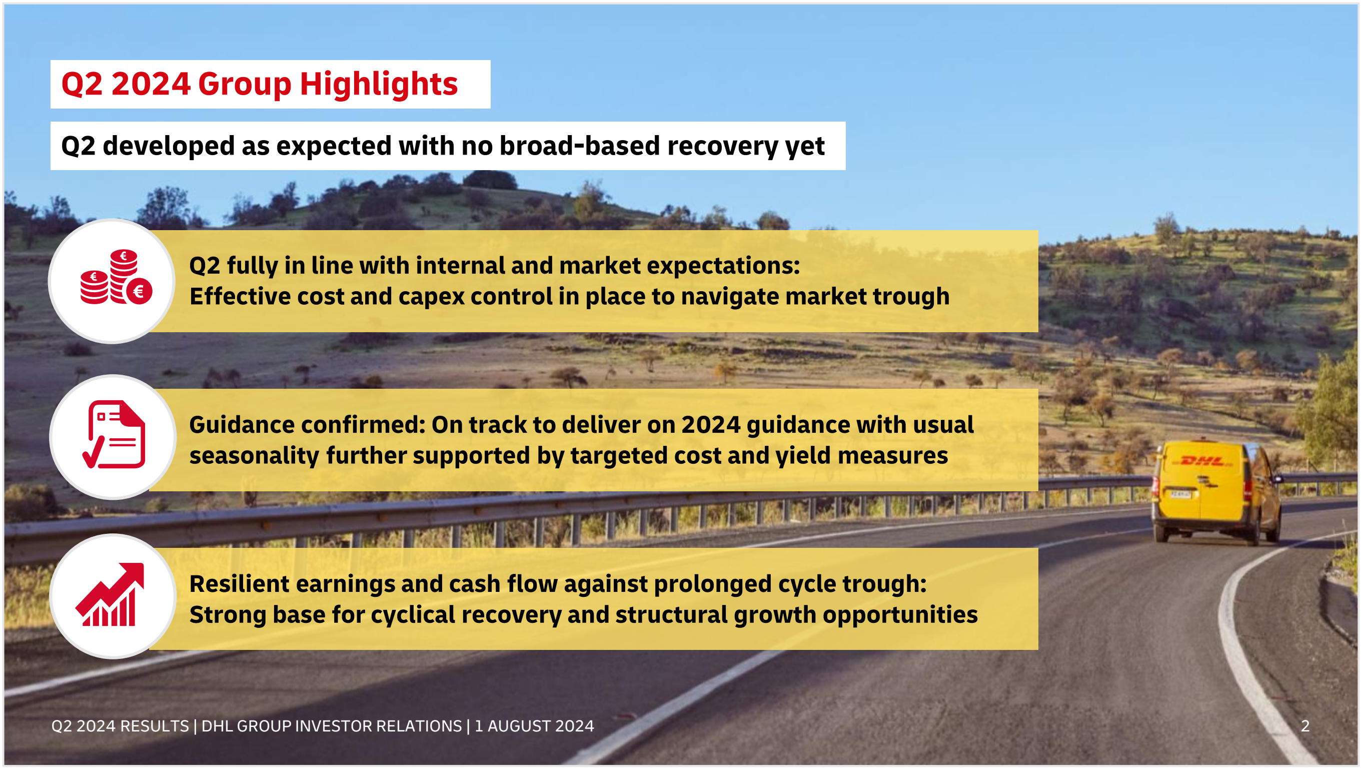
Q2 2024 RESULTS

MELANIE KREIS, GROUP CFO

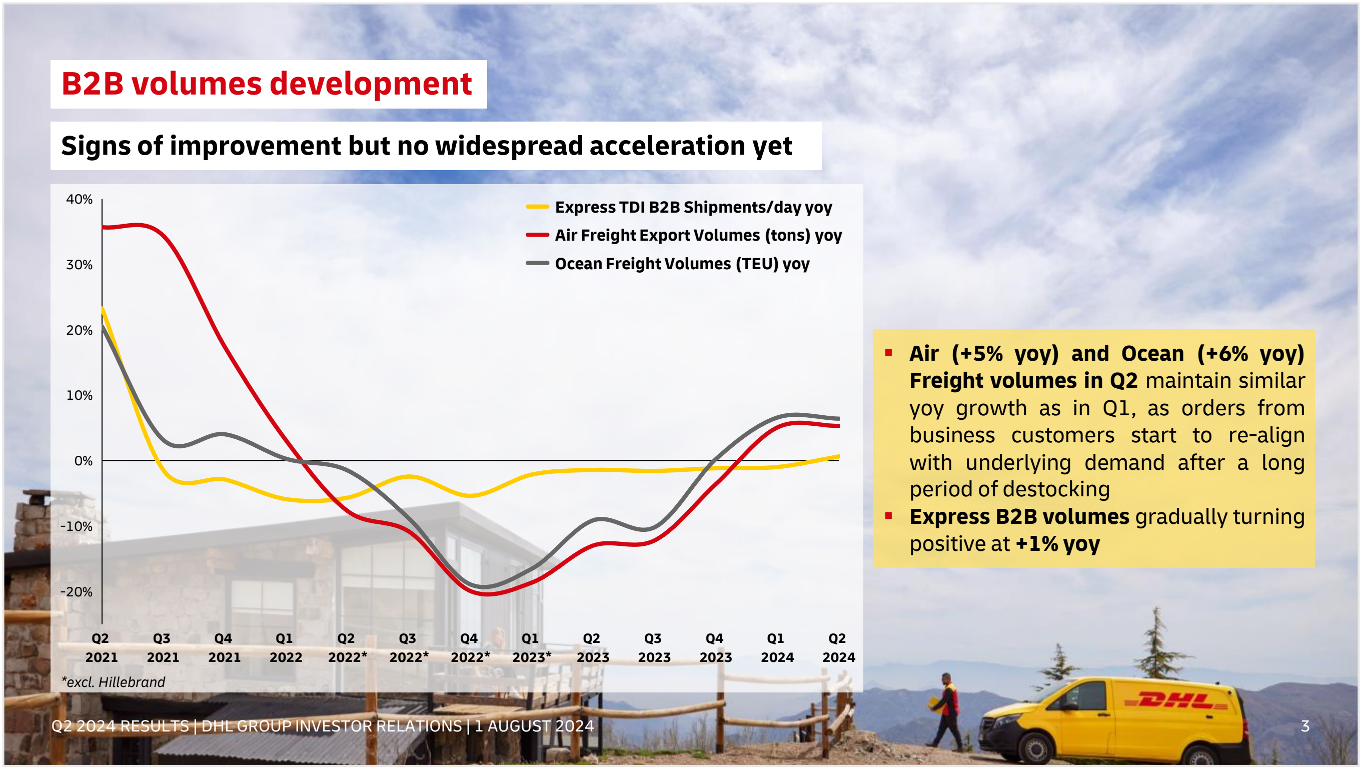
DHL GROUP INVESTOR RELATIONS
August 1st, 2024

