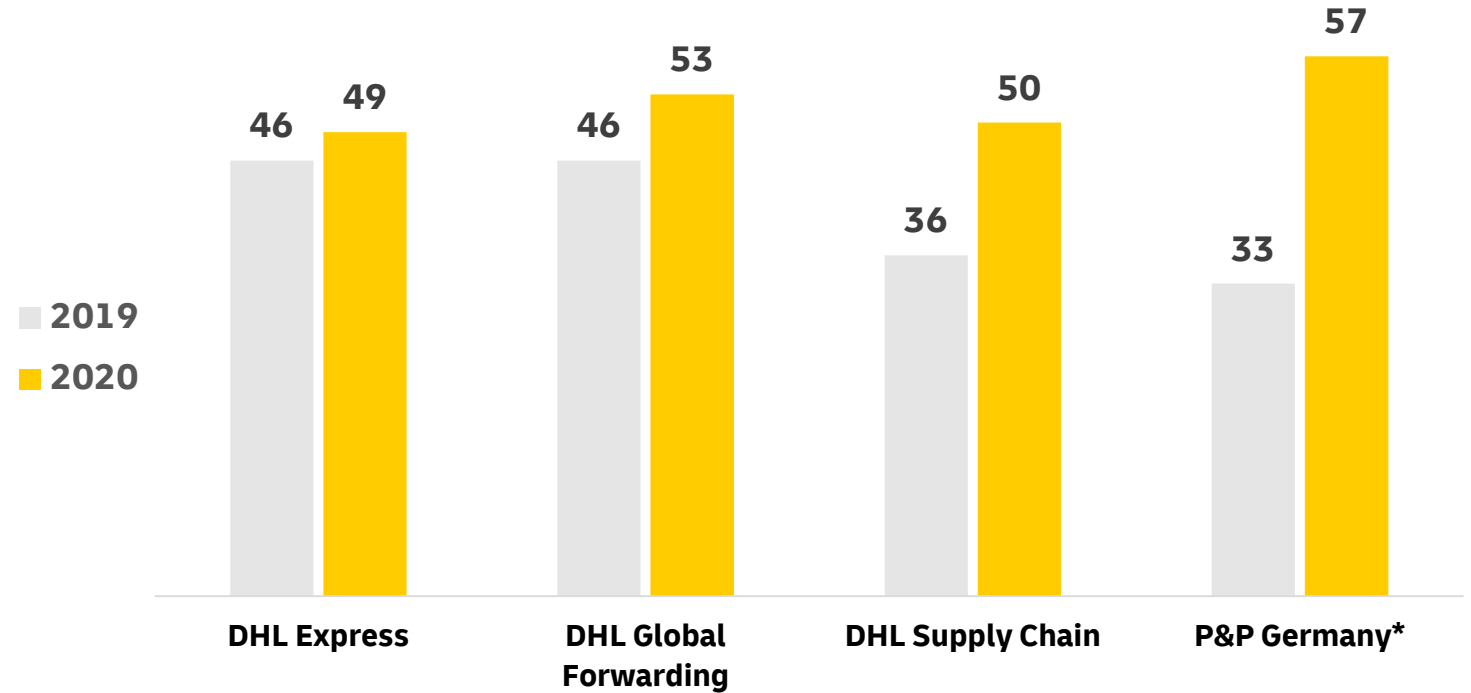
## Employee engagement (Employee Opinion Survey)



# Customer satisfaction further increasing

## DHL customer satisfaction development measured by NPS

NPS: Net Promoter Score; Scale from -100 to +100



\*Parcels private customers

# With our record results we strengthen our position as investment of choice



**€66.8 bn**  
Revenues  
(+5.5 %\*)

**€4.8 bn**  
EBIT  
(+17.4 %\*)

**€3.0 bn**  
Consolidated net profit  
(+13.6 %\*)



**€2.5 bn**  
Free Cash Flow  
(+192.4 %\*)

**€1.35**  
Dividend proposal  
(+ €0.20\*)

**€1.0 bn**  
Share buyback program announced



\* vs. last year

Consistent execution of Strategy 2020 has been the foundation for our success...

