

Deutsche Post DHL Group: significant revenue and earnings growth in Q3

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Deutsche Post DHL Group continued its profitable growth trajectory in the third quarter of 2019. In the period from July to September, the Group increased revenue by 4.7% year-on-year to EUR 15.6 billion. Operating profit improved from EUR 376 million to EUR 942 million, with the prior-year figure being impacted by non-recurring expenses of EUR 392 million at Post & Parcel Germany. All five divisions contributed to the Group's good revenue and earnings performance. The international express business and the German parcel business saw especially dynamic growth as e-commerce continued to boom.

"We had a very good third quarter. All five divisions performed well despite the challenging global economic environment. Thanks to our broad portfolio and the market-leading position of our divisions, we are growing even in uncertain times," said Frank Appel, CEO of Deutsche Post DHL Group. "For the fourth quarter, we anticipate a traditionally strong holiday season and we reaffirm our guidance for the full year 2019."

For the current financial year, Deutsche Post DHL Group continues to expect to increase operating profit to between EUR 4.0 and EUR 4.3 billion. The Post & Parcel Germany division is forecast to contribute between EUR 1.1 and EUR 1.3 billion of this amount. Earnings in the DHL divisions are expected to be at EUR 3.4 to EUR 3.5 billion. Deutsche Post DHL Group has confirmed both its guidance for 2020 and the Strategy 2025 targets announced in October for the period until 2022, which put Group EBIT at more than EUR 5.0 billion next year and at a minimum of EUR 5.3 billion in 2022. To achieve these targets, the Group plans to push growth in its profitable core businesses and speed up the digital transformation as stated in its Strategy 2025.

The improvement in operating profit boosted consolidated net profit after non-controlling interests from EUR 146 million in the prior year to EUR 561 million in the third quarter of 2019. Basic earnings per share improved accordingly, rising from EUR 0.12 to EUR 0.45.

Capital expenditure and cash flow: two more Boeing 777 freighters commissioned for Express

Deutsche Post DHL Group again made targeted investments in its core business during the third quarter to further strengthen its foundation for long-term profitable growth. The Group invested a total of EUR 854 million across all divisions (2018: EUR 827 million). For example, the Group made further progress in extending its parcel infrastructure in Germany in addition to expanding global and regional hubs in the Express division and further renewing its intercontinental fleet. The Group spent EUR 245 million on this measure alone in the third quarter. After commissioning two Boeing 777 aircraft in the second quarter, Express put another two of its 14 new freight aircraft of this type into service in the third quarter.

The Group still plans to increase capital

expenditure to approximately EUR 3.7 billion for full-year 2019, up from EUR 2.6 billion in 2018. This includes approximately EUR 1.1 billion for the 777 renewal of the intercontinental Express fleet.

Free cash flow increased to EUR 507 million in the third quarter (2018: EUR 143 million), despite the cash outflows for increased capital expenditure. The positive cash flow trend is evidence of the Group's good operating performance. The Group's new

Strategy 2025 puts even more strategic focus on improving cash flow. Deutsche Post DHL Group therefore issued medium-term guidance for this KPI for the first time when announcing its Strategy 2025. According to the guidance, cumulative free cash flow will increase to between EUR 4.5 and EUR 5.5 billion in the period from 2020 to 2022.

Source: [Deutsche Post DHL](#)