

Annual General Meeting

Deutsche Post DHL Group

Speech by Dr. Frank Appel, CEO

Bonn – August 27, 2020

Check against delivery



Dr. Frank Appel

CEO

Deutsche Post DHL Group



Dear shareholders,

Dear viewers,

Greetings from Bonn – here in our Post Tower headquarters. Digitally today, instead of in person, but certainly good to have this option. Thank you for joining us. Of course, there is no substitute for direct, personal contact. Nevertheless, I wish you an interesting and informative event today.

The coronavirus has changed our lives. The pandemic is one of the biggest crises in recent history. And for many people and companies, a very tough test.

We've felt the impact in our business too. But we can be proud of how we've risen to the challenge so far. The crisis shows how robust Deutsche Post DHL Group is. In fact, we have done very well. Because we continued to provide our customers with top service. And because we honor and protect the safety of our employees. We're seeing now how this approach pays off – for us as a company, and for you as our shareholders.



“Connecting People, Improving Lives.” That is our purpose as a company. It’s what motivates us. And it’s never been as important as it is today.

- We make sure medicines and medical equipment get where they need to go. In hospitals, pharmacies and doctor’s offices.
- We stand for trust. By ensuring the privacy of correspondence for people throughout Germany. This is why we are an integral part of confidential communication. And we are a cornerstone of democracy. Thanks to postal voting, everyone can exercise their right to vote – like in the local elections soon to be held here in the state of North Rhine-Westphalia.
- We make sure people can access the things they need. By supplying stores with products and goods, for example, or delivering them directly to homes. For many people, we’re a bridge to the rest of the world.

- And we're helping re-start the economy. Thanks to our supply chains, companies can resume production.



In other words: we're making an essential contribution to getting everyone through this crisis. Never before have our services been so urgently needed. Especially now – during the COVID pandemic – people rely on us.

Normally people hardly notice the logistics behind the scenes because everything is running smoothly. It takes a situation like this to truly appreciate how critical logistics is.

It is clear to all of us across the Group: we're needed now more than ever. Everyone is working towards a single goal: To keep our businesses running. Because that's how we keep the world running. And so far we've succeeded in doing just that.



So how did we do this? It wasn't easy. We worked hard.

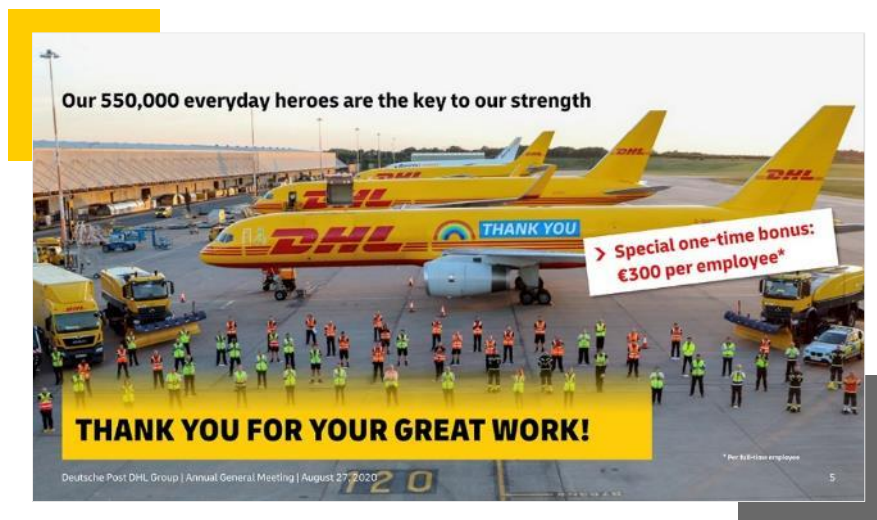
We reacted early and set up a dedicated **Task Force**. It met every day in the early stages, and continues to meet on a very regular basis. With our operational heads we discuss questions such as how our employees are doing, how our global network is holding up, and where we need to take action. This has provided many valuable insights. And it helps to make sure we take a coordinated approach.

