Deutsche Post DHL Group meets 2015 earnings forecast with record operating performance in the fourth quarter

- **Operating profit of EUR 2.41 billion in full-year 2015**
- **EUR 957 million EBIT in fourth quarter of 2015 – strongest operating quarter in company history[1], thanks to growth in e-commerce and improvement in Global Forwarding, Freight**
- **Very strong cash flow performance**
- **Group proposes unchanged dividend of EUR 0.85 per share**
- **Share buy-back program announced**
- **EBIT target of EUR 3.4 billion to EUR 3.7 billion for 2016 confirmed**
- **CEO Frank Appel: "We have ended 2015 with strong earnings momentum and significant progress achieved on strategic initiatives."**

Bonn, 9 March 2016: Deutsche Post DHL Group, the world's leading mail and logistics company, increased revenue in 2015 and met its forecast for operating profit. Following a very strong fourth quarter, operationally the best in the company's history[1], consolidated EBIT for full-year 2015 amounted to EUR 2.41 billion. The Group had targeted a figure of at least EUR 2.4 billion. The EBIT contribution of the Post - eCommerce - Parcel (PeP) division amounted to EUR 1.1 billion, as forecast, and the DHL divisions generated an operating profit of EUR 1.66 billion. The full year decline in EBIT compared with the prior year (2014: EUR 2.97 billion) was attributable to one-off expenses and investments recognized by the Group including expenses related to the new direction of the IT renewal in the Global Forwarding business unit. The Group had adjusted its earnings guidance in October 2015 due to one-off charges.

Across all divisions, the Group laid important groundwork in a year of transition from Strategy 2015 to Strategy 2020 to position the company for profitable growth in 2016 and beyond. For example, the Post - eCommerce - Parcel division has invested heavily in expanding its parcel network, both nationally and internationally, in order to realize even greater benefits from the global boom in e-commerce. The wage agreement reached with the company's social partner in Germany and the increase in letter postage prices at the start of the current year also reinforce the foundation for future growth. The Express division has further bolstered its leading market position by making additional significant investments in its network infrastructure and quality.

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[1] Excluding Postbank earnings

The Global Forwarding, Freight division achieved a notable improvement in its operating business development in the second half of 2015 while at the same time defining a new approach to the division's IT renewal. The Supply Chain division made significant progress on its planned optimization program by investing substantially in restructuring activities in 2015.

"In 2015 we have made significant progress against our strategic initiatives. Over the entire year, we have worked hard to pave the way for sustainable success in the future. The positive earnings momentum we have seen in the fourth quarter once again confirms the fundamental strength of our business. We are firmly on track with our strategy," stated Frank Appel, CEO of Deutsche Post DHL Group.

Outlook: Guidance for 2016 and long term objectives confirmed

The structural and operating improvement in the business divisions together with moderate economic growth are expected to contribute to a significant increase in earnings in the current year. For **2016**, Deutsche Post DHL Group has therefore re-confirmed its EBIT forecast of between EUR 3.4 billion and EUR 3.7 billion. The PeP division is expected to contribute EBIT of more than EUR 1.3 billion to the 2016 earnings target and the DHL divisions between EUR 2.45 billion and EUR 2.75 billion.

The Group is also maintaining its targets beyond 2016: Deutsche Post DHL Group continues to forecast an increase in operating profit 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 average EBIT growth of 10% per year. Operating profit for the PeP division is expected to increase by an average of around 3% per year. The Group additionally targets expenses for Corporate Center/Other at less than 0.5% of consolidated revenue by 2020.

Financial year 2015: Earnings in line with expectations

Consolidated revenue in 2015 climbed by 4.6% compared with the prior year to EUR 59.2 billion (2014: EUR 56.6 billion). The DHL divisions contributed to the revenue increase with growth of 5.3% and the PeP division with an improvement of 2.8%. The German parcel business and the international express business continued to generate dynamic growth. Adjusted for positive currency effects, organic Group revenues were approximately at prior year levels at -0.4%. After further adjustment for other factors including lower fuel surcharges and a change in revenue recognition in a customer contract (NHS) in the Supply Chain division, revenue was up 2.6% on the previous year.

Consolidated EBIT amounted to EUR 2.41 billion in financial year 2015 (2014: EUR 2.97 billion), fulfilling the revised earnings guidance of a minimum of EUR 2.4 billion. The EBIT contribution of the Post - eCommerce - Parcel division amounted to EUR 1.1 billion (2014: EUR 1.3 billion), and the DHL divisions generated an operating profit of EUR 1.66 billion (2014: EUR 2.02 billion). With this performance, the results of PeP and DHL were also in line with the expectations communicated last October. Corporate Center/Other costs were stable at around EUR 350 million.