Our **Strategy** proves to be right



We run the right **business model**

Our **portfolio** is well balanced



We benefit from our strong **teams**

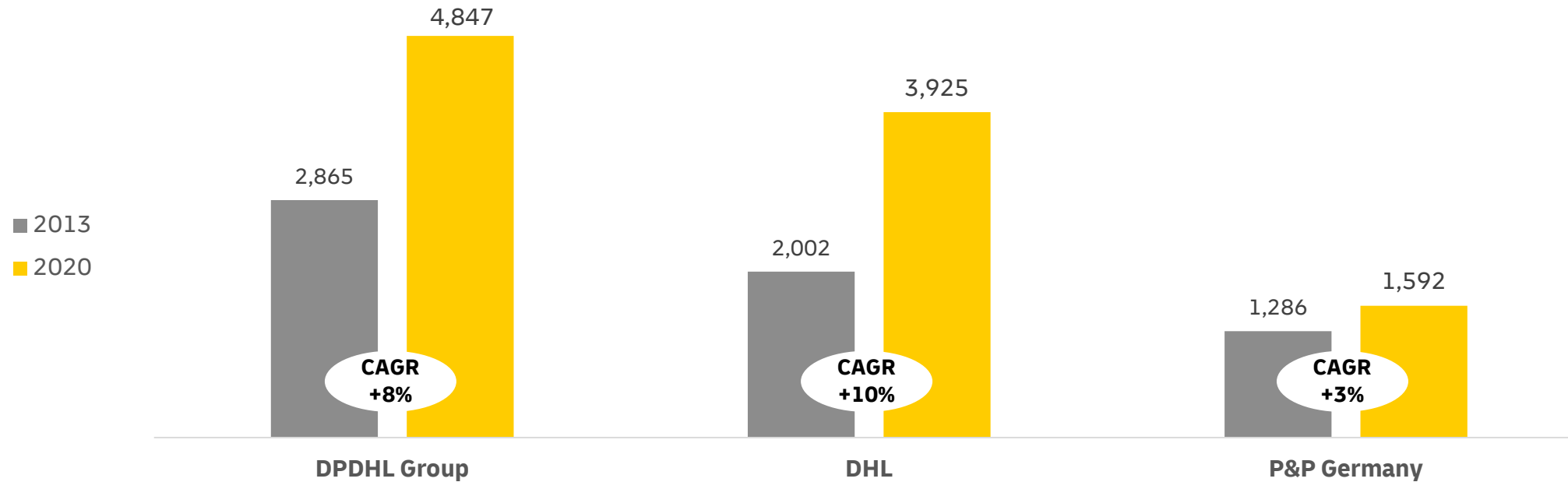
We have the right **culture**





## ... and achieving of financial Strategy 2020 targets

Reported EBIT development 2013-2020  
(in €m)



**STRATEGY 2020 TARGETS**

**>8%**

CAGR 2013-2020  
DPDHL GROUP

**~10%**

CAGR 2013-2020  
DHL

**~3%**

CAGR 2013-2020  
P&P Germany





**Strategy 2025 is the answer to the four key trends of our time**

**All four trends  
remain intact and  
our activities are  
focused on them**



**Sustainability**



**E-Commerce**



**Globalization**



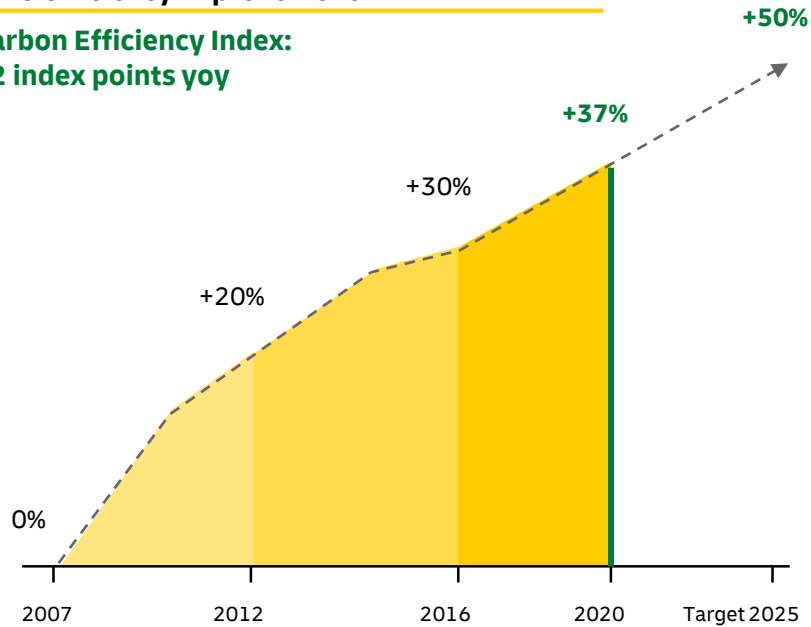
**Digitalization**

# Sustainability: Major improvements on core KPIs

## 2050 Target: Net Zero Emissions

GHG efficiency improvement

Carbon Efficiency Index:  
+2 index points yoy



**SAVE THE DATE: March 22<sup>nd</sup> 2021**  
**Update of DPDHL ESG Roadmap**



**E-Commerce: Focus topic of Strategy 2020 – we actively positioned all operations to fully benefit**

## E-COMMERCE

**Long-term structural trend, with accelerated momentum in 2020**

**Parcel Germany average volume growth p.a.**

**+15% in 2020**  
**+9% since 2013**



**Express TDI average Shipments per Day growth p.a.**

**+9% in 2020**  
**+8% since 2013**





**GROW  
PRIORITY #1**  
Become the leader in e-commerce related logistics

**Sorting capacity  
Parcel**

**+34%**  
since 2013

**Launch of  
DeCS activities**

**2014**

**Sorting capacity  
Express**

**+66%**  
since 2013

**B2C share  
Express**

**10% → >45%**  
since 2013

**DSC workforce in  
e-commerce**

**~20%**



# Globalization: Vaccines' global supply chains show that globalization is part of the solution

DHL has provided vaccines logistics in these countries...



