

CEO Frank Appel at the Annual General Meeting: “This year, we will take a big step forward”

- **Group closes 2018 with revenue growth despite challenging year**
- **Stable dividend of EUR 1.15 per share proposed**
- **Restructuring of Post & Parcel Germany division (P&P) progressing well and according to plan**
- **CEO Frank Appel: "We have set the right course"**

Bonn, May 15, 2019: Deutsche Post DHL Group, the world's leading mail and logistics company, sees itself as ready to meet the future after a challenging year in 2018. “Deutsche Post DHL Group is well positioned. We have set the right course. This cost money and put pressure on earnings in the short term. But it sets the stage for a good 2019, and especially beyond,” said CEO Frank Appel at the Group's Annual General Meeting in Bonn. “Our focus is on the future. In 2019, we will take a big step forward.” Appel confirmed the Group's financial targets for both this year and next year in his speech to the company's shareholders. Those forecasts call for the Group's operating profit (EBIT) to increase to between EUR 3.9 and 4.3 billion in 2019 and to reach more than EUR 5.0 billion in 2020. These targets are “ambitious, but not excessive,” said Appel.

Frank Appel continued by remarking that the Group's main growth drivers – the German parcel business and the international Express business – remained intact. He noted that the forwarding business and the Supply Chain division had also performed well and that the restructuring of the German post and parcel business was going well and according to plan. The CEO moreover stated that the range foreseen by the Federal Network Agency for raising letter postage rates would give the Group leeway for responding to structural declines in letter mail business. Higher prices are the prerequisite for investing in better quality and good wages, according to Appel. He added that it's very important to Deutsche Post DHL Group to pay fair wages, because long-term success in the market could only be achieved with the best working conditions.

Plea for Europe

Given the imminence of Brexit, Appel stressed the importance of free trade and the European Union for peace, prosperity and stability. “Free trade is good for the world. No country has ever been successful through isolation or protectionism.” That's why the Group's CEO is calling

vehemently for stronger international cooperation and global connectedness. Deutsche Post DHL Group has nonetheless been making intense preparations for the UK's exit from the EU for months in order to ensure as smooth a transition as possible for the Group's customers.

Appel regards the upcoming elections to the European Parliament as particularly important. The CEO views the European Union as a unique success story in its guarantee of peace, democracy and the world's largest single market, and believes that these values must be safeguarded. "Voting is the best response to populists," he maintains. "Europe creates stability in our world. A world in which nobody will solve the big problems alone."

Review of full-year 2018 and Q1 2019

In looking back at the past financial year, Appel showed himself to be dissatisfied but optimistic, noting that the Group managed to continue growing even in last year's challenging environment. Group revenue increased by 1.8% in 2018 to EUR 61.6 billion. Adjusted for currency effects and portfolio changes, the revenue increase was with 6.0% even higher. Operating profit came to EUR 3.2 billion and therefore met the earnings target as revised in June 2018.

According to Appel, revising the guidance was necessary because of having in the past placed too much emphasis on expanding market share and developing new business areas at PeP and too little on investments in the core business as well as cost and yield. He explained that the Group had meanwhile changed its course: "We are now re-pooling our strengths for what our shareholders expect from us. We transport, sort and deliver documents and goods. That's our mission. What we are the best at. It's as simple as that."

Appel said that the first quarter of 2019 had played out as expected. The Group again reported growth in all five divisions. Revenue rose by more than 4% to EUR 15.4 billion. Fueled by a substantial positive one-off effect, operating profit was up 28% year on year to EUR 1.2 billion. "We are performing according to plan," stated Appel.

Dividend remains high

The dividend proposed by the Board of Management and the Supervisory Board to the Annual General Meeting for financial year 2018 was unchanged from the prior year at EUR 1.15 per share. If approved by the shareholders, the Group would pay out a total of around EUR 1.4 billion in dividends. The payout ratio would equate to 55% of adjusted net profit. Deutsche Post DHL Group would thus remain within the target corridor of 40% to 60% set in 2010 within the

context of the finance strategy established at that time. The dividend payout is foreseen for May 20, 2019.

Successful DHL divisions

In his speech, Frank Appel described the DHL success story, which has now endured for 50 years. The company was founded on September 25, 1969 by Adrian Dalsey, Larry Hillblom and Robert Lynn with the idea of sending dispatch paperwork by air. "What began back then on the route from San Francisco to Honolulu is now a global business with around 380,000 employees in 220 countries of the world," noted Appel.

He added that the EBIT margin of 12.1% reached by DHL's Express division in 2018 was not only a new record for the Group but also the best result in the sector, and that the focus on high-margin business and cost discipline had moreover enabled the Global Forwarding, Freight division to improve earnings by nearly 50%. With regard to the new Supply Chain partnership between DHL and S.F. Holding in China, Appel remarked that DHL was contributing its expertise and technology and S.F. Holding its comprehensive infrastructure and broad customer base in China, Hongkong and Macau, and that Deutsche Post DHL Group would also benefit from an additional cash inflow of EUR 653 million.

Strength through diversity and engagement

In his speech to the shareholders, Frank Appel was especially effusive in praising the contributions of the company's employees to the worldwide success of Deutsche Post DHL Group. He mentioned that the Group's workforce of approximately 550,000 employees made it one of the biggest employers in the world and that not only had the company hired some 28,000 new employees last year alone, but that it had also either trained or employed more than 7,000 refugees since the end of 2015. Appel believes that the Group's unique international character is reflected in the high level of diversity of its employees. "We unite people from many cultures and with many ideas," said Appel in Bonn. "Our diversity makes us strong."

Frank Appel described how Deutsche Post DHL Group and its employees have also been utilizing their logistics expertise to help local communities, for instance at a newly founded center for humanitarian logistics in the Middle East or by providing Disaster Response Teams for humanitarian missions as well as holding a Global Volunteer Day. "Our people are proud to

help – and they’re doing it in their own free time,” said Appel. “They are forming strong bonds and gaining strength from within.”

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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 550,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than 61 billion Euros in 2018.

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