The decline in consolidated EBIT of EUR 554 million, or 18.7%, to EUR 2.41 billion compared with the prior year was largely a reflection of one-off expenses, including a EUR 336 million charge largely attributable to the write-downs and provisions recognized in connection with the IT renewal in Global Forwarding. As announced in October 2015, the Group additionally recognized one-off charges in the amount of around EUR 200 million. EUR 81 million of that amount was recognized in the PeP and Global Forwarding, Freight divisions in the third quarter. In the final quarter of the year, EUR 57 million of the one-off expenses was attributable to the PeP division and EUR 66 million to the Express division. In the full year 2015, the Group also continued to make substantial investments to position its four divisions for the successful execution of Strategy 2020.

The tax rate increased slightly to 16.4%, as expected (2014: 15.5%). Consolidated net profit declined by 25.6% to EUR 1.54 billion in 2015 (2014: EUR 2.07 billion). Basic earnings per share similarly decreased from EUR 1.71 in the previous year to EUR 1.27.

Dividend: Group proposes stable dividend of EUR 0.85

In light of the Group’s operating performance in the past year, the Board of Management and the Supervisory Board will propose a dividend of EUR 0.85 per share to the Annual General Meeting on 18 May, unchanged from the previous year. Subject to approval by the shareholders, the Group would then pay out a total amount of EUR 1,031 million. With regard to consolidated net profit adjusted for one-off effects, the current dividend proposal reflects a payout ratio of 46%. This figure puts the company well in the range of the target corridor of 40% to 60% established in 2010 within the finance strategy introduced at that time.

At the same time, due to the strong free cash flow performance and the expected improvement of the operating performance, the Management Board and the Supervisory Board have announced the initiation of a one-billion Euro share buy-back program.

Fourth quarter of 2015: Strong final quarter with double-digit EBIT growth for PeP

Fourth-quarter revenues were close to the prior-year level, decreasing by 0.2% to EUR 15.3 billion (2014: EUR 15.4 billion). Adjusted for positive currency effects, organic revenue was 3.3% below last year's figure. Along with lower fuel surcharges, the aforementioned contractual changes involving a customer in the Supply Chain division had a negative impact: The change in revenue recognition in the contract with the UK National Health Service (NHS) reduced consolidated revenue by EUR 465 million in the fourth quarter. Adjusted for all the positive and negative effects mentioned above, Group revenues increased by 2.3% year-on-year in the period from October to December 2015. The performance of the eCommerce - Parcel business was especially encouraging with a reported revenue increase of 12.0%.

Group EBIT rose by 5.7% to EUR 957 million in the fourth quarter of 2015 (2014: EUR 905 million). This was the best quarterly result on an operating basis in the history of the Group[1]. This development reflects growth of 14.6% to EUR 487 million (2014: EUR 425 million) in the Post - eCommerce - Parcel division, which is attributable in particular to the success of the Parcel and eCommerce business during the December holiday season. In the Express division, operating profit declined by 8.3% to EUR 319 million (2014: EUR 348 million) due to the one-off charge of EUR 66 million mentioned previously. EBIT was 10.6% over the prior-year figure adjusted for that charge. EBIT in Global Forwarding, Freight rose by 39.4% to EUR 99 million (2014: EUR 71 million), above all due to the implementation of turnaround measures. The Supply Chain division registered an improvement in operating profit with a rise of 9.3% to EUR 176 million (2014: EUR 161 million). Initial positive results from the optimization program and higher income from real estate transactions more than offset restructuring costs of EUR 39 million.

In the fourth quarter, consolidated net profit increased by 4.7% to EUR 670 million (2014: EUR 640 million), mainly due to the rise in EBIT. This equates to basic earnings per share of EUR 0.55 (2014: EUR 0.53).

Capital expenditure: Group reinforces its foundation for growth with further significant investments

In order to further reinforce its foundation for future growth, the Group stepped up investments by 7.9% to EUR 2.02 billion in 2015 (2014: EUR 1.88 billion). That figure is in line with the

[1] Excluding Postbank earnings

guidance of around EUR 2.0 billion. Investments were made in all four divisions with a focus on positioning the Group for long-term growth. For example, the Group expanded its national and international parcel infrastructure, in addition to modernizing the aircraft fleet and expanding global and regional hubs in the Express division. The Group is planning to invest around EUR 2.2 billion in 2016.