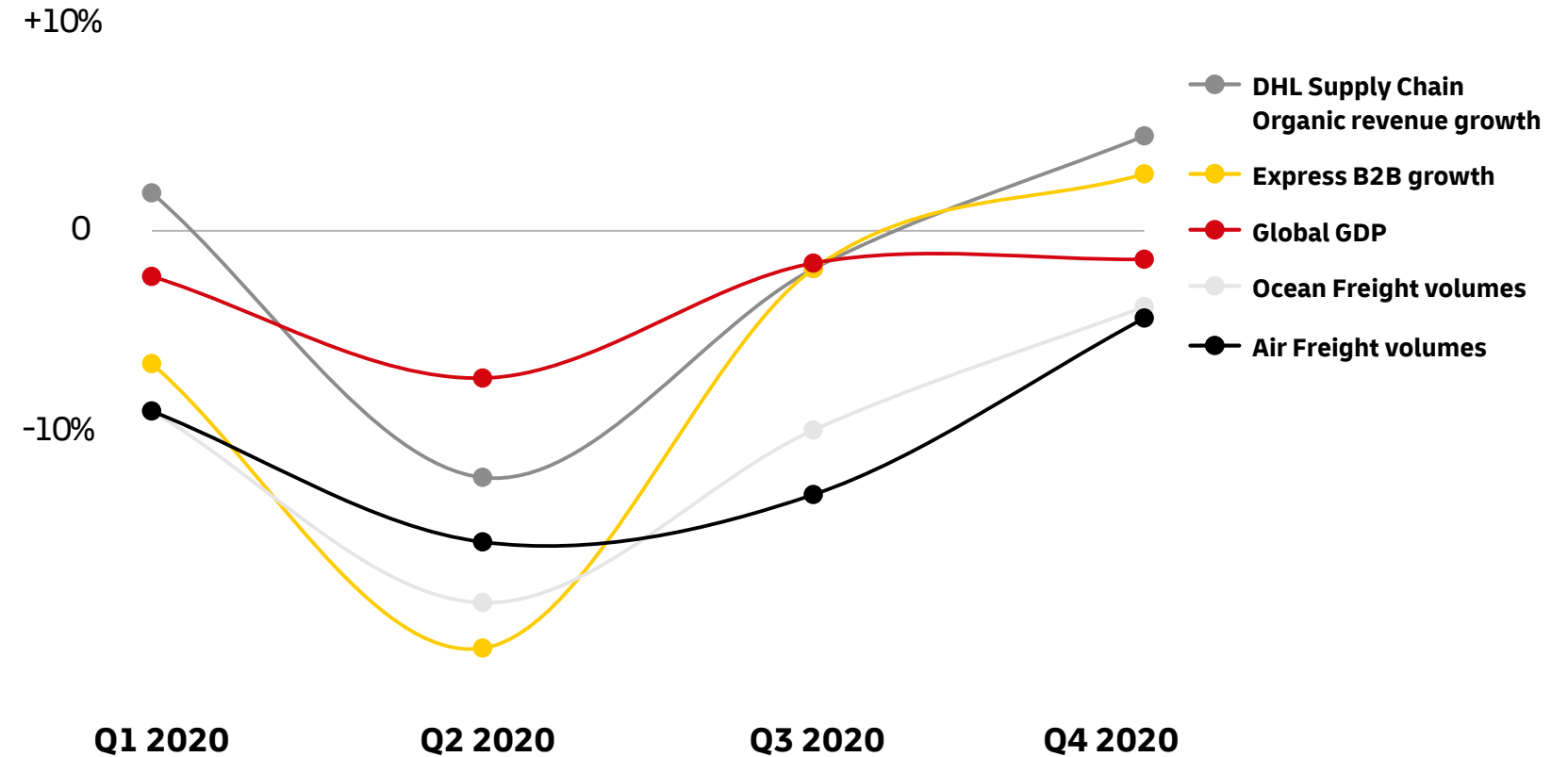
AND MANY MORE....



# GLOBALIZATION

COVID-19 induced standstill is now in gradual recovery mode

B2B activities, YoY growth, in %






Global GDP source:© 2021 IHS Markit TM . All Rights reserved.

# DIGITALIZATION




Core topic of Strategy 2025 with dedicated roadmaps and resources

**Central strategic focus to provide right & adequate resources**

**Centers of Excellence**  
Examples:

-  Blockchain
-  Data Analytics
-  Application Programming Interfaces (API)

**Continuous IT backbone upgrades**  
Examples:

-  Express Global Application Portfolio
-  IT Renewal Roadmap
-  Finance ERP Roadmap

**Divisional roadmaps to digitalize internal processes and/or customer interaction**



**Parcel Germany: Next generation Packstation** with mail services and **video chat**



**DHL Supply Chain: Collaborative robotics and digitalization**, now **50% of sites touched**



**DHL Express**  
New customer portal




**DHL Global Forwarding: myDHLi**  
New customer portal since May 2020



**DPDHL GROUP IS A DIFFERENT,  
BETTER COMPANY THAN BEFORE  
STRATEGY 2015/2020**

**CONNECTING  
PEOPLE.  
IMPROVING  
LIVES.**



**BETTER MIX, HIGHER  
RETURNS,  
STRONGER CASH  
FLOW & BEST TEAM  
EVER**



**CONSISTENT,  
SUSTAINABLE  
STRATEGIC AGENDA  
ALONG ALL METRICS**



**LEADING TO RECORD  
FINANCIALS AND  
SHAREHOLDER  
RETURNS**



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# DHL Express: Record result in an extremely volatile environment

## Competitive advantages achieved by Strategy 2020

- Early entrance and investment into (B2C) e-commerce has positioned us very well
- Dedicated and partner Aviation assets have similarly allowed us to deliver on our customer promise
- Certified International Specialists drive quality and customer loyalty

## Key Tactical Measures in 2020

- Route optimization & linehaul forecasting through data analytics has optimized efficiency
- Utilization of all existing and new airline partnerships
- Optimal network utilization & cross divisional collaboration initiatives
- Yield and pricing measures to manage volume surges and continued review & removal of “outsize/oversize” consignments

**€ 19.1bn**

Revenues  
(+11.9%)

**€ 2,751m**

EBIT  
(+34.9%)

EBIT margin

11.9%      14.4%

FY 2019    FY 2020

# DHL eCommerceSolutions: Delivered unprecedented volume surge reliably, safely and profitably

## Competitive advantages achieved by Strategy 2020

- Creation of the division and focus on international parcels was the right strategic move
- DHL Parcel Connect platform in Europe – foundation for future growth beyond domestic business opportunities

