Interim Report
as at 30 September 2018

3|18

MAIL COMMUNICATION
Mail items (millions)

Q3 | 2018 1,787

Q3 | 2017, adjusted 1,870

Change
–4.4%

PARCEL GERMANY
Parcels (millions)

Q3 | 2018 347

Q3 | 2017, adjusted 323

Change
+7.4%

TIME DEFINITE INTERNATIONAL (TDI)
Thousands of items per day

Q3 | 2018 909

Q3 | 2017 863

Change
+5.3%

CONSOLIDATED NET PROFIT FOR THE PERIOD
€m[1]

Q3 | 2018 146

Q3 | 2017 641

Change
–77.2%

EARNINGS PER SHARE
€[2]

Q3 | 2018 0.12

Q3 | 2017 0.53

Change
–77.4%

RETURN ON SALES
%

2.5

Q3 | 2017
5.7

REVENUE
€m

14,849

Q3 | 2017
14,639

Change
+1.4%

EBIT
Profit from operating activities, €m

376

Q3 | 2017
834

Change
–54.9%

[1] After deduction of non-controlling interests.
[2] Basic earnings per share.

Deutsche Post DHL Group

SELECTED KEY FIGURES

		9M 2017	9M 2018	+/– %	Q3 2017	Q3 2018	+/– %
Revenue	€m	44,335	44,624	0.7	14,639	14,849	1.4
Profit from operating activities (EBIT)	€m	2,560	2,028	–20.8	834	376	–54.9
Return on sales[1]	%	5.8	4.5	–	5.7	2.5	–
EBIT after asset charge (EAC)	€m	1,379	207	–85.0	447	–245	<–100
Consolidated net profit for the period[2]	€m	1,876	1,262	–32.7	641	146	–77.2
Free cash flow	€m	457	–248	<–100	502	143	–71.5
Net debt[3]	€m	1,938	13,518	>100	–	–	–
Earnings per share[4]	€	1.55	1.03	–33.5	0.53	0.12	–77.4
Number of employees[5]		519,544	543,612	4.6	–	–	–

[1] EBIT/revenue.
[2] After deduction of non-controlling interests.
[3] Prior-period amount as at 31 December, for the calculation page 7 of the Interim Group Management Report.
[4] Basic earnings per share.
[5] Headcount at the end of the third quarter, including trainees; prior-period number as at 31 December.

CONTENTS

GENERAL INFORMATION

Organisation

In order to optimally adapt the Group to the global e-commerce market, a new division will be created as at 1 January 2019, for which Ken Allen will assume responsibility, note 21 to the consolidated financial statement. In September 2018, Ken Allen's Board of Management mandate and contract were renewed until July 2022.

Group management

Effective 1 January 2018, we have been applying IFRS 16, the International Financial Reporting Standard on leases, note 1 to the consolidated financial statements. For reasons of comparability, we have therefore added interest payments and repayments of lease liabilities to free cash flow, the relevant management KPI, calculation of free cash flow, page 5. As described in the 2017 Annual Report on page 79 f., the initial application of IFRS 16 also increases consolidated EBIT, whilst EBIT after asset charge (EAC) declines to a fundamentally lower level.

Research and development

As a service provider, Deutsche Post DHL Group does not engage in research and development activities in the narrower sense and therefore has no significant expenses to report in this connection.

REPORT ON ECONOMIC POSITION

Economic parameters

Global economic growth weakened slightly at the start of the second half of 2018. The decline was due primarily to a notable downturn in economic momentum in a number of major emerging economies.

In Asia, growth remained robust. The Chinese economy remained stable despite the escalating trade conflict with the USA. In Japan, economic output rose only slightly, as in the previous quarter.

In the United States, the economic upswing continued at a rapid pace, with private consumption remaining the main growth driver. Gross fixed capital formation also increased notably. By contrast, foreign trade made no significant contribution to growth. The US Federal Reserve again increased its key interest rate by 0.25 percentage points to 2.00% to 2.25%, following the previous increases totalling 0.50 percentage points.

The euro zone economy remained on a growth trajectory, albeit with declining momentum. Private consumption and gross fixed capital formation again showed solid growth, and exports also continued to rise. However, foreign trade had a slight dampening effect on growth. The inflation rate recently rose above the 2% mark, due to high oil prices. Although the European Central Bank kept its key interest rate at 0.00%, the bank announced that it would be reducing the net volume of its bond-buying programme starting in October.

In Germany, the pace of economic growth declined again somewhat at the start of the second half of the year. Impetus continued to come from private consumption and gross fixed capital formation. However, exports saw decreasing momentum as a result of the weaker global economy and international trade conflicts, which continues to be a cause of uncertainty amongst businesses. The ifo German Business Climate Index nonetheless recovered noticeably in the third quarter of 2018.

Significant events

In early June, the Board of Management decided upon measures to secure sustainable earnings growth in the Post - eCommerce - Parcel (PeP) division. The measures decided upon are designed to further improve productivity, indirect costs and yield management in the Post and Parcel business. €400 million has already been spent during the reporting period for an early retirement programme for civil servants in overhead areas. In June, we adjusted our forecasts for EBIT, EAC and free cash flow for the current financial year to reflect the above.

Leases are presented more extensively as a result of the initial application of IFRS 16, note 1 to the consolidated financial statements. This has a significant impact upon the presentation of the Group's net assets, financial position and results of operations.

Results of operations

Selected indicators for results of operations

		9M 2017	9M 2018	Q3 2017	Q3 2018
Revenue	€m	44,335	44,624	14,639	14,849
Profit from operating activities (EBIT)	€m	2,560	2,028	834	376
Return on sales[1]	%	5.8	4.5	5.7	2.5
EBIT after asset charge (EAC)	€m	1,379	207	447	−245
Consolidated net profit for the period[2]	€m	1,876	1,262	641	146
Earnings per share[3]	€	1.55	1.03	0.53	0.12

[1] EBIT/revenue.
[2] After deduction of non-controlling interests.
[3] Basic earnings per share.

Portfolio and reporting changed

To reflect the importance of state-of-the-art mobility solutions such as our StreetScooter electric vehicles and other technological innovations, we have transferred these activities out of the Post - eCommerce - Parcel division and combined them in the new Corporate Incubations board department. The new board department will act as an incubator for mobility solutions, digital platforms and automation. The results of Corporate Incubations and Corporate Center/Other are presented together in Corporate Functions. The prior-period amounts were adjusted accordingly.

In the second quarter, we acquired the Colombian Suppla Group, a specialist in transport, warehousing and packaging services. The acquisition is intended to strengthen DHL Supply Chain's presence in Latin America, note 2 to the consolidated financial statements.

In the third quarter, we sold 50% of our UK start-up Flexible Lifestyle Employment Company. The company provides digital solutions for staff recruitment in the logistics sector.

Currency effects weigh on revenue growth

Consolidated revenue rose by €289 million to €44,624 million in the first nine months of 2018, although currency effects had a considerable negative impact of €1,403 million. The proportion of revenue generated abroad decreased from 70.0% to 69.5%. Revenue for the third quarter of 2018 was up by €210 million to €14,849 million. It was also reduced significantly by currency effects of €203 million.

In the first nine months of 2018, other operating income rose from €1,486 million to €1,580 million, partly because it included higher income from work performed and capitalised relating to the production of StreetScooter electric vehicles.

Significant increase in depreciation, amortisation and impairment losses

Materials expense decreased by €958 million to €23,025 million. The decline is attributable mainly to currency effects of €804 million and the discontinuation of lease expenses as a result of the initial application of IFRS 16. Transport and fuel costs, on the other hand, showed an increase. At €15,462 million, staff costs exceeded the prior-year figure (€14,908 million), largely on account of provisions recognised for the early retirement programme in the Post - eCommerce - Parcel division. Currency effects reduced them by €329 million. The application of IFRS 16 in particular caused depreciation, amortisation and impairment losses to rise sharply by €1,333 million to €2,414 million. Other operating expenses decreased slightly from €3,291 million to €3,275 million, due mainly to currency effects.

Consolidated EBIT down by 20.8%

Profit from operating activities (EBIT) was down by 20.8% from the previous year's figure (€2,560 million) to €2,028 million in the first nine months of 2018. Net finance costs widened from €−283 million to €−429 million, due primarily to interest expenses on lease liabilities. Profit before income taxes declined by €678 million to €1,599 million. Income taxes also fell, dropping by €72 million to €224 million.

Consolidated net profit below prior-year figure

Consolidated net profit was down on the prior-year figure (€1,981 million) to €1,375 million in the first nine months of 2018. Of this amount, €1,262 million was attributable to Deutsche Post AG shareholders and €113 million to non-controlling interest shareholders. Basic earnings per share declined from €1.55 to €1.03 and diluted earnings per share from €1.51 to €1.01.

Changes in revenue, other operating income and operating expenses, 9M 2018

	€m	+/– %	
Revenue	44,624	0.7	• Currency effects reduce figure by €1,403 million
Other operating income	1,580	6.3	• Higher income from work performed and capitalised (StreetScooter)
Materials expense	23,025	–4.0	• Currency effects reduce figure by €804 million • Reduction due to initial application of IFRS 16 • Higher transport and fuel costs
Staff costs	15,462	3.7	• Expense of €400 million for early retirement programme in the PeP division • Currency effects reduce figure by €329 million
Depreciation, amortisation and impairment losses	2,414	> 100	• Increase due to initial application of IFRS 16
Other operating expenses	3,275	–0.5	• Currency effects reduce figure by €124 million

EAC down

EAC declined from €1,379 million to €207 million in the first nine months of 2018. In addition to the steep decrease in EBIT, the imputed asset charge rose sharply due to the lease assets recognised additionally in accordance with IFRS 16, as a result of which EAC fell at a greater rate than EBIT.

EBIT after asset charge (EAC)

€m

	9M 2017	9M 2018	+/– %
EBIT	2,560	2,028	–20.8
– Asset charge	–1,181	–1,821	–54.2
= **EAC**	**1,379**	**207**	**–85.0**

Financial position

Selected cash flow indicators

€m

	9M 2017	9M 2018	Q3 2017	Q3 2018
Cash and cash equivalents as at 30 September	1,534	2,228	1,534	2,228
Change in cash and cash equivalents	–1,477	–829	–88	260
Net cash from operating activities	1,770	3,144	954	1,421
Net cash used in investing activities	–1,049	–1,296	–430	–716
Net cash used in financing activities	–2,198	–2,677	–612	–445

Liquidity situation remains solid

The principles and aims of our financial management as presented in the 2017 Annual Report beginning on page 56 remain valid and are pursued as part of our finance strategy. However, the use of excess liquidity has been limited to paying out special dividends or executing share buyback programmes.

The FFO to debt performance metric decreased in the first nine months of 2018 from the figure as at 31 December 2017, because debt increased whilst funds from operations remained unchanged. Reported financial liabilities increased because lease liabilities are now included in reported financial liabilities in accordance with IFRS 16 and promissory note loans were issued. The adjustment for pensions decreased due to lower pension obligations. Surplus cash and near-cash investments fell, mainly as a result of the dividend paid out for financial year 2017. The amount of interest paid went up because it now includes interest paid for leases.

