



Annual General Meeting Deutsche Post DHL Group

Speech by Dr. Frank Appel, CEO
Bonn, April 24, 2018

Check against delivery



Dr. Frank Appel
Chief Executive Officer
Deutsche Post DHL Group

Dear shareholders,

Welcome to the Annual General Meeting of Deutsche Post DHL Group. Today, for the first time, we welcome you to Bonn. We're just a quick walk from the Post Tower. Good morning also to anyone who has joined us via the Internet.

Is Deutsche Post DHL Group successful? What are our plans for the future? What kind of world are we operating in?

Today I will provide you with answers to these questions.

A lot happens in an increasingly complex world. This unsettles many people. Many fear that things are going downhill. A glance at the economy shows that this is not the case. The global economy grew by 3.7 percent year-on-year in 2017. The Eurozone economy posted growth rates not seen in a decade. Global trade and logistics grew strongly in 2017. And our new DHL Global Trade Barometer confirms that the trend is ongoing.

All the signs point toward solid growth. E-commerce, a key engine for our business, is continuing to grow. The market environment is right. We will continue to rely on free trade and exchange. The future is global. Anything else is a misconception. People have the right to participate and to enjoy prosperity. If you build new barriers, you will not be successful in the long term. Walls are not the solution.

Deutsche Post DHL Group: A strong company

Deutsche Post DHL Group is the backbone of global trade. Our global networks connect people. As a result, we improve their lives.

Customers, employees and shareholders value us as a company that takes responsibility. We invest globally. And wherever we invest, we help to ensure that society develops and prosperity grows.

We are a strong company. We proved this once again in 2017.

Strong results

In 2017, with the current structure in place, we achieved the best result in the history of our company. Revenue totaled €60.4 billion. This represents more than 5 percent increase year-on-year. EBIT was €3.74 billion. Operationally, we generated earnings that were over 7 percent higher than in 2016. We are successful and deliver what we promise.

We are proud of our more than solid balance sheet for 2017. The earnings per share were €2.24. It is certainly worthwhile being a shareholder of Deutsche Post DHL Group.

Steady improvement in our share price since 2009

Our share price has performed very well in recent years. It was €11.91 at the start of 2009 and even reached an all-time low of €6.60 that year.

That changed significantly in subsequent years. On 18 December 2017, our share price reached an all-time high to date of €40.99. It closed 2017 at €39.75, representing a 31 percent increase in one year. Deutsche Post DHL Group is excellently positioned. That is also thanks to Professor Dr. Wulf von Schimmelmann.

Dear Professor von Schimmelmann,

You have been a member of our Supervisory Board since 2007 and became its Chairperson in 2009. Deutsche Post was in a difficult phase. The market had to contend with a global financial and economic crisis. Together, we kept this company on course in stormy seas. Today we are posting very good figures. Customers and employees are satisfied. We are pioneers and stand for innovation. We are strongly positioned for a successful future along the way.

You have always given us major momentum with your steady hand, your vast experience and your pioneering spirit. Now, at the end of a fulfilling and successful period, you are handing the reins over to a successor. I wish you all the best for the future.

It has been a pleasure having you onboard. Together, we have made this Group something special. The entire Board of Management, the Supervisory Board, all of us here and I personally say THANK YOU.

A great team success

Our company's success is the success of a strong team. The work we performed as a family of strong divisions paid off.

Let's begin with the Post - eCommerce - Parcel division. The parcel market is growing and we are growing faster than the market. Why is this? We are making it easier and easier for people to shop from the convenience of their own home. We deliver to the doorstep, to the Paketkasten or to the Packstation. The customer decides. In 2017, we delivered 1.3 billion parcels in Germany alone, setting a new record.

The express shipment business is also booming. DHL Express is growing and is generating high profits, in all regions. The numbers for time-definite international shipments speak for themselves: Volumes are up by 10 percent, revenue is up by 13 percent. DHL Express is a success story.

Things are further picking up in the freight-forwarding sector as well. Freight volumes grew significantly in 2017. Air freight volumes increased by 9 percent, ocean freight by 7 percent, and overland transport volumes in Europe grew by 4 percent. The operating result improved by 3.5 percent. And we are working hard to further improve. With a new IT system, we are closing the gap with the best in the market. Tim Scharwath was appointed Board Member for Global Forwarding, Freight in June 2017. In him, we have gained a real industry insider. He has already paved the way for a return to our former strength.

DHL Supply Chain won new business worth €1.5 billion in 2017. This, too, is a record. Revenue totaled €14.2 billion, which represents a 1.4 percent increase year-on-year.

