

QUARTERLY STATEMENT AS AT 30 SEPTEMBER 2020

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Selected key figures

		9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Revenue	€m	46,385	47,690	2.8	15,552	16,244	4.4
Profit from operating activities (EBIT)	€m	2,870	2,881	0.4	942	1,377	46.2
Return on sales ¹	%	6.2	6.0	-	6.1	8.5	-
EBIT after asset charge (EAC)	€m	914	889	-2.7	277	726	>100
Consolidated net profit for the period ²	€m	1,765	1,677	-5.0	561	851	51.7
Free cash flow	€m	-296	1,460	>100	507	1,264	>100
Net debt ³	€m	13,367	13,774	3.0	-	-	-
Earnings per share ⁴	€	1.43	1.36	-4.9	0.45	0.69	53.3
Number of employees ⁵		543,715	550,051	1.2	-	-	-

¹ EBIT/revenue. ² After deduction of non-controlling interests. ³ Prior-year amount as at 31 December. ⁴ Basic earnings per share. ⁵ Headcount at the end of the reporting period, including trainees.

BUSINESS PERFORMANCE

Organisational changes

No material changes were made to the Group's organisational structure during the reporting period.

Significant events

A special bonus of €300 to each of our employees in recognition of their achievements in recent months resulted in additional staff costs in the third quarter of 2020 of €163 million.

Revenue, earnings and financial position

Portfolio unchanged

No significant changes were made to our portfolio in the third quarter of 2020.

Consolidated revenue increased

Group revenue for the third quarter of 2020 rose by 4.4% to €16,244 million, despite the fact that currency effects reduced revenue by €653 million. The proportion of revenue generated abroad increased from 70.4% to 71.3%. Revenue for the first nine months of the year increased by 2.8% to €47,690 million. The nine-month figure was likewise significantly reduced by currency effects of €847 million.

Other operating income rose from €438 million to €525 million in the third quarter, due in part to the reversal of StreetScooter provisions.

Materials expense up significantly

Materials expense increased significantly compared with the third quarter of 2019 by €297 million to €8,158 million, due in particular to increases in transport costs. Staff costs increased by €228 million year-on-year to €5,425 million as a result of the €300 special bonus payment made to each employee in the third quarter of 2020. Depreciation, amortisation and impairment losses decreased slightly by €15 million to €902 million in the reporting period. In the third quarter of 2019, impairment losses had been recognised for restructuring the eCommerce Solutions division. Other operating expenses fell by €123 million to €996 million, due among other things to lower travel expenses.

Consolidated EBIT up 46.2%

Group EBIT for the third quarter of 2020 increased considerably over the prior-year figure with a 46.2% rise to €1,377 million. Group EBIT for the first nine months of 2020 was up slightly on the prior-period amount with an increase of €11 million to €2,881 million. In contrast, net

finance costs increased from €173 million to €183 million, owing primarily to the negative effects of measuring stock appreciation rights (SARs) at fair value. Profit before income taxes was up by €425 million on the third quarter of 2019 to €1,194 million. Income taxes rose by €117 million to €286 million, with one reason being an increase of two percentage points on the prior-year quarter's tax rate.

Consolidated net profit well over prior-year figure

At €908 million, consolidated net profit significantly exceeded the €600 million profit generated in the third quarter of 2019. A total of €851 million is attributable to Deutsche Post AG shareholders and €57 million to non-controlling interest shareholders. Basic earnings per share improved from €0.45 to €0.69 and diluted earnings per share from €0.45 to €0.67.

Higher EBIT after asset charge (EAC)

EAC rose from €277 million to €726 million in the third quarter of 2020, mostly due to the sharp increase in EBIT. The imputed asset charge decreased slightly from the prior-year amount, due in particular to a decline in net working capital.

EBIT after asset charge (EAC)

€ m	9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
EBIT	2,870	2,881	0.4	942	1,377	46.2
⊖ Asset charge	-1,956	-1,992	-1.8	-665	-651	2.1
⊖ EAC	914	889	-2.7	277	726	>100

Increase in surplus cash and near-cash investments

The FFO to debt performance metric for the first nine months of 2020 increased compared with 31 December 2019, because funds from operations increased at a greater rate than debt. The increase in funds from operations was largely the result of higher operating cash flow before changes in working capital. Reported financial liabilities grew, due chiefly to the issuance of three bonds in May. The adjustment for pensions increased due to lower plan assets and a slight increase in pension obligations. Bond proceeds and positive free cash flow generated additional surplus cash and near-cash investments in the first nine months of 2020, even after considering the shareholder dividend payment.

FFO to debt

€ m	1 Jan. to 31 Dec. 2019	1 Oct. 2019 to 30 Sept. 2020
Operating cash flow before changes in working capital	6,045	7,167
⊕ Interest received	82	74
⊖ Interest paid	608	570
⊕ Adjustment for pensions	190	144
⊖ Funds from operations, FFO	5,709	6,815
Reported financial liabilities ¹	16,974	19,287
⊖ Financial liabilities at fair value through profit or loss ¹	23	50
⊕ Adjustment for pensions ¹	4,872	5,417
⊖ Surplus cash and near-cash investments ^{1,2}	1,916	3,924
⊖ Debt	19,907	20,730
FFO to debt (%)	28.7	32.9

¹ As at 31 December 2019 and 30 September 2020, respectively.