DHL Group



Management comments:
H1 performance delivered on expectations and we started seeing some first signals of improving B2B demand.

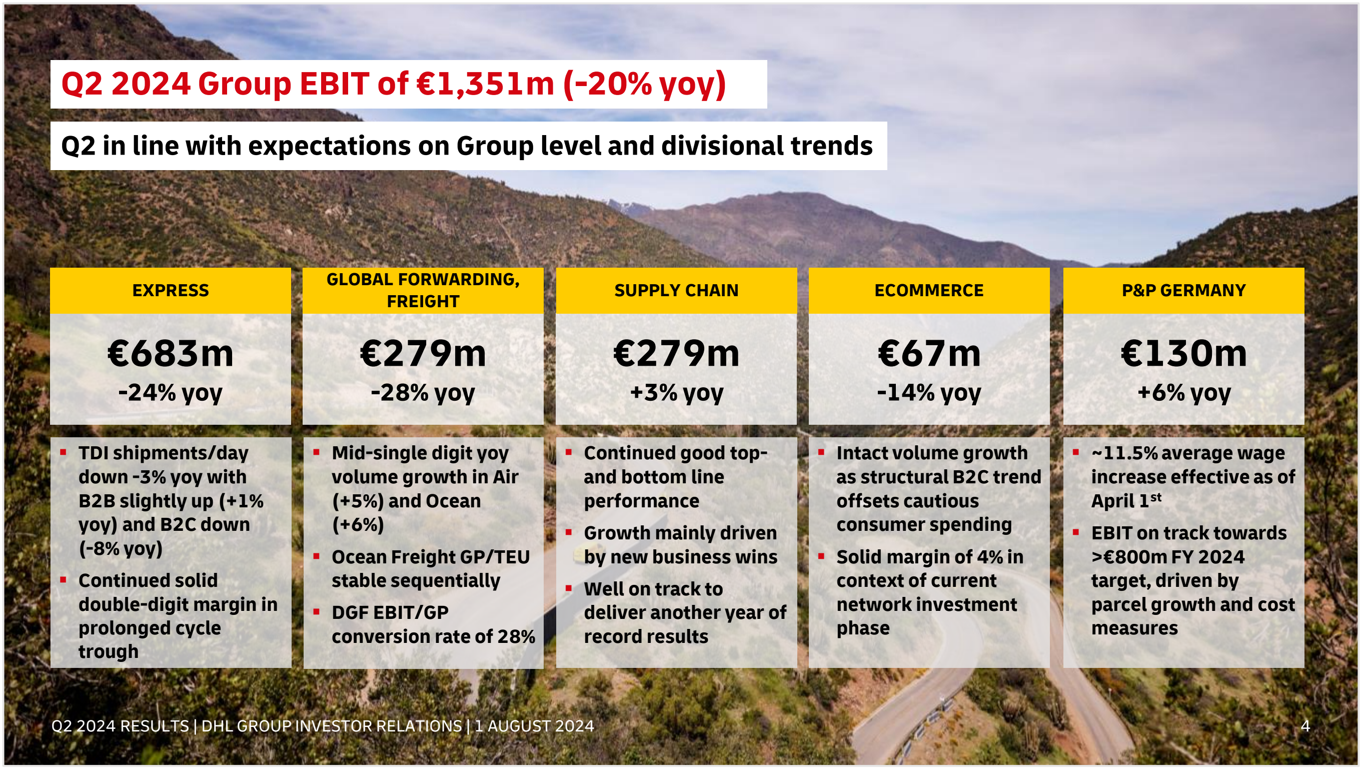
As this supports our assumptions of at least slightly improving market conditions in H2, we today fully confirm our FY 2024 and mid-term guidance.



Management comments:
As expected, cyclical B2B businesses start turning back into growth territory following a prolonged period of inventory destocking.

At the same time, activity levels are showing signals of a gradual market turnaround rather than any dynamic acceleration. Across the main regions, Europe continued to see the weakest momentum.

