# Q2 2024 RESULTS MEDIA BRIEFING

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August 1, 2024

DHL Group

# Q2 2024 Group Highlights

## Q2 developed as expected with no broad-based recovery yet

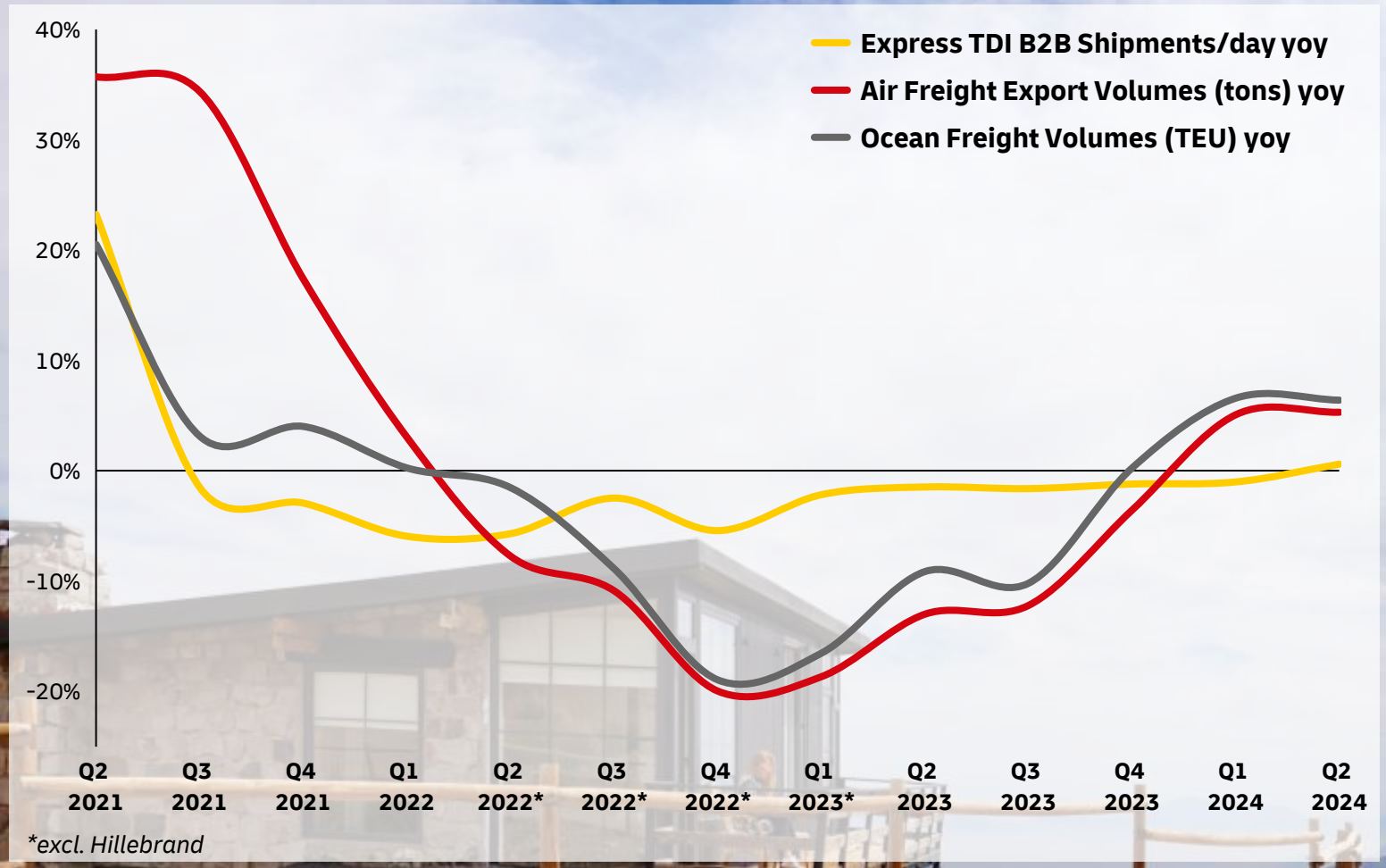
**Q2 fully in line with internal and market expectations:**
**Effective cost and capex control in place to navigate market trough**

