

# Q1 2021 INVESTOR PRESENTATION

Investor Relations  
May 2021





# Content



## DPDHL Group Highlights

Page 3



## Strategy 2025

Page 15



## Divisional Deep-Dives

DHL Express (page 26), DHL Global Forwarding, Freight (page 32), DHL Supply Chain (page 38), DHL eCommerce Solutions (page 45), P&P Germany (page 51)



## Financial Backup

Page 57



# Content



## DPDHL Group Highlights

Page 3



## Strategy 2025

Page 15



## Divisional Deep-Dives

DHL Express (page 26), DHL Global Forwarding, Freight (page 32), DHL Supply Chain (page 38), DHL eCommerce Solutions (page 45), P&P Germany (page 51)



## Financial Backup

Page 57





## **THE GLOBAL LOGISTICS POWERHOUSE – SERVING B2C/B2B TRADE IN 220+ COUNTRIES**

---

**CONSISTENT & SUSTAINABLE STRATEGIC FOCUS**

**LEADER IN  
E-COMMERCE LOGISTICS**

**DIGITALIZING GLOBAL  
SUPPLY CHAINS**

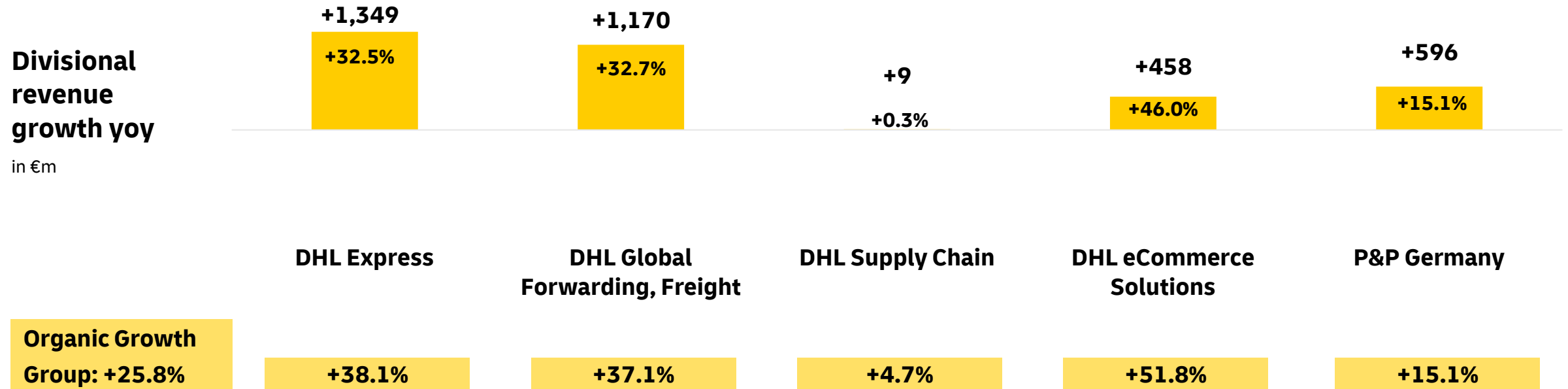
**ATTRACTIVE & RELIABLE DIVIDEND POLICY**

# GROUP REVENUE, Q1 2021

**€18,860m** yoy: +€3,396m (+22%)

Divisional  
revenue  
growth yoy

in €m



# GROUP EBIT, Q1 2021

**€1,911m** yoy: +€1,319m (+223%)

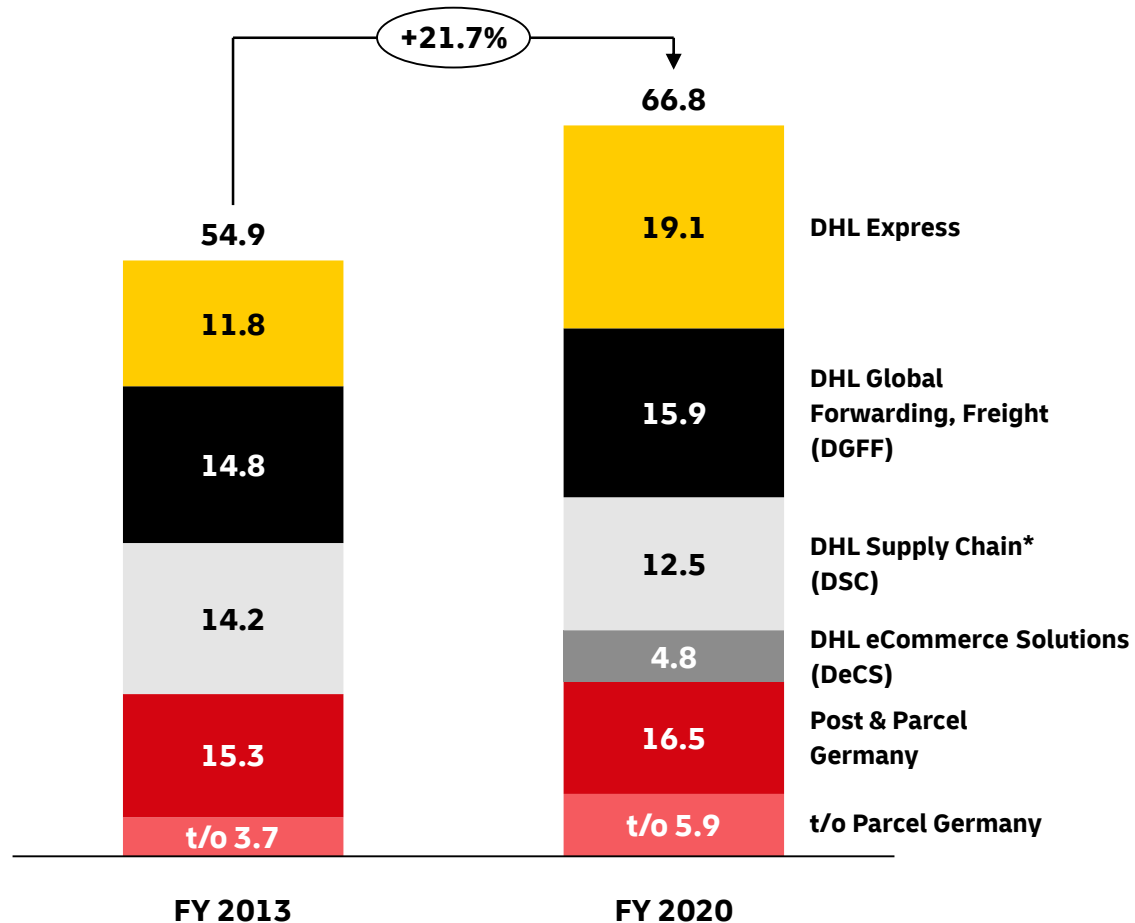
in €m

DHL Express	DHL Global Forwarding, Freight	DHL Supply Chain	DHL eCommerce Solutions	P&P Germany	Group Functions / Consolidation
<b>961</b>	<b>216</b>	<b>167</b>	<b>117</b>	<b>556</b>	<b>-106</b>
+145%	+192%	+59%	+1,850%	+67%	+67%
Q1 2020: €393m	Q1 2020: €74m	Q1 2020: €105m	Q1 2020: €6m	Q1 2020: €334m	Q1 2020: €-320m
Efficient network planning and relentless focus enabled to cater for continued B2C growth and recovering B2B volumes, driving very high network utilization and 17.5% EBIT margin.	Strong profit increase reflects return to volume growth, continued high rates and ongoing internal efficiency gains. EBIT margin up to 4.5%.	Delivering expected significant EBIT growth as new business gains and gradual return of B2B activity levels are supported by improved efficiency e.g. from digitalization. EBIT margin back to 5%.	Continued strong B2C growth and cost focus drive high utilization across all networks, Q1 margin at 8.0%.	Continued strong parcel growth offsets ongoing adverse mail development, supported by continuous efforts to optimize cost structures and utilization of networks.	Group Functions results in line with ~€-400m guidance for FY 2021. Q1 2020 included €-234m StreetScooter effect.

# DPDHL Group: Strategy 2020 delivered

## Leading to **better mix** ...

Revenue, in €bn

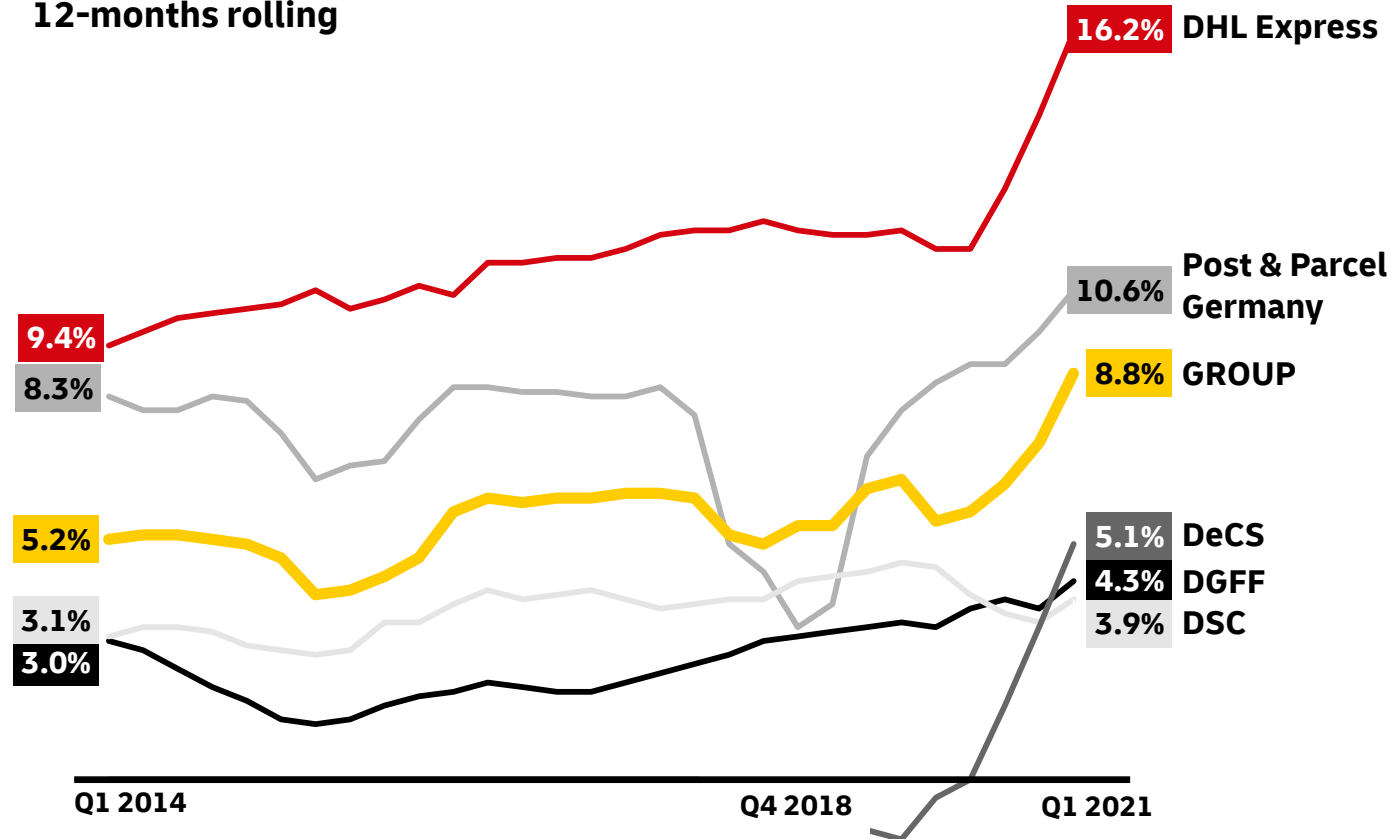


\*includes DSC China and Williams Lea Tag disposal

- Consistent growth in **DHL Express** core TDI product
- **DGFF** and **DSC** development reflects selective growth approach over the period as well as China and Williams Lea Tag disposals in DSC
- New division **DeCS** contributes €5bn in 2020
- **P&P Germany** revenue up as **Parcel** growth offset mail decline

# DPDHL Group: Strategy 2020 delivered ... and higher profitability

EBIT Margin  
12-months rolling



EBIT Margin: DSC adjusted for 2019 one-offs, DGFF for NFE write-down in 2015  
Until 2017: P&P values include business activities which are now under DeCS

## Group margin up >200bps under Strategy 2020

- Strong increase in DHL Express
- P&P Germany fully recovered
- DGFF started upward trend
- DSC impacted by 2020 circumstances
- Profitable DeCS contribution; division created in 2019

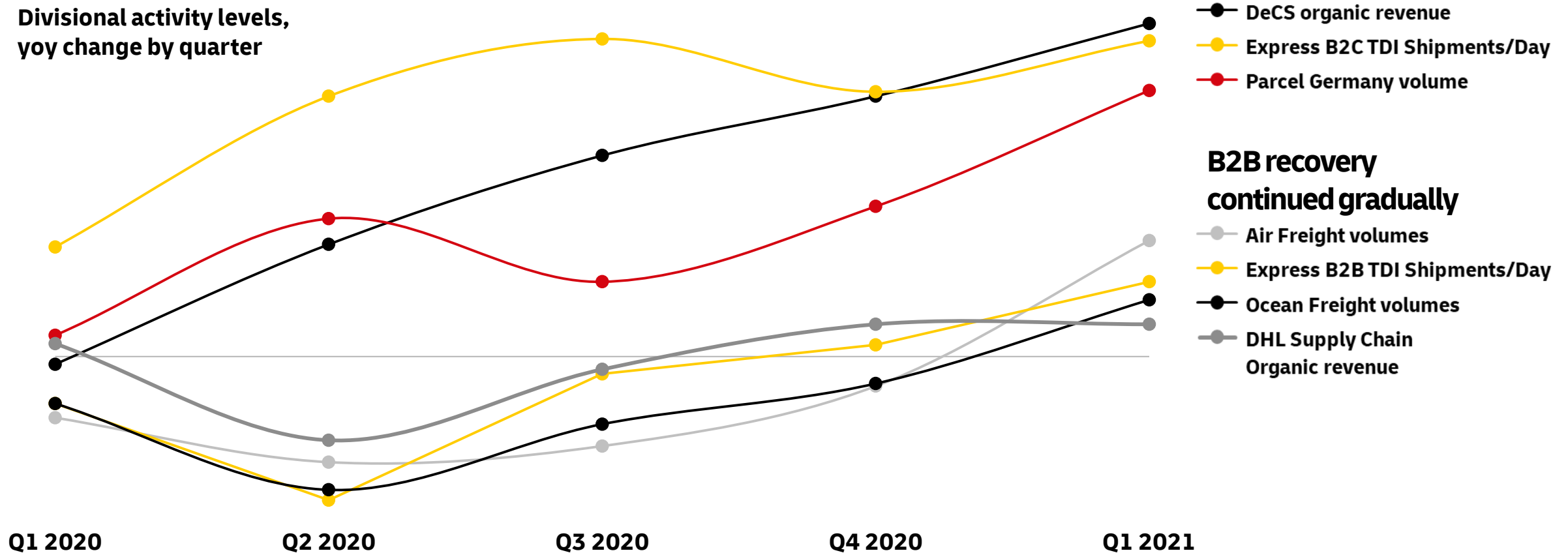
**Further improvement embedded  
in 2021/23 guidance**



# 2021 base assumptions confirmed

- Expect B2C growth normalizing in course of 2021 from elevated levels
- Continued and gradual B2B recovery globally

Divisional activity levels,  
yoy change by quarter



# 2021 and 2023 guidance

in € bn

EBIT	2021 Guidance
<b>Group</b>	>6.7 (from >5.6)
DHL	>5.4 (from ~4.5)
P&P Germany	~1.7 (from ~1.6)
Group Functions	~-0.4
<b>Free Cash Flow</b>	>3.0 (from ~2.3)
<b>Gross Capex (excl. leases)</b>	~3.8 (from ~3.4)
<b>Tax Rate</b>	26-28%

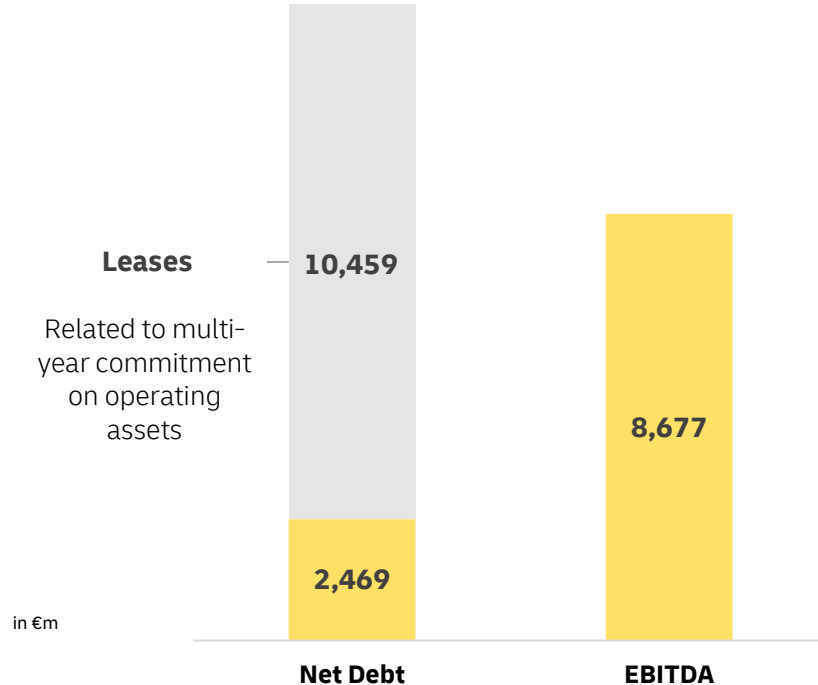
## Base assumptions:

