DHL SUPPLY CHAIN

GOLDMAN SACHS FIRESIDE CHAT

Oscar de Bok, CEO DHL Supply Chain

25 November 2021

DHL Supply Chain – Excellence. Simply delivered.

AGENDA

- **DHL Supply Chain today – Leader in contract logistics**
- Well prepared to win in the future
- Offering a strong financial profile

We are the

#1 contract logistics player

managing supply chains
to reduce complexity
for our customers

~€13.7bn
Revenue 12 month rolling

~€1.5bn
eCommerce revenue in 2021

5.0%
YTD Sept EBIT margin

~160,000
FTE

11.2%
YTD Sept EBITDA margin

#1
Leading in all continents

3,000+
Digitalization projects live to date

94%+
Contract Retention Rate

>1bn
New business signings in 2021

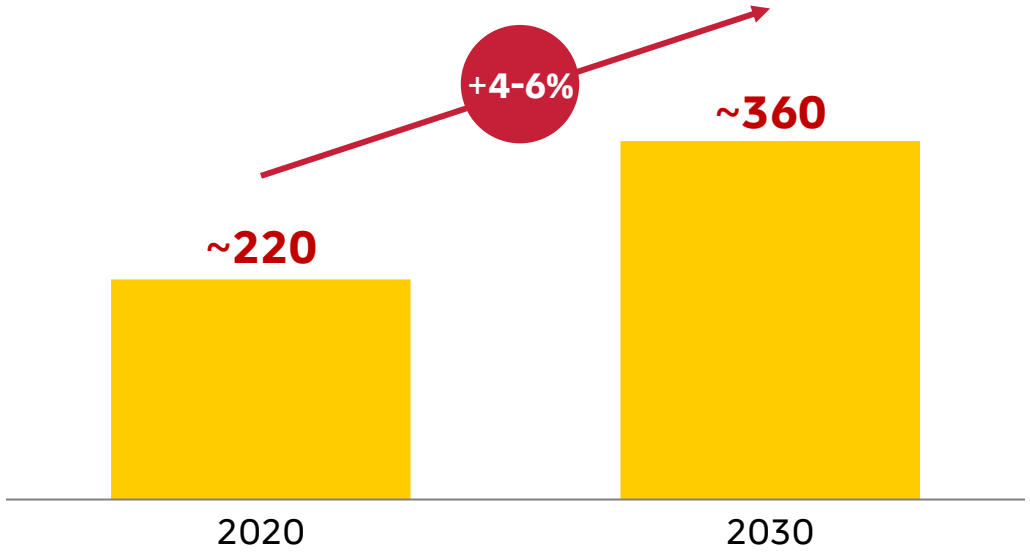
~50
Net Promoter Score (NPS) continuously measured

STRUCTURAL GROWTH DRIVERS

- Growing GDP
- Increasing complexity in customers supply chains and outsourcing shares
- Rising in eCommerce and circular economy

We operate in a ~€220B market growing at ~4-6% annually

Outsourced market development[1] (in €B)