**Guidance confirmed: On track to deliver on 2024 guidance with usual seasonality further supported by targeted cost and yield measures**

**Resilient earnings and cash flow against prolonged cycle trough:**
**Strong base for cyclical recovery and structural growth opportunities**

# B2B volumes development

## Signs of improvement but no widespread acceleration yet

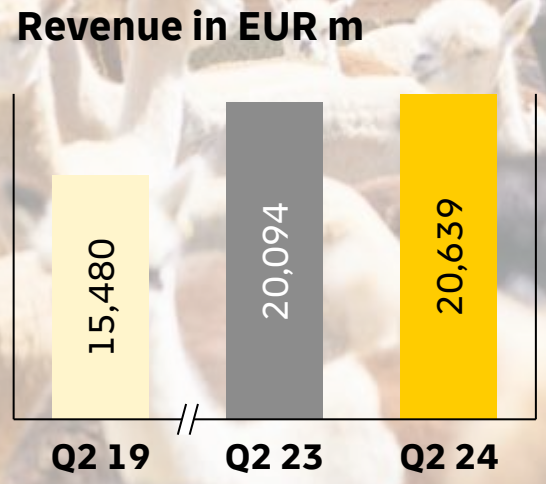


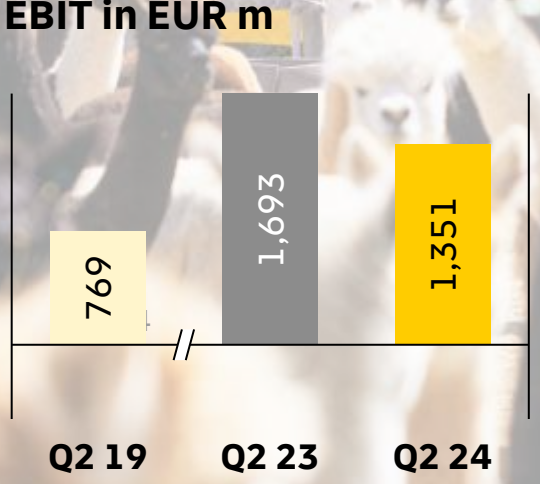

*excl. Hillebrand

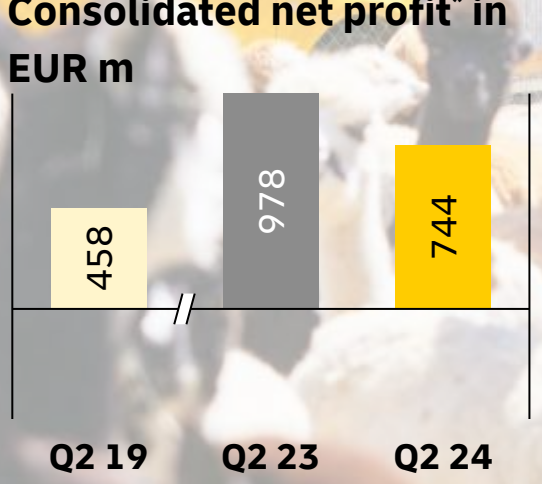
- **Air (+5% yoy) and Ocean (+6% yoy) Freight volumes in Q2** maintain similar yoy growth as in Q1, as orders from business customers start to re-align with underlying demand after a long period of destocking
- **Express B2B volumes** gradually turning positive at **+1% yoy**