Cash flow: Very strong year-end performance in 2015

The company focused very successfully on cash flow generation in 2015: operating cash flow increased by 13.3% over the prior year to EUR 3.44 billion. The Group's free cash flow rose to EUR 1.72 billion, surpassing both the prior-year figure of EUR 1.35 billion and meeting the target of at least covering the dividend of EUR 1.03 billion paid out for 2015. The positive trend reflects the higher cash inflows from working capital in particular.

Thanks to the strong cash flow performance, net debt declined by around EUR 400 million to EUR 1.1 billion at year-end.

Post - eCommerce - Parcel: More than 1.1 billion parcels in Germany in 2015

Revenue in the Post - eCommerce - Parcel division grew by 2.8% in 2015 to EUR 16.1 billion (2014: 15.7 billion) – adjusted for currency effects, revenues were up 1.7% compared to last year. Of the divisional revenue, EUR 6.3 billion was generated by the eCommerce - Parcel business unit, which continued to see strong growth of 11.9% over the prior-year period. The increase was based on revenue gains of 9.5% for Parcel Germany, 8.7% for Parcel Europe and 23.5% for eCommerce, the latter being supported by significant currency effects. The PeP division processed more than 1.1 billion parcels in Germany in full-year 2015, 8.7% more than the previous year. This development is another reflection of the successful positioning of the Group in the dynamically growing e-commerce market, both in Germany and, to an increasing extent, internationally. In order to further build on this position, the Group is continuing to make significant investments in the development of its national and international parcel infrastructure. It expanded its parcel and e-commerce activities to the Austrian, Slovakian and Swedish markets in 2015 and so far in 2016 already entered the markets in Thailand and France.

In contrast with eCommerce - Parcel, revenues in the Post business unit declined by 2.3% to EUR 9.8 billion in 2015. The structural decline in volumes within the Mail Communication and Dialogue Marketing segments was accelerated by the effects of the strike associated with the wage negotiations held in the middle of the year. The negative effects could only be partly mitigated by price increases for postal products in Germany.

Operating profit in the PeP division contracted by 15.0% to EUR 1.1 billion in full-year 2015 (2014: EUR 1.3 billion). In addition to higher expenses for materials and personnel, the decline primarily reflects the higher investments made in expanding the national and international parcel infrastructure and the effects of the strike in Germany. In addition, EUR 99 million of the approximately EUR 200 million charges in Group EBIT communicated last October was attributable to the PeP business.

Express: Revenue and earnings once again increased

The Express division continued to perform well in terms of volumes, revenue and earnings in 2015. Revenue climbed by 9.4% to EUR 13.7 billion in full-year 2015 (2014: EUR 12.5 billion). Adjusted for currency effects the increase was 2.3%. Without these positive currency effects and lower fuel surcharges, divisional revenue rose by 7.2% compared to last year. Once again, the main driver of the revenue increase was the strong growth achieved in international time definite (TDI) shipments, where volumes grew by 8.7% over the prior-year period.

EBIT in the Express division grew by 10.4% to EUR 1.4 billion (2014: EUR 1.3 billion). The division again achieved a good operating performance despite currency headwinds and significant investment in the air and road network. Thanks to strong time definite international shipment growth and effective yield management, the EBIT margin improved to 10.2% for 2015 as a whole (2014: 10.1%). The division's results include one-off expenses of EUR 66 million that are part of the one-off charges in the amount of around EUR 200 million announced in October 2015 and were recognized in the fourth quarter.

Global Forwarding, Freight: Improvement in operating performance

Revenue in the Global Forwarding, Freight division was on the prior-year level at EUR 14.89 billion in 2015 (2014: EUR 14.92 billion). Adjusted for currency effects the decrease in revenue amounted to 3.9%. Without these positive currency effects and lower fuel surcharges, it was 0.5% below last year's figure. Apart from the weak market environment, the main reason for the revenue decline was the division's selective market strategy.

Divisional EBIT dropped to EUR -181 million for the full year (2014: EUR 293 million), above all due to the negative one-off effects of EUR 336 million associated with the IT renewal. This result also reflects the weaker operating trend in the first half of the year compared with the prior-year period, which could not be fully offset by the earnings stabilization seen in the third quarter and the improvement in earnings performance in the final quarter.

