



DHL Group stands firm in a weak market environment and raises lower end of its Group EBIT guidance

- Group revenue of EUR 20.1 billion in the second quarter; operating profit at EUR 1.7 billion; free cash flow at EUR 450 million
- Group EBIT guidance for 2023 raised to EUR 6.2 to 7.0 billion (from EUR 6.0 to 7.0 billion); outlook for 2025 confirmed
- Capital expenditure in international business at a sustained high level
- CEO Tobias Meyer: “Thanks to our balanced portfolio and global presence, we were once again able to demonstrate our resilience. This is reflected in the still high earnings level.”

Bonn, August 1, 2023: DHL Group once again demonstrated its resilience in a less dynamic market environment in the second quarter of 2023. The Group achieved revenue of EUR 20.1 billion (Q2 2022: EUR 24.0 billion). Operating profit (EBIT) was level with the first quarter at EUR 1.7 billion. As expected, the second quarter, which continued to be characterized by lower volumes and declining freight rates, did not match the record earnings of the previous year (Q2 2022: EUR 2.3 billion). Despite the persistently weaker market dynamics, DHL Group achieved an attractive EBIT margin of 8.4 percent (Q2 2022: 9.7 percent). The Group raises the lower end of its 2023 EBIT guidance and confirms its earnings forecasts for 2025.

DHL Group is once again benefiting from its broad logistics portfolio overall. While the DHL Express and DHL Global Forwarding, Freight divisions are more strongly correlated with the global economy, long-term customer contracts at DHL Supply Chain ensured a continuously stable earnings situation and further growth in the second quarter. “Thanks to our balanced portfolio and global presence, we were once again able to demonstrate our resilience. This is particularly evident in times of a weak global economic momentum,” said Tobias Meyer, CEO of DHL Group. “We took the right measures at an early stage to deal with the current macro environment. This, along with the dedicated efforts of our employees, is reflected in the high earnings level, which is well above those of the pre-pandemic years.”

Forecast scenarios revised: Group expects further growth in the medium term

With half-year earnings of EUR 3.3 billion, the Group performed well in a challenging environment. Therefore, DHL Group raises the lower end of its EBIT guidance for 2023 to EUR 6.2 billion (previously

EUR 6.0 billion). The Group continues to plan with the three scenarios presented at the 2022 Annual Results Press Conference in March:

- In the favorable event of a recovery of the global economy early in the second half of the year ("V-shaped" development), the Group expects EBIT of around EUR 7.0 billion (unchanged).
- In the event of a recovery at the end of the year ("U-shaped" development), the Group expects EBIT of around EUR 6.6 billion (previously EUR 6.5 billion).
- In the unfavorable event of no significant recovery in the global economy in the remainder of the year ("L-shaped" development), the Group expects EBIT of at least EUR 6.2 billion (previously EUR 6.0 billion).

For the DHL divisions, DHL Group is expecting an EBIT between EUR 5.7 and EUR 6.5 billion (previously EUR 5.5 to EUR 6.5 billion). For Post & Parcel Germany the company plans for an EBIT between EUR 800 million and EUR 1.0 billion (previously EUR 1.0 billion).

For 2025, the Group confirms its medium-term earnings forecast of more than EUR 8 billion.

Investments in profitable growth and sustainability maintained

The Group's financial strength remains at a high level: in the second quarter of 2023, operating cash flow was at EUR 1.8 billion (Q2 2022: EUR 2.0 billion). Free cash flow was EUR 450 million (Q2 2022: EUR 665 million).

"Even though we are keeping a close eye on our costs in the current challenging environment, our strengthened earnings power puts us in a position to continue investing significantly in future growth. It is precisely because supply chains are becoming increasingly complex that our customers trust us as experts in sustainable transport and logistics solutions," said CFO Melanie Kreis.

