

Preliminary results: Deutsche Post DHL Group records strong business development in Q3 and increases 2020 EBIT guidance

- Group EBIT was up around 45% to around EUR 1.37 billion in Q3
- Guidance increased: Group now expects an operating profit between EUR 4.1 and 4.4 billion and free cash flow of more than EUR 1.8 billion in 2020
- CEO Frank Appel: “We are now fully focused on preparing for an exceptionally strong Christmas business. For this, the safety of our employees and the quality of service for our customers remain our top priorities.”

Bonn, October 7, 2020: Deutsche Post DHL Group has today released preliminary results for the third quarter of 2020. Based on these results, the company has increased its guidance for 2020.

In the third quarter, the Group has continued the positive dynamic seen at the end of the second quarter. In September, typically an important month after summer, Deutsche Post DHL Group has seen shipment volumes holding up very well.

Preliminary Group EBIT increased to around EUR 1.37 billion in the third quarter (2019: EUR 942 million). This includes the effect of the one-time bonus of EUR 300 to each employee (approx. EUR -170 million) as well as the one-time payment to P&P employees as part of the just concluded wage agreement in Germany (approx. EUR -45 million).

“Our business has performed very well in the third quarter. Thanks to the outstanding commitment of our 550,000 employees worldwide we were able to significantly benefit from the dynamic e-commerce growth in our businesses”, said Frank Appel, CEO Deutsche Post DHL Group. “We are now fully focused on preparing for an exceptionally strong Christmas business. For this, the safety of our employees and the quality of service for our customers remain our top priorities.”

Q3: Positive divisional & cash flow performance

Operating profit in Post & Parcel Germany rose to around EUR 320 million in the third quarter (2019: EUR 304 million) – despite the effects of the one-off payments totaling to EUR -95 million. The Express division managed to increase its EBIT in the third quarter to around EUR 750 million (2019: EUR 454 million) driven by a strong development in TDI volumes. Operating profit in Global Forwarding, Freight stood at around EUR 155 million, clearly above previous year’s Q3 with EUR 124 million. The earnings development at Supply Chain recovered due to increasing customer activities: EBIT amounted to around EUR 110 million in the third quarter (2019: EUR 162 million). DHL eCommerce Solutions has seen a further acceleration of EBIT driven by strong B2C volumes in its markets and recorded an EBIT of around EUR 75 million in the third quarter, clearly ahead of previous year’s EBIT (2019: EUR 6

million). Corporate Functions recorded a result of around EUR -40 million.

The overall positive business development is underpinned by a continuous strong development of cash flow; free cash flow has significantly increased in the third quarter to more than EUR 1.0 billion (2019: EUR 507 million), resulting in a positive free cash flow of more than EUR 1.2 billion for the first nine month of 2020.

Guidance on EBIT and free cash flow increased for 2020

In light of the ongoing earnings momentum, the Group has decided to adjust the outlook for the full year 2020 as follows:

The reported Group EBIT is expected between EUR 4.1 billion and EUR 4.4 billion (previously: EUR 3.5 billion – 3.8 billion). In anticipation of a very strong peak season in particular driven by the dynamic e-commerce growth, the company is focused on securing all necessary resources required to maintain a high quality service level. Achieving the upper end of the guidance will mainly depend on whether the volume development will allow for an efficient utilization of the networks.

The Group continues to expect an EBIT of around EUR 1.5 billion for the Post & Parcel Germany division. For its DHL divisions Deutsche Post DHL Group now forecasts an EBIT between EUR 3.3 billion and EUR 3.6 billion (previously: EUR 2.8 billion – 3.1 billion). Operating profit in Corporate Functions is now expected at around EUR -700 million (previously: around EUR -750 million). This includes negative effects of around EUR 350 million as part of the already communicated and still valid cost of around EUR 400 million for the re-alignment of the StreetScooter activities. The remaining amount of around EUR 50 million will now be booked in 2021.

Gross capex for the full year 2020 is still expected to be in total at around EUR 2.9 billion, free cash flow is now expected to be more than EUR 1.8 billion (previously: around EUR 1.4 billion). This includes all mentioned one-off effects and the already previously expected around EUR 300 million for the 777 renewal program in the Express intercontinental fleet.

The comprehensive disclosure for Q3 and the first 9 months of 2020 will be released on November 10th as planned.

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Deutsche Post DHL Group is home to two strong brands: Deutsche Post is Europe's leading postal service. 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 63 billion Euros in 2019.

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