

Deutsche Post DHL Group ends financial year 2016 with record earnings

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Deutsche Post DHL Group has concluded the 2016 financial year with record earnings. The Group's operating profit climbed by 45% to €3.5bn, delivering the EBIT target for 2016. The Group's fourth-quarter EBIT of €1.111bn represented operationally the best quarterly result in company history. Deutsche Post DHL Group had already posted record figures in the preceding quarters.

All four divisions contributed to the Group's strong performance in 2016. The company continued to benefit from its outstanding market position in global growth segments - particularly in the e-commerce business. EBIT in the Post - eCommerce - Parcel (PeP) division increased to over €1.4bn compared with €1.1bn in the previous year. The DHL divisions generated operating profit of €2.4bn compared with €1.7bn in 2015. The positive earnings trend reflects strong business operations in all divisions as well as the absence of one-time charges incurred in the previous year.

Outlook: Further improvement in earnings expected in 2017, targets for 2020 confirmed

The company anticipates only moderate growth in the world economy during the current year. Earnings are nonetheless expected to increase significantly based on

additional operating improvements in the divisions. For **2017**, Deutsche Post DHL Group is projecting a rise in Group EBIT to around €3.75bn. The PeP division is expected to contribute approximately €1.5bn to this figure. For the DHL divisions, the company anticipates an EBIT contribution of around €2.6bn.

Deutsche Post DHL Group continues to expect operating profit to increase by an average of more than 8% annually during the period from 2013 to **2020** (CAGR). The DHL divisions are expected to contribute to the improvement with an average EBIT growth of 10% per year. At PeP, operating profit is forecast to increase by an average of around 3% per year.

Sustainability: Carbon efficiency target reached ahead of schedule; zero-emissions logistics aim announced for 2050

In 2008, Deutsche Post DHL Group set itself the Group-wide target of improving carbon efficiency by 30% - including transportation services provided by subcontractors - compared with 2007 levels, by the year 2020. The Group already reached that target in the last financial year.

In the future, the company will focus its activities even more intensively on emission-neutral logistics concepts. Deutsche Post

DHL Group aims to achieve net zero logistics-related emissions by 2050. Up to 2025, four interim targets will be used to track progress with the implementation of the new target. For instance, the company intends to increase its carbon efficiency by 50% compared with the 2007 levels. Local air pollution emissions will be reduced by using environmentally-friendly pick-up and delivery solutions, including bicycle delivery and e-mobility options, for 70% of its own first and last mile services. The company also strives for more than 50% of sales to incorporate green logistics solutions. In addition, the Group will engage 80% of employees on environmental issues with special [GoGreen](#) training sessions and will collaborate with partners to plant one million trees each year.

Financial year 2016: Strong operating performance in all divisions

Group revenue fell by 3.2% year-on-year in 2016 to EUR 57.3 billion. In addition to negative currency effects and lower fuel surcharges due to falling oil prices, the decline reflects a change in the recognition of revenue generated from a key customer contract in the Supply Chain division. Adjusted for these effects, Group revenue rose by 2.8% over the previous year. The German parcel business and the international express business continued to generate dynamic growth.

Group EBIT was EUR 3.5 billion in 2016, up

44.8% over the prior-year figure and within the target corridor of between EUR 3.4 and EUR 3.7 billion. The EBIT contribution of the Post - eCommerce - Parcel division was over EUR 1.4 billion (2015: EUR 1.1 billion). The DHL divisions generated operating profit of EUR 2.4 billion (2015: EUR 1.7 billion). Expenses for Corporate Center/Other were stable at EUR 359 million.

Due to one-off effects, the Group's tax rate fell as expected to 11.2% (2015: 16.4%). Consolidated net profit increased to EUR 2.6 billion (2015: EUR 1.5 billion). Basic earnings per share increased at a corresponding rate from EUR 1.27 in the previous year to EUR 2.19.

Dividend: Increase to EUR 1.05 per share proposed

In light of the Group's strong earnings performance, the Board of Management and the Supervisory Board will propose a dividend increase of 24% to EUR 1.05 per share at the Annual General Meeting on April 28, 2017. If approved by the shareholders, the total payout would be approximately EUR 1.27 billion, reflecting a payout ratio of 48%. This is within the range of 40% to 60% communicated by the company in 2010 as part of the finance strategy introduced at that time.

Source: [Deutsche Post DHL Group](#)