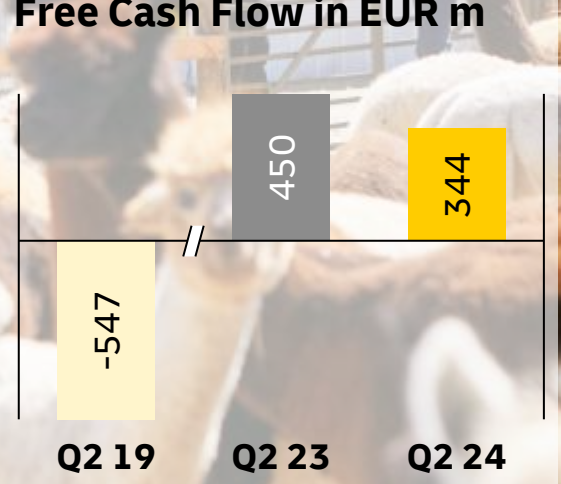
# Q2 Group key figures at a glance

## Group key figures significantly exceed pre-pandemic levels




** after non-controlling interests*

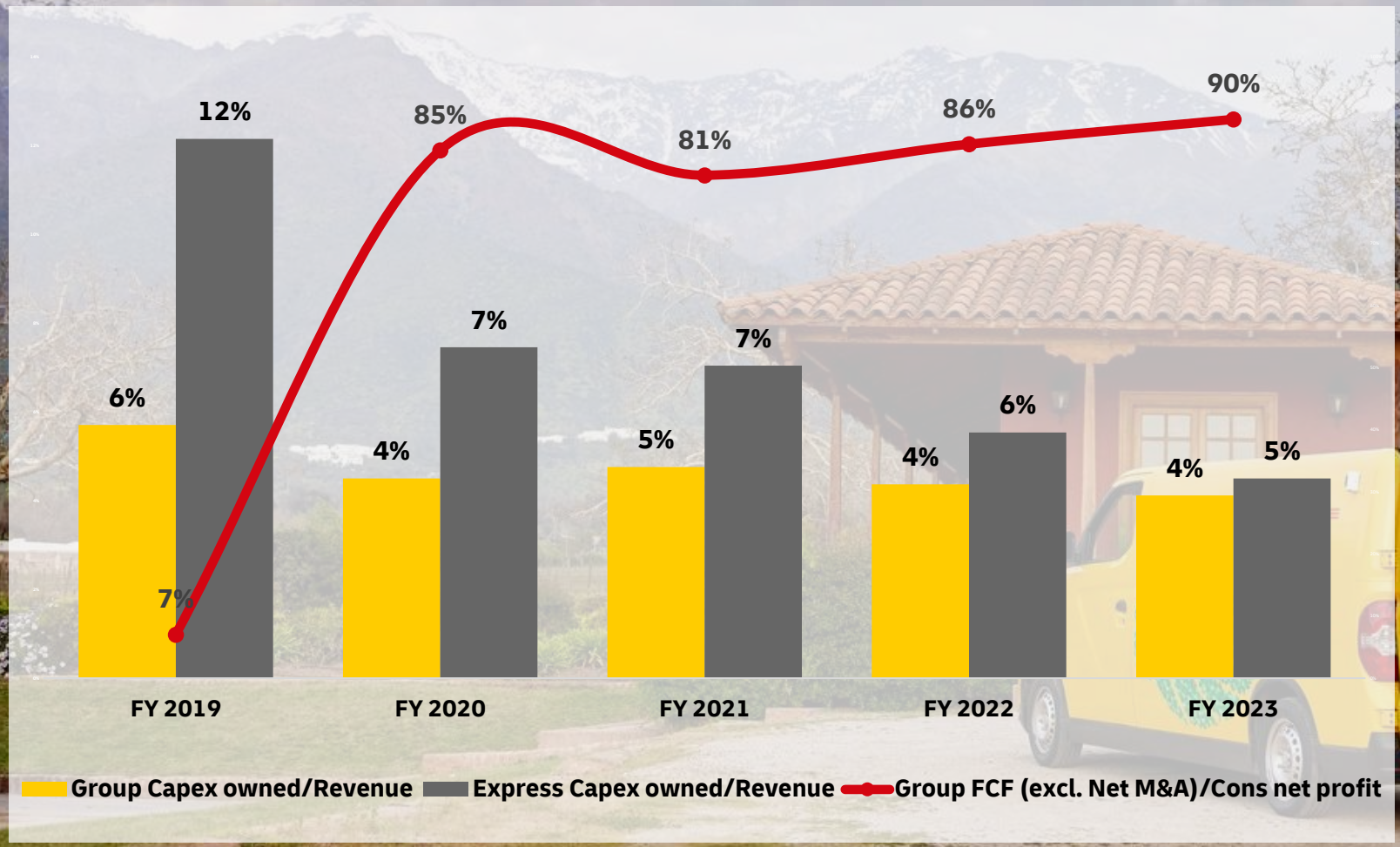
# Q2 2024 Group EBIT of €1,351m (-20% yoy)