As you can see, Deutsche Post DHL Group is successful. The key to our success is a strong team and the best workforce in the industry.

In September 2017, the Board of Management was strengthened with Thomas Ogilvie as a new Board Member. He is the new Board Member for Human Resources and brings with him more than 15 years' experience within the Group. With the fresh ideas he brings to the table, he is the ideal addition to our team. A few days ago Thomas Ogilvie and his team negotiated a new wage agreement with the trade union Verdi. The proposal has meanwhile been approved in a Verdi members' survey. It is a good outcome for around 130,000 employees of Deutsche Post.

The agreement gives our employees a tangible piece of the company's success as well as predictability for future planning.

Strong brands

Our group has two strong brands: Deutsche Post and DHL. These brands alone make us one of the world's most valuable companies.

We are "The Post for Germany". The Deutsche Post brand was among the German Top 50 in 2017.

DHL stands for global logistics and will be celebrating its 50th birthday next year. 1969 was an important year for the world. Neil Armstrong was the first man to walk on the moon. And in San Francisco, Adrian Dalsey, Larry Hillblom and Robert Lynn entered the history books when they established the company DHL. DHL became a success story that continues to this day. DHL ranked 70th in the most valuable brands in the world in 2017. The BrandZ study conducted by Millward Brown valued the DHL brand at US\$15.8 billion.

Handelsblatt and the YouGov brand index ranked DHL “Brand of the Year 2017” in its category.

But that’s not all. DEUTSCHLAND TEST and FOCUS MONEY conducted a survey among around 470,000 consumers, asking the question: What brands take responsibility in Germany? The clear winner in mail and parcels: Deutsche Post and DHL. That makes us proud.

Dividend proposal for 2017: €1.15 per share

Our success is your success. We propose to you a dividend of €1.15 per share for 2017. That is the highest dividend we have ever paid since the IPO in 2000. We wish to thank you for your loyalty and the trust you have placed in our company.

We are a strong company that strikes a good balance. We have the financial power to expand into new markets. And we have the funds to pay a dividend like this.

With this dividend, we would be paying out 52 percent of our net profit. This lies within a dividend payout range of 40 to 60 percent. This is exactly the range we have defined in our finance strategy in 2010. With the new dividend we would be staying on course. We defined this back in 2010. It means around €1.4 billion will be distributed to shareholders.

EBIT guidance for 2018 and 2020

Even though we are celebrating success, we do not rest on our laurels. We still have big plans. We are aiming to achieve an operating result of €4.15 billion in 2018. This year, we are migrating our financial reporting to IFRS 16. This is a new standard for our reporting procedures. It means EBIT will improve by around €150 million. This amount is included in the guidance for 2018.

We have set an ambitious goal for ourselves with our Strategy 2020. We aim to generate an operating result of more than €5 billion by 2020. While this goal is ambitious, it is realistic.

We need to change course in our thinking. It is not about dwelling on problems. It is about having the courage to seize opportunities. That is what we are doing.

Our aspiration: To reinvent logistics every day

Logistics is an industry with a promising future. It connects markets and people and is what makes modern day life possible in the first place. As such, new technologies present new opportunities. They simplify processes and make products and services more accessible.

Logistics is never an end in itself. It pursues clear goals:

1. Logistics puts the focus on the customer.
2. Logistics provides tailored services for special requirements.
3. Logistics makes an important contribution to people and society.

We reinvent logistics every day. Always in the focus: Providing added value for customers.

We focus on the customer

Modern life is digital. New technologies offer transparency and exchange. The Internet has changed the way we shop, travel and communicate. In the digital world, everything is at your fingertips. That raises the bar for service in the real world. This applies, in particular, to online commerce.

Think of Christmas. E-commerce has made this feast day less stressful for many people. They no longer have to drive into crowded downtown centers. Many people do their shopping from the comfort of their own sofa. Everything is just a click and a delivery away. For logistics, that means the most flexible and most convenient service wins.

New parcel record at Christmas 2017

We demonstrated once again what we are capable of during the 2017 Christmas season.

On December 18, 2017, customers posted 10.5 million parcels with us. Compare this with the 4.6 million parcels we handle on an ordinary day. The total of 10.5 million parcels was a new record. The daily volumes continued to exceed 9 million parcels in the days that followed.

The mail volume also rose significantly in the run-up to Christmas. Some days, we delivered 70 million mail items.