FFO to debt

€m	1 Jan. to 31 Dec. 2017	1 Oct. 2017 to 30 Sept. 2018
Operating cash flow before changes in working capital	3,418	5,163
+ Interest received	52	51
– Interest paid	160	418
+ Adjustment for operating leases	1,641	410
+ Adjustment for pensions	567	313
= Funds from operations (FFO)	**5,518**	**5,519**
Reported financial liabilities[1]	6,050	16,114
– Financial liabilities at fair value through profit or loss[1]	44	32
+ Adjustment for operating leases[1]	9,406	0
+ Adjustment for pensions[1]	4,323	4,134
– Surplus cash and near-cash investments[1,2]	2,503	1,164
= Debt	**17,232**	**19,052**
FFO to debt (%)	**32.0**	**29.0**

[1] As at 31 December 2017 and 30 September 2018, respectively.
[2] Reported cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

Our credit quality as rated by Moody's Investors Service and Fitch Ratings has not changed from the ratings described and projected in the 2017 Annual Report on page 59. In view of our solid liquidity, the five-year syndicated credit facility with a total volume of €2 billion was not drawn upon during the reporting period. On 30 September 2018, the Group had cash and cash equivalents of €2.2 billion.

Higher capital expenditure for assets acquired

Investments in property, plant and equipment and intangible assets (not including goodwill) for assets acquired amounted to €1,703 million in the first nine months of 2018 (previous year: €1,122 million). Please refer to notes 10 and 16 to the consolidated financial statements for a breakdown of capital expenditure (capex) into asset classes and regions.

Capex and depreciation, amortisation and impairment losses, 9M

	PeP adjusted[1]		Express		Global Forwarding, Freight		Supply Chain		Corporate Functions adjusted[1]		Consolidation[1,2]		Group	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Capex (€m) relating to assets acquired	320	541	442	679	51	75	194	200	99	179	16	29	**1,122**	**1,703**
Capex (€m) relating to leased assets	3	95	2	637	1	121	0	589	0	375	0	–1	**6**	**1,816**
Total (€m)	**323**	**636**	**444**	**1,316**	**52**	**196**	**194**	**789**	**99**	**554**	**16**	**28**	**1,128**	**3,519**
Depreciation, amortisation and impairment losses (€m)	265	333	393	840	51	173	220	609	151	459	1	0	**1,081**	**2,414**
Ratio of total capex to depreciation, amortisation and impairment losses	1.22	1.91	1.13	1.57	1.02	1.13	0.88	1.30	0.66	1.21	–	–	**1.04**	**1.46**

[1] Reclassification of Corporate Incubations to Corporate Functions.
[2] Including rounding.

Capex and depreciation, amortisation and impairment losses, Q3

	PeP adjusted[1]		Express		Global Forwarding, Freight		Supply Chain		Corporate Functions adjusted[1]		Consolidation[1,2]		Group	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Capex (€m) relating to assets acquired	131	226	180	381	15	30	58	63	46	99	10	28	**440**	**827**
Capex (€m) relating to leased assets	2	47	1	352	0	41	0	210	0	64	0	–1	**3**	**713**
Total (€m)	**133**	**273**	**181**	**733**	**15**	**71**	**58**	**273**	**46**	**163**	**10**	**27**	**443**	**1,540**
Depreciation, amortisation and impairment losses (€m)	90	119	131	291	17	59	70	213	51	156	1	0	**360**	**838**
Ratio of total capex to depreciation, amortisation and impairment losses	1.48	2.29	1.38	2.52	0.88	1.20	0.83	1.28	0.90	1.04	–	–	**1.23**	**1.84**

[1] Reclassification of Corporate Incubations to Corporate Functions.
[2] Including rounding.

In the Post - eCommerce - Parcel division, the largest share of capex was attributable to the expansion of the infrastructure for the Post and Parcel business in Germany.

In the Express division, we invested in the expansion of our network infrastructure, particularly in Leipzig, Cincinnati, Hong Kong and Madrid. Capital spending also focussed upon continuous maintenance and renewal of our aircraft fleet, including further advance payments for the planned renewal of the Express intercontinental aircraft fleet.

In the Global Forwarding, Freight division, we invested in warehouses, office buildings and IT.

In the Supply Chain division, the majority of funds were invested to support new business, mostly in the Americas and EMEA regions.

At Corporate Functions, the higher investments during the reporting period were made increasingly in the vehicle fleet and in expanded production of StreetScooter electric vehicles.

Higher operating cash flow

All non-cash income and expenses were adjusted based upon EBIT, which at €2,028 million was down substantially on the prior-year figure (€2,560 million). Depreciation, amortisation and impairment losses rose from €1,081 million to €2,414 million due to the initial recognition of lease assets. Provisions changed from €–628 million to €174 million due to factors including the provisions recognised for the early retirement programme in the Post - eCommerce - Parcel division. Net cash from operating activities before changes in working capital increased sharply, by €1,745 million to €4,182 million. The cash outflow from changes in working capital rose by €371 million, due primarily to a reduction in liabilities and other items.

At €1,296 million, net cash used in investing activities exceeded the prior-year figure (€1,049 million), which had included a cash inflow of €200 million from the sale of money market funds. In the reporting period, we sold money market funds amounting to €500 million. By contrast, the cash outflow to acquire property, plant and equipment and intangible assets was €509 million higher than in the previous year.

Calculation of free cash flow

€m

	9M 2017	9M 2018	Q3 2017	Q3 2018
Net cash from operating activities	**1,770**	**3,144**	**954**	**1,421**
Sale of property, plant and equipment and intangible assets	101	46	19	1
Acquisition of property, plant and equipment and intangible assets	−1,289	−1,798	−420	−733
Cash outflow from change in property, plant and equipment and intangible assets	**−1,188**	**−1,752**	**−401**	**−732**
Disposals of subsidiaries and other business units	0	5	0	5
Disposals of investments accounted for using the equity method and other investments	3	0	0	0
Acquisition of subsidiaries and other business units	−54	−58	−50	−7
Acquisition of investments accounted for using the equity method and other investments	−23	−33	0	−4
Cash outflow from acquisitions/divestitures	**−74**	**−86**	**−50**	**−6**
Proceeds from sale and leaseback transactions	–	13	–	0
Repayment of lease liabilities	–	−1,257	–	−442
Interest on lease liabilities	–	−277	–	−94
Cash outflow from leases	**–**	**−1,521**	**–**	**−536**
Interest received	40	39	15	13
Interest paid (not including leases)	−91	−72	−16	−17
Net interest paid	**−51**	**−33**	**−1**	**−4**
Free cash flow	**457**	**−248**	**502**	**143**

In order to ensure the comparability of free cash flow figures, the cash outflows from interest payments and the repayment of lease liabilities have been included in addition to depreciation of and impairment losses on lease assets. Free cash flow deteriorated from €457 million to €–248 million for reasons including a €564 million increase in the cash outflow from the change in property, plant and equipment and intangible assets compared with the prior-year figure (€1,188 million) and an increase in the cash outflow from changes in working capital.

At €2,677 million, net cash used in financing activities was €479 million higher than in the prior-year period (€2,198 million). The reasons for this include lease payments in the period under review. Shareholders were also paid dividends of €1,409 million. By contrast, we issued promissory note loans totalling €500 million. In the previous year, the purchase of treasury shares led to a cash outflow of €148 million and in June 2017 we repaid a bond.

Cash and cash equivalents declined from €3,135 million as at 31 December 2017 to €2,228 million.

Net assets

Selected indicators for net assets

		31 Dec. 2017	30 Sept. 2018
Equity ratio	%	33.4	26.7
Net debt	€m	1,938	13,518
Net interest cover[1]		50.2	6.5
Net gearing	%	13.1	51.2

[1] In the first nine months.

Consolidated total assets up sharply

The Group's total assets amounted to €48,310 million as at 30 September 2018, €9,638 million higher than at 31 December 2017 (€38,672 million).

Non-current assets increased substantially due to the application of IFRS 16. The first-time recognition of right-of-use assets from leases increased property, plant and equipment by €9.1 billion. Inventories rose by €261 million to €588 million, due primarily to the real estate development projects in the Supply Chain division. Other current assets rose by €446 million to €2,630 million. This figure includes the deferred expense of €112 million at the reporting date that was recognised for the prepaid annual contribution to civil servant pensions to the *Bundesanstalt für Post und Telekommunikation* (BAnst PT). Current financial assets fell from €652 million to €150 million, due in particular to our sale of money market funds amounting to €500 million. The decline in cash and cash equivalents is described in the section entitled Financial position, page 5 f.

On the equity and liabilities side of the balance sheet, equity attributable to Deutsche Post AG shareholders stood at €12,633 million, around the same level as at 31 December 2017: consolidated net profit for the period and a capital increase in connection with the convertible bond increased this figure, whilst the dividend payment decreased it. Financial liabilities were up considerably, from €6,050 million to €16,114 million, due in particular to the initial recognition of lease liabilities of €9.2 billion. In addition, we issued promissory note loans totalling €500 million. Trade payables decreased from €7,343 million to €6,621 million. Other current liabilities increased from €4,402 million to €4,724 million, due primarily to the application of IFRS 15, note 4 to the consolidated financial statements. At €7,049 million, provisions were on a par with the figure as at 31 December 2017 (€7,078 million). Whilst the provisions for pensions declined, there was an increase in provisions for the early retirement programme in the PeP division.

Net debt increases to €13,518 million

Our net debt rose from €1,938 million as at 31 December 2017 to €13,518 million as at 30 September 2018, mainly on account of the increase in lease liabilities. We distributed a dividend for financial year 2017 in the amount of €1,409 million in the reporting period. In the first quarter of the year, we also pay our regular annual pension-related prepayment to BAnst PT, currently amounting to €462 million. At 26.7%, the equity ratio was well below the figure as at 31 December 2017 (33.4%), primarily because the application of IFRS 16 caused total assets to rise. Net interest cover dropped from 50.2 to 6.5 due to interest payments on lease liabilities incurred as a result of the application of IFRS 16. Net gearing was 51.2% as at 30 September 2018.

Net debt

€m	31 Dec. 2017	30 Sept. 2018
Non-current financial liabilities	5,101	13,381
+ Current financial liabilities	794	2,515
= Financial liabilities[1]	**5,895**	**15,896**
– Cash and cash equivalents	3,135	2,228
– Current financial assets	652	150
– Positive fair value of non-current financial derivatives[2]	170	0
= Financial assets	**3,957**	**2,378**
Net debt	**1,938**	**13,518**

[1] Less operating financial liabilities.
[2] Reported in non-current financial assets in the balance sheet.

Business performance in the divisions

POST - ECOMMERCE - PARCEL DIVISION

Key figures of the Post - eCommerce - Parcel division

€m	9M 2017 adjusted[1]	9M 2018	+/– %	Q3 2017 adjusted[1]	Q3 2018	+/– %
Revenue	13,114	13,351	1.8	4,302	4,329	0.6
of which Post	7,268	7,098	–2.3	2,367	2,262	–4.4
eCommerce - Parcel	6,050	6,469	6.9	2,006	2,141	6.7
Other/Consolidation PeP	–204	–216	–5.9	–71	–74	–4.2
Profit from operating activities (EBIT)	992	290	–70.8	307	–209	<–100
of which Germany	990	294	–70.3	313	–207	<–100
International Parcel and eCommerce	2	–4	<–100	–6	–2	66.7
Return on sales (%)[2]	7.6	2.2	–	7.1	–4.8	–
Operating cash flow	723	615	–14.9	264	294	11.4

[1] Conversion of reporting to the business unit consolidated view and reclassification of business areas.
[2] EBIT/revenue.

Revenue exceeds previous year's level

Revenue in the division was €13,351 million in the first nine months of 2018, exceeding the prior-year figure of €13,114 million by 1.8% despite 0.6 fewer working days in Germany. Growth continued to be attributable to the eCommerce - Parcel business unit. Negative currency effects of €93 million were recorded in the first nine months of 2018. Revenue for the third quarter of 2018 was up slightly by 0.6% compared with the prior-year period.

