

Deutsche Post DHL Group: significant revenue and earnings growth in Q3

- Group revenue increases by 4.7% to EUR 15.6 billion; operating profit (EBIT) improves from EUR 376 million to EUR 942 million
- All five divisions report revenue and EBIT growth
- EBIT guidance for 2019, 2020 and 2022 reaffirmed
- CEO Frank Appel: “We are growing even in uncertain times thanks to our broad portfolio and the market-leading position of all five of our divisions.”

Bonn, November 12, 2019: Deutsche Post DHL Group, the world’s leading logistics company, continued its profitable growth trajectory in the third quarter of 2019. In the period from July to September, the Group increased revenue by 4.7% year-on-year to EUR 15.6 billion. Operating profit improved from EUR 376 million to EUR 942 million, with the prior-year figure being impacted by non-recurring expenses of EUR 392 million at Post & Parcel Germany. All five divisions contributed to the Group’s good revenue and earnings performance. The international express business and the German parcel business saw especially dynamic growth as e-commerce continued to boom.

“We had a very good third quarter. All five divisions performed well despite the challenging global economic environment. Thanks to our broad portfolio and the market-leading position of our divisions, we are growing even in uncertain times,” said Frank Appel, CEO of Deutsche Post DHL Group. “For the fourth quarter, we anticipate a traditionally strong holiday season and we reaffirm our guidance for the full year 2019.”

For the current financial year, Deutsche Post DHL Group continues to expect to increase operating profit to between EUR 4.0 and EUR 4.3 billion. The Post & Parcel Germany division is forecast to contribute between EUR 1.1 and EUR 1.3 billion of this amount. Earnings in the DHL divisions are expected to be at EUR 3.4 to EUR 3.5 billion. Deutsche Post DHL Group has confirmed both its guidance for 2020 and the Strategy 2025 targets announced in October for the period until 2022, which put Group EBIT at more than EUR 5.0 billion next year and at a minimum of EUR 5.3 billion in 2022. To achieve these targets, the Group plans to push growth in its profitable core businesses and speed up the digital transformation as stated in its Strategy 2025.

The improvement in operating profit boosted consolidated net profit after non-controlling interests from EUR 146 million in the prior year to EUR 561 million in the third quarter of 2019. Basic earnings per share improved accordingly, rising from EUR 0.12 to EUR 0.45.

Capital expenditure and cash flow: two more Boeing 777 freighters commissioned for Express

Deutsche Post DHL Group again made targeted investments in its core business during the third quarter to further strengthen its foundation for long-term profitable growth. The Group invested a total of EUR 854 million across all divisions (2018: EUR 827 million). For example, the Group made further progress in extending its parcel infrastructure in Germany in addition to expanding global and regional hubs in the Express division and further renewing its intercontinental fleet. The Group spent EUR 245 million on this measure alone in the third quarter. After commissioning two Boeing 777 aircraft in the second quarter, Express put another two of its 14 new freight aircraft of this type into service in the third quarter.

The Group still plans to increase capital expenditure to approximately EUR 3.7 billion for full-year 2019, up from EUR 2.6 billion in 2018. This includes approximately EUR 1.1 billion for the 777 renewal of the intercontinental Express fleet.

Free cash flow increased to EUR 507 million in the third quarter (2018: EUR 143 million), despite the cash outflows for increased capital expenditure. The positive cash flow trend is evidence of the Group's good operating performance. The Group's new Strategy 2025 puts even more strategic focus on improving cash flow. Deutsche Post DHL Group therefore issued medium-term guidance for this KPI for the first time when announcing its Strategy 2025. According to the guidance, cumulative free cash flow will increase to between EUR 4.5 and EUR 5.5 billion in the period from 2020 to 2022.

P&P Germany: dynamic growth continues in German parcel business

The Post & Parcel Germany division posted a revenue increase of 5.5% to EUR 3.7 billion in the third quarter of 2019. Thanks to booming e-commerce, the German parcel business continued to perform very well. The initiated pricing measures remain effective, leading to an increase in average revenue per parcel. Combined with continued volume growth, revenue of Parcel Germany rose by 9.9% to EUR 1.4 billion in the third quarter. Revenue for Post was up 3.1% to EUR 2.3 billion due to the July 1 postage rate increase.