## Q2 in line with expectations on Group level and divisional trends

| EXPRESS | GLOBAL FORWARDING, FREIGHT | SUPPLY CHAIN | ECOMMERCE | P&P GERMANY |
|---|---|---|---|---|
| **€683m**<br>**-24% yoy** | **€279m**<br>**-28% yoy** | **€279m**<br>**+3% yoy** | **€67m**<br>**-14% yoy** | **€130m**<br>**+6% yoy** |
| ▪ TDI shipments/day down -3% yoy with B2B slightly up (+1% yoy) and B2C down (-8% yoy)<br>▪ Continued solid double-digit margin in prolonged cycle trough | ▪ Mid-single digit yoy volume growth in Air (+5%) and Ocean (+6%)<br>▪ Ocean Freight GP/TEU stable sequentially<br>▪ DGF EBIT/GP conversion rate of 28% | ▪ Continued good top- and bottom line performance<br>▪ Growth mainly driven by new business wins<br>▪ Well on track to deliver another year of record results | ▪ Intact volume growth as structural B2C trend offsets cautious consumer spending<br>▪ Solid margin of 4% in context of current network investment phase | ▪ ~11.5% average wage increase effective as of April 1<br>▪ € 121m cost increase from wage agreement in Q2 2024 yoy<br>▪ EBIT on track towards >€800m FY 2024 target, driven by parcel growth and cost measures |

# Capex management

## Capex tightly controlled but ongoing investments in future growth opportunities




**H1 2024**

**3%**
**Group Capex owned/Revenue**

**3%**
**Express Capex owned/Revenue**

# Factors influencing 2024 guidance

## Well prepared for a still uncertain year – guidance assumptions validated in H1

**STRUCTURAL FACTORS**

- STRUCTURAL GROWTH FROM E-COMMERCE
- DISCIPLINED YIELD MANAGEMENT
- BENEFITS FROM DIGITALIZATION & CONTINUED INVESTMENTS
- OMNI-SHORING

+

**CYCLICAL FACTORS**

- TIMING OF INVENTORY RIGHTSIZING PHASE
- PACE OF GDP DEVELOPMENT

**GUIDANCE ASSUMPTIONS**

**H1 2024 EBIT expected to decline yoy**:

- Higher comparison base in Global Forwarding, Freight
- Lack of B2B recovery in Express; network costs subject to inflation