- B2C growth normalizing in the course of 2021
- Continued and gradual B2B recovery globally

	Mid-term Guidance
<b>2023 Group EBIT</b>	>7 (from >6)
<b>Free Cash Flow 2021-2023 cumulative</b>	~9 (from 7.5-8.5)
<b>Gross Capex (excl. leases) 2021-2023 cumulative</b>	~11 (from 9.5-10.5)

# Strong balance sheet and liquidity position

**1.5x**  
Net Debt / EBITDA  
(Dec 31<sup>st</sup>, 2020)



## LIQUIDITY

No financial covenants on bonds and syndicated credit facility

**€4.5bn**  
Cash & cash equivalents  
(Dec 31<sup>st</sup>, 2020)

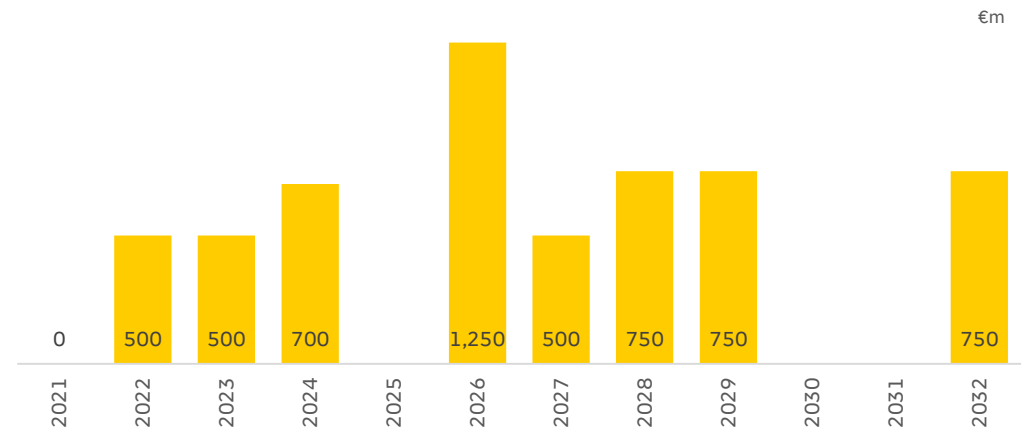
**€2.0bn**  
Syndicated credit facility runs until 2025 (undrawn)

**>€1.3bn**  
Bilateral uncommitted credit lines (undrawn)

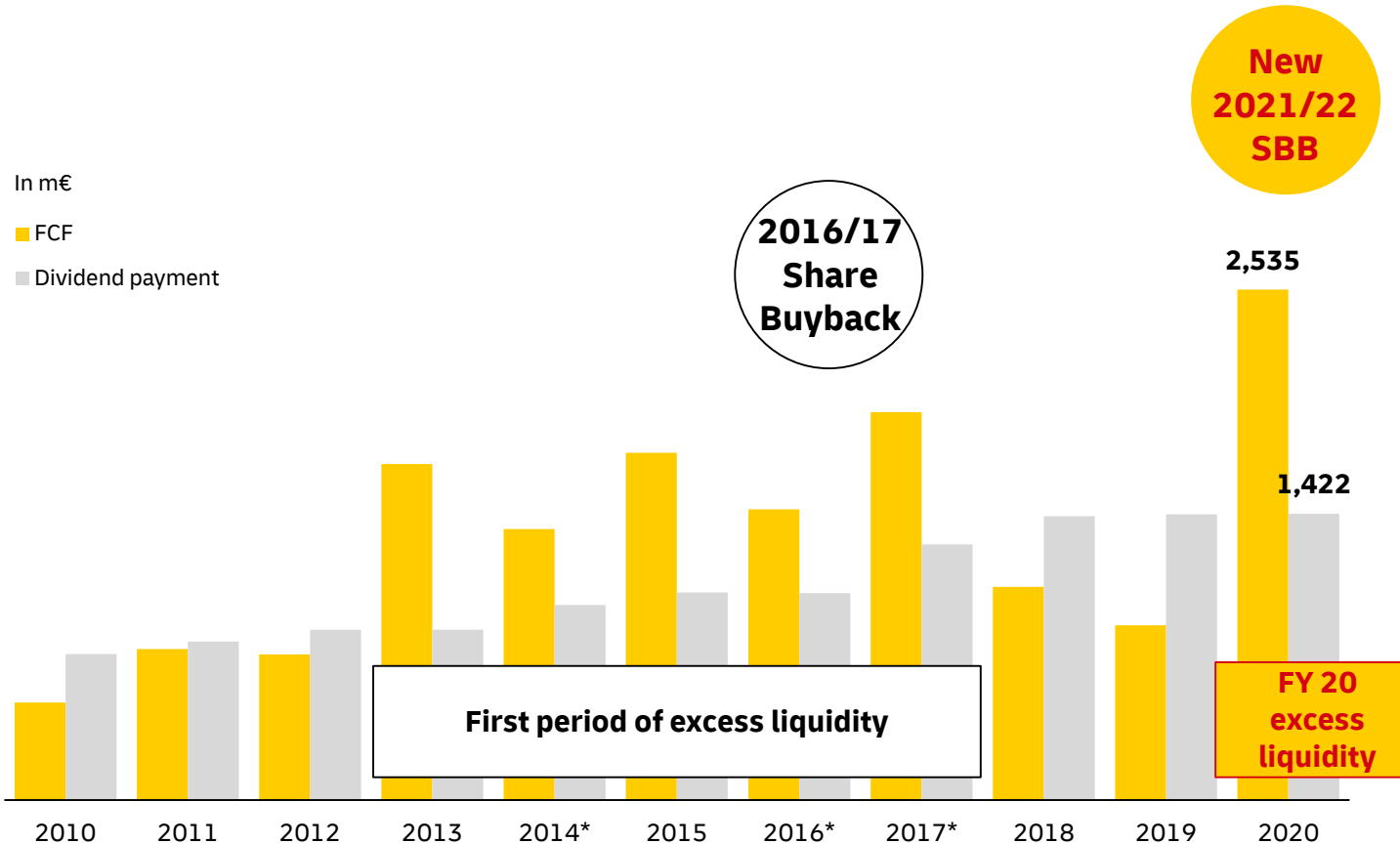
## Maturity Profile, Senior Bonds

Average time to maturity 5.8 years

2021 maturity of €750m senior bond was redeemed in Q1 2021.



# Sustainable improvement in cash generation puts us in position to **balance growth investments and shareholder returns**



- Long-standing **Finance Policy** provides definition of excess liquidity and clear principles on its usage
- Strong 2020 FCF lead to **significant excess liquidity generation in 2020**
- In line with Finance Policy principles, **new Share Buyback program announced** on March 8<sup>th</sup>:
  - **Size: up to €1bn**
  - **Schedule: 12 months**
  - **Start: May 2021**

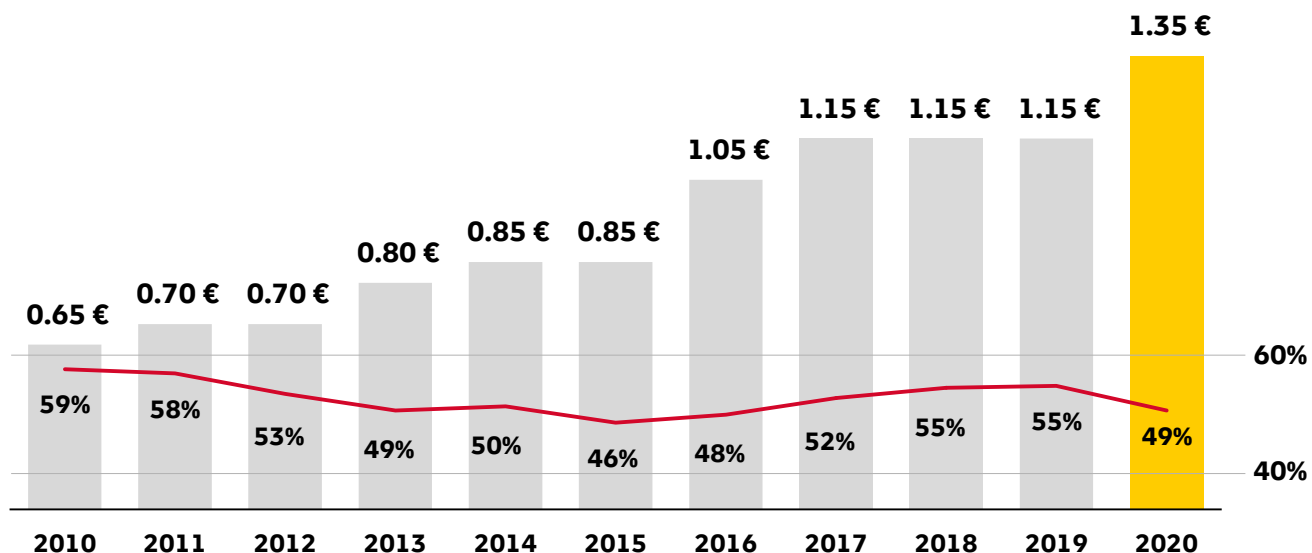
\*2014: Adjusted for voluntary pension funding (€2bn) and non-recurring items; Adjusted for voluntary pension funding (2016: €1bn, 2017: €0.5bn)



# Shareholder return based on strong operating performance

## Executing on our Finance Policy

Proposed dividend increase to €1.35 for FY 2020, up 17% yoy



— Underlying Payout Ratio <sup>1)</sup>

## FINANCE POLICY

- Target / maintain rating BBB
- Dividend** payout ratio to remain between 40–60% of net profit (continuity and Cash Flow performance considered)

**FY20 dividend proposal: €1.35; 49% pay-out**

- Excess liquidity** will be used for share buybacks and/or extraordinary dividends

**€1bn share buyback program announced**


**Dividend payment of €1.7bn to DPDHL shareholders, subject to approval of AGM on May 6<sup>th</sup>**

1) Adjusted for non-recurring items when applicable



**DPDHL GROUP IS A DIFFERENT,  
BETTER COMPANY THAN BEFORE  
STRATEGY 2015/2020**

**CONNECTING  
PEOPLE.  
IMPROVING  
LIVES.**



**BETTER MIX, HIGHER  
RETURNS,  
STRONGER CASH  
FLOW & BEST TEAM  
EVER**



**CONSISTENT,  
SUSTAINABLE  
STRATEGIC AGENDA  
ALONG ALL METRICS**



**LEADING TO RECORD  
FINANCIALS AND  
SHAREHOLDER  
RETURNS**

# Content



## DPDHL Group Highlights

Page 3



## Strategy 2025

Page 15



## Divisional Deep-Dives

DHL Express (page 26), DHL Global Forwarding, Freight (page 32), DHL Supply Chain (page 38), DHL eCommerce Solutions (page 45), P&P Germany (page 51)



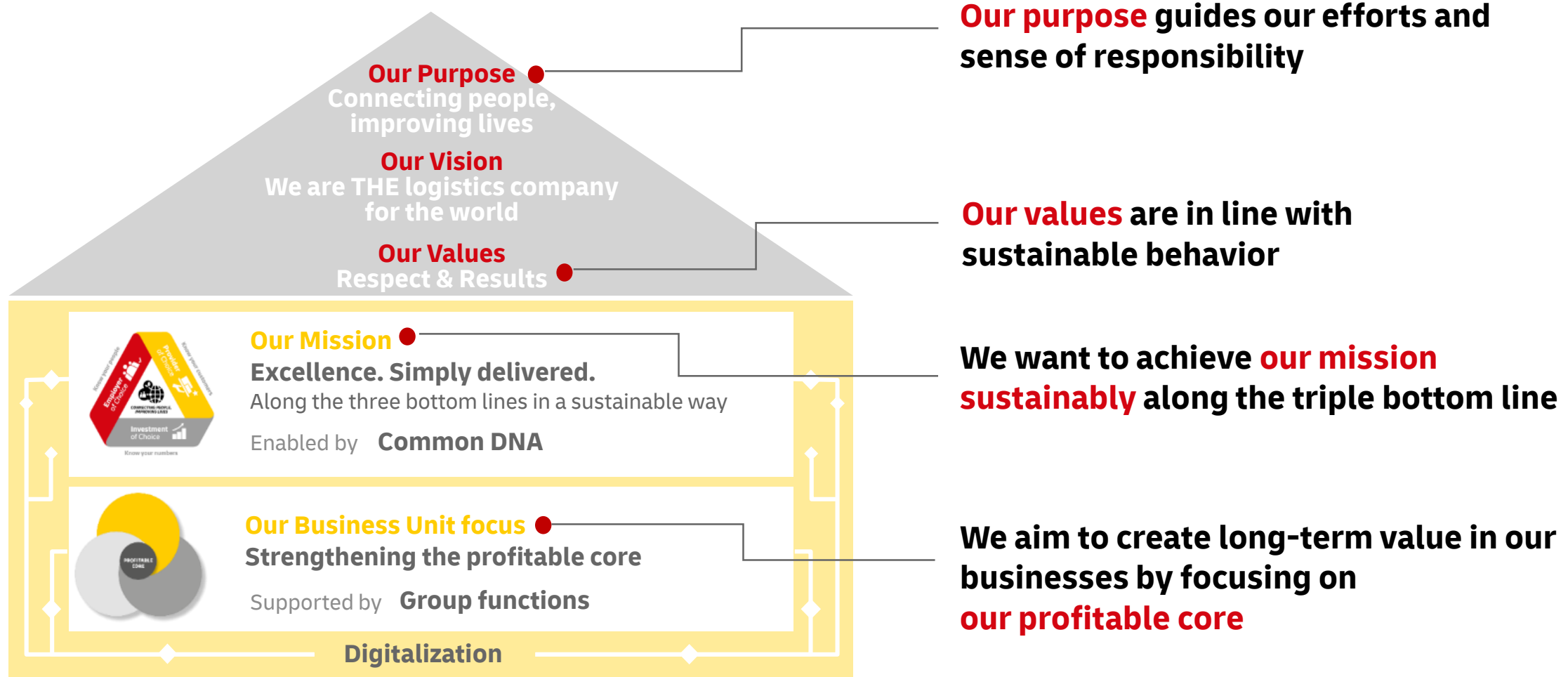
## Financial Backup

Page 57





# Strategy 2025 – Sustainability is integral along all dimensions





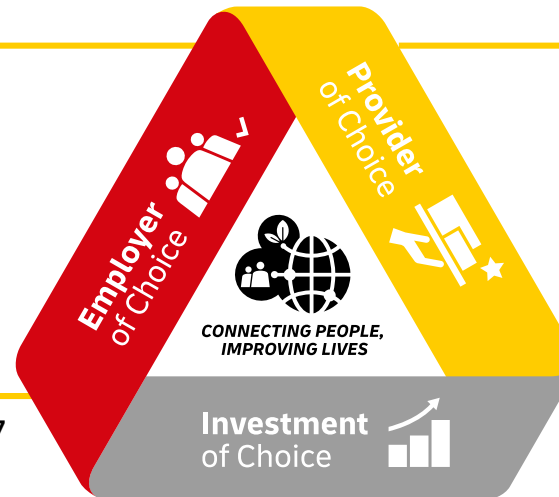
# Managing along integrated bottom lines since 2009 – Particularly important and successful in 2020

## EMPLOYER OF CHOICE

- Number of employees increased by +20k to 570k in 2020
- Employee Opinion Survey (EOS) shows record employee engagement score

## SUSTAINABLE DEVELOPMENT

- 37% improvement in Carbon Efficiency (2007 base year), up further 2 index points in 2020



## PROVIDER OF CHOICE

- Keeping our customers' supply chains running despite COVID-19 challenges
  - Net Promoter Scores (NPS) further increasing

## INVESTMENT OF CHOICE

- Record Group EBIT and FCF
- Dividend proposal of €1.35, new €1bn SBB announced

# Our Sustainability Roadmap

**CONNECTING  
PEOPLE.  
IMPROVING  
LIVES.**

## Clean operations for climate protection

Reduce emissions to

**<29m**

tonnes CO2e by 2030 (SBTi)  
No offsetting included

Mission 2050

**0**

**Emissions**

## Great company to work for all

**>80%**

score on Employee Engagement in  
Employee Opinion Survey

Increase share of  
women in management to

**30%**

by 2025

Reduce LTIFR\* to

**<3.1**

by 2025

\*LTIFR: Lost Time Injury Frequency Rate

## Highly trusted company

External reporting in line with

**SASB GRI**

core standards

**30%**

weight for ESG targets in board  
annual variable pay;  
to be proposed to 2021 AGM (May  
6th)