## Key Tactical Measures in 2020

- Focus on profitable growth across all verticals
- Structural cost reductions & productivity increases
- Strong focus on quality & service excellence

**€4.8bn**

Revenues  
(+19.4%)

**€158m**

EBIT  
(+n/a)

EBIT margin

3.3%

-1.3%

FY 2019 FY 2020



## DHL Global Forwarding, Freight: Severely limited freight market led to huge capacity shortages

### Competitive advantages achieved by Strategy 2020

- Digitalization and renewed IT-landscape enables agility, enhanced operability (also remotely) and safety of our colleagues
- Competitive advantage by partnering with Express

### Key Tactical Measures in 2020

- Customer-focused and proactive communication approach to keep supply chains running
- Close partnership with cargo carriers & shipping companies allowing to secure capacity

**€15.9bn**

Revenues  
(+5.2%)

**€590m**

EBIT  
(+13.2%)

EBIT margin

3.4%

3.7%

FY 2019 FY 2020



# DHL Supply Chain: Delivering on customer promise while managing change of entire supply chains

## Competitive advantages achieved by Strategy 2020

- Flexibility through investments in standardization and consistent training of employees
- Focus on strategic products e.g. eFulfillment/ Omnichannel
- Investments in digitalization

## Key Tactical Measures in 2020

- Strict cost and labor management to scale in line with volume changes while ensuring safety
- Leverage real time data for fast decision making
- Supporting customers to adjust their supply chains at unprecedented speed

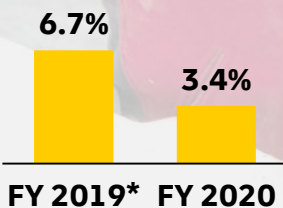
**€12.5bn**

Revenues  
(-7.4%)

**€426m**

EBIT  
(-53.2%)

### EBIT margin



\* includes €+275m net one-offs mainly from China disposal

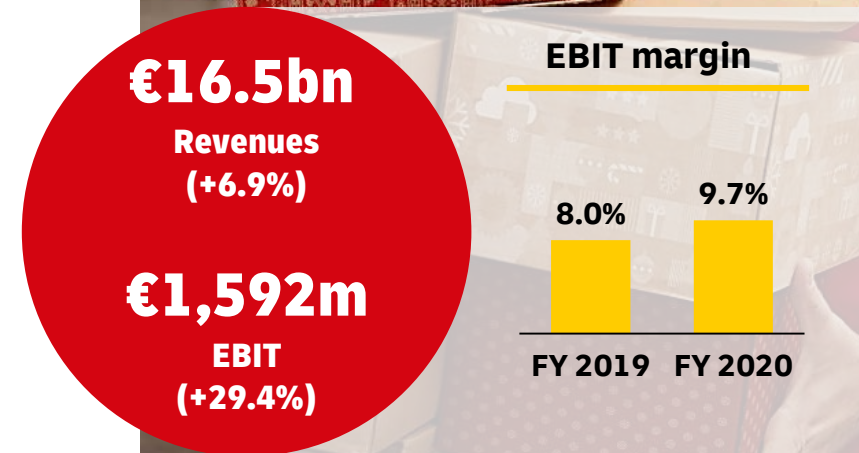
# P&P Germany: Double-digit growth rates in parcels with additional safety measures

## Competitive advantages achieved by Strategy 2020

- Clear focus on core business in Germany with consumer-centric parcel service
- Leader in social and ecological sustainability
- High quality mail network with prices below EU average

## Key Tactical Measures in 2020

- Use of letter network to process peak parcel volume
- Comprehensive protection measures to mitigate Covid infections
- Ramp-up of investments to boost parcel capacity





## Human Resources:

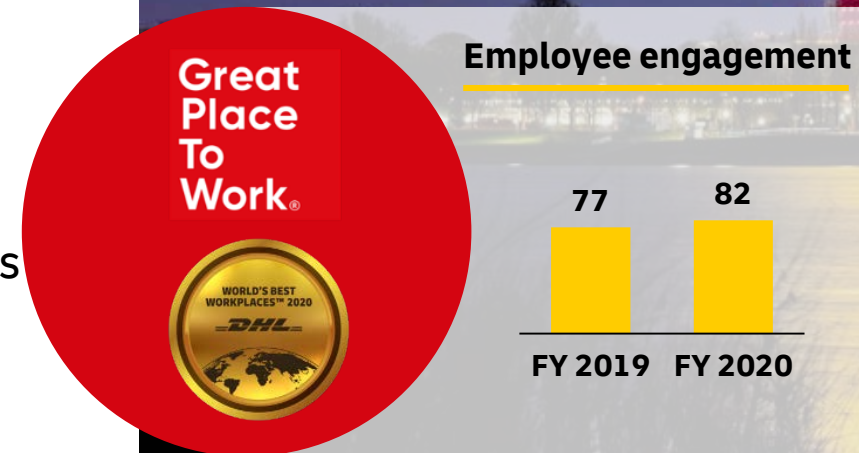
# Employee satisfaction continues to rise at a high level

### Competitive advantages achieved by Strategy 2020

- Clear focus on “Employer of Choice”
- Certified specialists in everything we do
- Focus on diversity and inclusion

### Key Tactical Measures in 2020

- Health, safety and protection of our people in the pandemic
- Ramp up of maturity of recruiting processes and measures
- Digitalization of HR



