Deutsche Post

Press release

Deutsche Post plans changes to mail prices from January 1, 2022

- Postal prices need to increase after almost three years without change
- Mail prices to go up by 5 cents
- The available scope for price increases only partially covers cost inflation
- Inadequate allowance made for the impact of lower volumes and the costs associated with greater environmental and social sustainability

Bonn, October 6, 2021: After almost three years of price stability, Deutsche Post is planning a moderate increase in mail prices on January 1, 2022. The basis for the planned price increase is the draft decision of the Federal Network Agency (Bundesnetzagentur), published today as part of the statutory procedure to approve mail prices for the next three years. According to this decision, Deutsche Post is able to increase the average price of all products covered by the procedure by an expected 4.6%. However, this does not make up for recent payroll cost increases, and is nowhere near enough to compensate for the expected increase in unit costs over the next few years due to the steadily declining mail volume, higher inflation, and additional costs to develop a more climate-friendly mail service. The scope for pay increases among Deutsche Post employees will also be severely curtailed in the next three years. Even after the increase, the postage for a standard letter in Germany is almost 30% below the European average and is on a par with countries like Croatia and Poland – despite much higher pay, better quality and greater carbon efficiency, due in part to the fact that Deutsche Post has the biggest fleet of electric vehicles anywhere in Europe.

Subject to approval by the Federal Network Agency, the Standardbrief (standard letter), Kompaktbrief (compact letter), Großbrief (large letter) and Maxibrief (extra large letter) products will each cost 5 cents more from January 1, 2022 (see attachment for details). For example the postage for a standard letter – the product most widely used by private customers – will increase from 80 to 85 cents. For postcards, Deutsche Post will apply to the Federal Network Agency for a 10-cent price increase from 60 to 70 cents. The prices for Einschreiben (registered mail) and Einschreiben Einwurf (registered mail for letter box delivery) products will go up by 15 cents to €2.65 and €2.35 respectively. The prices for sending books and merchandise will also increase slightly by 5 cents to €1.95 for the "Bücher- und Warensendung 500" product and to €2.25 for the "Bücher- und Warensendung 1000" product.

Changes are also planned for the redirection service. The online price for the 12-month product is increasing from €26.90 to €30.90 for private customers and from €49.90 to €54.90 for business customers. The online prices for the 6-month version, however, will remain unchanged at €23.90 (private customers) and €39.90 (business customers). In a change from current practice, customers

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will in future also be able to order the 6-month service at a retail outlet, although the prices will be slightly higher than online.

The price changes are the result of cost increases from higher payroll and transport costs and the much higher rate of inflation in recent months. The pandemic necessitated extra spending in operations and delivery to safeguard mail service for all customers in Germany, placing a considerable cost burden on Deutsche Post.

Even after the price increase, German postage will remain among the lowest in Europe. Deutsche Post recently compared mail prices in the 27 EU Member States as well as Iceland, Norway, Switzerland and the UK, and found that the average price for a standard letter in Europe is €1.17. Costing just 85 cents, the standard letter in Germany is in the lower middle range of European prices. And according to the Federal Statistical Office of Germany, private households now spend a mere €2.09 per month on mail services. This trend is also confirmed by the change in item volumes in recent years: looking at the mail volumes of private customers in terms of the population of Germany, each citizen now only writes a statistical average of around 10 letters a year.

The Federal Network Agency is expected to finalize its price cap benchmark decision in November. At such time, Deutsche Post will immediately apply to the authorities for approval of the mail prices it wants to implement from January 1, 2022. These charges are expected to be approved at the start of December 2021.

Starting December 2, 2021, postage stamps with the new values and supplemental stamps will be available from the retail outlets or online at www.deutschepost.de. Customers will still easily be able to buy postage for their letters and postcards digitally in the Post & DHL app, or frank their items with the mobile stamp using the app. Existing stamps and supplemental stamps from previous years can still to be used to frank items sent with Deutsche Post. It is not necessary to return them for exchange.

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You can find the press release for download as well as further information on dpdhl.com/pressreleases

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Deutsche Post – Die Post für Deutschland

Deutsche Post is Europe's largest mail services operator, and market leader in the German mail and parcel market. With its powerful Deutsche Post brand and a workforce of about 155,000 employees committed to service excellence, the company is recognized both as "Die Post für Deutschland". The Deutsche Post portfolio combines the present and future of postal and communications services, ranging from mail and parcel delivery to secure electronic communication and dialog marketing for private and business customers. The company has been a pioneer in new postal technologies, carbon neutral shipping and e-commerce logistics solutions.

Deutsche Post is part of Deutsche Post DHL Group. The Group generated revenues of more than 66 billion euros in 2020. With sustainable business practices and a commitment to society and the environment, the Group makes a positive contribution to the world. Deutsche Post DHL Group aims to achieve zero-emissions logistics by 2050.