Deutsche Post DHL Group

# Interim Report

as at 30 September 2016

## Q3 CONFIRMS STRONG PROGRESS IN OPERATING PERFORMANCE

PeP: growth in parcel drives EBIT increase in Germany; investments in international parcel expansion continue

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Express: confirmation of strong EBIT growth track record, supported by e-commerce growth and yield management

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Turnaround in Global Forwarding, Freight progressing, IT renewal continuing according to plan

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Supply Chain with good operating performance in Q3 while 2016 restructuring spend nears completion

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## WELL ON TRACK TO DELIVER ON 2016 GUIDANCE DESPITE CONTINUED WEAK ECONOMIC TAILWIND

## BUILDING MOMENTUM TOWARDS 2020 TARGETS

Leverage structural growth trends to foster sustainable, above market growth despite a low-growth macro environment

Serve e-commerce megatrend as the most important structural growth driver with a unique set of divisional capabilities and assets

Maintain focus on internal improvements, yield and innovation to foster ongoing margin and absolute EBIT improvement

Free cash flow generation remains key as it supports our capex plans, shareholder return and unchanged finance policy

## SIGNIFICANT STEPS ACHIEVED TOWARDS BECOMING THE LEADER IN E-COMMERCE-RELATED LOGISTICS

# SELECTED KEY FIGURES

## MAIL COMMUNICATION

**Mail items (millions)**

Q3 2016 1,883

Q3 2015, adjusted 1,987

–5.2%

## PARCEL GERMANY

**Parcels (millions)**

Q3 2016 285

Q3 2015 257

+10.9%

## TIME DEFINITE INTERNATIONAL (TDI)

**Thousands of items per day**

Q3 2016 771

Q3 2015 722

+6.8%

## REVENUE, Q3 2016

# €13,862 million

(Q3 2015: €14,424 million)

## EBIT, Q3 2016

# €755 million

Profit from operating activities.
(Q3 2015: €197 million)

## EARNINGS PER SHARE

€

Q3 2016 0.51

Q3 2015 0.04

Basic earnings per share.

## RETURN ON SALES, Q3 2016

# 5.4%

(Q3 2015: 1.4%)

## CONSOLIDATED NET PROFIT FOR THE PERIOD

€m

Q3 2016 618

Q3 2015 49

After deduction of non-controlling interests.

| | | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|---|
| Revenue | €m | 43,891 | 41,924 | –4.5 | 14,424 | 13,862 | –3.9 |
| Profit from operating activities (EBIT) | €m | 1,454 | 2,380 | 63.7 | 197 | 755 | > 100 |
| Return on sales[1] | % | 3.3 | 5.7 | – | 1.4 | 5.4 | – |
| EBIT after asset charge (EAC) | €m | 294 | 1,230 | > 100 | –186 | 374 | > 100 |
| Consolidated net profit for the period[2] | €m | 870 | 1,798 | > 100 | 49 | 618 | > 100 |
| Free cash flow | €m | 19 | –757 | < –100 | 329 | 543 | 65.0 |
| Net debt[3] | €m | 1,093 | 3,995 | > 100 | – | – | – |
| Earnings per share[4] | € | 0.72 | 1.49 | > 100 | 0.04 | 0.51 | > 100 |
| Number of employees[5] | | 497,745 | 501,081 | 0.7 | – | – | – |

[1] EBIT/revenue.
[2] After deduction of non-controlling interests.
[3] Prior-period amount as at 31 December, for the calculation page 7 of the Interim Group Management Report.
[4] Basic earnings per share.
[5] Headcount at the end of the third quarter, including trainees; prior-period amount as at 31 December.

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# GENERAL INFORMATION

## Organisation

No organisational changes were made in the third quarter of 2016 that would have a material impact on the Group's structure.

## Research and development

As a service provider, Deutsche Post DHL Group does not engage in research and development activities in the narrower sense and therefore has no significant expenses to report in this connection.

# REPORT ON ECONOMIC POSITION

## Economic parameters

Global economic growth remained subdued at the start of the second half of the year. In the industrial countries, growth slowed somewhat compared with the previous year. Although economic output in the emerging economies was much stronger, the rate of growth was again only minimal.

In Asia, growth remained overall robust and the Chinese economy stabilised. In Japan, growth remained very moderate.

The US economy accelerated slightly in the third quarter, with private consumption remaining the main growth driver. The US Federal Reserve kept its key interest rate at between 0.25% and 0.50%.

The moderate upswing continued in the euro zone, still fuelled by brisk domestic demand. Private consumption and gross fixed capital formation, in particular, witnessed a recovery, whereas growth in exports remained subdued. The inflation rate registered a slight upwards trend. The European Central Bank left its key interest rate at 0.00% and continued its government bond-buying programme.

The German economy made additional gains, although growth was less vigorous than in the first half. Most of the momentum came from domestic demand. The ifo German Business Climate Index lost some significant ground but posted strong gains towards the end of the period.

## Significant events

At the end of January 2016, we sold the remaining shares in UK property development companies King's Cross Central Property Trust and King's Cross Central General Partner Ltd.

On 1 April, the Group placed two bonds with a total volume of €1.25 billion on the capital market. Of the capital raised, €1 billion was used for the further funding of pension obligations.

In spite of the pension funding measure, pension provisions increased in the first nine months of 2016, largely as a result of declining discount rates. A measurement-related reversal had already been recognised in the first quarter due to changes in the occupational retirement arrangement in Germany. This was offset by a number of other human resources measures, including the early retirement scheme for civil servants, with the result that, overall, there was no effect on earnings.

As the state aid decision, Note 15 to the consolidated financial statements, set aside on 14 July 2016 has become null and void with final effect, there are no longer any grounds for the obligation to repay the alleged state aid and the amount of €378 million deposited in a trustee account was released.

At the end of September, we submitted a takeover offer for the entire share capital of UK Mail Group plc, United Kingdom. We deposited the purchase price of €296 million due for acquisition of the shares in a trustee account. The transaction is scheduled to be completed at the end of the fourth quarter of 2016.

## Results of operations

**Selected indicators for results of operations**

| | | 9M 2015 | 9M 2016 | Q3 2015 | Q3 2016 |
|---|---|---|---|---|---|
| Revenue | €m | 43,891 | 41,924 | 14,424 | 13,862 |
| Profit from operating activities (EBIT) | €m | 1,454 | 2,380 | 197 | 755 |
| Return on sales[1] | % | 3.3 | 5.7 | 1.4 | 5.4 |
| EBIT after asset charge (EAC) | €m | 294 | 1,230 | –186 | 374 |
| Consolidated net profit for the period[2] | €m | 870 | 1,798 | 49 | 618 |
| Earnings per share[3] | € | 0.72 | 1.49 | 0.04 | 0.51 |

[1] EBIT/revenue.
[2] After deduction of non-controlling interests.
[3] Basic earnings per share.

### Changes in portfolio

In January 2016, we acquired 27.5% of the shares in French logistics provider Relais Colis. The company is accounted for using the equity method. In the first quarter of 2016, we sold all of our shares in nugg.ad GmbH.

In July, we sold the joint ventures Güll GmbH, Germany, and Presse-Service Güll GmbH, Switzerland, which were accounted for using the equity method.

The Supply Chain division acquired Italian logistics service provider Mitsafetrans S.r.l., including a subsidiary, in its entirety at the end of September.

In the Post - eCommerce - Parcel division, we sold our entire interest in German e-mail and marketing services provider optivo GmbH.

There were no changes in reporting.

### Consolidated revenue falls to €41.9 billion

Consolidated revenue in the first nine months of 2016 fell by €1,967 million to €41,924 million. The change to the way in which revenue and expenses are reported as a result of the revised terms of the UK National Health Service (NHS) contract reduced revenue by €1,435 million. In addition, negative currency effects led to a drop of €1,122 million. Excluding these effects, revenue rose by 1.3%. The proportion of revenue generated abroad declined from 71.2% to 68.9%. Revenue for the third quarter of 2016 was down by 3.9% year-on-year to €13,862 million. Excluding negative currency effects (€288 million) and lost NHS revenue (€490 million), revenue growth was 1.5%.

Other operating income dropped by €234 million to €1,484 million in the first nine months. The prior-year figure included income from the sale of equity interests in Sinotrans and King's Cross as well as from the remeasurement of assets from the hub in Cincinnati. The figure for the reporting period includes a gain of €63 million on the disposal of the remaining shares in King's Cross.

### Materials expense markedly lower

Materials expense showed a marked fall of €2,578 million to €22,292 million. The cost of goods purchased and held for resale dropped considerably as a result of the revised NHS contract. Materials expense was also reduced by lower transportation and fuel costs as well as currency effects. The increase in headcount at the Express division was the main factor raising staff costs, whereas positive exchange rate effects led to a slight overall decrease in this item. Depreciation, amortisation and impairment losses declined significantly, falling by €296 million to €989 million: the prior-year figure included impairment losses of €308 million for NFE. Mainly positive currency effects reduced other operating expenses from €3,372 million to €3,205 million.

### Consolidated EBIT up 63.7%

At €2,380 million, profit from operating activities (EBIT) in the first nine months of 2016 was up 63.7% on the previous year (€1,454 million). At €755 million, EBIT for the third quarter was up year-on-year by a substantial €558 million. Net finance costs improved from €–255 million to €–235 million in the reporting period. Profit before income taxes climbed by a clear €946 million to €2,145 million. Income taxes rose by €38 million to €236 million.

**Changes in revenue, other operating income and operating expenses, 9M 2016**

| | €m | +/– % | |
|---|---|---|---|
| Revenue | 41,924 | –4.5 | • Currency effects lead to a sharp fall of €1,122 million<br>• Revised NHS contract reduced by €1,435 million |
| Other operating income | 1,484 | –13.6 | • Prior-year figure included higher income from the sale of equity interests |
| Materials expense | 22,292 | –10.4 | • Substantial €1,421 million drop in cost of goods purchased and held for resale due to revised NHS contract<br>• Lower transportation and fuel costs<br>• Positive currency effects |
| Staff costs | 14,544 | –0.6 | • Slight decline due mainly to currency effects |
| Depreciation, amortisation and impairment losses | 989 | –23.0 | • Prior-year figure included impairment losses of €308 million on NFE |
| Other operating expenses | 3,205 | –5.0 | • Lower, mainly due to positive currency effects |

### Sharp improvement in consolidated net profit

Consolidated net profit for the period showed a sharp improvement, rising from €1,001 million to €1,909 million in the first nine months of the year. Of this amount, €1,798 million is attributable to shareholders of Deutsche Post AG and €111 million to non-controlling interest holders. Basic earnings per share improved from €0.72 to €1.49 and diluted earnings per share from €0.69 to €1.43.

