Deutsche Post DHL Group

RESILIENCE ON A NEW LEVEL

Q1 2022 RESULTS

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Financial Highlights: Double-digit growth & guidance confirmed

Q1 2022 Revenue	Q1 2022 EBIT	Q1 2022 Free Cash Flow excl. Net M&A
€ 22.6 bn	**€ 2.2 bn**	**€ 1.1 bn**
+20% yoy	**+13% yoy**	**-4% yoy**
Continued positive momentum based on our **global and balanced** Group portfolio	**Double-digit group EBIT growth** while B2C goes through expected normalization phase	Both EBIT and FCF are maintained on a **strong new level**

2022 and mid-term guidance confirmed

Management comments:
For DPDHL Group, despite the challenging circumstances, business performance in Q1 2022 continued to be supported by the broad and diversified business portfolio. Group revenue and EBIT both showed a double-digit increase despite the expected normalization versus the unusually high levels in the previous year. Within the group portfolio, the B2C normalization has been offset by continued growth in B2B activities. Given the additional disruptions in global transport markets, the leading capabilities of our DHL divisions were once again in high demand.

Based on the strong start into the year and being aware of the uncertainties in the macro environment, we today confirm our 2022 and 2024 guidance for all metrics.

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Status update on three major external developments

Ukraine war

- Direct exposure very limited: FY 2021 aggregated revenue in Ukraine, Russia and Belarus was <1%
- Asset impairment of €-30m in Russia in Q1 2022 (EXP: €-24m, DGFF: €-6m)

Lockdowns in China

- DHL Express and DGF volumes currently held back by reduced economic activity in the areas under lockdown; expect pent-up demand to be released once lockdowns will be scaled back
- Freight rates reflect added disruption

Inflation acceleration

- Fuel price inflation passed on through usual well-established mechanisms
- Additional measures, mainly through yield management, implemented to address broader inflation acceleration

Management comments:
We currently see and monitor very closely three major external factors.

Direct exposure to the war region in Eastern Europe is limited for us. Reduced business expectations in Russia have led to an aggregate €30m asset impairment, also reflecting that our direct net asset exposure is very limited.

Actually, the lockdown measures in China are currently having a bigger and more direct impact on our businesses. Given reduced economic activity in the provinces affected by the measures, we currently see reduced Express and DGFF volume on the associated tradelanes. Beyond this short-term impact, we would expect pent-up demand to support business performance if & when lockdowns will be scaled back again.

We see the expected inflation acceleration and are implementing all usual countermeasures, mainly price increases.

Overall, these three factors carry risks for global GDP growth but also add to the disruption in transport markets as we reflect in our updated 2022 base assumptions.

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DHL Express

€6,373m
Revenue, Q1 2022
+16% yoy

€971m
EBIT, Q1 2022
+1% yoy

-7% yoy
TDI Shipments/Day

+13% yoy
TDI Revenue/Day

- Organic revenue growth of **12%**
- **Higher yield and B2B weight** continue to offset lower B2C volumes during e-commerce normalization phase, as expected
- EBIT includes €-24m asset impairment in Russia, lockdown impact in China and temporary time lag in fuel surcharge pass-through; margin at **15%**
- **Current trends:** Growth continues to be driven by higher yield and weight; high volatility reflecting disruptions like China lockdowns

Management comments:

Q1 performance in DHL Express has been marked by the expected B2C and B2B trends. B2C volumes were down versus the unusually high levels in the previous year (-10% yoy). Growth in B2B continued to materialize in bigger and heavier shipments rather than in higher volumes. Therefore, even with TDI shipments per day down yoy, the Express network remained very highly utilized.

As such, revenue per day was up double-digit driven by higher weight as well as continued yield management, incl. fuel and other surcharges. Overall, DHL Express Q1 2022 EBIT was in line with last year's strong number, despite €-24m asset impairment in Russia.