We're also doing everything possible to make sure our people stay **safe and healthy**. We, too, made the switch to working from home – on a large scale and in a very short time. But warehousing and delivery can't be done from a desk. For the majority of our people, working remotely is not an option. We've made sure to protect them in a number of ways, including several thousand voluntary tests in our mail and parcel centers. We're providing employees with masks and disinfectant. We've placed water canisters in vehicles so that delivery personnel can wash their hands. We've introduced new processes to minimize contact at work. We enable contactless delivery.

At the same time we're working hard to maintain our **excellent service**. So that our customers can continue producing. And so people can continue to access the things they need most in their everyday. The pandemic has meant limitations for us too, of course. Our trucks got stuck in traffic, too. Shipment transit times were occasionally longer than usual. But at no point did our supply chains break down. Even now our coverage spans almost all corners of the planet. Our teams have received a lot of praise from our customers!

To remain resilient over the long term, we need to stay strong financially. Here, too, we're in a good position. Our **liquidity** is very good. And we are doing what we can to keep it that way. By making sure we're paid promptly for services rendered, for example. That's why we're in a position – even now – to invest in additional growth.

As these examples show, we've managed to implement the right measures in many areas. These have made us more robust. And we remain alert and ready for whatever comes our way. We're well prepared – even for a possible second wave.

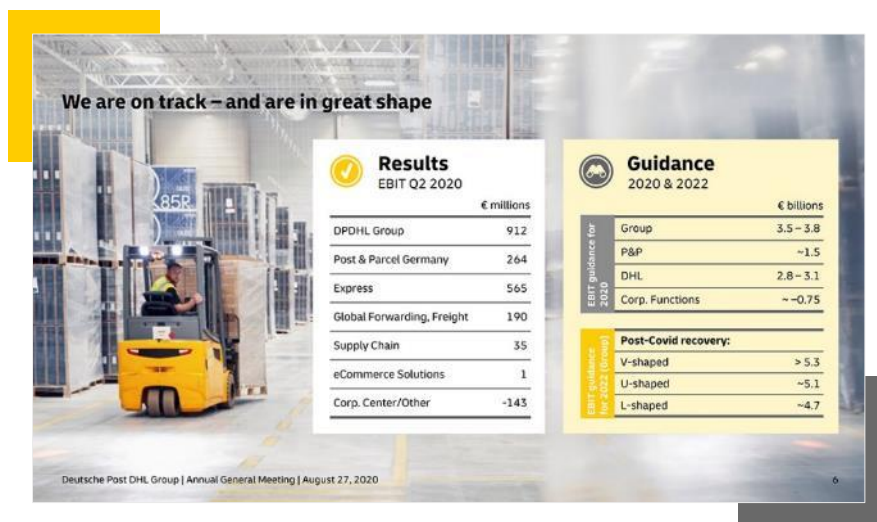


And that is all because of our people. They are what makes us strong, and they are highly motivated. They support each other. On the small scale – from colleague to colleague. And on a large scale – from division to division across the Group.

In offices, terminals, warehouses, out on the road, and in our delivery operations. Around the globe, they are the ones keeping our business running.

To my colleagues everywhere: Thank You! For your hard work in these difficult times. It's incredible what you've been able to achieve. This makes me proud. Thank you for your help. Thank you for making the impossible possible!

We're putting our thanks into action. We are paying all employees a special one-time bonus of 300 euros. This goes for employees worldwide – from Armenia to Zambia – excluding top-level managers, of course.



We can afford to do this, because we achieved what seemed almost impossible just a few months ago. Despite the COVID crisis, we've been able to post very positive results in the first two quarters of 2020. Here are the numbers for the second quarter:

Compared to the previous year, we were able to increase profits significantly. By roughly 19%, to 912 million euros. All divisions posted profits:

- At **Post & Parcel Germany** we're seeing our restructuring efforts bearing fruit. We earned 264 million euros. That is nearly 50% more than in the second quarter of 2019.
- At **Express**, EBIT grew to 565 million euros. Here we see the advantages of a strong network and our own fleet of aircraft.
- We saw very good progress at **Global Forwarding, Freight** too. Earnings were up more than 50%, to 190 million euros. And we achieved this despite lower volumes.
- **Supply Chain** remained profitable, posting 35 million euros in earnings. This is remarkable, since it's a division very dependent on the success of individual customers. This is where our broad range of sectors pays off.
- And good news from our youngest DHL division **eCommerce Solutions**, which benefitted from the ongoing e-commerce boom. In the second quarter of 2019, they posted a loss of 18 million euros. Now they've posted earnings of one million euros.