**H2 2024 EBIT expected to increase yoy:**

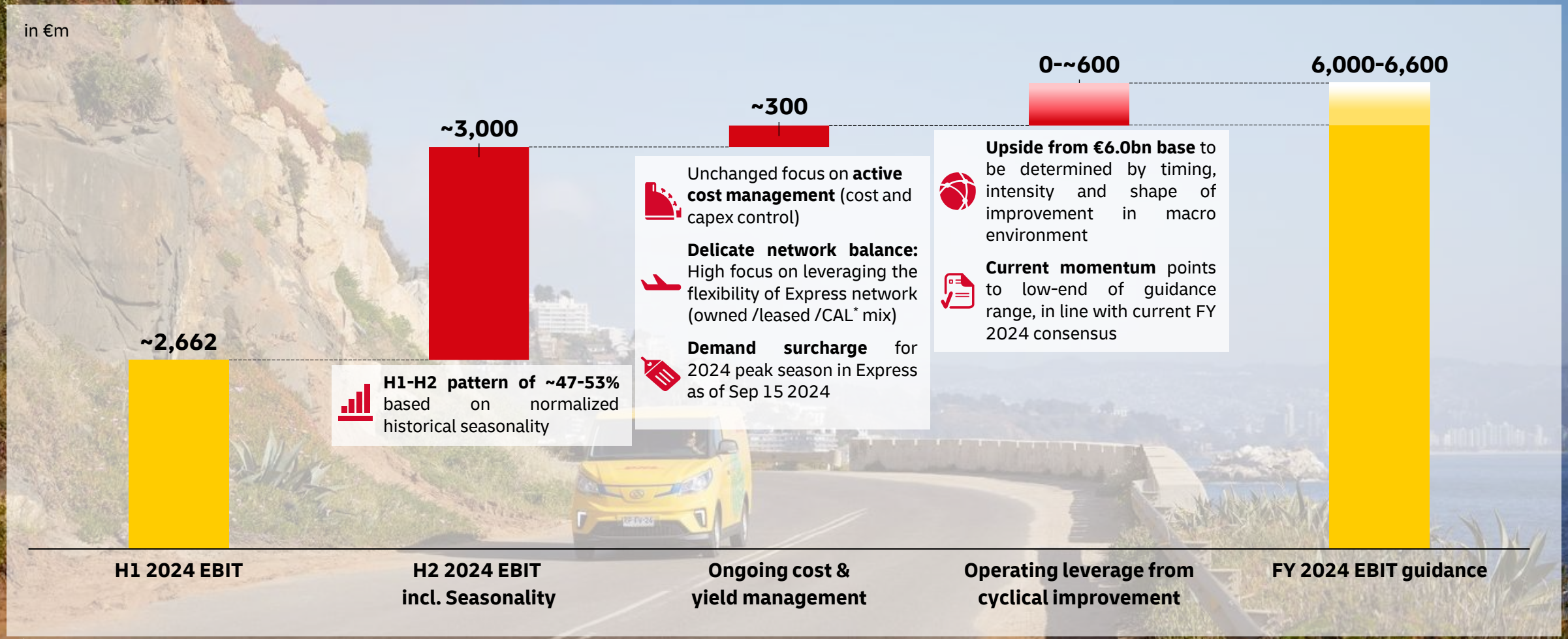
- Improvement in macroeconomic environment

**Assessment on Aug 1st 2024**

**H1 2024 EBIT and assumptions developed as expected. Some positive signals but no broad-based recovery yet**

# FY 2024 EBIT guidance bridge

## On track to deliver on guidance on usual seasonality supported by cost and yield measures




**H1-H2 pattern of ~47-53%** based on normalized historical seasonality

Unchanged focus on **active cost management** (cost and capex control)

**Delicate network balance:** High focus on leveraging the flexibility of Express network (owned /leased /CAL* mix)

**Demand surcharge** for 2024 peak season in Express as of Sep 15 2024

**Upside from €6.0bn base** to be determined by timing, intensity and shape of improvement in macro environment

**Current momentum** points to low-end of guidance range, in line with current FY 2024 consensus

*Commercial Air Linehaul

# 2024 and mid-term guidance confirmed

## Outlook remains well above pre-pandemic level

*in € bn*

| EBIT | 2024 Guidance |
|---|---|
| **Group** | **6.0-6.6** |
| DHL | >5.7 |
| P&P Germany | >0.8 |
| Group Functions | ~-0.45 |
| **Free Cash Flow *** | **~3.0** |
| **Gross Capex (excl. leases)** | **3.0-3.6** |
| **Tax Rate** | **28-30%** |

| | Mid-term Guidance |
|---|---|
| **2026 Group EBIT** | **7.5-8.5** |
| **Free Cash Flow* 2024-2026 cumulative** | **9-10** |
| **Gross Capex (excl. leases) 2024-2026 cumulative** | **9-11** |

