

# Q4/FY 2023 RESULTS

## ANNUAL RESULTS PRESS CONFERENCE

March 6, 2024

**DHL**  
Group



# AGENDA

**GROUP HIGHLIGHTS**

FINANCIAL HIGHLIGHTS

DIVISIONS & HUMAN RESOURCES

OUTLOOK





# GROUP HIGHLIGHTS

**TOBIAS MEYER**

Robust Performance

**EUR 6.3 bn**

EBIT | FY 2023

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Continued Profitability

**7.8%**

EBIT Margin | FY 2023

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Strong Free Cashflow (excl. net M&A)

**EUR 3.3 bn**

FCF | FY 2023



## 2023 Group Highlights

**EBIT & cash flow significantly above pre-pandemic levels – despite continued weak freight markets**



**FY 2023 Group EBIT of €6.3bn and FCF excl. net M&A of €3.3bn; delivering on guidance despite continued low B2B volumes**



**Strong FCF generation supported by capex flexibility; attractive shareholder returns: stable dividend of €1.85 proposed, €3bn share buy-back program increased to €4bn and extended until end 2025**

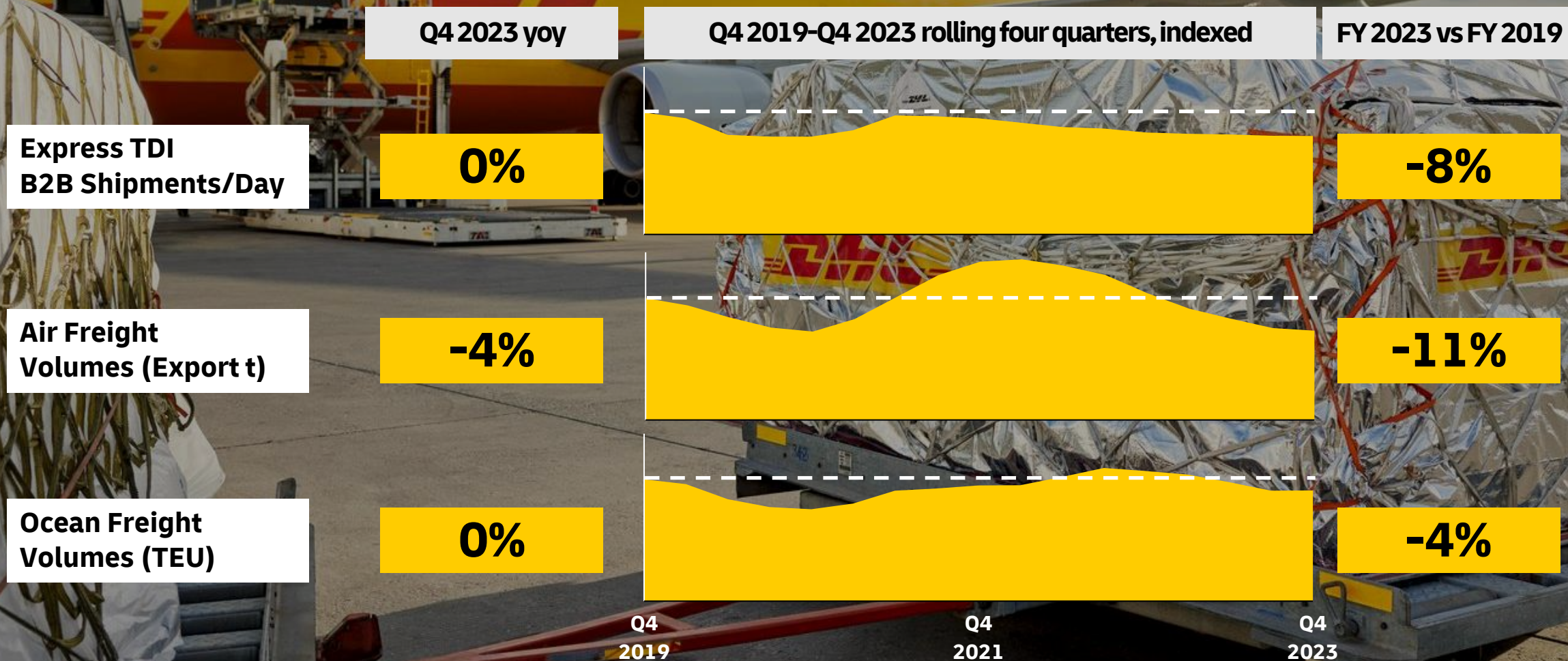


**Structural e-commerce growth, higher yields & better efficiencies drive sustainably improved operating performance, significantly above pre-pandemic level**