We anticipate overall 2020 earnings at between 3.5 and 3.8 billion euros. Looking forward to 2022, there are three medium-term scenarios:

- An EBIT in excess of 5.3 billion euros, if the global economy recovers quickly.
- EBIT at roughly 5.1 billion euros if the recovery is more halting.
- And if the economy recovers very slowly, we're still expecting an EBIT of roughly 4.7 billion euros.



Due to our strong performance, we are in a position to propose a stable dividend – at €1.15 per share. These days, an unchanged dividend payout is by no means the rule.

In addition to the dividend, we're also giving employees a one-time bonus, which I've mentioned already. This combination of unchanged dividend and special employee bonus is consistent and well-balanced.



Why have we been so successful so far?

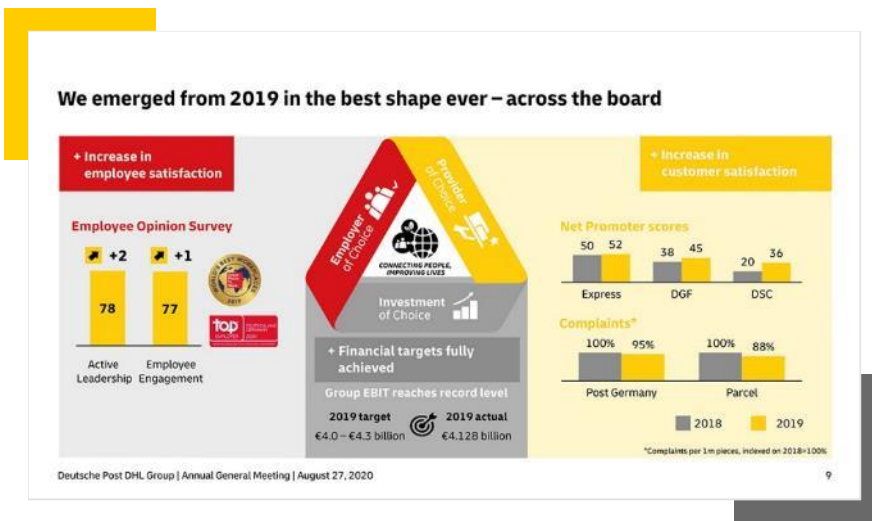
First, we have the right strategy: A crisis will certainly reveal how well your strategy works. And this crisis has shown that our Strategy 2025 is guiding us very well. It keeps us on the right track, even in this uncertain environment. More on that later.

Second, we have the right business model: The crisis has also made clear to everyone how important our work is. Logistics is the backbone of the global economy. Without us, manufacturing would grind to a halt. We supply people and businesses with important goods. We are much needed.

Third, we offer a broad and balanced portfolio: We cover the entire spectrum of logistics services. We have customers of all sizes, across virtually all sectors. We are present everywhere around the world. And we are enabling the boom in e-commerce. All of this makes our business tremendously robust. That's why we will emerge stronger from this crisis. Our market position has already improved.

Fourth, we have strong teams: We owe a lot to our people. It is their dedication that keeps the business running. Out on the road, in our warehouses, or in our offices. I've said it already. I want to thank our management teams too. They have a tremendous amount of experience, and really understand their business. From the corporate board on down.

Fifth, we have the right culture. This forms the foundation of our strength. It's the bond that binds us together, even if we're far apart geographically. Every single day, our culture provides a source of motivation and commitment. And it helps us stay agile.