### EBIT after asset charge increases substantially

In the first nine months of 2016, EBIT after asset charge (EAC) climbed from €294 million to €1,230 million, mainly as a result of the strong increase in the company's profitability. The imputed asset charge remained stable year-on-year, with investments in property, plant and equipment and lower provisions being offset by a decline in net working capital.

**EBIT after asset charge (EAC)**

€m

| | 9M 2015 | 9M 2016 | +/– % |
|---|---|---|---|
| EBIT | 1,454 | 2,380 | 63.7 |
| – Asset charge | –1,160 | –1,150 | 0.9 |
| = EAC | 294 | 1,230 | >100 |

# Financial position

**Selected cash flow indicators**

| €m | 9M 2015 | 9M 2016 | Q3 2015 | Q3 2016 |
|---|---|---|---|---|
| Cash and cash equivalents as at 30 September | 2,073 | 2,223 | 2,073 | 2,223 |
| Change in cash and cash equivalents | –900 | –1,309 | 309 | 153 |
| Net cash from operating activities | 1,137 | 514 | 792 | 887 |
| Net cash used in investing activities | –923 | –1,057 | –451 | –187 |
| Net cash used in financing activities | –1,114 | –766 | –32 | –547 |

**Liquidity situation remains solid**

The principles and aims of our financial management as presented in the 2015 Annual Report, beginning on page 53 remain valid and continue to be pursued as part of our finance strategy.

The FFO to debt performance metric decreased in the first nine months of 2016 despite the rise in funds from operations, as debt expanded considerably in the same period. Reported financial liabilities rose due to the issue of two bonds in April as well as our remaining obligations from the share buyback programme, Note 3. The adjustment for pensions increased based on higher pension obligations resulting from lower discount rates. The higher pension obligations were partially offset by the transfer of some of the proceeds from the bond issue to plan assets. Surplus cash and near-cash investments declined, mainly as a result of the dividend paid for financial year 2015 and the payments made in connection with the share buyback programme. Funds from operations saw a significant increase since operating cash flow before changes in working capital improved. The further funding of pension obligations diminished the latter item while resulting in a rise in the adjustment for pensions. The amount of interest paid increased as a result of the interest income generated from unwinding interest rate swaps related to outstanding bonds in the first quarter of 2015.

Our credit quality as rated by Moody's Investors Service and Fitch Ratings has not changed from the ratings described and projected in the 2015 Annual Report, beginning on page 56. In view of our solid liquidity, the five-year syndicated credit facility with a total volume of €2 billion was not drawn down during the reporting period.

**FFO to debt**

| €m | 1 Jan. to 31 Dec. 2015 adjusted[1] | 1 Oct. 2015 to 30 Sept. 2016 |
|---|---|---|
| Operating cash flow before changes in working capital | 2,656 | 2,432 |
| + Interest received | 47 | 57 |
| – Interest paid | 76 | 140 |
| + Adjustment for operating leases | 1,413 | 1,414 |
| + Adjustment for pensions | 239 | 947 |
| = **Funds from operations (FFO)** | **4,279** | **4,710** |
| Reported financial liabilities[2] | 5,178 | 6,936 |
| – Financial liabilities at fair value through profit or loss[2] | 125 | 135 |
| + Adjustment for operating leases[2] | 6,394 | 6,630 |
| + Adjustment for pensions[2] | 6,103 | 6,753 |
| – Surplus cash and near-cash investments[2,3] | 2,641 | 1,258 |
| = **Debt** | **14,909** | **18,926** |
| **FFO to debt (%)** | **28.7** | **24.9** |

[1] Non-recurring income or expense is no longer reported separately since it is no longer generated or incurred in a relevant scope.
[2] As at 31 December 2015/30 September 2016.
[3] Reported cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

**Capex and depreciation, amortisation and impairment losses, 9M**

| | PeP | | Express | | Global Forwarding, Freight | | Supply Chain | | Corporate Center/ Other | | Consolidation[1] | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Capex (€m) | 324 | 326 | 496 | 622 | 101 | 37 | 220 | 255 | 101 | 124 | 0 | 1 | **1,242** | **1,365** |
| Depreciation, amortisation and impairment losses (€m) | 233 | 239 | 283 | 320 | 372 | 60 | 224 | 219 | 174 | 151 | –1 | 0 | **1,285** | **989** |
| Ratio of capex to depreciation, amortisation and impairment losses | 1.39 | 1.36 | 1.75 | 1.94 | 0.27 | 0.62 | 0.98 | 1.16 | 0.58 | 0.82 | – | – | **0.97** | **1.38** |

[1] Including rounding.

**Capex and depreciation, amortisation and impairment losses, Q3**

| | PeP | | Express | | Global Forwarding, Freight | | Supply Chain | | Corporate Center/ Other | | Consolidation[1] | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Capex (€m) | 133 | 139 | 267 | 226 | 27 | 15 | 84 | 71 | 37 | 47 | –1 | 0 | **547** | **498** |
| Depreciation, amortisation and impairment losses (€m) | 79 | 83 | 98 | 112 | 328 | 20 | 75 | 72 | 60 | 50 | 0 | 1 | **640** | **336** |
| Ratio of capex to depreciation, amortisation and impairment losses | 1.68 | 1.67 | 2.72 | 2.02 | 0.08 | 0.75 | 1.12 | 0.99 | 0.62 | 0.94 | – | – | **0.85** | **1.48** |

[1] Including rounding.

### Capital expenditure above prior-year level

Investments in property, plant and equipment and intangible assets (not including goodwill) amounted to €1,365 million in the first nine months of 2016 (previous year: €1,242 million). Please refer to Notes 8 and 13 to the consolidated financial statements for a breakdown of capex into asset classes and regions.

In the Post - eCommerce - Parcel division, the largest capex portion continued to be attributable to the expansion of our domestic and international parcel network and production of our StreetScooter electric vehicle.

In the Express division, investments continued to be made in expanding our hubs, especially in Leipzig, East Midlands, Brussels and Cincinnati. Continuous maintenance and renewal of our aircraft fleet represented an additional focus of investment spending.

In the Global Forwarding, Freight division, we continued to invest in turnaround measures. We also modernised and refurbished warehouses and office buildings across all regions.

In the Supply Chain division, the majority of funds was used to support new business, mostly in the Americas and EMEA regions where we made notable investments in the Consumer and Retail sectors.

Cross-divisional capex increased due to higher expenditures for the vehicle fleet.

### Funding of pension obligations impacts operating cash flow

Net cash from operating activities in the first nine months of 2016 amounted to €514 million (previous year: €1,137 million). The depreciation, amortisation and impairment losses contained in EBIT are non-cash items and are therefore eliminated. The key factor influencing the prior-year figure was the impairment losses on NFE. The income from the sale of equity interests contained in the EBIT figure has also been eliminated in net cash from operating activities and is instead reported in cash flow from investing activities. In the previous year, this comprised €240 million mainly from the sale of the equity interests in Sinotrans and King's Cross; in the reporting period it includes, among other things, €63 million from the sale of the remaining shares in King's Cross. The cash outflow from changes in working capital rose by €399 million to €795 million, due in particular to receivables and other current assets. The change in provisions widened from €–562 million to €–1,702 million, primarily because we funded pension obligations in the amount of €1 billion. Excluding this, net cash from operating activities was €1,514 million, significantly surpassing the prior-year figure. Net cash used in investing activities increased to €1,057 million (previous year: €923 million). The prior-year figure was lower due to the sale of the equity interests mentioned above. The figure for the reporting period was reduced by the repayment from the state aid proceedings which led to €378 million in proceeds from the disposal of non-current assets. Outflows of cash and cash equivalents in the amount of €296 million for current financial assets were incurred in connection with the takeover offer for UK Mail.

**Calculation of free cash flow**

€m

| | 9M 2015 | 9M 2016 | Q3 2015 | Q3 2016 |
|---|---|---|---|---|
| **Net cash from operating activities** | **1,137** | **514** | **792** | **887** |
| Sale of property, plant and equipment and intangible assets | 78 | 124 | 14 | 64 |
| Acquisition of property, plant and equipment and intangible assets | –1,444 | –1,421 | –472 | –405 |
| **Cash outflow arising from change in property, plant and equipment and intangible assets** | **–1,366** | **–1,297** | **–458** | **–341** |
| Disposals of subsidiaries and other business units | –1 | 25 | 1 | 25 |
| Disposals of investments accounted for using the equity method and other investments | 223 | 82 | 2 | 2 |
| Acquisition of subsidiaries and other business units | 0 | –34 | 0 | –34 |
| Acquisition of investments accounted for using the equity method and other investments | 0 | –19 | 0 | 0 |
| **Cash inflow/outflow arising from acquisitions/divestitures** | **222** | **54** | **3** | **–7** |
| Interest received | 33 | 43 | 11 | 19 |
| Interest paid | –7 | –71 | –19 | –15 |
| **Net interest paid** | **26** | **–28** | **–8** | **4** |
| **Free cash flow** | **19** | **–757** | **329** | **543** |

Free cash flow decreased significantly from €19 million to €–757 million due to a decline in net cash from operating activities to €514 million. This compares with a prior-year cash inflow of €1,137 million. In addition, positive net interest payments and higher net cash flows from acquisitions and divestitures were generated in the prior year. Excluding the funding of pension obligations, free cash flow was €243 million, significantly above the prior-year figure.

At €766 million, net cash used in financing activities was down €348 million on the previous year (€1,114 million). Through our bond placement in April, we issued non-current financial liabilities, raising capital in the amount of €1.239 billion. Net cash used to purchase treasury shares rose from €31 million to €520 million on account of our share buyback programme. In addition, in the previous year, we unwound interest rate swaps on outstanding bonds, which led to a cash inflow and reduced interest payments. At €1,027 million, the dividend paid to our shareholders was the largest payment item.

Cash and cash equivalents declined from €3,608 million on 31 December 2015 to €2,223 million on 30 September 2016.

