Deutsche Post DHL Group

Q2 2022 RESULTS

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RESILIENCE ON A NEW LEVEL

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Financial Highlights: Another quarter with double-digit growth; Guidance confirmed

Q2 2022 Revenue	Q2 2022 EBIT	H1 2022 EBIT
€ 24.0bn	€ 2.3bn	€ 4.5bn
+23% yoy	+12% yoy	+13% yoy
Unchanged positive momentum based on our **balanced global** Group portfolio in Q2	**Double-digit Group EBIT growth** while e-commerce going through expected post-pandemic normalization phase	**H1 strong basis for delivering on 2022 guidance** of €8.0bn (+/-5%). Low-end of current guidance also achievable in sharp downturn scenario, potential upside possible

Management comments:
Looking back on Q2 2022, our performance shows another strong quarter for DPDHL based on our broad group portfolio. Double-digit growth in Group revenue and EBIT is mainly driven by the Forwarding, Freight and Supply Chain divisions while Express, eCommerce Solutions and P&P Germany go through the expected post-pandemic B2C normalization phase.

Most importantly, based on H1 EBIT of €4.5bn, we confirm our 2022 guidance, which now also explicitly covers the case of a potential GDP decline in the further course of the year. All other guidance components, including our FCF guidance are also confirmed.

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GROUP EBIT, Q2 2022

€2,337m **yoy: +€254m (+12%)**

in €m

DHL Express	DHL Global Forwarding, Freight	DHL Supply Chain	DHL eCommerce Solutions	P&P Germany	Group Functions / Consolidation
1,101	**746**	**244**	**109**	**242**	**-105**
-6%	>100%	+23%	-6%	-23%	<-100%
Q2 2021: €1,177m	*Q2 2021: €312m*	*Q2 2021: €198m*	*Q2 2021: €116m*	*Q2 2021: €315m*	*Q2 2021: €-35m*
TDI revenue/day up +15%, mainly driven by higher yield and weight/shipment; TDI shipment/day -5% yoy due to expected B2C base effects and China lockdown. **EBIT margin at 16%.**	Once more, strong **EBIT/GP conversion of 50% in DGF** due to continued imbalances in freight markets but also increasing utilization of and efficiencies from the new IT system landscape.	EBIT growth due to high renewal rates, new business wins, growth of strategic products and accelerated digitalization. **Margin of 6%, in line with 5+% target.**	Revenue up 5% despite high B2C base effect in 2021, driven by yield management and FX effects. **EBIT margin maintained at high level of 7%.**	**Expected normalization from 2021 base effects** led to volume decline in parcel (-14%) and increase in Mail (+4%). Additional cost inflation addressed through cost and pricing measures.	Q2 2022 EBIT includes €+23m from StreetScooter sale. Q2 2021 EBIT included €+44m positive effect, mainly related to the group's minority stake in Global-e.

Management comments:

Divisional Q2 performance was marked by the expected B2C normalization and continued tight capacity in freight markets. China lockdowns had an impact on volume growth, but also showed improvement after re-opening in June.

DHL Express saw continued strong pricing and weight/shipment growth which mitigated the above-mentioned factors, driving EBIT close to the Q2 2021 historic record level.

The significant EBIT increase in DGFF mainly reflects tight market conditions, but also the ongoing ramp-up of benefits from the new IT system landscape. For Air Freight, the China impact was visible in volume (-8% yoy) but GP/unit remained elevated (+81% yoy). Ocean freight volumes were up +11% (-2% excl. Hillebrand); Hillebrand contribution amounted to €530m in Group revenue and 101k TEUs in volumes in Q2.

DSC continued to see solid momentum and translated strong revenue into double-digit EBIT growth, driven by higher efficiencies from digitalization and standardization as well as successfully passing through cost inflation to customers.

As expected, DeCS and P&P Germany still saw volume declines from the high B2C base effects in 2021. However, the yoy comparisons actually improved vs Q1.

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Q2 2022 Group P&L
Double-digit topline growth fully translated into strong EPS growth

in €m	Q2 2021	Q2 2022	vs. LY
Revenue	**19,473**	**24,029**	**+23.4%**
EBIT	**2,083**	**2,337**	**+12.2%**
Financial result	-165	-146	+11.5%
Taxes	-537	-636	-18.4%
Consolidated net profit*	**1,292**	**1,461**	**+13.1%**
Basic EPS (in €)	**1.05**	**1.20**	**+14.3%**

*attributable to DPDHL Group shareholders

Management comments:
Despite continued expected B2C normalization and general economic uncertainties, Group revenue grew double-digit. This growth also includes the automatic effect of fuel surcharges and other well established mechanisms to pass through cost inflation.