Gross capital expenditure (capex) amounted to EUR 708 million in the second quarter (Q2 2022: EUR 798 million). The focus was on investment in sustainable business activities such as the construction of new, climate-neutral hubs, gateways and service centers in the Express division and the expansion of low-emission transport structures. In order to sustainably improve productivity, additional funds were invested in automation and digitalization initiatives. For 2023, the Group continues to plan a total investment volume of between EUR 3.4 and EUR 3.9 billion (2022: EUR 4.1 billion).

DHL Group generated total consolidated net profit after non-controlling interests of EUR 978 million in the second quarter of 2023 (Q2 2022: EUR 1.5 billion). Basic earnings per share accordingly amounted to EUR 0.82, compared with EUR 1.19 in the previous year.

Express: Effective earnings and cost management

Revenue in the Express division fell by 12.5 percent to EUR 6.1 billion in the second quarter of 2023, partly as a result of negative currency effects of EUR 298 million and lower fuel surcharges. Excluding currency effects and fuel surcharges, revenue in the second quarter decreased by 6.9 percent. As a result of the weak overall economic situation, daily volumes of international time-definite shipments (TDI) declined as expected.

To address this, the focus was on effective cost management and optimizing network capacity. The division countered the continuing effects of inflation by general price increases which are systematically implemented. EBIT for the division decreased by 18.2 percent to EUR 901 million in the second quarter of 2023. The return on sales was 14.7 percent.

Global Forwarding, Freight: Expected revenue decline in air and ocean freight

As expected, revenue in the Global Forwarding, Freight division fell by 40.7 percent to EUR 4.8 billion due to lower volumes and normalizing freight rates. Excluding negative currency effects of EUR 221 million, revenue was 38.0 percent lower than in the same period of the previous year. In both air and ocean freight, the decline in volumes was particularly noticeable on trade routes from China. EBIT for the division decreased by 47.2 percent to EUR 388 million in the second quarter of 2023 in view of the drop in revenue. The EBIT margin remained at a good level of 8.0 percent (Q2 2022: 9.0 percent).

Supply Chain: Revenue and earnings continue to grow

Revenue in the Supply Chain division grew by 4.0 percent to EUR 4.2 billion in the second quarter. Excluding negative currency effects of EUR 126 million, growth was 7.1 percent. All regions and sectors continued to register revenue increases, supported by new business, contract renewals and growing e-commerce business. Most of the new business was generated in the retail and technology sectors and was mainly attributable to e-commerce-based solutions. EBIT for the division rose to EUR 272 million in the second quarter (Q2 2022: EUR 244 million). In addition to positive revenue development, productivity increases supported earnings growth through digitalization and standardization. The EBIT margin was a very strong 6.4 percent (Q2 2022: 6.0 percent).

eCommerce: Revenue at previous year's level

At EUR 1.5 billion, revenue in the eCommerce division in the second quarter was 0.3 percent below the prior-year level. Excluding negative currency effects of EUR 31 million, growth was 1.8 percent. EBIT for the division decreased from EUR 109 million to EUR 78 million, mainly due to higher costs and ongoing investments in network expansion. The EBIT margin was 5.2 percent (Q2 2022: 7.2 percent). With the recently announced acquisition of MNG Kargo, one of Turkey's leading parcel service providers, the network both in Turkey and for cross-border e-commerce business will be strengthened.

Post & Parcel Germany: Weak earnings performance due to inflation and regulatory framework

Revenue in the Post & Parcel Germany division in the second quarter of the year was up 0.8 percent against the prior-year figure at EUR 4.0 billion. Revenue growth at Parcel Germany and in the international segment offset the ongoing, structurally induced declines in the German postal business. EBIT for the division was 49.2 percent below the prior-year period at EUR 123 million due to higher costs caused by inflation and the special payment of the inflation compensation. The cost increases in the mail business could not be offset by higher prices due to the current rate regulation for basic mail products. This also led to a 40.6 percent decrease in capital expenditure in the division compared with the prior-year period. The EBIT margin was 3.1 percent.

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Note to editors: An interview with CFO Melanie Kreis can be found at www.group.dhl.com. The event for investors will be streamed on www.group.dhl.com/ir starting at 10:00 a.m.

