

# Q2 2023 RESULTS

**MELANIE KREIS, GROUP CFO**

**DHL GROUP INVESTOR RELATIONS**

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## Q2 2023 Highlights


- › Volume development in line with guidance expectations for H1; clear cyclical impulses still to materialize
- › Successful network and cost adjustments, supported by strong yield focus secure resilient DHL Group earnings
- › 2023 Group EBIT guidance increased; e-commerce & omni-shoring drive structural long-term GDP+ growth in global portfolio
- › Group name changed to “DHL Group”  
Stock ticker changed to “DHL”

## Management comments:

General market circumstances developed in line with expectations in H1 2023. As macro signals stay inconsistent, we reiterate our 3 potential macro scenarios for H2.


Against this background, our measures proved effective to deliver a resilient H1 2023 Group EBIT of €3.3bn. On that basis, we have increased our 2023 Group EBIT guidance from €6.0-7.0bn to €6.2-7.0bn.

Looking beyond current macro circumstances, DHL Group is strongly positioned to drive GDP+ top- and bottom-line growth.




# STRUCTURAL GDP+ GROWTH

## SUPPORTED BY MEGATRENDS




### GLOBALIZATION

- **Omni-shoring/Multi-sourcing:** Diversification of international trade flows drives new form of globalization
- Rising complexity as companies seek to build **resilient global supply chains**
- **DHL best positioned** to support customer diversification agenda with broad global logistics portfolio




### SUSTAINABILITY

- **Ambitious Science-Based targets** supported by dedicated €7bn budget; on track to 2023 ESG targets
- **First SAF-based service** (GoGreen Plus) in the Express industry that allows customers to reduce emissions associated with their shipments
- SAF availability increasing bottleneck



### DIGITALIZATION

- Leveraging **Technology at Scale** for End-to-End Supply Chain Automation
- Dedicated **Generative AI** team set up



### E-COMMERCE

- Intact **strong structural growth driver**, with H1 volumes showcasing resilience

Q2 2023 RESULTS | DHL GROUP INVESTOR RELATIONS | 1 AUGUST 2023

## Management comments:

Looking beyond the shorter-term macro discussions, DHL Group portfolio is geared for structural GDP+ growth, supported by the four megatrends targeted in Strategy 2025.

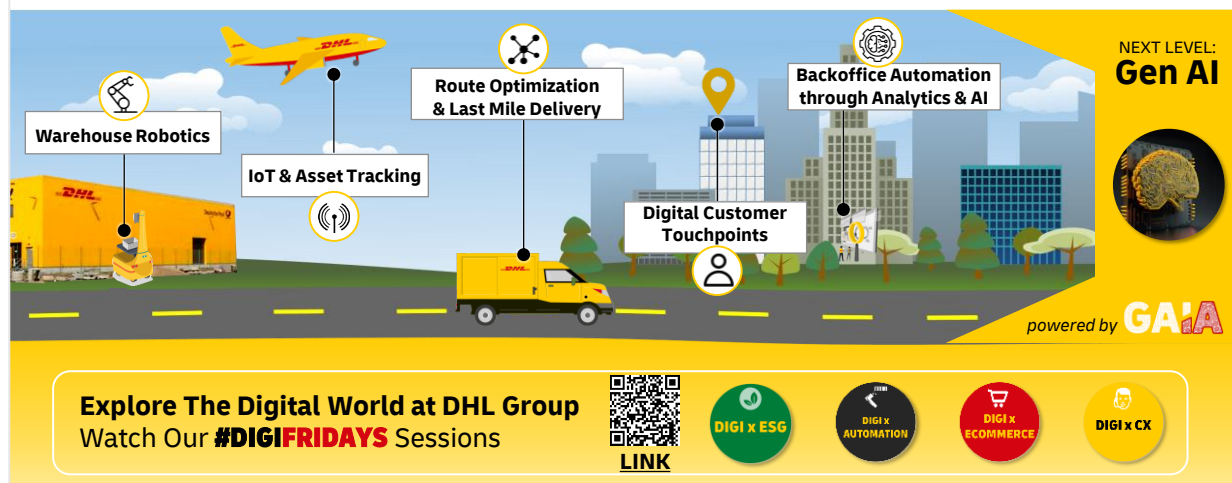
Sustainability and digitalization see clear accelerating momentum across many aspects of life. We also expect further attractive e-commerce growth as online consumption keeps gaining share of retail spending.