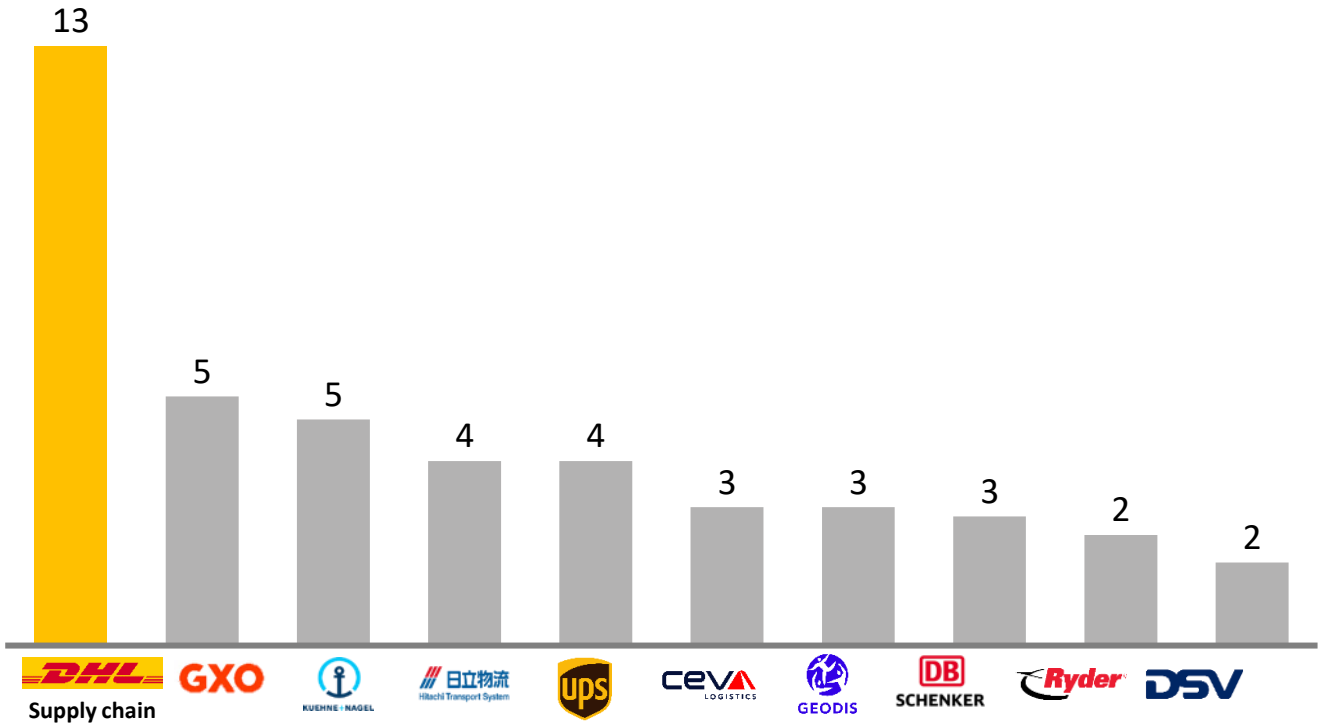


1. Excludes Real Estate Solutions and Packaging
Source: DPDHL Market Intelligence, Statista, Passport/Euromonitor, EvaluatePharma, APQC, Armstrong & Associates, Inc., Mordor Intelligence