² Reported cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

Decrease in capital expenditure for assets acquired

Capital expenditure for property, plant and equipment and intangible assets acquired (excluding goodwill) declined to €683 million in the third quarter of 2020, down from €854 million in the prior-year period. The decrease was due to the fact that the majority of investments for the renewal of the intercontinental Express aircraft fleet were made during the third quarter of the previous year. In this context, four aircraft have been put into operation thus far during 2020.

Increase in net cash from operating activities

Net cash from operating activities rose from €1,869 million in the third quarter of 2019 to €2,385 million in the third quarter of 2020. All non-cash income and expenses were adjusted based on EBIT. Cash inflow from changes in working capital amounted to €445 million, and thus on prior-year level (€455 million).

Net cash used in investing activities declined by €437 million to €313 million. The prior-year figure related primarily to expenses for the renewal of the Express intercontinental aircraft fleet. In the reporting period, repayment of a promissory note loan was largely responsible for cash inflows of €226 million arising from changes in current financial assets.

Free cash flow improved significantly in the third quarter of 2020 from €507 million to €1,264 million.

Net cash used in financing activities rose from €1,125 million in the third quarter of 2019 to €2,262 million. This was because the dividend of €1,422 million for financial year 2019 was not paid until 1 September 2020, following the postponed Annual General Meeting.

Cash and cash equivalents rose from €2,862 million as at 31 December 2019 to €4,285 million.

Calculation of free cash flow

€m	9M 2019	9M 2020	Q3 2019	Q3 2020
Net cash from operating activities	3,386	4,781	1,869	2,385
Sale of property, plant and equipment and intangible assets	104	84	15	42
Acquisition of property, plant and equipment and intangible assets	-2,679	-1,663	-816	-607
Cash outflow from change in property, plant and equipment and intangible assets	-2,575	-1,579	-801	-565
Disposals of subsidiaries and other business units	678	4	21	0
Acquisition of subsidiaries and other business units	-14	0	-6	0
Acquisition of investments accounted for using the equity method and other investments	-8	-13	1	0
Cash inflow/outflow from divestitures/acquisitions	656	-9	16	0
Proceeds from lease receivables	19	17	6	5
Repayment of lease liabilities	-1,418	-1,416	-471	-466
Interest on lease liabilities	-310	-298	-106	-96
Cash outflow for leases	-1,709	-1,697	-571	-557
Interest received	59	51	22	14
Interest paid	-113	-87	-28	-13
Net interest paid	-54	-36	-6	1
Free cash flow	-296	1,460	507	1,264

Increase in consolidated total assets

The Group's total assets amounted to €53,284 million as at 30 September 2020, up from €52,169 million as at 31 December 2019.

Non-current assets decreased from €37,117 million to €36,371 million. Intangible assets fell by €289 million to €11,698 million, primarily due to currency effects. Currency losses also affected property, plant and equipment, which declined from €21,303 million to €21,096 million. Other non-current assets dropped by €158 million to €237 million, mostly on account of actuarial losses that reduced pension

assets. Current assets rose sharply from €15,052 million to €16,913 million, mainly owing to the increase of €1.4 billion in cash and cash equivalents. In addition, current financial assets rose by €459 million to €853 million, largely because we invested cash in money market funds.

Equity attributable to Deutsche Post AG shareholders declined to €13,116 million (31 December 2019: €14,117 million). Consolidated net profit for the period increased this figure, whilst actuarial losses on pension obligations, the dividend payment and currency effects decreased it. Financial liabilities increased from €16,974 million to

€19,287 million, due chiefly to the bonds issued in May. Provisions for pensions and similar obligations rose by €380 million to €5,482 million. By contrast, trade payables decreased significantly by €779 million to €6,446 million at the reporting date.

Net debt totals €13,774 million

Our net debt rose from €13,367 million as at 31 December 2019 to €13,774 million as at 30 September 2020, because the increase in financial liabilities exceeded the increase in financial assets.

Net debt

€m	31 Dec. 2019	30 Sept. 2020
Non-current financial liabilities	13,708	15,768
+ Current financial liabilities	2,916	3,145
= Financial liabilities¹	16,624	18,913
- Cash and cash equivalents	2,862	4,285
- Current financial assets	394	853
- Positive fair value of non-current financial derivatives ²	1	1
= Financial assets	3,257	5,139
Net debt	13,367	13,774

¹ Less operating financial liabilities.

² Reported in non-current financial assets in the balance sheet.

Divisions

POST & PARCEL GERMANY DIVISION

Key figures, Post & Parcel Germany

€ m	9M 2019 adjusted ¹	9M 2020	+/- %	Q3 2019 adjusted ¹	Q3 2020	+/- %
Revenue	11,131	11,654	4.7	3,692	3,817	3.4
of which Post Germany	5,999	5,819	-3.0	2,010	1,894	-5.8
Parcel Germany	3,443	4,076	18.4	1,143	1,338	17.1
International	1,594	1,671	4.8	514	560	8.9
Other/Consolidation	95	88	-7.4	25	25	0.0
Profit from operating activities (EBIT)	708	918	29.7	304	320	5.3
Return on sales (%) ²	6.4	7.9	-	8.2	8.4	-
Operating cash flow	475	1,008	>100	355	323	-9.0

¹ Reported figures adjusted to reflect new product structure and reclassifications.