Disruptions in the Ocean Freight market make volume developments more difficult to interpret. Beyond temporary effects, the return to yoy growth in all three B2B modes should however also reflect that destocking is coming to an end. Beyond the debate how much of Ocean Freight peak season is currently pulled forward, the fact that there is an Ocean peak season is a positive signal on the cycle by itself.



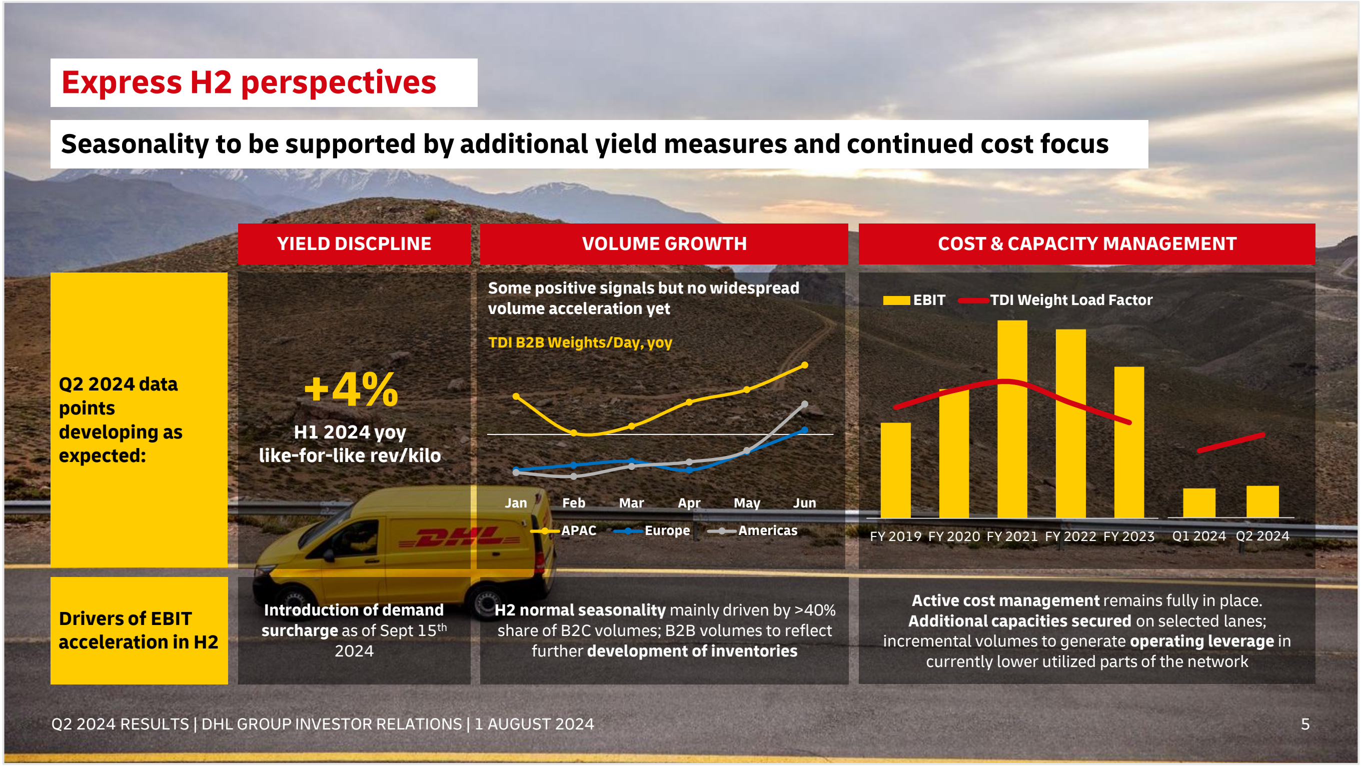
Management comments:

As previously flagged, Q2 performance was in line with expectations and the trends observed in Q1.

EBIT decline in Express is mainly driven by prolonged subdued global B2B volume development while B2C shipments reflect our yield focus.

Supply Chain stands out with steady top- and bottom-line growth reflecting its resilient business model and supportive structural tailwinds from megatrends like e-commerce and digitalisation.

P&P Germany EBIT is down vs Q1 due to the planned wage increase. Against the low EBIT comparison from last year which was marked by cost inflation, P&P EBIT is slightly up, mainly driven by parcel revenue growth (+9% yoy) and continued cost measures.