Pledge to invest

**1%** of our net profit each year into in its social impact programs e.g. through GO programs

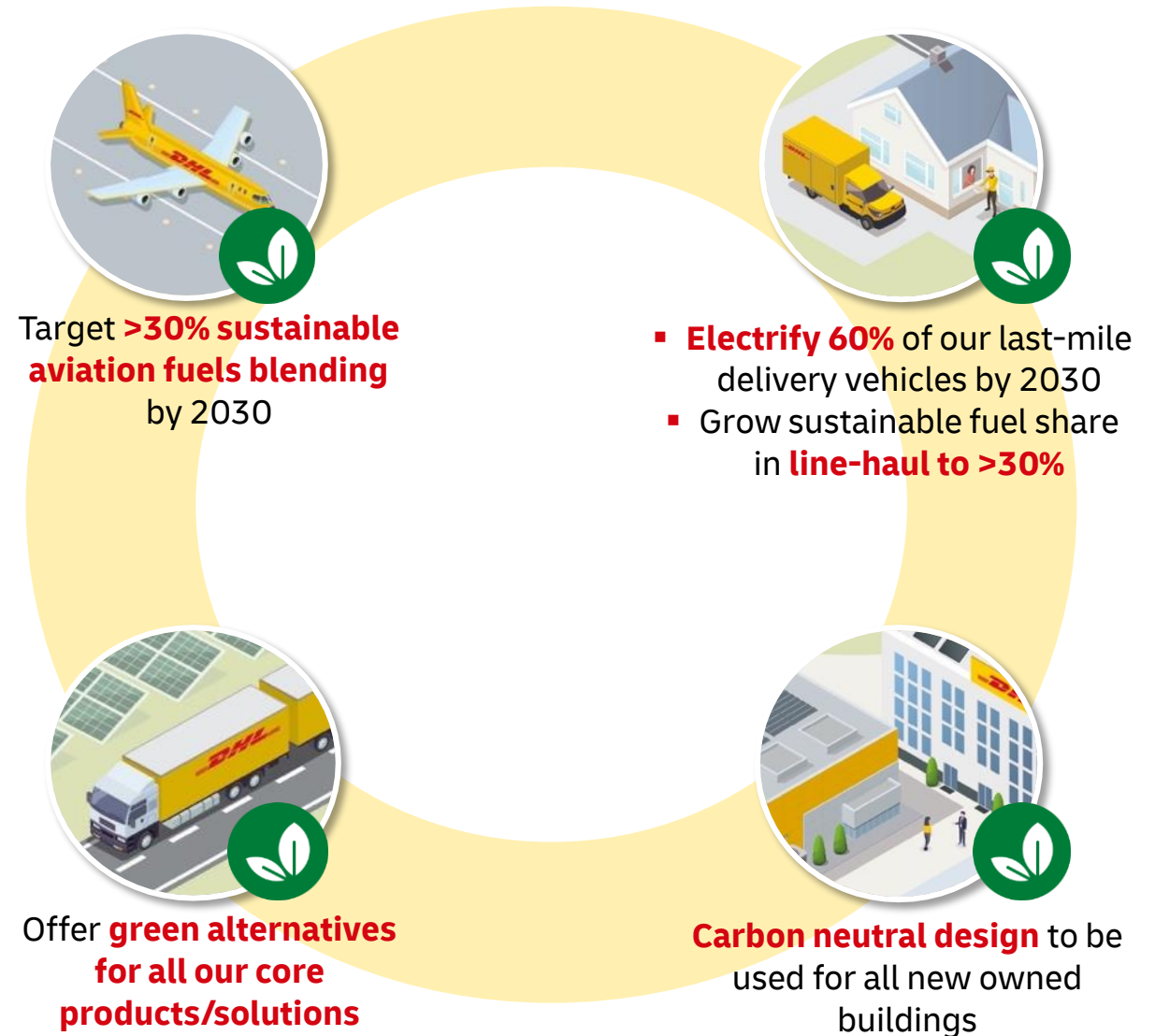


## Clean operations for climate protection



**All modes to contribute** to targeted reduction of CO<sub>2</sub> emissions – key contribution to be achieved on aviation emissions

Science-based target for **CO<sub>2</sub> reduction**:  
Reduce our emissions to under 29m tonnes CO<sub>2</sub>e by 2030





## Great company to work for all



We take action to **provide a safe, inclusive and engaging working environment** for all our employees.



**Attract and retain best talent**  
and reach a consistent >80%  
score on Employee  
Engagement in EOS



Put safety first and **reduce LTIFR**  
(lost time injury frequency rate)  
to below 3.1 by 2025



**Being “best-in-class” in  
our industry** when it comes to  
respect for Human Rights



**Increase share of women in  
management** to 30% by  
2025



# Highly trusted company



We take action to **ensure trusted, transparent and compliant business practices** every day, everywhere



**Train all employees in relevant management positions** on the Group's compliance & data protection standards



Ensure that our **information security capability is positioned** in the top quartile of our industry

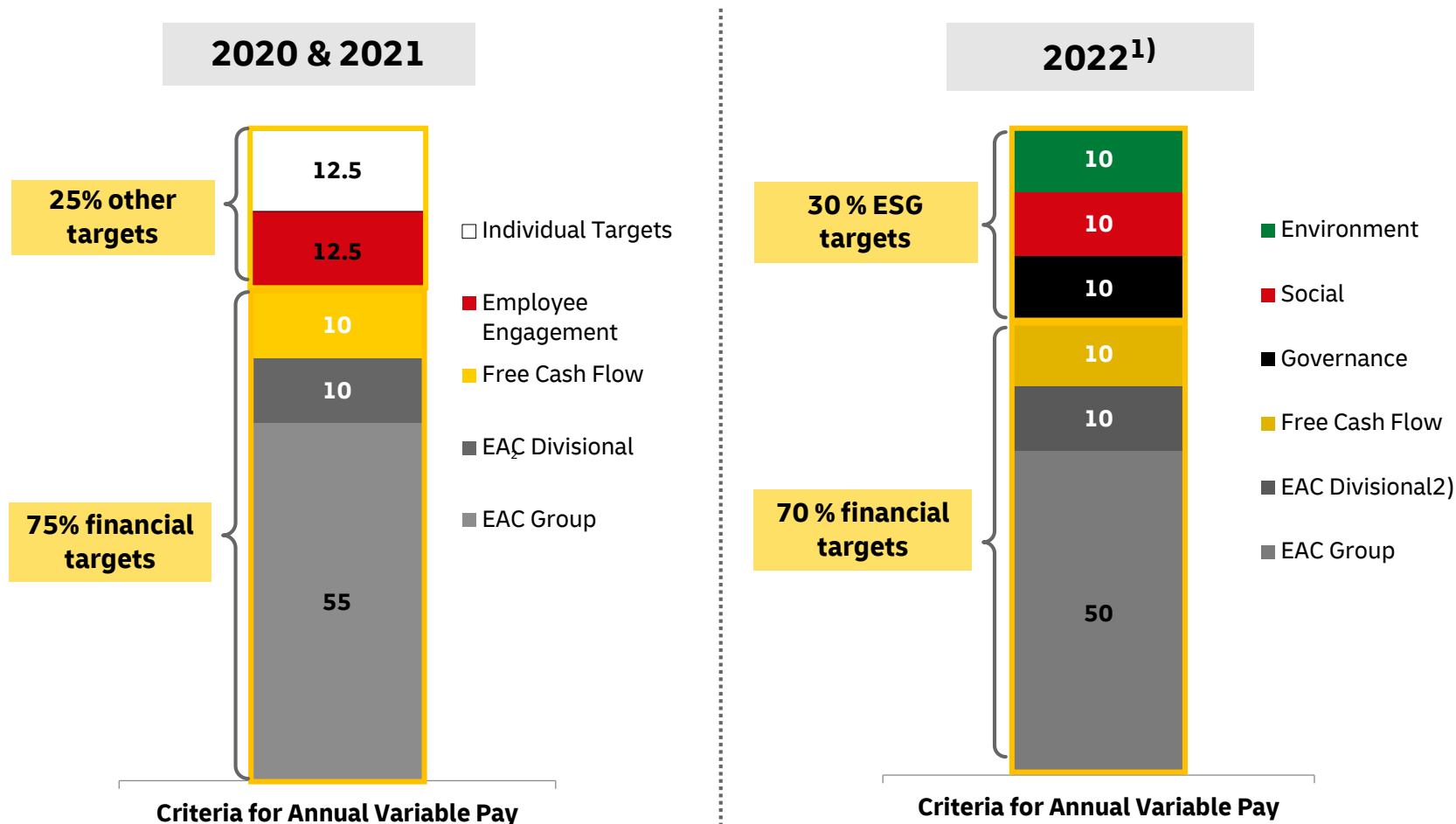


**ESG metrics fully integrated** into governance and incentives



Build sustainable and resilient supplier relations based on our **Supplier Code of Conduct**

# ESG targets fully integrated into new proposed management remuneration



## Bonus payment schedule for annual bonus and deferral

- **50% paid in current year if bonus criteria achieved**
- **50% payout of achieved bonus deferred by additional 2 years\***

\* Medium-term component will only be paid out if EAC target is reached during the sustainability phase; at least the cost of capital was covered

1) Proposal to AGM 6 May 2021; 2) Divisional EAC: only applicable for Divisional CEOs

# Broad range of e-commerce offerings across the Group

All figures for FY 2020

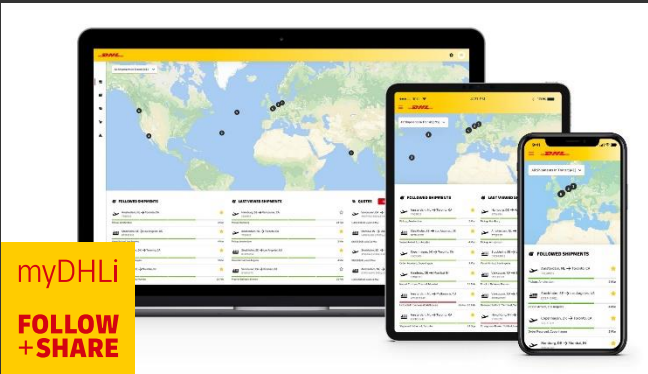
Domestic delivery		Cross-Border delivery	
Germany	International	Deferred	Premium TDI
<b>P&amp;P Germany</b>	<b>DHL eCommerce Solutions</b>		<b>DHL Express</b>
<b>&gt;40%</b> Parcel Market Share	<b>12</b> Countries with own domestic parcel delivery, t/o 8 in Europe (UK, NL, BE, SE, PL, CZ, ES, PT)	<b>Focus</b> Non-TDI cross-border delivery to/from and within Europe	<b>~1m</b> TDI shipments/Day
<b>~5.9m</b> Parcels per day (2020)	<b>~1.1bn</b> parcels delivered in 2020	<b>European</b> destinations served through Parcel Connect platform – via own delivery and partners	<b>45%+</b> Express B2C Share
<b>&gt;100k</b> Parcel Business customers	<b>eFulfillment</b>		<b>220+</b> countries & territories served with pick-up and delivery
<b>~6,650</b> Parcel Lockers	<b>DHL Supply Chain</b>		<b>ODD*</b> B2C-adapted recipient tool
	<b>~50%</b> Growth in eCommerce new business signings	<b>~30k</b> Employees active in eCommerce operations globally	

\* On-Demand-Delivery

As seen at IR Virtual Tutorial...

As seen at IR Virtual Tutorial...

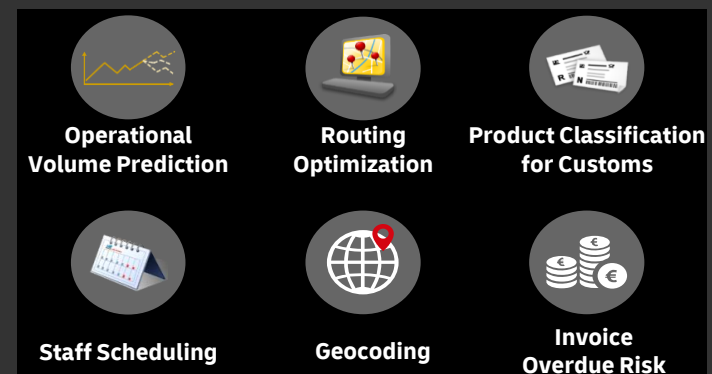
## DGF myDHLi



## DSC Accelerated Digitalization



## Data Analytics

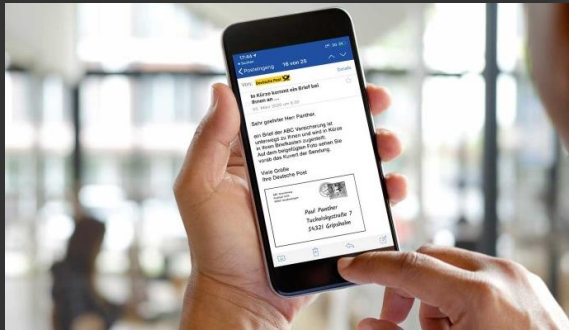


## Further ongoing initiatives

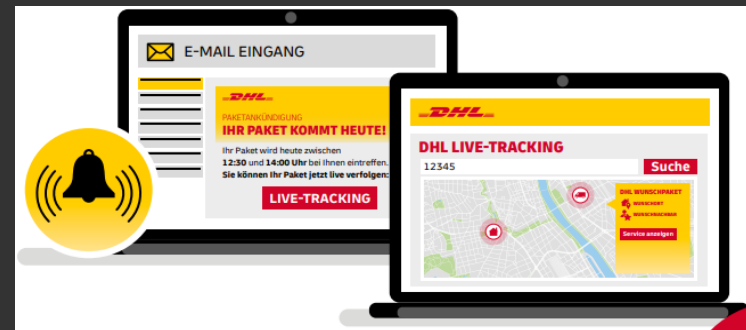
## Packstation expansion: 7000 by 2021



## Postal mail notification



### Parcel delivery: 15min notification & live tracking



## Mobile stamps





# Content



## DPDHL Group Highlights

Page 3



## Strategy 2025

Page 14



## Divisional Deep-Dives

DHL Express (page 26), DHL Global Forwarding, Freight (page 32), DHL Supply Chain (page 38), DHL eCommerce Solutions (page 45), P&P Germany (page 51)



## Financial Backup

Page 57

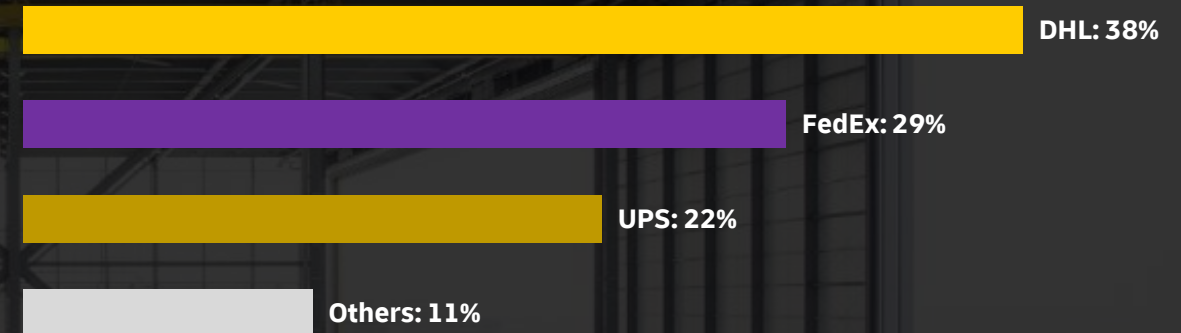


# DHL EXPRESS

## Profitable Core

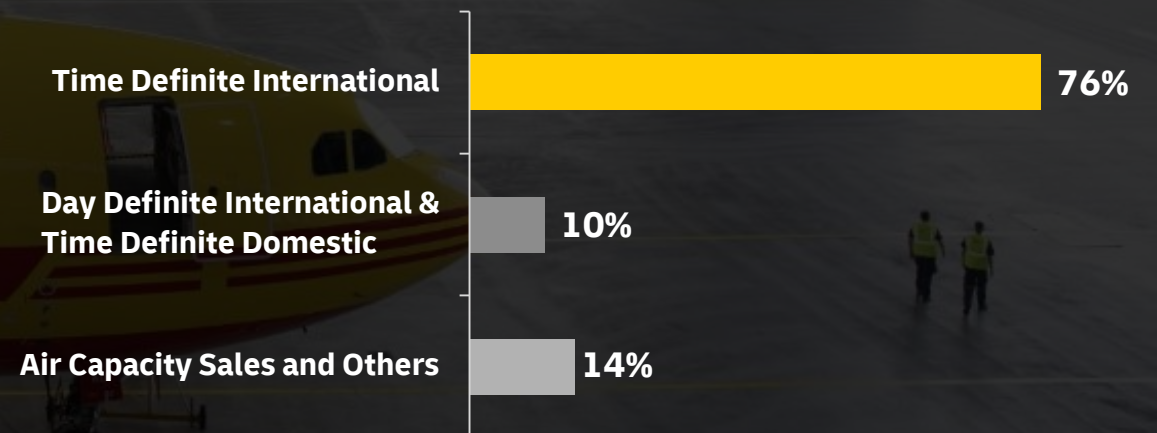
Time Definite International (TDI) service for premium, cross-border delivery of time-critical parcels and documents