WE ARE MORE THAN TWICE THE SIZE OF OUR CLOSEST COMPETITORS

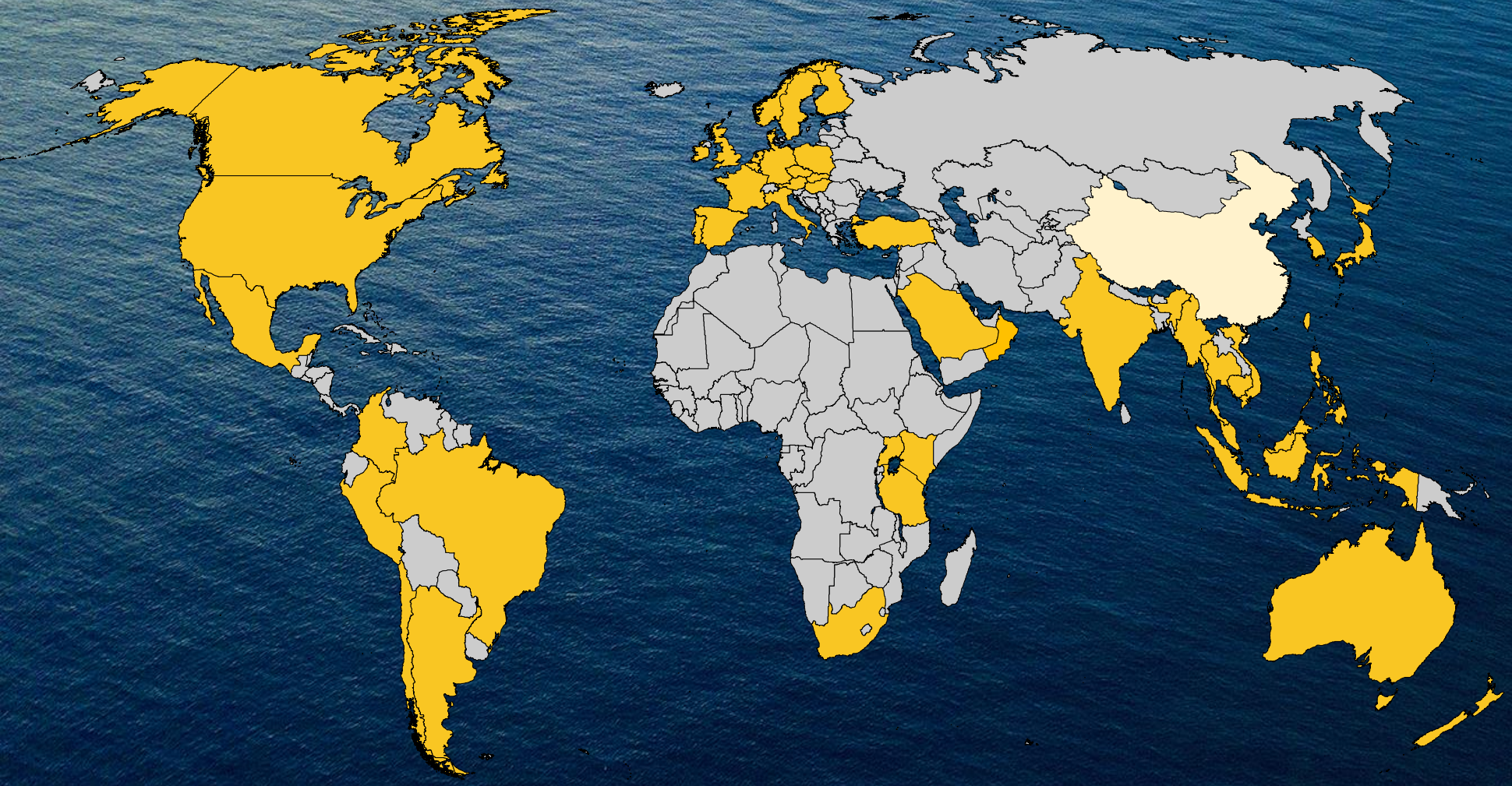
Contract logistics players

(Revenue 2020 in €B)



1. Market shares only refer to the company's respective contract logistics segment Source: DPDHL Market Intelligence, Transport Intelligence. Market share is presented on the basis of divisional revenue

We combine unparalleled reach and scale operating >1,500 locations in 50+ countries



Countries covered by DHL Supply Chain

Partnership

Services in every major country

50+

Countries covered worldwide

Warehouses in all commercial centers

1,500

Warehouses and locations

Providing efficient scalability and flexibility

15M

Square meters of storage space

WHY SCALE MATTERS

BIG IS BETTER

- Serve customers end-to-end
- Business model resilience and flexibility
- Better payback from standardization
- Capacity to invest
- Leverage automation and new technologies
- Partnership ecosystem for innovations
- Strong digital solutions and data capabilities

OUR CUSTOMER VALUE PROPOSITION

- Truly global reach out of one hand
- Operational efficiency gains through DSC's standardized back-end, automation and digitalization
- Modular solutions suited for the most complex supply chains of this world

We have a diversified customer base covering global blue-chips and future rising stars

Example blue-chip customers

Example 'rising stars'

~15% of revenue from top 10 customers

~80% of revenue from top 200 customers

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Megatrends change today's supply chains...

eCommerce

Digitalization

ESG

Globalization

...and increase complexity for our customers

~20%	of retail sales world-wide are **online or omnichannel**
~40%	of eCom consumer state **same-day delivery** is a "game changer"
~40%	of consumers **return** online purchases
~30%	of consumers are willing to pay extra for **eco-friendly** delivery
~20%	of eCommerce business is **cross-border**

Customer needs are becoming more complex and go beyond pure costs

Rising customer needs...