## Net assets

**Selected indicators for net assets**

| | | 31 Dec. 2015 | 30 Sept. 2016 |
|---|---|---|---|
| Equity ratio | % | 29.8 | 23.3 |
| Net debt | €m | 1,093 | 3,995 |
| Net interest cover[1] | | –55.9 | 85.0 |
| Net gearing | % | 8.8 | 32.1 |
| FFO to debt[2] | % | 28.7 | 24.9 |

[1] In the first nine months.
[2] For the calculation Financial position, page 4.

### Decline in consolidated total assets

The Group's total assets amounted to €36,284 million on 30 September 2016, €1,586 million lower than on 31 December 2015 (€37,870 million).

A decrease in goodwill due to exchange rate movements was the main cause of the decline in intangible assets, which fell from €12,490 million to €12,180 million. Conversely, property, plant and equipment increased by €211 million to €8,006 million as a result of investments. We initially reclassified €378 million paid to a trustee in connection with the state aid proceedings, Note 15 to the consolidated financial statements

from non-current to current financial assets and then derecognised this amount following receipt. The planned takeover of UK Mail increased current financial assets by €296 million. Other current assets rose by €352 million to €2,524 million: this includes the accrual of the prepaid annual contribution to the *Bundesanstalt für Post und Telekommunikation* in the amount of €125 million, along with numerous other accrued expense items. The €1,385 million decrease in cash and cash equivalents to €2,223 million was the key reason for the reduction in total assets. For further details, please refer to the Financial position, page 5f.

On the equity and liabilities side of the balance sheet, equity attributable to Deutsche Post AG shareholders declined by €2,804 million to €8,230 million: while consolidated net profit for the period increased equity, it was mainly actuarial losses on pension obligations, the dividend payment, effects associated with the purchase of treasury shares and negative currency effects that reduced the figure. Trade payables fell significantly from €7,069 million to €5,981 million. Provisions for pensions and similar obligations rose from €6,221 million to €6,744 million; actuarial losses increased these provisions, while the partial funding of pension obligations in particular reduced them. Financial liabilities rose from €5,178 million to €6,936 million, primarily as a result of the bond placement in April.

**Net debt increases to €3,995 million**

Our net debt rose from €1,093 million on 31 December 2015 to €3,995 million on 30 September 2016, in part because, in the first half of the year, we disbursed the dividend of €1,027 million for financial year 2015 and also pay the regular annual contribution of €517 million to the *Bundesanstalt für Post und Telekommunikation*. In addition, we issued bonds in a total principal amount of €1.25 billion. At 23.3%, the equity ratio was lower than on 31 December 2015 (29.8%). Net interest cover shows the extent to which net interest obligations are covered by EBIT. On 30 September it was 85.0. Net gearing was 32.1%.

**Net debt**

€m

| | 31 Dec. 2015 | 30 Sept. 2016 |
|---|---|---|
| Non-current financial liabilities | 4,578 | 5,099 |
| + Current financial liabilities | 440 | 1,688 |
| **= Financial liabilities[1]** | **5,018** | **6,787** |
| – Cash and cash equivalents | 3,608 | 2,223 |
| – Current financial assets | 179 | 422 |
| – Positive fair value of non-current financial derivatives[2] | 138 | 147 |
| **= Financial assets** | **3,925** | **2,792** |
| **Net debt** | **1,093** | **3,995** |

[1] Less financial liabilities of an operational nature.
[2] Reported in non-current financial assets in the balance sheet.

# Business performance in the divisions

## POST - ECOMMERCE - PARCEL DIVISION

€m

| | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Revenue | 11,618 | 12,157 | 4.6 | 3,805 | 3,956 | 4.0 |
| of which Post | 7,134 | 7,160 | 0.4 | 2,318 | 2,296 | –0.9 |
| eCommerce - Parcel | 4,484 | 4,997 | 11.4 | 1,487 | 1,660 | 11.6 |
| Profit from operating activities (EBIT) | 616 | 954 | 54.9 | 142 | 295 | >100 |
| of which Germany | 601 | 952 | 58.4 | 138 | 294 | >100 |
| International Parcel and eCommerce | 15 | 2 | –86.7 | 4 | 1 | –75.0 |
| Return on sales (%)[1] | 5.3 | 7.8 | – | 3.7 | 7.5 | – |
| Operating cash flow | 540 | –242 | <–100 | 186 | 279 | 50.0 |

[1] EBIT/revenue.

**Revenue develops positively**

In the first nine months of 2016, with 1.8 additional working days in Germany, revenue in the division was €12,157 million, 4.6% above the prior-year figure of €11,618 million. Most of the growth again originated in the eCommerce - Parcel business unit. Excluding negative currency effects of €32 million, revenue growth was 4.9%.

**Revenue in the Post business unit just above prior-year level**

Revenue in the Post business unit was €7,160 million in the first nine months of 2016 and thus just above the prior year's figure of €7,134 million, despite a decline in volume of 3.3%. In the third quarter, revenue declined slightly to €2,296 million.

The price increases for *Standardbrief* and *Maxibrief* letter items and for additional services at the beginning of the year offset the decrease in revenue resulting from the overall decline in Mail Communication volumes. The cross-border mail business continued to perform well during the first nine months, particularly as a result of the increase in small-goods shipments and the price increases for the *Standardbrief* and *Großbrief International* products at the beginning of the year.

Revenue in the Dialogue Marketing business in the reporting period was below the prior-year level. Volumes fell by 2.7%, especially in unaddressed advertising mail.

**Post: revenue**

| €m | 9M 2015 adjusted[1] | 9M 2016 | +/– % | Q3 2015 adjusted[1] | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Mail Communication | 4,769 | 4,840 | 1.5 | 1,527 | 1,539 | 0.8 |
| Dialogue Marketing | 1,587 | 1,568 | –1.2 | 534 | 513 | –3.9 |
| Other | 778 | 752 | –3.3 | 257 | 244 | –5.1 |
| **Total** | **7,134** | **7,160** | **0.4** | **2,318** | **2,296** | **–0.9** |

[1] Changed product allocations.

**Post: volumes**

| Mail items (millions) | 9M 2015 adjusted[1] | 9M 2016 | +/– % | Q3 2015 adjusted[1] | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Total | 14,104 | 13,641 | –3.3 | 4,558 | 4,364 | –4.3 |
| of which Mail Communication | 6,321 | 6,053 | –4.2 | 1,987 | 1,883 | –5.2 |
| of which Dialogue Marketing | 6,373 | 6,201 | –2.7 | 2,122 | 2,036 | –4.1 |

[1] Changed product allocations.

**eCommerce - Parcel business unit continues to grow**

In the first nine months of 2016, revenue in the business unit was €4,997 million, exceeding the prior-year figure of €4,484 million by 11.4%. The gain in the third quarter was 11.6%.

Parcel Germany's revenue increased by 11.0% to €3,393 million (previous year: €3,057 million). Volumes rose by 9.4% to 859 million parcels in the reporting period.

In the Parcel Europe business, revenue grew by 15.1% to €611 million (previous year: €531 million). We further expanded our European parcel network by means of co-operation agreements in Hungary and Slovenia and are thus already present in 18 European countries. As a next step, we intend to acquire UK Mail in the United Kingdom.

In the DHL eCommerce business, revenue was €993 million in the first nine months of the year, exceeding the prior-year figure by 10.8%. Excluding currency effects, growth was 13.1% and continues to benefit from the US domestic business and cross-border business in Asia.

**eCommerce - Parcel: revenue**

| €m | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Parcel Germany | 3,057 | 3,393 | 11.0 | 1,005 | 1,117 | 11.1 |
| Parcel Europe[1] | 531 | 611 | 15.1 | 181 | 205 | 13.3 |
| DHL eCommerce[2] | 896 | 993 | 10.8 | 301 | 338 | 12.3 |
| **Total** | **4,484** | **4,997** | **11.4** | **1,487** | **1,660** | **11.6** |

[1] Excluding Germany.
[2] Outside Europe.

**Parcel Germany: volumes**

| Parcels (millions) | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Total | 785 | 859 | 9.4 | 257 | 285 | 10.9 |

**EBIT substantially exceeds prior-year figure**

EBIT in the division improved by a substantial 54.9% to €954 million (previous year: €616 million) in the first nine months of 2016. Higher revenue and strict cost management contributed to this EBIT performance. In addition, the strike and one-time effects in Germany had a negative impact on the prior-year figure, which resulted in an adjustment of our earnings forecast in the previous year. The majority of our EBIT is generated in Germany; earnings in our international business reflect the investments in the expansion of the European and worldwide parcel business. Return on sales rose to 7.8% in the reporting period (previous year: 5.3%). Third-quarter EBIT was €295 million (previous year: €142 million).

Operating cash flow decreased from €540 million to €–242 million, mainly as a result of a payment of €955 million made to increase pension assets.

## EXPRESS DIVISION

| €m | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Revenue | 10,023 | 10,200 | 1.8 | 3,328 | 3,426 | 2.9 |
| of which Europe | 4,408 | 4,601 | 4.4 | 1,470 | 1,523 | 3.6 |
| Americas | 1,861 | 1,984 | 6.6 | 628 | 671 | 6.8 |
| Asia Pacific | 3,678 | 3,787 | 3.0 | 1,228 | 1,292 | 5.2 |
| MEA (Middle East and Africa) | 771 | 780 | 1.2 | 249 | 250 | 0.4 |
| Consolidation/Other | –695 | –952 | –37.0 | –247 | –310 | –25.5 |
| Profit from operating activities (EBIT) | 1,072 | 1,113 | 3.8 | 364 | 336 | –7.7 |
| Return on sales (%)[1] | 10.7 | 10.9 | – | 10.9 | 9.8 | – |
| Operating cash flow | 1,090 | 1,200 | 10.1 | 494 | 566 | 14.6 |

[1] EBIT/revenue.

**International business continues to grow**

Revenue in the division improved by 1.8% to €10,200 million in the first nine months of 2016 (previous year: €10,023 million). As a significant portion of our business activities take place outside the euro zone, we recorded negative currency effects of €345 million. Excluding these effects, revenue growth was 5.2%. This also reflects the fact that fuel surcharges were lower in all regions as the price of crude oil fell compared with the previous year. Revenue increased by 6.2% excluding the negative effects resulting from both foreign currency losses and lower fuel surcharges.

In the Time Definite International (TDI) product line, revenues per day increased by 5.0% and per-day shipment volumes by 7.7% in the first nine months of the year. Revenues per day for the third quarter were up by 5.3% and per-day shipment volumes by 6.8%.