Supply Chain: Optimization program shows first positive effects

Revenue in the Supply Chain division increased by 7.2% to EUR 15.8 billion in financial year 2015 (2014: EUR 14.7 billion). This development reflects positive currency effects, lower fuel surcharges and the change in revenue recognition in the contract with the UK National Health Service (NHS) in the fourth quarter. The latter caused a decrease in divisional revenue by EUR 465 million. Adjusted for all positive and negative factors described above, revenue was 2.7% over the prior year. All in all, the Supply Chain division concluded additional contracts worth around EUR 1.35 billion with both new and existing customers in 2015.

Operating profit for the period from January to December declined by 3.4% to EUR 449 million (2014: EUR 465 million). The planned restructuring costs of around EUR 150 million relating to the division’s optimization program were almost fully compensated. Positive effects of the program were already visible in the fourth quarter. In addition to the positive effects, the higher income from real estate transactions partially offset the one-off charges.

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Note to editors: An interview with CEO Frank Appel can be found at **www.dpdhl.de**. The Group's investor conference call will be webcast beginning at 2 p.m. (CET).

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Deutsche Post DHL Group is the world's leading mail and logistics company. The Group is focused on being the first choice for customers, employees and investors in its core business activities worldwide. It makes a positive contribution to the world by connecting people and enabling global trade while being committed to responsible business practices and corporate citizenship.

Deutsche Post DHL Group operates under two brands: Deutsche Post is Europe's leading postal service provider. DHL is uniquely positioned in the world's growth markets, with a comprehensive range of international express, freight transportation, e-commerce and supply chain management services.

Deutsche Post DHL Group employs approximately 500,000 employees in over 220 countries and territories worldwide. The Group generated revenues of more than 59 billion Euros in 2015.

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Group financial highlights for 2015

in million euros	2014	2015	Change in %
Revenues	56,630	59,230	4.6
- of which international	39,263	41,737	6.3
Profit from operating activities (EBIT)	2,965	2,411	-18.7
Consolidated net profit[1)]	2,071	1,540	-25.6
Basic earnings per share (in euros)	1.71	1.27	-25.7
Diluted earnings per share (in euros)	1.64	1.22	-25.6

Divisional revenues for 2015

in million euros	2014	Share of total revenue	2015	Share of total revenue	Change in %
Post - eCommerce - Parcel	15,686	27.7%	16,131	27.2%	2.8
Express	12,491	22.1%	13,661	23.1%	9.4
Global Forwarding, Freight	14,924	26.4%	14,890	25.1%	-0.2
Supply Chain	14,737	26.0%	15,791	26.7%	7.2
Corporate Center/Other and Consolidation	-1,208	n.a.	-1,243	n.a.	-2.9
Group	56,630	100%	59,230	100%	4.6

Divisional EBIT for 2015

in million euros	2014	2015	Change in %
Post - eCommerce - Parcel	1,298	1,103	-15.0
DHL	2,019	1,659	-17.8
- Express	1,260	1,391	10.4
- Global Forwarding, Freight	293	-181	<-100
- Supply Chain	465	449	-3.4
Corporate Center/Other and Consolidation	-351	-351	0.0
Group	2,965	2,411	-18.7

[1)] After non-controlling interests

Group financial highlights for the fourth quarter of 2015

in million euros	4th quarter 2014	4th quarter 2015	Change in %
Revenues	15,365	15,339	-0.2
- of which international	10,563	10,484	-0.7
Profit from operating activities (EBIT)	905	957	5.7
Consolidated net profit[1)]	640	670	4.7
Basic earnings per share (in euros)	0.53	0.55	3.8
Diluted earnings per share (in euros)	0.50	0.53	6.0

Divisional revenues in the fourth quarter of 2015

in million euros	4th quarter 2014	Share of total revenue	4th quarter 2015	Share of total revenue	Change in %
Post - eCommerce - Parcel	4,353	28.3%	4,513	29.4%	3.7
Express	3,411	22.2%	3,638	23.7%	6.7
Global Forwarding, Freight	3,960	25.8%	3,736	24.4%	-5.7
Supply Chain	3,953	25.7%	3,799	24.8%	-3.9
Corporate Center/Other and Consolidation	-312	n.a.	-347	n.a.	-11.2
Group	15,365	100%	15,339	100%	-0.2

Divisional EBIT in the fourth quarter of 2015

in million euros	4th quarter 2014	4th quarter 2015	Change in %
Post - eCommerce - Parcel	425	487	14.6
DHL	580	595	2.6
- Express	348	319	-8.3
- Global Forwarding, Freight	71	99	39.4
- Supply Chain	161	176	9.3
Corporate Center/Other and Consolidation	-100	-124	-24.0
Group	905	957	5.7

1) After non-controlling interests