

Deutsche Post DHL Group expects record earnings in 2021 of more than EUR 7.7 billion – mid-term outlook also raised

- Growth continued in the third quarter of 2021: Group revenue up 23.5 percent to EUR 20.0 billion
- Preliminary quarterly figures confirmed: Operating profit (EBIT) improved by 28.6 percent to EUR 1.8 billion
- Earnings guidance raised to record level: Group EBIT of more than EUR 7.7 billion in 2021
- CEO Frank Appel: "We achieved a sustainably higher level of earnings and anticipate for 2023 an EBIT of more than EUR 8.0 billion."

Bonn, November 4, 2021: Deutsche Post DHL Group, the world's leading logistics group, again grew strongly in the third quarter of the current financial year 2021. The Group increased its revenue by 23.5 percent year-on-year to EUR 20.0 billion. The dynamic development was driven in particular by the noticeable increase in global trade. This led to a strong demand for logistics services worldwide and a jump in earnings, particularly at the DHL divisions. Although brick-and-mortar retail has reopened, the shipment volumes in e-commerce stabilized on a higher level.

The Group's operating profit (EBIT) in the third quarter of 2021 increased by 28.6 percent year-on-year to EUR 1.8 billion. The EBIT margin improved to 8.8 percent (previous year: 8.5 percent). Deutsche Post DHL Group thus confirmed the preliminary quarterly figures published at the beginning of October. Against the background of the continued very positive development of revenue and earnings, the Group has again raised its earnings outlook: for the financial year 2021, Deutsche Post DHL Group now expects a record result of more than EUR 7.7 billion (previously: more than EUR 7.0 billion). For 2023 the Group anticipates an EBIT of more than EUR 8.0 billion (previously: more than EUR 7.4 billion).

"Our business continued to develop extremely positively in the third quarter of 2021. After nine months, we have already exceeded our record full-year result from the previous year", said Frank Appel, CEO of Deutsche Post DHL Group. "Based on this substantially higher earnings level, the prospects for Deutsche Post DHL Group's future development remain positive: Global trade returns to its old strength. Online shopping is maintaining its new higher level. With our focus on e-commerce and digitalization, we have positioned Deutsche Post DHL Group excellently. We will build on that momentum and expect an EBIT of more than EUR 8.0 billion in 2023."

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Earnings outlook raised again

After the end of the third quarter 2021, Deutsche Post DHL Group has already outperformed key performance indicators from the entire 2020 financial year, which was the best in the company's history. EBIT in the first nine months of 2021 increased to around EUR 5.8 billion (9M 2020: EUR 2.9 billion). Net income after non-controlling interests totaled around EUR 3.6 billion (9M 2020: EUR 1.7 billion). Basic earnings per share rose accordingly to EUR 2.89 in this period, compared with EUR 1.36 a year ago. In response to the continuing positive business and earnings performance, the Group has again raised its short- and mid-term earnings guidance:

For the current financial year 2021, Deutsche Post DHL Group is projecting a record result of more than EUR 7.7 billion (previously: more than EUR 7.0 billion). This includes a one-time effect of minus EUR 178 million for the second Corona special bonus. It will be paid out to around 550,000 employees worldwide in the fourth quarter of 2021. In the previous year, the Group paid out the first Corona special bonus totaling EUR 163 million in the third quarter.

The mid-term earnings outlook for 2023 was raised to more than EUR 8.0 billion (previously: more than EUR 7.4 billion). This adjustment is based on the continued high shipment volumes expected in e-commerce, a solid recovery of the global economy and further initiated efficiency enhancements by Strategy 2025, while freight rates are still expected to slowly normalize.

Strong cash generation leads to improved cash flow guidance

The Group's operating cash flow increased to more than EUR 2.6 billion in the third quarter of 2021 (Q3 2020: EUR 2.4 billion). Gross capex totaling EUR 880 million (Q3 2020: EUR 683 million) was spent in the build-up of additional sorting capacity at Express and Post & Parcel Germany, and further automation technology in the Supply Chain Division. At around EUR 1.3 billion, free cash flow in the third quarter was above the preliminary result published in October. Free cash flow reached around EUR 3.4 billion after nine months (9M 2020: EUR 1.5 billion).