## Global TDI market share (2016)



Source: Market Intelligence 2017 on 2016 market data based on revenue, annual reports and desk research

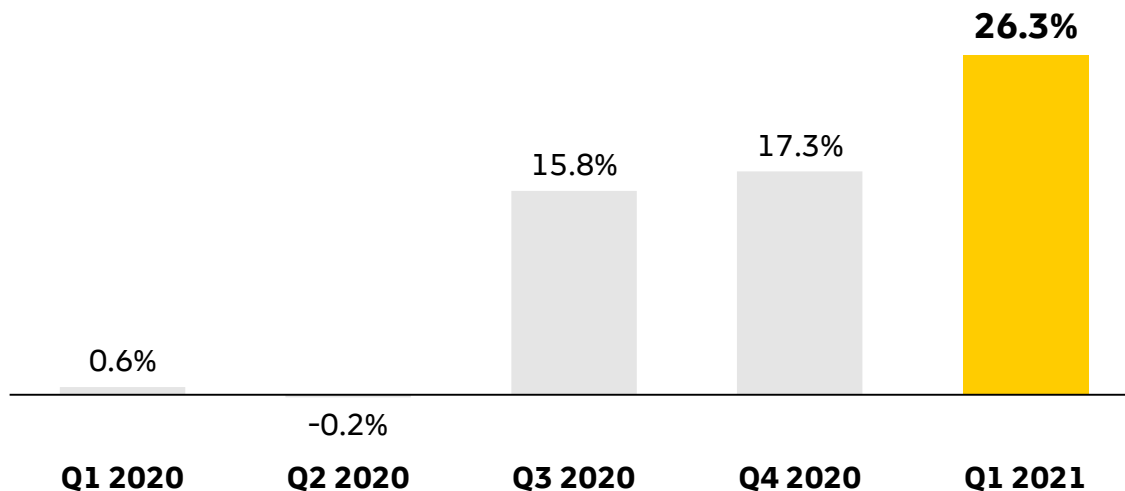
## Revenue Mix, FY 2020



# DHL Express: Continued strong B2C e-commerce growth coupled with B2B recovery

## Q1 showed continued B2C strength and B2B recovery...

Time Definite International (TDI) Shipments/Day (SpD) growth

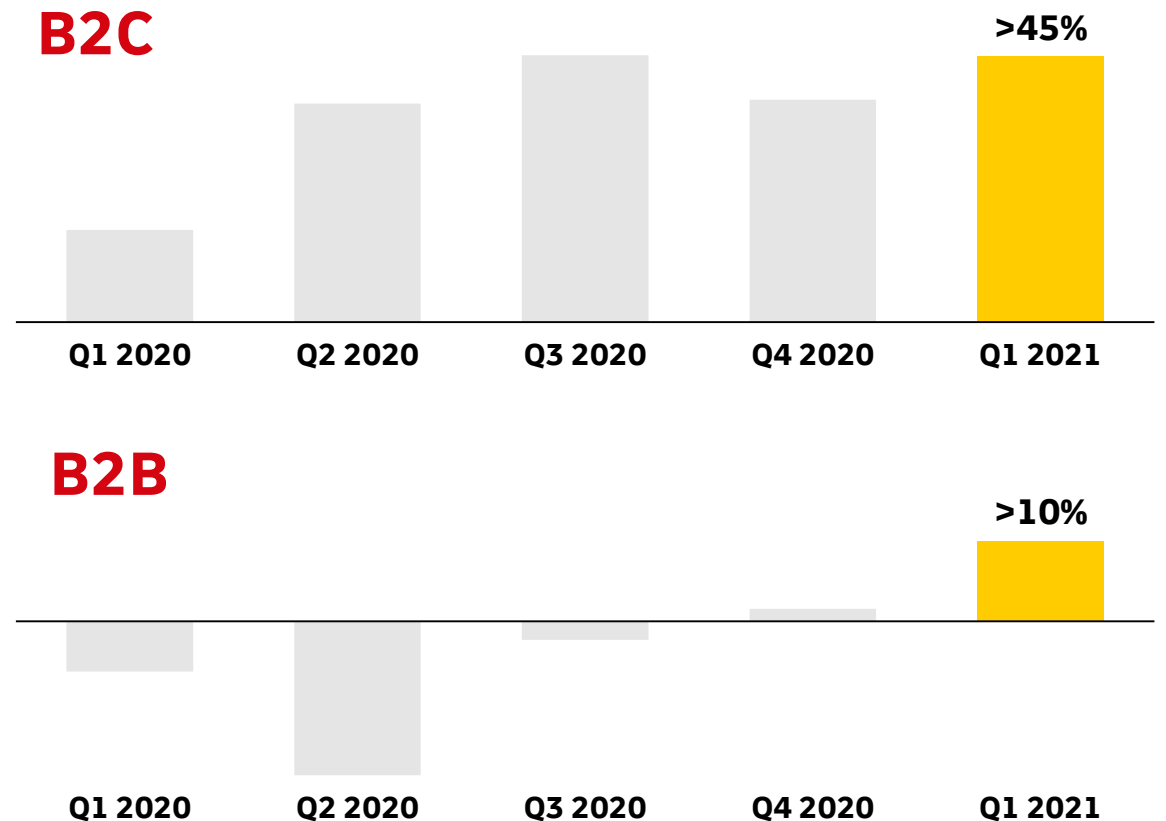


### Comments:

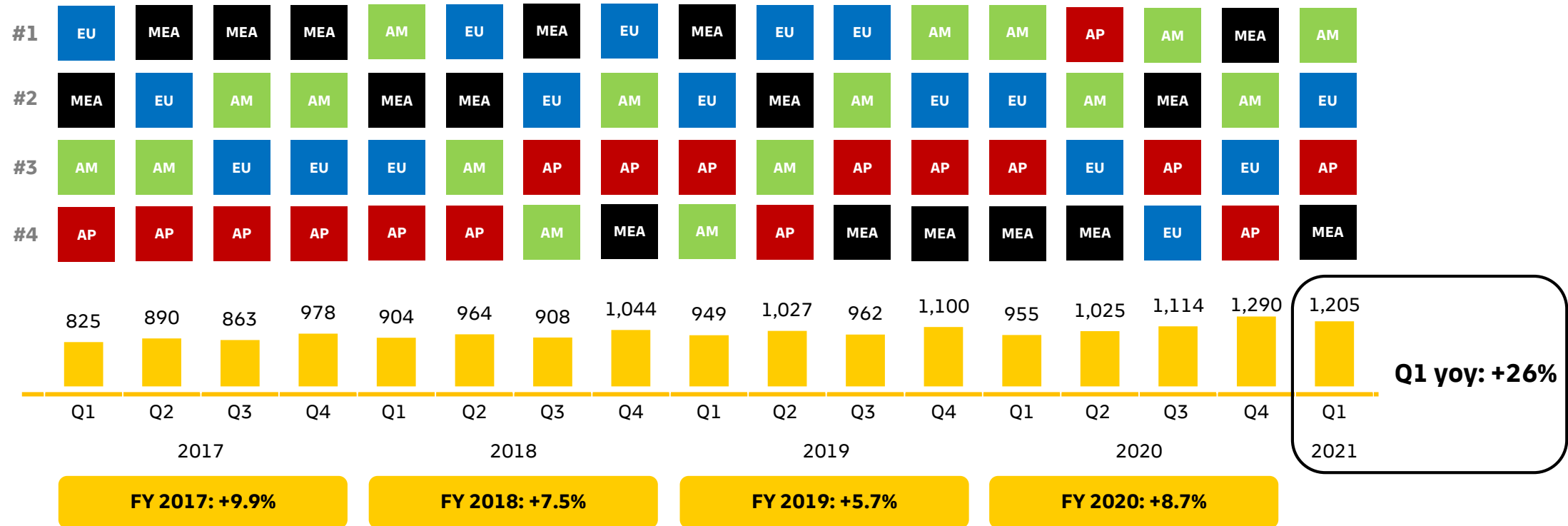
- Continued strong B2C e-commerce growth & further B2B recovery drove strong TDI volume growth, with all regions contributing significantly
- TDI Revenue/day up +37.9%, outpacing TDI SpD based on higher weight/shipment, emergency surcharge and ongoing yield management
- B2B e-commerce adds another growth vertical with strong fit to TDI network and capabilities – see also recent IR Tutorial on <https://www.dpdhl.com/en/investors/events/capital-markets-event.html>

## ...confirming B2B upward trend from Q2 trough

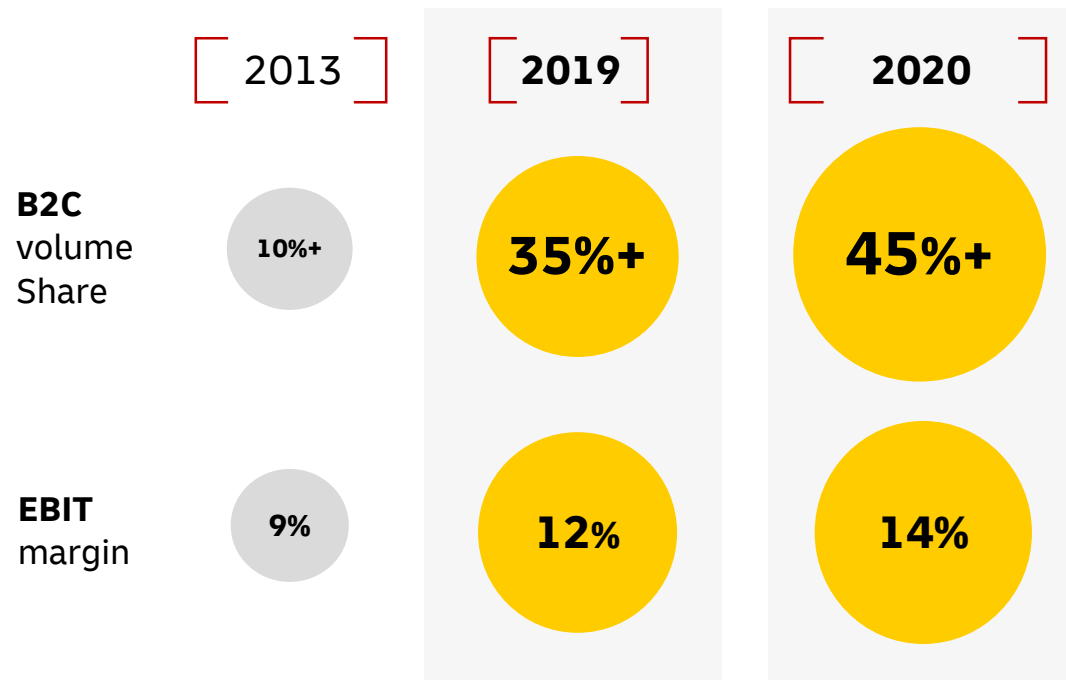
Time Definite International (TDI) Shipments/Day (SpD) growth



# Express TDI volume growth, quarterly growth ranking



# E-commerce is a profitable growth driver for DHL Express

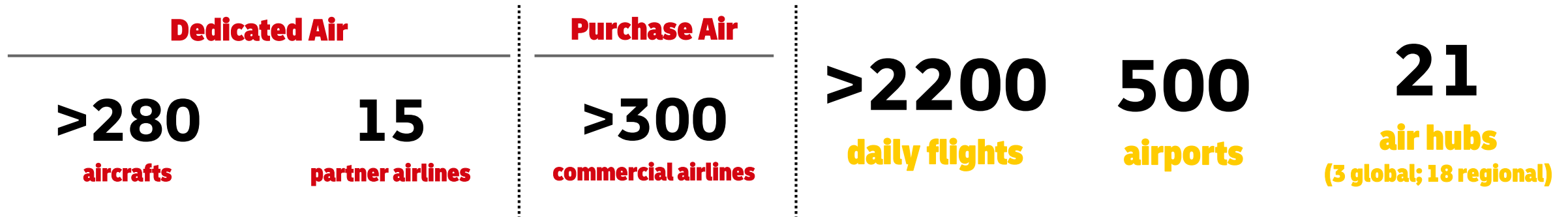


Network Characteristics	B2C Characteristics	Profitability Impact
Shipments per Day	Volume growth drives better utilization of existing network	↑
Weight per Shipment	Lower weight per shipment	→
Revenue per Kilo	Higher RpK related to lower WpS	↑
First mile	More pieces per stop at pickup	↑
Hub sort	Better utilization of existing infrastructure, with high degree	↑
Airlift	Better utilization of existing capacity, with lower WpS being advantageous	↑
<b>Last Mile</b>	Optimize residential delivery via On Demand Delivery & Drop Off Locations and increased delivery density due to B2C Growth	→

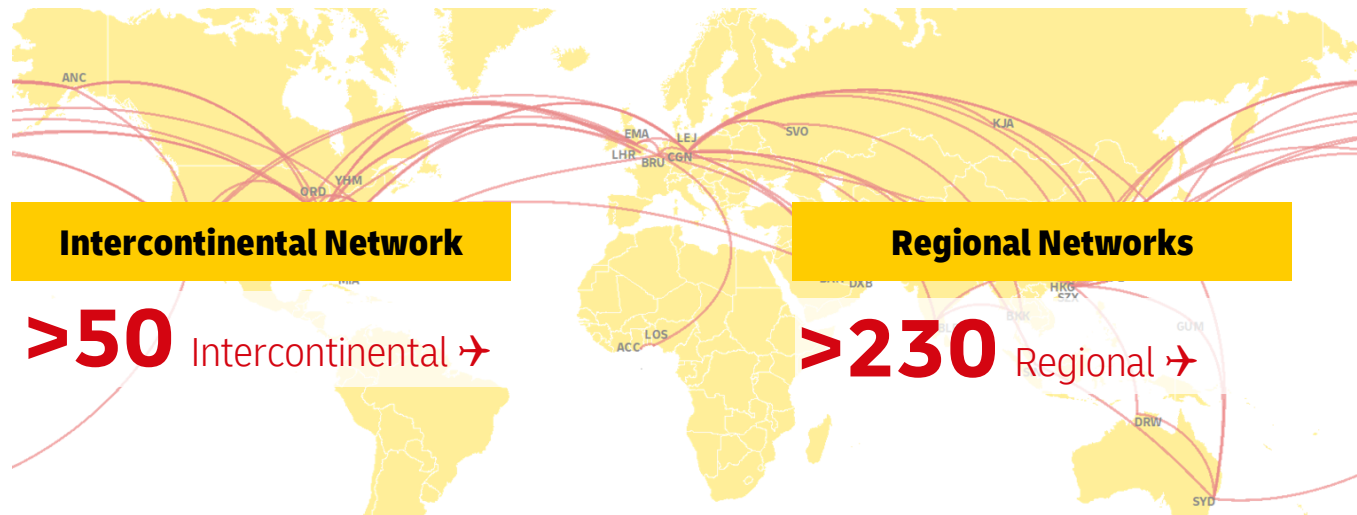


# DHL Express:

## To serve our global network, we run more than just an airline



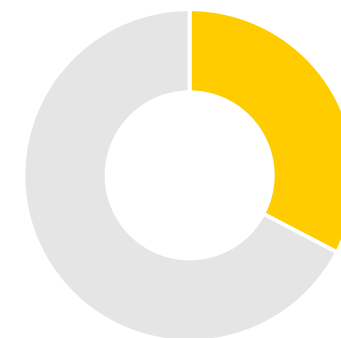
### Dedicated Air: Snapshot of DHL network flights



### Dedicated fleet (without feeders)

2010: ~150 planes

2020: >240 planes



■ Owned ■ Leased

# EXPRESS FINANCIAL OUTLOOK

Continued growth of absolute **EBIT**  
Continued, but more incremental margin expansion

---

## **TDI** **Volume** **Growth**

---

Structural trend: +4% to +5%.  
Volatile in 2020. Expect growth rates to  
trend back to initial assumptions over  
time

Ongoing Capex spend of €~1bn p.a.

B777 Capex : €180m (2018); €1.1bn (2019), €321m  
(2020), <€400m (2021e), <€100m (2022e)

# DHL GLOBAL FORWARDING, FREIGHT

## Profitable Core

International transportation of Air Freight, Ocean Freight and Road Freight including Customs Clearance and related value-added services like warehousing, cargo insurance, etc.