Revenue declines in the Post business unit

At €7,098 million, revenue in the Post business unit in the first nine months of 2018 was 2.3% below the previous year's level (€7,268 million). Volumes declined by 4.4%. In the third quarter of 2018, revenue was €2,262 million (previous year: €2,367 million).

As expected, Mail Communication revenue and volumes were in decline on the whole, due mainly to electronic substitution but also because of a number of elections in the previous year. Dialogue Marketing revenue and volumes fell in the reporting period, in part because the prior-year reporting period benefited from special circumstances such as elections. Revenue in the cross-border mail business rose significantly.

Post: revenue

€m	9M 2017 adjusted[1]	9M 2018	+/– %	Q3 2017 adjusted[1]	Q3 2018	+/– %
Mail Communication	4,681	4,607	–1.6	1,530	1,464	–4.3
Dialogue Marketing	1,677	1,603	–4.4	554	519	–6.3
Other/Consolidation Post	910	888	–2.4	283	279	–1.4
Total	**7,268**	**7,098**	**–2.3**	**2,367**	**2,262**	**–4.4**

[1] Conversion of reporting to the business unit consolidated view and reclassification of business areas.

Post: volumes

Mail items (millions)	9M 2017 adjusted[1]	9M 2018	+/– %	Q3 2017 adjusted[1]	Q3 2018	+/– %
Total	13,655	13,058	–4.4	4,434	4,189	–5.5
of which Mail Communication	5,885	5,640	–4.2	1,870	1,787	–4.4
of which Dialogue Marketing	6,481	6,182	–4.6	2,159	2,019	–6.5

[1] Conversion of reporting to the business unit consolidated view and reclassification of business areas.

eCommerce - Parcel business unit continues to grow

In the first nine months of 2018, revenue in the business unit was €6,469 million, exceeding the prior-year figure of €6,050 million by 6.9%. Growth in the third quarter of 2018 amounted to 6.7%.

Revenue at Parcel Germany increased by 7.4% to €3,929 million in the first nine months of 2018 (previous year: €3,657 million). Volumes rose by 8.4% to 1,047 million parcels.

In the Parcel Europe business, revenue grew by 11.1% to €1,607 million (previous year: €1,446 million).

In the DHL eCommerce business, revenue was €1,184 million in the first nine months of 2018, exceeding the prior-year figure by 5.4%. Excluding negative currency effects, growth was 12.8%.

eCommerce - Parcel: revenue

€m	9M 2017 adjusted[1]	9M 2018	+/– %	Q3 2017 adjusted[1]	Q3 2018	+/– %
Parcel Germany	3,657	3,929	7.4	1,217	1,299	6.7
Parcel Europe[2]	1,446	1,607	11.1	478	527	10.3
Consolidation Parcel	–176	–251	–42.6	–61	–80	–31.1
Parcel total	4,927	5,285	7.3	1,634	1,746	6.9
DHL eCommerce[3]	1,123	1,184	5.4	372	395	6.2
Total	**6,050**	**6,469**	**6.9**	**2,006**	**2,141**	**6.7**

[1] Conversion of reporting to the business unit consolidated view and reclassification of business areas.
[2] Excluding Germany.
[3] Outside Europe.

Parcel Germany: volumes

Parcels (millions)	9M 2017 adjusted[1]	9M 2018	+/– %	Q3 2017 adjusted[1]	Q3 2018	+/– %
Total	966	1,047	8.4	323	347	7.4

[1] Conversion of reporting to the business unit consolidated view.

EBIT declines significantly due to restructuring expenses

As expected, the division's EBIT declined significantly due to the restructuring measures resolved in the middle of the year. In the first nine months of 2018, EBIT was €290 million (previous year: €992 million). The decrease was due mainly to higher costs for material and labour – including €400 million for the early retirement programme – as well as ongoing investments in the parcel network. These were partly offset by non-recurring income from the remeasurement of pension obligations in the amount of €108 million. Return on sales fell to 2.2% (previous year: 7.6%). Restructuring expenses in particular reduced divisional EBIT from €307 million in the previous year to €–209 million in the third quarter of 2018. Operating cash flow fell to €615 million (previous year: €723 million) in the first nine months of 2018, due primarily to the decline in EBIT.

EXPRESS DIVISION

Key figures of the EXPRESS division

€m	9M 2017	9M 2018	+/– %	Q3 2017	Q3 2018	+/– %
Revenue	10,990	11,724	6.7	3,645	3,906	7.2
of which Europe	4,855	5,273	8.6	1,625	1,725	6.2
Americas	2,197	2,383	8.5	725	812	12.0
Asia Pacific	4,102	4,155	1.3	1,354	1,385	2.3
MEA (Middle East and Africa)	827	842	1.8	265	277	4.5
Consolidation/Other	−991	−929	6.3	−324	−293	9.6
Profit from operating activities (EBIT)	1,237	1,387	12.1	372	409	9.9
Return on sales (%)[1]	11.3	11.8	–	10.2	10.5	–
Operating cash flow	1,489	2,168	45.6	607	794	30.8

[1] EBIT/revenue.

Dynamic pace of international business continues

Revenue in the division increased by 6.7% to €11,724 million in the first nine months of 2018 (previous year: €10,990 million). This includes negative currency effects of €526 million. Excluding these effects, the increase in revenue was 11.5%. The revenue figure also reflects the fact that fuel surcharges were higher in all regions as the price of crude oil increased compared with the previous year. Excluding foreign currency losses and higher fuel surcharges, revenue was up by 8.6%.

In the Time Definite International (TDI) product line, revenues per day rose by 9.9% in the first nine months of 2018 and per-day shipment volumes by 7.8%. Revenues per day for the third quarter of 2018 were up by 7.9% and per-day shipment volumes by 5.3%.

In the Time Definite Domestic (TDD) product line, revenues per day increased by 7.1% in the first nine months of 2018 and per-day shipment volumes by 6.5%. Growth in the third quarter amounted to 4.9% for revenues per day and 3.3% for per-day volumes.

EXPRESS: revenue by product

€m per day[1]	9M 2017 adjusted[1]	9M 2018	+/– %	Q3 2017 adjusted[1]	Q3 2018	+/– %
Time Definite International (TDI)	44.3	48.7	9.9	44.3	47.8	7.9
Time Definite Domestic (TDD)	4.2	4.5	7.1	4.1	4.3	4.9

[1] To improve comparability, product revenues were translated at uniform exchange rates. These revenues are also the basis for the weighted calculation of working days.

EXPRESS: volumes by product

Thousands of items per day	9M 2017	9M 2018	+/– %	Q3 2017	Q3 2018	+/– %
Time Definite International (TDI)	859	926	7.8	863	909	5.3
Time Definite Domestic (TDD)	445	474	6.5	449	464	3.3

Stable growth in the Europe region

Revenue in the Europe region increased by 8.6% to €5,273 million in the first nine months of 2018 (previous year: €4,855 million). This included negative currency effects of €95 million, which related mainly to Turkey and Russia. Excluding these effects, revenue growth was 10.6%. In the TDI product line, revenues per day increased by 12.4%. Per-day shipment volumes improved by 9.5%. International per-day revenues for the third quarter of 2018 were up by 9.4% and per-day shipment volumes by 6.8%.

Further improvement in international business in the Americas region

Revenue in the Americas region increased by 8.5% to €2,383 million in the first nine months of 2018 (previous year: €2,197 million). This included negative currency effects of €174 million, which related primarily to the United States. Excluding these effects, revenue in the region rose by 16.4%. In the TDI product line, per-day shipments were up by 8.9% compared with the previous year. Revenues per day increased by 13.5%. Growth in the third quarter of 2018 amounted to 1.7% for per-day volumes and 11.2% for revenues per day.

Operating business in the Asia Pacific region sees further growth

Revenue in the Asia Pacific region rose by 1.3% to €4,155 million in the first nine months of 2018 (previous year: €4,102 million). This included negative currency effects of €194 million, most of which related to Hong Kong and China. Excluding these effects, revenue growth was 6.0%. In the TDI product line, revenues per day rose by 6.4% and per-day volumes by 4.2%. Growth in the third quarter of 2018 amounted to 5.1% for revenues per day and 3.1% for per-day volumes.

Double-digit volume growth in MEA region

Revenue in the MEA region (Middle East and Africa) improved by 1.8% in the first nine months of 2018 to €842 million (previous year: €827 million). This included negative currency effects of €56 million, most of which related to the United Arab Emirates. Excluding these effects, revenue growth was 8.6%. TDI revenues per day rose by 9.2% and per-day volumes by 12.7%. International per-day revenues for the third quarter of 2018 were up by 8.5% and per-day shipment volumes by 13.0%.

International business supports steady earnings growth

EBIT in the division rose by 12.1% to €1,387 million in the first nine months of 2018 (previous year: €1,237 million), driven by network improvements and growing international business. Return on sales increased from 11.3% to 11.8%. In the third quarter, EBIT improved by 9.9% to €409 million and return on sales increased from 10.2% to 10.5%. Operating cash flow increased to €2,168 million in the first nine months of 2018 (previous year: €1,489 million).

GLOBAL FORWARDING, FREIGHT DIVISION

Key figures of the GLOBAL FORWARDING, FREIGHT division

€m	9M 2017	9M 2018	+/– %	Q3 2017	Q3 2018	+/– %
Revenue	10,691	10,976	2.7	3,533	3,683	4.2
of which Global Forwarding	7,581	7,784	2.7	2,518	2,641	4.9
Freight	3,224	3,298	2.3	1,053	1,076	2.2
Consolidation/Other	–114	–106	7.0	–38	–34	10.5
Profit from operating activities (EBIT)	174	281	61.5	67	106	58.2
Return on sales (%)[1]	1.6	2.6	–	1.9	2.9	–
Operating cash flow	12	237	>100	112	67	–40.2

[1] EBIT/revenue.

Revenue increases despite negative currency effects

Revenue in the division increased by 2.7% to €10,976 million in the first nine months of 2018 (previous year: €10,691 million). Excluding negative currency effects of €427 million, revenue was up 6.7% year-on-year. Revenue in the third quarter of 2018 rose by 4.2% compared with the prior-year figure. In the Global Forwarding business unit, revenue increased by 2.7% to €7,784 million in the first nine months of 2018 (previous year: €7,581 million). Excluding negative currency effects of €361 million, the increase was 7.4%. At €1,820 million, gross profit for the business unit increased compared with the prior-year figure of €1,778 million, despite negative currency effects.

Air freight with improved margin

Air freight volumes dropped by 4.0% in the first nine months of 2018, due mainly to structural adjustments in the customer portfolio. Revenue increased by 5.6% compared with the previous year thanks to rising freight rates. Gross profit improved by 7.1%. Air freight revenue rose by 8.4% in the third quarter of 2018, whilst gross profit improved by 9.4% despite a volume decline of 4.3%.

Ocean freight volumes fell by 1.6% year-on-year in the first nine months of 2018. Here, too, we focussed increasingly upon high-margin volumes. Ocean freight revenue fell by 1.9% in the reporting period, whilst gross profit was at the previous year's level despite negative currency effects.

Our industrial project business (in the following table reported as part of Other) improved compared with the prior year. The share of revenue related to industrial project business and reported under Other increased from 25.4% in the prior year to 30.0%.