Based on the significantly improved cash generation, the Group now forecasts free cash flow of more than EUR 3.6 billion for the full year 2021 (previously: more than EUR 3.2 billion). The previous guidance of around EUR 9.0 billion for cumulative free cash flow in the years 2021 to 2023 has been raised to around EUR 10.0 billion. This figure does not include effects from the acquisition of the ocean freight specialist J.F. Hillebrand Group announced in August. The short- and mid-term outlook for gross capex remains unchanged.

“In the first nine months of this year, we more than doubled EBIT, net profit and free cash flow. Thanks to the relentless joint efforts we were able to successfully convert the structurally higher demand for logistics solutions into profitable growth. It is particularly pleasing that this strength spreads across all divisions and comes along with sustainably improved cash generation”, said CFO Melanie Kreis.

Express: international network with outstanding profitability

EBIT of Express increased significantly to EUR 971 million (Q3 2020: EUR 753 million) in the third quarter of 2021. Revenue grew by 21.4 percent to around EUR 5.9 billion. In addition to yield measures, this development was driven by a significant increase in the average weight per shipment. Capacity utilization in international express logistics continued on a very high level. International time-definite express (TDI) shipments per day increased by 1.1 percent compared with the prior-year. The company succeeded in operating its unique international network even more efficiently than in the previous year, with an EBIT margin of 16.4 percent (Q3 2020: 15.5 percent).

Global Forwarding, Freight: operating result more than doubled

Global Forwarding, Freight more than doubled its EBIT year-on-year to EUR 372 million (Q3 2020: EUR 155 million). In addition to the very strong revenue growth of 53.3 percent to around EUR 5.7 billion, another key success factor was a significant improvement in efficiency. Air freight transport volumes again grew at an exceptionally strong rate of 34.4 percent, well above pre-pandemic levels. Despite a persistently tense situation worldwide, volumes in ocean freight still increased slightly by 3.1 percent. Revenue growth for ocean freight developed much more positively against the backdrop of increased ocean freight rates. EBIT margin increased noticeably to 6.5 Percent (Q3 2020: 4.2 percent). In addition to the development of freight rates, this was also based on productivity improvements and digitization initiatives.

Supply Chain: new business significantly increases revenue

EBIT in the Supply Chain division grew to EUR 142 million in the third quarter (Q3 2020: EUR 112 million). Revenue increased by 18.5 percent to around EUR 3.7 billion. Almost all regions and sectors contributed to this positive development in contract logistics. New business also developed successfully in the current year. With annualized revenue of EUR 980 million, this significantly exceeded the previous year (9M 2020: EUR 844 million). At 3.9 percent, the EBIT margin was above the prior-year figure (Q3 2020: 3.6 percent). Adjusted for the expenses for the second Corona special bonus, EBIT margin would have been above the target of 5.0 percent.

eCommerce Solutions: growth in international parcel business continued

The eCommerce Solutions division increased its EBIT in the third quarter to EUR 91 million (Q3 2020: EUR 76 million). Revenue increased by 13.2 percent to around EUR 1.4 billion. Revenue growth was evenly distributed across all regions. India recorded one of strongest developments, where business in the previous year had still been significantly impacted by the pandemic. Over the course of the year, parcel volumes in almost all regions were consistently higher than in the previous year, despite the fact that brick-and-mortar retail had predominantly reopened. The profitability of the eCommerce Solutions division was slightly above the previous year's level in the third quarter, with an EBIT margin of 6.6 percent (Q3 2020: 6.3 percent).