Flexibility	"Flexible scaling to conquer Black Fridays and meet our omni-channel demands" *Global consumer and professional products manufacturer*
Speed	"Next day delivery as new normal" *Manufacturer of baby-care products*
Sustainability	"Carbon neutral supply chain as table stake" *Consumer chemicals company*
Resilience	"Stock-outs due to logistics cannot be afforded" *Global pharma company*

...while costs stay in focus

Cost	"Cost remain our key focus in logistics" *Apparel company*

DHL Supply Chain provides a clear value-add to customers...

Cost efficiency

We provide optimized and integrated supply chain networks that **decrease our customers' cost**

Resilience

We provide scale and capacity to protect our customers from **demand and supply shocks**

We solve supply chain complexity

Sustainability

We ensure that our customers' supply chains are **compliant with ESG standards**

Increased flexibility

We are the largest provider of tailored **fulfillment capacity** for our customers

Increased Speed

Our automation capabilities, and modular standardization ensure **faster delivery**

...and this how we do it

1. Strong, tailor-made product portfolio
2. Standardized back-end with automated and digitalized operations
3. Leading ESG capabilities

Our portfolio enables DHL Supply Chain to provide targeted modular solutions for customers – eCom example

Our broad offering and product combinations put us ahead of the competition as an eCommerce partner for our customers

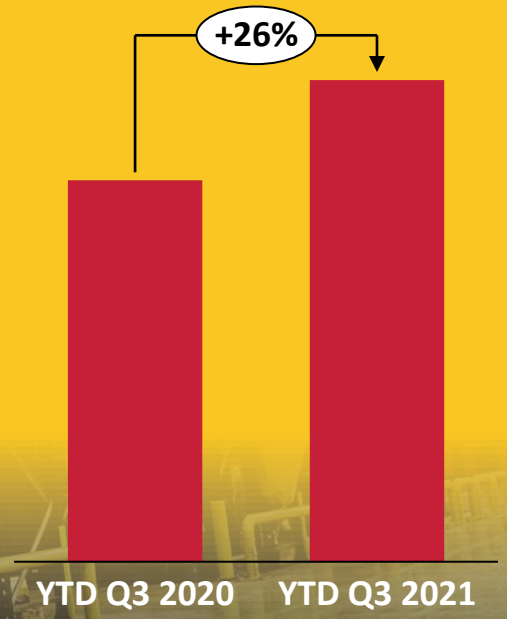
Strategic Products

- eFulfillment
- \+
- reCommerce
- \+
- Packaging
- \+
- Real Estate Solutions
- \+

Core Products

- Transport
- Warehousing

eCommerce revenue is growing fast – €1.5bn Revenue in 2021



DHL Supply Chain is uniquely positioned to integrate physical and digital supply chain solutions

We are >2x the size of our closest competitors seen as the most innovative 3PL provider by Gartner ranking...

#1 in global reach
We operate 1,500 locations in 50 countries

#1 in capacity
~15 Mio square meters of warehouse space

#1 in vehicles operated
>10,000 own vehicles in addition to managed transportation

...and we are leading in digital capabilities

#1 Logistic data pool globally
Our global reach and scale gives us unmatched access to data

#1 in workforce digitalization
70% of our employees operate in digitalized environments

#1 Leading technology ecosystem
100+ strong partnerships to ensure speed and drive innovations

Physical assets + **Digital capabilities**

OUR STANDARDIZED BACK-END WILL DRIVE DHL SUPPLY CHAIN'S OPERATING MARGINS

Standardization

Globally consistent operating standards via our Operations Management System First Choice

Automation and Digitalization

3,000+ digitalization projects live to date, focused on 12 core technologies for our customers

DHL SUPPLY CHAIN – A GREAT PLACE TO WORK ATTRACTING AND RETAINING THE BEST TALENT IN THE INDUSTRY

Retain and attract best talent

>80% score on Employee Engagement

Foster continuous employee development

>11,000 supervisors trained

Strive for excellent working conditions

Top Employer award for the fifth time in a row

Increase team diversity

e.g., 22.7% YTD share of woman at DSC

Great Place To Work.

