

Deutsche Post DHL Group: Resilient portfolio enables strong quarterly results despite global economic uncertainty

- Group faces strong demand as a reliable logistics partner; Group revenue rises to EUR 24.0 billion in second quarter 2022
- Group EBIT improves to EUR 2.3 billion in Q2 2022; Group EBIT of EUR 4.5 billion in H1 2022
- Outlook confirmed: 2022 EBIT guidance also achievable in the event of a global economic slowdown
- CEO Frank Appel: “Thanks to the outstanding efforts of our employees we provide our customers with reliable logistics solutions also in volatile times.”

Bonn, August 5, 2022: In the second quarter 2022, the world’s leading logistics group Deutsche Post DHL Group generated a double-digit revenue and EBIT growth. Based on its broad portfolio of logistics solutions and global presence the Group increased revenue by 23.4 percent year on year to EUR 24.0 billion. Effects resulting from increasing transport and energy costs were well controlled by the Group. Thus, the Group achieved record operating profit (EBIT) of EUR 2.3 billion (Q2 2021: EUR 2.1 billion). At 9.7 percent, the EBIT margin was slightly below the prior-year level (Q2 2021: 10.7 percent).

"Thanks to the outstanding efforts of our employees we provide our customers with reliable logistics solutions also in volatile times. This strength is reflected in the excellent earnings performance and will continue to pay off in the future," said Frank Appel, CEO of Deutsche Post DHL Group. "Our customers appreciate logistics services more than ever before. Based on our strong international footprint coupled with the most modern infrastructure, we are able to offer reliable solutions in an increasingly complex environment across all sectors. We remain solid as a rock in uncertain times."

EBIT guidance confirmed – also in the event of a global economic slowdown

The Group confirms its 2022 EBIT guidance of EUR 8.0 billion (+ / - 5 percent) even in consideration of a possible global economic downturn in the second half of 2022. With an EBIT of EUR 4.5 billion achieved in H1 2022, the Group has a strong basis for delivering on this. Due to the increasing uncertain global economic development, the Group published scenario-based sensitivities for its 2022 EBIT guidance:

- If global GDP growth slows in the second half of the year, the Group expects EBIT in the upper half of its guidance (between EUR 8.0 billion and EUR 8.4 billion)
- Even assuming a sharp slowdown of the global economy in the second half of 2022, the Group expects EBIT in the lower half of its guidance (between EUR 7.6 and 8.0 billion)

- With unchanged business momentum, the Group even considers an EBIT of more than EUR 8.4 billion being achievable.

The Group also confirms its mid-term EBIT guidance of around EUR 8.5 billion for 2024.

Resilient portfolio pays off – growth drivers remain intact

The Group's well-balanced portfolio unfolded once again its strength in the second quarter 2022. The double-digit growth seen in revenue and EBIT was again driven by the B2B business of the DHL divisions Global Forwarding, Freight, Supply Chain and Express. Global Forwarding, Freight achieved an exceptionally large jump in revenue and EBIT based on a dynamic price and margin development in the air and ocean freight business. Supply Chain was able to increase revenue and EBIT due to elevated warehousing activities. Significant revenue growth was also achieved by Express with temporary lockdowns in China hampering an even better result.

At the same time, the e-commerce driven B2C business of the divisions Express, eCommerce Solutions and Post & Parcel Germany normalized at a structurally higher level. As expected, EBIT of eCommerce Solutions and Post & Parcel Germany came in below the very strong level of the previous year.

Overall, net profit after non-controlling interests increased to EUR 1.5 billion in the second quarter (Q2 2021: EUR 1.3 billion). The improvement in EBIT led to an increase in tax expense, while the financial result improved. Basic earnings per share came in at EUR 1.20, compared with EUR 1.05 in the previous year.

Group continues to plan for further growth with record investments

The sustained positive earnings momentum has further strengthened the Group's financial power. At EUR 2.0 billion, operating cash flow in the second quarter 2022 came in again on a high level (Q2 2021: EUR 2.2 billion). Free cash flow was EUR 665 million (Q2 2021: EUR 919 million). Gross capital expenditure (capex) totaled EUR 798 million (Q2 2021: EUR 794 million).

The company confirms its short- and mid-term outlook for the development of free cash flow and capex. Excluding acquisitions and divestments, the Group continues to expect free cash flow of EUR 3.6 billion in the current year, with a maximum variance of + / - 5 percent. The cumulative free cash flow forecast for the period 2022 to 2024 is around EUR 11 billion. The outlook for capex remains at around EUR 4.2 billion for 2022 and around EUR 12 billion for the period 2022 to 2024.

"We have significantly improved our financial strength through a strong operating performance in recent quarters. Greater financial flexibility prepares us for any scenario. Thanks to our strong balance sheet, we can proceed as planned with our targeted investments of around EUR 12 billion by 2024. In

doing so, we are creating the conditions for long-term growth beyond the significantly improved earnings level of recent quarters”, said CFO Melanie Kreis.

Express: EBIT again above EUR 1.0 billion

The Express division increased its revenue by 17.5 percent to EUR 7.0 billion despite moderately lower volumes for international time-definite express (TDI) shipments. Revenue growth was again based on an increase in higher-weight shipments, price measures and higher fuel surcharges. Temporary lockdowns seen in China had a negative effect. EBIT was moderately lower year on year at EUR 1.1 billion (Q2 2021: EUR 1.2 billion). The EBIT margin remained strong with 15.7 percent, compared to an exceptionally high margin of 19.8 percent in the prior-year period.