## B2B volumes development

Inventory destocking and weak demand have driven 2023 volumes below 2019 levels





## B2C volumes development

Structural e-commerce trend remains an attractive engine for our GDP+ growth

Q4 2023 yoy

Q4 2019-Q4 2023 rolling four quarters, indexed

FY 2023 vs FY 2019

Express TDI  
B2C Shipments/Day

**+4%**

**+45%**

eCommerce  
B2C Europe Volumes\*

**+6%**

**+65%**

Parcel Germany  
Volumes

**+2%**

**+24%**

\*excluding MNG Kargo, Turkey

Q4  
2019

Q4  
2021

Q4  
2023



# Yield management discipline

Higher earnings level supported by stringent pricing policies across all divisions



Established processes for **annual price increases** in asset-intense **network businesses Express, Parcel Germany and eCommerce**

Higher transparency from **improved Transport Management System** together with **enhanced pricing focus** support gross profit generation in **Global Forwarding**

Strong margin in **Supply Chain** supported by high quality delivered through our **strategic solutions and scalable automation**; pricing increasingly based on value we deliver to our customers, with support of **digital tools**



# Structural efficiency improvements

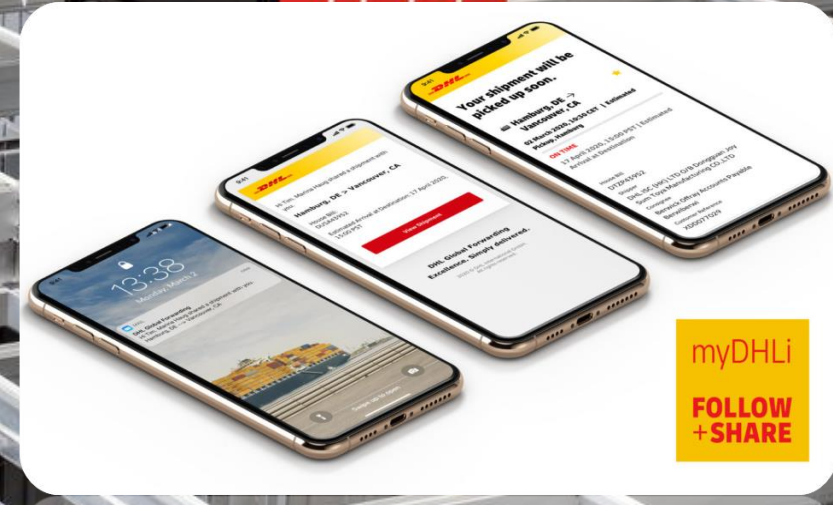
## Digitalization implemented at scale across operations



**Fuel Optimization Program in Express** powered by comprehensive data analytics platform improves **fuel efficiencies** and **reduces emissions**, which ultimately translates to **cost avoidance**



**6,000 robots** and **46,000 smart wearables** used in daily operations in **Supply Chain**. **90%+ of sites** have at least one of the twelve focus technologies implemented



SmartETA on **myDHLi** for **Global Forwarding** customers. Increases accuracy of Estimated Time of Arrival (ETA) by up to 48%



# International logistics center near Poznan in Poland

Seamless cross-border solutions for our customers and cross-divisional synergies



## State-of-the-Art Infrastructure

The facility stands as a testament to providing **innovative** and **sustainable** solutions for our customers. The center is equipped with advanced technology and a sorting capacity of **45,000 parcels per hour**.



## Cross-Border & Cross-Divisional Excellence

The collaboration of eCommerce, Post & Parcel and Freight allows us to **leverage** the strengths of three divisions. Synergies enhance our ability to provide **comprehensive solutions** across borders and across divisions, meeting the diverse needs of our customers.



## Striving for net zero CO<sub>2</sub>e emissions

The site was built in line with DHL's global **sustainability strategy**. It features a photovoltaic farm that will meet one-third of the facility's energy needs. Additional energy demand is sourced from purchased green energy, **minimizing the use of fossil energy**.