Management comments:
Transport markets remain very tight, with new disruptions driving freight rates even further up in Q1 2022. Strong GP growth coupled with our ongoing internal process improvements therefore led to an exceptionally strong EBIT of above €600m and DGF GP-EBIT conversion of 50%.

As a market leader in Ocean and Air Freight, DGFF was once again capable to help customers get access to capacity in very challenging market circumstances, with even 3% volume growth in AFR and flat volumes in OFR.

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DHL Global Forwarding, Freight

€7,359m
Revenue, Q1 2022
+55% yoy

€601m
EBIT, Q1 2022
+178% yoy

Air Freight (AFR)

+3% yoy Volumes

+65% yoy GP/unit

Ocean Freight (OFR)

+0% yoy Volumes

+90% yoy GP/unit

- Continued tight capacity and better usage of new TMS system drove further **GP expansion in AFR (+70% yoy) and OFR (+90% yoy)**
- Internal agenda for process improvements is further pursued, supporting **sustainable conversion improvement** (Q1 2022 DGF conversion rate: 50%)
- **Hillebrand** acquisition successfully closed and integration processes initiated (P&L contribution as of April 2022)
- **Current trends:** Demand continues to exceed tight capacity, situation exacerbated by the war in Ukraine and lockdowns in China; no quick or sudden rate normalization expected

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+13% yoy
Organic revenue growth

>5%
EBIT margin

- Strong **organic top line growth** driven by **new business**, mainly **due to strong e-commerce contribution,** as well as a **high renewal rate**
- **EBIT growth of +23% yoy** reflects top line growth delivered at higher efficiencies from digitalization and standardization, thus further sustaining margin at a high level of **>5%**
- **Current trends:** Continued stable top- and bottom-line growth expected, driven by increased customer outsourcing due to rising complexities and market scarcities

DSC Management Update on May 13th with Site Visit in Florstadt

Management comments:
DHL Supply Chain continues its accelerated revenue and EBIT growth momentum in Q1 2022.

As customers look to transform their supply chains for e-commerce and make them more resilient and digital, this revenue acceleration reflects continued strong business activity and implementation of new business wins.

Our digitalization agenda is continuously scaled at great pace with ~4,000 digitalization projects live and 2,000+ collaborative robotics deployed; further driving efficiencies, capacity and resilience.

Thanks to higher efficiencies from standardized processes and digitalization, the revenue growth is achieved at a reliable >5% EBIT margin, so that the strong topline trend is also translating into double-digit EBIT growth.

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>7%
EBIT margin

- **Price increases** close to balancing out mid-single digit aggregate volume decline versus high B2C base effect in Q1 2021
- **Strong 7% margin** maintained in expected B2C normalization phase despite temporarily lower volumes, supported by yield management and cost focus
- **Current trends:** B2C normalization phase to continue into Q2

Management comments:

DHL eCommerce Solutions offers Parcel delivery in domestic and cross-border markets outside of Germany. Volumes are currently below the unusually high levels of H1 2021 all while staying well ahead of pre-pandemic levels.

Q1 revenues were nevertheless about flat yoy, supported by yield management. Organic, like-for-like revenue development was also -1% yoy as positive FX effects were balanced by small portfolio adjustments in Asia.

Overall, DHL eCommerce Solutions confirms the newly attained profitability levels with €102m of quarterly EBIT at a strong 7% margin.

Management comments:

As reflected in the full-year guidance, P&P EBIT was down in Q1 as the B2C normalization phase is facing the toughest yoy comparison in the first half year.

The main goal for P&P remains to stabilize EBIT at the new yearly run rate of €1.5bn against the background of structural mail decline and e-commerce growth. P&P will provide a management update on this agenda in a virtual presentation on May 19th.