EBIT, net profit and EPS are also up double digit. Higher taxes reflect the higher taxable base and expected 29% tax rate (Q2 2021: 28%).

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On track to fully deliver Group Free Cash Flow guidance

Q2 2022

EBIT **€2,337m (€+254m yoy)**

OCF **€1,984m (€-254m yoy)**

FCF **€665m (€-254m yoy)**

Comments:

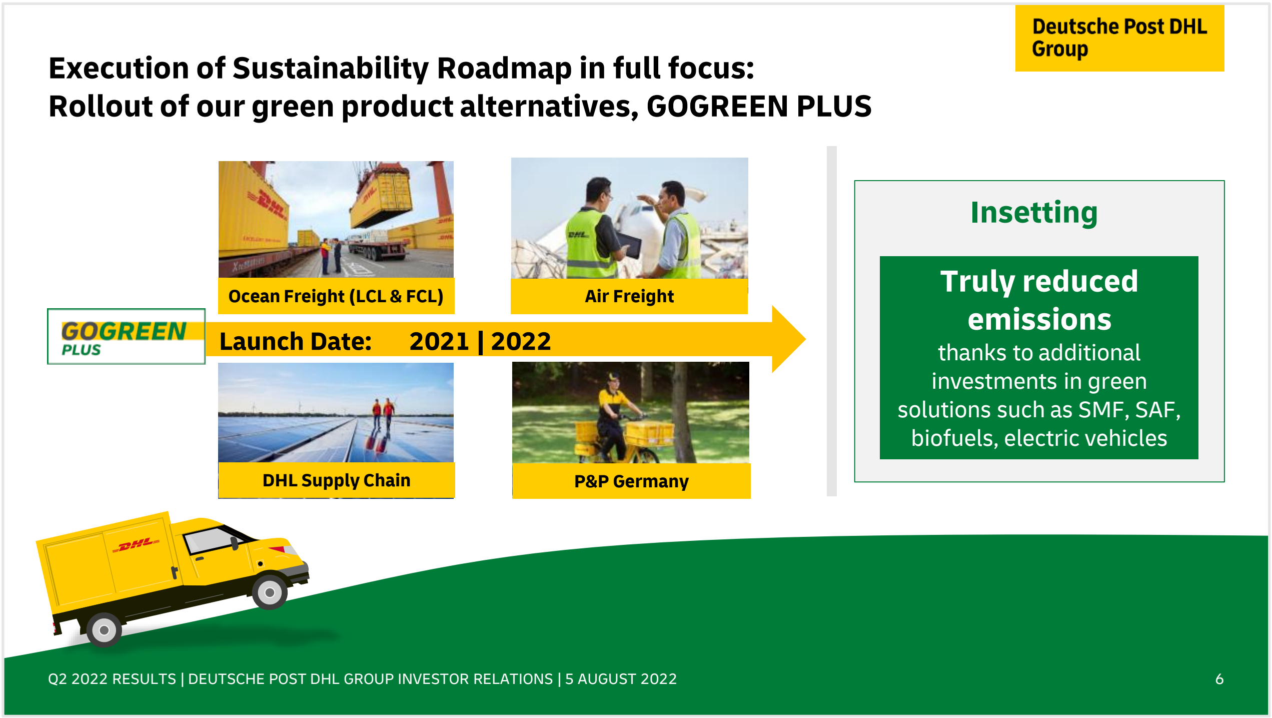
- OCF development driven by change in working capital and expected higher tax payments (Q2 2022: €-457m; Q2 2021: €-271m)
- Fully on track towards FY 2022 FCF guidance of €3.6bn (+/- 5%), excl. Net M&A
- FCF usage in line with Finance Policy: €2bn share buy-back program ongoing and accelerated

Management comments:

The combination of higher earnings base and expected higher tax rate led to increases in income taxes paid (€-186m yoy). Strong topline growth was reflected in increased receivables and led to a higher cash out from change in working capital of €451m yoy. Despite these effects, OCF was close to €2bn.

Items below OCF developed broadly in line with last year.

With €1.8bn FCF (excl. Net M&A) already achieved YTD, we are on track towards our Group FCF guidance, which once more confirms the sustainability of our new level of cash flow generation.