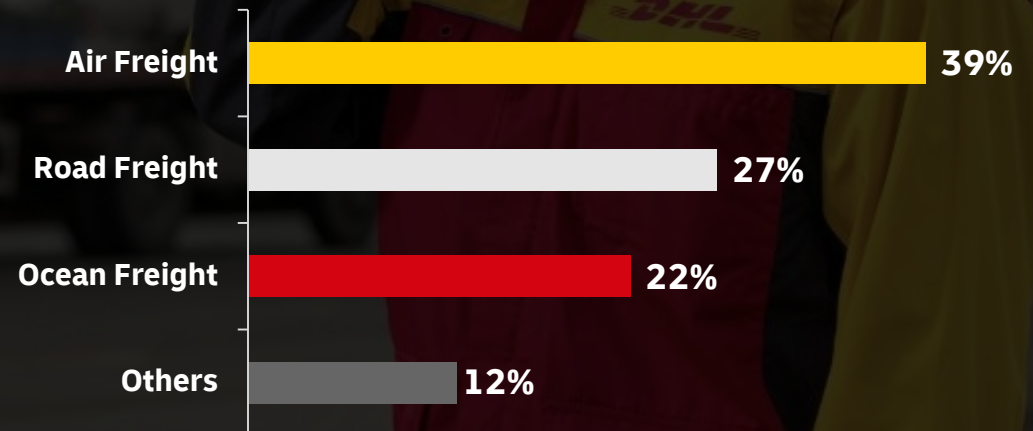
## Market Position (2020)

Air Freight **#1**

Ocean Freight **#2**

Road Freight (EU) **Leading position in a highly fragmented market**

## Revenue Mix, FY 2020





# DHL Global Forwarding, Freight: Volumes recovering in tight markets

## Air Freight (AFR)

**Gross Profit**  
**+27.0%**

**Gross Profit/ton**  
**+7.5%**

## Ocean Freight (OFR)

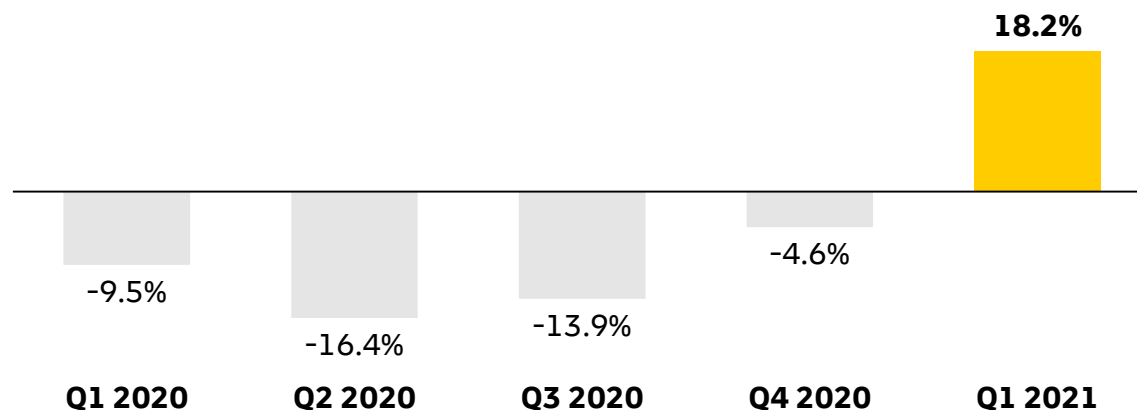
**Gross Profit**  
**+45.3%**

**Gross Profit/TEU**  
**+33.5%**

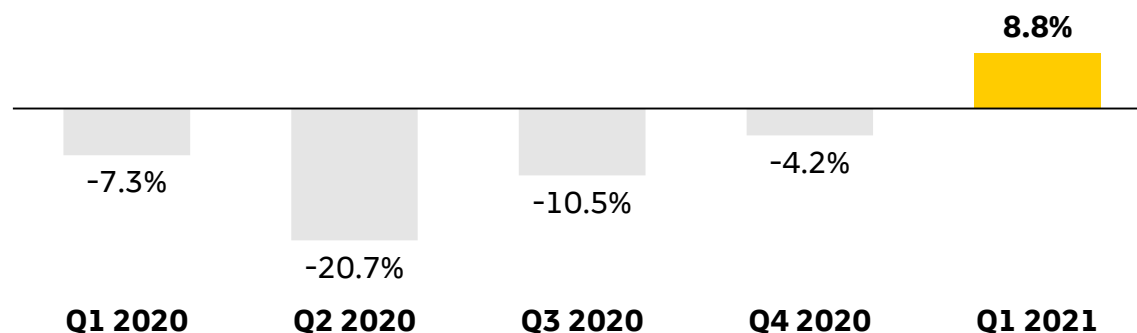
### Comments:

- Recovery of industrial activity globally drives OFR and AFR volumes back into solid growth, while rates and GP/unit remain at elevated levels
- GP development supported by optimization of product mix, e.g. increasing LCL (Less-Than-Container-Load) share in OFR
- Core IT upgrade accomplished: new Transport Management System (TMS) in OFR and AFR fully rolled out
- DGF conversion up to 27.5% (Q1 2020: 10.7%, increase of +157% yoy)

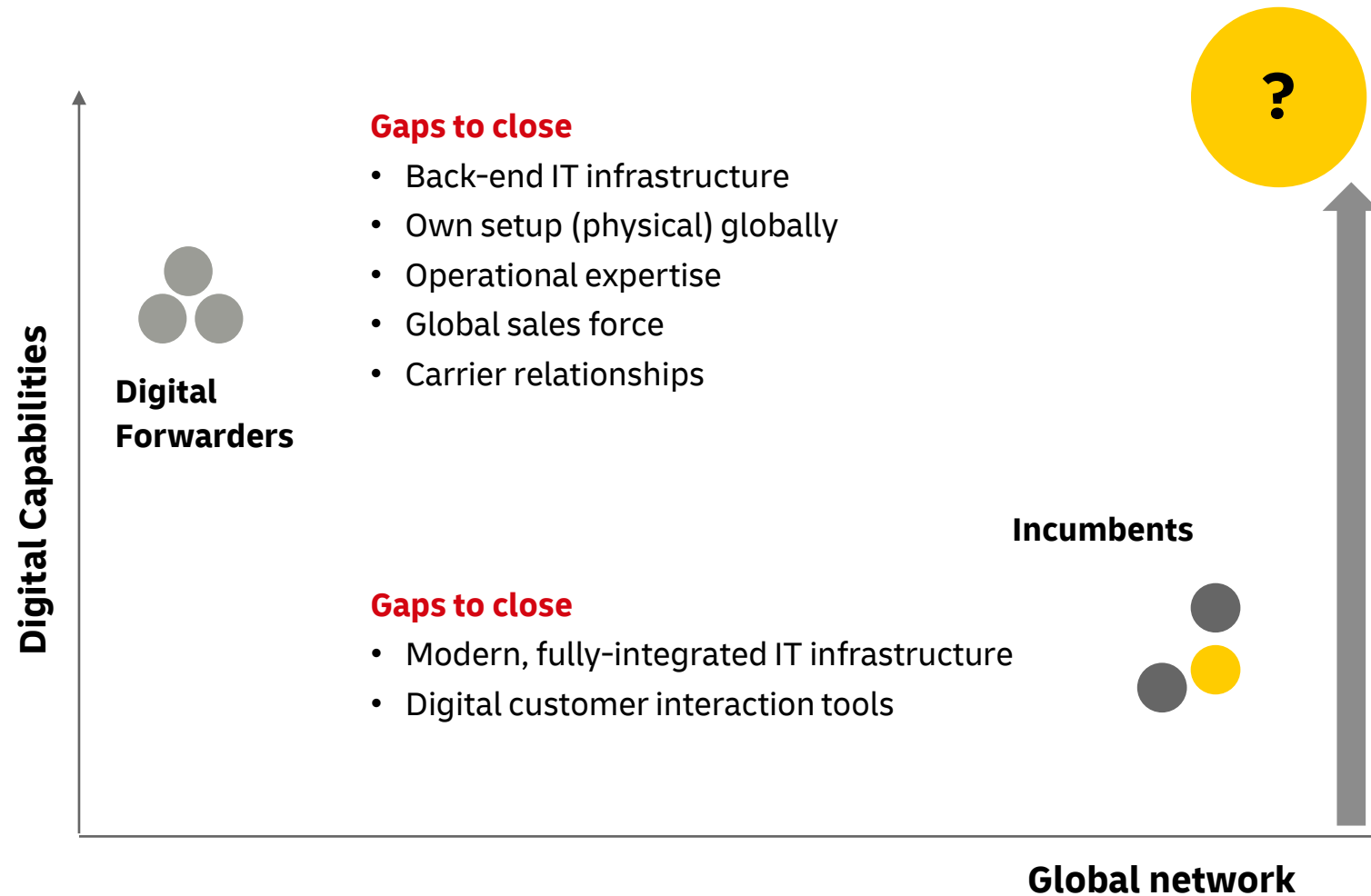
## AFR volume growth yoy



## OFR volume growth yoy

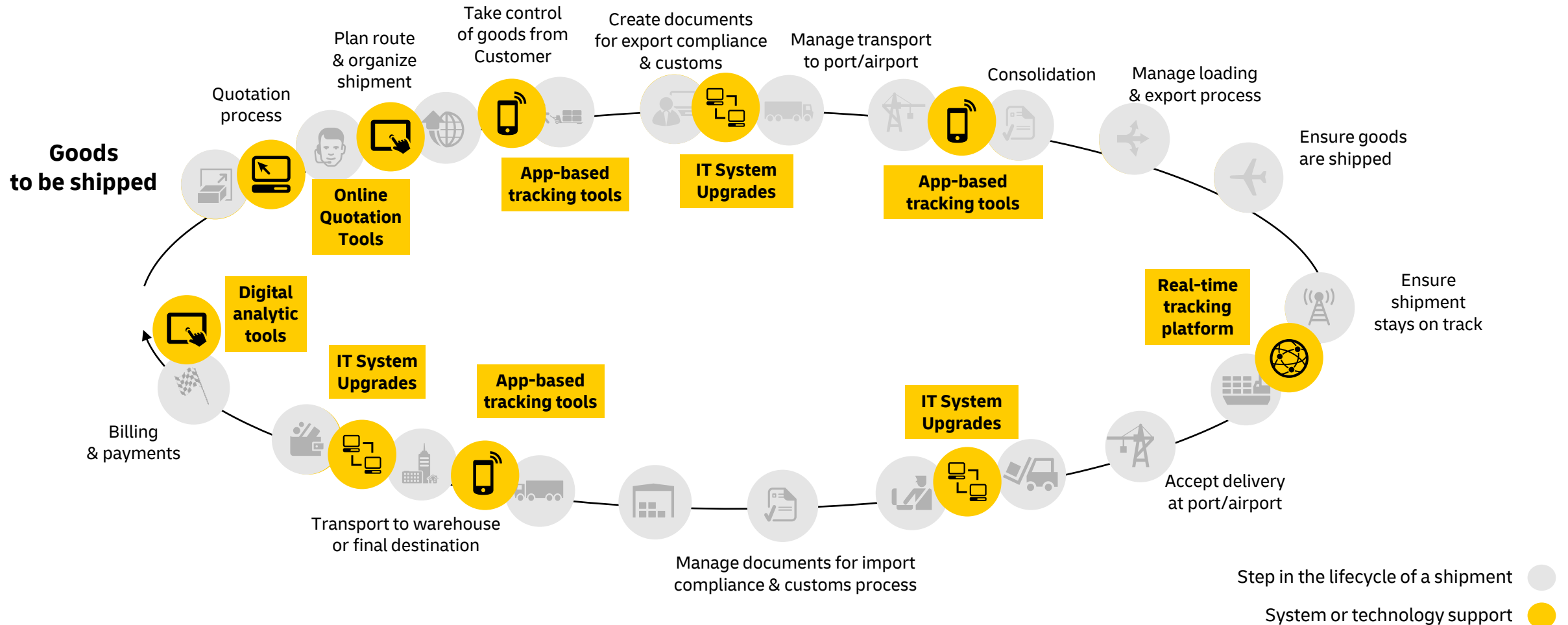


# DGFF – Emerging new rivals do not pose imminent risk of disruption





# The lifecycle of a shipment is a complex process and technology investments are key to success



# With IRR & Digital Customer Interaction DGF is enhancing customer experience while increasing operational efficiency

myDHLi

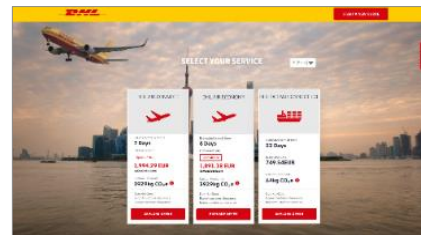
360° VISIBILITY

COLLABORATION

FULL ACCESS

MANAGED BY CUSTOMER

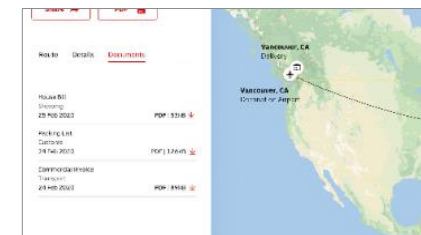
External



QUOTE + BOOK



TRACK



DOCUMENTS



ANALYTICS

## IT Renewal Roadmap (IRR): Our Digital Backbone established

Internal



New TMS



Paperless forwarding



Quotation tool



Track + trace / shipment visibility



Steering Logic



... and many more

# DGFF FINANCIAL OUTLOOK

**EBIT/GP Conversion** improvement of 100-200 bps p.a. (with basis from 2018)  
Long-term target: **30% DGF conversion**. 5-6% DGFF  
**EBIT Margin**

---

Initial\* market growth assumptions (2018-25):

**Air** Freight +1-3%

**Ocean** Freight: +2-4%

**Road** Freight: +3-4%

Market significant down in 2020. Return to initial assumption depending on recovery shape beyond 2020.

---

**Capex:** Flat / slightly increasing from FY 2020 levels (€104m)

---

CargoWise1 implementation for both Air and Ocean Freight is fully rolled out

\*as introduced at Capital Markets Day in 2019



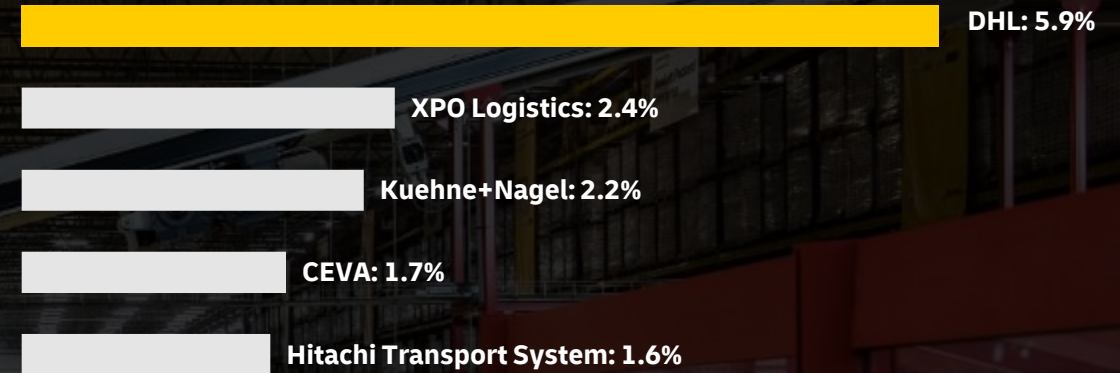
# DHL SUPPLY CHAIN

## Profitable Core

Manage supply chains to reduce complexity for our customers. Our profitable core includes warehousing, transportation as well as key solutions like e-Commerce, Lead Logistics Partner (LLP), Service Logistics, packaging and real estate solutions

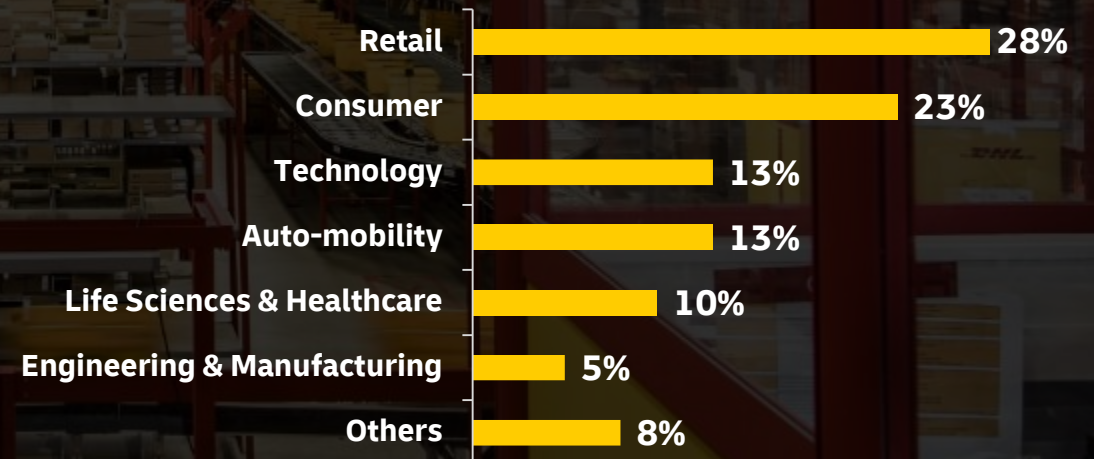
## Market Position (2019)

Market share: Top 5 players in contract logistics



Source: company estimates; Transport Intelligence. Market share is presented on the basis of divisional revenue.