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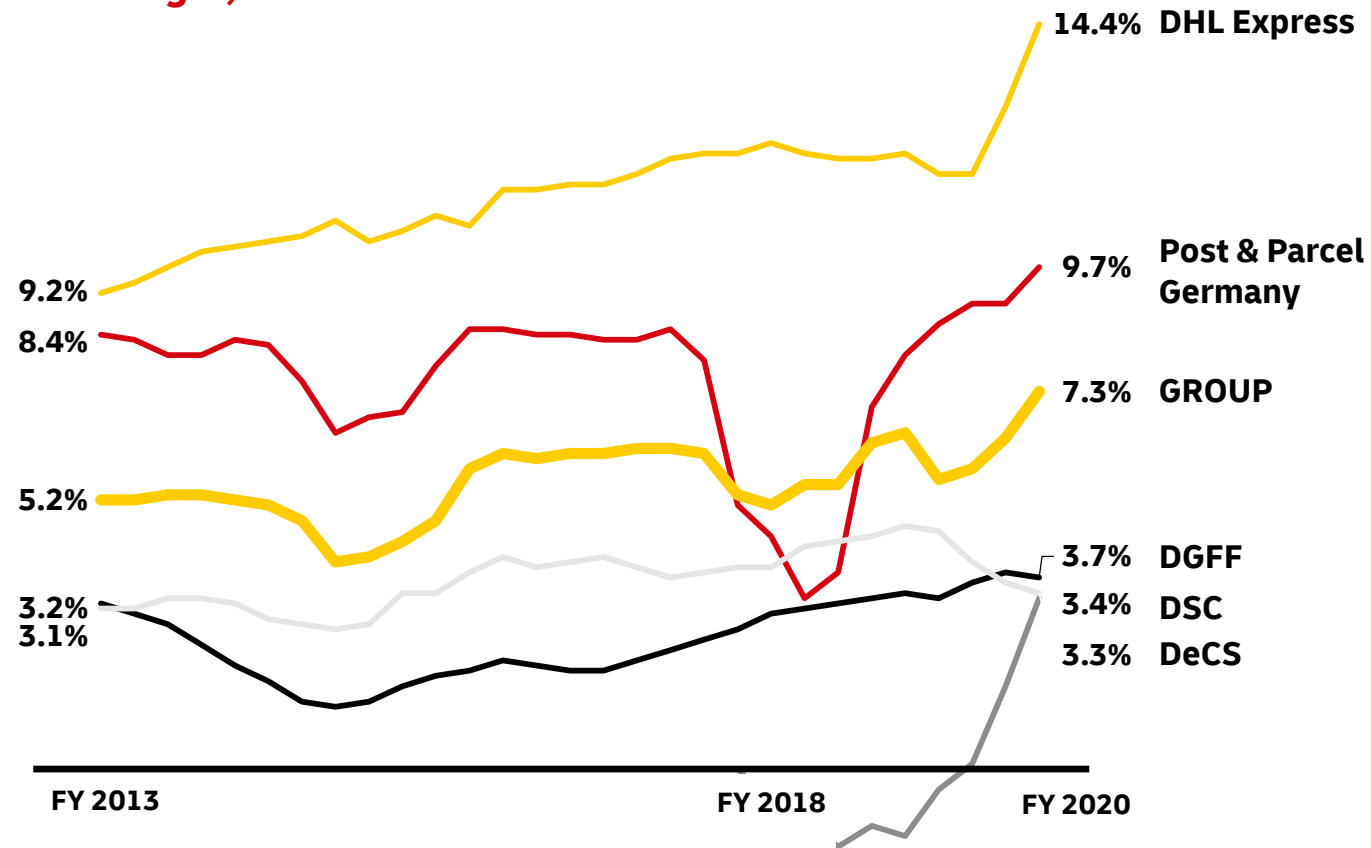
Outlook





# Operating performance 2013-20: EBIT reported +69% (8% CAGR) – Improvement of EBIT margin by more than 200 basis points

## EBIT Margin, in %



EBIT Margin: DSC adjusted for 2019 one-offs, DGFF for NFE write-down in 2015  
 Until 2017: P&P values include business activities which are now under DeCS

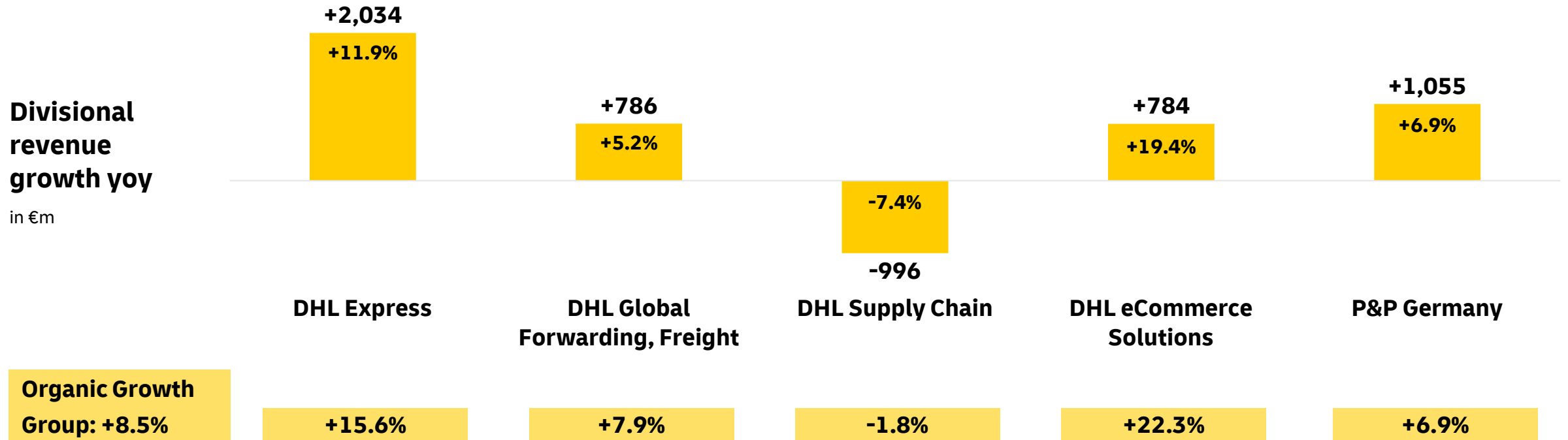
## Group margin up >200bps under Strategy 2020