² EBIT/revenue.

Revenue exceeds prior-year level

Division revenue was up 3.4% year-on-year to €3,817 million in the third quarter of 2020. The increase was driven in particular by growth in the German parcel business, in addition to the impact of an additional 0.2 working days compared with the prior-year period.

Since the first quarter of 2020, revenue from transporting documents and goods across Germany's borders has been presented as International revenue.

Performance of the business units varies

In the third quarter of 2020, letter mail volumes dropped below the prior-period level. Mail Communication revenue declined slightly.

Dialogue Marketing registered significant declines in both addressed and unaddressed mail. The downturn was attributable to pandemic-related cuts in advertising budgets since the middle of March.

Third-quarter 2020 volumes were up by 11.6% in the German parcel business, primarily due to the sustained rise in e-commerce volumes. Supported in part by price increases, revenue rose even more sharply by 17.1%.

Import business continued to recover in the third quarter. Declines in letter mail volumes – especially from Asia and the rest of Europe – were offset by growth in parcel volumes. Goods and document exports performed similarly. Whilst revenue from letter mail declined, goods shipments registered considerable growth. This was attributable above all to the extremely positive trend on European trade lanes.

Post & Parcel Germany: revenue

€m	9M 2019 adjusted ¹	9M 2020	+/- %	Q3 2019 adjusted ¹	Q3 2020	+/- %
Post Germany	5,999	5,819	-3.0	2,010	1,894	-5.8
of which Mail Communication	3,859	4,006	3.8	1,316	1,285	-2.4
Dialogue Marketing	1,558	1,297	-16.8	506	444	-12.3
Other/Consolidation Post Germany	582	516	-11.3	188	165	-12.2
Parcel Germany	3,443	4,076	18.4	1,143	1,338	17.1

¹ Reported figures adjusted to reflect new product structure and reclassifications.

Post & Parcel Germany: volumes

Mail items (millions)	9M 2019 adjusted ¹	9M 2020	+/- %	Q3 2019 adjusted ¹	Q3 2020	+/- %
Post Germany	11,682	10,371	-11.2	3,840	3,448	-10.2
of which Mail Communication	4,768	4,667	-2.1	1,578	1,490	-5.6
Dialogue Marketing	5,973	4,957	-17.0	1,959	1,715	-12.5
Parcel Germany	996	1,116	12.0	329	367	11.6

¹ Reported figures adjusted to reflect new product structure and reclassifications.

Improvement in third-quarter EBIT

Division EBIT increased by 5.3% in the third quarter of 2020 to €320 million, mainly as a result of higher revenue in the German parcel business and strict cost management. The figure for EBIT includes the special bonus payment to employees totalling €51 million, plus a non-recurring payment of €42 million made in connection with the recently concluded wage negotiations in Germany.

EXPRESS DIVISION**Key figures, Express**

€m	9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Revenue	12,458	13,536	8.7	4,247	4,869	14.6
of which Europe	5,554	5,686	2.4	1,858	2,012	8.3
Americas	2,614	2,819	7.8	911	1,005	10.3
Asia Pacific	4,438	5,093	14.8	1,525	1,823	19.5
MEA (Middle East and Africa)	909	909	0.0	306	322	5.2
Consolidation/Other	-1,057	-971	8.1	-353	-293	17.0
Profit from operating activities (EBIT)	1,428	1,711	19.8	454	753	65.9
Return on sales (%) ¹	11.5	12.6	-	10.7	15.5	-
Operating cash flow	2,321	3,001	29.3	898	1,266	41.0

¹ EBIT/revenue.

Express: revenue by product

€m per day ¹	9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Time Definite International (TDI)	49.7	54.3	9.3	49.0	58.5	19.4
Time Definite Domestic (TDD)	4.6	5.0	8.7	4.6	5.1	10.9

¹ To improve comparability, product revenue was translated at uniform exchange rates. Product revenue is also the basis for the weighted calculation of working days.

Express: volumes by product

Items per day (thousands)	9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Time Definite International (TDI)	979	1,033	5.5	962	1,114	15.8
Time Definite Domestic (TDD)	512	582	13.7	505	588	16.4

Strong growth in international revenue

Revenue in the division increased by 14.6% in the third quarter of 2020 to reach €4,869 million. This includes currency losses of €279 million, excluding which revenue grew by 21.2%. The revenue figure also reflects the fact that fuel surcharges were lower than in the previous year in all regions. Excluding currency effects and fuel surcharges, third-quarter revenue rose by 23.5%.

The positive momentum in international Express volumes seen at the end of the second quarter continued in all regions during the third quarter. Per-day revenue and shipment volumes were up in both product lines in the third quarter.

Operating business up sharply in Europe region

Revenue in the Europe region increased by 8.3% to €2,012 million in the third quarter of 2020. Excluding currency losses of €37 million, revenue rose by 10.3%. In the TDI product line, per-day revenue was up by 10.6% and per-day shipment volumes by 11.2%.