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Post & Parcel Germany

€4,245m
Revenue, Q1 2022
-7% yoy

€355m
EBIT, Q1 2022
-36% yoy

Post*		Parcel	
+7% yoy Volumes	+3% yoy Revenue	-19% yoy Volumes	-15% yoy Revenue

- Expected **B2C parcel normalization** against unusually high H1 2021 levels; Q1 2022 volumes however +19% above Q1 2019
- **Mail** volume and revenue increase, against structural trend, driven by rebound in (lower priced) Dialogue Marketing volume (+18% yoy)
- **Cost reduction** in purchased goods & services and staff costs (>3,000 lower FTE yoy), partly offset by negative COVID-19 impacts (high sickness rate, safety measures)
- **Current trends:** B2C normalization phase to continue into Q2

Post = Mail Communication & Dialogue Marketing

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Q1 2022 Group P&L: Double-digit growth in revenue, EBIT and EPS

in €m	Q1 2021	Q1 2022	vs. LY
Revenue	**18,860**	**22,593**	**+19.8%**
EBIT	**1,911**	**2,159**	**+13.0%**
Financial result	-154	-123	+20.1%
Taxes	-492	-590	-19.9%
Consolidated net profit*	**1,190**	**1,351**	**+13.5%**
Basic EPS (in €)	**0.96**	**1.10**	**+14.6%**

Q1 2022 Group EBIT includes €+13m net one-offs: €+43m StreetScooter (Group Functions), €-24m asset impairment in Russia (DHL Express), €-6m asset impairment in Russia (DHL Global Forwarding, Freight).

*attributable to DPDHL Group shareholders

Management comments:
Despite the expected normalization phase in B2C and the general economic uncertainties, Group revenue and EBIT grew double-digit yoy. Without any unusual effects below the EBIT line, this translated into double-digit growth for net profit and EPS as well.

Higher taxes reflect the higher taxable income as well as the expected uptick in the tax rate (Q1 2022: 29%; Q1 2021: 28%).

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EBIT increase continues to flow through into strong organic FCF generation

Q1 2022

All in €m

EBIT **2,159** yoy: +248	**Operating Cash Flow** **2,426** yoy: -64	**Free Cash Flow excl. Net M&A** **1,137** yoy: -48

- Expected higher tax rate on higher earnings base led to increased income taxes paid (Q1 2022: €-388m; Q1 2021: €-273m)
- Strong working capital control in light of business growth (€-240m yoy reflecting extraordinarily low seasonal working capital outflow in Q1 2021)
- Reported FCF of €-197m includes €1,379m net purchase price payment for Hillebrand

€2bn share buy-back program started in April

Management comments:
Our Free Cash Flow (FCF) definition includes Net M&A spending and hence the €1.4bn net payment for the Hillebrand acquisition. When excluding this non-operating effect, Q1 2022 FCF was pretty much in line with last year's record level.

Considering that Q1 was historically seasonally FCF negative, the Q1 2022 performance is another evidence of sustainable improvement in cash generation.

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Investing in Clean Fuel & Technology

Progress made to truly decarbonize customer supply chains with green alternatives of our core products

Support customers to eliminate carbon emissions without compromising on service level

Use **sustainable fuels** in air, ocean and road freight, as well as renewable energy in our warehouses

Ability to scale the **growing number of solutions** and **latest innovations** in technologies

EXAMPLES

GoGreen Plus for AFR & OFR

DGFF successfully launched **GoGreen Plus for air freight products** using **sustainable fuels**

SAF deal with bp and Neste

Supply of >**800m liters SAF** for DHL Express secured until 2026, **one of the largest SAF deals to date**

Alternative drive vehicles

>20,000 already in use. Progress also made for heavy-duty vehicles; additional installation of solar panels on trucks to reduce emissions

Management comments:

The launch of our GoGreen Plus products is a key milestone in making the global logistics industry more sustainable. GoGreen Plus offers customers logistics solutions with no or lower emissions by replacing conventional fossil fuel with sustainable fuel. Customers can easily pick and choose which parts of their supply chain they want to truly decarbonize. The GoGreen Plus Service can also be easily added while booking online, e.g., an air freight shipment via the myDHLi customer platform.