Our colleagues were under huge pressure during this period. And they all went the extra mile. The teamwork was outstanding. Everyone had a single goal in mind: To keep the promise we made to customers. And we managed to do just that. It goes without saying that not everything runs smoothly in turbulent times like this. However, we did everything possible to ensure that exceptions did not become the rule. I think our employees deserve a round of applause for their hard work.

Connecting markets & people

Two things are needed in order to provide good service and a high level of quality. One is highly-motivated staff, and the other is modern logistics. We have both. We invested around €2.3 billion in expanding our logistics operations in 2017.

The Express network has grown and been modernized. We will be expanding our hub in Hong Kong to the tune of €335 million by 2022. All in all, we are investing €520 million in its expansion, making it the biggest single investment so far in our Express network in Asia.

And our expansion is far from being over. Just a few weeks ago, we opened a hub at Brussels airport. The expansion is costing €140 million. We are now handling much higher volumes of shipments at lower costs there.

The backbone of e-commerce

What will shopping be like in 2020? 2.1 billion people around the world shop online. Global online shopping revenue totals US\$4.1 billion. Around six billion e-commerce parcels are already shipped in Europe each year. And e-commerce continues to boom. It is simply making shipping easy for customers. As logistics provider, we are the backbone of this facilitated shopping.

Because we support e-commerce by providing the relevant infrastructure.

DHL Parcel Europe's network already covers 26 countries. Bulgaria, Ireland, Croatia and Romania were added in 2017. More than 60,000 parcel drop-off or pick-up points are available.

There are other ways of providing access, too. And we make it really simple. On portals such as MyDHL+, customers have access to everything using a single log-in. From placing a pick-up order through to tracking the current status of an item. Globally, standardized, easy.

New technologies make new kinds of services possible. And once again, it is true to say that the most flexible and simplest service wins.

The engine of global trade

As I have already said, investments in logistics are never an end in themselves. They are intended to enhance services for customers. Let me give you a few examples to highlight this.

In July 2017, we concluded a new ten-year contract with Cathay Pacific. We store service parts and transport them to wherever the airline needs them. 120 DHL employees are working at Hong Kong Airport 24/7, 365 days of the year. The customer requests delivery of one million parts from us each year. We are proud to be a partner of Cathay Pacific.

We ensure aircraft travel safely. But we also help in other areas. Just think of the flu epidemic at the beginning of the year. At peak times, DHL delivers several million vaccine doses to destinations around the world. And there are many requirements that need to be met. The vaccines have to be stored within a temperature range of minus 2 to plus 8 degrees Celsius, otherwise they lose potency. In the worst case scenario, vaccines can actually pose a health risk. That is why the timeframes for shipment are so tight.

Quality is strictly monitored. As the logistics partner, DHL has invested in special cold chain logistics. Our employees are well-trained and ensure that everything goes smoothly. With a faultless cold chain and careful handling, vaccines are delivered safely to their destination. This would not be possible without high IT standards.

Mere transport has long ceased to be sufficient. Exchange of the relevant data is equally important. Intelligent interfaces between the systems ensure this requirement is met. The entire supply chain is visible at all times. The aim is to provide fast, faultless shipping service offering full transparency at any time.

Increased productivity through automation

The collaboration of man and machine is already part of the daily routine in our warehouses. Robots assist with the work. They take over physically demanding tasks and cover long distances. DHL continually tests new models in collaboration with customers – Sawyer is one such robot. He packages, assembles, attaches labels or picks merchandise, while adapting to the workstation. Man and machine become the perfect team.

Smart glasses have now become important assistants in the warehouse. They simplify processes and display step-by-step instructions on where to find items and on what the next steps are. This simplifies work; and it reduces the number of mistakes made. This leads to a significant reduction in costs, by 15 percent on average.

Along with robots, drones are also becoming increasingly important. Not only are drone deliveries to remote areas being tested. They are also being used to fly over warehouses, secure buildings and manage stock inventory.

We are not only using new technologies in buildings. We are also testing robots on the road. For instance in Bad Hersfeld, where they have been assisting mail carriers with lifting and carrying tasks. We began using a PostBOT for this purpose a few months ago. This robot was connected to the mail carrier with sensors. It followed his every step, transporting mail weighing up to 150 kilograms. The test has since been completed and has provided major insights.

Machines are not the end of work, but rather its future. Machines do not eliminate work. Work merely changes – ideally becoming more exciting and less monotonous.

Simplification through new touchpoints

New technologies can do a great deal. They make things simpler. Things that in the past could only be accomplished with many phone calls and mounds of paper work can now be done on platforms with just a few clicks.