TDI volumes see double-digit growth in Americas region

In the Americas region, revenue increased by 10.3% to €1,005 million in the third quarter of 2020. This figure includes currency losses of €96 million; growth excluding currency effects was 20.9%. Per-day TDI volumes were up 24.7% compared with the previous year. Revenue per day increased by 19.6%.

Business booms in Asia Pacific region

In the Asia Pacific region, revenue improved by 19.5% to €1,823 million in the third quarter of 2020. The revenue figure includes currency losses of €95 million. Revenue growth excluding currency effects was 25.8%. In the TDI product line, revenue per day was up by 27.4% and per-day volumes by 18.6%.

Increased revenue from MEA region

Revenue in the MEA region (Middle East and Africa) increased by 5.2% to €322 million in the third quarter of 2020, including currency losses of €26 million. Revenue growth excluding currency effects was 13.7%. Per-day TDI revenue increased by 21.3%, and per-day volumes were up by 20.5%.

Third-quarter EBIT well above prior year

Driven by strong growth in time-definite volumes, division EBIT climbed significantly by 65.9% year-on-year to €753 million in the third quarter of 2020.

GLOBAL FORWARDING, FREIGHT DIVISION

Key figures, Global Forwarding, Freight

€m	9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Revenue	11,274	11,524	2.2	3,716	3,752	1.0
of which Global Forwarding	7,956	8,443	6.1	2,645	2,728	3.1
Freight	3,405	3,164	-7.1	1,090	1,050	-3.7
Consolidation/Other	-87	-83	4.6	-19	-26	-36.8
Profit from operating activities (EBIT)	348	418	20.1	124	155	25.0
Return on sales (%) ¹	3.1	3.6	-	3.3	4.1	-
Operating cash flow	415	404	-2.7	175	445	>100.0

¹ EBIT/revenue.

Revenue growth continues

Revenue in the division amounted to €3,752 million in the third quarter of 2020, an increase of 1.0% over the prior-period figure. In the Global Forwarding business unit, revenue rose by 3.1% compared with the third quarter of 2019 to €2,728 million. Gross profit for the Global Forwarding business unit dipped slightly below the prior-year level of €637 million to €633 million.

Strong gross profit performance from air freight

In our air freight business, we registered a year-on-year volume decrease of 14.1% in the third quarter of 2020. The decrease was mainly due to declines in shipments to China and from the United States. Air freight revenue rose by 21.6% in the third quarter, and gross profit improved by 8.8%. In addition to improvements in our global infrastructure, utilisation of a central system for sourcing air freight capacity contributed to the revenue increase. As expected, air freight rates for specific trade lanes (e.g. Europe–China)

began to normalise in the third quarter. However, rates remain above the prior-year level on most trade lanes.

Ocean freight volumes were down 10.5% in the third quarter of 2020, and ocean freight revenue fell by 9.2% compared to previous year. Gross profit was up by 3.6%. The share of revenue associated with industrial project business and reported under Other dropped to 30.0% (prior-year quarter: 35.3%). Gross profit from industrial project business decreased by 22.6%.

Global Forwarding: revenue

€m						
	9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Air freight	3,507	4,367	24.5	1,145	1,392	21.6
Ocean freight	2,733	2,509	-8.2	917	833	-9.2
Other	1,716	1,567	-8.7	583	503	-13.7
Total	7,956	8,443	6.1	2,645	2,728	3.1

Global Forwarding: volumes

Thousands							
		9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Air freight	tonnes	2,657	2,314	-12.9	882	758	-14.1
of which exports	tonnes	1,499	1,318	-12.1	502	437	-12.9
Ocean freight	TEU ¹	2,412	2,100	-12.9	847	758	-10.5

¹ Twenty-foot equivalent units.

Volumes stabilise in European overland transport business

Revenue in the Freight business unit decreased by 3.7% year-on-year to €1,050 million in the third quarter of 2020, due in part to currency losses of €5 million. Volumes grew slightly by 0.7%. Gross profit for the business unit declined by 1.8% to €272 million.

Strict cost management enables third-quarter EBIT increase

Despite lower volumes, division EBIT rose from €124 million to €155 million in the third quarter of 2020. The increase was predominantly attributable to strict cost management.

SUPPLY CHAIN DIVISION

Key figures, Supply Chain

€m	9M 2019 adjusted ¹	9M 2020	+/- %	Q3 2019 adjusted ¹	Q3 2020	+/- %
Revenue	9,936	9,039	-9.0	3,370	3,080	-8.6
of which EMEA (Europe, Middle East and Africa)	5,029	4,415	-12.2	1,666	1,500	-10.0
Americas	3,435	3,330	-3.1	1,223	1,144	-6.5
Asia Pacific	1,490	1,309	-12.1	487	441	-9.4
Consolidation/Other	-18	-15	16.7	-6	-5	16.7
Profit from operating activities (EBIT)	735	251	-65.9	162	111	-31.5
Return on sales (%) ²	7.4	2.8	-	4.8	3.6	-
Operating cash flow	526	365	-30.6	369	276	-25.2

¹ Prior-year figures adjusted due to reclassifications.

² EBIT/revenue.

Reduced business activity continues to impact revenue growth

Revenue in the division was down by 8.6% to €3,080 million in the third quarter of 2020. Revenue decline, which was less than in the previous quarter, was among other things attributable to reduced business activity, especially in the Auto-mobility sector in the EMEA and Americas regions. Business disposals and negative currency effects of €172 million also contributed to the decrease in revenue on the prior-year quarter.