In the Time Definite Domestic (TDD) product line, revenues per day increased by 10.5% and per-day shipment volumes by 9.7% in the first nine months of the year. Growth in the third quarter amounted to 10.8% for revenues per day and 9.0% for per-day volumes.

**EXPRESS: revenue by product**

| €m per day[1] | 9M 2015 adjusted | 9M 2016 | +/– % | Q3 2015 adjusted | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Time Definite International (TDI) | 40.0 | 42.0 | 5.0 | 39.4 | 41.5 | 5.3 |
| Time Definite Domestic (TDD) | 3.8 | 4.2 | 10.5 | 3.7 | 4.1 | 10.8 |

[1] To improve comparability, product revenues were translated at uniform exchange rates. Those revenues are also the basis for the weighted calculation of working days.

**EXPRESS: volumes by product**

| Thousands of items per day[1] | 9M 2015 adjusted | 9M 2016 | +/– % | Q3 2015 adjusted | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Time Definite International (TDI) | 729 | 785 | 7.7 | 722 | 771 | 6.8 |
| Time Definite Domestic (TDD) | 381 | 418 | 9.7 | 377 | 411 | 9.0 |

[1] To improve comparability, product revenues were translated at uniform exchange rates. Those revenues are also the basis for the weighted calculation of working days.

### Momentum in the Europe region continues

Revenue in the Europe region increased by 4.4% in the reporting period to €4,601 million (previous year: €4,408 million). This included negative currency effects of €127 million, which related mainly to the UK and Russia. Excluding these effects, revenue growth was 7.3%. TDI revenues per day rose by 5.7% and per-day TDI shipment volumes by 9.4% in the first nine months of the year. International per-day shipment revenues were up by 7.1% and per-day shipment volumes by 9.8% in the third quarter.

### Volumes in the Americas region improve considerably

Revenue in the Americas region increased by 6.6% to €1,984 million in the first nine months (previous year: €1,861 million). This figure included negative currency effects of €119 million, which resulted primarily from Mexico and South America. Excluding these effects, revenue growth was 13.0% compared with the previous year. In the TDI area, we increased revenues per day by 8.4% in the reporting period and per-day volumes by 9.4%. Revenues per day for the third quarter were up by 8.4% and per-day shipment volumes by 10.0%.

### Operating business in Asia Pacific region increases slightly

Revenue in the Asia Pacific region rose by 3.0% to €3,787 million in the first nine months (previous year: €3,678 million). This included negative currency effects of €64 million that related primarily to China as well as other countries in the region. Excluding these effects, the revenue increase was 4.7% in the reporting period. Revenues per day in the TDI area improved by 2.8%, due primarily to the 5.6% increase in per-day shipment volumes. Growth in the third quarter amounted to 2.6% for revenues per day and 3.0% for per-day volumes.

### Stable growth in the MEA region

Revenue in the MEA region (Middle East and Africa) was up by 1.2% to €780 million in the first nine months (previous year: €771 million). This included negative currency effects of €36 million, which resulted mainly from South Africa as well as other countries in the region. Excluding these effects, revenue for the reporting period increased by 5.8%. In the TDI area, revenues per day were up by 5.6% and per-day volumes by 5.0%. Growth in the third quarter amounted to 5.9% for revenues per day and 4.9% for per-day volumes.

**EBIT and return on sales increase in reporting period**
EBIT for the division rose by 3.8% to €1,113 million in the first nine months of 2016 (previous year: €1,072 million). Return on sales in the reporting period rose from 10.7% to 10.9%. Network improvement, strong international business growth and pricing initiatives all contributed to this positive development. EBIT for the third quarter of 2016 fell by 7.7% to €336 million and return on sales decreased from 10.9% to 9.8%. Third-quarter EBIT in 2015 included a positive one-time effect of €82 million. Operating cash flow rose by 10.1% to €1,200 million in the first nine months (previous year: €1,090 million).

## GLOBAL FORWARDING, FREIGHT DIVISION

| €m | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Revenue | 11,154 | 10,114 | –9.3 | 3,587 | 3,362 | –6.3 |
| of which Global Forwarding | 8,154 | 7,060 | –13.4 | 2,600 | 2,376 | –8.6 |
| Freight | 3,125 | 3,176 | 1.6 | 1,029 | 1,025 | –0.4 |
| Consolidation/Other | –125 | –122 | 2.4 | –42 | –39 | 7.1 |
| Profit from operating activities (EBIT) | –280 | 183 | > 100 | –337 | 63 | > 100 |
| Return on sales (%)[1] | –2.5 | 1.8 | – | –9.4 | 1.9 | – |
| Operating cash flow | 103 | 42 | –59.2 | 138 | 106 | –23.2 |

[1] EBIT/revenue.

**Revenues remain under pressure**
Impacted by negative currency effects, lower fuel surcharges and the generally low level of air and ocean freight rates, divisional revenue decreased by 9.3% to €10,114 million in the first nine months of 2016 (previous year: €11,154 million). Excluding currency effects of €–263 million, revenue was down year-on-year by 7.0%. In the Global Forwarding business unit, revenue declined by 13.4% to €7,060 million (previous year: €8,154 million). Excluding currency effects of €–243 million, the decline was 10.4%. However, gross profit remained at the prior-year level at €2,637 million (previous year: €2,626 million).

**Air freight and ocean freight revenues down again**
Revenues in air freight and ocean freight decreased again year-on-year. Ocean freight volumes rose and air freight volumes declined.

Air freight volumes fell by 4.7% in the first nine months, whereby tonnage in the third quarter increased by 1.5%, bringing it slightly above prior-year level. New business acquired in the first half of the year is beginning to have a positive effect on volumes, although the market as a whole is declining, especially in the Technology sector. Air freight prices remain under pressure due to large surplus capacities and low fuel costs, which reduced our revenue by 14.6% and gross profit by 4.7% in the first nine months. Revenue for the third quarter decreased by 8.8% and gross profit by 5.2%.

Ocean freight volumes were up by 3.1% year-on-year in the first nine months, driven mainly by growth on the trade lanes between Asia and Europe as well as in intra-Asia volumes. Ocean freight revenue fell by 12.3% in the reporting period while gross profit rose by 13.2% due to an adjusted purchasing policy. This shows that our turnaround measures and transport cost controls are increasingly demonstrating their impact.

The performance of our industrial project business (shown in the following table, reported as part of Other in the Global Forwarding business unit) was considerably weaker than in the previous year, due in part to the conclusion of projects started in prior years and in part to low oil prices reducing customer demand for new projects, particularly in the Oil & Energy sector. The share of revenue related to industrial project business and reported under Other was 21.1% and therefore reduced compared with the previous year (28.2%); gross profit declined by 29.4% compared with the prior-year period.

**Global Forwarding: revenue**

€m

| | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Air freight | 3,743 | 3,196 | –14.6 | 1,178 | 1,074 | –8.8 |
| Ocean freight | 2,803 | 2,458 | –12.3 | 922 | 833 | –9.7 |
| Other | 1,608 | 1,406 | –12.6 | 500 | 469 | –6.2 |
| **Total** | **8,154** | **7,060** | **–13.4** | **2,600** | **2,376** | **–8.6** |

**Global Forwarding: volumes**

Thousands

| | | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|---|
| Air freight | tonnes | 2,764 | 2,634 | –4.7 | 896 | 909 | 1.5 |
| of which exports | tonnes | 1,562 | 1,503 | –3.8 | 510 | 520 | 2.0 |
| Ocean freight | TEUs[1] | 2,208 | 2,276 | 3.1 | 754 | 781 | 3.6 |

[1] Twenty-foot equivalent units.

**Revenue in European overland transport business above prior-year level**

In the Freight business unit, revenue rose by 1.6% to €3,176 million in the first nine months of 2016 (previous year: €3,125 million) despite negative currency effects of €22 million. Transport volumes grew by 9.1%, driven mainly by e-commerce business in Sweden and less-than-truck-load business in Germany. Business restrictions with some members of the CIS region as well as uncertainties in the Middle East continue to adversely affect our performance. However, gross profit rose to €828 million, surpassing the prior-year figure of €811 million by 2.1%.

**Significant improvement in EBIT**

EBIT in the division improved significantly in the first nine months of 2016, rising from €–280 million to €183 million. In the previous year, EBIT was largely affected by one-time effects related to NFE. Gross profit margins continued to develop positively. Return on sales rose to 1.8% (previous year: –2.5%). EBIT for the third quarter increased from €–337 million to €63 million and return on sales rose to 1.9% (previous year: –9.4%).

Net working capital declined in the reporting period thanks to improved receivables management. Operating cash flow amounted to €42 million (previous year: €103 million).

## SUPPLY CHAIN DIVISION

€m

| | 9M 2015 | 9M 2016 | +/– % | Q3 2015 | Q3 2016 | +/– % |
|---|---|---|---|---|---|---|
| Revenue | 11,992 | 10,350 | –13.7 | 4,005 | 3,416 | –14.7 |
| of which EMEA (Europe, Middle East and Africa) | 7,322 | 5,483 | –25.1 | 2,467 | 1,769 | –28.3 |
| Americas | 3,195 | 3,284 | 2.8 | 1,058 | 1,089 | 2.9 |
| Asia Pacific | 1,507 | 1,608 | 6.7 | 490 | 566 | 15.5 |
| Consolidation/Other | –32 | –25 | 21.9 | –10 | –8 | 20.0 |
| Profit from operating activities (EBIT) | 273 | 366 | 34.1 | 101 | 137 | 35.6 |
| Return on sales (%)[1] | 2.3 | 3.5 | – | 2.5 | 4.0 | – |
| Operating cash flow | 23 | 138 | > 100 | 169 | 124 | –26.6 |

[1] EBIT/revenue.

**Revenue impacted by loss of NHS revenue and currency effects**

Revenue in the division decreased by 13.7% to €10,350 million in the first nine months of 2016 (previous year: €11,992 million). This decline was due mainly to the change in revenue recognition in connection with the UK National Health Service (NHS) in the fourth quarter of 2015 as a result of the revised terms of the contract. Furthermore, negative currency effects decreased revenue in the reporting period by

€496 million. Excluding these effects, revenue growth was 2.4%. Compared with the previous year, the Automotive sector achieved the highest revenue growth. Revenue for the third quarter declined by 14.7%, from €4,005 million to €3,416 million, likewise impacted by the aforementioned effects.

In the EMEA region, revenue increased in the Automotive sector in the first nine months, driven by both higher volumes and new business. By contrast, revenue in the Life Sciences & Healthcare sector declined, reflecting the change in NHS revenue reporting in the UK.