Management comments:
Our Sustainability Roadmap presented in March 2021 (see here: New Sustainability Roadmap - DPDHL Group) remains in full execution. We continue to ramp-up the implementation of greener technologies in our operations and in this regard, we can highlight the 20,000th electric vehicle deployed in P&P Germany.

Additionally, we continue to expand our green product portfolio and to allow our customers to participate in our lower emission solutions, we are rolling out GOGREEN PLUS products. By investing in greener solutions we hence support our customers to reduce their Scope 3 emissions. Of course, these products also contribute to recoup our investments in these new services.

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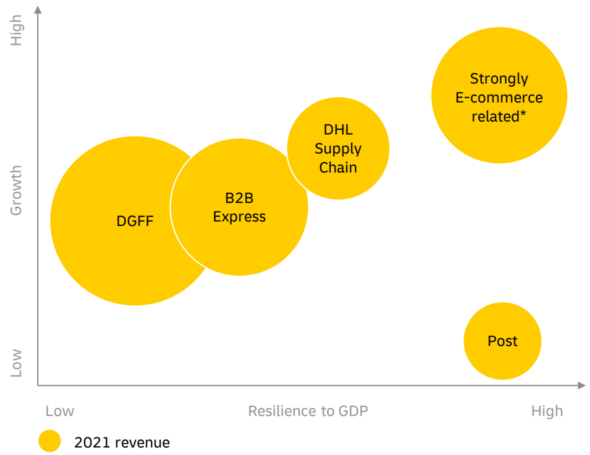
DPDHL Group
Resilience on a new level



Strength through the economic cycle

- **Very diversified and well-balanced** portfolio in terms of businesses, B2C/B2B, regions and industries as well as customer groups
- **Logistics has gained strategic importance** for customers in an ever more complex environment
- In case of global downturn: **network flexibility** in asset-heavy divisions (DHL Express, P&P Germany, DeCS) complemented by **asset-light** divisions (DGFF and DSC) as well as strict **cost management** (e.g. indirect costs)

*B2C Express, Parcel Germany and DHL eCommerce Solutions

Management comments:
Moving from the Q2 review onto the relevant factors to consider for our guidance, it is obvious that external market circumstances are marked by a high degree of uncertainty due to a series of partly related factors (Covid pandemic, Ukraine war, inflation, ...).

One important strength against this background is our very broad and diversified portfolio of Group activities – all focused on core logistics. This set-up provides resilience to the DPDHL Group performance in all phases of the economic cycle. This would of course also include countermeasures in case of slowing or declining demand, based on proven business model set-ups and cost measures successfully leveraged through previous cycles.

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Resilience on a new level

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Current main financial market worries – well addressed and/or less relevant for DPDHL Group

INFLATION	ENERGY PRICES	INTEREST RATES
▪ **Higher wage costs addressed by**: labor productivity, digitalization, pass-through clauses in contracts as well as yield management. Strong employer culture with recognition as Top Employer ▪ Focus on **revenue quality** based on high service quality	▪ Major fuel costs for DPDHL Group in DHL divisions, largely subject to pass-through via **fuel surcharges / clauses / rates** ▪ Minor share of gas consumption, **not critical for operations** (predominantly used for heating)	▪ **Strong balance sheet** and liquidity position with **Free Cash Flow on sustainably higher level** – credit rating recently upgraded by Moody's ▪ Higher interest rates lead to **reduction in net pension provision** (down €2.4bn YTD to €1.4bn) ▪ **No significant financial interest cost**

Management comments:
Besides the overall GDP uncertainty, we also address the three other major worries in financial markets currently.

Wage and general inflation are inherent topics for all our operations and therefore addressed constantly through well-established mechanisms, notably yield management (e.g. General Rate Increase, surcharges).

Higher fuel prices are subject to automatic pass-though mechanisms where they are the most sizeable in the group while natural gas is not used as a production feedstock.

The rise in interest rates is not of significant relevance for our Group, as financial interest costs are minor and on fixed rates; lease interest being mainly related to rentals and mostly covered by long-term customer contracts.

Management comments:
So far, we see no signs of global downturn in our financials. Nonetheless, we acknowledge the current market worries and in a scenario of global downturn, we have a set of well-established levers across our portfolio, which have been well proven in the past downturns, to countermeasure a challenging economic cycle.