On this slide, we also provide some examples of the execution of our ESG roadmap in all transport modes (air, ocean and road). We remain committed to our 2030 target to have >30% share of sustainable fuels and 60% e-vehicles to be used in pick-ups and deliveries. As such, the combination of the recent deal for 800m liters of SAF and current supply in San Francisco, East Midlands and Amsterdam together already provide more than half of the SAF needed for DHL Express' intermediate target to reach 10% SAF blending for all air transport by 2026.

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Base assumptions for 2022 guidance

Updated **GDP & Freight Market** Express B2B, DGFF, DSC	▪ GDP growth **below to in line** with long-term trend **(from "in line", reflecting China impact and war in Ukraine)** ▪ Gradual normalization in freight markets in **Q4 2022, at the earliest (from "H2 2022", reflecting China impact and war in Ukraine)** ▪ **Short-term headwind from China lockdowns, expected to turn into pent-up demand later on**
B2C Express B2C, DeCS, Parcel Germany	▪ Return to pre-COVID19 structural B2C growth over time, after current normalization phase
Trends & Structural Mix Shifts P&P Germany	▪ Gradual return to historic growth rates in mail/parcel, after normalization phase in 2022 ▪ Continued structural mix effects from mail to parcel shift
Inflation	▪ Constantly addressed through yield and contract management ▪ Strong focus on additional targeted measures across all divisions to counteract extreme trends

DGFF: DHL Global Forwarding, Freight. DSC: DHL Supply Chain. DeCS: DHL eCommerce Solutions. P&P Germany: Post & Parcel Germany

Management comments:
As communicated with our FY 2021 results in March, we expected the Ukraine war to affect global GDP growth as well as transportation markets. As part of our regular guidance review, we have updated our assumptions to our current best opinion on these two factors as well as adding China lockdowns as additional uncertainty for GDP growth and freight market predictions.

Reflecting these factors, we now expect GDP to grow, but only below to in-line with long-term trend anymore. At the same time, disruption in global freight markets has indeed worsened further, so that we now expect to see any gradual normalization to start in Q4 2022 at the very earliest. As these two factors balance each other out directionally, this update of assumptions does not lead to any change in our overall group guidance.

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Established processes to address volatility in inflation and economic cycle

	DHL Express	DHL Global Forwarding, Freight	DHL Supply Chain	DHL eCommerce Solutions	Post & Parcel Germany
How do we flex our cost base?	▪ Mix of own & sub-contractor couriers ▪ Air capacity split between owned, long-, mid- and short-term contracts ▪ Digitalization efficiencies	▪ Reducing operating costs via automation, standardization and scaling ▪ Streamlining overhead structures from global to country level	▪ Multiple flexible labor models allowing labor sharing across operations ▪ Seasonal hires that can be efficiently scaled in line with demand	▪ Mix of own & sub-contractor couriers ▪ Investments in automation, hence efficient and flexible network utilization	▪ Structural measures for optimizing process efficiency ▪ Continuous review of planned investments
How do we address inflation?	▪ Surcharges: e.g. fuel, Emergency Situation Surcharges (ESS) ▪ Transport & staff cost inflation addressed by GPI	▪ Transport costs incl. fuel are inherent in GP management ▪ Labor productivity	▪ Inflation recovery clauses included in customer contracts ▪ Digitalization to optimize labor costs	▪ Regular GPI based on bottom-up local market situation, incl. inflation ▪ Yield management	▪ Price increases ▪ Partial use of fuel hedging
Group-wide measures	Strongly diversified footprint Discretionary spending strictly controlled. Capex projects systematically steered. Labor: hiring freeze as necessary, temporary labor flex.				

Management comments:

Being aware of high uncertainty on the general macroeconomic outlook, this page shows how our divisions are prepared to deal with a slower macroeconomic development. Each division has number of proven levers that they can pull to flex down their cost base, as and when needed.

Just as well, each division has well-established processes to deal with inflation, as we have shown in more detail in our Q3 2021 presentation already.