In the Americas region, we gained revenue from new business in the United States, driven predominantly by the Consumer sector.

The highest regional revenue growth was posted in the Asia Pacific region, from both new and additional business. Revenue increased in Japan and Hong Kong, notably in the Retail and Technology sectors. Growth in Indonesia and Vietnam came primarily from the Consumer and Technology sectors.

**SUPPLY CHAIN: revenue by sector and region, 9M 2016**

| Total revenue: €10,350 million | |
|---|---|
| of which Retail | 25% |
| Consumer | 24% |
| Automotive | 14% |
| Technology | 11% |
| Life Sciences & Healthcare | 9% |
| Others | 8% |
| Engineering & Manufacturing | 5% |
| Financial Services | 4% |
| of which Europe/Middle East/Africa/Consolidation | 53% |
| Americas | 32% |
| Asia Pacific | 15% |

**New business worth around €878 million secured**

In the first nine months of 2016, the division concluded additional contracts worth around €878 million in annualised revenue with both new and existing customers. The Retail, Consumer, Automotive and Technology sectors accounted for the majority of the gains. The annualised contract renewal rate remained at a consistently high level.

**Strategic initiatives stimulate EBIT growth**

EBIT in the division was €366 million in the first nine months of 2016 (previous year: €273 million). The strong EBIT growth was due mainly to positive effects from the strategic initiatives. Return on sales rose to 3.5% (previous year: 2.3%). EBIT was €137 million in the third quarter (previous year: €101 million). Operating cash flow increased to €138 million in the first nine months (previous year: €23 million), due principally to an improvement in both EBIT adjusted for non-cash items and net working capital levels.

# POST-BALANCE-SHEET DATE EVENTS

There were no events after the reporting date which could have a material effect on the Group's net assets, financial position and results of operations.

# OPPORTUNITIES AND RISKS

The Group's overall opportunity and risk situation did not change significantly during the first nine months of 2016 as compared with the situation described in the @ 2015 Annual Report, beginning on page 83. No new risks were identified that could have a significant impact on the Group's results. Based upon the Group's early warning system and in the estimation of its Board of Management, there were no identifiable risks for the Group in the current forecast period which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future.

**European Commission's state aid decision null and void**

In a judgement dated 14 July 2016, the General Court of the European Union (EGC) set aside the European Commission's decision dated 25 January 2012 in an action brought by the Federal Republic of Germany. In its state aid decision, the European Commission had argued that the financing of civil servant pensions in part constituted unlawful state aid that had to be repaid to the federal government. We have described this in detail in the @ 2015 Annual Report in Notes 49 and 51 to the consolidated financial statements. In their actions, Deutsche Post AG and the federal government asserted that the state aid decision was unlawful. The EGC has now followed this argument in the action brought by the federal government. The action brought by Deutsche Post AG is still pending. Since the European Commission did not file an appeal against the EGC's judgement dated 14 July 2016, that decision is now legally binding. The state aid decision of the European Commission is therefore null and void with final effect and there are no longer any grounds for the obligation to repay the alleged state aid under the state aid decision.

# EXPECTED DEVELOPMENTS

## Future economic parameters

The economic outlook for full-year 2016 as reported in the 2015 Annual Report, beginning on page 94 deteriorated slightly in the first nine months. The International Monetary Fund (IMF) now expects global economic output to grow by 3.1% and global trade by 2.3% in 2016. The downward correction of the growth forecast reflects, above all, the potential negative consequences of the vote by the UK electorate to leave the European Union as well as unexpectedly weak growth in the United States.

In China, gross domestic product (GDP) is likely to grow more slowly than in the previous year (IMF: 6.6%) whereas GDP growth is expected to remain quite moderate in Japan (IMF: 0.5%; IHS: 0.6%).

In the United States, full-year GDP growth is expected to be considerably slower than in the previous year (IMF: 1.6%; IHS: 1.5%).

In the euro zone, GDP growth is projected to decline slightly in 2016 compared with the previous year (IMF: 1.7%; ECB: 1.7%; IHS: 1.6%).

In Germany, early indicators point to a continuation of the general economic upswing during the rest of the year. Domestic demand is expected to provide strong growth momentum. By contrast, exports are likely to only increase modestly as the positive effects of the weak euro dissipate. GDP growth of slightly above the prior-year level is expected for 2016 as a whole (IMF: 1.7%; *Sachverständigenrat* 1.9%; IHS: 1.8%).

## Revenue and earnings forecast

We are reconfirming the revenue and earnings forecast for full-year 2016 as described in the 2015 Annual Report on page 97.

## Expected financial position

We are reconfirming the expected financial position for full-year 2016 as described in the 2015 Annual Report, beginning on page 97.

## Development of indicators relevant for internal management

We are similarly reconfirming our forecasts relating to the performance of our other indicators relevant to full-year 2016 business performance as described in the 2015 Annual Report on page 98. As in previous years, free cash flow is again expected to more than cover the dividend payment for financial year 2015 made in May 2016, provided the further funding of pension obligations of €1 billion is excluded from this measurement.

# INCOME STATEMENT

**1 January to 30 September**

| €m | 9M 2015 | 9M 2016 | Q3 2015 | Q3 2016 |
|---|---|---|---|---|
| Revenue | 43,891 | 41,924 | 14,424 | 13,862 |
| Other operating income | 1,718 | 1,484 | 537 | 506 |
| Total operating income | 45,609 | 43,408 | 14,961 | 14,368 |
| Materials expense | –24,870 | –22,292 | –8,223 | –7,484 |
| Staff costs | –14,630 | –14,544 | –4,744 | –4,714 |
| Depreciation, amortisation and impairment losses | –1,285 | –989 | –640 | –336 |
| Other operating expenses | –3,372 | –3,205 | –1,158 | –1,080 |
| Total operating expenses | –44,157 | –41,030 | –14,765 | –13,614 |
| Net income from investments accounted for using the equity method | 2 | 2 | 1 | 1 |
| **Profit from operating activities (EBIT)** | **1,454** | **2,380** | **197** | **755** |
| Financial income | 71 | 69 | 26 | 24 |
| Finance costs | –303 | –267 | –107 | –83 |
| Foreign currency result | –23 | –37 | –9 | –5 |
| **Net finance costs** | **–255** | **–235** | **–90** | **–64** |
| **Profit before income taxes** | **1,199** | **2,145** | **107** | **691** |
| Income taxes | –198 | –236 | –18 | –33 |
| **Consolidated net profit for the period** | **1,001** | **1,909** | **89** | **658** |
| attributable to Deutsche Post AG shareholders | 870 | 1,798 | 49 | 618 |
| attributable to non-controlling interests | 131 | 111 | 40 | 40 |
| **Basic earnings per share (€)** | **0.72** | **1.49** | **0.04** | **0.51** |
| **Diluted earnings per share (€)** | **0.69** | **1.43** | **0.04** | **0.49** |

# STATEMENT OF COMPREHENSIVE INCOME

**1 January to 30 September**

| €m | 9M 2015 | 9M 2016 | Q3 2015 | Q3 2016 |
|---|---|---|---|---|
| **Consolidated net profit for the period** | **1,001** | **1,909** | **89** | **658** |
| **Items that will not be reclassified to profit or loss** | | | | |
| Change due to remeasurements of net pension provisions | 679 | –2,193 | –345 | –703 |
| Other changes in retained earnings | 0 | 0 | 0 | 0 |
| Income taxes relating to components of other comprehensive income | –7 | 98 | 48 | 49 |
| Share of other comprehensive income of investments accounted for using the equity method (after tax) | 0 | 0 | 0 | 0 |
| **Total (after tax)** | **672** | **–2,095** | **–297** | **–654** |
| **Items that may be subsequently reclassified to profit or loss** | | | | |
| **IAS 39 revaluation reserve** | | | | |
| Changes from unrealised gains and losses | 50 | –5 | –11 | 2 |
| Changes from realised gains and losses | –172 | –63 | 0 | 0 |
| **IAS 39 hedging reserve** | | | | |
| Changes from unrealised gains and losses | –65 | 22 | 57 | 1 |
| Changes from realised gains and losses | 82 | 16 | 19 | 4 |
| **Currency translation reserve** | | | | |
| Changes from unrealised gains and losses | 342 | –483 | –260 | –89 |
| Changes from realised gains and losses | 0 | 0 | 0 | 0 |
| Income taxes relating to components of other comprehensive income | 3 | 2 | –22 | –1 |
| Share of other comprehensive income of investments accounted for using the equity method (after tax) | 1 | 0 | –1 | –1 |
| **Total (after tax)** | **241** | **–511** | **–218** | **–84** |
| **Other comprehensive income (after tax)** | **913** | **–2,606** | **–515** | **–738** |
| **Total comprehensive income** | **1,914** | **–697** | **–426** | **–80** |
| attributable to Deutsche Post AG shareholders | 1,782 | –797 | –457 | –119 |
| attributable to non-controlling interests | 132 | 100 | 31 | 39 |

# BALANCE SHEET

| €m | 31 Dec. 2015 | 30 Sept. 2016 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 12,490 | 12,180 |
| Property, plant and equipment | 7,795 | 8,006 |
| Investment property | 25 | 27 |
| Investments accounted for using the equity method | 76 | 94 |
| Non-current financial assets | 1,113 | 662 |
| Other non-current assets | 221 | 99 |
| Deferred tax assets | 2,007 | 2,145 |
| **Non-current assets** | **23,727** | **23,213** |
| Inventories | 281 | 278 |
| Current financial assets | 179 | 422 |
| Trade receivables | 7,694 | 7,397 |
| Other current assets | 2,172 | 2,524 |
| Income tax assets | 197 | 221 |
| Cash and cash equivalents | 3,608 | 2,223 |
| Assets held for sale | 12 | 6 |
| **Current assets** | **14,143** | **13,071** |
| **Total ASSETS** | **37,870** | **36,284** |
| **EQUITY AND LIABILITIES** | | |
| Issued capital | 1,211 | 1,194 |
| Capital reserves | 2,385 | 2,383 |
| Other reserves | 11 | -489 |
| Retained earnings | 7,427 | 5,142 |
| Equity attributable to Deutsche Post AG shareholders | 11,034 | 8,230 |
| Non-controlling interests | 261 | 236 |
| **Equity** | **11,295** | **8,466** |
| Provisions for pensions and similar obligations | 6,221 | 6,744 |
| Deferred tax liabilities | 142 | 66 |
| Other non-current provisions | 1,512 | 1,436 |
| Non-current provisions | 7,875 | 8,246 |
| Non-current financial liabilities | 4,625 | 5,149 |
| Other non-current liabilities | 234 | 348 |
| Non-current liabilities | 4,859 | 5,497 |
| **Non-current provisions and liabilities** | **12,734** | **13,743** |
| Current provisions | 1,486 | 1,415 |
| Current financial liabilities | 553 | 1,787 |
| Trade payables | 7,069 | 5,981 |
| Other current liabilities | 4,255 | 4,396 |
| Income tax liabilities | 476 | 496 |
| Liabilities associated with assets held for sale | 2 | 0 |
| Current liabilities | 12,355 | 12,660 |
| **Current provisions and liabilities** | **13,841** | **14,075** |
| **Total EQUITY AND LIABILITIES** | **37,870** | **36,284** |