Supply Chain: revenue by sector and region, Q3 2020

Total revenue: €3,080 million

of which Retail	29%
Consumer	23%
Technology	14%
Auto-mobility	13%
Life Sciences & Healthcare	10%
Others	6%
Engineering & Manufacturing	5%
of which Europe, Middle East, Africa, Consolidation	49%
Americas	37%
Asia Pacific	14%

New business worth around €407 million secured in the third quarter

In the third quarter of 2020, the division concluded additional contracts worth around €407 million in annualised revenue with both new and existing customers. The Retail, Life Sciences & Healthcare and Consumer sectors accounted for the majority of the new business, with a strong contribution from e-commerce solutions. The annualised contract renewal rate remained at a consistently high level.

Earnings impacted by non-recurring expenses and special bonus

Earnings in the division came to €111 million in the third quarter of 2020 (previous year: €162 million). Earnings recovered compared to the previous quarters because of increasing customer activity. The third quarter of 2019 had been impacted by non-recurring expenses of €8 million. The third quarter of 2020 included expenses for the special bonus of €52 million.

ECOMMERCE SOLUTIONS DIVISION

Key figures, eCommerce Solutions

€m	9M 2019	9M 2020	+/- %	Q3 2019	Q3 2020	+/- %
Revenue	2,958	3,374	14.1	964	1,216	26.1
of which Americas	834	1,134	36.0	273	432	58.2
Europe	1,696	1,833	8.1	541	625	15.5
Asia	427	411	-3.7	148	160	8.1
Other/Consolidation	1	-4	<-100	2	-1	<-100
Profit/loss from operating activities (EBIT)	-40	83	>100	6	76	>100
Return on sales (%) ¹	-1.4	2.5	-	0.6	6.3	-
Operating cash flow	128	300	>100	80	127	58.8

¹ EBIT/revenue.

Third-quarter revenue increases

The division generated revenue of €1,216 million in the third quarter of 2020, up 26.1% on the prior-year figure. The increase was driven by growth in B2C volumes, which led to higher revenue in all regions. Excluding currency losses of €49 million, total revenue was up 31.2% on the prior-year quarter.

Significant increase in EBIT

Division EBIT rose to €76 million in the third quarter of 2020 (previous year: €6 million). The third quarter of 2019 had been negatively impacted by net restructuring expenses of €4 million, and the third quarter of 2020 was impacted by the special bonus payment of €10 million.

Changes in forecasts, opportunities and risks

Economic outlook remains uncertain

The economic outlook for 2020 improved considerably in the third quarter, even though the impact of the pandemic on businesses and consumers is still highly uncertain. IHS Markit now expects the global economy to shrink by just 4.8%. A decline of 9.9% is forecast for global trade volumes. For the coming months, IHS Markit expects the upswing in global economic activity to weaken notably. The biggest risks to economic recovery are additional restrictions being imposed in the fight against the pandemic, including temporary lockdowns in some countries, as well as rapidly rising unemployment and loan default rates and a “hard” Brexit looming at the end of the year.

EBIT and free cash flow forecasts raised

In light of its recent earnings momentum, on 7 October 2020 the Group raised its outlook for full-year 2020. Reported Group EBIT is now expected to reach between €4.1 billion and €4.4 billion. In anticipation of a very strong holiday season at the end of the year, driven in particular by dynamic e-commerce growth, we are focused on securing all necessary resources required to maintain a high level of service quality. Achieving the upper end of our EBIT guidance will mainly depend on whether the volume development will allow efficient utilisation of our networks.

The Group continues to expect EBIT of around €1.5 billion for the Post & Parcel Germany division. For the DHL divisions, we are now forecasting EBIT of between €3.3 billion and €3.6 billion. EBIT of approximately €-700 million is expected for Corporate Functions. This includes negative effects of around €350 million as part of the still applicable expenses of around €400 million for the realignment of StreetScooter activities that were previously announced. The remaining amount of around €50 million will be booked in 2021.

Free cash flow is now expected to total more than €2.0 billion in full-year 2020 with total capital expenditure still expected to come in at around €2.9 billion. This figure includes non-recurring effects resulting from the special bonus payment of €300 to each employee plus the non-recurring expense of €42 million incurred for employees of the Post & Parcel Germany division in connection with the recently concluded wage negotiations, as well as approximately €300 million for the renewal of the intercontinental Express aircraft fleet.

No significant changes in opportunities and risks

COVID-19 is having different effects on our company. Whilst some business units have been negatively affected, others have seen a positive impact. Despite COVID-19, our customers' payment behaviour has so far not deteriorated significantly overall. However, we cannot rule out payment defaults caused by the pandemic in the future. Overall, COVID-19 represents a risk of medium significance. We now assess the aggregate impact of foreign currency effects as representing a risk of medium significance.

In its capacity as a consumer of postal services, a German courier, express and parcel (CEP) association filed an action against the pricing approvals granted – in what is known as a “price-cap procedure” – by the *Bundesnetzagentur* (BNetzA – German Federal Network Agency) on 4 December 2015 for the years from 2016 to 2018. In addition, the association joined forces with another provider of postal services to file a further action with the Administrative Court against the pricing approvals granted by the Federal Network Agency on 12 December 2019 for the years from 2019 to 2021.

