

## “The crisis reveals Deutsche Post DHL Group’s true strength”

**Deutsche Post DHL Group, the world’s leading logistics company, closed financial year 2020 with record figures despite major challenges from the Covid-19 pandemic. Group revenue improved by 5.5% year-on-year to EUR 66.8 billion. Operating profit (EBIT) was up 17.4% to more than EUR 4.8 billion. The Group thus significantly outperformed its previously adjusted EBIT guidance of EUR 4.1 to EUR 4.4 billion for financial year 2020. In an interview with DPDHL Group News, CEO Frank Appel explains why Deutsche Post DHL Group is navigating the pandemic so successfully and why he considers the Group is very well positioned for future profitable growth.**

**DPDHL Group News: Mr. Appel, Deutsche Post DHL Group is looking back on a highly unusual year. What is your take on 2020?**

**Frank Appel:** 2020 was an extraordinarily challenging year, which we managed to conclude very successfully in the end. The pandemic presented us with new requirements on a daily basis, which we managed with a major feat across business units: we adjusted routes and processes, increased resources and repeatedly rescheduled supply chains. That enabled us to keep global trade flows moving, secure supply chains for the industry and also handle the enormous volume of parcels, especially in the run-up to Christmas. Now we’re bringing the Covid-19 vaccines to people. All this is done by our more than 570,000 employees worldwide. Thanks to their tireless efforts Deutsche Post DHL Group is making important contributions to society during the pandemic. This fills us with pride and it inspires us to do even more.

**DPDHL Group News: 2020 was also a very successful year economically.**

**Frank Appel:** We had the best year in our company history with operating profit of more than EUR 4.8 billion. On an adjusted basis we even reached more than EUR 5.4 billion. The figures underline the resilience of our business model. We have proven that we deliver reliably, even in a turbulent market environment. We are able to respond to changing circumstances with agility and master even difficult logistics challenges, through the interaction of our divisions. Our growth drivers remain fully intact and have even strengthened – especially the global boom in e-commerce. We continue to grow even without economic tailwinds. The crisis reveals the true strength of Deutsche Post DHL Group.

**DPDHL Group News: In recent years, Deutsche Post DHL Group's earnings have continuously improved. What do you consider to be the success factors leading to the good performance?**

**Frank Appel:** We have worked hard to achieve this success and executed our Strategy 2020 consistently. We made many strategic decisions in past years that are now paying off and will continue to do so. By focusing on our profitable logistics services, we actively accompanied the growth in global

trade. At the same time, we have successfully positioned our divisions for the growing e-commerce business. We have strengthened the competitiveness of all divisions and invested heavily in digitalization and in the expansion and modernization of our infrastructure. All of this has enabled us to make Strategy 2020 a success. Our Strategy 2025 builds on this and sets exactly the right priorities to continue our successful course.

**DPDHL Group News: DHL Express posted another record year – even though it didn't look at all that way initially...?**

**Frank Appel:** We first noticed the impact of the Covid-19 pandemic in our Express business. Volumes to and from China had already started declining notably by end of January 2020 – a trend that was mirrored in the rest of the world as the virus spread. In the course of the year, however, the big upswing came. Because so many passenger flights were grounded, belly space for cargo in passenger aircraft was limited. With our own fleet of more than 260 freighters, DHL Express turned out to be one of the few providers being able to deliver reliably. Together with our airline partners, we ensured that urgently needed goods reached their destinations. TDI-Volumes for the year were up 8.7% year-on-year. We were able to optimally leverage our unique network and even increase our EBIT margin to 14.4% in these exceptional circumstances.

**DPDHL Group News: What about eCommerce Solutions, the Group's youngest DHL division?**

**Frank Appel:** Especially in our international parcel business we benefitted from booming online sales. eCommerce Solutions was our fastest growing division thanks to particularly dynamic volume growth in several countries in Europe and the United States. The realignment as an independent business division is paying off. In addition to its strong revenue development, we are also seeing major efficiency gains as a result of improvements in cost management.