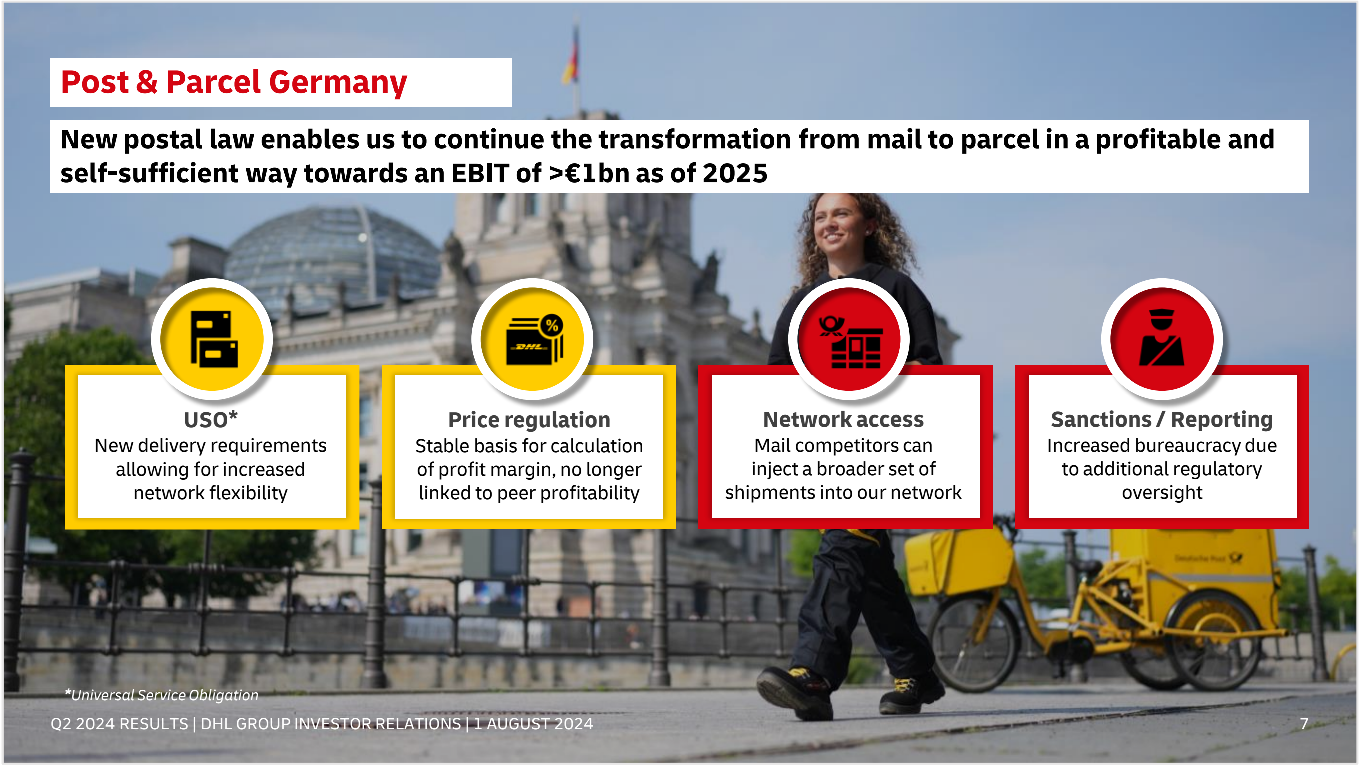
Management comments:

Express is expected to be a key driver of the higher EBIT run rate in H2, as reflected in our FY 2024 guidance.

Besides the ongoing contribution of yield discipline and cost and capacity management, we expect the acceleration in H2 to be driven by usual seasonality. In addition, we expect a significant contribution from the first-time introduction of a demand surcharge, which will ensure that temporary demand volatility and related network costs around the peak season are adequately reflected in pricing.

Management comments:
Despite the upturn in spot rates in Q2, GP/TEU was stable q-o-q as freight rate movements influenced forwarding businesses on both buying and selling side.

In Air Freight, markets are particularly tight in Asia reflecting ongoing strong e-commerce demand as well as spillover effects from the Ocean Freight disruptions. However, freight rates are less volatile in other main regions where supply and demand are more balanced.



Management comments:
The new Postal Law has come into force in Germany on July 19th, 2024. From a financial perspective, the law creates more adequate conditions mainly regarding mail pricing regulation and delivery requirements under the USO. This allows Deutsche Post to continue to ensure universal postal service provision in a sustainable manner.

Going forward, we expect P&P Germany EBIT to return to >€1bn annual run-rate as of FY 2025, which will allow the division to pursue the structural transformation from declining mail to e-commerce driven parcel growth on a self-financed basis.

At the same time, we see other aspects of the new law critically, such as an increase in bureaucracy and the unilateral promotion of competition support.

Cash Flow Statement

Capex flexibility key driver for FCF resilience – on track towards €~3bn FY 2024 target