I'd like to take a brief look back now. We had another advantage in the crisis. When it hit, we were in the best shape ever – thanks to a very strong 2019. Last year saw significant progress towards all three of our strategic bottom lines.

Employer of Choice:

We help secure the livelihoods of some 550,000 employees. In 2019 we conducted our employee survey, as we do every year. And our people continue to confirm Deutsche Post DHL Group as a good employer. Once again, the results of the survey improved across the board.

In more and more countries, organizations such as *Great Place to Work* or *Top Employer* recognize us as a good employer. We are the industry's largest provider of vocational training. All this makes us a first-choice employer – for both young talent and experienced professionals.

Provider of Choice:

Motivated employees make for satisfied customers. Here, too, we're seeing rising numbers. More and more customers say that they would recommend us to others. At

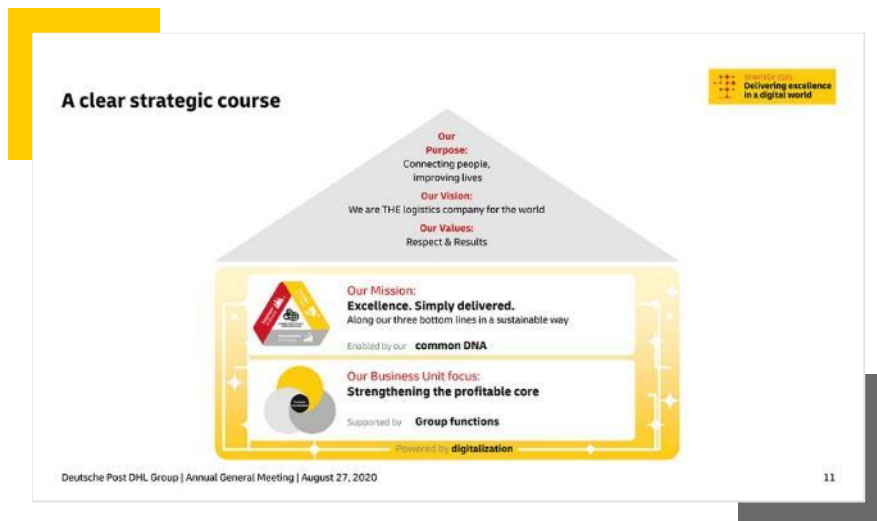
the same time, complaints from customers in Germany are down – for both mail and parcel service.

Investment of Choice:

Motivated employees and satisfied customers are good for business. In 2019 we set a new record for earnings: over four billion euros. That is an increase of one billion euros compared to 2018. We fully achieved our financial targets. All of our divisions saw growth.



Our achievements are reflected in our share price. In 2019 it was up by 42%. And this year it has climbed steadily since the COVID low in March. Today our share price is up more than 100% over 2020 lows. And we've outperformed the DAX by more than 15 percentage points since the beginning of the year.



The fact that we are in such great shape today is thanks to a clear strategic course: our Strategy 2025, which we introduced in fall 2019. It lays out our next steps. It builds on our Strategy 2020, which was built on Strategy 2015. Every strategy has included the best elements of each previous strategy.

Thanks to this continuity, we're a very seasoned organization. We're all on the same page. Regardless of what country we're in, we share a common language. And we've created a common, deeply-rooted corporate culture.

And this includes our common purpose, as mentioned already: "Connecting people, improving lives". This sums it up well; it's why we come to work every day. It inspires us to give our best.

And there are our common values, which we established over ten years ago: Respect & Results. For us, they are two sides of a coin. These values apply to each and every one of us. Our employees know that it's about a keeping the balance between Respect & Results.

We are driven by a single mission:

EXCELLENCE. SIMPLY DELIVERED.

Along our three bottom lines in a sustainable way
Enabled by our **common DNA**

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- Motivated employees bring passion and commitment to their work and deliver exceptional quality.
- Exceptional quality delights our customers and fosters customer loyalty.
- Loyal customers lead to profitable growth.

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And for years we have focused on three strategic bottom lines: To become employer, provider and investment of choice. The relationship is clear: Satisfied employees lead to loyal customers. And loyal customers lead to good financial results. In that order.