On 27 May 2020, the German Federal Administrative Court ruled on the action brought against the pricing approvals for the years from 2016 to 2018. The only one of those approvals that the court deemed unlawful concerned the increase in the price of a standard domestic letter to €0.70. The ruling is only directly applicable to the plaintiff. The Federal Administrative Court has set the amount in dispute at a mid-range, four-digit euro amount.

In the grounds for its decision, the court stated that the pricing approval in question was unlawful because the method used to calculate the allowable profit margin under the amended provisions of the 2015 *Post-Entgelt-regulierungsverordnung* (PEntgV – Postal Rate Regulation Act) was not in compliance with the provisions of the *Postgesetz* (PostG – German Postal Act) regarding the authority to issue statutory instruments. The German government plans to remedy this formal deficiency through an amendment to the Postal Act, which will allow previous regulatory practice to continue by and large.

It cannot currently be ruled out that the effects of the court's decision on existing pricing approvals or on future price-cap procedures could be negative for Deutsche Post. According to current assessments, this represents a medium risk.

The Group's overall opportunity and risk situation did not otherwise change significantly during the third quarter of 2020 compared with the situation described in the **@ 2019 Annual Report beginning on page 63**. 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 year 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.

INCOME STATEMENT

1 January to 30 September

€m	9M 2019	9M 2020	Q3 2019	Q3 2020
Revenue	46,385	47,690	15,552	16,244
Other operating income	1,787	1,496	438	525
Changes in inventories and work performed and capitalised	188	225	47	88
Materials expense	-23,459	-24,070	-7,861	-8,158
Staff costs	-16,021	-16,377	-5,197	-5,425
Depreciation, amortisation and impairment losses	-2,718	-2,865	-917	-902
Other operating expenses	-3,293	-3,187	-1,119	-996
Net income/loss from investments accounted for using the equity method	1	-31	-1	1
Profit from operating activities (EBIT)	2,870	2,881	942	1,377
Financial income	146	182	30	41
Finance costs	-621	-625	-191	-209
Foreign currency income/loss	1	-46	-12	-15
Net finance costs	-474	-489	-173	-183
Profit before income taxes	2,396	2,392	769	1,194
Income taxes	-527	-574	-169	-286
Consolidated net profit for the period	1,869	1,818	600	908
attributable to Deutsche Post AG shareholders	1,765	1,677	561	851
attributable to non-controlling interests	104	141	39	57
Basic earnings per share (€)	1.43	1.36	0.45	0.69
Diluted earnings per share (€)	1.41	1.33	0.45	0.67

BALANCE SHEET

€ m	31 Dec. 2019	30 Sept. 2020
ASSETS		
Intangible assets	11,987	11,698
Property, plant and equipment	21,303	21,096
Investment property	25	14
Investments accounted for using the equity method	123	99
Non-current financial assets	759	733
Other non-current assets	395	237
Deferred tax assets	2,525	2,494
Non-current assets	37,117	36,371
Inventories	396	464
Current financial assets	394	853
Trade receivables	8,561	8,397
Other current assets	2,598	2,685
Income tax assets	232	229
Cash and cash equivalents	2,862	4,285
Assets held for sale	9	0
Current assets	15,052	16,913
TOTAL ASSETS	52,169	53,284

	31 Dec. 2019	30 Sept. 2020
EQUITY AND LIABILITIES		
Issued capital	1,236	1,239
Capital reserves	3,482	3,490
Other reserves	-700	-1,452
Retained earnings	10,099	9,839
Equity attributable to Deutsche Post AG shareholders	14,117	13,116
Non-controlling interests	275	244
Equity	14,392	13,360
Provisions for pensions and similar obligations	5,102	5,482
Deferred tax liabilities	56	46
Other non-current provisions	1,650	1,709
Non-current financial liabilities	13,736	15,787
Other non-current liabilities	360	325
Non-current provisions and liabilities	20,904	23,349
Current provisions	964	1,016
Current financial liabilities	3,238	3,500
Trade payables	7,225	6,446
Other current liabilities	4,913	5,143
Income tax liabilities	519	470
Liabilities associated with assets held for sale	14	0
Current provisions and liabilities	16,873	16,575
TOTAL EQUITY AND LIABILITIES	52,169	53,284

CASH FLOW STATEMENT

1 January to 30 September

€m

	9M 2019	9M 2020	Q3 2019	Q3 2020
Consolidated net profit for the period	1,869	1,818	600	908
Income taxes	527	574	169	286
Net finance costs	474	489	173	183
Profit from operating activities (EBIT)	2,870	2,881	942	1,377
Depreciation, amortisation and impairment losses	2,718	2,865	917	902
Net income/loss from disposal of non-current assets	-485	28	0	-9
Non-cash income and expense	-44	93	7	15
Change in provisions	-458	18	-336	-69
Change in other non-current assets and liabilities	128	-80	67	-46
Dividend received	2	2	0	1
Income taxes paid	-602	-556	-183	-231
Net cash from operating activities before changes in working capital	4,129	5,251	1,414	1,940
Changes in working capital				
Inventories	-63	-73	24	-60
Receivables and other current assets	-619	-517	230	83
Liabilities and other items	-61	120	201	422
Net cash from operating activities	3,386	4,781	1,869	2,385
Subsidiaries and other business units	678	4	21	0
Property, plant and equipment and intangible assets	104	84	15	42
Other non-current financial assets	37	32	14	12
Proceeds from disposal of non-current assets	819	120	50	54
Subsidiaries and other business units	-14	0	-6	0
Property, plant and equipment and intangible assets	-2,679	-1,663	-816	-607
Investments accounted for using the equity method and other investments	-8	-13	1	0
Other non-current financial assets	-4	-7	-3	0
Cash paid to acquire non-current assets	-2,705	-1,683	-824	-607