top EMPLOYERS INSTITUTE

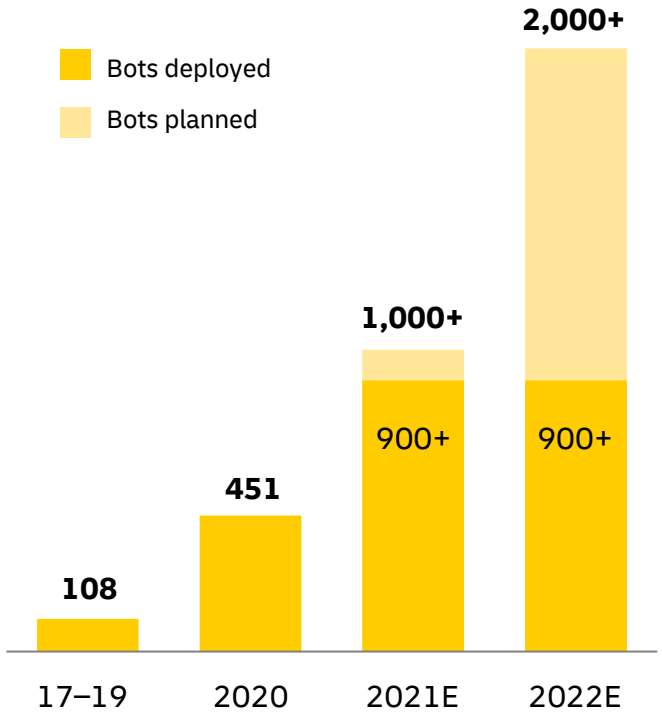
CASE STUDY

Assisted picking robots as example for implementation of focus technologies

Assisted Picking Robots

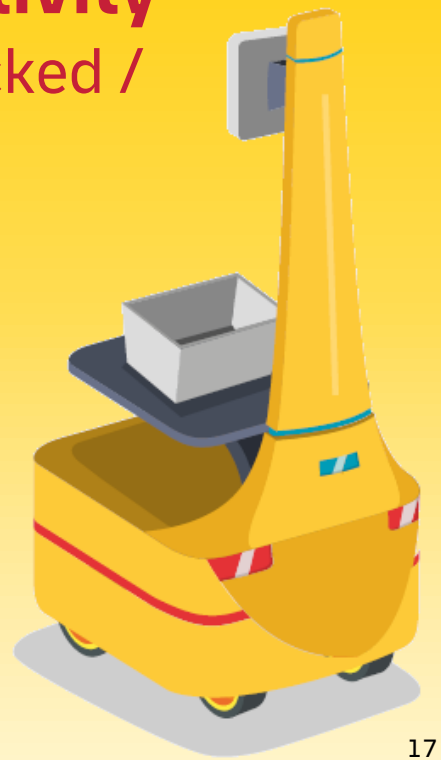
- **Transport cartons and picked goods** through the warehouse - **minimizes non-value-adding walking**
- Calculates **optimal order-picking route** within the warehouse
- Supports with **inventory replenishment**
- Primarily used in **piece-picking operations**, such as eCommerce and Retail

of robots live and planned as of Q3 2021



~30 – 180%

Efficiency savings in picking productivity (units picked / hour)