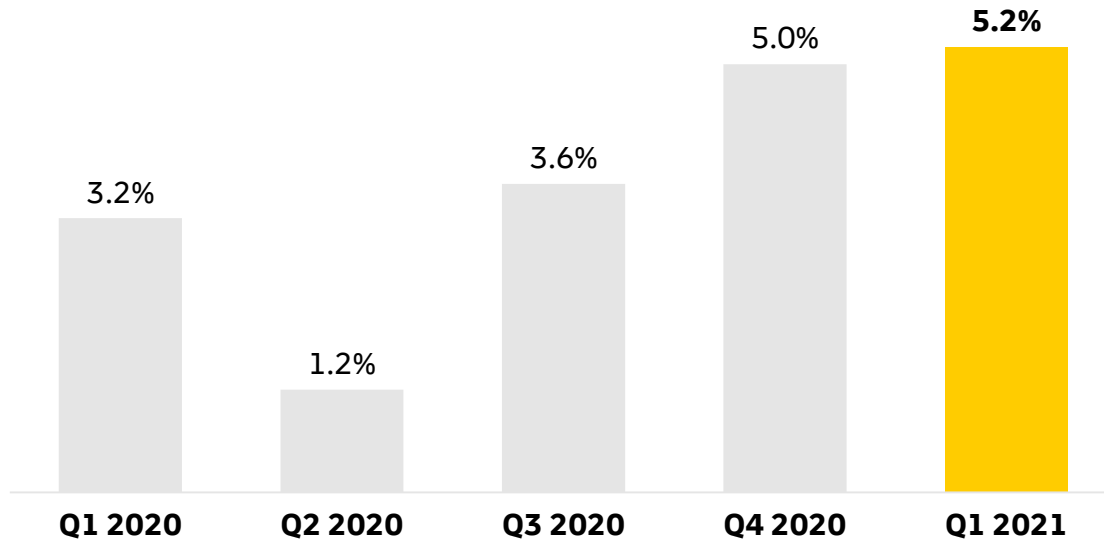
## Revenue Mix, FY 2020





# DHL Supply Chain: New business wins, gradual B2B recovery & improved processes drive significant earnings growth

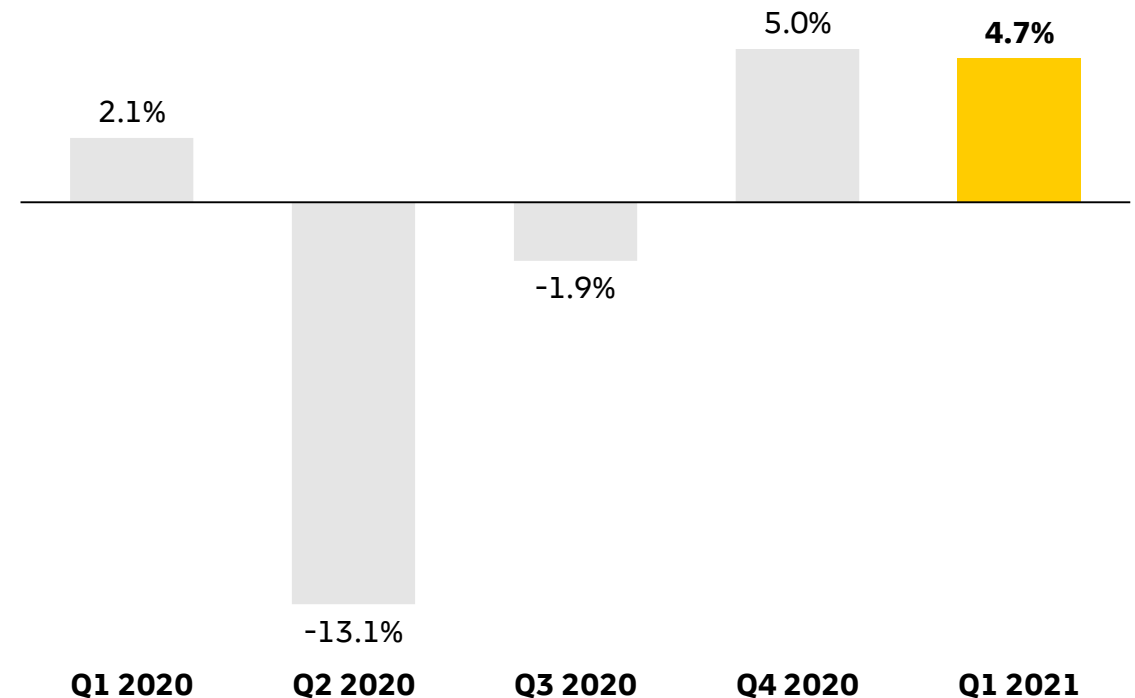
DHL Supply Chain – Reported EBIT Margin



**Comments:**

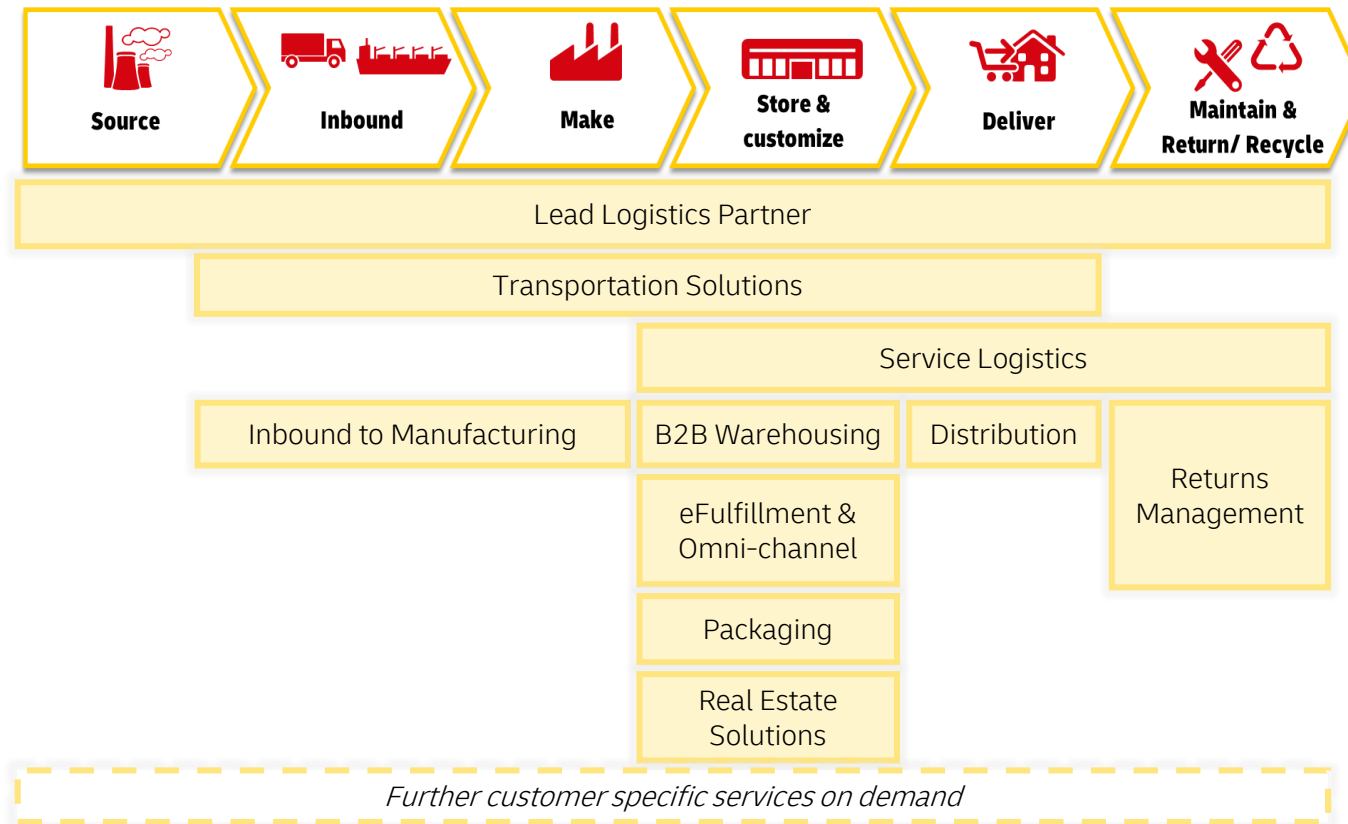
- Second consecutive quarter of return to sales growth driven by new business wins, continuously good contract renewal rate and gradual B2B volume recovery
- Margin back to ~5% target level supported by efficiency improvements, a.o. from digitalization

Organic revenue growth yoy



# DHL Supply Chain offering attractive strategic solutions across the whole supply chain

## DHL Supply Chain portfolio of key solutions <sup>1)</sup>



As the **world's leading contract logistics provider** we create competitive advantage for our customers by delivering exceptional operational service as well as **innovative** and **sustainable solutions** across the supply chain.

We leverage thorough depth of knowledge of market and its dynamics, with **highest standards** and with a benefit of unrivaled environmental and **safety credentials**, along with **state-of-the-art technology** and an attractive **portfolio of solutions**.



**Over 50<sup>2)</sup>**  
Countries served



**12.537€m**  
Revenue in 2020



**~1,500 <sup>3)</sup>**  
Locations



**~15 MIO<sup>3,4)</sup>**  
Square meters

# Offering globally consistent and innovative solutions to our customers through modular standardization

## Best in class solutions

Flexibility to build end-to-end customized solutions at increased speed due to modular building blocks comprising solutions design, IT and Operations catering specific needs e.g. eCommerce

## Flexible automation solutions

Focused deployment approach through Accelerated Digitalization Program and optimal orchestration of robotics and people resources through Robotics Hub.

## High project management standards

Globally standard project management methodology ensuring smooth and fast setup of new operations

## Data analytics for operational improvements

Data is being collected in a coherent way and decisions are made by artificial intelligence e.g. warehouse labor optimization

## Operations Management System First Choice

Holistic approach to drive productivity and continuous improvement through processes, behaviors, infrastructure and tools including coaching and incentives.



## End-to-end visibility across the whole Supply Chain

## Globally consistent operating standards

Minimum standards for key processes and tools e.g. for labor management and quality defined for all operations.

## Labor management

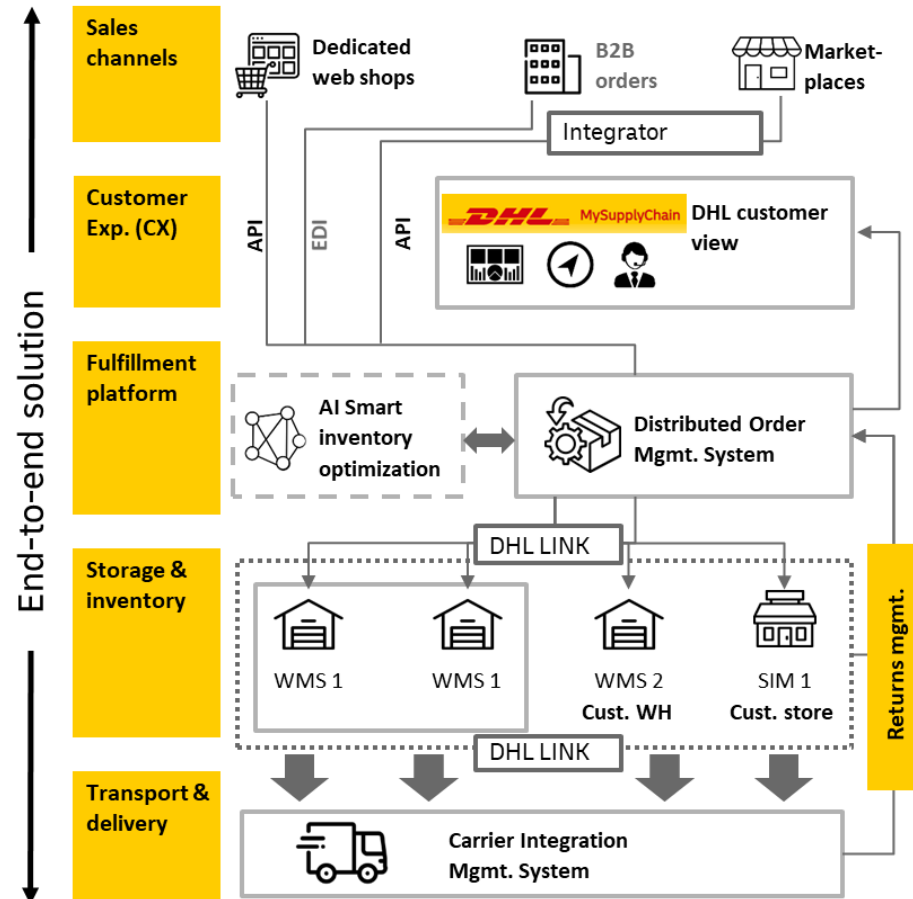
Standards implemented incl. labor management tools, consistent introduction and training, allowing scaling in line with demand and labor sharing across operations.

## Real time data based decision taking

Standard reporting tools provide real time financial and operational insights for customers and operations enabling agility and decisions at the right level.

# DSC is uniquely positioned to cater for e-commerce growth

## Fully integrated end-to-end IT solution for e-Fulfillment



- eCommerce is a focus product for DSC with **~20% of its global staff** already working in eFulfillment operations
- The **53% YoY growth in eCommerce new business** in 2020 was an acceleration of the growth over past years due to the pandemic
- The growth is fueled by the priority areas that DSC is focusing on:
  - **Pure e-commerce for brand manufacturers**
  - **Pure e-commerce retailers / etailers, marketplaces**
  - **Omni-channel** centralized and combined **B2C/ B2B fulfillment**
  - **Regional fulfillment networks** across multi user locations



# DHL Supply Chain is leveraging digitalization across all operations to increase efficiency and customer value add

## Accelerated Digitalization and Data Analytics (as of 12/2020)



**1,700+**

projects deployed

**60%**

of staff touched by AD

**800+**

sites touched

**750+** Collaborative robots deployed

Examples below:



**15.000+** smart  
wearable devices deployed



**200+** analytics projects  
to optimize our operations

Standard IT-Robotics integration layer **DHL Robotics Hub**  
allowing plug-and-play robotics deployment and orchestrating  
labor and robotics in most efficient way



## Business Model Digitalization



- UK's first and Europe's largest truly **digital freight platform (DFP)**
- DigiHaul matches **customer demand** for transport load and capacity through **digital platform** by **artificial intelligence**

# DSC FINANCIAL OUTLOOK

**EBIT margin** at ~5%

**Capex** outlook: Slightly increasing from FY 2020 levels (€351m) driven by new business wins and including investments in digitalization



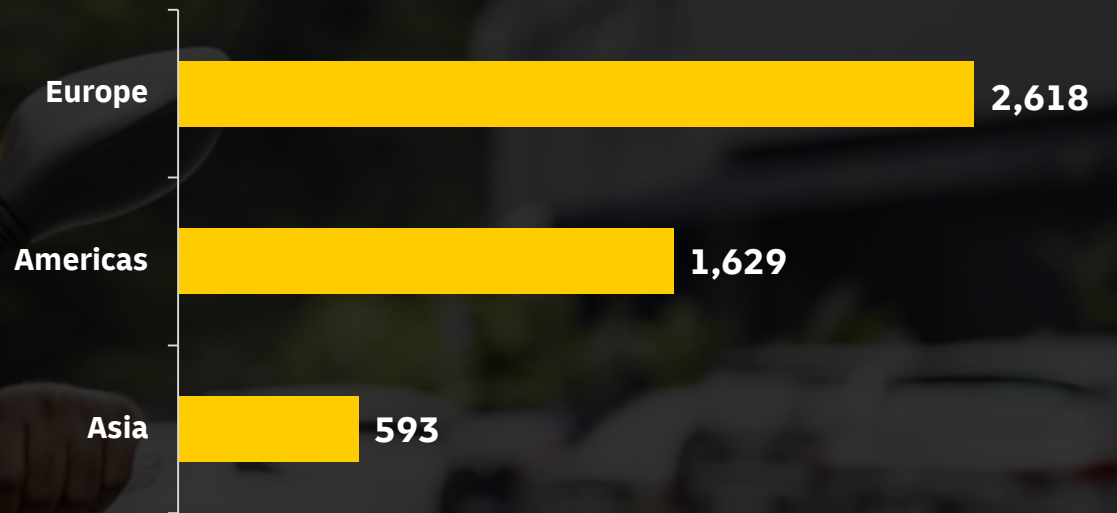
# DHL ECOMMERCE SOLUTIONS

## Profitable Core

Domestic last mile parcel delivery in selected countries outside of Germany (Europe, USA and selected Asian emerging markets).

Non-TDI cross-border services primarily to/from and within Europe.