**DPDHL Group News: You also recorded strong volume increases in your German parcel business.**

**How did the year go for the P&P Germany division from your point of view?**

**Frank Appel:** Due to the Corona-situation, we saw two opposing trends at P&P Germany. On the one hand, parcel deliveries were booming as never before, especially in the fourth quarter. On the other hand, we had significantly lower mail volumes. However, the impact of the upturn in parcels was ultimately stronger. Even more people turned to online shopping as the coronavirus forced physical stores to close. Parcel volumes increased by 15.3% to more than 1.6 billion shipments in 2020. On peak pre-Christmas days, we delivered 11 million parcels per day. We hired additional 10,000 staff, added evening shifts and had smaller parcels delivered by our mail couriers. This is how we have managed to cope with this enormous flood of parcels while simultaneously increasing our profitability.

**DPDHL Group News: DHL Global Forwarding, Freight was strongly affected by the shortage of air freight capacity – with what effects?**

**Frank Appel:** The sudden lack of air freight belly space capacity posed substantial challenges for our colleagues at Global Forwarding, Freight. But as the world's largest logistics Group, we were able to secure a portion of the remaining capacity early on and charter additional planes. We also cooperated closely with DHL Express to transport freight flexibly in our own aircraft. The situation with ocean freight was similar. Numerous ocean carriers took their vessels out of the market at the start of the year, and for that reason transport capacity was in short supply and remains so today. Our multimodal solutions have enabled us to offer our customers smart solutions combining transport via vessels, planes, trains and trucks. Overall we achieved a significant increase in revenue and EBIT, despite the challenging market situation.

**DPDHL Group News: How do things look at DHL Supply Chain?**

**Frank Appel:** In light of the challenging economic situation, Supply Chain had a good year, with improved momentum in the fourth quarter. Although the division depends much more heavily on the activities of individual customers than our other divisions do, it remained profitable at all times. Our investments in standardization and digitalization, among other things, have paid off here. We used data analytics to respond quickly and reliably to the changing market environment. That enabled us to win new customers while building up or adapting supply chains for existing customers. The division also plays a key role in storing and transporting the Covid-19 vaccine and preparing it for shipment. So our strategic investments in freezer capacity as well as development of life sciences and healthcare expertise are paying off.

**DPDHL Group News: So all in all, it was a very successful year for Deutsche Post DHL Group. This is also reflected in an unusually high level of free cash flow. What do you plan to do with the cash?**

**Frank Appel:** After we've rewarded our entire global workforce for their extraordinary efforts during the pandemic with a special bonus in the third quarter 2020, we also want our shareholders to participate in our success. The Board of Management and the Supervisory Board have therefore decided to propose a dividend of EUR 1.35 per share at the Annual General Meeting on May 6 – after EUR 1.15 in the previous year. Assuming our shareholders agree, this is expected to make Deutsche Post DHL Group one of the DAX- and EuroStoxx50-listed companies offering the highest dividend yields for yet another year. Our long-term finance strategy is still in place, we invest in sustainable, profitable growth with the goal of generating attractive returns for our shareholders.

**DPDHL Group News: The start of the new financial year was heavily impacted by the coronavirus.**

**Overall, what do you expect for 2021?**

**Frank Appel:** Overall, we are optimistic about the current financial year and expect an EBIT of more than EUR 5.6 billion. We essentially have two reasons for this. First, e-commerce will continue to boom. Because of Covid-19, online shopping has grown as much in a few months as it would otherwise have in years. Growth rates will normalize over time, but starting from the higher level now reached. Second, we expect a gradual recovery in world trade and business customer activities. Simultaneously freight capacity will remain scarce for some time to come. According to current forecasts, international passenger traffic will return to normal slowly, with a corresponding effect on prices. Having our own fleet of aircraft gives us a decisive competitive advantage that we plan to exploit and expand on. That's one of the reasons why we have just ordered eight brand new Boeing 777 freighters.

**DPDHL Group News: Despite the numerous new challenges in 2020, you have not lost sight of sustainability...**

**Frank Appel:** On the contrary, in the past year we have committed ourselves to a holistic definition of sustainability as well as to a concrete ESG roadmap as part of the strategic development of the group. The most important challenges of our time shall never fade into the background, they always have to form the guiding principles for our corporate actions. We want to use our global network and capabilities to contribute to a better world for us all. This is the core of our understanding of sustainability. On March 22, 2021, we will announce an update to the measures with which we as a company want to achieve a targeted contribution to overcoming the long-term challenges in the environmental, social and governance dimensions.