

Deutsche Post DHL Group achieves record earnings in 2019 - further growth expected in 2020

10-03-2020

Deutsche Post DHL Group, the world's leading logistics company, continued to post profitable growth during the past financial year. With the release of the annual report, the Group confirmed the 2019 preliminary figures already published at the end of February. Group revenue was up 2.9% year on year to EUR 63.3 billion, with all five divisions contributing to this positive performance. Operating profit (EBIT) improved by 30.6% to EUR 4.1 billion - a new record. With this Deutsche Post DHL Group clearly achieved its 2019 EBIT guidance of EUR 4.0 to 4.3 billion targeted for 2019. The Post & Parcel Germany division contributed EUR 1.2 billion to earnings (forecast: EUR 1.1 to 1.3 billion). The DHL divisions generated total EBIT of EUR 3.4 billion (forecast: EUR 3.4 to 3.5 billion). The Group is feeling the effects of the coronavirus on current business performance. Therefore, the annual targets for 2020 are now excluding potential effects of the coronavirus.

"Thanks to our broad geographic set-up and our comprehensive portfolio we are in a very robust position and more resilient than other companies in our sector. We succeeded in growing further in all areas and generating record earnings despite the challenging global economic environment in 2019. Of course, we cannot disconnect completely from the global economy. We will not remain entirely unaffected by this worldwide crisis. However, it is currently much too early to judge its financial impact," explained Frank Appel, CEO of Deutsche Post DHL Group. "In spite of this, we are forging ahead with our Strategy 2025 and putting the company on track to continue our profitable growth in 2020 and beyond."

EBIT forecast for 2020 conditional; financial guidance for 2022 confirmed

The business development in Post & Parcel Germany as well as in DHL Supply Chain and DHL eCommerce Solutions has only been marginally impacted by the coronavirus crisis. In contrast, the Group currently sees more

significant effects for the Global Forwarding and Express divisions. For this reason, the company has excluded an as of now unquantifiable effect of the impact of the coronavirus from the 2020 Group EBIT guidance of more than EUR 5 billion. Deutsche Post DHL Group additionally anticipates expenses of between EUR 300 and 400 million for the decision regarding StreetScooter taken in February.

The Group has confirmed the medium-term projections of earnings and capital expenditure (capex) announced along with Strategy 2025 in October. The guidance for 2022 calls for an increase in Group EBIT to at least EUR 5.3 billion. Capex for the period from 2020 to 2022 is expected to total cumulative EUR 8.5 to 9.5 billion. The Group increased its cash flow forecast: For the period from 2020 to 2022, the Group is projecting cumulative free cash flow of EUR 5.0 to 6.0 billion (previously: EUR 4.5 to 5.5 billion). To achieve these targets, the Group plans to push growth in its profitable core businesses and to accelerate the digital transformation in all divisions as stated in its

Strategy 2025.

Dividend: Increase to EUR 1.25 per share proposed

The encouraging increase in revenue and earnings in the past financial year is reflected in higher net profit for the year. Consolidated net profit for the period after non-controlling interests was EUR 2.6 billion (2018: EUR 2.1 billion). Basic earnings per share registered a corresponding increase from EUR 1.69 in 2018 to EUR 2.13 in 2019. The fact that the rise in net profit did not match the increase in EBIT was due primarily to a higher tax rate of 20.1% for 2019 after a rate of 14.0% for 2018 (due to special factors). The tax rate for 2019 was within the projected range of 19% to 22%.

In light of the Group's good earnings performance, the Board of Management and the Supervisory Board plan to propose an increase in the dividend from last year's EUR 1.15 per share to EUR 1.25 per share this year to the Annual General Meeting on 13 May 2020. If approved by the shareholders, the total payout would be approximately EUR 1.5 billion, reflecting a payout ratio of 59%. This is within the range of 40% to 60% communicated in the company's finance strategy, which has been in place unchanged since its introduction in 2010.

Strong cash flow trend despite continued high investment levels

As communicated in the preliminary figures for 2019, Deutsche Post DHL Group continued to invest heavily in profitable growth also in the past financial year, spending a total of EUR 3.6 billion across all divisions - approximately EUR 1 billion more than in the prior year. This includes EUR 1.1 billion for the debt-financed renewal of the Express division's aircraft fleet. The Group

also expanded its parcel infrastructure in Germany.

Despite higher capex spending, cash flow developed very well in the past financial year. Free cash flow was EUR 867 million - including the cash paid to renew the aircraft fleet - and therefore well above the figure of EUR 500 million projected for 2019 (2018: EUR 1.1 billion).

Sustainability: Focus on employees, the environment and society

In addition to its financial targets, Deutsche Post DHL Group sets clear, measurable targets for environmental protection and corporate responsibility in its strategy. "We have expressed our strong commitment to pursuing sustainable business practices in our Strategy 2025," said Frank Appel. "Sustainability is in our DNA." The 2019 Sustainability Report published today describes the Group's initiatives in the areas of employees, the environment and society as well as the progress made thus far. Some examples of this progress:

Employees: Deutsche Post DHL Group employed around 550,000 employees as of year-end 2019. The workforce has grown at an average annual rate of 2.5% since 2015. Employee satisfaction increased again in the previous year. The company was once again recognized as a preferred employer by "Top Employer" and "Great Place to Work".
Environment: In the past year, the Group again made great strides in meeting its goal of increasing carbon efficiency by 50% by 2025. The carbon efficiency index was up 35% in 2019 compared with 2007 (2018: 33%). The Group's contribution to better air quality in urban areas increased as well with 33% of all pickups and deliveries being emission-free (2025 target: 70%). Deutsche Post DHL Group today already uses green

electricity for 83% of its energy needs. Moreover, the Group has together with partners planted three million trees in reforestation projects since 2017. Society: Deutsche Post DHL's Disaster Response Teams were deployed twice last year, once in Mozambique after severe flooding and once in the Bahamas after

hurricane Dorian. Approximately 114,000 employees are working as volunteers in various Group initiatives and programs all over the world. Furthermore, Deutsche Post DHL Group employed a total of 9,000 refugees in Germany at year-end 2019.

Source: [Deutsche Post DHL](#)