## Revenue Mix, FY 2020, in €m



# DHL eCommerce Solutions: International expansion of e-commerce capabilities fully paying off

## Revenue growth, Q1 2021

**Netherlands**  
**>60%**

**Czech Republic**  
**>50%**

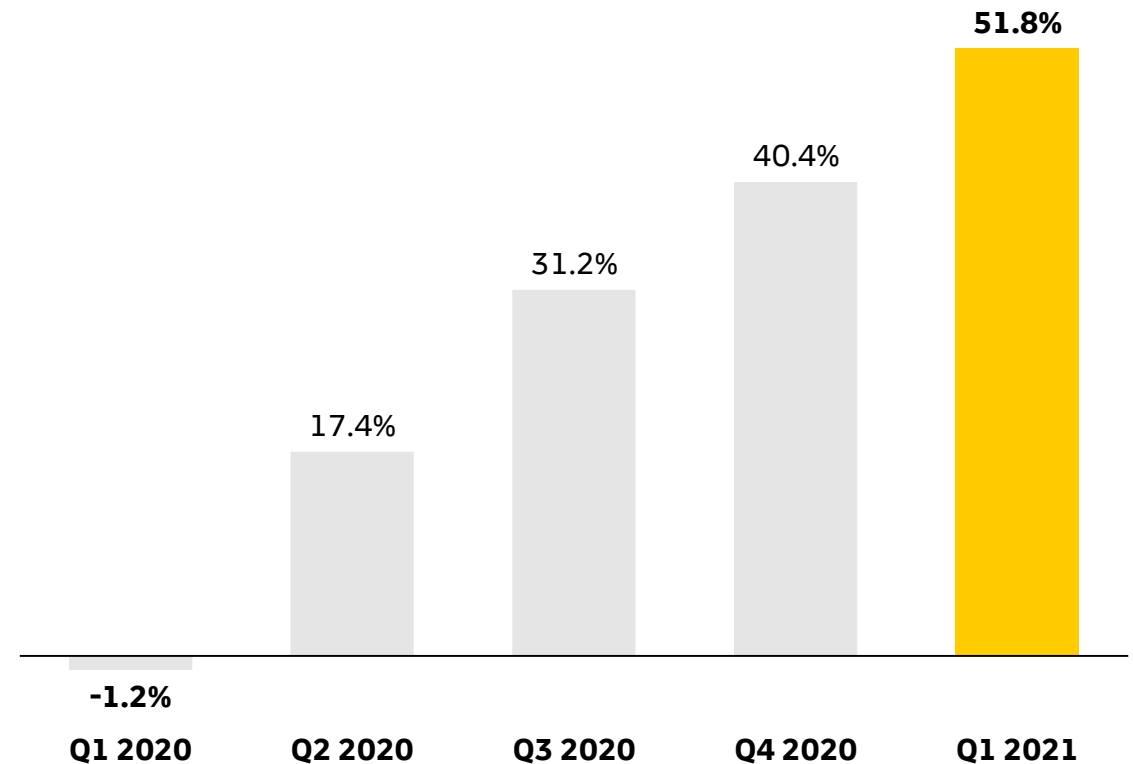
**United States**  
**>60%**

**Cross Border Solutions**  
**>50%**

### Comments:

- Strong e-commerce growth continues across all DHL eCommerce Solutions networks
- Unchanged assumption: expect continued structural e-commerce growth, with normalization in the course of 2021

## DeCS, Organic revenue growth, yoy



# DHL eCommerce Solutions: Regions and service portfolio



## AMERICAS

- Nationwide domestic delivery in the **United States**
- **Cross-border** from **US** and **Canada**

## EUROPE

- Pan-European **cross-border shipping** via DHL Parcel Connect platform
- **Domestic** delivery in 8 countries: **United Kingdom, Netherlands, Belgium, Poland, Spain, Portugal, Czech Republic, Sweden**

## ASIA PACIFIC

- **Blue Dart** in India: nationwide domestic courier delivery and integrated express parcel distribution
- **Nationwide domestic and cross-border** delivery in **Thailand, Malaysia and Vietnam.**
- **Cross-border shipping** from **China, India, Australia and Singapore**



# DHL eCommerce Solutions: Key stats at a glance



**>1.1 billion**

parcels delivered each year



**35**

Country Offices



**22,500**

Vehicles



**2,400**

Facilities



**45,000**

Employees



**>70,000**

Access Points



**6**

Dedicated Aircraft

Data as of 31.12.2020

# E-commerce: Profitable expansion into international parcel markets

## International Domestic and cross-border Parcel delivery – DHL eCommerce Solutions

### BUILD

#### Before Strategy 2020



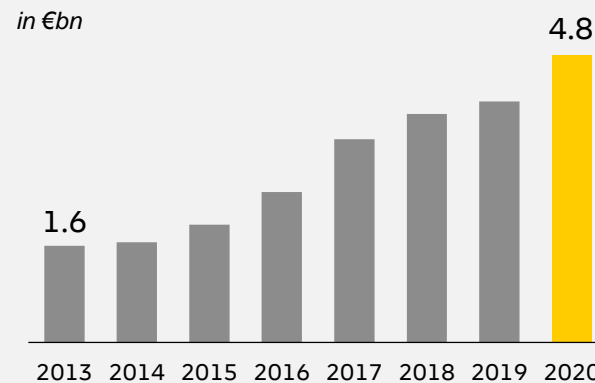
#### Today



### SCALE

#### DHL eCommerce Solutions

#### Revenue development<sup>1)</sup>



1) Since 2019, international parcel operations are combined under the new eCommerce Solutions division. Prior to that, part of PeP division (DHL Parcel Europe + DHL eCommerce)

### CONTRIBUTION

#### Expectation (CMD 2017, p.22)

- Strong **revenue** growth driven by e-commerce trend and portfolio expansion
- EBIT contribution by 2020 will also depend on trajectory of further **portfolio** expansion
- Positive but not yet significant **EBIT** contribution in 2020

#### 2020 results:

- DeCS EBIT: €158m (3.3% margin)
- Expect further growth on this base



# DeCS FINANCIAL OUTLOOK

Positive EBIT contribution in 2020 (FY 2020: €158m)  
Mid-term: **5-10% sales growth** with gradual margin expansion towards **5% long-term margin** across all businesses

---

Average **Capex** spend of ~€200m p.a. over 2019-2022

# POST & PARCEL GERMANY

## Profitable Core

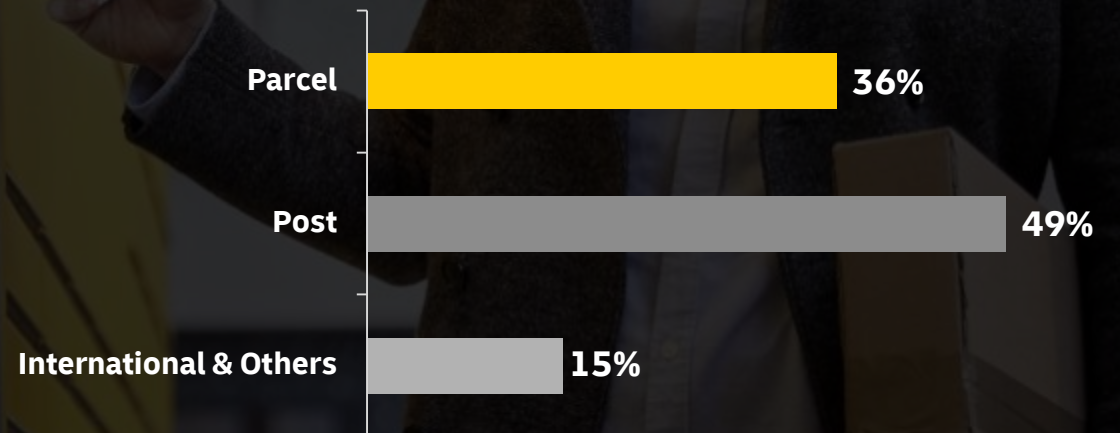
Transporting, sorting and delivering of documents and goods-carrying shipments in Germany and export.

## Market Position (2020)

~63% Market share **Mail Communication**  
(business customers)

>40% Market share **Parcel**

## Revenue Mix, FY 2020





# Post & Parcel Germany: Historic volume trends remain at elevated levels

## Parcel Germany, yoy

**Volume**  
**+41.3%**

**Revenue**  
**+44.7%**

## Mail Communication & Dialogue Marketing, yoy

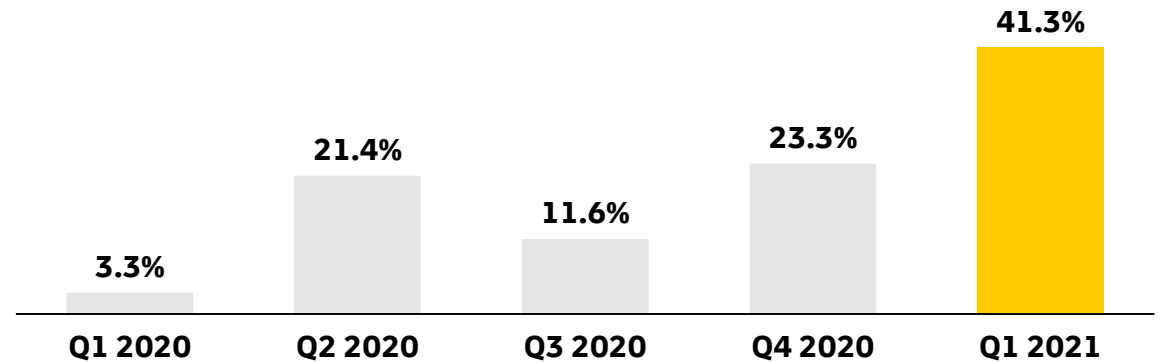
**Volume**  
**-9.5%**

**Revenue**  
**-4.7%**

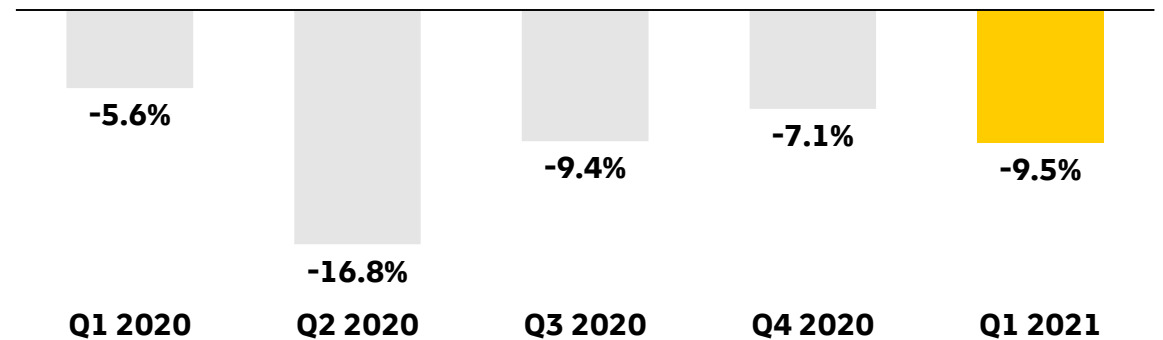
### Comments:

- Parcel growth stayed at strong growth levels throughout Q1 – unchanged expectation for fundamental structural growth in e-commerce, with normalization expected in the course of 2021
- Mail volume decline remains worse than historic trend of -2 to -3%

## Parcel volume growth yoy



## Mail volume growth yoy



# P&P Germany: Products and Pricing

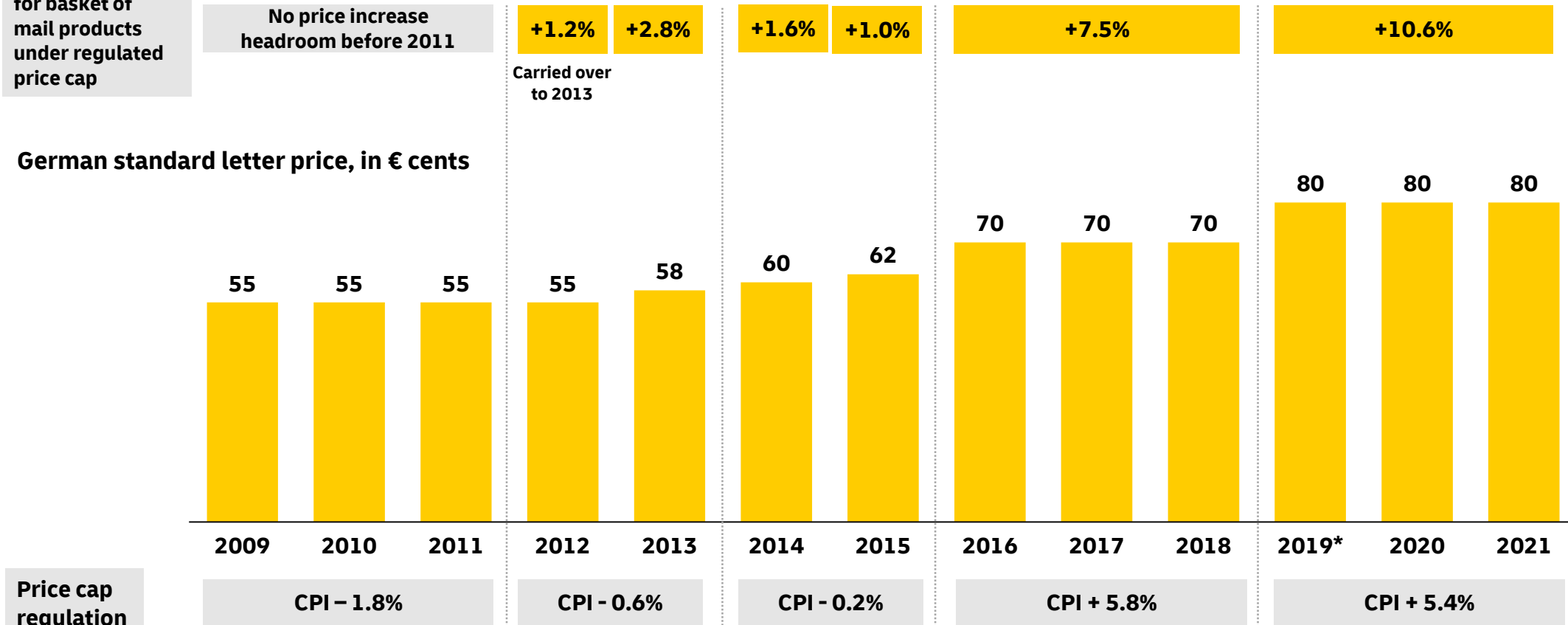
P&P revenue FY20: €16.5bn		Pricing
Mail Communication €5.5bn	Ex-ante products – <i>private customers</i> (€1.0bn) – <i>business customers</i> (€1.6bn)	Jul 2019: 10.6% increase for 2019-2021 period (incl. international)
	Partial services – <i>business customers</i> (€1.9bn)	2020: 3-4% through reduction of discounts
	Other (€0.9bn) <sup>1)</sup>	Partially increased in 2020/2021
Dialogue Marketing €1.8bn	Addressed and undressed advertisement mailings, campaigns (both digital & physical)	Partially increased in 2020/2021
International €2.4bn	In- and outbound Germany shipments	Depends on the product category: Partially increased in 2020/2021
Other €0.8bn	Press, pension services, retail	Partially increased in 2020/2021
Parcel Germany €5.9bn	Business customers Top accounts (~470 customers) Middle accounts (~20k customers) Small accounts (~85k customers)	Pricing varies by contracts. Stronger price increase than historically in 2020. Last increase: January 1st 2021.
	Private customers	Listed prices in retail outlets and online

1) e.g.: small items eCommerce, Philately, "Postzustellungsauftrag"

# Topline Germany: Standard letter stamp price development is based on regulated price cap

Pricing headroom for basket of mail products under regulated price cap

German standard letter price, in € cents



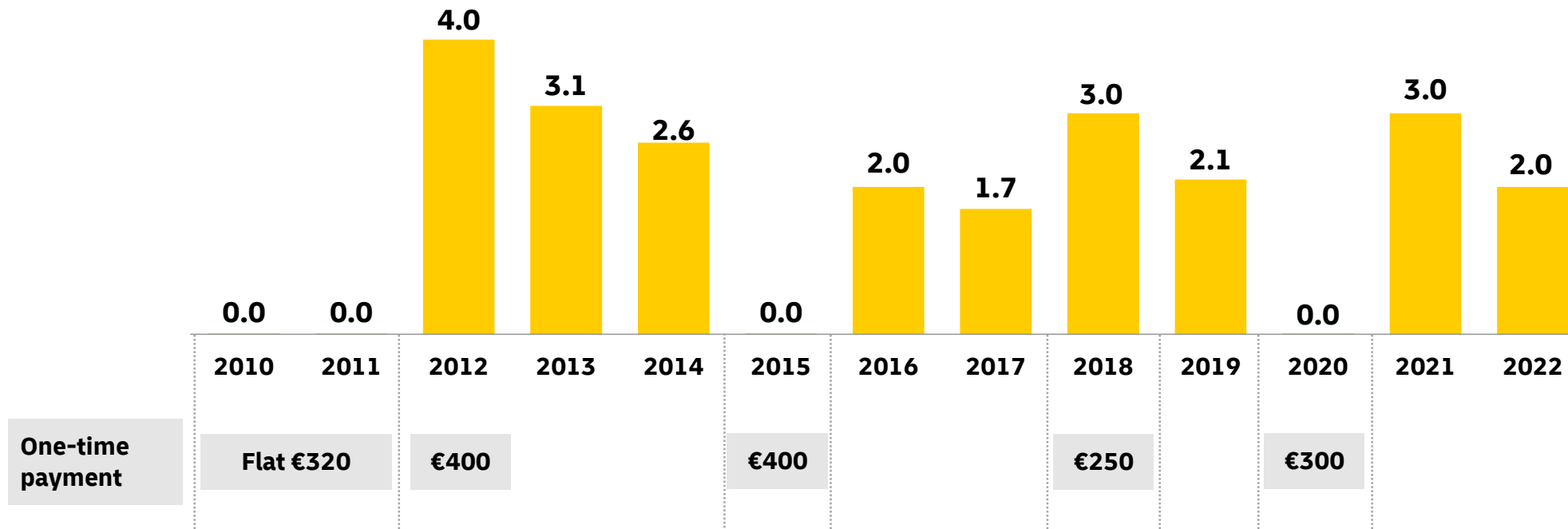
## NEXT REVIEW:

Expected by end of 2021 for the period starting January 2022

\*implemented from July 1<sup>st</sup> 2019 onwards, taken into account in headroom calculation

# P&P Germany: Wage deals in Germany

Wage increases for P&P Germany employees, yoy in %



Current agreement applies to ~140,000 Deutsche Post tariff employees.