Global Forwarding: revenue

€m	9M 2017	9M 2018	+/– %	Q3 2017	Q3 2018	+/– %
Air freight	3,365	3,552	5.6	1,109	1,202	8.4
Ocean freight	2,623	2,574	–1.9	900	887	–1.4
Other	1,593	1,658	4.1	509	552	8.4
Total	**7,581**	**7,784**	**2.7**	**2,518**	**2,641**	**4.9**

Global Forwarding: volumes

Thousands

		9M 2017	9M 2018	+/– %	Q3 2017	Q3 2018	+/– %
Air freight	tonnes	2,924	2,806	–4.0	982	940	–4.3
of which exports	tonnes	1,648	1,579	–4.2	558	529	–5.2
Ocean freight	TEUS[1]	2,439	2,401	–1.6	847	824	–2.7

[1] Twenty-foot equivalent units.

Revenue in European overland transport business grows

In the Freight business unit, revenue rose by 2.3% to €3,298 million in the first nine months of 2018 (previous year: €3,224 million) despite negative currency effects of €68 million. The 6.4% volume growth was driven mainly by e-commerce based business in Sweden and less-than-truck-load business in Germany. Gross profit for the business unit rose by 2.0% to €829 million (previous year: €813 million).

Significant improvement in earnings

Division EBIT increased significantly in the first nine months of 2018, rising from €174 million to €281 million. The increase was due mainly to improved gross profit margins in air freight and cost measures. Return on sales rose to 2.6% (previous year: 1.6%). In the third quarter of 2018, EBIT improved from €67 million to €106 million and return on sales was 2.9%. Operating cash flow in the first nine months amounted to €237 million (previous year: €12 million).

SUPPLY CHAIN DIVISION

Key figures of the SUPPLY CHAIN division

€m

	9M 2017	9M 2018	+/– %	Q3 2017	Q3 2018	+/– %
Revenue	10,533	9,607	–8.8	3,495	3,271	–6.4
of which EMEA (Europe, Middle East and Africa)	5,324	5,047	–5.2	1,792	1,676	–6.5
Americas	3,426	3,033	–11.5	1,092	1,071	–1.9
Asia Pacific	1,806	1,569	–13.1	618	536	–13.3
Consolidation/Other	–23	–42	–82.6	–7	–12	–71.4
Profit from operating activities (EBIT)	371	336	–9.4	148	153	3.4
Return on sales (%)[1]	3.5	3.5	–	4.2	4.7	–
Operating cash flow	211	386	82.9	176	253	43.8

[1] EBIT/revenue.

Sale of Williams Lea and currency effects slow revenue

Revenue in the division decreased by 8.8% to €9,607 million in the first nine months of 2018 (previous year: €10,533 million). As described over the course of the year, the decline is attributable mainly to the sale of the Williams Lea Tag Group in the fourth quarter of 2017. In addition, negative currency effects reduced revenue in the reporting period by €374 million. Excluding these effects, revenue growth was 3.0%. Third-quarter revenue decreased by 6.4% to €3,271 million (previous year: €3,495 million). Mainly excluding Williams Lea and negative currency effects, revenue for the quarter increased by 2.3%.

In the EMEA and Americas regions, volumes grew primarily in the Automotive and Retail sectors. In the Asia Pacific region, we generated growth in nearly all sectors.

SUPPLY CHAIN: revenue by sector and region, 9M 2018

Total revenue: €9,607 million

of which Retail	28%
Consumer	24%
Automotive	16%
Technology	13%
Life Sciences & Healthcare	11%
Engineering & Manufacturing	6%
Others	2%
of which Europe/Middle East/Africa/Consolidation	53%
Americas	31%
Asia Pacific	16%

New business worth around €710 million secured

In the first nine months of 2018, the division concluded additional contracts worth around €710 million in annualised revenue with both new and existing customers. The Automotive, Consumer and Retail sectors accounted for the majority of the gains. The annualised contract renewal rate remained at a consistently high level.

Negative one-off effects substantially impact EBIT

EBIT in the division was €336 million in the first nine months of 2018 (previous year: €371 million). The figure was affected by negative one-off effects of €50 million from customer contracts. Excluding these effects, EBIT improved by 4.0% thanks to business growth and strategic initiatives. The return on sales of 3.5% matches the previous year's level. EBIT for the third quarter of 2018 was up 3.4% year-on-year to €153 million and return on sales rose from 4.2% to 4.7%. Operating cash flow improved from €211 million to €386 million in the first nine months of 2018.

EXPECTED DEVELOPMENTS

Future economic parameters

The economic outlook for full-year 2018 as reported in the 2017 Annual Report beginning on page 78 has dimmed somewhat. The International Monetary Fund (IMF) now expects growth of just 3.7% in global economic output. The forecast for growth in global trade volumes was lowered to 4.2%. The less optimistic forecasts are due mainly to international trade conflicts and deteriorating financing conditions in some emerging markets. The resulting risks have increased or already materialised and could worsen global economic growth prospects.

In China, gross domestic product (GDP) is likely to grow somewhat more slowly than in the previous year (IMF: 6.6%). Growth in Japan is expected to be moderate (IMF: 1.1%; IHS: 1.1%).

In the United States, GDP is set to increase much more sharply than in the previous year (IMF: 2.9%; OECD: 2.9%).

GDP growth in the euro zone is projected to remain solid, although it will not quite reach the high level of the prior year (IMF: 2.0%; ECB: 2.0%).

Early indicators suggest that the upswing in Germany will continue, albeit at a slower pace. For 2018 as a whole, GDP growth is forecast to remain well behind that of the prior year (IMF: 1.9%; economic research institutes: 1.7%; IHS: 1.9%).

Revenue and earnings forecast

After the end of the third quarter, we are confirming the earnings forecast adjusted in June of this year. This does not include any effects from the transaction of the Supply Chain business in China, note 21 to the consolidated financial statements. The Board of Management expects consolidated EBIT to reach around €3.2 billion in financial year 2018. The Post - eCommerce - Parcel division is likely to contribute around €0.6 billion (including the expected restructuring costs) to this figure, whilst the DHL divisions are still expected to reach around €3.0 billion. The result of Corporate Functions as a whole is expected to be around €–0.42 billion, including the unchanged forecast of around €–0.35 billion for the Corporate Center/Other result, in addition to the first-time Corporate Incubations result of €–70 million.

For 2020, we continue to expect consolidated EBIT of more than €5.0 billion. The Post & Paket Deutschland and DHL eCommerce Solutions divisions, which will be established effective 1 January 2019 and are still included in the Post - eCommerce - Parcel division until 31 December 2018, are expected to contribute around €1.7 billion to this figure. For the DHL divisions Express, Global Forwarding, Freight and Supply Chain, we continue to expect aggregate EBIT to improve to around €3.7 billion in 2020. Management's earnings forecast for Corporate Functions is also unchanged at around €–0.35 billion.

Expected financial position

In 2018, we intend to invest around €2.5 billion plus around €0.2 billion for the debt-financed renewal of the Express intercontinental aircraft fleet.

Performance of further indicators relevant for internal management

In addition to the restructuring of the PeP division, the debt-financed renewal of the Express intercontinental aircraft fleet will also affect EAC and the reported free cash flow. This does not include any effects from the transaction of the Supply Chain business in China, note 21 to the consolidated financial statements. The free cash flow will be at least €1.0 billion in 2018, excluding the debt-financed renewal of the Express intercontinental aircraft fleet.

OPPORTUNITIES AND RISKS

The restructuring of the Post - eCommerce - Parcel division will have a negative impact on Group profit in financial year 2018.

The overall impact of all currency effects changed in the first nine months of 2018 in so far as we now classify them as a risk of medium relevance for the current financial year.

Other than that, the Group's overall opportunity and risk situation did not change significantly during the first nine months of 2018 as compared with the situation described in the 2017 Annual Report beginning on page 81. No further new risks have been identified that could have a potentially critical impact upon the Group's results. Based upon the Group's early warning system and in the estimation of its Board of Management, there were no identifiable risks for the Group in the current forecast period which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future.

Any internet sites referred to in the Interim Group Management Report do not form part of the report.

INCOME STATEMENT

1 January to 30 September

€m	9M 2017	9M 2018	Q3 2017	Q3 2018
Revenue	44,335	44,624	14,639	14,849
Other operating income	1,486	1,580	500	527
Total operating income	45,821	46,204	15,139	15,376
Materials expense	−23,983	−23,025	−8,013	−7,773
Staff costs	−14,908	−15,462	−4,814	−5,310
Depreciation, amortisation and impairment losses	−1,081	−2,414	−360	−838
Other operating expenses	−3,291	−3,275	−1,118	−1,078
Total operating expenses	−43,263	−44,176	−14,305	−14,999
Net income/loss from investments accounted for using the equity method	2	0	0	−1
Profit from operating activities (EBIT)	**2,560**	**2,028**	**834**	**376**
Financial income	64	131	20	30
Finance costs	−327	−542	−114	−189
Foreign currency result	−20	−18	−7	0
Net finance costs	**−283**	**−429**	**−101**	**−159**
Profit before income taxes	**2,277**	**1,599**	**733**	**217**
Income taxes	−296	−224	−64	−31
Consolidated net profit for the period	**1,981**	**1,375**	**669**	**186**
attributable to Deutsche Post AG shareholders	1,876	1,262	641	146
attributable to non-controlling interests	105	113	28	40
Basic earnings per share (€)	**1.55**	**1.03**	**0.53**	**0.12**
Diluted earnings per share (€)	**1.51**	**1.01**	**0.51**	**0.12**

STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 September

€m	9M 2017	9M 2018	Q3 2017	Q3 2018
Consolidated net profit for the period	**1,981**	**1,375**	**669**	**186**
Items that will not be reclassified to profit or loss				
Change due to remeasurements of net pension provisions	−39	102	−523	441
Equity instruments without recycling	–	0	–	−3
Other changes in retained earnings	0	0	0	0
Income taxes relating to components of other comprehensive income	14	−38	20	−14
Share of other comprehensive income of investments accounted for using the equity method, net of tax	0	0	0	0
Total, net of tax	**−25**	**64**	**−503**	**424**
Items that may be reclassified subsequently to profit or loss				
IAS 39 revaluation reserve				
Changes from unrealised gains and losses	2	–	−1	–
Changes from realised gains and losses	−1	–	0	–
IAS 39 hedging reserve				
Changes from unrealised gains and losses	37	−2	26	1
Changes from realised gains and losses	−6	−32	−11	−6
Currency translation reserve				
Changes from unrealised gains and losses	−655	−3	−209	−61
Changes from realised gains and losses	0	0	0	0
Income taxes relating to components of other comprehensive income	−12	9	−7	2
Share of other comprehensive income of investments accounted for using the equity method, net of tax	−7	1	−2	−1
Total, net of tax	**−642**	**−27**	**−204**	**−65**
Other comprehensive income, net of tax	**−667**	**37**	**−707**	**359**
Total comprehensive income	**1,314**	**1,412**	**−38**	**545**
attributable to Deutsche Post AG shareholders	1,226	1,308	−65	516
attributable to non-controlling interests	88	104	27	29

