

Deutsche Post DHL Group responds to uncertain global macroeconomic development as a result of the pandemic

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The spread of the Coronavirus-Pandemic presents society and the economy with unexpected challenges. “Our services, which are focused on keeping up supply chains and ensuring the delivery of important goods such as medicine and food, have never been more important than in the current situation. With a global network, business activities in every country on the planet and 550,000 employees worldwide, Deutsche Post DHL Group is making a decisive contribution by ensuring supplies securely reach every part of the world“, said Frank Appel, CEO of Deutsche Post DHL Group. “Above all, the safety of our employees and customers is the main priority.”

Thanks to its broad geographic set-up and comprehensive portfolio of logistics solutions Deutsche Post DHL Group is more resilient than other companies to navigate through crises situations. Nevertheless, an economic downturn like the world is currently experiencing, does not leave the company unaffected.

The global spread of the pandemic and the corresponding lack of transparency concerning the global economic development has led the Group to withdraw its EBIT guidance for 2020. Given the significant impact of Covid-19 on all parts of the economy, which is expected to continue over the coming months, an adjustment of the results for the effects of the pandemic becomes increasingly difficult and less meaningful.

As soon as a stabilization in the most important economies can be foreseen and a more reliable basis for a detailed earnings guidance is given, the Group will communicate a new guidance.

The mid-term guidance for a Group EBIT of at least EUR 5.3 billion in 2022 is confirmed; likewise the cumulative Capex and free cash flow guidance for the years 2020 to 2022 are still in place, both are however subject to a still to be quantified Covid-19-related effect on free cash flow in the current year.

Business performance in the first quarter 2020

Since the start of the global spread of the virus, the five business divisions and the activities in different regions performed in some cases better and in some cases worse than planned. While the development of the business situation in China has been quite promising in the last weeks, Europe and North America are still in an earlier stage of the pandemic. It is likely that these regions are going to see a comparable downturn and subsequent upswing like in China, while the peak of the pandemic and therefore the turnaround of the curve are not yet reached.

“Our company has shown a very good development in the first quarter, despite the global challenges. We are operating

profitably which can currently not be taken for granted”, said Frank Appel.

Preliminary Group EBIT reached approximately EUR 590 million in the first quarter of 2020. After adjusting for the effects related to the pandemic of approximately EUR 200 million as well as costs related to the realignment of the StreetScooter activities of approximately EUR 230 million, operating profit stood at approximately EUR 1 billion and with this was EUR 200 million above the previous year figure adjusted for one-off effects.

Preliminary results:

Post & Parcel Germany: The company currently sees strong growth in the German parcel business. Due to the shutdown of stationary retail stores, the e-commerce business and the corresponding parcel volumes grew dynamically. Since end of March the business division Post & Parcel Germany recognizes a daily increase of volumes, which is significantly higher compared to the previous year. In light of the remaining travel restrictions and Easter the volume is likely to continue to increase. In contrast, the company recognizes shrinking volumes and revenue in the Post business, especially in dialogue marketing, in a double digit percent range. Accelerated revenue declines in Post and additional expenses incurred to secure operations led to a negative earnings impact of approx. EUR 40 million in Q1. In the first quarter, EBIT at Post & Parcel Germany was approx. EUR 330 million.

Express: The impact on the global business and on the result of DHL Express follow the spread of the pandemic. After the business

in China was able to recover noticeable in March, the business in Europe and North America is now showing the same development that the business saw in China in February. Owning an air cargo fleet has proven to be an important factor in order to be at all able to offer customers urgent transports. The pandemic resulted in total negative earnings effects of approx. EUR 90 million for the first quarter. EBIT at Express was approx. EUR 390 million in the first quarter.

Global Forwarding, Freight: Similar to the global Express business, the regional business development in Europe and North America follow the impact of the pandemic, which we have seen in China in February. Strong decline in air and ocean freight volumes are exposed to even stronger cuts especially in air freight markets capacity. The pandemic resulted in total negative earnings effects of approx. EUR 30 million for the first quarter. EBIT at Global Forwarding, Freight was approx. EUR 70 million in the first quarter.

Supply Chain: The development in contract logistics differs with regards to regions and sectors. While fashion and automotive recognized negative effects due to suspended production and reduced demand, the retail grocery segment as well as the healthcare industry showed positive effects. The pandemic resulted in total negative earnings effects of approx. EUR 30 million for the first quarter. EBIT at Supply Chain was approx. EUR 100 million in the first quarter.

eCommerce Solutions: The development differs regionally and showed especially in Spain and India a strong decline in

B2B-volumes and additional costs, which could not be compensated by overall increasing B2C-volumes. The pandemic resulted in total negative earnings effects of approx. EUR 10 million for the first quarter. EBIT at eCommerce Solutions was approx. EUR 10 million in the first quarter.

A detailed publication of the results for first quarter 2020 will take place on May 12th, as planned.

Annual General Meeting 2020

The Board of Management of Deutsche Post AG has today decided to postpone the Annual General Meeting, which was scheduled for May 13th 2020, to a later date this year. The postponement also means delaying the Annual General Meeting's

resolution on the appropriation of accumulated income for 2019 and the payment of the proposed dividend of EUR 1.25 per share.

Due to the Covid-19 pandemic, it is currently not possible to conduct an AGM with physical presence. The Annual General Meeting will be held as a virtual meeting without the presence of shareholders if the pandemic situation does not permit the holding of an AGM with attendance at a later date.

As soon as a reliable planning and safe performance of the Annual General Meeting can again be ensured, the company will announce a date for the Annual General Meeting.

Source: [Deutsche Post DHL](#)