Press contact

DHL Group
Media Relations
Christina Neuffer/Sabine Hartmann
Phone: +49 228 182-9944
E-mail: pressestelle@dhl.com

On the Internet: group.dhl.com/press

Follow us: twitter.com/DeutschePostDHL



DHL Group is the world's leading logistic company. The Group connects people and markets and is an enabler of global trade. It aspires to be the first choice for customers, employees and investors worldwide. To this end, DHL Group is focusing on growth in its profitable core logistics businesses and accelerating the digital transformation in all business divisions. The Group contributes to the world through sustainable business practices, corporate citizenship and environmental activities. By the year 2050, DHL Group aims to achieve net-zero emissions logistics

DHL Group is home to two strong brands: DHL offers a comprehensive range of parcel and international express service, freight transport, and supply chain management services, as well as e-commerce logistics solutions; Deutsche Post is Europe's leading postal and parcel service provider in Germany. DHL Group employs around 600,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than EUR 94 billion in 2022.

The logistics company for the world.

Group financial highlights for the second quarter

in €m	Q2 2022 ¹⁾	Q2 2023	Change in %
Revenue	24,029	20,094	-16.4
– of which international	18,777	15,067	-19.8
EBIT	2,326	1,693	-27.2
Consolidated net profit ²⁾	1,453	978	-32.7
Basic earnings per share (in €)	1.19	0.82	-31.1
Diluted earnings per share (in €)	1.17	0.80	-31.6

Divisional revenue in the second quarter

in €m	Q2 2022	Q2 2023	Change in %
Express	6,993	6,122	-12.5
Global Forwarding, Freight	8,156	4,839	-40.7
Supply Chain	4,069	4,232	4.0
eCommerce	1,512	1,508	-0.3
Post & Parcel Germany	3,963	3,996	0.8
Group Functions/Consolidation	-664	-603	9.2
Group	24,029	20,094	-16.4

Divisional EBIT in the second quarter

in €m	Q2 2022 ¹⁾	Q2 2023	Change in %
DHL	2,188	1,638	-25.1
- Express	1,101	901	-18.2
- Global Forwarding, Freight	735	388	-47.2
- Supply Chain	244	272	11.5
- eCommerce	109	78	-28.4
Post & Parcel Germany	242	123	-49.2
Group Functions/Consolidation	-105	-69	34.3
Group	2,326	1,693	-27.2

¹⁾ Prior-year figures adjusted

²⁾ After non-controlling interests

Group financial highlights for the first six months

in €m	H1 2022 ¹⁾	H1 2023	Change in %
Revenue	46,622	41,012	-12.0
– of which international	35,900	30,656	-14.6
EBIT	4,485	3,331	-25.7
Consolidated net profit ²⁾	2,804	1,889	-32.6
Basic earnings per share (in €)	2.29	1.58	-31.0
Diluted earnings per share (in €)	2.25	1.55	-31.1

Divisional revenue in the first six months

in €m	H1 2022	H1 2023	Change in %
Express	13,366	12,403	-7.2
Global Forwarding, Freight	15,515	10,323	-33.5
Supply Chain	7,884	8,339	5.8
eCommerce	2,957	3,013	1.9
Post & Parcel Germany	8,208	8,194	-0.2
Group Functions/Consolidation	-1,308	-1,260	3.7
Group	46,622	41,012	-12.0

Divisional EBIT in the first six months

in €m	H1 2022 ¹⁾	H1 2023	Change in %
DHL	4,067	3,238	-20.4
- Express	2,072	1,804	-12.9
- Global Forwarding, Freight	1,336	777	-41.8
- Supply Chain	449	499	11.1
- eCommerce	211	159	-24.6
Post & Parcel Germany	597	261	-56.3
Group Functions/Consolidation	-180	-169	6.1
Group	4,485	3,331	-25.7

¹⁾ Prior-year figures adjusted

²⁾ After non-controlling interests