- Strong increase in DHL Express
- P&P Germany fully recovered
- DGFF started upward trend
- DSC impacted by 2020 circumstances
- Profitable DeCS contribution; division created in 2019

**Further improvement embedded in 2021/23 guidance**

# GROUP REVENUE, FY 2020

**€66,806m** yoy: +€3,465m (+5.5%)



# GROUP EBIT, FY 2020

**€4,847m** yoy: +€719m (+17.4%)

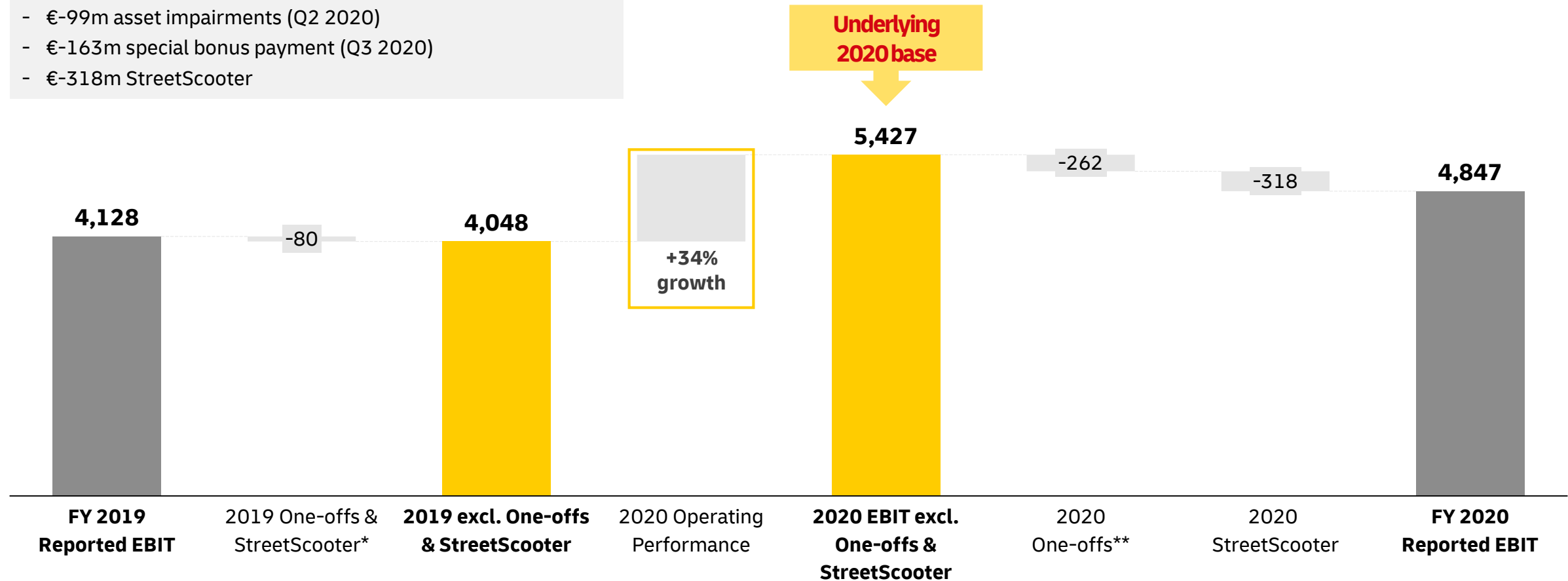
in €m

DHL Express	DHL Global Forwarding, Freight	DHL Supply Chain	DHL eCommerce Solutions	P&P Germany	Corp. Func. / Cons.
<b>2,751</b>	<b>590</b>	<b>426</b>	<b>158</b>	<b>1,592</b>	<b>-670</b>
+34.9%	+13.2%	-53.2%	>100%	+29.4%	-28.4%
2019: €2,039m	2019: €521m	2019: €911m	2019: €-51m	2019: €1,230m	2019: €-522m
B2B decline outweighed by B2C acceleration. Global network constantly adapted to market circumstances to maintain high utilization and profitability EBIT includes €-33m special bonus	DGF GP up yoy as strong GP/unit more than offset volume declines in AFR and OFR GP-EBIT conversion supported by strong cost focus. IT-roll-out successfully continued EBIT includes €-13m special bonus	EBIT decline reflects 2019 China disposal and reduced customer activity – although recovering since end of Q2 EBIT includes €-62m asset impairment (Q2) and €-52m special bonus 2019 included €+275m net one-offs	First profit contribution higher than initially expected driven by stronger e-commerce growth EBIT includes €-30m asset impairment (Q2) and €-10m special bonus 2019 included €-80m restructuring charges	EBIT increase mainly driven by e-commerce related parcel growth. Mail-to-parcel mix shift addressed by disciplined network, cost and yield measures EBIT includes €-51m special bonus	StreetScooter FY 2020: €-318m. FY 2019: €-115m EBIT includes €-7m asset impairment (Q2), €-4m special bonus

