Press release

Deutsche Post DHL Group

Deutsche Post DHL Group confirms earnings targets for 2018

- **First-quarter Group revenue at prior-year level, 6.4% organic growth**
- **Operating profit increases to EUR 905 million**
- **2018 Forecast confirmed: EBIT set to increase to approximately EUR 4.15 billion, with more than EUR 5 billion targeted for 2020**
- **CEO Frank Appel: "Overall we had a good start into the year, although we still have a lot of work ahead of us for the remainder of 2018"**

Bonn/London, May 8, 2018: Deutsche Post DHL Group, the world's leading mail and logistics company, continued its positive business performance of previous years also in the first quarter of 2018. Reported Group revenue was EUR 14.7 billion and with this almost on the level of the prior year (2017: EUR 14.9 billion). The slight decline was mainly attributable to negative currency effects and the sale of the subsidiary Williams Lea Tag. On an organic basis – after adjusting for currency and portfolio effects – Deutsche Post DHL Group increased Group revenue by a substantial 6.4%. Operating profit (EBIT) rose by 2.3% to EUR 905 million. This figure includes a positive EBIT effect of EUR 44 million resulting from the transition to the new IFRS 16 accounting standard, which has been applied since the beginning of the year as previously announced. In addition, EBIT includes a positive effect of 108 million EUR resulting from pension revaluations. These positive EBIT-effects were offset by negative one-offs of EUR 50 million in the Supply Chain division. The international Express business continued to see particularly dynamic growth during the first quarter.

"Overall, we had a good start to the year, although we still have a lot of work ahead of us during the remainder of the year. Global e-commerce continues to boom, meaning that the most important growth driver for our businesses is still intact. We remain confident that we will achieve our ambitious goals for 2018 and beyond," said Frank Appel, CEO of Deutsche Post DHL Group.

Outlook: Medium- and long-term earnings targets confirmed

After an overall good first quarter, the company continues to project an increase in operating profit to around EUR 4.15 billion for full-year 2018. The improvement includes approximately EUR 150 million expected as a result of the transition to IFRS 16. The Post - eCommerce - Parcel (PeP) division is expected to generate EBIT of around EUR 1.5 billion. An EBIT of around EUR 3.0 billion is anticipated from the DHL divisions. As announced before, the company plans to increase EBIT to more than EUR 5 billion by the 2020.

Continued high investments in sustainable growth

To achieve the above targets, Deutsche Post DHL Group again made targeted investments during the first quarter to further strengthen its foundation for long-term profitable growth. The company invested a total of EUR 327 million across all four divisions between January and March (2017: EUR 334 million). Investments focused among others on expanding the domestic and international parcel infrastructure, stepping up production of the StreetScooter electric vehicles and modernizing and expanding the hubs and aircraft fleet used by DHL Express. For full-year 2018, the Group continues to project an increase of capital expenditure to approximately EUR 2.5 billion (2017: EUR 2.3 billion). In addition, the Group will recognize around EUR 200 million for the debt-financed intercontinental fleet renewal at Express.

First quarter sees customary seasonal cash outflow

The Group's free cash flow came to a negative EUR 679 million in the first quarter (2017: EUR -430 million). The significant cash outflow in the first quarter reflects the usual seasonal trend for Deutsche Post DHL Group. At the beginning of each year the company's cash flow is regularly impacted by the annual prepayment made to the Federal Post and Telecommunications Agency for civil servant pensions. The contribution for 2018 was EUR 462 million. The year-on-year reduction in free cash flow was due to higher capital expenditure and cash outflows from working capital, among other factors.

All in all, Deutsche Post DHL Group generated consolidated net profit of EUR 600 million after non-controlling interests in the first quarter of 2018 (2017: EUR 633 million). The decline results from the transition to IFRS 16. Basic earnings per share thus amounted to EUR 0.49 (2017: EUR 0.52).

PeP: German and international parcel business continues to grow

Revenue in the Post - eCommerce - Parcel division increased by 1.7% to EUR 4.6 billion in the first quarter. The division's positive performance was primarily attributable to growth in revenue in the eCommerce - Parcel business unit.

Revenue increased by 6.3% at Parcel Germany, 9.9% at Parcel Europe and 2.6% at eCommerce, where – after adjusting for currency effects – revenue even rose by 16.8%. This trend is another reflection of the Group's successful positioning as a market and innovation leader in the dynamically growing e-commerce market, both in Germany and, to an increasing extent, internationally. The company is further expanding its stance by introducing offers such as its new global e-commerce fulfillment solution for worldwide order management.

In the Post business unit, revenue decreased by 1.5% year on year to EUR 2.5 billion. The slight decrease was mainly due to the known structural volume declines.