Logistics is complex, but that doesn't mean it has to be complicated. From choosing a provider right through to obtaining a quote – all the information can quickly be at your fingertips.

DHL Global Forwarding's new online services are a great example of this. They were launched for air freight in November 2017. Ocean freight is currently being added to the range of services offered. And how does it all work? Customers contact us at "freightquote.dhl.com". Seconds later, they receive a quote for door-to-door shipment. The portal is currently available in over 40 countries. Customers can track the current status of their shipment at any time via our DHL Interactive customer portal. These kinds of services put us on a par with digital start-ups.

The same applies to our digital platform Saloodo!, which connects shippers and freight forwarders. On the one hand, Saloodo! enables shippers to quickly find the most suitable offer with a few mouse clicks while on the other hand informing freight forwarders of suitable assignments. This enables them to better utilize truck capacity. Both parties benefit. And it lowers emissions. Saloodo! is simple to use and easy to adapt to.

It brings the best of both worlds together. The expertise and network of a market leader on the one hand, and the flexibility of a start-up on the other.

Commitment to e-mobility

The mobility of the future means optimizing what we have and seizing new opportunities. E-mobility is such an opportunity. And it has finally found its way into people's heads. And onto our roads. It is not the only way towards a better future, but it is a good start.

We operate one of the largest e-fleets in Europe today. We have over 5,500 StreetScooters on the road in Germany. Delivery vehicles that are tailored to our specific needs. On its delivery runs, it stops and starts over 200 times each day on up to 300 days of the year, and its runs on 100 percent green electricity.

What began as a bold idea in 2011 has now become a huge success story. Nobody thought us capable of it. But we just went ahead and did it.

Since 2017, we have also been selling StreetScooters to third parties. And the demand is huge. In the medium term, we intend to produce 20,000 e-vehicles per year. Our engineers are continually improving the vehicle, creating more loading capacity, increasing its range and carrying out autonomous driving tests.

New Board Department Corporate Incubations

E-mobility is important for the Group. The StreetScooter's current success is encouraging. It is now time to go up a gear. This is why we have spun off the area of mobility into a dedicated Board Department. The latter will also be an incubator for other new innovative and forward-looking ideas. New technologies make a lot of things possible. This includes hitherto unknown forms of mobility, digital platforms and new process. We will invent the future of logistics today. The new Board Department will be headed by my Board of Management colleague Jürgen Gerdes. We can rely on his energy and his expertise. He has already helped push forward a large number of new ideas, showing farsightedness, drive and courage in the process. The StreetScooter is just one successful example.

I will be taking over his current Board Department mandate until a successor has been found. Jürgen Gerdes has headed Post – eCommerce – Parcel for nearly eleven years. The look back at the period between 2007 and today is a very impressive one. The tangible shift away from the traditional letter toward digital communication has brought significant change. Competition in the parcel market is steadily increasing and in this highly competitive environment, Jürgen Gerdes and his team have proven to be true Go-Getters, with truly remarkable results. We are now quality leader in our home market in Germany, and we've seen continued market share gains over the past several years. In 2007, the focus was entirely on Germany. Today, we are one of the top three parcel services in Europe, and we are also very well positioned outside Europe.

The course for the future is set.

Contributing to people and society

It is important to have good figures but they are not the be-all and end-all. We manage our business in a way that ensures we make a positive contribution to society.

That is important to us and we managed to accomplish that goal again last year. Customers have honored our work with awards and acknowledgements. Leading agencies have ranked us high in their ratings. Many regard Deutsche Post DHL Group as the benchmark.

Together for a world worth living in

As a partner of the UN for many years, we support the UN Sustainable Development Goals. We want our world to develop as a place worth living in. Everyone – politicians, industry and society – is called upon to play their part.

As a global logistics provider, we are one of the biggest employers in the world. Our aspiration is to help shape the future. For us, that means high-quality education and good jobs. Global trade and growth. Climate protection and sustainable transport.

In November 2017, we hosted the UN Climate Conference in Bonn. COP23 took place right beside the Post Tower. We are helping to shape the future of our world. This includes green logistics, to which Deutsche Post DHL Group is making a measurable contribution. Our logistics is already 32 percent more CO₂ efficient than in 2007. By 2050, we will reduce our emissions from logistics net to zero. Future technologies will pave new ways to achieve it. The future is an opportunity, also in relation to climate protection.

An attractive employer

Our success stands on a solid foundation based on strong pillars. Comprehensive logistics solutions and new technology are one pillar. Our employees are another one.