	9M 2019	9M 2020	Q3 2019	Q3 2020
Interest received	59	51	22	14
Current financial assets	782	-456	2	226
Net cash used in investing activities	-1,045	-1,968	-750	-313
Proceeds from issuance of non-current financial liabilities	196	2,475	29	35
Repayments of non-current financial liabilities	-1,724	-1,532	-768	-573
Change in current financial liabilities	295	-103	-127	-11
Other financing activities	19	-72	-6	-51
Cash paid for transactions with non-controlling interests	-5	-6	0	0
Dividend paid to Deutsche Post AG shareholders	-1,419	-1,422	0	-1,422
Dividend paid to non-controlling interest shareholders	-137	-147	-129	-131
Purchase of treasury shares	-11	-45	-1	0
Proceeds from issuing shares or other equity instruments	11	0	11	0
Interest paid	-423	-385	-134	-109
Net cash used in financing activities	-3,198	-1,237	-1,125	-2,262
Net change in cash and cash equivalents	-857	1,576	-6	-190
Effect of changes in exchange rates on cash and cash equivalents	39	-153	18	-94
Changes in cash and cash equivalents associated with assets held for sale	31	0	-2	0
Cash and cash equivalents at beginning of reporting period	3,017	2,862	2,220	4,569
Cash and cash equivalents at end of reporting period	2,230	4,285	2,230	4,285

Segments by division

1 January to 30 September

€m	Post & Parcel Germany ¹		Express		Global Forwarding, Freight		Supply Chain ¹		eCommerce Solutions		Corporate Functions		Consolidation ^{1,2}		Group	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
External revenue	10,851	11,329	12,185	13,246	10,580	10,802	9,861	8,976	2,799	3,277	109	60	0	0	46,385	47,690
Internal revenue	280	325	273	290	694	722	75	63	159	97	962	1,122	-2,443	-2,619	0	0
Total revenue	11,131	11,654	12,458	13,536	11,274	11,524	9,936	9,039	2,958	3,374	1,071	1,182	-2,443	-2,619	46,385	47,690
Profit/loss from operating activities (EBIT)	708	918	1,428	1,711	348	418	735	251	-40	83	-309	-500 ³	0	0	2,870	2,881
of which net income/loss from investments accounted for using the equity method	0	0	2	2	0	0	7	3	-5	-35	-3	0	0	-1	1	-31
Segment assets ⁴	5,904	6,017	15,640	15,444	8,714	8,626	7,898	7,899	1,723	1,684	5,495	5,179	-83	-81	45,291	44,768
of which investments accounted for using the equity method	0	0	34	43	22	21	14	15	32	0	21	19	0	1	123	99
Segment liabilities ⁴	2,707	2,691	3,801	3,840	3,058	2,963	3,144	2,734	629	663	1,530	1,496	-62	-60	14,807	14,327
Net segment assets/liabilities ⁴	3,197	3,326	11,839	11,604	5,656	5,663	4,754	5,165	1,094	1,021	3,965	3,683	-21	-21	30,484	30,441
Capex (assets acquired)	284	330	1,523	691	73	63	232	252	80	62	382	220	-2	0	2,572	1,618
Capex (right-of-use assets)	26	12	724	715	105	133	422	684	84	104	622	297	0	0	1,983	1,945
Total capex	310	342	2,247	1,406	178	196	654	936	164	166	1,004	517	-2	0	4,555	3,563
Depreciation and amortisation	224	240	969	1,028	189	186	650	632	156	121	493	574	-1	-1	2,680	2,780
Impairment losses	0	0	0	0	0	0	34	60	3	5	1	20	0	0	38	85
Total depreciation, amortisation and impairment losses	224	240	969	1,028	189	186	684	692	159	126	494	594	-1	-1	2,718	2,865
Other non-cash income (-) and expenses (+)	138	247	253	402	32	55	155	158	51	55	27	87	1	0	657	1,004
Employees ⁵	157,004	156,511	96,507	98,169	44,265	42,548	156,697	157,776	30,878	29,470	12,629	12,653	-1	0	497,979	497,127

¹ Prior-period amounts adjusted. ² Including rounding. ³ Of which StreetScooter €-306 million (previous year: €-64 million). ⁴ As at 31 December 2019 and 30 September 2020. ⁵ Average FTEs.