**excl. Net M&A*
*Note: €250m blanket budget for M&A expenses p.a.*

# Wrap-up

## On track to deliver on FY 2024 targets

### H1 market development in line with expectations

No widespread recovery so far, as expected – some progression in the economic cycle visible

### Effective cost and capex control

2024 earnings and free cash flow to be significantly ahead of pre-pandemic levels, despite unusually long cycle trough

### Strong basis for sustainable, profitable growth

Leading logistics portfolio allows to leverage attractive structural growth megatrends

# THANK YOU

# APPENDIX

# Group P&L

## Q2 2024 developments in line with expectations

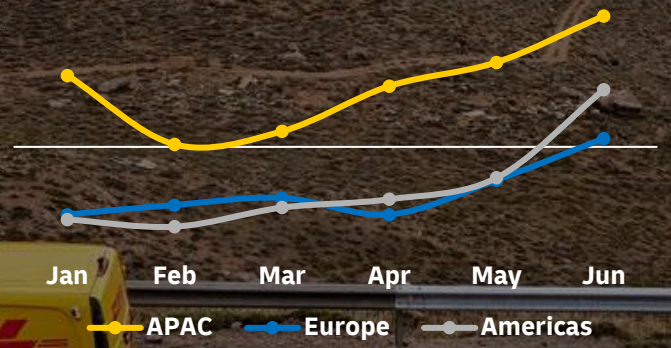
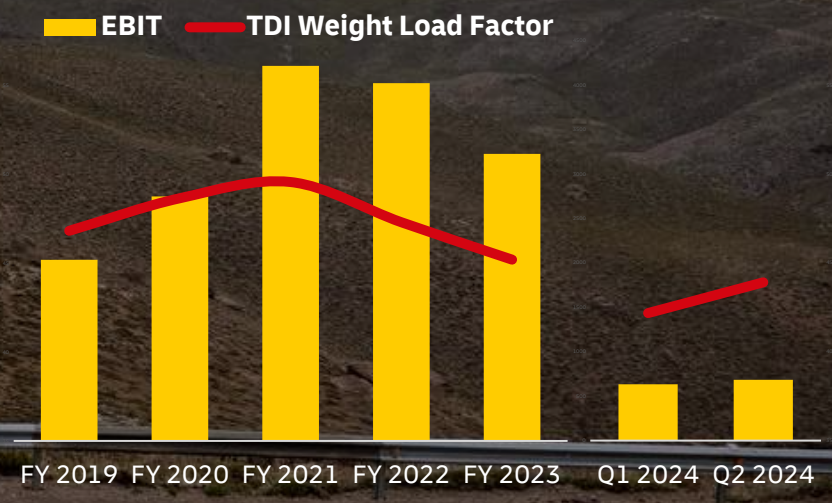
in €m

| Group P&L | Q2 2023 | Q2 2024 | yoy |
|---|---|---|---|
| Revenue | 20,094 | 20,639 | +2.7% |
| EBIT | 1,693 | 1,351 | -20.2% |
| Income Taxes | -442 | -345 | +21.9% |
| Net Profit attributable to DPAG shareholders | 978 | 744 | -23.9% |
| Basic EPS (in €) | 0.82 | 0.64 | -22.0% |

By way of a resolution of the Board of Management dated May 2, 2024, the issued capital was reduced by €39 million through the retirement of 39,059,409 treasury shares. The issued capital is now composed of 1,200,000,000 no-par-value registered shares (ordinary shares).