Globalization is taking new shapes in the aftermath of the pandemic, with global supply chains expected to see gradual changes towards a still international but more diversified set-up.



## DIGITALIZATION

### Leveraging Technology at Scale for End-to-End Supply Chain Automation



Q2 2023 RESULTS | DHL GROUP INVESTOR RELATIONS | 1 AUGUST 2023

4

### Management comments:

Tech-driven automation is essential along the entire supply chain from warehouse robotics to IoT-enabled asset tracking and route optimization. We leverage data analytics and machine learning at scale to boost efficiency across all areas of our organization.

Our vast experience has provided us with a solid foundation for exploring and implementing generative AI solutions. Therefore, we have launched a Group-wide cross-divisional GenAI initiative called GAIA, which aims at maximizing the value of generative AI within DHL while ensuring secure and compliant usage.

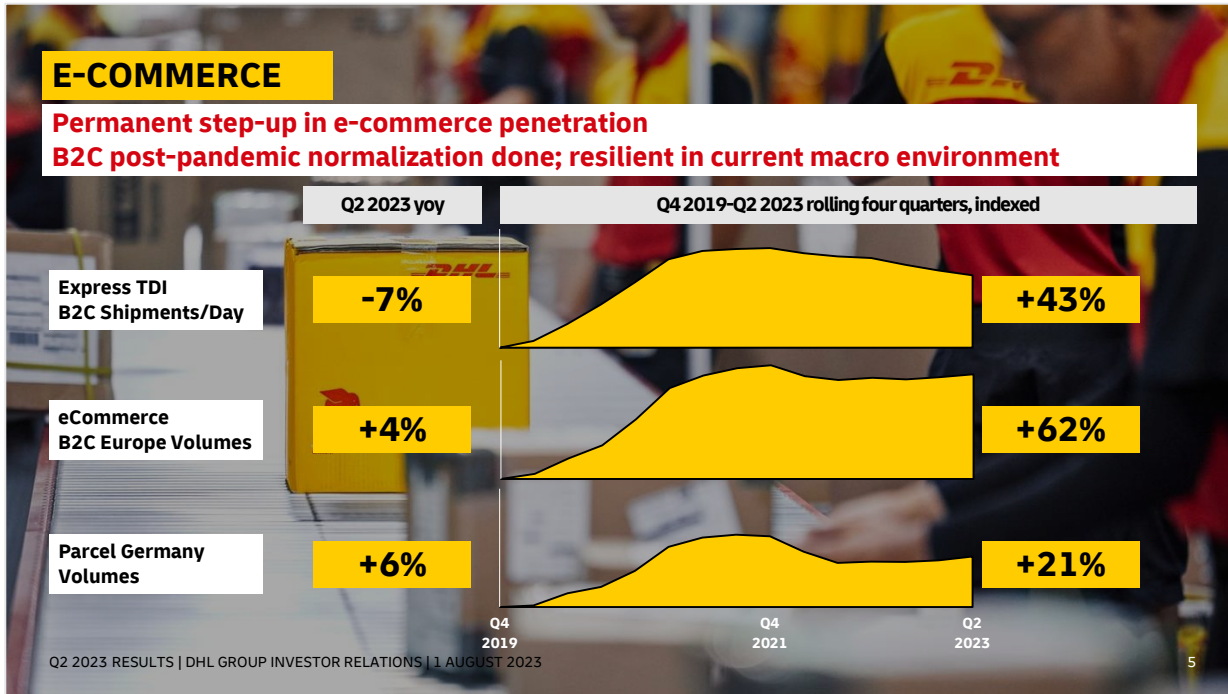
We are currently exploring various use case areas for generative AI, including document and knowledge management, as well as advanced customer chatbots.

Explore DHL Group's digitalization initiatives across sustainability, automation, e-commerce and customer experience in our #DigiFridays series.

### Management comments:

B2C volume development shows the resilience of the underlying e-commerce growth trend, again the first-ever wider economic downturn since start of the e-commerce boom.

