

Deutsche Post DHL Group has successfully weathered the crisis so far: Significant increase in revenue and operating profit in the second quarter

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Deutsche Post DHL Group generated further growth in the second quarter of 2020, despite the impact of Covid-19. Thanks to its broad portfolio of logistics services and its global presence, the Group increased revenue by 3.1 percent to EUR 16.0 billion compared with the same quarter last year. Organic revenue growth (adjusted for portfolio and currency effects) was even higher at 4.6 percent. This was mainly driven by strong growth in e-commerce. Deutsche Post DHL Group was able to improve its operating profit (EBIT) by 18.6 percent to EUR 912 million in the second quarter. Adjusted for non-recurring effects last year and this year, EBIT climbed even by EUR 229 million to EUR 1.1 billion. With these results, the Group slightly surpassed the preliminary quarterly figures it released in July.

"More than on any occasion before, the crisis has shown the resilience of Deutsche Post DHL Group. Thanks to the tireless efforts of our 550,000 employees worldwide, we have been able to secure supplies to the world and maintain important supply chains for the industry - even in extremely challenging times," said Frank Appel, CEO of Deutsche Post DHL Group. "Especially now, our focus on our profitable core logistics businesses and the digital transformation of the company as part of Strategy 2025 pays off. We have never been in better shape and I am confident that our company will emerge stronger from the crisis."

Strong performance thanks to a diversified portfolio of logistics solutions

Thanks to the Group's extraordinarily broad geographic footprint and comprehensive portfolio of logistics solutions - ranging from global express, air and ocean freight transport to warehousing and e-commerce solutions and post and parcel services in Germany - Deutsche Post DHL Group is more robustly positioned than other companies to overcome

crises. The ongoing digital transformation of business processes and customer solutions, for example through the use of data analytics and automation, has further consolidated the position of the divisions. The company's performance in the second quarter once again demonstrated the strengths of the Group: All five divisions generated an operating profit in spite of the challenging conditions resulting from the pandemic.

This strong performance was supported by the steps that the Group took at an early stage to adjust its capacities in an agile way to the altered demand situation and to ensure the availability of its own flight capacities. At the beginning of the second quarter, business performance in express, air and ocean freight and warehousing were impacted in particular by the pandemic protection measures imposed in Europe and North America. In the further course of the second quarter, for example, volumes with time-definite international express shipments began to recover, which allowed the Express division to reach the previous year's level in the first half of the year.

Group EBIT for 2020 expected between EUR 3.5 billion and EUR 3.8 billion

As a result of the company's good performance in the second quarter, Deutsche Post DHL Group issued new earnings guidance in July for the current financial year: The Group expects its operating profit to reach between EUR 3.5 billion and EUR 3.8 billion in 2020. This figure includes expenditures of about EUR 400 million that were forecast in February for the StreetScooter realignment, the planned one-time bonus payments for employees of around EUR 200 million¹ in the third quarter, and non-recurring impairments of about EUR 100 million caused by lockdown measures in the second quarter.

For the Post & Parcel Germany division, which will account for about one-quarter of the one-time bonus payments, the Group expects an operating profit of about EUR 1.5 billion. For its DHL divisions, Deutsche Post DHL Group projects EBIT of between EUR 2.8 billion and EUR 3.1 billion, including all non-recurring effects. Corporate Functions is expected at about EUR -750 million largely due to the StreetScooter realignment.

The company's mid-term earnings guidance as given in July remains unchanged. In this guidance, Deutsche Post DHL Group expects Group EBIT of around EUR 4.7 billion to more than EUR 5.3 billion for 2022 - depending on the shape of the general economic recovery. It also confirms the announced investment and cash flow targets.

Continued strong trends in free cash flow

amid further investment activities

In the second quarter of 2020, Deutsche Post DHL Group invested a total of EUR 482 million across all divisions (2019: EUR 1,270 million). The prior-year figure included EUR 743 million, which represents a major part of the total investment in the 777-renewal of DHL Express' intercontinental fleet.

The Group's operating cash flow totaled EUR 1,646 million in the second quarter (2019: EUR 1,265 million) and bolstered the Group's continued strong financial situation - even during times of crisis. Free cash flow rose significantly to EUR 605 million (2019: EUR -547 million). This exceptional result was based on the very healthy development of the operating profit and the planned lower investment in the intercontinental fleet compared with the peak in Q2 2019.

"We have shown an exceptional free cash flow development in the first half of the year," CFO Melanie Kreis said. "Our ability to do so in the middle of the crisis demonstrates the true effectiveness of the measures we have taken to strengthen free cash flow. Thanks to our strong balance sheet, we can afford to invest further in the profitable growth of our core businesses."

Overall, Deutsche Post DHL Group generated consolidated net profit after non-controlling interests of EUR 525 million in the second quarter of 2020 (2019: EUR 458 million). Basic earnings per share increased accordingly to EUR 0.43 (2019: EUR 0.38).

Source: [Deutsche Post DHL](#)