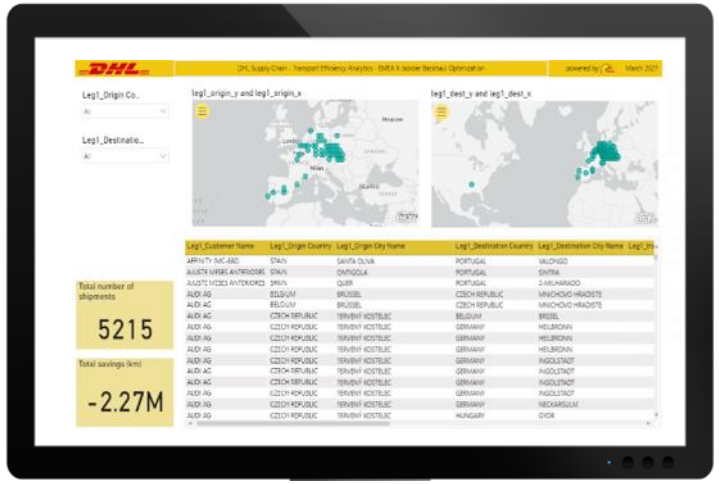


CASE STUDY

Transport optimization as example how to leverage digital analytics capabilities

Transport Analytics

- Uses central data layer to consistently **optimize transport networks**
- **Identifies backhaul opportunity** for trucks to **increase network utilization**
- **Optimizes lane combinations** for international shipments to **reduce costs and emissions**



~up to 4.5 million km

distance savings expected p.a. in EMEA alone after initial tests with matching algorithm on **27,000 shipment data**

OUR ESG ROADMAP SERVES OUR CUSTOMERS' NEEDS AND DRIVES LASTING IMPACT IN COMMUNITIES

We are leading the industry's ESG standards to offer a future-proof product portfolio to our customers

Environment
Clean operations for climate protection

Example initiatives

- Net-Zero carbon warehouses
- Reducing transport emissions
- CoGreen sustainable customer solutions

>85%
Share of green electricity in warehouses

Social
Great company to work for

Example initiatives

- Industry-leading OHS[1] standards
- Diversity and inclusion
- CSR / Corporate Citizenship

~66%
Lower Lost Time Injury Frequency Rate compared to industry average[2]

Governance
Highly trusted company

Example initiatives

- Trade compliance
- Data protection and IT-security
- Zero-tolerance to corruptive behavior

>30k
Compliance training hours

1. Occupational Health and Safety
2. 0.5 accidents / 200k work hours for DHL Supply Chain compared to 1.6 industry average

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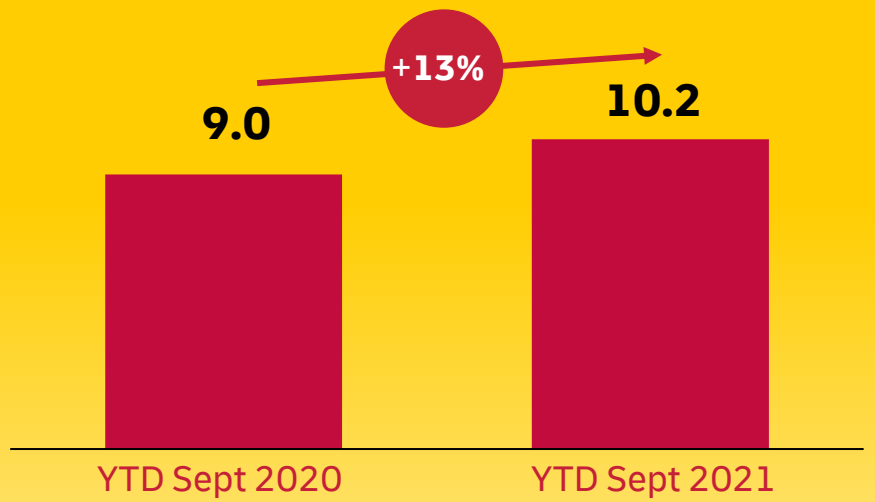
- **Offering a strong financial profile**