## 2023 Group ESG targets delivered

Maintaining investments into our Sustainability Roadmap, also in adverse market environment

ESG targets, Corp. Board:  
30% of annual bonus

2023  
TARGETS

2023  
RESULTS

Realized  
decarbonization effects

1.3m  
metric tons CO<sub>2</sub>e

1.3m  
metric tons CO<sub>2</sub>e



Employee engagement

>80%

83%



Cybersecurity rating

690 points\*

750 points



\*In 2023, BitSight changed their rating methodology, DHL Group rating impact -20 points at implementation; plan adjusted accordingly



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# FINANCIAL HIGHLIGHTS

Dividend per share

**EUR 1.85**

FY 2023

Share Buyback

**EUR 925 m**

FY 2023

Average Total Shareholder Return p.a.  
(after taxes)

**13.3 %**

2009-2023

**MELANIE KREIS**



## FY 2023 revenue and EBIT overview

2023 EBIT saw anticipated normalization in continued weak freight markets

	FY 2023			
in €m	REVENUE	yoy	EBIT	yoy
<b>Group</b>	<b>81,758</b>	<b>-13.4%</b>	<b>6,345</b>	<b>-24.8%</b>
Express	24,846	-10.0%	3,229	-19.8%
Global Forwarding, Freight	19,305	-36.1%	1,423	-38.4%
Supply Chain	16,958	+3.2%	961	+7.6%
eCommerce	6,315	+2.8%	292	-24.9%
Post & Parcel Germany	16,892	+0.7%	870	-31.5%

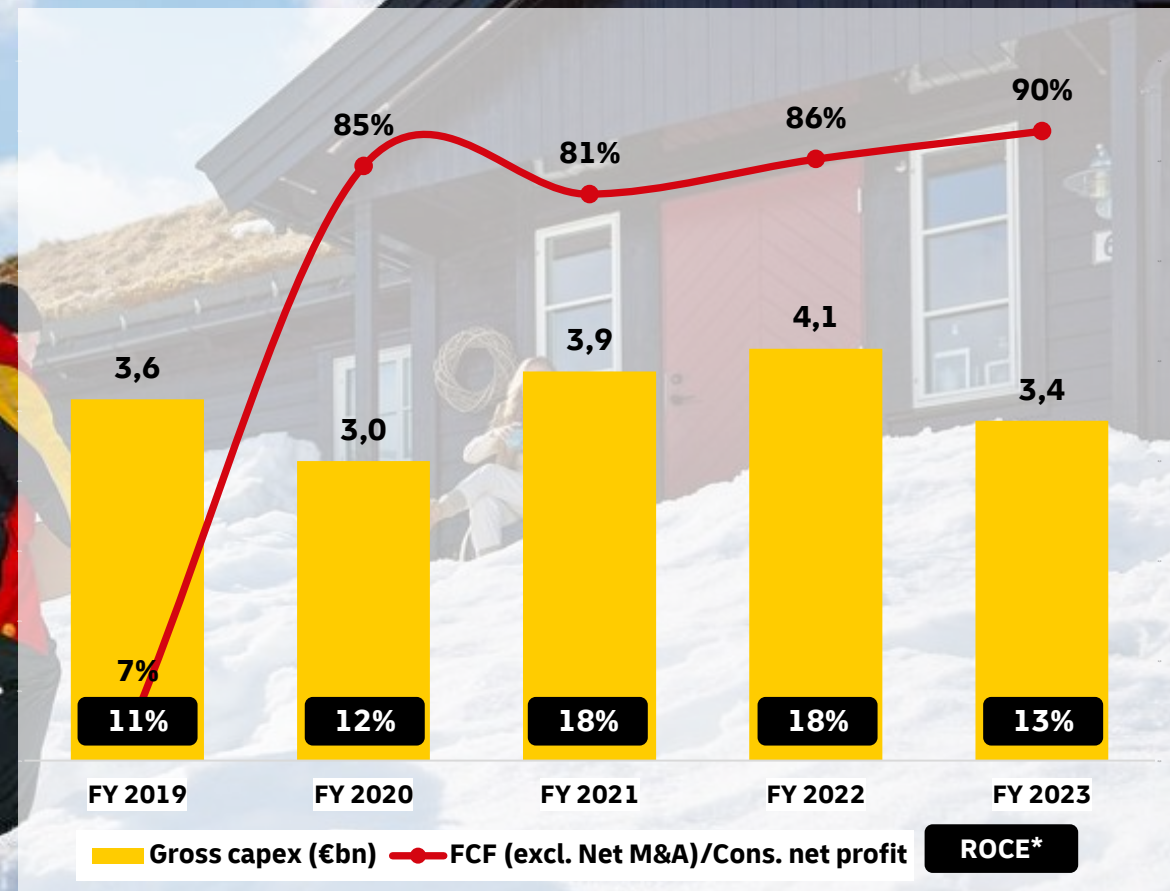
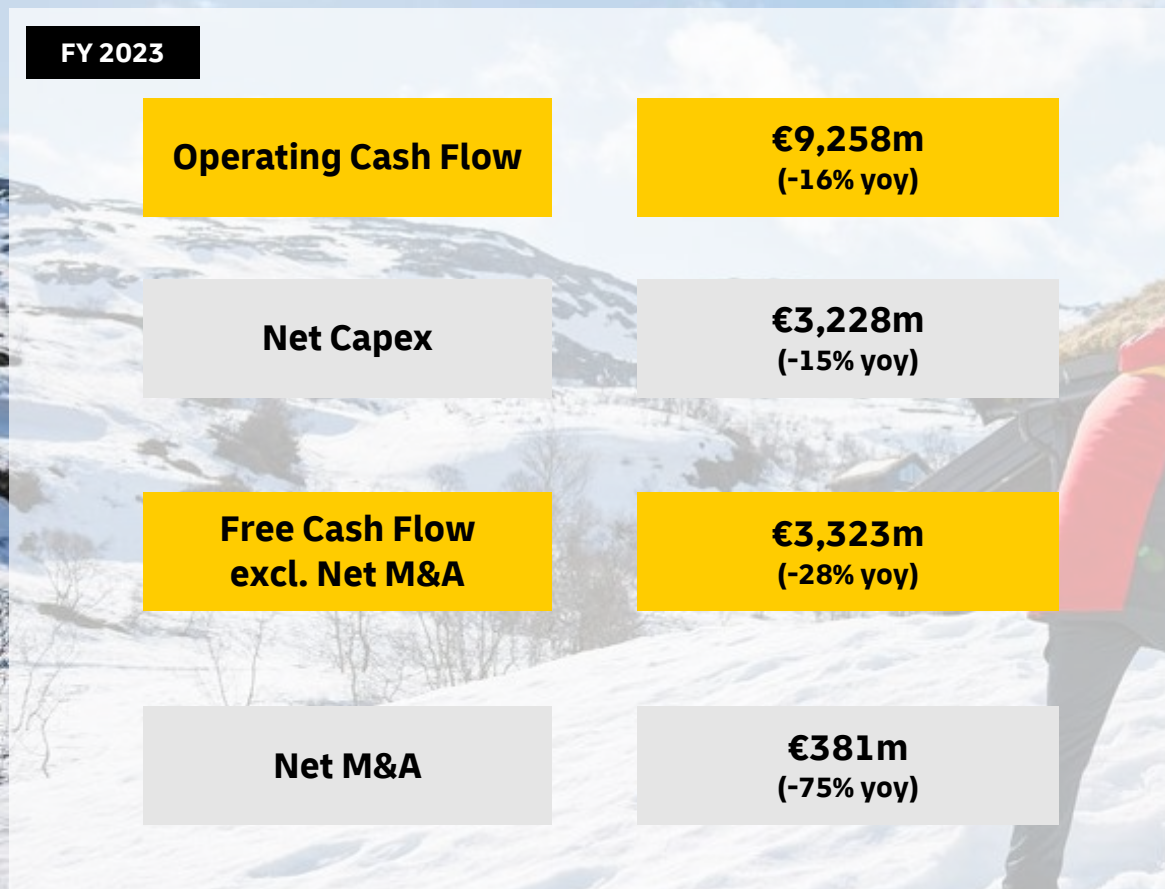
Q4 2023 EBIT includes net EBIT effect of €+127m, t/o €+114m in GFF (revaluation related to Danzas AEI Emirates), €-30m P&P Germany (early retirement program), €+43m Group Functions (gain on minority stake sale, early retirement program)