# 2020 summary: Operating EBIT growth of 34% - setting underlying base for 2021-23 growth guidance

**GROUP reported EBIT of €4,847 includes:**

- €-99m asset impairments (Q2 2020)
- €-163m special bonus payment (Q3 2020)
- €-318m StreetScooter



\*2019 One-offs: €+426m DSC China disposal, €-151m DSC restructuring costs, €-80m DeCS restructuring costs, €-115m StreetScooter

\*\*2020 One-offs: €-163m special bonus payment (Q3); €-99m asset impairments triggered by lockdown (Q2)



## Record EBIT translated into record FCF

All in €m

EBIT up +17% yoy,  
+34% yoy excl One-offs



Cash focus drives sustainable  
improvement in cash conversion



vs.  
2019

**+719**

**+1,650**

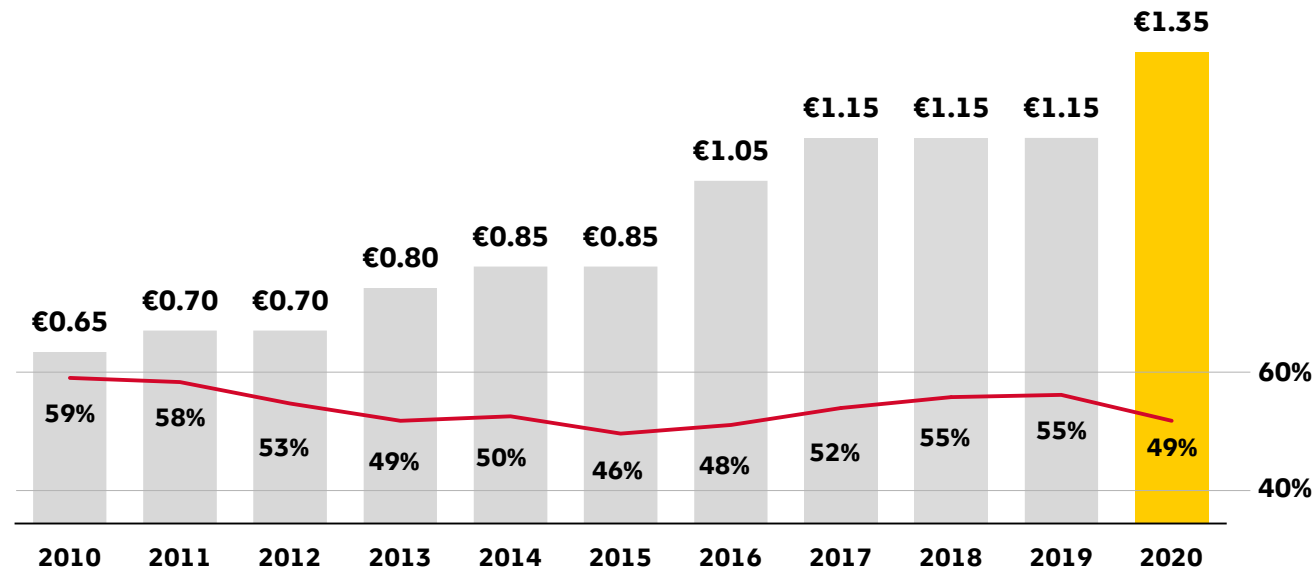
**Record Group  
FCF**



**+1,668**

# Shareholder return based on strong operating performance – Executing on our Finance Policy

Proposed dividend increase to €1.35 for FY 2020, up 17% yoy



— Underlying Payout Ratio <sup>1)</sup>

Dividend payment of €1.7bn to DPDHL shareholders, subject to approval of AGM on May 6<sup>th</sup>

1) Adjusted for non-recurring items when applicable

## FINANCE POLICY

- Target / maintain rating BBB+
- **Dividend** payout ratio to remain between 40–60% of net profit (continuity and Cash Flow performance considered)  
**FY20 dividend proposal: €1.35; 49% pay-out** ✓
- **Excess liquidity** will be used for share buybacks and/or extraordinary dividends  
**€1bn share buyback program announced** ✓

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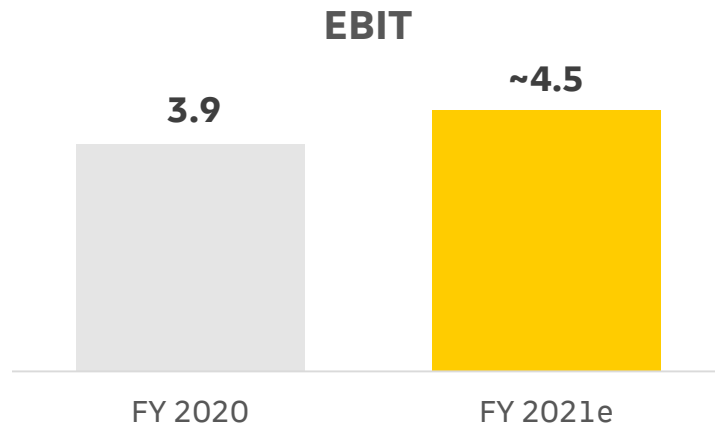
**Outlook**



## 2020 Targets delivered: 2021 EBIT growth to be driven by B2B recovery, structural B2C trend and continued yield & cost focus