2021 will yield strong top-line growth and significant rise in margins

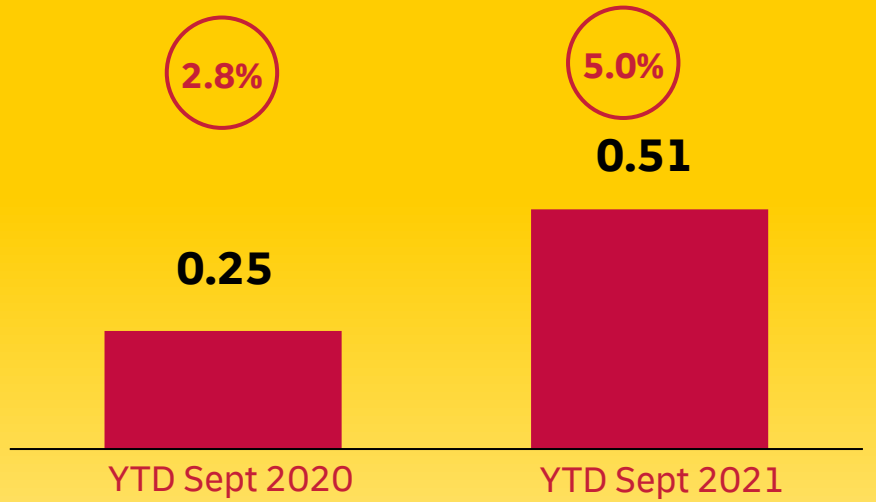
DHL Supply Chain YTD Sept revenue (€B)



Above market 13% topline growth in YTD Sept 2021 driven by

- COVID recovery
- Strong demand for eCommerce and strategic products

DHL Supply Chain EBIT (€B, %)

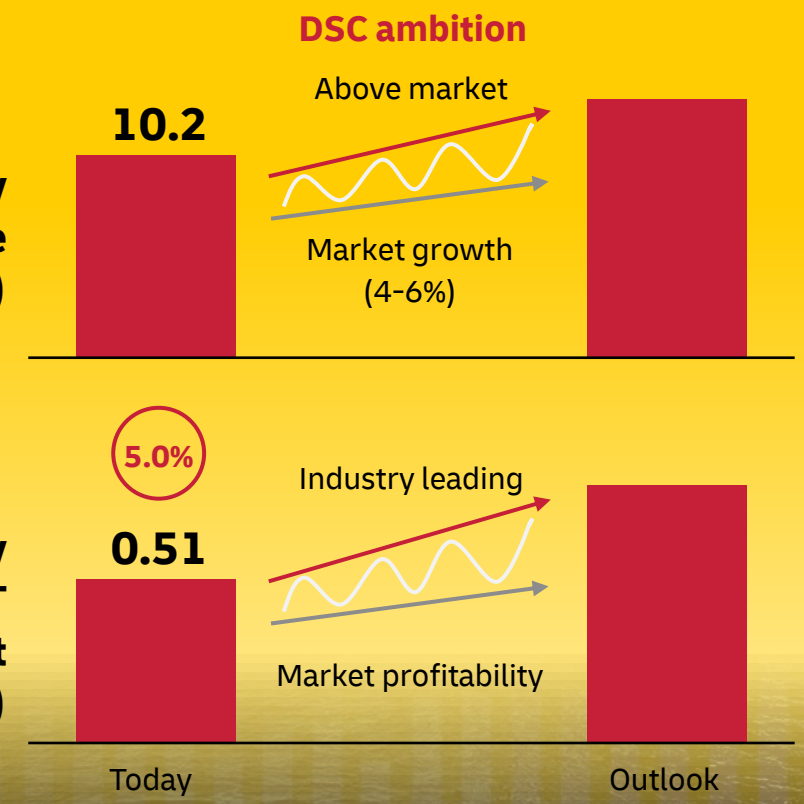


Significant rise in profitability

- Increasing pay-off of standardization measures, now rolled out in 900+ sites
- Increased efficiency from automation
- Rise in strategic products at above average margins

DHL Supply Chain targets significant growth in revenue and profitability

Attractive mid term-outlook...



...driven by above market growth and rise in profitability

We outperform market growth...

- Particular tailwinds from leading eCommerce offering and strategic products growing at 10%+
- Unique positioning to integrate physical and digital solutions for our customers in E2E offerings

...with industry-leading margins

- Mix shift towards higher margin strategic products
- Full roll-out of standardization and automation to drive continuous margin improvement

WHY DHL SUPPLY CHAIN IN CONTRACT LOGISTICS?

1

We are the #1 global contract logistics player in €200B+ market, growing 4-6%

2

We provide unparalleled scale and reach

3

We have a diversified customer base covering global blue-chips and rising stars