# FCF conversion improvement

Sustainably better cash generation, alongside continued, targeted investments



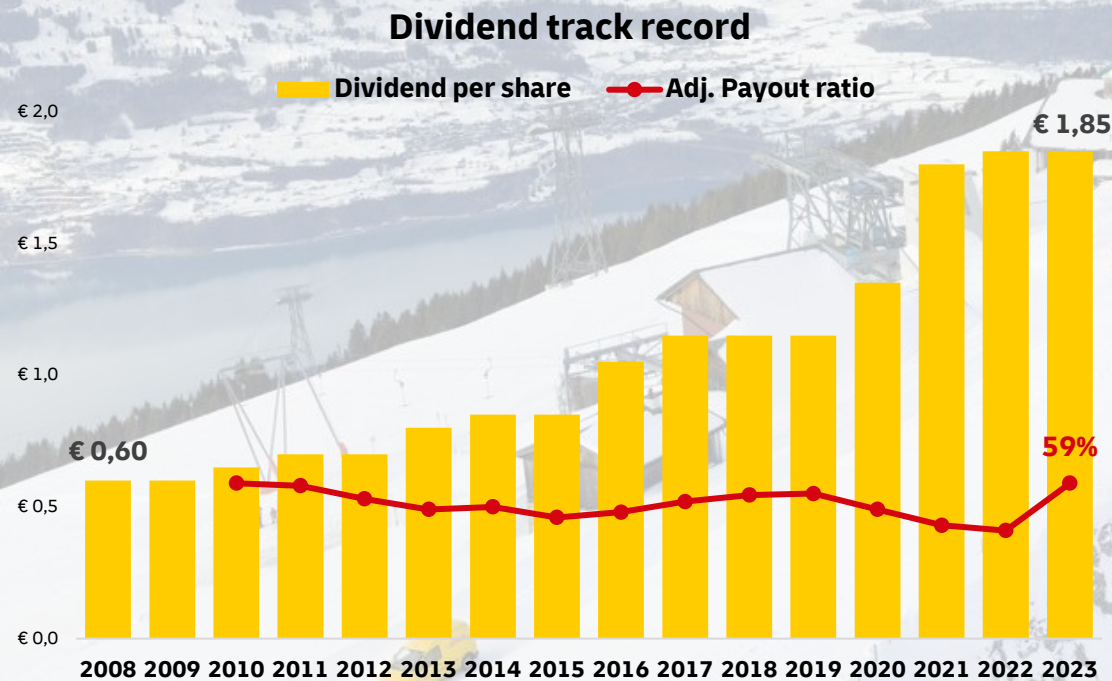
\*including lease liabilities and Goodwill