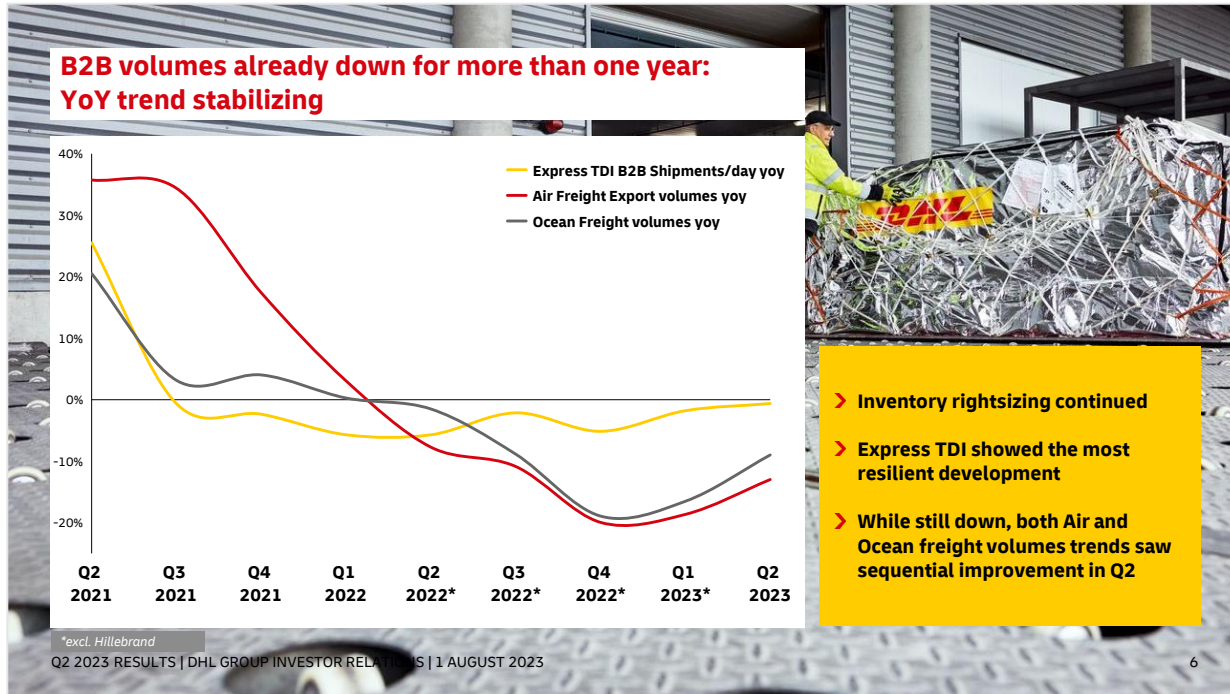
While Q2 2023 growth rates are below historic run rates, the improving growth pattern in most markets in Q2 underpins the structural shift towards online consumption.



### Management comments:

B2B volume decline rates continued to show moderating trends in Q2. It is again worth noting that the Express TDI B2B volume trend was much less volatile and more resilient vs. Forwarding volumes, as seen in previous cycles.

Overall, B2B volumes in Q2 2023 are below Q2 2019 levels in Express TDI, Air Freight and Ocean Freight.



## Management comments:

Even against expected normalizing freight market trends and weak macroeconomic environment, Group EBIT performance showed operational resilience across DHL divisions, helped by strong yield, cost and capacity discipline.

Based on our H1 2023 Group EBIT of €3.3bn, we have increased our FY 2023 expectations for Group EBIT to €6.2-7.0bn.

## GROUP EBIT, Q2 2023

**€1,693m** yoy: -€633m (-27%)



- Volume stabilizing
- Strong yield and cost discipline
- Flexible network with constant adjustment of capacity



- YoY decline rates in Air & Ocean volume improving
- Continued rate normalization
- Structurally better Gross Profit and conversion rate



- Resilient business model
- Benefiting from complex, diversified supply chains
- Accelerated Digitalization



- B2C volume proving resilient
- Yield and cost management support margin
- Continued investment into long-term growth opportunity, incl. expansion to Turkey



- E-commerce volume proving resilient
- Mail decline and cost inflation key challenges
- Lower capex