# CASH FLOW STATEMENT

**1 January to 30 September**

| €m | 9M 2015 | 9M 2016 | Q3 2015 | Q3 2016 |
|---|---|---|---|---|
| Consolidated net profit for the period attributable to Deutsche Post AG shareholders | 870 | 1,798 | 49 | 618 |
| Consolidated net profit for the period attributable to non-controlling interests | 131 | 111 | 40 | 40 |
| Income taxes | 198 | 236 | 18 | 33 |
| Net finance costs | 255 | 235 | 90 | 64 |
| **Profit from operating activities (EBIT)** | **1,454** | **2,380** | **197** | **755** |
| Depreciation, amortisation and impairment losses | 1,285 | 989 | 640 | 336 |
| Net income from disposal of non-current assets | –240 | –86 | –12 | –27 |
| Non-cash income and expense | –7 | –13 | –52 | –3 |
| Change in provisions | –562 | –1,702 | –204 | –351 |
| Change in other non-current assets and liabilities | 10 | 105 | 22 | 92 |
| Dividend received | 1 | 1 | 1 | 0 |
| Income taxes paid | –408 | –365 | –131 | –141 |
| **Net cash from operating activities before changes in working capital** | **1,533** | **1,309** | **461** | **661** |
| **Changes in working capital** | | | | |
| Inventories | –11 | –8 | –19 | –20 |
| Receivables and other current assets | –80 | –311 | 462 | 192 |
| Liabilities and other items | –305 | –476 | –112 | 54 |
| **Net cash from operating activities** | **1,137** | **514** | **792** | **887** |
| Subsidiaries and other business units | –1 | 25 | 1 | 25 |
| Property, plant and equipment and intangible assets | 78 | 124 | 14 | 64 |
| Investments accounted for using the equity method and other investments | 223 | 82 | 2 | 2 |
| Other non-current financial assets | 18 | 453 | 7 | 441 |
| Proceeds from disposal of non-current assets | 318 | 684 | 24 | 532 |
| Subsidiaries and other business units | 0 | –34 | 0 | –34 |
| Property, plant and equipment and intangible assets | –1,444 | –1,421 | –472 | –405 |
| Investments accounted for using the equity method and other investments | 0 | –19 | 0 | 0 |
| Other non-current financial assets | –41 | –29 | –4 | –2 |
| Cash paid to acquire non-current assets | –1,485 | –1,503 | –476 | –441 |
| Interest received | 33 | 43 | 11 | 19 |
| Current financial assets | 211 | –281 | –10 | –297 |
| **Net cash used in investing activities** | **–923** | **–1,057** | **–451** | **–187** |
| Proceeds from issuance of non-current financial liabilities | 10 | 1,262 | 4 | 2 |
| Repayments of non-current financial liabilities | –22 | –87 | –5 | –67 |
| Change in current financial liabilities | 72 | –71 | 37 | –20 |
| Other financing activities | –18 | –159 | 27 | –58 |
| Cash paid for transactions with non-controlling interests | –8 | 0 | –2 | 0 |
| Dividend paid to Deutsche Post AG shareholders | –1,030 | –1,027 | 0 | 0 |
| Dividend paid to non-controlling interest holders | –80 | –93 | –74 | –90 |
| Purchase of treasury shares | –31 | –520 | 0 | –299 |
| Interest paid | –7 | –71 | –19 | –15 |
| **Net cash used in financing activities** | **–1,114** | **–766** | **–32** | **–547** |
| **Net change in cash and cash equivalents** | **–900** | **–1,309** | **309** | **153** |
| Effect of changes in exchange rates on cash and cash equivalents | –5 | –78 | –49 | –3 |
| Changes in cash and cash equivalents associated with assets held for sale | 0 | 1 | 0 | 1 |
| Changes in cash and cash equivalents due to changes in consolidated group | 0 | 1 | 0 | 0 |
| Cash and cash equivalents at beginning of reporting period | 2,978 | 3,608 | 1,813 | 2,072 |
| **Cash and cash equivalents at end of reporting period** | **2,073** | **2,223** | **2,073** | **2,223** |

# STATEMENT OF CHANGES IN EQUITY

**1 January to 30 September**

| €m | | | Other reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Issued capital | Capital reserves | IAS 39 revaluation reserve | IAS 39 hedging reserve | Currency translation reserve | Retained earnings | Equity attributable to Deutsche Post AG shareholders | Non-controlling interests | Total equity |
| Balance at 1 January 2015 | 1,210 | 2,339 | 170 | –28 | –483 | 6,168 | 9,376 | 204 | 9,580 |
| **Capital transactions with owner** | | | | | | | | | |
| Dividend | | | | | | –1,030 | –1,030 | –122 | –1,152 |
| Transactions with non-controlling interests | | | 0 | 0 | 0 | –5 | –5 | –2 | –7 |
| Changes in non-controlling interests due to changes in consolidated group | | | | | | | 0 | 0 | 0 |
| Issue of shares or other equity instruments | 0 | 0 | | | | 0 | 0 | 0 | 0 |
| Purchase of treasury shares | –1 | 0 | | | | –30 | –31 | 0 | –31 |
| Share-based payment schemes (issuance) | 0 | 42 | | | | 0 | 42 | 0 | 42 |
| Share-based payment schemes (exercise) | 2 | –48 | | | | 46 | 0 | 0 | 0 |
| | | | | | | | **–1,024** | **–124** | **–1,148** |
| **Total comprehensive income** | | | | | | | | | |
| Consolidated net profit for the period | | | | | | 870 | 870 | 131 | 1,001 |
| Currency translation differences | | | | | 336 | 0 | 336 | 7 | 343 |
| Change due to remeasurements of net pension provisions | | | | | | 678 | 678 | –6 | 672 |
| Other changes | 0 | 0 | –114 | 12 | | 0 | –102 | 0 | –102 |
| | | | | | | | **1,782** | **132** | **1,914** |
| **Balance at 30 September 2015** | **1,211** | **2,333** | **56** | **–16** | **–147** | **6,697** | **10,134** | **212** | **10,346** |
| Balance at 1 January 2016 | 1,211 | 2,385 | 67 | –41 | –15 | 7,427 | 11,034 | 261 | 11,295 |
| **Capital transactions with owner** | | | | | | | | | |
| Dividend | | | | | | –1,027 | –1,027 | –126 | –1,153 |
| Transactions with non-controlling interests | | | 0 | 0 | 0 | –1 | –1 | 1 | 0 |
| Changes in non-controlling interests due to changes in consolidated group | | | | | | | 0 | 0 | 0 |
| Issue of shares or other equity instruments | 0 | 0 | | | | 0 | 0 | 0 | 0 |
| Purchase of treasury shares | –20 | 0 | | | | –1,011 | –1,031 | 0 | –1,031 |
| Share-based payment schemes (issuance) | 0 | 52 | | | | 0 | 52 | 0 | 52 |
| Share-based payment schemes (exercise) | 3 | –54 | | | | 51 | 0 | 0 | 0 |
| | | | | | | | **–2,007** | **–125** | **–2,132** |
| **Total comprehensive income** | | | | | | | | | |
| Consolidated net profit for the period | | | | | | 1,798 | 1,798 | 111 | 1,909 |
| Currency translation differences | | | | | –472 | 0 | –472 | –11 | –483 |
| Change due to remeasurements of net pension provisions | | | | | | –2,095 | –2,095 | 0 | –2,095 |
| Other changes | 0 | 0 | –55 | 27 | | 0 | –28 | 0 | –28 |
| | | | | | | | **–797** | **100** | **–697** |
| **Balance at 30 September 2016** | **1,194** | **2,383** | **12** | **–14** | **–487** | **5,142** | **8,230** | **236** | **8,466** |

# SELECTED EXPLANATORY NOTES

**Company information**

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany.

The condensed consolidated interim financial statements of Deutsche Post AG and its subsidiaries cover the period from 1 January to 30 September 2016 and have been reviewed.

## BASIS OF PREPARATION

### 1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 September 2016 were prepared in accordance with the International Financial Reporting Standards (IFRSS) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSS to be presented in condensed interim financial statements.

Preparation of the consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2016 are not necessarily an indication of how business will develop in the future.

The accounting policies applied to the consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2015.

The income tax expense for the reporting period was deferred on the basis of the tax rate expected to apply to the full financial year. The tax rate expected for 2016 was reduced significantly compared with the previous year due to individual factors in Germany and additional deferred tax assets on tax loss carryforwards, as taxable profits are expected to increase in the USA in the future.

For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2015, on which these interim financial statements are based.