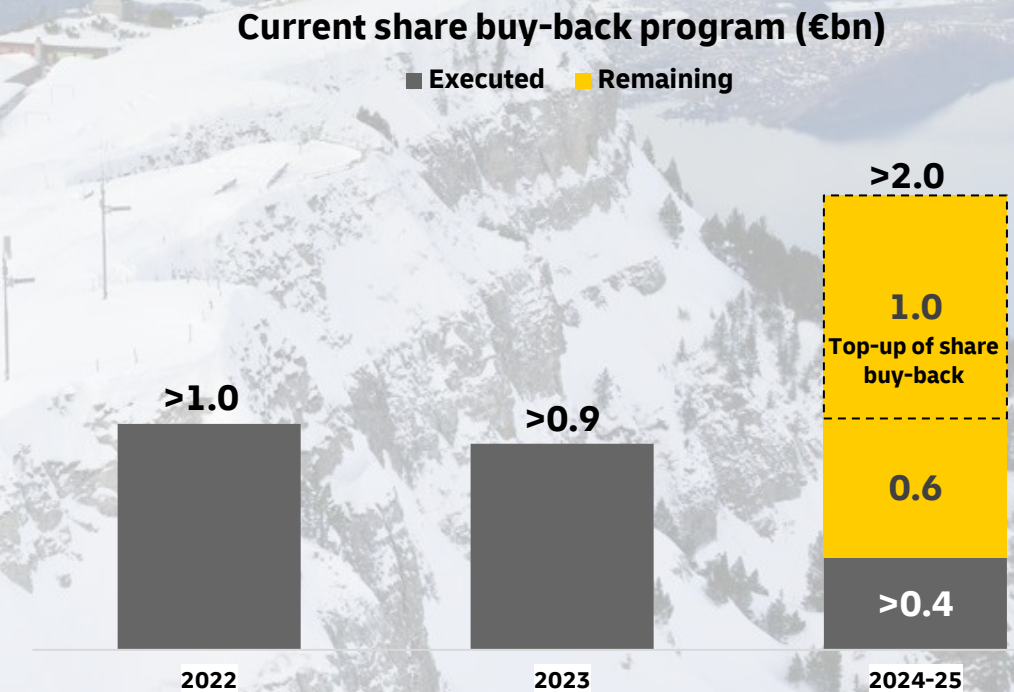
# FY 2023 shareholder returns

## Stable dividend proposed; top up of current multi-year share buy-back program

Strong commitment to dividend continuity  
Stable €1.85 dividend per share proposed despite decline in earnings



€3bn 2022-24 share buy-back program increased to €4bn and extended until end 2025



Status: Mar 1<sup>st</sup> 2024



# Reliable capital allocation

## Balanced use of cash in line with Finance Policy principles

### INVESTING IN ORGANIC GROWTH

**€3.4bn**

**FY 2023 Gross Capex**

FY 2024-26e Gross Capex guidance of €9-11bn

### STRONG COMMITMENT TO DIVIDEND CONTINUITY

**€2.2bn**

**FY 2023 dividend proposal**

Finance strategy: 40-60% dividend pay-out ratio from adjusted net profit (cash flow and continuity considered)

### SHARE BUY-BACK PROGRAM

**€925m**

**Share buy-back in 2023**

Current €3bn 2022-24 share buy-back program increased to €4bn and extended until end 2025

