

“We have reached a new altitude.”

Deutsche Post DHL Group closed 2021 with a new record. Revenue improved by 22.5 percent year on year to EUR 81.7 billion. Operating profit (EBIT) improved even more significantly, coming in 65 percent higher at EUR 8.0 billion. Thus, 2021 was the most successful year in the company's history. In an interview with DPDHL Group News, CEO Frank Appel talks about the war in Ukraine, the developments in the past year and explains why the Group is also ideally positioned for the new financial year.

DPDHL Group News: Mr. Appel, before we look back on the past year, let's talk about the current situation in Europe, which is of great concern to us all.

Frank Appel: The war in Ukraine represents dramatically that peace in Europe and the world cannot be taken for granted. We strongly condemn the attack on Ukraine. We are doing everything in our power to ensure the safety of our employees and their families.

DPDHL Group News: How can your organization support in providing urgently needed humanitarian aid in Eastern Europe?

Frank Appel: Our corporate culture is characterized by a cross-border cooperation of our employees. We use this cohesion to provide aid for the people in Eastern Europe through our own Group programs. In close cooperation with the UN, we are working united to use our logistical expertise to support humanitarian aid to the people affected by the war. Our thoughts and deepest sympathy are with the people who have been separated from their families, have lost loved ones, are on the run or can no longer live their lives in peace.

DPDHL Group News: Even if it's hard to switch to regular day-to-day business: Deutsche Post DHL Group today presented its figures for the past financial year. How do you assess 2021?

Frank Appel: 2021 was an extraordinary year. The pandemic still had a strong impact on public life and thus also influenced our business. E-commerce has continued to grow, and global trade has recovered very quickly. We profitably transported record volumes of freight, express shipments, parcels and operated more efficiently than ever before. At the same time, we helped fight the coronavirus in the second year of the pandemic with our vaccine logistics. After the first nine months, we had already exceeded the previous year's operating profit. Furthermore, we registered our best Christmas season ever in the fourth quarter of 2021. The drivers of our success are intact. In March 2021, we issued an EBIT guidance of EUR 5.6 billion for the full year; the actual figure was an outstanding EUR 8.0 billion.

Our employees delivered a tremendous performance – benefitting the society as a whole and our company.

DPDHL Group News: What's next? What trend do you expect in the short to medium term – also in light of the war in Ukraine?

Frank Appel: We are optimistic that global and online trade will continue to grow in the coming fiscal year, but not as strongly as in the previous year. For e-commerce in particular, we expect shipment volumes to increase further from the higher overall level after a normalization phase. World trade experienced exceptionally strong growth momentum last year, and there will be a normalization here as well. With our focus on the profitable core logistics business, new digital solutions and e-commerce, we are ideally positioned to address those trends. The outlook remains positive even from the new altitude reached. For 2022, we expect EBIT of EUR 8.0 billion + / – 5 percent, while we anticipate an earnings growth to around EUR 8.5 billion until 2024. The impact of the conflict in Eastern Europe on global GDP growth and the world's transportation markets are currently hard to assess. Accordingly, we are closely monitoring developments and possible business risks arising from them.

DPDHL Group News: Let's take a look at the divisions. Where does DHL Express stand?

Frank Appel: DHL Express continued its success story. The division managed to achieve significant gains in the course of the year with an outstanding closing quarter. For years, Express has reliably delivered rising earnings contributions, high margins and strong cash flow. In 2021, time-definite international express shipments (TDI) were more important than ever before. Air freight capacity was still in short supply. Due to the pandemic, capacity of passenger aircraft was still significantly below pre-crisis levels. Thus, additional cargo space was not available. We provided reliable support to our customers with our own aircraft fleet and experienced a surge in demand especially in the first half of the year. In the second half, the average weight per shipment increased notably. Our unique global network was constantly in operation and worked very efficiently. DHL Express achieved a new record EBIT margin of 17.4 percent.

DPDHL Group News: To what extent was DHL eCommerce Solutions able to benefit from the expansion of e-commerce?

Frank Appel: Online stores have rapidly increased their revenues during the pandemic. Many companies have entered e-commerce for the first time. At the same time, many consumers have discovered digital offerings or intensified their use. As logistics experts, we were able to help our customers keep pace with this development and optimally benefit from it. eCommerce Solutions is excellently positioned in this regard and recorded strong growth in shipment volumes, which showed a

double-digit percentage expansion in almost all regions. The Netherlands and the domestic business in India both saw an increase of more than 30 percent. At the same time, shipment volumes in European cross-border transport have grown robustly. The division succeeded in utilizing its networks much more efficiently. Overall, EBIT and EBIT margin more than doubled. Our investments in digital Touchpoints and CityHubs in the Netherlands or automation projects in the United States have paid off. Ken Allen, who will retire on July 31, 2022, has established a profitable division and hands-over an attractive business to his successor.