## Continued resilient earnings and cash flow performance

in €m

P&L Highlights	Q2 2022	Q2 2023	yoy in %	Cash Flow Statement	Q2 2022	Q2 2023	yoy
Revenue	24,029	20,094	-16.4%	EBIT	2,326	1,693	-633
EBIT	2,326	1,693	-27.2%	Depreciation/amortization	1,019	1,084	+65
Net Finance Costs	-146	-220	-50.7%	Change in provisions	27	-113	-140
Income Taxes	-633	-442	+30.2%	Income taxes paid	-457	-506	-49
Net Profit*	1,453	978	-32.7%	Other	-95	-130	-35
Basic EPS (in €)	1.19	0.82	-31.1%	Changes in Working Capital	-836	-179	+657
				Operating Cash Flow	1,984	1,849	-135
				Net capex	-725	-768	-43
				Net Cash for Leases	-610	-681	-71
				Net M&A	17	-6	-23
				Net interest	-1	56	+57
				Free Cash Flow	665	450	-215

\*attributable to DPAG shareholders

Q2 2023 RESULTS | DHL GROUP INVESTOR RELATIONS | 1 AUGUST 2023

8

## Management comments:

Group revenue yoy comparison mainly reflects the normalization of freight markets in Global Forwarding, Freight division.

Resilient EBIT performance is supported by successful yield, cost and capacity measures.

The increase in net finance costs again includes FX effects as well as the impact of DHL Group share price developments on the accounting for long-term incentive plans.

P&L tax rate of 30% is in line with expectations (FY 2023 guidance: 28-30%).

Operating Cash Flow declined less than EBIT supported by yoy better working capital (in all DHL divisions).



**Management comments:**

Overall market development was in line with our expectations in H1 with stabilization on lower levels, but no consistent recovery yet.

As clear macroeconomic impulses are still to materialize, we reiterate our 3 potential scenarios for H2.

Nevertheless, based on the good Group EBIT performance in H1, we raise the lower end of our guidance range from €6.0bn to €6.2bn so that the mid-point moves up to €6.6bn.

**2023 expectations remain subject to macro development**

2023 macroeconomic scenario	2023 EBIT sensitivities
V-shape (recovery starting around mid-year)	~ <b>€7.0bn</b>
U-shape (recovery starting more towards year-end)	~ <b>€6.6bn</b> (from ~€6.5bn)
L-shape (no significant recovery in 2023)	> <b>€6.2bn</b> (from >€6.0bn)

**2023 Group EBIT guidance increased:**  
**€6.2-7.0bn** (from €6.0-7.0bn)

## 2023 Group EBIT guidance increased; mid-term expectations confirmed

in € bn

EBIT	2023 Guidance		Mid-term Guidance
<b>Group</b>	<b>6.2-7.0 (from 6.0-7.0)</b>	<b>2025 Group EBIT</b>	<b>&gt;8.0</b>
DHL	5.7-6.5 (from 5.5-6.5)	<b>Free Cash Flow</b>	
P&P Germany	0.8-1.0 (from ~1.0)	<b>2023-2025 cumulative</b>	<b>9-11</b>
Group Functions	~-0.45	<b>Gross Capex (excl. leases)</b>	
		<b>2023-2025 cumulative</b>	<b>10-12</b>
<b>Free Cash Flow</b>	<b>~3.0</b>		
<b>Gross Capex (excl. leases)</b>	<b>3.4-3.9</b>		
<b>Tax Rate</b>	<b>28-30%</b>		

Note: FCF guidance excludes expected net M&A spending of ~€0.5bn in 2023

## Management comments:

As clear macroeconomic impulses are still to materialize, we reiterate our 3 potential scenarios for H2 (see previous page).

However, taking into account the resilient H1 performance with a Group EBIT of €3.3bn, we increase the lower end of our 2023 Group EBIT guidance to €6.2bn. This increase reflects the continued resilient performance in our DHL divisions, where we increase the guidance low end to €5.7bn. In P&P Germany, we update guidance to reflect H1 actuals as well as our expectations that EBIT performance should see some seasonal uplift in Q4 (towards FY EBIT of €800-1,000m).

Expected net M&A spending of ~€0.5bn includes the recently announced acquisition of MNG Kargo in Turkey by DHL eCommerce as well as other expected smaller bolt-on additions to our core logistics portfolio.