### TARGETED M&A ACTIVITIES

**€381m**

**FY 2023 Net M&A**

Acquired MNG Kargo in Turkey (eCommerce) and remaining stake in Danzas AEI Emirates (Global Forwarding)





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# DHL EXPRESS

## JOHN PEARSON

**EUR 24,846 m**

Revenue | FY 2023

**EUR 3,229 m**

EBIT | FY 2023

**13.0%**

EBIT margin | FY 2023



# HIGHLY PROFITABLE DESPITE WEAK GLOBAL TRADE

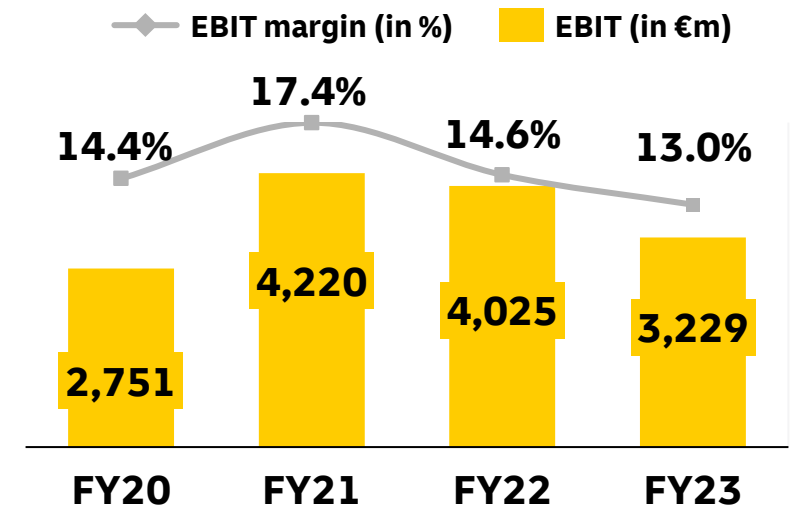


- Effective capacity and disciplined cost management
- Dedicated customer programs such as SME360 with a focus on digital marketing
- New GoGreen+ product (SAF selling program) rolled out as first mover in industry
- Voted among the top 3 World's Best Workplace for the 4<sup>th</sup> year running

## Top priorities 2024:

- Perfect Aviation Network
- First Choice for our customers
- Continue disciplined cost management

## FINANCIAL HIGHLIGHTS





# DHL GLOBAL FORWARDING, FREIGHT

**TIM SCHARWATH**

**EUR 19,305 m**

Revenue | FY 2023

**EUR 1,423 m**

EBIT | FY 2023

**7.4%**

EBIT Margin | FY 2023



# > € 1 BN EBIT IN CHALLENGING ENVIRONMENT

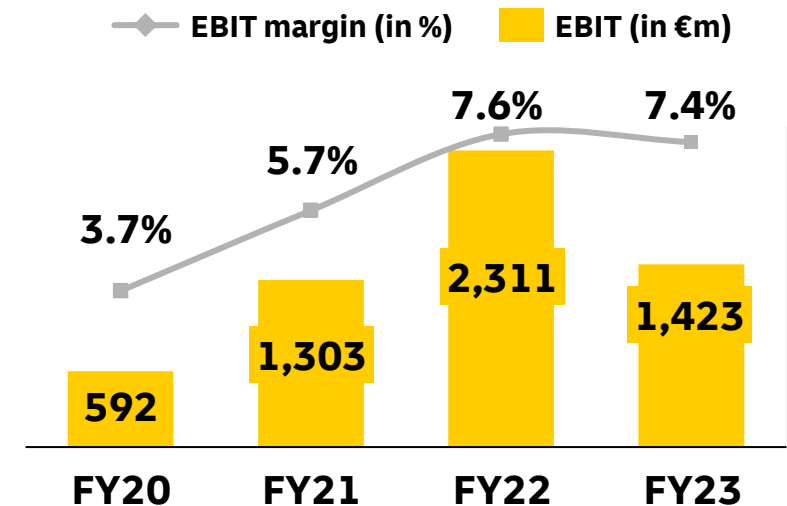


- Continuous focus on customer needs and quality
- Pioneering role in sustainability further expanded
- Swift integration of Hillebrand Gori and successful acquisition of Danzas UAE
- Only Global Top Employer in the forwarding industry

## Top priorities 2024:

- Continue to strengthen service quality and operational excellence
- Further optimization of profitability