Operating profit for the P&P division climbed to EUR 304 million in the third quarter (2018: EUR -202 million). Earnings in the prior-year period were negatively impacted by non-recurring restructuring expenses of EUR 392 million. Even excluding this effect, year-on-year earnings of the division increased by EUR 114 million. This reflects the benefits of the Group's measures to improve

productivity and reduce indirect costs as well as the positive impact of the pricing measures in Post and Parcel, which were contrasted by higher costs for personnel, transport and materials.

Express: strong growth in revenue and earnings continues

The Express division continued to perform very well in the third quarter. The division's revenue climbed 8.7% to EUR 4.2 billion in the period from July to September. Volumes per day in the core business of international time-definite (TDI) deliveries rose by 5.9% compared with the prior-year period.

The continued expansion of volumes, coupled with strict yield management, led to an increase in the division's operating profit of 11.0% to EUR 454 million in the third quarter and a margin improvement to 10.7% (2018: 10.5%).

Global Forwarding, Freight: further improvements in profitability despite weak market

In a challenging market environment, the Global Forwarding, Freight division posted a year-on-year revenue increase of 0.9% to EUR 3.7 billion in the third quarter. As in the second quarter, the global air freight market remained weak. The ocean freight and overland freight transport markets also lost momentum in the third quarter.

Global Forwarding, Freight nonetheless succeeded in markedly improving profitability thanks to the consistent implementation of cost-efficiency measures. Operating profit surged by 17.0% compared with the prior-year period to reach EUR 124 million in the third quarter.

Supply Chain: operating margin at the upper end of the target corridor of 4% to 5%

The Supply Chain division maintained the positive trend seen in previous quarters during the third quarter. Despite the sale of the Chinese operations to S.F. Holding in the first quarter of 2019, the division increased its revenue by 2.3% to EUR 3.3 billion in the period from July to September. After adjusting for portfolio and currency effects, revenue grew by 3.8%. Supply Chain continued to generate new business, concluding additional contracts in a total volume of EUR 694 million with both new and existing customers during the first nine months.

Operating profit was up 5.9% to EUR 162 million. The operating margin stood at 4.8% and was thus already at the upper end of the corridor of 4.0% to 5.0% targeted for 2020. This reflects the positive impact of efforts in recent years to optimize and standardize the Supply Chain business operations.

eCommerce Solutions: positive EBIT contribution for the first time

The Group's youngest division, DHL eCommerce Solutions, again registered growth in the third quarter of 2019. Following its separation from the German Post and Parcel business at the beginning of the year, the division increased its revenue by 5.4% to EUR 964 million compared with the prior-year figure. All regions contributed to the upward trend; particularly the countries United States, Netherlands and Poland have shown a good performance.

With income of EUR 6 million, the eCommerce Solutions division made a positive contribution to the Group's operating profit for the first time (2018: EUR -7 million). The earnings contribution would have been even greater if not for restructuring costs of EUR 4 million. Deutsche Post DHL Group expects earnings in this division to continue to trend upward in the coming quarters.

First nine months: very good revenue and earnings performance

Revenues of Deutsche Post DHL Group rose by 3.9% to EUR 46.4 billion in the first nine months of 2019. All five divisions contributed to the upward trend. Operating profit grew by 41.5% to EUR 2.9 billion, not only due to the non-recurring expenses incurred last year as a result of the Group's program to improve earnings at Post - eCommerce - Parcel and the non-recurring income this year generated from the strategic partnership with S.F. Holding in China. Adjusted for non-recurring items, Group EBIT for the first nine months improved by 8.1%. Consolidated net profit after non-controlling interests improved by 39.9% in the first nine months to EUR 1.8 billion. In line with the increase in net profit, basic earnings per share rose to EUR 1.43 (2018: EUR 1.03).

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Note to editors: An interview with CFO Melanie Kreis is available at www.dpdhl.com. The Investor Webcast will be streamed from 10.a.m. on our website.