And we set ambitious goals. We're not aiming to be a little bit better. We are aiming for excellence. And that means excellence in everything we set out to do, in all our goals. And in a way that is sustainable. Which is why our mission "Excellence. Simply delivered." is so closely tied to our three strategic bottom lines.

Connecting elements serve as our common DNA

LEADERSHIP ATTRIBUTES

LEADING WITH HEAD
Being results-oriented
Leveraging strengths

LEADING WITH HEART
Providing purpose
Having & creating trust

LEADING WITH GUTS
Being positive about challenges, uncertainty & change
Focusing on clear priorities

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CERTIFIED PROGRAM

- To enable and empower
- Culture of customer centricity
- Continuous improvement (First Choice toolbox)
- Certified is designed for everyone – from the Board of Management to our carriers

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So how do we achieve excellence in our work?

The key is our common DNA. This refers to the many different elements, programs and tools that connect us across all divisions and regions across the Group – and that support us in our everyday on the road to excellence.

It's not as abstract as it sounds. I'll give two examples: our leadership culture and our *Certified* program.

We expect our management teams to take a balanced approach to leadership – with head, heart and guts. To enable this, we train them in six specific competencies:


- **Leading with the head**, means setting clear **goals**. And knowing how best to leverage the **strengths** of the organization and each team member.
- **Leading with the heart** means building mutual **trust**. It's also important to us that managers **convey a sense of purpose**. Try explaining to a team: Why is their work relevant? What is the larger purpose, how is it meaningful? Not all managers can do that off the cuff. But they need to be able to do this.
- **Leading with guts** means setting **priorities** rather than spreading oneself too thin. And exuding **confidence** – especially when the going gets tough.

We expect all of this from our managers, beginning with our board members. We have trained these skills over the last several years with success. And will continue to do so.

The second example is our *Certified* program – a major investment in the training and development of our people. *Certified* is aimed at all employees – from board members to mail carriers. Not many companies of our size have established a training program of this size and scope. The program creates a common foundation for all of us across the Group. It conveys a customer-centric culture. We continue to expand the program with new modules. The trainers are our own people, since they know us best. And we plan to

expand it even more in the future. *Certified* increases employee satisfaction levels and their identification with the company.

Five strong divisional strategies



Post & Parcel Germany

Express

Global Forwarding, Freight

Supply Chain

eCommerce Solutions


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- > We focus on creating value in **our core businesses**
- > We leverage **key competitive advantages** in each division
- > We deliver **excellent performance** along our three bottom lines
- > We unlock the potential of **e-commerce**
- > We are **digitizing** our business models

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We stick together across the Group and collaborate often. Nevertheless, each division stands strong on its own. Each unit is focusing on its profitable core. We stopped pursuing things that didn't suit us. Which has allowed us to focus our strength and resources more effectively. This has given us a very solid foundation. And we've reaped the benefits of that now during the crisis.

WE ARE WELL PREPARED FOR THE FUTURE



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In short: our common strategy and culture has allowed us to build a very powerful organization that is teeming with energy.

As a result, we are very well prepared for the future. Our Strategy 2025 focuses on the right issues: globalization, e-commerce, digitalization and sustainability. These trends have become all the more relevant in this time of crisis, or are even accelerating rapidly due to the pandemic.