DPDHL Group News: Who will take over from Ken Allen?

Frank Appel: Pablo Ciano, currently EVP of Corporate Development, will be appointed as the new Board member for DHL eCommerce Solutions. Pablo Ciano takes over his mandate on August 1, 2022. His appointment recognizes the critical role that he played in providing the strategic direction for the overall development of our Strategy 2025, as well as his substantial contributions towards shaping our ESG roadmap and the success over his 17 years with Deutsche Post DHL Group, in which he served as CEO DHL Express for Central South Americas for two years. We are confident that Pablo Ciano is the right leader to write the next chapter in DHL eCommerce Solutions' success story. With his international background, coupled with his deep knowledge of digitalization in logistics, he will take the business to a new level.

DPDHL Group News: The special market situation has also affected the business of DHL Global Forwarding, Freight, right?

Frank Appel: The forwarding business developed very positively. We more than doubled EBIT to EUR 1.3 billion despite persisting challenges in the international transport markets. Demand was significantly higher than in the previous year, and competition for transport capacity remained fierce. As the market leader, we were able to provide our customers with the transport capacity they needed. Air, ocean and road freight volumes have grown significantly. We again surpassed the pre-pandemic level in all transport modes. Our online booking platform myDHLi, which gives our customers fast and transparent digital access to transport solutions, also contributed to this. Global Forwarding, Freight increased revenue each quarter during the year. Overall, we closed the year with a 44 percent increase in revenue versus the previous year.

DPDHL Group News: What development has DHL Supply Chain undergone?

Frank Appel: The Supply Chain division can look back on a strong year. New business developed outstandingly. Demand for contract logistics solutions remains high. The expertise of our employees is particularly sought after in the e-commerce and life sciences sectors. We continue to invest in our

infrastructure – for example in the establishment of new e-fulfillment sites that offer small and medium-sized companies easy access to DHL Supply Chain services – or in the automation of transport processes and deployment of robotics in warehouses. All of this helps us to work not only in a more digital and modern way, but also more efficiently. Supply Chain increased its EBIT margin to over 5 percent again in 2021.

DPDHL Group News: How did the German post and parcel business fare from your perspective?

Frank Appel: The pandemic has accelerated the structural transformation in the postal sector. Yet we have successfully met this challenge. After all, Post & Parcel Germany also increased earnings and revenue again in 2021. The division transported a record volume of over 1.8 billion parcels. Parcel volumes thus grew by 12.6 percent, while volumes in the letter mail business declined only slightly. However, the development in the letter mail sector needs more differentiation. While volumes in letter mail communication as a whole continued to follow a downward trend, business with advertising mailings picked up noticeably. We expect a return to normal rates of change in course of 2022. Of course, we are continuing to invest in the future viability of the division and in digital solutions. By using the Post & DHL app, customers can now track letters as well as the status of parcels. We are delivering these already in a CO₂-neutral manner in around 50 percent of all delivery districts. With by far the largest fleet of electric vans, cargo vans and bicycles, we ensure the most climate-friendly mail and parcel delivery in the industry. These are just a few examples of how the division is equipping itself for the future.

DPDHL Group News: Thanks to the excellent performance in 2021, cash flow also increased significantly once again. What do you plan to do with the money?

Frank Appel: We will continue to invest, specifically in the expansion and modernization of our infrastructure. Especially in our aircraft fleet: We expect four new B777F and seven B737-800 aircraft to enter service in 2022. In addition, we recently signed a contract for additional six B777Fs. DHL Express has launched an extensive infrastructure program with which the division is both modernizing and expanding its production facilities in Germany – including Dortmund, Munich, Bielefeld and Berlin. Of course, warehouse automation remains high on the agenda, as does investment in CO₂-neutral delivery. In 2022 we aim to invest a record sum of around EUR 4.2 billion in total. Our payout strategy remains valid: A dividend payout ratio of 43 percent of our net income ranges within the target corridor of 40 to 60 percent. In total, this would amount to EUR 2.2 billion, subject to the approval of our shareholders at the upcoming Annual General Meeting. In addition, we decided to launch another share buyback program amounting up to EUR 2 billion.

DPDHL Group News: You raised the issue of investment: What role does sustainability play in these plans?

Frank Appel: Sustainability plays a fundamental role for us. As part of our ESG roadmap, we will invest EUR 7 billion in climate-neutral logistics until 2030. There are many small and large levers: a higher proportion of alternative aircraft fuels, even more electric vehicles in delivery operations, the use of climate-neutral buildings, and a higher proportion of parcels that we will transport by rail instead of road. However, emissions are only one component. From 2022 onward, non-financial indicators will also be included in the calculation of compensation for our Board of Management. We are convinced that by focusing even more closely on our ESG goals, we will remain the first choice for customers, employees and investors – and are thus laying the foundations for long-term business success.