In the PeP division, operating profit fell by 9.9% compared with the prior-year period to EUR 383 million in the first quarter. The decrease primarily reflects higher costs and capital expenditure, which are partly related to the growth of the business. In Germany, staff and transport costs both increased, while StreetScooter production and the international parcel business were expanded. The division’s EBIT includes a positive effect of 108 million Euro from pension revaluations.

Express: Success story continues

In the first quarter, the Express division again continued the very good revenue and earnings performance sustained over several years. Revenue rose by 4.9% on the prior year to EUR 3.8 billion. Adjusted for currency effects, the increase was 13.2%. This dynamic performance was once again driven by strong growth in the international time-definite (TDI) delivery business, where daily volumes rose by 9.6% compared with the prior-year period.

Sustained growth in volumes will enable the division to utilize its unique global express network even more efficiently. The division succeeded in growing operating profit by 16.4% to EUR 461 million on the back of strict yield management and continuous improvements in the network. The operating margin improved to 12.2%, up substantially from the 11.0% reported a year earlier.

Global Forwarding, Freight: Significant improvement in profitability

The Global Forwarding, Freight division continued its turnaround in the first quarter. Revenue increased by 1.3% to EUR 3.6 billion, adjusted for negative currency effects the improvement was even 7.2%.

The division was increasingly able to pass on higher freight market rates to its customers. At the same time, the additional measures introduced to raise profitability are proving effective. The division’s EBIT therefore increased by a considerable 75.0% to EUR 70 million.

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Supply Chain: Revenue and earnings impacted by one-time effects

Revenue in the Supply Chain division came in at EUR 3.1 billion in the first quarter (2017: EUR 3.5 billion). In addition to negative currency effects, the revenue decline mainly reflects the sale of UK subsidiary Williams Lea Tag in the fourth quarter of 2017. After adjusting for those factors, the division's revenue increased by 3.8%. DHL Supply Chain continued to generate new business, concluding additional contracts in a total volume of EUR 175 million with both new and existing customers during the first quarter.

Operating profit declined to EUR 55 million (2017: EUR 99 million). The decrease seen here was also largely due to one-time effects. In addition to the deconsolidation of Williams Lea Tag, the operating profit reflects negative one-off effects of EUR 50 million from customer contracts.

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Note to editors: An interview with CFO Melanie Kreis is available at **www.dpdhl.com**. The Group's Capital Markets Day in London will be streamed from 10 a.m. on our website.

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Deutsche Post DHL Group is the world's leading mail and logistics company. The Group connects people and markets and is an enabler of global trade. It aspires to be the first choice for customers, employees and investors worldwide. The Group contributes to the world through responsible business practice, corporate citizenship and environmental activities. By the year 2050, Deutsche Post DHL Group aims to achieve zero emissions logistics.

Deutsche Post DHL Group is home to two strong brands: Deutsche Post is Europe's leading postal service provider. DHL offers a comprehensive range of international express, freight transport, and supply chain management services, as well as e-commerce logistics solutions. Deutsche Post DHL Group employs approximately 520,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than 60 billion Euros in 2017.

Die Post für Deutschland. The logistics company for the world.

Group financial highlights for the first quarter of 2018

in EUR millions	Q1 2017	Q1 2018	Change in %
Revenue	14,883	14,749	-0.9
- of which international	10,309	10,051	-2.5
Profit from operating activities (EBIT)	885	905	2.3
Consolidated net profit[1)]	633	600	-5.2
Basic earnings per share (in EUR)	0.52	0.49	-5.8
Diluted earnings per share (in EUR)	0.51	0.48	-5.9

Divisional revenues in the first quarter of 2018

in EUR millions	Q1 2017	Share of total revenues in %	Q1 2018	Share of total revenues in %	Change in %
Post - eCommerce – Parcel	4,545	30.5	4,622	31.3	1.7
Express	3,595	24.2	3,772	25.6	4.9
Global Forwarding, Freight	3,546	23.8	3,591	24.3	1.3
Supply Chain	3,523	23.7	3,124	21.2	-11.3
Corporate Center/Other and consolidation	-326	n.a.	-360	n.a.	-10.4
Group	14,883	100.0	14,749	100.0	-0.9

Divisional EBIT in the first quarter of 2018

in EUR millions	Q1 2017	Q1 2018	Change in %
Post - eCommerce - Parcel	425	383	-9.9
DHL	534	586	9.7
- Express	396	461	16.4
- Global Forwarding, Freight	40	70	75.0
- Supply Chain	99	55	-44.4
Corporate Center/Other and consolidation	-75	-64	14.7
Group	885	905	2.3

1) After non-controlling interests