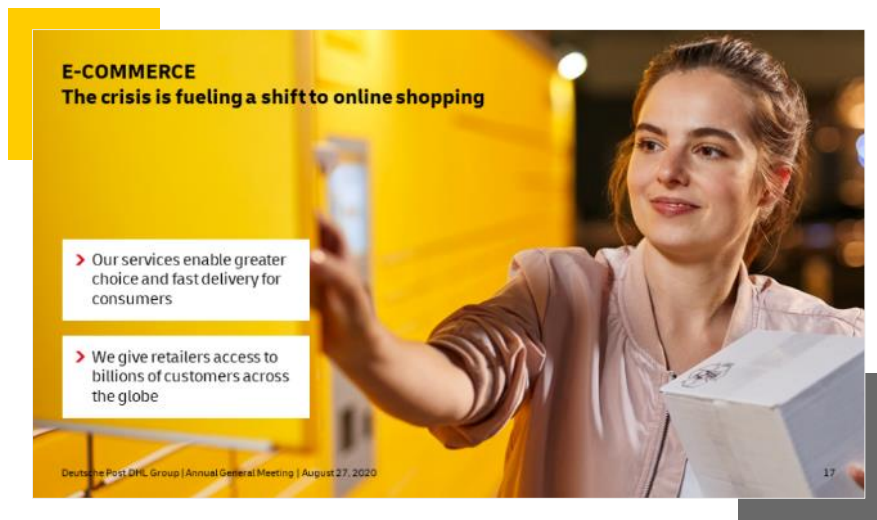


The pandemic has clearly shown: **globalization** is not the problem, but the solution. Especially now we're seeing how much we depend on a connected world.

We benefit from globalization everywhere. In the fight against coronavirus, too – whether it's collaboration on research worldwide, or providing treatment for patients from other countries. It allows us to supply people with the things they need in their everyday lives. And globalization helps us mitigate the economic impact of the crisis – with stable supply chains, for example, and access to the global market.

Imagine a world without global exchange. The impact of the pandemic would have been considerably more severe. That's why we don't believe in an end to globalization. On the contrary. It is too important. And we are proud to enable it on behalf of our customers. Nobody does globalization better than we do.

Of course supply chains might change in the wake of the COVID crisis. Manufacturers might decide to distribute production capacity across a wider geographic area, for example, to avoid dependency on individual countries. But that means more global exchange, not less. And here, too, we are very well positioned and prepared.

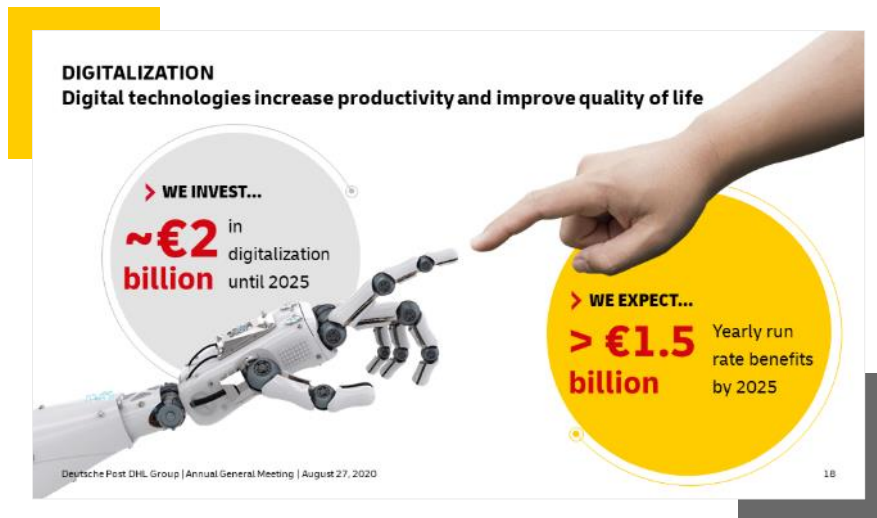


Today's **e-commerce** boom is no coincidence. Shopping online makes people's lives easier – as highlighted by the crisis. In our operations, we partly had volumes normally seen only during the Christmas season. There are plenty of signs that the e-commerce boom is no flash in the pan. Many first-time online customers become repeat customers. And online shopping still represents just a fraction of retail sales overall. So there is still a lot of potential for growth.

For smaller merchants, especially, e-commerce means opportunity. A new sales channel developing into a business mainstay. It's also an opportunity for resourceful entrepreneurs, especially in developing countries. If you have a compelling idea, the world market is open to you. That's billions of potential customers.