Global Forwarding, Freight: EBIT more than doubled

After an exceptionally good start to the year, Global Forwarding, Freight once again achieved an outstanding quarterly result. EBIT more than doubled year on year to EUR 746 million (Q2 2021: EUR 312 million). The sustained price and margin dynamics in the international transport markets enabled a significant jump in revenue of 55.8 percent to EUR 8.2 billion. Air freight volumes decreased moderately, in part due to modal shifts back towards ocean freight products, as customers recognized the again improved schedule reliability in ocean freight. Ocean freight volumes grew by 11.3 percent, driven by the integration of the acquired beverage logistics company Hillebrand at the beginning of the second quarter. The EBIT margin improved significantly to 9.1 percent (Q2 2021: 6.0 percent).

Supply Chain: Strong growth in nearly all world regions and industries

After its strong start into the year, Supply Chain recorded double-digit growth rates also in the second quarter 2022. Revenue climbed 22.7 percent to EUR 4.1 billion. EBIT improved by 23.2 percent to EUR 244 million thanks to the strong revenue momentum. Growth was driven by increased warehousing and distribution activities, particularly leading to a positive earnings development in North America. Overall, the auto-mobility and retail sector recorded the strongest development. The division again succeeded in generating an industry-leading EBIT margin of 6.0 percent (Q2 2021: 6.0 percent)

eCommerce Solutions: Revenue and EBIT on sustained strong levels

The normalization of parcel volumes continued in the second quarter, as expected. Revenue increased in all regions and came in 5.4 percent higher than the previous year at EUR 1.5 billion. Price adjustments more than compensated for the decline in shipment volumes. Starting from a pandemic related high level in the previous year, overall parcel volumes fell by 5.8 percent. This trend was mitigated by the regionally well-balanced business. The positive revenue development was offset by slightly higher operating costs. Nevertheless, eCommerce Solutions succeeded in maintaining EBIT at EUR 109 million, which was almost on a par with the previous year (Q2 2021: EUR 116 million). The EBIT margin of 7.2 percent came in once again on a high level (Q2 2021: 8.1 percent).

Post & Parcel Germany: Expected earnings development

Post & Parcel Germany confirmed the expected development in the second quarter. EBIT was down year on year at EUR 242 million (Q2 2021: EUR 315 million). Revenue decreased to EUR 4.0 billion (Q2 2021: EUR 4.2 billion). As expected, parcel volumes continued to normalize, coming in roughly at the same level seen in 2020. Driven by a positive trend in dialogue marketing (advertising mailings) and mail communication especially during the start of the quarter, volumes in the letter mail business actually increased slightly by 3.7 percent against the long-term trend. Successful cost management made a key contribution to stabilizing the EBIT margin at 6.1 percent (Q2 2021: 7.6 percent). A high level of cost discipline, coupled with efficiency measures, had a positive overall impact on profitability.

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Note to editors: An [interview with CFO Melanie Kreis](#) can be found on our homepage. 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 590,000 people in over 220 countries and territories worldwide. The Group generated revenues of more than EUR 81 billion in 2021.

THE logistics company for the world.

Group financial highlights for the second quarter

in €m	2nd quarter 2021	2nd quarter 2022	Change in %
Revenue	19,473	24,029	23.4
– of which international	14,318	18,777	31.1
Profit from operating activities (EBIT)	2,083	2,337	12.2
Consolidated net profit ¹⁾	1,292	1,461	13.1
Basic earnings per share (in €)	1.05	1.20	14.3
Diluted earnings per share (in €)	1.02	1.17	14.7

Divisional revenue in the second quarter

in €m	2nd quarter 2021	2nd quarter 2022	Change in %
Express	5,952	6,993	17.5
Global Forwarding, Freight	5,235	8,156	55.8
Supply Chain	3,315	4,069	22.7
eCommerce Solutions	1,434	1,512	5.4
Post & Parcel Germany	4,164	3,963	-4.8
Group Functions/Consolidation	-627	-664	-5.9
Group	19,473	24,029	23.4

Divisional EBIT in the second quarter

in €m	2nd quarter 2021	2nd quarter 2022	Change in %
DHL	1,803	2,199	22.0
- Express	1,177	1,101	-6.5
- Global Forwarding, Freight	312	746	>100
- Supply Chain	198	244	23.2
- eCommerce Solutions	116	109	-6.0
Post & Parcel Germany	315	242	-23.2
Group Functions/Consolidation	-35	-105	<-100
Group	2,083	2,337	12.2

¹⁾ After non-controlling interests

Group financial highlights for the first half of the year

in €m	H1 2021	H1 2022	Change in %
Revenue	38,333	46,622	21.6
– of which international	27,706	35,900	29.6
Profit from operating activities (EBIT)	3,994	4,496	12.6
Consolidated net profit ¹⁾	2,482	2,812	13.3
Basic earnings per share (in €)	2.01	2.30	14.4
Diluted earnings per share (in €)	1.96	2.25	14.8

Divisional revenue in the first half of the year

in €m	H1 2021	H1 2022	Change in %
Express	11,451	13,366	16.7
Global Forwarding, Freight	9,987	15,515	55.4
Supply Chain	6,556	7,884	20.3
eCommerce Solutions	2,888	2,957	2.4
Post & Parcel Germany	8,719	8,208	-5.9
Group Functions/Consolidation	-1,268	-1,308	-3.2
Group	38,333	46,622	21.6

Divisional EBIT in the first half of the year

in €m	H1 2021	H1 2022	Change in %
DHL	3,264	4,078	24.9
- Express	2,138	2,072	-3.1
- Global Forwarding, Freight	528	1,347	>100
- Supply Chain	365	449	23.0
- eCommerce Solutions	233	211	-9.4
Post & Parcel Germany	871	597	-31.5
Group Functions/Consolidation	-141	-180	-27.7
Group	3,994	4,496	12.6

¹⁾ After non-controlling interests