Contract period:  
Sep 1<sup>st</sup> 2020 -  
Dec 31<sup>st</sup> 2022



# P&P GERMANY FINANCIAL OUTLOOK

## EBIT 2021

Guidance: ~€1.7bn

Mid-term: Slow topline growth with stable **EBIT margin**

## Volume

Structural trend:

Mail: -2% to -3% p.a.

Parcel: +5% to +7% p.a.

Stronger Parcel growth and Mail decline seen in 2020. Expect growth rates to trend back to initial assumptions over time

## Capex:

Flat / slightly increasing from FY 2020 levels (€590m)

Wage increase for tariff employees: 3% from Jan 1<sup>st</sup> 2021 and 2% from Jan 1<sup>st</sup> 2022.

# Content



## DPDHL Group Highlights

Page 3



## Strategy 2025

Page 15



## Divisional Deep-Dives

DHL Express (page 26), DHL Global Forwarding, Freight (page 32), DHL Supply Chain (page 38), DHL eCommerce Solutions (page 45), P&P Germany (page 51)



## Financial Backup

Page 57



# DPDHL Group at a glance

	GROUP	DHL Express	DHL Global Forwarding, Freight	DHL Supply Chain	DHL eCommerce Solutions	P&P Germany
FY 2020						
Revenue	€66,806m	€19,135m	€15,914m	€12,537m	€4,829m	€16,455m
EBIT	€4,847m	€2,751m	€590m	€426m	€158m	€1,592m
EBIT Margin	7.3%	14.4%	3.7%	3.4%	3.3%	9.7%
FTEs*	502,207	99,365	42,376	159,152	29,819	158,889
		Network business – asset intensive	Brokerage – asset light	Outsource – asset light	Network business – asset intensive	Network business – asset intensive

\*average for the year

# Q1 2021 Group P&L

in €m	Q1 2020	Q1 2021	vs. LY
<b>Revenue</b>	<b>15,464</b>	<b>18,860</b>	<b>+22.0%</b>
<b>EBIT</b>	<b>592</b>	<b>1,911</b>	<b>+222.8%</b>
Financial result	-151	-154	-2.0%
Taxes	-106	-492	<b>-364.2%</b>
<b>Consolidated net profit*</b>	<b>301</b>	<b>1,190</b>	<b>+295.3%</b>
<b>Basic EPS (in €)</b>	<b>0.24</b>	<b>0.96</b>	<b>+300.0%</b>

\*attributable to DPDHL Group shareholders

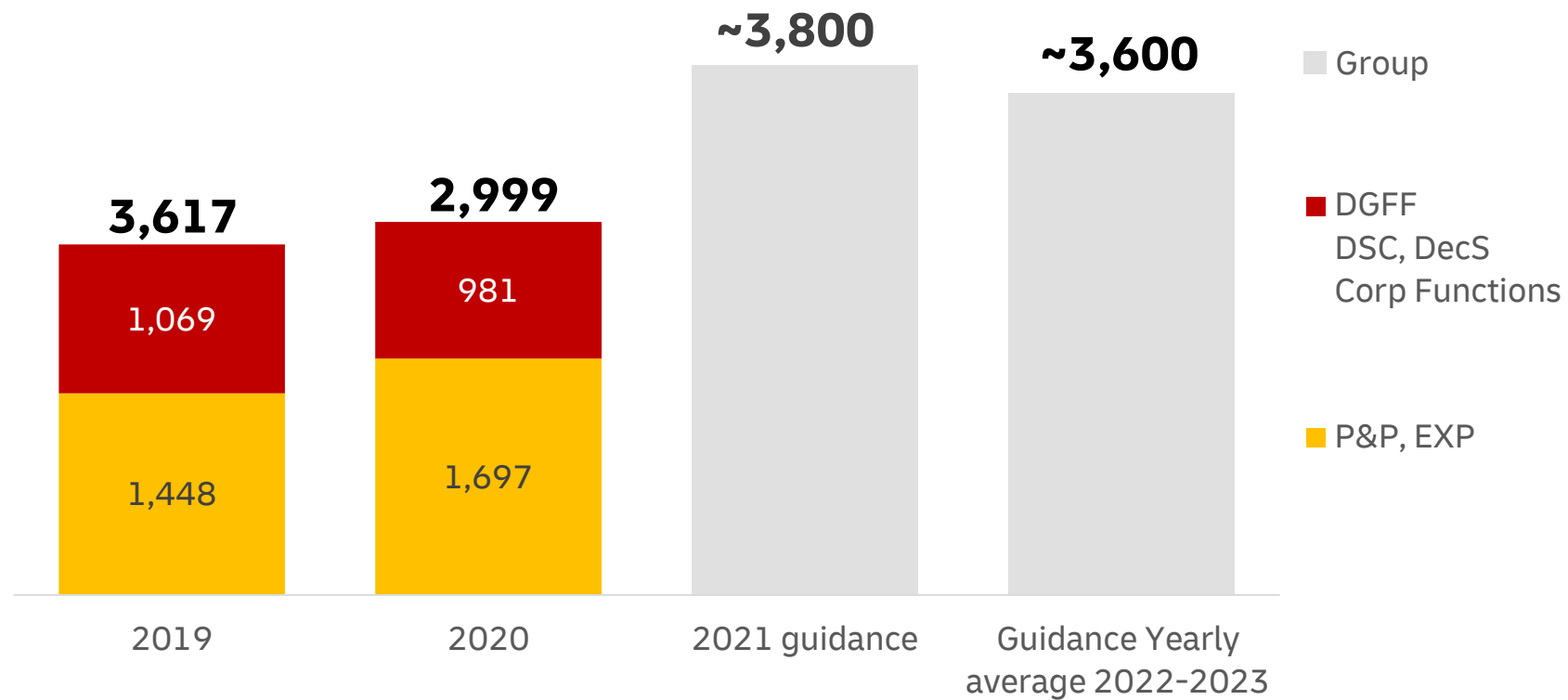


# Q1 2021 Cash Flow Statement

in €m	Q1 2020	Q1 2021	vs. LY
<b>EBIT</b>	<b>592</b>	<b>1,911</b>	<b>+1,319</b>
Depreciation, amortization and impairment losses	1,021	930	-91
Change in provisions	-26	9	+35
Income taxes paid	-168	-273	-105
Changes in working capital	-758	-94	+664
Other	89	7	-82
<b>Operating Cash Flow</b>	<b>750</b>	<b>2,490</b>	<b>+1,740</b>
Net Capex	-571	-667	-96
Net cash for leases	-578	-629	-51
Net M&A	-5	-2	+3
Net interest	-5	-9	-4
<b>Free Cash Flow</b>	<b>-409</b>	<b>1,183</b>	<b>+1,592</b>

# Capex development 2019-2023e

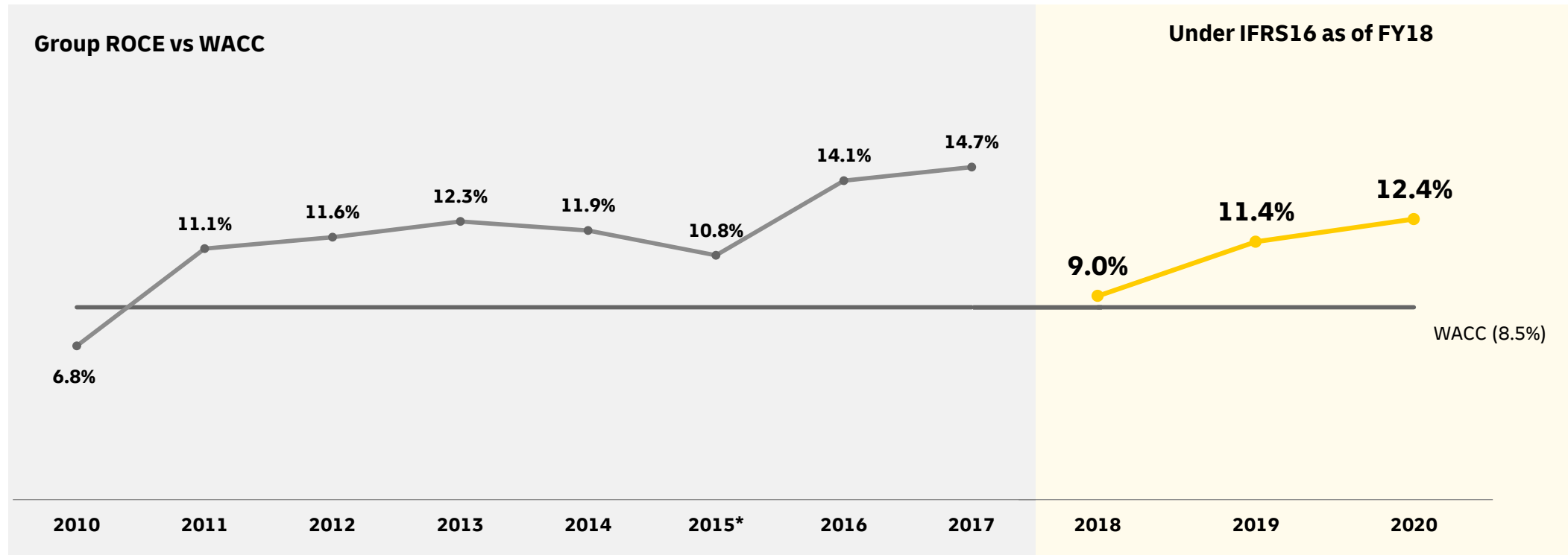
Group gross capex, in €m



Note: Capex expectation includes full gross capex spend related to 2018 & 2020 Boeing 777 orders

# Group ROCE trending further up: returns increasing on higher asset base

Increasing returns under Strategy 2015 / 2020 – positive trend continued after lease accounting rebasement



\*2015 EBIT adjusted for NFE-write off

ROCE = EBIT / (Total assets – current liabilities)

# Balance sheet continues to show healthy leverage ratios

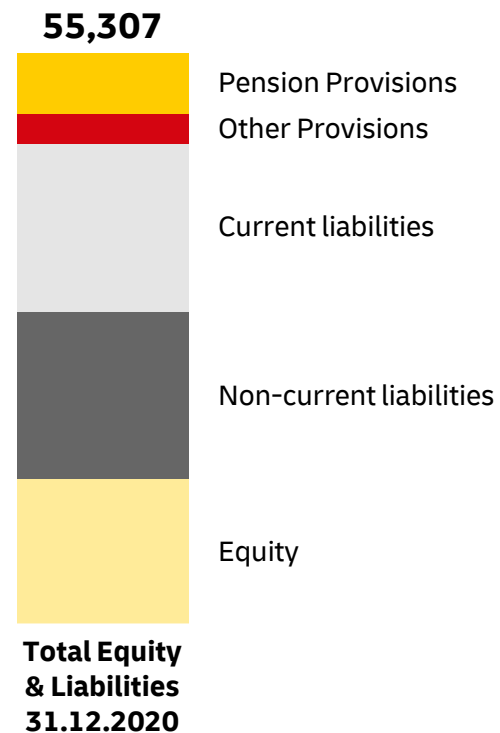
**47.9%**  
Net Gearing

**25.5%**  
Equity Ratio

**1.7x (2019)**      **1.5x (2020)**  
Net Debt / EBITDA

**9.9x**  
Net Interest Cover

All figures in €m, FY 2020

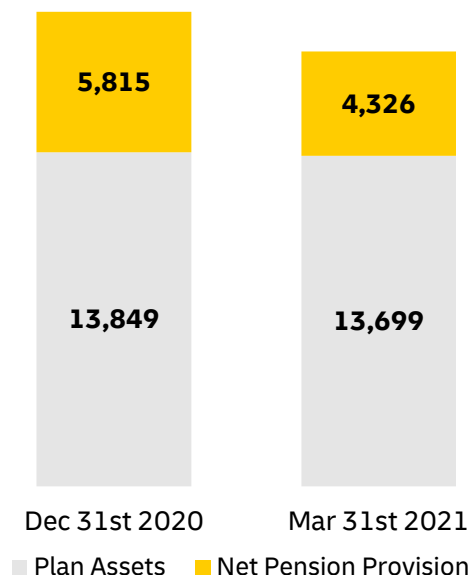




# DPDHL Group Pensions – DB and DC plans

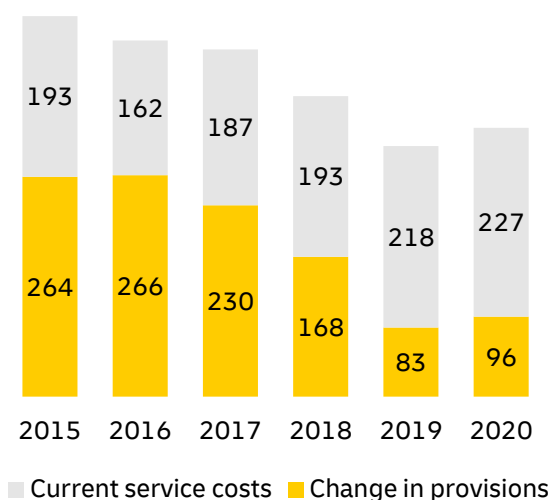
in €m

## Defined Benefit Obligation



## Defined Benefits Staff Costs\* & Change in Provisions

\* Excluding one-offs

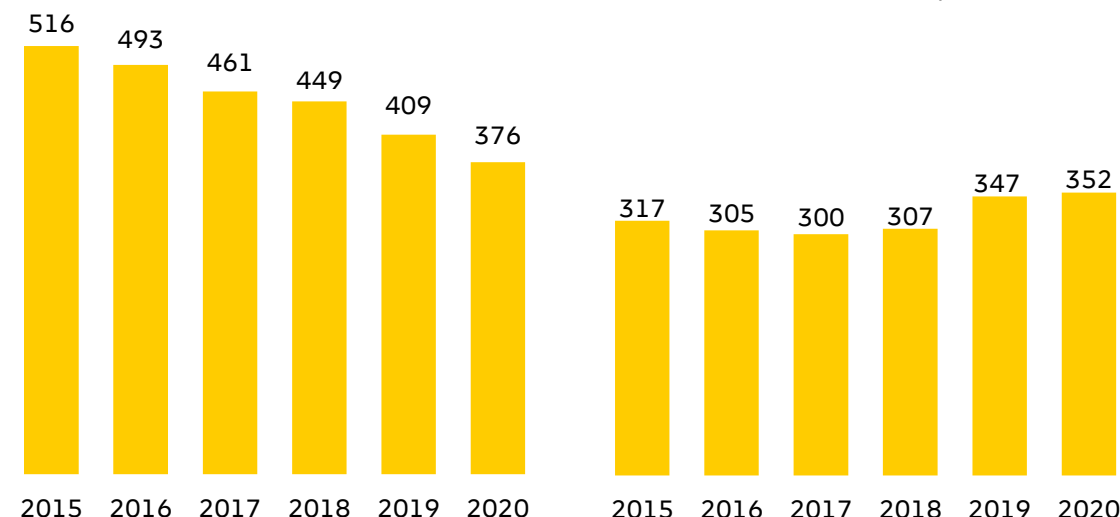


## Defined Contribution (Cash out ≈ staff costs in EBIT)

Civil Servants in Germany

Hourly workers & salaried employees\*

\*mainly outside Germany



Discount Rate (DBO)	Germany	UK	Other	Total
Mar 31 <sup>st</sup> 2021	1.40%	2.00%	1.46%	1.58%
Dec 31 <sup>st</sup> 2020	0.80%	1.20%	1.06%	0.95%

# Investor Relations Contact



**Martin Ziegenbalg**  
+49 228 182 63000  
m.ziegenbalg@dpdhl.com



**Robert Schneider**  
+49 228 182 63201  
robert.schneider1@dpdhl.com



**Sebastian Slania**  
+49 228 182 63203  
sebastian.slania@dpdhl.com



**Agnes Putri**  
+49 228 182 63207  
a.putri@dpdhl.com

# Disclaimer

This presentation contains certain statements that are neither reported results nor other historical information. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Deutsche Post AG's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. Deutsche Post AG does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation.

This presentation does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor shall there be any sale, issuance or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law.

Copies of this presentation and any documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from Australia, Canada or Japan or any other jurisdiction where to do so would be unlawful.

This document represents the Company's judgment as of date of this presentation.