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Well-established levers to manage volatility through economic cycle

Volume

Very **diversified** regional/sector exposure across the group

B2C pandemic base effects easing going forward. Lower overall consumption (retail sales) partly balanced by higher e-commerce usage

B2B develops in line with global trade / GDP

Pricing

Focus on **revenue quality** based on high service quality

Well-established and strict **yield management** (e.g. General Rate Increase, surcharges) to also offset accelerating inflation

DHL Supply Chain: Multi-year contracts designed to reflect moving volume and including inflation recovery clauses

Cost

Well-established **costs control** across the Group

Network flexibility in asset-heavy divisions (DHL Express, P&P Germany, DeCS)

Complemented by **asset-light** business model of DHL Global Forwarding, Freight and DHL Supply Chain

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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:
We today confirm our full guidance set for 2022/24 - acknowledging that different economic assumptions will lead to a range of outcomes. Our own 2024 assumptions factor in slower/below-trend GDP growth.

Also, by 2024 we continue to expect freight markets to have reached a more balanced, less disrupted status. We also expect the structural trend of e-commerce to again drive an increasing share of retail sales being made online, as we will be through the current post-pandemic normalization phase by end of 2022.

Our unchanged FCF expectation confirms our strong conviction that we have reached sustainably higher cash generation levels, which are also reflected in our shareholder return policies.

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2022 guidance confirmed: €8bn (+/-5%)
H1 strong basis for delivering on 2022 guidance

H2 2022 macroeconomic scenario:	2022 EBIT sensitivities vs current guidance
Sudden, sharp GDP deceleration	**€7.6-8.0bn (LOWER HALF)**
Decline in global GDP growth towards year-end	**€8.0-8.4bn (UPPER HALF)**
Based on currently still valid, solid business momentum	**>€8.4bn (ABOVE)**

Low-end of current guidance also achievable in sharp downturn scenario

Management comments:
We have ended Q2 with continued solid momentum.

However, for your better assessment, we also provide you potential downturn scenarios for H2. In essence, we would expect to deliver our EBIT in line with our guidance range in case of an economic downturn occurring sooner or later in H2.

If, however, we don't see a meaningful worsening of economic conditions and the business momentum experienced by DPDHL Group in H1 continues, we would expect full-year EBIT to actually exceed our guidance range.

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CONNECTING PEOPLE. IMPROVING LIVES.

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

8 September 2022

DHL Express
Management Update &
DHL Express Hub Visit in Cologne/Bonn
Hosted by John Pearson, CEO DHL Express

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DHL Express

€6,993m

Revenue, Q2 2022
+17% yoy

€1,101m

EBIT, Q2 2022
-6% yoy

-5% yoy
TDI Shipments/Day

+15% yoy
TDI Revenue/Day

- TDI revenue/day up +15%, mainly driven by higher yield and weight/shipment; TDI shipment/day -5% yoy due to expected B2C base effects and China lockdown
- EBIT margin at 16%

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DHL Global Forwarding, Freight

€8,156m

Revenue, Q2 2022
+56% yoy

€746m

EBIT, Q2 2022
>100% yoy

Air Freight (AFR)		Ocean Freight (OFR)	
-8% yoy	+81% yoy	+11% yoy	+93% yoy
Volumes	GP/unit	Volumes	GP/unit

- Once more, strong EBIT/GP conversion of 50% in DGF due to continued imbalances in freight markets but also increasing utilization of and efficiencies from the new IT system landscape

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DHL Supply Chain

€4,069m

Revenue, Q2 2022
+23% yoy

€244m

EBIT, Q2 2022
+23% yoy

+16% yoy
Organic revenue growth

6%
EBIT margin

- EBIT growth due to high renewal rates, new business wins, growth of strategic products and accelerated digitalization
- Margin of 6%, in line with 5+% target

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7%
EBIT margin

- Revenue up 5% despite high B2C base effect in 2021, driven by yield management and FX effects
- EBIT margin maintained at high level of 7%

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Post & Parcel Germany

€3,963m
Revenue, Q2 2022
-5% yoy

€242m
EBIT, Q2 2022
-23% yoy

Mail*		Parcel	
+4% yoy Volumes	+2% yoy Revenue	-14% yoy Volumes	-11% yoy Revenue

- Expected normalization from 2021 base effects led to volume decline in parcel (-14%) and increase in Mail (+4%)
- Additional cost inflation addressed through cost and pricing measures

**Mail = Mail Communication & Dialogue Marketing*