### DHL

in € bn

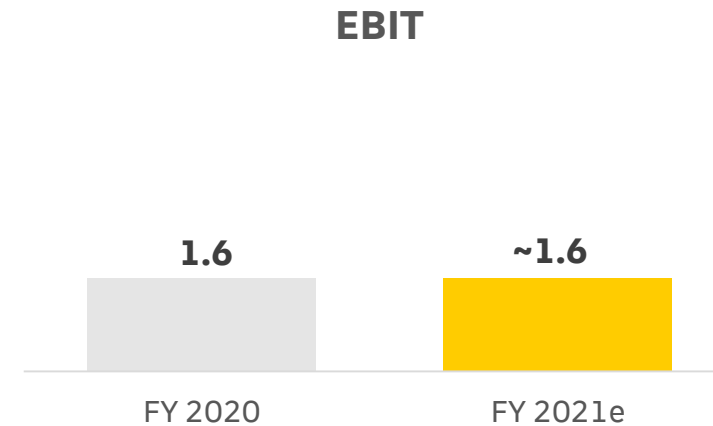


#### DHL Outlook:

- Topline growth driven by **B2B recovery and structural B2C growth**
- Expect B2C volumes to grow on high 2020 base – growth rate to normalize in course of the year

### P&P Germany

in € bn



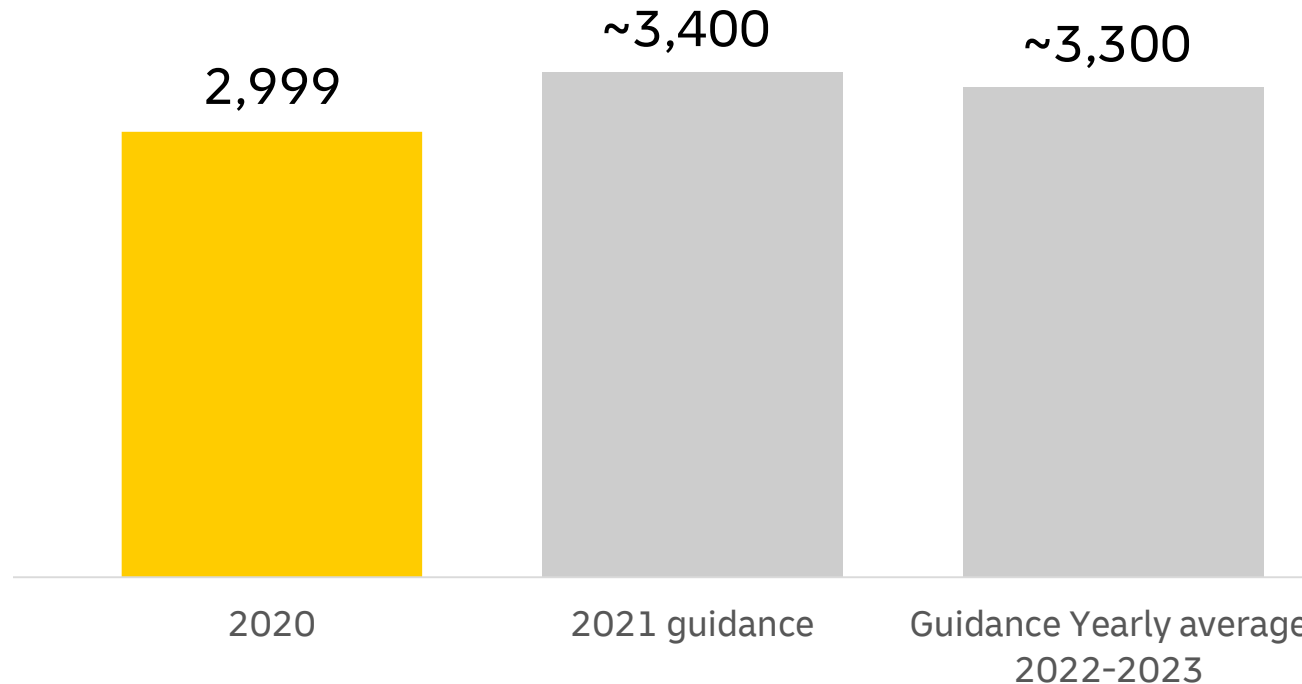
#### P&P Germany Outlook:

- Topline growth as **Parcel growth more than offsets Mail decline**; expect Parcel to grow on high 2020 base - growth rate to normalize in course of the year
- **Focus on margin stabilization** through digitalization, network efficiency and yield measures to offset structural mix shift



## Capex: Our financial strength allows us to continue investing in our business at a high level

Group gross capex, in €m



Note: Capex expectation includes full gross capex spend related to 2018 & 2020 Boeing 777 orders

## Introduction of 2021 and 2023 guidance

*in € bn*

<b>EBIT</b>	<b>2021 Guidance</b>		<b>Mid-term Guidance</b>
<b>Group</b>	>5.6	<b>2023 Group EBIT</b>	>6
DHL	~4.5	<b>Free Cash Flow 2021-2023 cumulative</b>	7.5-8.5
P&P Germany	~1.6	<b>Gross Capex (excl. leases) 2021-2023 cumulative</b>	9.5-10.5
Group Functions	~-0.4		
<b>Free Cash Flow</b>	~2.3		
<b>Gross Capex (excl. leases)</b>	~3.4		
<b>Tax Rate</b>	26-28%		


### Base assumptions:

- B2C growth normalizing in course of 2021
- Continued and gradual B2B recovery globally



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BETTER COMPANY THAN BEFORE  
STRATEGY 2015/2020**

**CONNECTING  
PEOPLE.  
IMPROVING  
LIVES.**



**BETTER MIX, HIGHER  
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**CONSISTENT,  
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**LEADING TO RECORD  
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