in €m

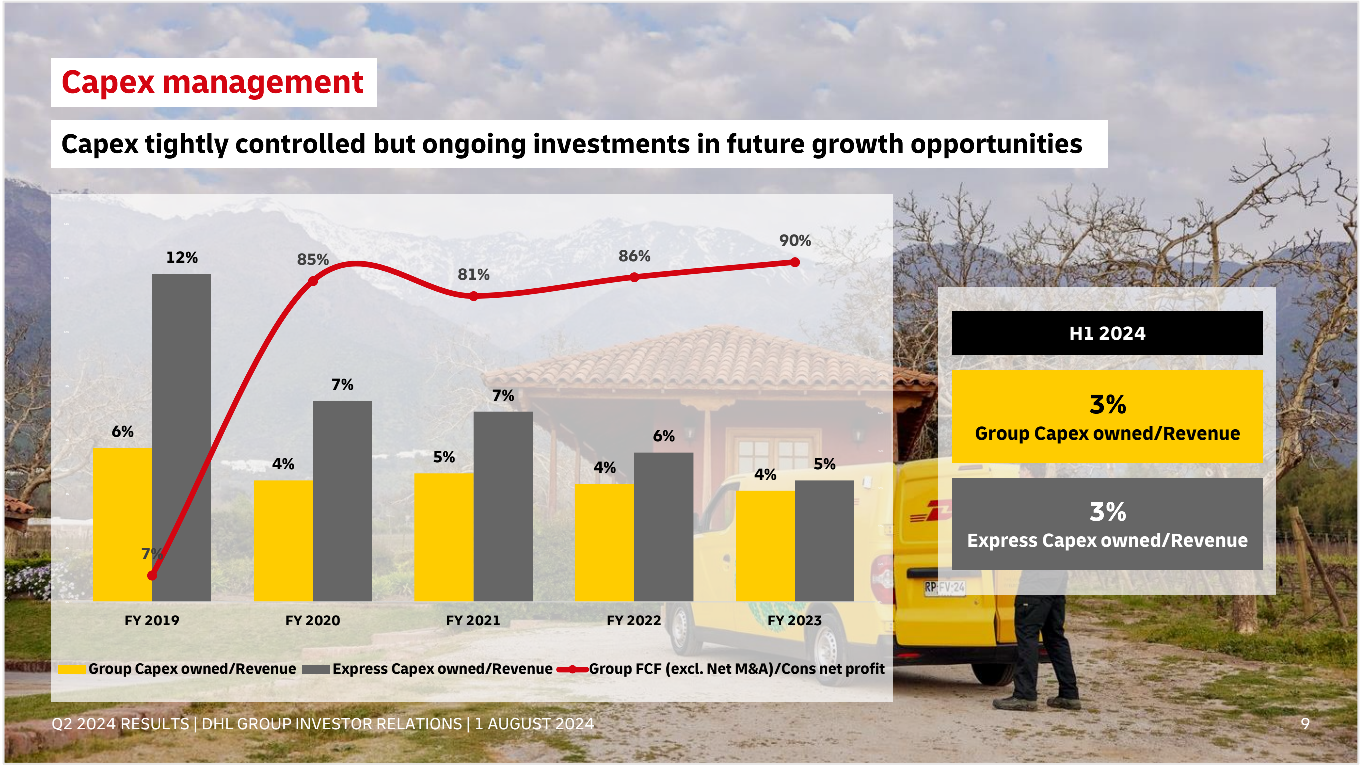
Cash Flow Statement	Q2 2023	Q2 2024	yoy	
EBIT	1,693	1,351	-342	
Depreciation/amortization	1,084	1,166	+82	Ongoing **investments** in structural growth opportunities
Changes in Working Capital	-179	-439	-260	Mainly related to **q-o-q revenue growth**
Other	-749	-467	+282	Mainly driven by **positive change in provision** and **lower tax payments**
Operating Cash Flow	1,849	1,611	-238	
Net capex	-768	-504	+264	Reflects reduction of **investments** in network expansion **in line with volume development**
Net Cash for Leases	-681	-739	-58	Mainly related to **continued growth and new business wins in DSC**
Net M&A	-6	-15	-9	
Net interest	56	-9	-65	Positive contribution from interest swap **on bond issuance in 2023**
Free Cash Flow	450	344	-106	

Management comments:

The main observation on Q2 FCF is that capex control led to €264m lower cash outflow on investments, allowing us to largely offset the €-342m yoy reduction in EBIT.

Higher working capital, reflecting volume growth and higher freight rates in DGFF, is being balanced by higher depreciation, which reflects our structural growth investments in the recent years, as well as a good flow-through from EBIT to OCF.

With capex control remaining a key focus, we are well on track to deliver on our cash flow guidance for yoy stable FCF excl. Net M&A at ~€3bn for FY 2024.