BALANCE SHEET

€m	31 Dec. 2017	30 Sept. 2018
ASSETS		
Intangible assets	11,792	11,883
Property, plant and equipment	8,782	18,726
Investment property	21	23
Investments accounted for using the equity method	85	115
Non-current financial assets	733	760
Other non-current assets	231	297
Deferred tax assets	2,272	2,431
Non-current assets	**23,916**	**34,235**
Inventories	327	588
Current financial assets	652	150
Trade receivables	8,218	8,211
Other current assets	2,184	2,630
Income tax assets	236	229
Cash and cash equivalents	3,135	2,228
Assets held for sale	4	39
Current assets	**14,756**	**14,075**
Total ASSETS	**38,672**	**48,310**
EQUITY AND LIABILITIES		
Issued capital	1,224	1,233
Capital reserves	3,327	3,448
Other reserves	−998	−1,016
Retained earnings	9,084	8,968
Equity attributable to Deutsche Post AG shareholders	12,637	12,633
Non-controlling interests	266	245
Equity	**12,903**	**12,878**
Provisions for pensions and similar obligations	4,450	4,317
Deferred tax liabilities	76	10
Other non-current provisions	1,421	1,830
Non-current provisions	5,947	6,157
Non-current financial liabilities	5,151	13,396
Other non-current liabilities	272	223
Non-current liabilities	5,423	13,619
Non-current provisions and liabilities	**11,370**	**19,776**
Current provisions	1,131	892
Current financial liabilities	899	2,718
Trade payables	7,343	6,621
Other current liabilities	4,402	4,724
Income tax liabilities	624	684
Liabilities associated with assets held for sale	0	17
Current liabilities	13,268	14,764
Current provisions and liabilities	**14,399**	**15,656**
Total EQUITY AND LIABILITIES	**38,672**	**48,310**

CASH FLOW STATEMENT

1 January to 30 September

€m	9M 2017	9M 2018	Q3 2017	Q3 2018
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	1,876	1,262	641	146
Consolidated net profit for the period attributable to non-controlling interests	105	113	28	40
Income taxes	296	224	64	31
Net finance costs	283	429	101	159
Profit from operating activities (EBIT)	**2,560**	**2,028**	**834**	**376**
Depreciation, amortisation and impairment losses	1,081	2,414	360	838
Net income from disposal of non-current assets	−63	20	−3	10
Non-cash income and expense	29	21	14	13
Change in provisions	−628	174	−326	278
Change in other non-current assets and liabilities	−66	−71	−38	−23
Dividend received	1	2	0	0
Income taxes paid	−477	−406	−152	−116
Net cash from operating activities before changes in working capital	**2,437**	**4,182**	**689**	**1,376**
Changes in working capital				
Inventories	−109	−257	−33	−117
Receivables and other current assets	−893	−619	−217	−34
Liabilities and other items	335	−162	515	196
Net cash from operating activities	**1,770**	**3,144**	**954**	**1,421**
Subsidiaries and other business units	0	5	0	5
Property, plant and equipment and intangible assets	101	46	19	1
Investments accounted for using the equity method and other investments	3	0	0	0
Other non-current financial assets	18	40	8	13
Proceeds from disposal of non-current assets	122	91	27	19
Subsidiaries and other business units	−54	−58	−50	−7
Property, plant and equipment and intangible assets	−1,289	−1,798	−420	−733
Investments accounted for using the equity method and other investments	−23	−33	0	−4
Other non-current financial assets	−9	−10	−1	−7
Cash paid to acquire non-current assets	−1,375	−1,899	−471	−751
Interest received	40	39	15	13
Current financial assets	164	473	−1	3
Net cash used in investing activities	**−1,049**	**−1,296**	**−430**	**−716**
Proceeds from issuance of non-current financial liabilities	25	562	10	526
Repayments of non-current financial liabilities	−782	−1,294	−11	−449
Change in current financial liabilities	269	−46	−456	−296
Other financing activities	−39	28	−28	2
Cash paid for transactions with non-controlling interests	−45	−3	0	0
Dividend paid to Deutsche Post AG shareholders	−1,270	−1,409	0	0
Dividend paid to non-controlling interest shareholders	−117	−122	−111	−117
Purchase of treasury shares	−148	−44	0	0
Interest paid	−91	−349	−16	−111
Net cash used in financing activities	**−2,198**	**−2,677**	**−612**	**−445**
Net change in cash and cash equivalents	**−1,477**	**−829**	**−88**	**260**
Effect of changes in exchange rates on cash and cash equivalents	−82	−78	−17	−43
Changes in cash and cash equivalents associated with assets held for sale	−14	0	−14	0
Changes in cash and cash equivalents due to changes in consolidated group	0	0	0	0
Cash and cash equivalents at beginning of reporting period	3,107	3,135	1,653	2,011
Cash and cash equivalents at end of reporting period	**1,534**	**2,228**	**1,534**	**2,228**

STATEMENT OF CHANGES IN EQUITY

1 January to 30 September

€m	Issued capital	Capital reserves	Other reserves: IAS 39 revaluation reserve	Other reserves: IAS 39 hedging reserve	Other reserves: Equity instruments without recycling	Other reserves: Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
Balance at 1 January 2017	1,211	2,932	11	3	–	−298	7,228	11,087	263	**11,350**
Capital transactions with owner										
Dividend							−1,270	−1,270	−117	**−1,387**
Transactions with non-controlling interests			0	0		0	−8	−8	−3	**−11**
Changes in non-controlling interests due to changes in consolidated group								0	1	**1**
Issue/retirement of treasury shares	0	27					−27	0	0	**0**
Purchase of treasury shares	−4						51	47		**47**
Differences between purchase and issue prices of treasury shares (share-based payment schemes)		5					−5	0		**0**
Convertible bonds	0	0						0		**0**
Share-based payment schemes (issuance)		70						70		**70**
Share-based payment schemes (exercise)	2	−59					57	0		**0**
								−1,161	−119	**−1,280**
Total comprehensive income										
Consolidated net profit for the period							1,876	1,876	105	**1,981**
Currency translation differences						−640		−640	−22	**−662**
Change due to remeasurements of net pension provisions							−30	−30	5	**−25**
Other changes			1	19			0	20	0	**20**
								1,226	88	**1,314**
Balance at 30 September 2017	**1,209**	**2,975**	**12**	**22**	**–**	**−938**	**7,872**	**11,152**	**232**	**11,384**
Balance at 1 January 2018	1,224	3,327	10	19	–	−1,027	9,084	12,637	266	**12,903**
Adjustments as a result of new IFRSs			−10		11	−1	−50	−50	−2	**−52**
Balance at 1 January 2018, adjusted	1,224	3,327	–	19	11	−1,028	9,034	12,587	264	**12,851**
Capital transactions with owner										
Dividend							−1,409	−1,409	−122	**−1,531**
Transactions with non-controlling interests				0	0	0	4	4	−3	**1**
Changes in non-controlling interests due to changes in consolidated group								0	2	**2**
Issue/retirement of treasury shares	3	25					0	28	0	**28**
Purchase of treasury shares	−1						−45	−46		**−46**
Differences between purchase and issue prices of treasury shares (share-based payment schemes)		7					−7	0		**0**
Convertible bonds	5	102						107		**107**
Share-based payment schemes (issuance)		79						79		**79**
Share-based payment schemes (exercise)	2	−92					65	−25		**−25**
								−1,262	−123	**−1,385**
Total comprehensive income										
Consolidated net profit for the period							1,262	1,262	113	**1,375**
Currency translation differences						6		6	−9	**−3**
Change due to remeasurements of net pension provisions							64	64	0	**64**
Other changes				−24	0		0	−24	0	**−24**
								1,308	104	**1,412**
Balance at 30 September 2018	**1,233**	**3,448**	**–**	**−5**	**11**	**−1,022**	**8,968**	**12,633**	**245**	**12,878**

SELECTED EXPLANATORY NOTES

Company information

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany. The condensed consolidated interim financial statements of Deutsche Post AG and its subsidiaries cover the period from 1 January to 30 September 2018 and have been reviewed.

BASIS OF PREPARATION

1 Basis of accounting

The condensed consolidated interim financial statements as at 30 September 2018 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSs to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2018 are not necessarily an indication of how business will develop in the future.

The income tax expense for the reporting period was deferred on the basis of the tax rate expected to apply to the full financial year. The tax rate expected for 2018 has been reduced compared with the first quarter, due mainly to the adjusted earnings forecast for the Post - eCommerce - Parcel (PeP) division.

The new Heubeck Richttafeln 2018 G mortality tables were published on 20 July 2018 and adjusted in October. They reflect updated mortality rates and, for the first time, socioeconomic factors. When it applies the new mortality tables for the first time as at 31 December 2018, Deutsche Post DHL Group expects pension obligations to increase moderately. The increase would be recognised as an actuarial loss in other comprehensive income.

The accounting policies applied to the condensed consolidated interim financial statements are generally based upon the same accounting policies used in the consolidated financial statements for financial year 2017. Exceptions are the standards listed below, which have been applied by the Group since 1 January 2018. Detailed explanations of these can be found in the 2017 Annual Report in note 5 to the consolidated financial statements.

Effects of IFRS 9, Financial Instruments

The reclassification of financial instruments from the IAS 39 categories to IFRS 9 did not materially affect the balance sheet. As at 1 January 2018, impairment losses on receivables were recognised early in other comprehensive income in accordance with the expected loss model.

IFRS 9 classification and impact on equity

€m	31 Dec. 2017	Reclassification	Adjustment/ impairment loss	1 Jan. 2018
ASSETS				
Non-current financial assets				
Available-for-sale financial assets	59	–59		–
Loans and receivables	466	–464	–2	–
Assets at fair value through profit or loss	170	28		198
Lease receivables	38	–38		–
Assets at fair value through other comprehensive income	–	47		47
Financial assets measured at cost	–	476		476
Other non-current assets	231	10		241
Current financial assets				
Available-for-sale financial assets	500	–500		–
Loans and receivables	69	–69		–
Assets at fair value through profit or loss	76	500		576
Lease receivables	7	–7		–
Financial assets measured at cost	–	76		76
Trade receivables	8,218	0	–42	8,176
Adjusted total ASSETS	**9,834**	**0**	**–44**	**9,790**
EQUITY AND LIABILITIES				
Retained earnings	9,084	0	–42	9,042
Non-controlling interests	266	0	–2	264
Adjusted total EQUITY AND LIABILITIES	**9,350**	**0**	**–44**	**9,306**

The prior-year figures were not adjusted. Deutsche Post DHL Group continues to exercise the option under IFRS 9 to apply the requirements of IAS 39 governing hedge accounting.

Effects of IFRS 15, Revenue from Contracts with Customers

The timing of revenue recognition has changed to an insignificant extent for certain types of contracts in the PeP, Express and Global Forwarding, Freight segments due to IFRS 15, because this revenue is now recognised over time rather than at a point in time. The Group introduced IFRS 15 based upon the modified retrospective method. The prior-year figures were not adjusted. Contract assets of €45 million, liabilities for outstanding supplier invoices of €12 million and contract liabilities of €50 million were recognised for the first time as at 1 January 2018. The effects of the transition as at 1 January 2018 in the amount of €–13 million were recognised in retained earnings, taking deferred taxes into account.

Effects of IFRS 16, Leases

In the context of the transition to IFRS 16, right-of-use assets of €9.1 billion and lease liabilities of €9.2 billion were recognised as at 1 January 2018. The Group transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior-year figures were not adjusted. As part of the initial application of IFRS 16, the Group chooses to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application. In addition, the Group has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases, the leases will be accounted for as short-term leases and the lease payments associated with them will be recognised as an expense from short-term leases. The following reconciliation to the opening balance for the lease liabilities as at 1 January 2018 is based upon the operating lease obligations as at 31 December 2017:

Reconciliation

€m	1 Jan. 2018
Operating lease obligations at 31 December 2017	11,298
Minimum lease payments (notional amount) on finance lease liabilities at 31 December 2017	237
Relief option for short-term leases	−225
Relief option for leases of low-value assets	−27
Lease-type obligations (service components)	2
Other	50
Gross lease liabilities at 1 January 2018	**11,335**
Discounting	−1,919
Lease liabilities at 1 January 2018	**9,416**
Present value of finance lease liabilities at 31 December 2017	−181
Additional lease liabilities as a result of the initial application of IFRS 16 as at 1 January 2018	**9,235**

The lease liabilities were discounted at the incremental borrowing rate as at 1 January 2018. The weighted average discount rate was 3.8%.