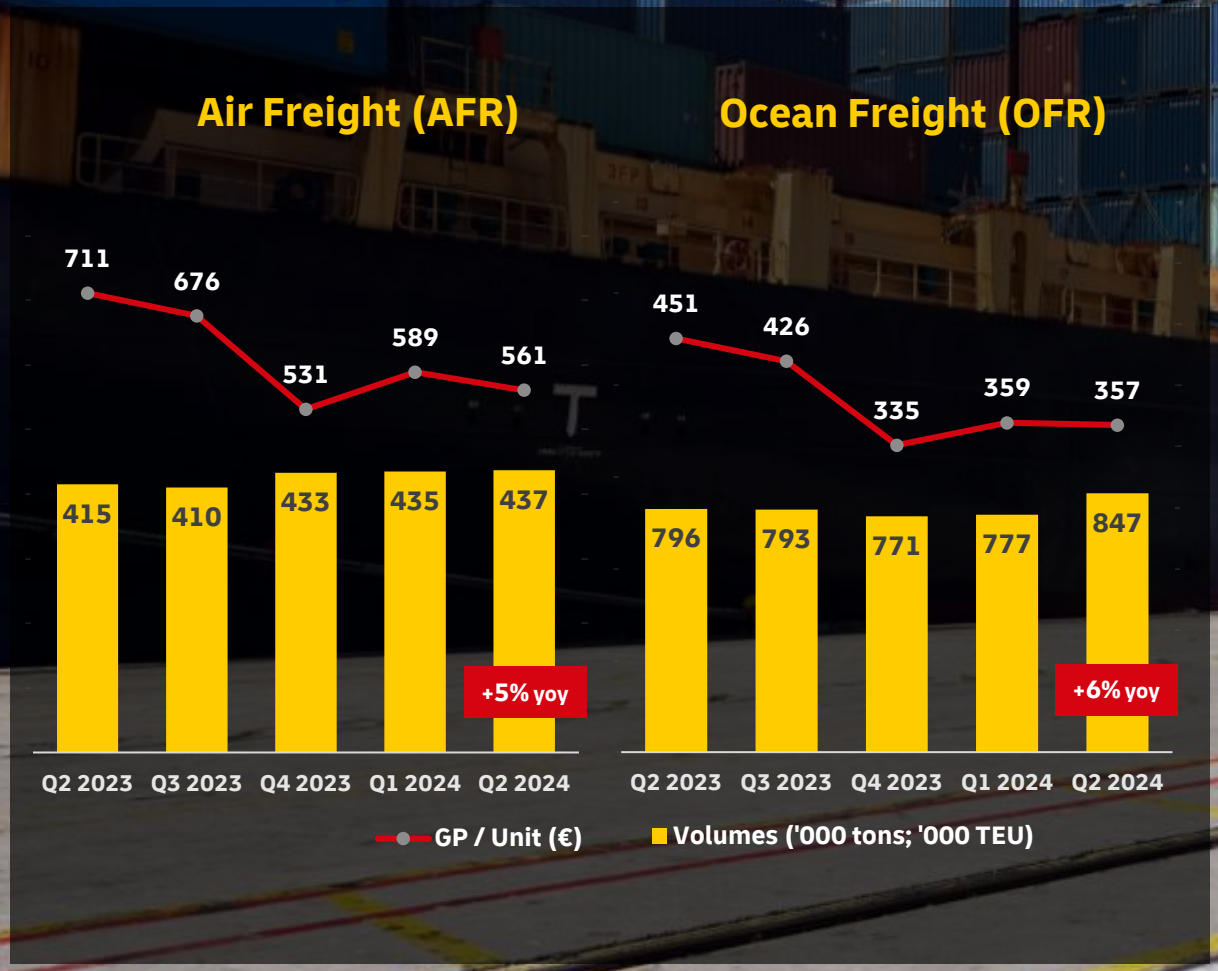
# Express H2 perspectives

## Seasonality to be supported by additional yield measures and continued cost focus

| | YIELD DISCPLINE | VOLUME GROWTH | COST & CAPACITY MANAGEMENT |
|---|---|---|---|
| **Q2 2024 data points developing as expected:** | **+4%**<br>**H1 2024 yoy like-for-like rev/kilo** | **Some positive signals but no widespread volume acceleration yet**<br>**TDI B2B Weights/Day, yoy**<br>  |  |
| **Drivers of EBIT acceleration in H2** | **Introduction of demand surcharge** as of Sept 15 2024 | **H2 normal seasonality** mainly driven by >40% share of B2C volumes; B2B volumes to reflect further **development of inventories** | **Active cost management** remains fully in place. **Additional capacities secured** on selected lanes; incremental volumes to generate **operating leverage** in currently lower utilized parts of the network |

# Global Forwarding, Freight

## Confirmation of volume growth, gross profit margins stabilizing




- While there are disruptions in ocean freight markets, **continued volume growth in Q2 also reflects improving demand** as customers start re-aligning their orders with underlying demand after long period of destocking
- **GP/TEU stable sequentially in disrupted markets:** OFR market increasingly tight during Q2, mainly reflecting supply limitations and related secondary effects
- **AFR market tightness** is concentrated on Asia outbound lanes
- Limited financial impact from the **Red Sea disruptions** in Q2 2024
- **DGF EBIT/GP conversion rate stable sequentially at 28%**

# Supply Chain

## Well on track to deliver another year of record profits

**+3%**
Q2 2024 yoy
Revenue growth

**6%**
Q2 2024
EBIT margin

**€5bn**
Total Contract Value
signed in H1 2024

**93%**
Renewal rate
H1 2024

- Steady topline growth, driven by **strong pipeline of new business gains**, mainly in **Life Sciences & Healthcare, Retail and e-fulfillment**