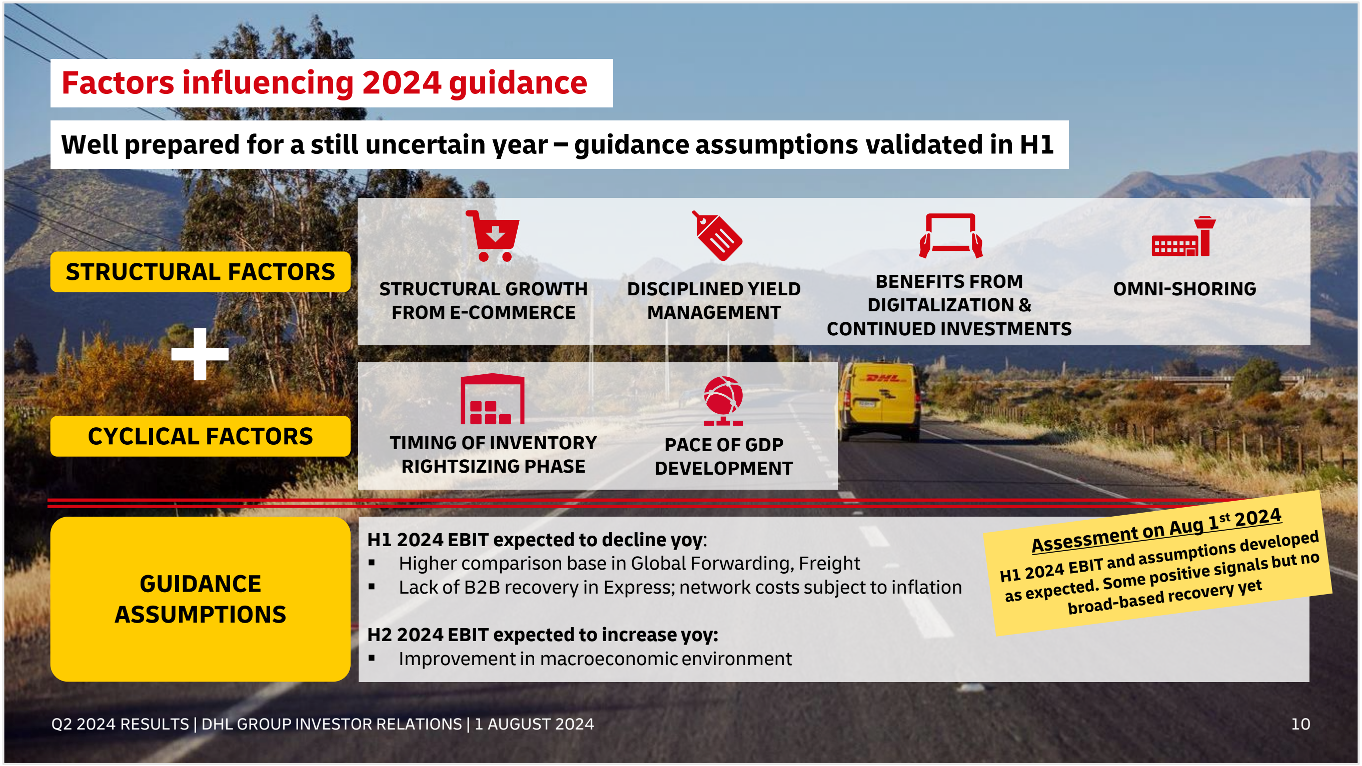


Management comments:

Capex and hence Capex/revenue showed an unusual peak in FY 2019 related to the B777 investment program in Express. Investments normalized as expected after that until FY 2022.

With volume declines due to the prolonged inventory destocking cycle from late 2022 to mid 2024, we successfully flexed down capex accordingly. This established capex flexibility is a major driver of our ongoing strong FCF (excl. Net M&A) performance of €3.3bn in FY 2023 and ~€3bn expected in FY 2024e.

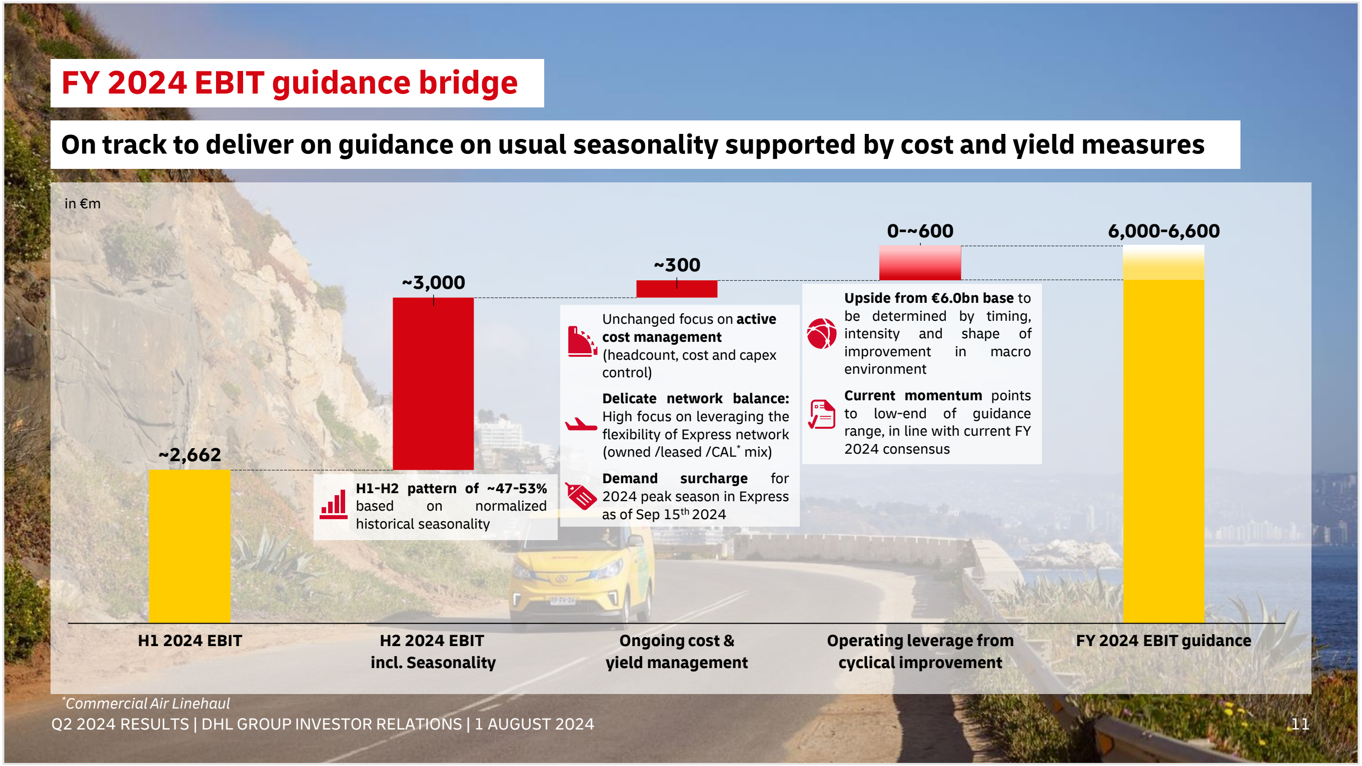
In H1 2024, the 3% Capex owned/Revenue figures recorded both on Group level and Express (our most asset intensive division) reflected usual seasonality, but also demonstrates our flexibility and discipline in capital spending.



Management comments:

H1 2024 developed in line with the expectations set out in our FY 2024 guidance. B2B volumes did not see any meaningful acceleration in H1 yet, as expected. At the same time, there are first positive signs emerging that support our assumptions for improved market conditions in H2.