## FINANCIAL HIGHLIGHTS





# DHL SUPPLY CHAIN

OSCAR DE BOK

**EUR 16,958 m**

Revenue | FY 2023

**EUR 961 m**

EBIT | FY 2023

**5.7 %**

EBIT Margin | FY 2023



# CONTINUOUS GROWTH AND MARGIN IMPROVEMENT IN A COMPLEX ENVIRONMENT

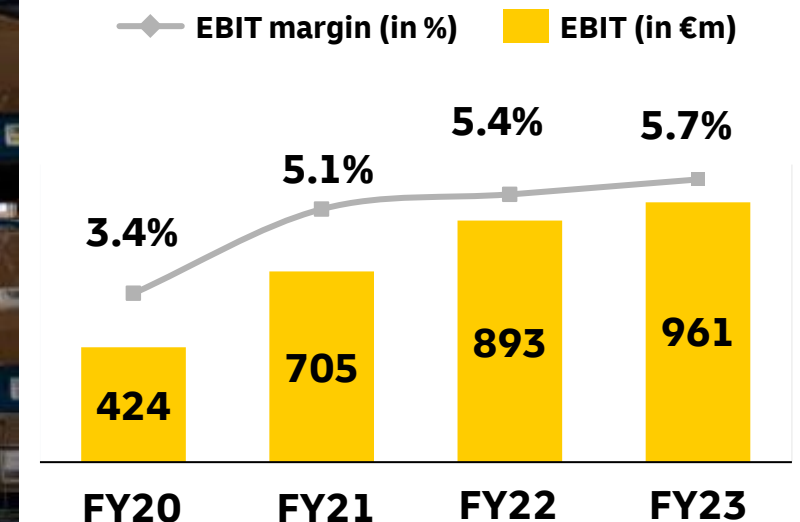


- Customers' supply chains strengthened in a complex environment
- 4% organic growth
- New business signings of EUR 7.4 bn total contract value

## Top priorities 2024:

- Maintain net contract growth
- Focus on high service quality and constantly increasing added value for our customers
- Realize further efficiency and cost benefits through digitalization

## FINANCIAL HIGHLIGHTS





# DHL eCOMMERCE

**PABLO CIANO**

**EUR 6,315 m**

Revenue | FY 2023

**EUR 292 m**

EBIT | FY 2023

**4.6%**

EBIT Margin | FY 2023



# GOOD eCOMMERCE PERFORMANCE WHILE INVESTING FOR GROWTH

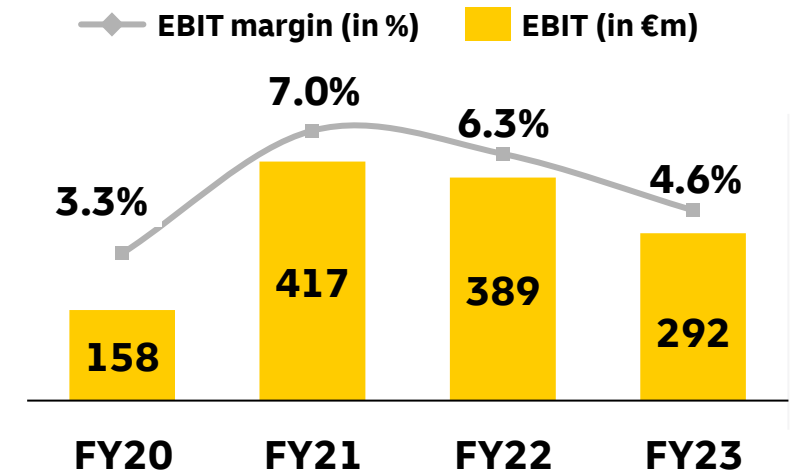


- Parcel volumes\* surged by +44% vs 2019
- Strong network with >110k service points and packing stations in Europe
- Turkey: Market entry by acquiring MNG Kargo
- Partnerships: Poste Italiane in Italy and Cainiao in Poland

## Top priorities 2024:

- Cross-border product growth in Europe
- Further investment in infrastructure and automation