- DSC demonstrating **resilience of business model** based on **long-term contracts**, reflecting the structural acceleration of **outsourcing driven by e-commerce and omni-shoring**.
- **Continued strong 6% EBIT margin** driven by
  - Continued **deployment of digitalization and automation,** with >7,000 robots supporting our operations globally
  - **Standardization** resulting in productivity improvements
  - Focus on **higher margin solutions**

# eCommerce

## Attractive structural e-commerce growth; currently in network expansion & investing phase

**+4%**
Q2 2024 yoy
Organic revenue growth

**4%**
Q2 2024
EBIT margin

**~140k**
Out of home points

**96%**
On-time delivery

- **Intact volume growth as structural B2C trend offsets cautious consumer spending:** like-for-like Q2 2024 B2C volume +14% yoy in Europe and +9% yoy globally
- **Solid margin of 4% in context of current network investment phase,** building foundation for growth by investing in network infrastructure: hubs, facilities, fleet, lockers
- **Largest integrated out-of-home (OOH) parcel network** in Europe

# Post & Parcel Germany

## Structural e-commerce trend remains intact and is reflected in the continued parcel growth

**+5%**
**Q2 2024 yoy Parcel Germany volume**

**+9%**
**Q2 2024 yoy Parcel Germany revenue**

**-6%**
**Q2 2024 yoy Mail* volume**

**€121m**
**Costs increase from wage agreement in Q2 2024 yoy**

- **Parcel volume and revenue growth in Q2** reflected structural e-commerce trend, strong pricing and one additional working day
- As previously flagged, the second round of the **wage agreement** came into effect on April 1st with an estimated yoy impact of €~400m for FY 2024
- With €324m EBIT generated in H1 2024, P&P Germany is **on track to deliver FY 2024 EBIT target of >€800m**

**Mail = Mail Communication & Dialogue Marketing*