Leases are presented as follows in the balance sheet as at 30 September 2018 and the income statement for the reporting period:

Leases in the balance sheet

€m	30 Sept. 2018
ASSETS	
Non-current assets	
Right-of-use assets – land and buildings	7,650
Right-of-use assets – aircraft	1,175
Right-of-use assets – transport equipment	530
Right-of-use assets – technical equipment and machinery	139
Right-of-use assets – IT equipment	2
Right-of-use assets – advance payments	2
Total	**9,498**
EQUITY AND LIABILITIES	
Non-current provisions and liabilities	
Lease liabilities	8,053
Current provisions and liabilities	
Lease liabilities	1,740
Total	**9,793**

The right-of-use assets include assets which were recognised as finance lease assets in accordance with IAS 17 until 31 December 2017.

Leases in the income statement

€m	9M 2018
Other operating income	
Operating lease income	37
Sublease income	25
Materials expense	
Short-term lease expenses	497
Low-value asset lease expenses	32
Variable lease payment expenses	32
Other lease expenses (additional costs)	40
Depreciation and impairment losses	
Depreciation of right-of-use assets	1,375
Impairment losses on right-of-use assets	7
Net finance costs	
Interest expense on lease liabilities	277
Currency translation gains on lease liabilities	20
Currency translation losses on lease liabilities	46

The effects of the new standards were recognised in other comprehensive income at the date of transition. For further details, see note 4.

2 Consolidated group

The consolidated group includes all companies controlled by Deutsche Post AG. The Group companies are consolidated from the date on which Deutsche Post DHL Group is able to exercise control. The companies listed in the table below are consolidated in addition to the parent company Deutsche Post AG.

Consolidated group

	31 Dec. 2017	30 Sept. 2018
Number of fully consolidated companies (subsidiaries)		
German	129	129
Foreign	600	609
Number of joint operations		
German	1	1
Foreign	0	0
Number of investments accounted for using the equity method		
German	0	0
Foreign	14	20

In the first quarter of 2018, interests were acquired in Robotic Wares Private Limited, India, and Dunho WeiHeng (Zhuhai) Supply Chain Management Co., Ltd., China. In addition, the interest in Relais Colis SAS, France, an investment accounted for using the equity method, was increased by a further 8.4%.

2.1 Acquisitions

Acquisitions in 2018

Name	Country	Segment	Interest %	Acquisition date
Suppla Cargo S.A.S.	Colombia	Supply Chain	99.99	20 April 2018
Serviceuticos Ltda.	Colombia	Supply Chain	99.99	20 April 2018
Agencia de Aduanas Suppla S.A.S.	Colombia	Supply Chain	100	20 April 2018
Suppla S.A.	Colombia	Supply Chain	99.99	20 April 2018
Insignificant acquisitions				
Delivered on Time (DOT)	United Kingdom	Global Forwarding, Freight	100	6 March 2018
Transportes Alfonso Zamorano S.L.U.	Spain	PeP	100	3 May 2018
Transportes Martí Serra, S.L.U.	Spain	PeP	100	3 May 2018
Guinet Transit Service SARL	France	Global Forwarding, Freight	100	1 August 2018

In the second quarter, Deutsche Post DHL Group acquired Colombian companies Suppla Cargo S.A.S., Serviceuticos Ltda., Agencia de Aduanas Suppla S.A.S. and Suppla S.A. (referred to in the following as the Suppla Group). The companies provide transport, warehousing and packaging services for the Life Sciences & Healthcare, Retail, Consumer and Technology sectors. The acquisition enables DHL Supply Chain to expand its business in Latin America.

Of the total purchase price of €62 million, €12 million is variable and contingent upon the companies' future earnings; note 2.2. A payment of €48 million was made in April 2018.

Suppla Group

€m 20 April 2018	Preliminary fair value
Non-current assets	35
Current assets	32
Cash and cash equivalents	17
ASSETS	**84**
Non-current provisions and liabilities	20
Current provisions and liabilities	31
EQUITY AND LIABILITIES	**51**
Preliminary net assets	**33**
Purchase price	62
Preliminary goodwill	**29**

The acquisition resulted in preliminary goodwill, which currently amounts to €29 million and cannot be deducted from tax. The figure is attributable to the synergies and network effects expected from the Latin America transport business, in particular. Current assets include trade receivables of €20 million. There were no differences between the gross amount and the carrying amount. The measurement of the assets acquired and liabilities assumed has not yet been completed due to time restrictions. The final purchase price allocation will be presented at a later date.

Since their consolidation, the companies have contributed €36 million to consolidated revenue and €3 million to consolidated EBIT. If the companies had already been consolidated as at 1 January 2018, they would have provided an additional €27 million in consolidated revenue and an additional €2 million in consolidated EBIT.

Insignificant acquisitions

Entities were acquired by 30 September 2018 which neither individually nor in the aggregate had a material effect on the net assets, financial position and results of operations.

The UK company Delivered on Time Limited (DOT) provides motor sports logistics solutions. Existing Formula 1 and Formula E services will benefit from synergy effects generated by the acquisition.

The two Spanish transport companies acquired by DHL Parcel Iberia will play an important role in the development of the Spanish B2C market.

Guinet Transit Service SARL, a company acquired in the third quarter of 2018, specialises in charter and transport services.

Insignificant acquisitions in 2018

€m 1 January to 30 September	Fair value[1]
Non-current assets	8
Current assets	8
Cash and cash equivalents	2
ASSETS	**18**
Non-current provisions and liabilities	6
Current provisions and liabilities	7
EQUITY AND LIABILITIES	**13**
Net assets	**5**
Purchase price	24
Goodwill	**19**

[1] Corresponds to the carrying amount.

Since their consolidation, the companies have contributed €4 million to consolidated revenue and €0 million to consolidated EBIT. If the companies had already been consolidated as at 1 January 2018, they would have provided an additional €5 million in consolidated revenue and an additional €1 million in consolidated EBIT.

In the financial year, a total of €75 million was paid for companies acquired in 2018, whilst €5 million was paid for companies acquired in previous years.

2.2 Contingent consideration

Variable purchase prices were agreed for certain acquisitions:

Contingent consideration

Company	Basis	Period for financial years from/to	Results range from/to	Fair value of total obligation at the acquisition date	Remaining payment obligation at 31 December 2017	Remaining payment obligation at 30 September 2018
Mitsafetrans S.r.l.	EBITDA	2016 to 2018	€0 to 19 million	€15 million	€10 million	€5 million
Suppla Group	EBITDA	2018 to 2019	€0 to 12 million	€12 million	–	€12 million

2.3 Disposal and deconsolidation effects

The disposal and deconsolidation effects as at 30 September 2018 were as follows:

Disposal and deconsolidation effects in 2018

€m 1 January to 30 September	
Non-current assets	2
Current assets	2
Cash and cash equivalents	3
ASSETS	**7**
Non-current provisions and liabilities	0
Current provisions and liabilities	2
EQUITY AND LIABILITIES	**2**
Net assets	**5**
Consideration received	9
Fair value of the interest retained	8
Gains/losses from the currency translation reserve	0
Deconsolidation gain	**12**

Supply Chain

In September, 50% of the interest in UK-based Flexible Lifestyle Employment Company Limited was sold. The company is a start-up specialising in digital solutions for staff recruitment in the logistics sector and is now being operated together with the buyer as a joint venture.

3 Significant transactions

In the first quarter of 2018, Deutsche Post AG modified its occupational retirement arrangement in Germany. The added payment option of receiving one lump sum instead of lifelong monthly benefit payments has now also been granted to certain groups of hourly workers and salaried employees (e.g., former hourly workers and salaried employees with fully vested entitlements), for whom it had previously not been available. Negative past service costs of €108 million were recognised as a result.

In early June, the Board of Management decided upon measures to secure sustainable earnings growth in the Post - eCommerce - Parcel division. The measures decided upon are designed to further improve productivity, indirect costs and yield management in the Post and Parcel business. By 30 September 2018, €400 million had been spent on an early retirement programme launched in this context. The related provisions and liabilities amounted to €354 million and €35 million, respectively, as at the reporting date. A total of €11 million was paid in the third quarter.

In September 2018, Deutsche Post AG issued promissory note loans in six tranches for a total nominal amount of €500 million.

4 Adjustment of opening balances

The adjustments to the opening balances below resulted from the initial application of IFRS 9, IFRS 15 and IFRS 16 as at 1 January 2018. The prior-period amounts were not adjusted. The effects of the transition were recognised directly in equity as retained earnings.

Adjusted opening balances at 1 January 2018

€m		Adjustment as a result of				
	31 Dec. 2017	IFRS 9	IFRS 15	IFRS 16	Total	1 Jan. 2018
ASSETS						
Property, plant and equipment	8,782			9,093	9,093	**17,875**
Non-current financial assets	733	−14	−12	77	51	**784**
Deferred tax assets	2,272	2	4		6	**2,278**
Other non-current assets	231	10	18		28	**259**
Current financial assets	652	0		4	4	**656**
Trade receivables	8,218	−42			−42	**8,176**
Other current assets	2,184		39	−58	−19	**2,165**
EQUITY AND LIABILITIES						
Retained earnings	9,084	−42	−13	5	−50	**9,034**
Non-controlling interests	266	−2			−2	**264**
Deferred tax liabilities	76			2	2	**78**
Non-current provisions	1,421			−23	−23	**1,398**
Non-current financial liabilities	5,151			9,229	9,229	**14,380**
Other non-current liabilities	272			−13	−13	**259**
Current provisions	1,131		−173	8	−165	**966**
Trade payables	7,343		12	−3	9	**7,352**
Other current liabilities	4,402		223	−89	134	**4,536**

INCOME STATEMENT DISCLOSURES

5 Revenue by business unit

€m	9M 2017	9M 2018
PeP[1]	**13,012**	**13,254**
Post	7,003	6,816
eCommerce - Parcel	5,943	6,368
Other	66	70
Express	**10,728**	**11,447**
Global Forwarding, Freight	**10,127**	**10,323**
Global Forwarding	7,434	7,610
Freight	2,693	2,713
Supply Chain	**10,402**	**9,505**
Corporate Functions[1]	**66**	**95**
Total revenue	**44,335**	**44,624**

[1] Prior-period amounts adjusted.

6 Other operating income

€m	9M 2017	9M 2018
Income from work performed and capitalised	137	240
Insurance income	156	165
Income from currency translation	125	160
Income from the reversal of provisions	164	123
Income from fees and reimbursements	92	93
Income from the remeasurement of liabilities	63	92
Reversals of impairment losses on receivables and other assets	67	84
Commission income	95	68
Rental and lease income	73	62
Income from derivatives	66	52
Income from prior-period billings	43	42
Income from the disposal of assets	98	39
Income from loss compensation	19	21
Subsidies	10	13
Recoveries on receivables previously written off	8	12
Income from the derecognition of liabilities	14	9
Miscellaneous	256	305
Total	**1,486**	**1,580**

The increase in income from work performed and capitalised is largely attributable to the expanded production of electric vehicles by StreetScooter GmbH for Group companies.

7 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses increased mainly as a result of the initial application of IFRS 16. This item includes impairment losses of €10 million, attributable mainly to the final measurement of the assets and liabilities of All you need GmbH prior to their reclassification as assets held for sale and liabilities associated with assets held for sale. It also includes €6 million in impairment losses on right-of-use assets.

Of the €23 million in impairment losses recognised in the previous year, €18 million was attributable to aircraft that were written off in full prior to reclassification as assets held for sale.