Therefore, supported by our strongly diversified footprint and solid balance sheet, we have several levers in our toolbox regarding cost control and capex steering, which allow us to have a balanced approach towards any short-term measures in order to focus on the long-term value creation for all our stakeholders.

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2022 and mid-term guidance confirmed

in € bn

EBIT	2022 Guidance
Group	**8.0 +/- 5%**
DHL	7.0 +/- 4%
P&P Germany	1.5 +/- 10%
Group Functions	~-0.45
Free Cash Flow	**3.6 +/- 5%**
Gross Capex (excl. leases)	**~4.2**
Tax Rate	**~29%**

	Mid-term Guidance
2024 Group EBIT	**~8.5**
Free Cash Flow 2022-2024 cumulative	**~11**
Gross Capex (excl. leases) 2022-2024 cumulative	**~12**

Note:
- FCF guidance excludes Net M&A

Management comments:

Our guidance set is confirmed as introduced with the FY 2021 results release in March.

The exact “post-pandemic” pattern and phasing of growth remain to be seen. Therefore, we could see deviations to both sides on all the base assumptions of our 2022 guidance, which we have also reflected in a 2022 guidance range of +/-5% around the mid-point of €8.0bn Group EBIT. As communicated with our FY 2021 results in March, we expected the Ukraine war to affect global GDP growth as well as transportation markets. As part of our regular guidance review, we have updated our assumptions to our current best opinion on these two factors as well as the lockdowns in China as shown on our 2022 assumption slide.

Based on today’s visibility and our good Q1 2022 results, we are fully on track to deliver on our 2022 guidance. Moreover, we confirm our mid-term guidance, which underlines our conviction that the new high level of earnings and cash flow achieved in 2021 are sustainable.

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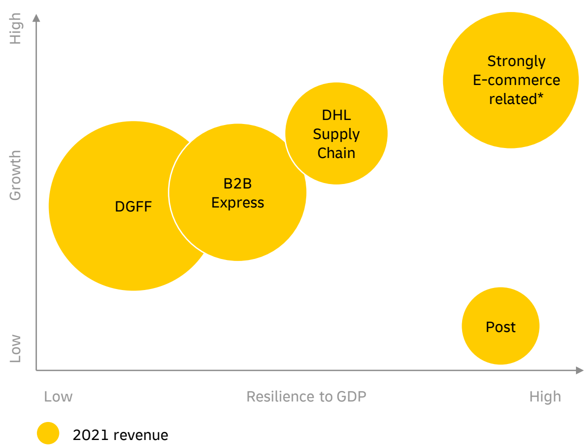
Our broad portfolio makes us more resilient



*B2C Express, Parcel Germany and DHL eCommerce Solutions

Our position

- Largest, most global logistics provider
- Leading market positions
- Strong brands, balanced portfolio

Management comments:

We are convinced that our diverse mix of business activities and geographic exposure makes us more resilient to any volatile circumstances.

During the pandemic, we proved that our portfolio was able to manage all different external challenges on global supply chains and to fully leverage our e-commerce capabilities.

In the last quarters, we have now seen the expected normalization of B2C activities being offset by continued growth in B2B-exposed divisions (i.e. DGFF, B2B Express and DSC). With regards to all uncertainties in the external environment, this broad footprint will definitely make our business performance more resilient.

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CONNECTING PEOPLE. IMPROVING LIVES.

RESILIENCE ON A NEW LEVEL

Resilient e-commerce driven GDP+ growth at **sustainably higher earnings level**

Significantly increased & sustainable **free cash flow generation**, supporting attractive shareholder return

Industry-leadership cemented by strong strategic focus on **digitalization and ESG**


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CONNECTING PEOPLE. IMPROVING LIVES.
ON A NEW LEVEL
13 May 2022
19 May 2022
13 June 2022
DHL
Supply Chain
Management Update &
Site Visit in Florstadt
Post & Parcel
Germany
Management Update (Virtual)
DHL Global Forwarding, Freight
Management Update (Virtual)
SAVE THE DATE