We can help make it happen. Because we're everywhere – in more than 220 countries and territories worldwide. Our network lets you ship your goods quickly anywhere in

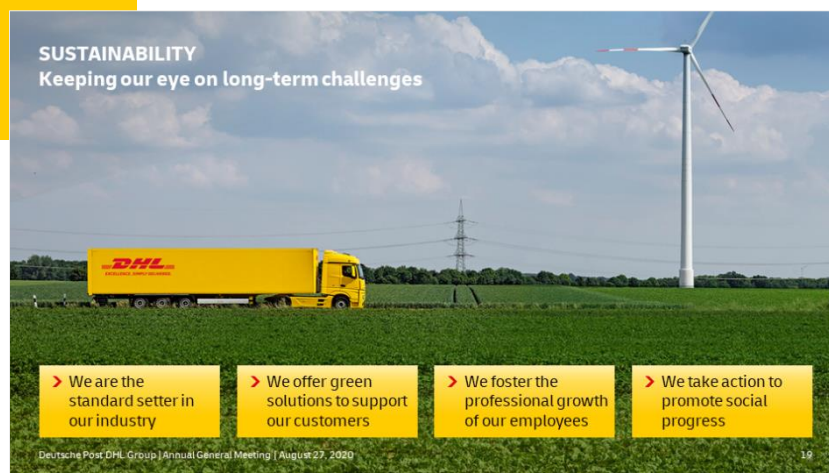
the world – from Fortaleza to Florence, or just from Freiburg to Flensburg. If needed, we'll handle all your logistics needs – from warehousing, to shipping to returns.



The pandemic has also accelerated the **digitalization** trend. And helped debunk a widespread myth in the process – namely, that digital technology poses a threat. This is simply false. Digitalization is a positive force. It makes us more productive and more innovative. And that promotes prosperity and enhances our quality of life.

For logistics, the digital transformation is good news; a big opportunity, even. It helps us rethink logistics processes – and to become more modern, more efficient, and more sustainable.

That is why we are investing some two billion euros in the digital future by 2025. We expect greater efficiency and a better customer experience in return. And a better employee experience, too. I am certain that we'll see rapid progress.



Despite the current COVID crisis, there is one thing we cannot afford to lose sight of: climate change. Over the long term, it is the much bigger problem – a threat to our very existence. We can't afford to procrastinate on this; **sustainability** needs to be front and center.

But I'm also optimistic. We're going to see a lot of progress ten to 20 years from now. Not just in our industry, but in general. This is because policymakers, more and more, are moving towards putting a price on carbon. We strongly support this. A price on emissions automatically sets the course towards fewer emissions. This makes it easier for everyone to plan. It makes alternative technologies more economical. And it creates new incentives for innovation.

For years we have been setting standards in our industry in the area of sustainability. And we're not resting on our laurels. We want to reduce our emissions to zero. And do it fast. This also supports our customers, since they depend more and more on green logistics. These days, providers that can offer green logistics solutions have a competitive advantage.

But there's more to sustainability than reducing emissions. We provide our people with safe, secure, good jobs. We foster their professional growth. We believe in the power of diversity – in all respects. We have systematically embedded ethical standards. And we contribute our expertise for the good of society. We do this hand-in-hand with employees involved in volunteer work, as well as with established partners, such as *Teach For All*, *SOS Children's Villages* and *the United Nations*. This is another area of activity that we will be expanding.



Our view on sustainability is closely tied with our company purpose. We connect people and improve lives. This is where we come full circle.

Our work makes a contribution each and every day. We make sure that everything keeps running properly – even in a crisis. So that production doesn't stall. So that jobs can survive. So that people can get the goods and supplies they need. And we are committed to a better world. A world of trade, of exchange, of diversity and prosperity. A world of progress – for future generations, too. We want to help build a better future for our planet.



Ladies and gentlemen, let me sum up by saying: You are owners of a very robust, attractive company. A company with a bright future, that – especially now – is making a critical contribution. This is a source of pride for us. And it's something that you can be proud of too.

We remain a reliable partner, even in these difficult times – for you, our shareholders, for our customers and employees, and for society. And we remain confident that we'll emerge from this crisis stronger.

Dear shareholders: Thank you for the trust you have placed in us. Stay true to Deutsche Post DHL Group. And above all: stay safe and healthy.

Thank you