€m	9M 2017	9M 2018
Amortisation of and impairment losses on intangible assets	197	143
Depreciation of and impairment losses on property, plant and equipment acquired	867	889
Depreciation of and impairment losses on finance lease assets	17	–
Depreciation of and impairment losses on right-of-use assets	–	1,382
Depreciation, amortisation and impairment losses	**1,081**	**2,414**

8 Other operating expenses

€m	9M 2017	9M 2018
Cost of purchased cleaning and security services	280	304
Expenses for advertising and public relations	301	265
Travel and training costs	244	253
Insurance costs	245	240
Warranty expenses, refunds and compensation payments	222	235
Other business taxes	210	187
Write-downs of current assets	146	176
Telecommunication costs	168	159
Currency translation expenses	131	157
Office supplies	127	132
Entertainment and corporate hospitality expenses	126	132
Services provided by the *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency)	104	114
Customs clearance-related charges	126	98
Consulting costs (including tax advice)	92	92
Contributions and fees	78	78
Voluntary social benefits	67	68
Monetary transaction costs	41	45
Losses on disposal of assets	38	45
Commissions paid	48	42
Legal costs	42	42
Expenses from prior-period billings	16	26
Expenses from derivatives	57	22
Audit costs	27	22
Donations	17	16
Miscellaneous	338	325
Total	**3,291**	**3,275**

Other operating expenses include €49 million attributable to negative effects from customer contracts in the Supply Chain division. Miscellaneous other operating expenses include a large number of smaller individual items.

9 Earnings per share

Basic earnings per share in the reporting period were €1.03 (previous year: €1.55).

Basic earnings per share

		9M 2017	9M 2018
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,876	1,262
Weighted average number of shares outstanding	number	1,208,747,419	1,229,198,690
Basic earnings per share	€	**1.55**	**1.03**

Diluted earnings per share in the reporting period were €1.01 (previous year: €1.51).

Diluted earnings per share

		9M 2017	9M 2018
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,876	1,262
Plus interest expense on convertible bonds	€m	2	6
Less income taxes	€m	0[1]	1
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,878	1,267
Weighted average number of shares outstanding	number	1,208,747,419	1,229,198,690
Potentially dilutive shares	number	32,459,982	22,743,508
Weighted average number of shares for diluted earnings	number	1,241,207,401	1,251,942,198
Diluted earnings per share	€	**1.51**	**1.01**

[1] Rounded below €1 million.

BALANCE SHEET DISCLOSURES

10 Intangible assets and property, plant and equipment

Investments in intangible assets (not including goodwill), property, plant and equipment acquired and right-of-use assets were as follows:

Investments

€m

	30 Sept. 2017	30 Sept. 2018
Intangible assets (not including goodwill)	**120**	**140**
Property, plant and equipment acquired		
Land and buildings	69	90
Technical equipment and machinery	84	97
Transport equipment	94	153
Aircraft	48	69
IT equipment	59	60
Operating and office equipment	46	49
Advance payments and assets under development	602	1,045
	1,002	**1,563**
Right-of-use assets		
Land and buildings[1]	2	1,295
Technical equipment and machinery	–	44
Transport equipment	–	136
Aircraft	–	341
IT equipment[1]	4	0
	6	**1,816**
Total	**1,128**	**3,519**

[1] Recognised as finance lease assets in the previous year.

Goodwill changed as follows in the reporting period:

Change in goodwill

€m

	2017	2018
Cost		
Balance at 1 January	12,791	12,239
Additions from business combinations	35	51
Disposals	–97	–2
Currency translation differences	–490	44
Balance at 31 December/30 September	**12,239**	**12,332**
Impairment losses		
Balance at 1 January	1,133	1,070
Disposals	–25	0
Currency translation differences	–38	2
Balance at 31 December/30 September	**1,070**	**1,072**
Carrying amount at 31 December/30 September	**11,169**	**11,260**

The additions from business combinations relate mainly to the Suppla Group (€29 million) and the Spanish transport companies (€17 million).

11 Financial assets

€m		Non-current		Current		Total
	31 Dec. 2017	30 Sept. 2018	31 Dec. 2017	30 Sept. 2018	31 Dec. 2017	30 Sept. 2018
Financial assets measured at cost	–	504	–	101	–	605
Assets at fair value through other comprehensive income	–	47	–	0	–	47
Assets at fair value through profit or loss	170	209	76	49	246	258
Available-for-sale financial assets	59	–	500	–	559	–
Loans and receivables	466	–	69	–	535	–
Lease receivables	38	–	7	–	45	–
Total	**733**	**760**	**652**	**150**	**1,385**	**910**

Net impairment losses as at 30 September 2018 amounted to €76 million (previous year: €63 million).

12 Assets held for sale and liabilities associated with assets held for sale

This item includes two Chinese companies acquired with a view to resale in the context of a real estate solutions project totalling €15 million (Supply Chain segment). A planned property sale (Global Forwarding, Freight segment) is also recognised in the amount of €9 million. The item also includes the 40% interest in AHK Air Hong Kong Limited, China, held for sale in the amount of €4 million (Express segment); see the 2017 Annual Report, note 31 to the consolidated financial statements.

All you need GmbH (PeP segment)

Deutsche Post DHL Group is selling its online supermarket. The buyer is Hanover-based Delticom AG. This will enable the Group to consistently continue to focus its activities in the German parcel market upon the German Post and Parcel business. Provided approval is issued by the German Federal Cartel Office, Delticom AG will take over operations as at 31 October 2018. The most recent measurement of assets and liabilities prior to reclassification led to an impairment loss of €10 million.

€m	30 Sept. 2018
Non-current assets	7
Current assets	4
Cash and cash equivalents	0
ASSETS	**11**
Non-current provisions and liabilities	12
Current provisions and liabilities	5
EQUITY AND LIABILITIES	**17**

13 Issued capital and purchase of treasury shares

KfW Bankengruppe (KfW) held a 20.6% interest in the share capital of Deutsche Post AG as at 30 September 2018. The remaining shares are in free float.

KfW holds the shares in trust for the Federal Republic of Germany.

Changes in issued capital and treasury shares

€	2017	2018
Issued capital		
Balance at 1 January	1,240,915,883	1,228,707,545
Addition due to contingent capital increase (convertible bond)	15,091,662	5,379,106
Addition due to contingent capital increase (Performance Share Plan)	0	2,420,108
Capital reduction through retirement of treasury shares	−27,300,000	0
Balance at 31 December/30 September	**1,228,707,545**	**1,236,506,759**
Treasury shares		
Balance at 1 January	−29,587,229	−4,513,582
Purchase of treasury shares	−4,660,410	−1,284,619
Capital reduction through retirement of treasury shares	27,300,000	0
Issue/sale of treasury shares	2,434,057	2,169,550
Balance at 31 December/30 September	**−4,513,582**	**−3,628,651**
Total at 31 December/30 September	**1,224,193,963**	**1,232,878,108**

The issued capital is composed of 1,236,506,759 no-par value registered shares (ordinary shares) with a notional interest in the share capital of €1 per share, and is fully paid up.

Exercise and redemption of the convertible bond 2012/2019

The contingent capital increase was implemented in the first quarter of 2018, when various bond holders exercised additional conversion rights with a notional volume of €110 million. This resulted in 5,379,106 new shares.

Deutsche Post AG exercised its right to call all outstanding convertible bonds 2012/2019. The outstanding bonds with a notional volume of €0.7 million were redeemed on 27 March 2018.

Contingent capital increase (Performance Share Plan)

The rights under the 2014 tranche of the Performance Share Plan were settled in the third quarter of 2018 by way of a contingent capital increase. The shares were issued to the executives in September 2018.

Purchase and issue of treasury shares

In March 2018, 1,284,619 shares were acquired for a total amount of €46 million (average price of €36.20 per share) in order to settle the 2017 tranche of the Share Matching Scheme. The shares were issued to the executives concerned in April 2018. In addition, in May 2018, the rights to matching shares under the 2013 tranche were settled, and 870,551 further shares were issued to executives.

As at 30 September 2018, Deutsche Post AG held 3,628,651 treasury shares.

14 Capital reserves

€m	2017	2018
Balance at 1 January	2,932	3,327
Share Matching Scheme		
Addition	67	60
Exercise	–59	–64
Total for Share Matching Scheme	**8**	**–4**
Performance Share Plan		
Addition	25	19
Exercise	0	–28
Total for Performance Share Plan	**25**	**–9**
Retirement/issue of treasury shares	27	25
Difference between purchase and issue prices of treasury shares	5	7
Capital increase through exercise of conversion rights under convertible bond 2012/2019	286	102
Conversion right under convertible bond 2017/2025	53	0
Deferred taxes on conversion right under convertible bond 2017/2025	–9	0
Balance at 31 December/30 September	**3,327**	**3,448**

15 Retained earnings

The changes in retained earnings as a result of the newly introduced and applied IFRSs are described in notes 1 and 4. In addition, the purchase of treasury shares had the following effect:

€m	31 Dec. 2017	30 Sept. 2018
Purchase of treasury shares	51	–45
of which purchase/sale of treasury shares Share Matching Scheme	–41	–45
Share buyback under tranches I to III	–103	0
Obligation to repurchase shares under tranche III/derecognition	195	0

SEGMENT REPORTING

16 Segment reporting

Segments by division

€m	PeP[1]		Express		Global Forwarding, Freight		Supply Chain		Corporate Functions[1]		Consolidation[1,2]		Group	
1 January to 30 September	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
External revenue	13,012	13,254	10,728	11,447	10,127	10,323	10,402	9,505	66	95	0	0	**44,335**	**44,624**
Internal revenue	102	97	262	277	564	653	131	102	906	1,052	−1,965	−2,181	**0**	**0**
Total revenue	13,114	13,351	10,990	11,724	10,691	10,976	10,533	9,607	972	1,147	−1,965	−2,181	**44,335**	**44,624**
Profit/loss from operating activities (EBIT)	992	290	1,237	1,387	174	281	371	336	−214	−264	0	−2	**2,560**	**2,028**
of which net income/loss from investments accounted for using the equity method	0	−4	1	1	0	0	1	1	0	1	0	1	**2**	**0**
Segment assets[3,4]	6,571	7,263	10,203	13,210	7,664	8,678	5,564	8,378	1,732	5,282	−73	−360	**31,661**	**42,451**
of which investments accounted for using the equity method	27	29	33	35	22	23	3	17	0	11	0	0	**85**	**115**
Segment liabilities[3]	3,034	2,872	3,604	3,380	3,046	3,069	3,037	2,862	1,556	1,489	−57	−63	**14,220**	**13,609**
Net segment assets/liabilities[3,4]	3,537	4,391	6,599	9,830	4,618	5,609	2,527	5,516	176	3,793	−16	−297	**17,441**	**28,842**
Capex (assets acquired)	320	541	442	679	51	75	194	200	99	179	16	29	**1,122**	**1,703**
Capex (right-of-use assets)[4,5]	3	95	2	637	1	121	0	589	0	375	0	−1	**6**	**1,816**
Total capex[4]	323	636	444	1,316	52	196	194	789	99	554	16	28	**1,128**	**3,519**
Depreciation and amortisation[4]	265	324	375	840	51	173	215	608	151	459	1	0	**1,058**	**2,404**
Impairment losses	0	9	18	0	0	0	5	1	0	0	0	0	**23**	**10**
Total depreciation, amortisation and impairment losses[4]	265	333	393	840	51	173	220	609	151	459	1	0	**1,081**	**2,414**
Other non-cash income (–) and expenses (+)	74	460	240	213	57	46	154	133	63	62	0	−4	**588**	**910**
Employees[6]	179,345	186,157	86,313	92,843	42,646	43,094	149,042	150,520	11,378	12,090	0	0	**468,724**	**484,704**