Q3

€m

	Post & Parcel Germany ¹		Express		Global Forwarding, Freight		Supply Chain ¹		eCommerce Solutions		Corporate Functions		Consolidation ^{1,2}		Group	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
External revenue	3,602	3,705	4,158	4,763	3,493	3,516	3,341	3,056	923	1,183	35	21	0	0	15,552	16,244
Internal revenue	90	112	89	106	223	236	29	24	41	33	335	369	-807	-880	0	0
Total revenue	3,692	3,817	4,247	4,869	3,716	3,752	3,370	3,080	964	1,216	370	390	-807	-880	15,552	16,244
Profit/loss from operating activities (EBIT)	304	320	454	753	124	155	162	111	6	76	-111	-39	3	1	942	1,377
of which net income/loss from investments accounted for using the equity method	0	0	1	1	0	0	2	1	-2	0	-2	0	0	-1	-1	1
Capex (assets acquired)	98	167	472	288	22	23	81	83	23	36	159	86	-1	0	854	683
Capex (right-of-use assets)	0	10	184	208	23	44	146	186	37	18	345	93	1	0	736	559
Total capex	98	177	656	496	45	67	227	269	60	54	504	179	0	0	1,590	1,242
Depreciation and amortisation	77	87	334	335	62	61	214	203	57	41	169	176	-2	-1	911	902
Impairment losses	0	0	0	0	0	0	9	0	-3	0	0	0	0	0	6	0
Total depreciation, amortisation and impairment losses	77	87	334	335	62	61	223	203	54	41	169	176	-2	-1	917	902
Other non-cash income (-) and expenses (+)	24	64	103	194	11	8	23	56	15	5	1	-26	0	0	177	301

¹ Prior-period amounts adjusted. ² Including rounding.

Adjustment of prior-period amounts

Effective 1 January 2020, the fulfilment activities of Home Delivery GmbH were transferred from the Post & Parcel Germany segment to the Supply Chain division. The prior-period amounts were adjusted accordingly.

Reconciliation

€m

	9M 2019	9M 2020
Total income of reported segments	3,179	3,381
Corporate Functions	-309	-500
Reconciliation to Group/Consolidation	0	0
Profit from operating activities (EBIT)	2,870	2,881
Net finance costs	-474	-489
Profit before income taxes	2,396	2,392
Income taxes	-527	-574
Consolidated net profit for the period	1,869	1,818

Earnings per share

Basic earnings per share

		9M 2019	9M 2020
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,765	1,677
Weighted average number of shares outstanding	number	1,233,639,577	1,236,180,385
Basic earnings per share	€	1.43	1.36

Diluted earnings per share

		9M 2019	9M 2020
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,765	1,677
Plus interest expense on the convertible bond	€m	6	6
Less income taxes	€m	1	1
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,770	1,682
Weighted average number of shares outstanding	number	1,233,639,577	1,236,180,385
Potentially dilutive shares	number	20,209,961	25,638,807
Weighted average number of shares for diluted earnings	number	1,253,849,538	1,261,819,192
Diluted earnings per share	€	1.41	1.33

Issued capital and treasury shares

Changes in issued capital and treasury shares

€ m	2019	2020
Issued capital		
Balance at 1 January	1,237	1,237
Addition due to contingent capital increase (Performance Share Plan)	0	2
Balance at 31 December/30 September	1,237	1,239
Treasury shares		
Balance at 1 January	-4	-1
Purchase of treasury shares ¹	0	-2
Issue/sale of treasury shares	3	3
Balance at 31 December/30 September	-1	0
Total at 31 December/30 September	1,236	1,239

¹ Rounded below €1 million in the previous year.

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The English version of the quarterly statement as at 30 September 2020 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

2021

Results of financial year 2020	9 March
Results of the first quarter of 2021	5 May
2021 Annual General Meeting	6 May
Dividend payment	11 May
Results of the first half of 2021	5 August
Results of the first nine month of 2021	4 November

Other dates, revised dates and information regarding live webcasts:

@ [dpdhl.com/en/investors](https://www.dpdhl.com/en/investors)

BASIS OF REPORTING

The document at hand is a quarterly statement pursuant to section 53 of the *Börsenordnung für die Frankfurter Wertpapierbörse* (BörsO FWB – exchange rules for the Frankfurt Stock Exchange), as amended on 18 November 2019. It is not an interim report as defined in International Accounting Standard (IAS) No. 34. The accounting policies applied to this quarterly statement generally derive from the same accounting policies as used in the preparation of the consolidated financial statements for financial year 2019, with the exception of the new pronouncements required to be applied as at the beginning of the year. However, those standards had no material impact on the financial statements.

This quarterly statement contains forward-looking statements. Forward-looking statements are not historical facts. They also include statements concerning assumptions and expectations. These statements are based upon current plans, estimates and projections, and the information available to Deutsche Post AG at the time this quarterly statement was completed. They should not be considered to be assurances of the future performance and results contained therein. Instead, they depend on a number of factors and are subject to various risks and uncertainties (particularly those described in the “Changes in forecasts, opportunities and risks” section) and are based on assumptions that may prove to be inaccurate. It is possible that actual performance and results may differ from the forward-looking statements made in this quarterly statement. Deutsche Post AG assumes no obligation beyond the statutory requirements to update the forward-looking statements made in this quarterly statement. If Deutsche Post AG updates one or more forward-looking statements, no assumption can be made that the statement(s) in question or other forward-looking statements will be updated regularly.