**Newly applicable accounting standards**

Departures from the accounting policies applied in financial year 2015 consist of the new or amended international accounting pronouncements under IFRSS required to be applied for the first time since financial year 2016.

| Standard | Subject matter and significance |
|---|---|
| Amendments to IAS 19, Defined Benefit Plans: Employee Contributions | The amendments apply to the recognition of employee contributions to defined benefit retirement plans. Their objective is to simplify accounting for employee contributions that are independent of the number of years of service. In such cases, the service cost in the period in which the corresponding service is rendered may be reduced. The new requirements must be applied retrospectively. Application did not lead to any significant effects. |
| Annual Improvements to IFRSS (2010–2012 Cycle) | The annual improvement process refers to the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 37, IAS 38 and IAS 39. The amendments do not have a significant influence on the consolidated financial statements. |
| Amendments to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation | The amendments expand the existing requirements relating to the permitted depreciation and amortisation methods for intangible assets and for property, plant and equipment. The amendments specify that revenue-based depreciation and amortisation methods are not permitted for property, plant and equipment and may only be used for intangible assets in certain exceptional circumstances. In addition, the amendments clarify that a reduction in the selling price of goods and services could signal obsolescence, which could in turn reflect a reduction in the economic benefits available from the asset. The requirements must be applied prospectively. The effects of this interpretation on the consolidated financial statements are immaterial. |
| Amendments to IFRS 11, Joint Arrangements – Acquisition of Interests in Joint Operations | The amendment clarifies that the acquisition and additional acquisition of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3, Business Combinations, must be recognised in accordance with the principles governing business combinations accounting in IFRS 3 and other relevant IFRSS, with the exception of those principles that conflict with the requirements of IFRS 11. The amendments do not apply if the reporting entity and the other parties involved are under the common control of the same ultimate controlling party. The new requirements must be applied prospectively. The amendment has no significant effect on the Group. |
| Annual Improvements to IFRSS (2012–2014 Cycle) | The annual improvement process refers to the following standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments do not have a significant influence on the consolidated financial statements. |
| Amendments to IAS 1, Presentation of Financial Statements: Disclosure Initiative | The changes comprise clarifications relating to the materiality of the items presented in all components of IFRS financial statements. Information that is not material need not be presented. This applies even if disclosure is explicitly required in other standards. In addition, the revised version of IAS 1 includes new rules or clarifications of existing requirements concerning the presentation of subtotals, the structure of the notes and the disclosures on accounting policies. The presentation of the interest in equity-accounted investments in other comprehensive income is also clarified. The amendments do not have a significant effect on the financial statements. |

The following are not relevant for the consolidated financial statements:
amendments to IAS 27, Equity Method in Separate Financial Statements;
amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities – Applying the Consolidation Exception.

## 2 Consolidated group

The consolidated group includes all companies controlled by Deutsche Post AG.

The Group companies are consolidated from the date on which Deutsche Post DHL Group is able to exercise control.

The companies listed in the table below are consolidated in addition to the parent company Deutsche Post AG.

**Consolidated group**

| | 31 Dec. 2015 | 30 Sept. 2016 |
|---|---|---|
| **Number of fully consolidated companies (subsidiaries)** | | |
| German | 139 | 131 |
| Foreign | 658 | 660 |
| **Number of joint operations** | | |
| German | 1 | 1 |
| Foreign | 1 | 1 |
| **Number of investments accounted for using the equity method** | | |
| German | 1 | 0 |
| Foreign | 15 | 12 |

In January 2016, Deutsche Post DHL Group acquired a minority interest of 27.5% in French e-commerce logistics specialist Relais Colis. Relais Colis is accounted for in the consolidated financial statements using the equity method.

### 2.1 Acquisitions

The following companies were acquired in the period to 30 September 2016.

**Insignificant acquisitions, 2016**

| Name | Country | Segment | Interest % |
|---|---|---|---|
| Air Express International Malaysia Sdn. Bhd. | Malaysia | Global Forwarding, Freight | 100 (step acquisition) |
| Mitsafetrans S.r.l. (including Mitradiopharma S.r.l.) | Italy | Supply Chain | 100 |

The remaining 51% interest in Air Express International Malaysia Sdn. Bhd. (Air Express), which was previously accounted for using the equity method, was acquired in the third quarter of 2016. This company is now consolidated. No tabular presentation is provided as all amounts were less than €1 million.

On 30 September 2016, DHL Supply Chain (Italy) S.p.A. acquired Italian company Mitsafetrans S.r.l., including its subsidiary Mitradiopharma S.r.l. These companies provide logistics services for the technology, pharma and high-tech sectors in Italy.

Final purchase price allocation will be presented in a subsequent financial report, as not all the necessary information is currently available. All the assets and liabilities and the goodwill calculated are therefore preliminary.

**Preliminary net assets for Mitsafetrans (including Mitradiopharma)**

| €m<br>30 September 2016 | Fair value from preliminary purchase price allocation[1] |
|---|---|
| Non-current assets | 5 |
| Current assets | 23 |
| Cash and cash equivalents | 0 |
| **ASSETS** | **28** |
| Non-current liabilities and provisions | 2 |
| Current liabilities and provisions | 7 |
| **EQUITY AND LIABILITIES** | **9** |
| **Preliminary net assets** | **19** |

[1] Corresponds to carrying amount at 30 September 2016.

Consolidation resulted in preliminary goodwill of €27 million.

**Preliminary calculation of goodwill**

| €m<br>30 September 2016 | Mitsafetrans s.r.l. |
|---|---|
| Cost | 46 |
| Less net assets | 19 |
| **Goodwill** | **27** |

A variable purchase price was agreed for the acquisition, in addition to the cash purchase price paid in the amount of €34 million:

**Contingent consideration**

| Basis | Period for financial years from/to | Results range from/to | Fair value of total obligation | Remaining payment obligation at 30 Sept. 2016 |
|---|---|---|---|---|
| EBITDA | 2016 to 2018 | €0 to 19 million | €12 million | €12 million |

### 2.2 Disposal and deconsolidation effects

Disposal and deconsolidation effects in the period to 30 September 2016 were as follows:

**Disposal and deconsolidation effects, 2016**

| €m<br>1 January to 30 September | Güll Group (equity accounted) | nugg.ad GmbH | IntelliAd Media GmbH | optivo GmbH | Total |
|---|---|---|---|---|---|
| Non-current assets | 2 | 0 | 0 | 3 | 5 |
| Current assets | 0 | 2 | 2 | 2 | 6 |
| Cash and cash equivalents | 0 | 3 | 1 | 1 | 5 |
| **ASSETS** | **2** | **5** | **3** | **6** | **16** |
| Non-current provisions and liabilities | 0 | 0 | 0 | 0 | 0 |
| Current provisions and liabilities | 0 | 2 | 1 | 2 | 5 |
| **EQUITY AND LIABILITIES** | **0** | **2** | **1** | **2** | **5** |
| **Net assets** | **2** | **3** | **2** | **4** | **11** |
| Total consideration received | 2 | 3 | 2 | 25 | 32 |
| Gains/losses from the currency translation reserve | 0 | 0 | 0 | 0 | 0 |
| Non-controlling interests | 0 | 0 | 0 | 0 | 0 |
| **Deconsolidation gain (+)/loss (–)** | **0** | **0** | **0** | **21** | **21** |

The e-commerce company nugg.ad GmbH, Germany, was sold in January 2016. In addition, the sale of IntelliAd Media GmbH, Germany, a company active in the area of search engine advertising, and the joint ventures Güll GmbH, Germany, and Presse-Service Güll GmbH, Switzerland, which were accounted for using the equity method, was completed in July 2016. All shares of optivo GmbH, Germany, a provider of technical e-mail marketing services, were sold at the end of September 2016.

The disposal and deconsolidation effects were attributable solely to the Post - eCommerce - Parcel segment.

Gains are shown in other operating income; losses are reported in other operating expenses.

## 3 Significant transactions

In the first quarter of 2016, the remaining shares in the property development companies King's Cross Central Property Trust and King's Cross Central General Partner Ltd. (King's Cross companies), UK, were sold. The gains on the disposal of the shares are reported in other operating income, Note 4.

Pension provisions increased in the period to 30 September 2016 due to the significant decline in discount rates. The increase was compensated in part by additions to plan assets, as well as a measurement-related reversal resulting from changes in the occupational retirement arrangement in Germany in the first quarter of 2016, which was offset by a number of other human resources measures (early retirement scheme for civil servants, etc.) and meant that, overall, there was no effect on earnings.

In addition, on 1 April 2016, the Group placed two senior bonds with a total volume of €1.25 billion. Of the capital raised, €1 billion was used for the further funding of pension obligations. The first bond has a term of five years, a volume of €750 million and an annual coupon of 0.375%. The second bond with a volume of €500 million has a term of ten years and an annual coupon of 1.250%.

On 1 March 2016, the Board of Management of Deutsche Post AG resolved a share buyback programme with a total volume of up to €1 billion to be initiated on 1 April 2016, Note 10.

On 28 September 2016, Deutsche Post DHL Group reached agreement on the terms of a takeover offer to acquire the entire issued and potentially issuable share capital of UK Mail Group plc (UK Mail), a postal and parcels delivery business in the United Kingdom. Deutsche Post DHL Group's cash offer of GBP 4.40 per share values UK Mail's entire issued and potentially issuable share capital at GBP 242.7 million. UK Mail's board intends to make a unanimous recommendation to the company's shareholders to accept the offer. When the transaction was announced, the expected purchase price of €296 million (including a security premium) was paid into a trustee account. This payment was recognised as a current financial asset in the balance sheet.

# INCOME STATEMENT DISCLOSURES

## 4 Other operating income

| €m | 9M 2015 | 9M 2016 |
|---|---|---|
| Income from currency translation | 212 | 158 |
| Income from the reversal of provisions | 155 | 151 |
| Insurance income | 133 | 151 |
| Gains on disposal of non-current assets | 264 | 135 |
| Reversals of impairment losses on receivables and other assets | 168 | 94 |
| Income from fees and reimbursements | 101 | 92 |
| Commission income | 91 | 88 |
| Income from the remeasurement of liabilities | 51 | 79 |
| Rental and lease income | 83 | 74 |
| Income from work performed and capitalised | 93 | 55 |
| Income from derivatives | 25 | 43 |
| Income from loss compensation | 19 | 33 |
| Income from prior-period billings | 18 | 19 |
| Income from the derecognition of liabilities | 18 | 14 |
| Recoveries on receivables previously written off | 8 | 9 |
| Subsidies | 5 | 4 |
| Miscellaneous | 274 | 285 |
| **Total** | **1,718** | **1,484** |

Of the gains on the disposal of non-current assets, €63 million relates to the sale of the remaining shares in the King's Cross companies in the UK. The prior-year disposal gains included €99 million from the sale of equity interests in Sinotrans Ltd., China, and €74 million from the sale of shares in the King's Cross companies.

The decline in other operating income is also attributable to the change in the exchange rate of the euro and the prior-year reversal of impairment losses on assets in the US express business in the amount of €90 million.

Miscellaneous other operating income includes a large number of smaller individual items.

## 5 Depreciation, amortisation and impairment losses

Of the €989 million in depreciation, amortisation and impairment losses, €3 million in impairment losses was recognised on property, plant and equipment in the Supply Chain segment. In the prior-year period, the depreciation, amortisation and impairment losses item included impairment losses of €311 million, of which €308 million was attributable to the NFE transformation programme in the Global Forwarding, Freight segment.