Q3	PeP 2017	PeP 2018	Express 2017	Express 2018	Global Forwarding, Freight 2017	Global Forwarding, Freight 2018	Supply Chain 2017	Supply Chain 2018	Corporate Functions 2017	Corporate Functions 2018	Consolidation 2017	Consolidation 2018	Group 2017	Group 2018
External revenue	4,270	4,298	3,560	3,815	3,344	3,459	3,443	3,247	22	30	0	0	**14,639**	**14,849**
Internal revenue	32	31	85	91	189	224	52	24	339	364	−697	−734	**0**	**0**
Total revenue	4,302	4,329	3,645	3,906	3,533	3,683	3,495	3,271	361	394	−697	−734	**14,639**	**14,849**
Profit/loss from operating activities (EBIT)	307	−209	372	409	67	106	148	153	−60	−82	0	−1	**834**	**376**
of which net income/loss from investments accounted for using the equity method	0	−3	0	0	0	0	0	0	0	1	0	1	**0**	**−1**
Capex (assets acquired)	131	226	180	381	15	30	58	63	46	99	10	28	**440**	**827**
Capex (right-of-use assets)[4,5]	2	47	1	352	0	41	0	210	0	64	0	−1	**3**	**713**
Total capex[4]	133	273	181	733	15	71	58	273	46	163	10	27	**443**	**1,540**
Depreciation and amortisation[4]	90	110	123	291	17	59	68	213	51	156	1	0	**350**	**829**
Impairment losses	0	9	8	0	0	0	2	0	0	0	0	0	**10**	**9**
Total depreciation, amortisation and impairment losses[4]	90	119	131	291	17	59	70	213	51	156	1	0	**360**	**838**
Other non-cash income (–) and expenses (+)	36	433	91	61	16	8	43	40	−13	13	−1	−5	**172**	**550**

[1] Prior-period amounts adjusted.
[2] Including rounding.
[3] As at 31 December 2017 and 30 September 2018.
[4] Not comparable with prior year due to initial application of IFRS 16 in financial year 2018.
[5] Prior-year figure includes investments in finance lease assets.
[6] Average FTEs; prior-period number covers financial year 2017.

Adjustment of prior-period amounts

In the second quarter of 2018, StreetScooter GmbH was transferred from the PeP segment to the new Corporate Incubations board department within Corporate Functions. The new board department will act as an incubator for mobility solutions, digital platforms and automation. In addition to StreetScooter electric vehicles, other technological innovations were assigned to the new department. The prior-period amounts were adjusted accordingly.

Information about geographical regions

€m	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Other regions		Group	
1 January to 30 September	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
External revenue	13,321	13,597	13,297	13,500	7,985	7,949	7,980	7,820	1,752	1,758	**44,335**	**44,624**
Non-current assets[1,2]	5,610	9,118	7,328	9,959	4,076	6,592	3,303	4,506	356	506	**20,673**	**30,681**
Total capex[2]	523	1,169	221	840	269	1,026	93	403	22	81	**1,128**	**3,519**
Q3												
External revenue	4,418	4,414	4,382	4,446	2,603	2,763	2,669	2,652	567	574	**14,639**	**14,849**
Total capex[2]	210	491	100	235	91	647	36	148	6	19	**443**	**1,540**

[1] As at 31 December 2017 and 30 September 2018.
[2] Not comparable with prior year due to initial application of IFRS 16 in financial year 2018.

Reconciliation

€m	9M 2017	9M 2018
Total income of reportable segments[1]	2,774	2,294
Corporate Functions[1]	−214	−264
Reconciliation to Group/Consolidation	0	−2
Profit from operating activities (EBIT)	**2,560**	**2,028**
Net finance costs	−283	−429
Profit before income taxes	**2,277**	**1,599**
Income taxes	−296	−224
Consolidated net profit for the period	**1,981**	**1,375**

[1] Prior-period amounts adjusted.

OTHER DISCLOSURES

17 Cash flow statement

Net cash from operating activities improved, due mainly to the initial application of IFRS 16. The former operating lease payments are now shown in net cash used in financing activities, provided they do not concern payments under short-term or low-value asset leases. A total of €1,257 million of the net cash used in financing activities relates to repayments of non-current financial liabilities under leases and €277 million to interest payments on leases.

In the first quarter of 2017, 18 properties were contributed to Deutsche Post Pensions-Treuhand GmbH & Co. KG. Although income was recognised as a result of the contribution, no cash or cash equivalents were received. This transaction was therefore not included in the cash flow statement in accordance with IAS 7.43 and 7.44.

18 Disclosures on financial instruments

The following table shows the fair values of financial instruments with each class of financial instrument presented by the level in the fair value hierarchy to which it is assigned.

The simplification option under IFRS 7.29a was exercised for cash and cash equivalents, trade receivables, other assets, trade payables and other liabilities with predominantly short maturities. Their carrying amounts as at the reporting date are approximately equivalent to their fair values.

Financial assets and liabilities

€m Class	Level 1[1]	Level 2[2]	Level 3[3]	Total
30 September 2018				
Non-current financial assets	256	504	0	**760**
Current financial assets	0	49	0	**49**
Financial assets	**256**	**553**	**0**	**809**
Non-current financial liabilities	4,974	614	0	**5,588**
Current financial liabilities	512	13	17	**542**
Financial liabilities	**5,486**	**627**	**17**	**6,130**
31 December 2017				
Non-current financial assets	201	480	0	**681**
Current financial assets	500	76	0	**576**
Financial assets	**701**	**556**	**0**	**1,257**
Non-current financial liabilities	5,315	151	6	**5,472**
Current financial liabilities	519	31	4	**554**
Financial liabilities	**5,834**	**182**	**10**	**6,026**

1 Quoted prices for identical instruments in active markets.
2 Inputs other than quoted prices that are directly or indirectly observable for instruments.
3 Inputs not based upon observable market data.

Level 1 mainly comprises equity instruments measured at fair value and debt instruments measured at amortised cost.

In addition to financial assets and financial liabilities measured at amortised cost, commodity, interest rate and currency derivatives are reported under Level 2. The fair values of the derivatives are measured on the basis of discounted expected future cash flows, taking into account forward rates for currencies, interest rates and commodities (market approach). For this purpose, price quotations observable in the market (exchange rates, interest rates and commodity prices) are imported from standard market information platforms into the treasury management system. The price quotations reflect actual transactions involving similar instruments in an active market. If currency options are used, they are measured using the Black-Scholes option pricing model. All significant inputs used to measure derivatives are observable in the market.

Level 3 comprises mainly the fair values of equity investments and derivatives associated with M&A transactions. They are measured using recognised valuation models that reflect plausible assumptions. The fair values of the derivatives depend largely on financial ratios. Financial ratios strongly influence the fair values of assets and liabilities. Increasing financial ratios lead to higher fair values, whilst decreasing financial ratios result in lower fair values.

No financial instruments have been transferred between levels in the current financial year.

The table below shows the effects on profit or loss and other comprehensive income of the financial instruments categorised within Level 3 as at 30 September 2018:

Unobservable inputs (Level 3)

€m	2017			2018		
	Assets	Liabilities		Assets	Liabilities	
	Equity instruments	Debt instruments	Derivatives, of which equity derivatives	Equity instruments	Debt instruments	Derivatives, of which equity derivatives
At 1 January	0	15	0	0	10	0
Gains and losses (recognised in profit or loss)[1]	0	0	0	0	0	0
Gains and losses (recognised in OCI)[2]	0	0	0	0	0	0
Additions	0	0	0	0	12	0
Disposals	0	–5	0	0	–7	0
Currency translation effects	0	0	0	0	2	0
At 31 December/30 September	**0**	**10**	**0**	**0**	**17**	**0**

[1] Fair value losses are presented in finance costs, fair value gains in financial income.
[2] Unrealised gains and losses are recognised in the IAS 39 revaluation reserve (until 2017)/in the reserve for debt/equity instruments (from 2018).

19 Contingent liabilities and purchase obligations

The Group's contingent liabilities have not changed significantly compared with 31 December 2017. Its purchase obligations relating to investments in non-current assets amount to €1.5 billion (31 December 2017: €254 million). Operating lease obligations have been reported in accordance with the requirements of IFRS 16 since 1 January 2018; notes 1 and 4.

20 Related party disclosures

Jürgen Gerdes resigned his mandate on the Board of Management on 12 June 2018. Thomas Ogilvie assumed responsibility for the Corporate Incubations board department in addition to his duties as Board Member for Human Resources and Labour Director for the Group. In September, Ken Allen's Board of Management mandate and contract were renewed until 2022.

Otherwise there were no significant changes in related party disclosures as against 31 December 2017.

21 Events after the reporting date/other disclosures/outlook

The following changes will take effect as at 1 January 2019:

The Post - eCommerce - Parcel division will be separated into a German and an international division under dedicated Board of Management leadership. The German business will be renamed Post & Paket Deutschland and will remain under the interim leadership of Group CEO Frank Appel. Ken Allen will take over responsibility for the international business in the new DHL eCommerce Solutions board department. He will continue to be in charge of Customer Solutions & Innovation (CSI).

The Express board department will be led by current Express Europe & Global Commercial CEO John Pearson starting on 1 January 2019.

On 26 October 2018, Deutsche Post DHL Group entered into an agreement with S.F. Holding, China to sell its Supply Chain business in China, Hongkong and Macau to S.F. Holding in a strategic partnership, with a view to growing local supply chain operations in China. Under the agreement, Deutsche Post DHL Group will receive a purchase price of RMB 5.5 billion (around €700 million) from S.F. Holding as a one-time payment. In addition, as part of a strategic partnership, Deutsche Post DHL Group will receive an annual revenue-based amount over the next ten years. The transaction is expected to be completed within the next few months following all the required regulatory approvals.

The preliminary assets and liabilities of the twelve companies to be disposed of in full are presented in the following table:

€m	30 Sept. 2018
Non-current assets	101
Current assets	208
Cash and cash equivalents	57
ASSETS	**366**
Non-current provisions and liabilities	42
Current provisions and liabilities	229
EQUITY AND LIABILITIES	**271**

In addition, three associates which are accounted for using the equity method and recognised in the amount of €4 million will be sold.

Beyond that, there were no reportable events after the reporting date.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, 5 November 2018

Deutsche Post AG
The Board of Management

Dr Frank Appel	Ken Allen
John Gilbert	Melanie Kreis
Dr Thomas Ogilvie	Tim Scharwath

REVIEW REPORT

To Deutsche Post AG

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Post AG, Bonn, for the period from 1 January to 30 September 2018, which are part of the quarterly financial report pursuant to section 115 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW – Institute of Public Auditors in Germany) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 5 November 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Published on 6 November 2018.

The English version of the Interim Report as at 30 September 2018 of Deutsche Post DHL Group constitutes a translation of the original German version. Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries. Deutsche Post Corporate Language Services et al.

FINANCIAL CALENDAR 2019

7 March 2019
2018 Annual Report

10 May 2019
Interim Report as at 31 March 2019

15 May 2019
2019 Annual General Meeting

20 May 2019
Dividend payment

6 August 2019
Interim Report as at 30 June 2019

12 November 2019
Interim Report as at 30 September 2019

Further dates, updates as well as information on live webcasts: dpdhl.com/en/investors

Printed on EnviroTop, recycled paper produced from 100% recovered fibre, which is manufactured climate neutrally and is, amongst other things, FSC certified, has Nordic Ecolabel 244 053 and complies with the EU Ecolabel AT/11/002 guidelines.

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