Media contact

Deutsche Post DHL Group

Media Relations

Christina Neuffer

Phone: +49 228 182-9944

E-mail: pressestelle@dpdhl.com

On the Internet: www.dpdhl.com/press

Follow us: www.twitter.com/DeutschePostDHL

Deutsche Post DHL Group is the world's leading logistics 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. The Group contributes to the world through responsible business practice, corporate citizenship and environmental activities. By the year 2050, Deutsche Post DHL Group aims to achieve zero emissions logistics.

Deutsche Post DHL Group is home to two strong brands: Deutsche Post is Europe's leading postal service provider. DHL offers a comprehensive range of international express, freight transport, and supply chain management services, as well as e-commerce logistics solutions. Deutsche Post DHL Group employs approximately 550,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than 61 billion Euros in 2018.

The logistics company for the world.

Group financial highlights for the third quarter of 2019

in EUR million	Q3 2018	Q3 2019	Change in %
Revenue	14,849	15,552	4.7
- of which international	10,435	10,956	5.0
Profit from operating activities (EBIT)	376	942	>100
Consolidated net profit ¹⁾	146	561	>100
Basic earnings per share (in EUR)	0.12	0.45	>100
Diluted earnings per share (in EUR)	0.12	0.45	>100

Divisional revenues in the third quarter of 2019

in EUR million	Q3 2018	Share of total revenues in %	Q3 2019	Share of total revenues in %	Change in %
Post & Parcel Germany ²⁾	3,520	23.7	3,713	23.9	5.5
Express	3,906	26.3	4,247	27.3	8.7
Global Forwarding, Freight	3,683	24.8	3,716	23.9	0.9
Supply Chain	3,271	22.0	3,347	21.5	2.3
eCommerce Solutions ²⁾	915	6.2	964	6.2	5.4
Corporate Functions and Consolidation ²⁾	-446	n.a.	-435	n.a.	2.5
Group	14,849	100.0	15,552	100.0	4.7

Divisional EBIT in the third quarter of 2019

in EUR million	Q3 2018	Q3 2019	Change in %
Post & Parcel Germany ²⁾	-202	304	>100
DHL	660	747	13.2
- Express	409	454	11.0
- Global Forwarding, Freight	106	124	17.0
- Supply Chain	153	162	5.9
- eCommerce Solutions ²⁾	-7	6	>100
Corporate Functions and Consolidation ²⁾	-83	-108	-30.1
Group	376	942	>100

1) After non-controlling interests

2) Prior-year figures adjusted

Group financial highlights for the first nine months of 2019

in EUR million	9M 2018	9M 2019	Change in %
Revenue	44,624	46,385	3.9
- of which international	31,027	32,509	4.8
Profit from operating activities (EBIT)	2,028	2,870	41.5
Consolidated net profit ¹⁾	1,262	1,765	39.9
Basic earnings per share (in EUR)	1.03	1.43	38.8
Diluted earnings per share (in EUR)	1.01	1.41	39.6

Divisional revenue in the first nine months of 2019

in EUR million	9M 2018	Share of total revenues in %	9M 2019	Share of total revenues in %	Change in %
Post & Parcel Germany ²⁾	10,919	24.5	11.194	24.1	2.5
Express	11,724	26.3	12.458	26.9	6.3
Global Forwarding, Freight	10,976	24.6	11.274	24.3	2.7
Supply Chain	9,607	21.5	9.865	21.3	2.7
eCommerce Solutions ²⁾	2,769	6.2	2.958	6.4	6.8
Corporate Functions and Consolidation ²⁾	-1,371	n.a.	-1.364	n.a.	0.5
Group	44,624	100.0	46.385	100.0	3.9

Divisional EBIT in the first nine months of 2019

in EUR million	9M 2018	9M 2019	Change in %
Post & Parcel Germany ²⁾	311	708	>100
DHL	1,982	2,472	24.7
- Express	1,387	1,428	3.0
- Global Forwarding, Freight	281	348	23.8
- Supply Chain	336	735	>100
- eCommerce Solutions ²⁾	-21	-40	-90.5
Corporate Functions and Consolidation ²⁾	-266	-309	-16.2
Group	2,028	2,870	41.5

1) After non-controlling interests

2) Prior-year figures adjusted