Post & Parcel Germany: online retailing enables further revenue growth

The Post & Parcel Germany Division generated EBIT of EUR 300 million in the third quarter of 2021 (Q3 2020: EUR 320 million). This included increased staff and material costs for the deliberate build-up of additional resources for the upcoming Christmas business. Revenue increased to around EUR 4.0 billion (Q3 2020: EUR 3.8 billion) thanks to continued parcel growth. Parcel volumes grew by 4.6 percent year-on-year in the past quarter. With an average shipment volume of around 5.8 million parcels per working day, growth has continued even after the easing of pandemic-related restrictions. Volumes in the mail business increased slightly. The reason for this was the exceptionally high absentee voting rate in the federal election as well as in the state elections in Germany. However, absolute letter volumes remained significantly below pre-pandemic levels. At 7.6 percent, the EBIT margin was below the previous year's level (Q3 2020: 8.4 percent).

- End -

Note to editors: An interview with CEO Frank Appel can be found at www.dpdhl.com. The Group's investor webcast can be viewed on our website starting at 10:00 a.m. This can be accessed at www.dpdhl.com/ir.

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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. 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 570,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than EUR 66 billion in 2020.

THE logistics company for the world.

Group financial highlights for the third quarter

in €m	Q3 2020	Q3 2021	Change in %
Revenue	16,222	20,036	23.5
– of which international	11,562	15,037	30.1
Profit from operating activities (EBIT)	1,377	1,771	28.6
Consolidated net profit ¹⁾	851	1,087	27.7
Basic earnings per share (in €)	0.69	0.88	27.5
Diluted earnings per share (in €)	0.67	0.87	29.9

Divisional revenue in the third quarter

in €m	Q3 2020	Q3 2021	Change in %
Express	4,869	5,910	21.4
Global Forwarding, Freight ²⁾	3,727	5,712	53.3
Supply Chain ²⁾	3,083	3,653	18.5
eCommerce Solutions	1,216	1,376	13.2
Post & Parcel Germany	3,817	3,955	3.6
Group Functions/Consolidation ²⁾	-490	-570	-16.3
Group	16,222	20,036	23.5

Divisional EBIT in the third quarter

in €m	Q3 2020	Q3 2021	Change in %
DHL	1,095	1,575	43.8
- Express	753	971	29.0
- Global Forwarding, Freight ²⁾	155	372	>100
- Supply Chain ²⁾	112	142	26.8
- eCommerce Solutions	76	91	19.7
Post & Parcel Germany	320	300	-6.3
Group Functions/Consolidation ²⁾	-39	-105	<-100
Group	1,377	1,771	28.6

¹⁾ After non-controlling interests

²⁾ Prior-year figure adjusted

Group financial highlights for the first nine months of the year

in €m	9M 2020	9M 2021	Change in %
Revenue	47,623	58,369	22.6
– of which international	33,454	42,743	27.8
Profit from operating activities (EBIT)	2,881	5,765	100.1
Consolidated net profit ¹⁾	1,677	3,569	112.8
Basic earnings per share (in €)	1.36	2.89	112.5
Diluted earnings per share (in €)	1.33	2.83	112.8

Divisional revenue in the first nine months of the year

in €m	9M 2020	9M 2021	Change in %
Express	13,536	17,361	28.3
Global Forwarding, Freight ²⁾	11,448	15,699	37.1
Supply Chain ²⁾	9,048	10,209	12.8
eCommerce Solutions	3,374	4,264	26.4
Post & Parcel Germany	11,654	12,674	8.8
Group Functions/Consolidation ²⁾	-1,437	-1,838	-27.9
Group	47,623	58,369	22.6

Divisional EBIT in the first nine months of the year

in €m	9M 2020	9M 2021	Change in %
DHL	2,463	4,839	96.5
- Express	1,711	3,109	81.7
- Global Forwarding, Freight ²⁾	419	900	>100
- Supply Chain ²⁾	250	507	>100
- eCommerce Solutions	83	324	>100
Post & Parcel Germany	918	1,171	27.6
Group Functions/Consolidation ²⁾	-500	-246	50.8
Group	2,881	5,765	>100

¹⁾ After non-controlling interests

²⁾ Prior-year figure adjusted