On that basis, we confirm our assumptions and hence also our full guidance set.



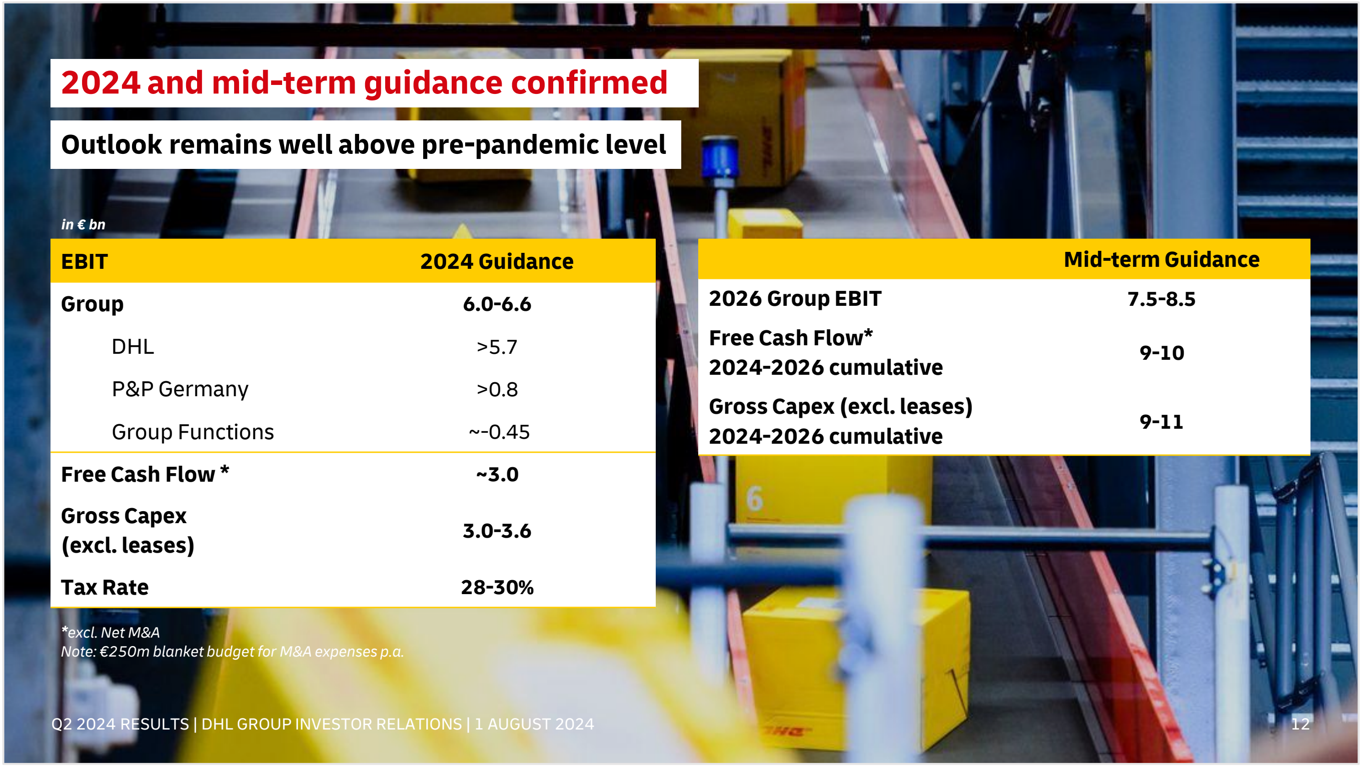
Management comments:

With H1 EBIT of close to €2.7bn, our FY 2024 guidance implies an EBIT acceleration in H2 to drive a >€600m step-up in H2 EBIT vs H1.

As shown here, around half of the step-up towards the low end of guidance is actually driven by sequential seasonality based on patterns from normal pre-pandemic years, where our B2C exposure was actually even lower than today.

We also expect increased benefits from our ongoing costs and yield measures, with notably a significant contribution from the introduction of the first-ever demand surcharge for the upcoming peak season in Express.

These two factors should allow us to achieve the low end of FY 2024 guidance. The strength of any cyclical acceleration will determine how much we exceed the floor of our guidance range.



2024 and mid-term guidance confirmed

Outlook remains well above pre-pandemic level

in € bn

EBIT	2024 Guidance
Group	**6.0-6.6**
DHL	>5.7
P&P Germany	>0.8
Group Functions	~-0.45
Free Cash Flow *	**~3.0**
Gross Capex (excl. leases)	**3.0-3.6**
Tax Rate	**28-30%**

	Mid-term Guidance
2026 Group EBIT	**7.5-8.5**
Free Cash Flow* 2024-2026 cumulative	**9-10**
Gross Capex (excl. leases) 2024-2026 cumulative	**9-11**

**excl. Net M&A*
Note: €250m blanket budget for M&A expenses p.a.

Management comments:
FY 2024 and mid-term guidance remains unchanged as H1 developments were in line with our assumptions and first signals of the expected improvement for H2 are gradually emerging.

As shown on the previous page, we expect the sequential step-up towards the low end of the 2024 guidance to be driven by normal seasonality as well as increased benefits from our ongoing costs and yield measures.

Upside from the €6.0bn base is to be determined by timing, intensity and shape of any improvement in the overall macroeconomic environment; momentum until today still rather points to the low-end of guidance range, in line with current FY 2024 consensus.