Technology and automation are changing the working world. But new technology doesn't necessarily destroy jobs. Since 2013, our headcount has increased by 2.1 percent each year. Today, we employ 520,000 people globally. That is around 20,000 more than last year.

We are not just a big employer. We are also a good employer. The Top Employers Institute has been awarding outstanding companies for 25 years. These are companies that provide a particularly good working environment for their employees. Each year, only 13 companies make it onto the list of award winners. DHL Express received the award for the fourth time in a row in 2017, in all regions.

In 2017, the Great Place to Work® Institute named DHL one of the 25 best employers in the world. Our motivating and collaborative corporate culture was a decisive factor for this decision.

We are a major vocational training provider in Germany and beyond. In the current year, we are offering around 2,600 training spots. In 2017, approximately 35,000 young people applied for a training position with us. Skilled workers are hard to come by these days. We are delighted with every new employee who is enthusiastic about logistics.

Success requires energy and shared goals

You only enjoy success if you have clear goals and constantly improve. Deutsche Post DHL Group ticks both boxes. Our employees feel committed to clear values. Our employees put them into practice with passion every day. They connect people and improve their lives. They know that they are making a difference with the work they are doing.

Customers set the bar high. What was good yesterday is no longer good enough today. You only remain successful in the long term through continuous change. Change only succeeds with motivated employees. It is a matter of attracting and retaining the best talent in the company. Success needs enthusiasm, energy and courage. Those are the very qualities that make our employees so special. They are the basis of our success.

Our employees demonstrate commitment

Every year, we survey all the employees in the Group. How are things within the company? Does everyone feel we're making progress? Do people experience themselves as being part of the journey?

The results last year were again extremely positive: 82 percent of the respondents state that they are constantly looking for better ways to service our customers. For a service provider that means that our people have understood our mission.

That is what we are building on. We are currently running an in-house program called "Start-up Lab". Individual employees or teams can put themselves forward with new ideas. What is the program about? It is all about easier processes. New business ideas. And offering customers better services.

150 teams from 30 countries submitted applications in the first round in mid-2017. Of these, eight winning teams were selected by the Board of Management in October. They are now finalizing their projects and are being given the funding and scope they require for this purpose. There are a lot of great ideas in the company. We ensure that great ideas are discovered and grow. That is how innovation starts. Who knows, these new ideas may even contain the next big thing.

Our employees volunteer

People want to make a difference. They want to do their job well. And they want to help others. As a company, we are delighted to offer them the perfect way to do just that.

We have been organizing our Global Volunteer Day for ten years now. It is a framework for social projects. The net result in 2017: Almost 3,000 projects and 400,000 hours of voluntary work done together for others. 102,000 employees all over the world took part. For many, this volunteer work is a permanent part of their lives. They read stories to children at daycare centers. They mentor school students. Or they volunteer as refugee helpers. All of them benefit personally from this experience.

As part of our Mission 2050, we will plant a million trees every year. With the aid of a whole host of “tree planters”, we already achieved that goal with flying colors in 2017. An important contribution to the environment.

Service for others is the basis of a peaceful and stable society.

June 20, 2017 was World Refugee Day. We have been supporting the integration of refugees in Germany for nearly two years now. Since then, 16,000 employees have provided assistance in over 1,500 projects. Roughly 1,700 refugees have gained an insight into our working environment via internships, training or a permanent job. We are a member of “Wir zusammen” (We together) and “Unternehmen integrieren Flüchtlinge” (Companies integrate refugees). Everyone there is united by the same goal. We are creating prospects for refugees in our country.

We believe in the future

We want to make tomorrow better than today. To achieve this, we need to grow together even more. Protectionism is the wrong path. No matter where it is or what form it takes.

Deutsche Post DHL Group is following a clear direction. We create value.

We make the lives of our customers easier.

We provide our employees with a secure livelihood and secure prospects. They are part of a larger, successful whole.

Through partnerships and with our 520,000 employees, we achieve a social impact. We make our world a little bit better every day.

For our shareholders, we are a good investment in a growing industry. We are part of a future worth living in.

Ready for the future with a clear view

This is how we continued our success story in 2017. With a clear understanding of our task. With digital and green concepts. With the will to become better for others.

I am proud of what we have achieved. We are a strong team and have fantastic employees. Each and every one of them plays a part in our success. They have all earned a round of applause.

We provide high-quality logistics, enabling us to make a tangible contribution that benefits a large number of people all over the world.

We have always been a company that embraces change. We enjoy breaking new ground and we set high standards for ourselves. Many things may seem like utopia today but become reality tomorrow.

We are ready for the future.