## Conclusion

- Markets developed in line with expectations, 2023 scenarios reiterated
- 2023 Group EBIT guidance increased, based on resilient H1 Group EBIT of €3.3bn
- Outlook: proven resilience, confident in >€8bn Group EBIT in normalized economic environment

Q2 2023 RESULTS | DHL GROUP INVESTOR RELATIONS | 1 AUGUST 2023

11

## Management comments:

DHL Group delivered resilient H1 2023 results, successfully navigating the expected macro circumstances.

Based on the successful cost, capacity and yield measures reflected in H1 2023 performance, we have increased 2023 EBIT guidance for DHL Group.

Beyond 2023, DHL Group is strongly positioned to benefit from long-term structural levers driving top- and bottom-line growth with Strategy 2025 addressing the key mega-trends of globalization, e-commerce, sustainability and digitalization.

## DHL Express Leipzig Hub tour on Aug 30<sup>th</sup> 2023

Register here:



Q2 2023 RESULTS | DHL GROUP INVESTOR RELATIONS | 1 AUGUST 2023

12

## *Appendices*



A DHL Express cargo aircraft is parked on a tarmac at night. The aircraft is yellow with red and black DHL branding. The tail fin features the DHL logo. The aircraft's registration, AC 9572 DHL, is visible on the fuselage. The background shows airport lights and a dark sky.

# EXPRESS

## Q2 2023 Highlights

- **Volume stabilizing** since March but no consistent recovery trend yet
- **Strong yield and cost discipline:** yearly General Price Increase (GPI) supported by flexible capacity management; yoy lower revenue/shipment mainly due to yoy lower fuel pass-through
- **Flexible network with constant adjustment of capacity:** efficient capacity optimization supports 15% EBIT margin; in Q2 EBIT, temporary fuel tailwind again partly offset by FX effects

**-4% yoy**

TDI Shipments/Day

**-3% yoy**

TDI Weight/Shipment

**-6% yoy**

TDI Revenue/Day

# GLOBAL FORWARDING, FREIGHT

## Q2 2023 Highlights

- **YoY decline rates in Air & Ocean volume** reflecting sequentially stabilizing absolute volumes
- **Continued rate normalization:** GP/unit showing usual cushioning effect vs spot rate movements, also reflecting active GP management (AFR GP/t -38% yoy, OFR GP/TEU -24% yoy)
- **Structurally better Gross Profit and conversion rate:** internal IT and process improvements drive significantly higher GP and EBIT generation vs pre-pandemic

**-13% yoy**  
Air Freight volume (export ton)

**-9% yoy**  
Ocean Freight volume (TEU)

**36%**  
DGF GP/EBIT conversion rate



**+5% yoy**

Organic revenue

**6%**

EBIT margin


**90%+**

of sites with Accelerated Digitalization  
technology deployed

## SUPPLY CHAIN

### Q2 2023 Highlights

- **Resilient model** with long-term contract features enabling to pass on inflation
- **Benefiting from complex, diversified supply chains** as customers look for resilience, automation and e-commerce capabilities
- **Accelerated Digitalization** supports top- and bottom-line growth, as evidenced in sustainable strong EBIT margin and new business wins as reflected in total contract value (H1 2023: €3.2bn)



**+4% yoy**

B2C Europe Volume

**0% yoy**

Revenue

**5%**

EBIT Margin

## ECOMMERCE

### Q2 2023 Highlights

- **B2C volume proving resilient** with return to (slight) volume growth post-pandemic, despite unfavorable macro environment
- **Yield and cost management support margin**, safeguarding sustainably higher profitability post-pandemic
- **Continued investment into long-term growth opportunity:** organic network expansion addressing structural e-commerce growth; Acquisition of MNG Kargo in Turkey



**-5% yoy**  
Mail volumes/working day

**+8% yoy**  
Parcel volumes/working day

**€95m**  
Costs from new wage agreement

## POST & PARCEL GERMANY

### Q2 2023 Highlights

- **E-commerce volumes proving resilient** with parcel volumes growing again despite cautious consumer behavior
- **Mail decline and cost inflation key challenges** given regulatory limitations on cost flexibility and price management
- **Lower capex** (41% yoy) reflecting financial constraints from regulatory framework

Q2 2023 RESULTS | DHL GROUP INVESTOR RELATIONS | 1 AUGUST 2023