## FINANCIAL HIGHLIGHTS







**EUR 16,892 m**

Revenue | FY 2023

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**EUR 870 m**

EBIT | FY 2023

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**5.2%**

EBIT Margin | FY 2023

# POST & PARCEL GERMANY

**NIKOLA HAGLEITNER**



# ROBUST PARCEL AND WEAK MAIL BUSINESS

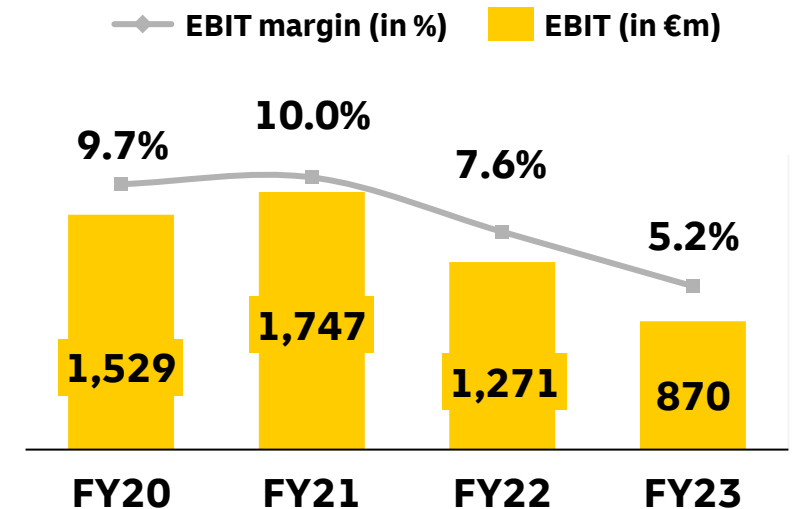


- Detrimental impact from poor regulatory framework conditions in the mail business
- Significant earnings contribution from growing parcel business
- Increased sorting capacity and level of sustainability in infrastructure

## Top priorities 2024:

- Further transformation from mail to parcel business
- Quality excellence and efficiency
- Investments on our path to more climate-friendly operations

## FINANCIAL HIGHLIGHTS





# HUMAN RESOURCES

THOMAS OGILVIE

More than

**594,000**

colleagues worldwide

More than

**3.5 m**

applications received

**83%**

Employee Engagement



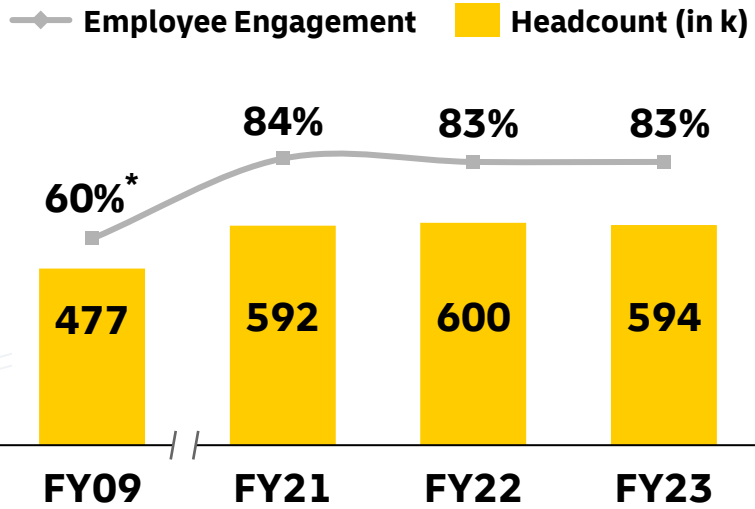
# WE WANT TO BE A GREAT COMPANY TO WORK FOR ALL



- High employee engagement as the key to success, based on diversity and a sense of belonging
- Optimizing employee experience and increasing process efficiency through the use of innovative technologies
- Effective ESG reporting in line with legal requirements



## HIGHLIGHTS



\*based on a previous EOS questionnaire; comparability ensured



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# Factors influencing 2024 guidance

Well prepared for a still uncertain year

## STRUCTURAL FACTORS



## CYCLICAL FACTORS

## GUIDANCE ASSUMPTIONS



**STRUCTURAL GROWTH FROM E-COMMERCE**



**DISCIPLINED YIELD MANAGEMENT**



**BENEFITS FROM DIGITALIZATION & CONTINUED INVESTMENTS**



**OMNI-SHORING**



**TIMING OF INVENTORY RIGHTSIZING PHASE**



**PACE OF GDP DEVELOPMENT**

### **H1 2024 EBIT expected to decline yoy:**

- Higher comparison base in Global Forwarding, Freight
- Lack of B2B recovery in Express; network costs subject to inflation

### **H2 2024 EBIT expected to increase yoy:**

- Improvement in macroeconomic environment



## 2024 and mid-term guidance

Outlook remains well above pre-pandemic level

in € bn

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

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

\*excl. Net M&A

Note: €250m blanket budget for M&A spending p.a.



## CEO Wrap-up

**Looking ahead: Well-positioned for global trade recovery and continued e-commerce growth**

### 2023 performance shows agility of DHL portfolio

Successful management of weakest market environment in the last 15 years: >€6bn EBIT and >€3bn FCF excl. net M&A

### Cautious mode for now, but geared to volume recovery

Maintaining proven capex & cost control – network profitability to benefit from operating leverage once B2B markets re-accelerate

### DHL portfolio offers attractive structural growth

Strong capabilities to serve growing demand for e-commerce, omni-shoring and green logistics





# THANK YOU