H1 cash flow performance shows the benefits of our flexible capex control, which supports our FY 2024 and mid-term FCF guidance.

Management comments:
As reflected in our FY 2024 guidance, we expect usual seasonality alongside continued cost and yield measures to allow us to deliver on the low end of our FY 2024 guidance – with the strength of the expected cyclical improvement to determine how much we will be able to move up within our guidance range.

Despite having gone through a longer than usual cyclical downturn, DHL Group FY 2024 earnings and FCF are hence expected to be significantly ahead of former record levels from pre-pandemic, setting a strong base for further profitable growth to come.


INTRODUCTION OF
STRATEGY 2030
24 SEP 2024
10.30 AM CEST
(FOR INVESTORS/ANALYSTS)
HYBRID
DHL Group Investor Relations
DHL Group

APPENDIX

Group P&L

Q2 2024 developments in line with expectations

in €m

Group P&L	Q2 2023	Q2 2024	yoy
Revenue	20,094	20,639	+2.7%
EBIT	1,693	1,351	-20.2%
Income Taxes	-442	-345	+21.9%
Net Profit attributable to DPAG shareholders	978	744	-23.9%
Basic EPS (in €)	0.82	0.64	-22.0%

By way of a resolution of the Board of Management dated May 2, 2024, the issued capital was reduced by €39 million through the retirement of 39,059,409 treasury shares. The issued capital is now composed of 1,200,000,000 no-par-value registered shares (ordinary shares).

Supply Chain

Well on track to deliver another year of record profits

+3%
Q2 2024 yoy Revenue growth

6%
Q2 2024 EBIT margin

€5bn
Total Contract Value signed in H1 2024

93%
Renewal rate H1 2024

- Steady topline growth, driven by **strong pipeline of new business gains**, mainly in **Life Sciences & Healthcare, Retail and e-fulfillment**
- DSC demonstrating **resilience of business model** based on **long-term contracts**, reflecting the structural acceleration of **outsourcing driven by ecommerce and omni-shoring**.
- **Continued strong 6% EBIT margin** driven by
  - Continued **deployment of digitalization and automation,** with >7,000 robots supporting our operations globally
  - **Standardization** resulting in productivity improvements
  - Focus on **higher margin solutions**

eCommerce

Attractive structural e-commerce growth; currently in network expansion & investing phase

+4%
Q2 2024 yoy
Organic revenue growth

4%
Q2 2024
EBIT margin

~140k
Out of home points

96%
On-time delivery

- **Intact volume growth as structural B2C trend offsets cautious consumer spending:** like-for-like Q2 2024 B2C volume +14% yoy in Europe and +9% yoy globally
- **Solid margin of 4% in context of current network investment phase,** building foundation for growth by investing in network infrastructure: hubs, facilities, fleet, lockers
- **Largest integrated out-of-home (OOH) parcel network** in Europe

Post & Parcel Germany

Structural e-commerce trend remains intact and is reflected in the continued parcel growth

+5%
Q2 2024 yoy
Parcel Germany volume

+9%
Q2 2024 yoy
Parcel Germany revenue

-6%
Q2 2024 yoy
Mail* volume

€121m
Costs increase from wage agreement in Q2 2024 yoy

- **Parcel volume and revenue growth in Q2** reflected structural e-commerce trend, strong pricing and one additional working day
- As previously flagged, the second round of the **wage agreement** came into effect on April 1st with an estimated yoy impact of €~400m for FY 2024
- With €324m EBIT generated in H1 2024, P&P Germany is **on track to deliver FY 2024 EBIT target of >€800m**

**Mail = Mail Communication & Dialogue Marketing*

Post & Parcel Germany (1/2)

New postal law enables us to continue the transformation from mail to parcel in a profitable and self-sufficient way towards an EBIT of >€1bn as of 2025

	Key Elements	Assessment vs old law	Timeline
Price regulation	**Enlarged scope (ex-ante products)** Letters (national and export), partial services letters and C2X parcels = ~€5bn revenue (previous law: ~€2bn) **EBIT margin** Benchmark for risk-adjusted average EBIT margin changed from postal peers to EURO STOXX 50 (excl. fin. serv. providers)	More stable basis for calculation of profit margin due to change in benchmark	Expected price headroom announcement by regulator (Bundesnetzagentur) in Q4 2024 New pricing starting January 1st, 2025
Universal Service Obligation	**New delivery speed requirement** Date of posting +3 days at 95% (previous law: date of posting +2 days at 95%) **Digitalization** Allowing for fully automated retail outlets	Allows more efficient cost structure for mail delivery, incl. joint delivery. More cost effective fully automated Post Station Optional: change in mail product structure	New delivery requirements starting January 1st, 2025 Operational efficiencies due to USO changes to materialize through continuous process improvements

Post & Parcel Germany (2/2)

... but new postal law also has some drawbacks and missed opportunities

	Key Elements	Assessment vs old law	Timeline
Network access	**Partial access** Mail competitors can inject small parcel shipments (Warensendungen), newspapers and magazines into our network	Volatile external injection increases unit costs in USO products letters and parcels	In force since July 19th, 2024
Sanctions and Reporting	**Increase in regulatory intensity** Fines for violations of tariff regulation rules Obligation to report all prices to the Federal Network Agency for parcel customer contracts	Increased bureaucracy and risk of legal disputes in case of alleged non-compliance	Fines: In force since July 19th, 2024 Submitting prices: requires regulator to determine market dominance

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