## 6 Other operating expenses

| €m | 9M 2015 | 9M 2016 |
|---|---|---|
| Cost of purchased cleaning and security services | 266 | 266 |
| Expenses for advertising and public relations | 303 | 264 |
| Insurance costs | 251 | 256 |
| Travel and training costs | 257 | 226 |
| Warranty expenses, refunds and compensation payments | 191 | 223 |
| Other business taxes | 171 | 195 |
| Telecommunication costs | 176 | 171 |
| Currency translation expenses | 205 | 162 |
| Write-downs of current assets | 210 | 158 |
| Office supplies | 139 | 120 |
| Entertainment and corporate hospitality expenses | 119 | 111 |
| Consulting costs (including tax advice) | 128 | 93 |
| Services provided by *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency) | 123 | 90 |
| Customs clearance-related charges | 81 | 82 |
| Contributions and fees | 70 | 73 |
| Voluntary social benefits | 62 | 59 |
| Legal costs | 57 | 48 |
| Commissions paid | 46 | 47 |
| Losses on disposal of assets | 26 | 46 |
| Expenses from derivatives | 98 | 45 |
| Monetary transaction costs | 36 | 35 |
| Audit costs | 25 | 22 |
| Donations | 19 | 18 |
| Prior-period other operating expenses | 8 | 10 |
| Miscellaneous | 305 | 385 |
| **Total** | **3,372** | **3,205** |

Miscellaneous other operating expenses include a large number of smaller individual items.

## 7 Earnings per share

Basic earnings per share in the reporting period were €1.49 (previous year: €0.72).

**Basic earnings per share**

| | | 9M 2015 | 9M 2016 |
|---|---|---|---|
| Consolidated net profit for the period attributable to Deutsche Post AG shareholders | €m | 870 | 1,798 |
| Weighted average number of shares outstanding | shares | 1,210,431,811 | 1,205,598,818 |
| **Basic earnings per share** | **€** | **0.72** | **1.49** |

Diluted earnings per share in the reporting period were €1.43 (previous year: €0.69).

**Diluted earnings per share**

| | | 9M 2015 | 9M 2016 |
|---|---|---|---|
| Consolidated net profit for the period attributable to Deutsche Post AG shareholders | €m | 870 | 1,798 |
| Plus interest expense on convertible bond | €m | 4 | 4 |
| Less income taxes | €m | 1 | 0[1] |
| Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders | €m | 873 | 1,802 |
| Weighted average number of shares outstanding | shares | 1,210,431,811 | 1,205,598,818 |
| Potentially dilutive shares | shares | 51,676,855 | 55,431,818 |
| Weighted average number of shares for diluted earnings | shares | 1,262,108,666 | 1,261,030,636 |
| **Diluted earnings per share** | € | **0.69** | **1.43** |

1 Rounded below €1 million.

# BALANCE SHEET DISCLOSURES

## 8 Intangible assets and property, plant and equipment

Investments in intangible assets (not including goodwill) and property, plant and equipment amounted to €1,365 million in the period to 30 September 2016 (previous year: €1,242 million).

**Investments**

€m

| | 30 Sept. 2015 | 30 Sept. 2016 |
|---|---|---|
| Intangible assets (not including goodwill) | **172** | **122** |
| Property, plant and equipment | | |
| Land and buildings (including leasehold improvements) | 59 | 130 |
| Technical equipment and machinery | 67 | 79 |
| Transport equipment | 71 | 120 |
| Aircraft | 27 | 63 |
| IT equipment | 75 | 73 |
| Operating and office equipment | 52 | 50 |
| Advance payments and assets under development | 719 | 728 |
| | **1,070** | **1,243** |
| **Total** | **1,242** | **1,365** |

**Change in goodwill**

€m

| | 2015 | 2016 |
|---|---|---|
| **Cost** | | |
| Balance at 1 January | 12,247 | 12,704 |
| Additions from business combinations | 0 | 27 |
| Disposals | –4 | –2 |
| Currency translation differences | 461 | –289 |
| **Balance at 31 December/30 September** | **12,704** | **12,440** |
| **Depreciation, amortisation and impairment losses** | | |
| Balance at 1 January | 1,138 | 1,159 |
| Disposals | –1 | 0 |
| Currency translation differences | 22 | –40 |
| **Balance at 31 December/30 September** | **1,159** | **1,119** |
| **Carrying amount at 31 December/30 September** | **11,545** | **11,321** |

The decline in goodwill is attributable largely to foreign currency losses. The disposal of both IntelliAd Media GmbH and optivo GmbH and the acquisition of Mitsafetrans also had an impact on the change in goodwill.

## 9 Assets held for sale and liabilities associated with assets held for sale

The amounts reported under this balance sheet item relate mainly to the following:

| €m | Assets | | Liabilities | |
|---|---|---|---|---|
| | 31 Dec. 2015 | 30 Sept. 2016 | 31 Dec. 2015 | 30 Sept. 2016 |
| Deutsche Post DHL Corporate Real Estate Management GmbH & Co Logistikzentren KG, Germany – plot of land (Corporate Center/Other segment) | 0 | 5 | 0 | 0 |
| Deutsche Post Mobility GmbH, Germany – asset deal (PeP segment) | 0 | 1 | 0 | 0 |
| Exel Inc., USA – real estate (Supply Chain segment) | 6 | 0 | 0 | 0 |
| Güll GmbH, Germany, and Presse-Service Güll GmbH, Switzerland – equity interests (PeP segment) | 3 | 0 | 0 | 0 |
| nugg.ad GmbH, Germany – equity interest (PeP segment) | 3 | 0 | 2 | 0 |
| Other | 0 | 0 | 0 | 0 |
| **Assets held for sale and liabilities associated with assets held for sale** | **12** | **6** | **2** | **0** |

**Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG**

The company plans to sell a plot of land. The most recent measurement prior to reclassification did not indicate any impairment.

**Deutsche Post Mobility GmbH**

The Group decided at the end of July 2016 to sell the long-distance coach business of Deutsche Post Mobility GmbH (PeP segment) to FlixMobility GmbH in an asset deal. The most recent measurement prior to reclassification did not indicate any impairment.

**Exel Inc.**

The sale plan was withdrawn. The real estate was reclassified as investment property.

**Güll Group and nugg.ad GmbH**

The sale of Güll GmbH, Germany, and Presse-Service Güll GmbH, Switzerland, was completed in July 2016, and the sale of nugg.ad GmbH, was completed in the first quarter of 2016, Note 2.

## 10 Issued capital and purchase of treasury shares

KfW Bankengruppe (KfW) held a 21% interest in the share capital of Deutsche Post AG as at 30 September 2016. The remaining 79% of the shares are in free float. KfW holds the shares in trust for the Federal Republic of Germany (the federal government).

**Changes in issued capital and treasury shares**

| € | 2015 | 2016 |
|---|---|---|
| **Issued capital** | | |
| Balance at 1 January | 1,211,180,262 | 1,212,753,687 |
| Addition due to capital increase | 1,568,593 | 0 |
| Addition due to contingent capital increase (convertible bond) | 4,832 | 0 |
| **Balance at 31 December/30 September** | **1,212,753,687** | **1,212,753,687** |
| **Treasury shares** | | |
| Balance at 1 January | –1,507,473 | –1,568,593 |
| Purchase of treasury shares | –2,628,575 | –19,852,267 |
| Sale of treasury shares | 14,992 | 48,106 |
| Issue of treasury shares | 2,552,463 | 2,829,908 |
| **Balance at 31 December/30 September** | **–1,568,593** | **–18,542,846** |
| **Total at 31 December/30 September** | **1,211,185,094** | **1,194,210,841** |

The issued capital recorded in the commercial register is composed of 1,212,753,687 no-par value registered shares (ordinary shares) with a notional interest in the share capital of €1.00 per share, and is fully paid up. Deutsche Post AG held 18,542,846 treasury shares as at 30 September 2016.

Deutsche Post AG acquired treasury shares for the total amount of €32 million (average price of €24.62 per share) in order to settle the 2015 tranche of the Share Matching Scheme. The company increased its share capital in 2015 to settle claims to matching shares under the 2011 tranche. The treasury shares were issued to the executives concerned in April and May 2016.

Under the share buyback programme initiated on 1 April 2016 for a maximum term of one year, 18.5 million shares were purchased in the period to 30 September 2016 for a total amount of €489 million and at an average price of €26.40 per share, Note 12. The repurchased shares will either be retired, used to service long-term executive remuneration plans or used to meet potential obligations if rights accruing under the 2012/2019 convertible bond are exercised.

## 11 Capital reserves

In the period to 30 September 2016, an amount of €52 million was added to the capital reserves for share-based payment plans.

| €m | 2015 | 2016 |
|---|---|---|
| Capital reserves at 1 January | 2,339 | 2,385 |
| Share Matching Scheme | | |
| Addition | 47 | 40 |
| Exercise | –48 | –54 |
| **Total for Share Matching Scheme** | **–1** | **–14** |
| Performance Share Plan | | |
| Addition | 10 | 12 |
| **Total for Performance Share Plan** | **10** | **12** |
| Capital increases | 37 | 0 |
| **Capital reserves at 31 December/30 September** | **2,385** | **2,383** |

In April and May 2016, the rights to matching shares under the 2011 tranche were settled, and the rights to incentive and investment shares under the 2015 tranche granted.

A new tranche (Tranche 2016) of the Performance Share Plan was issued on 1 September 2016.

## 12 Retained earnings

Changes in retained earnings are presented in the statement of changes in equity.

| €m | 2015 | 2016 |
|---|---|---|
| Retained earnings at 1 January | 6,168 | 7,427 |
| Dividend payment | –1,030 | –1,027 |
| Consolidated net profit for the period | 1,540 | 1,798 |
| Change due to remeasurements of net pension provisions | 773 | –2,095 |
| Transactions with non-controlling interests | –3 | –1 |
| Miscellaneous other changes | –21 | –960 |
| **Retained earnings at 31 December/30 September** | **7,427** | **5,142** |

The dividend in the amount of €1,027 million corresponding to a dividend per share of €0.85 was paid out to Deutsche Post AG's shareholders in May 2016.

The third tranche of the share buyback programme with a total volume of up to €650 million is being implemented by an independent financial services provider between 29 August 2016 and 6 March 2017 on the basis of an irrevocable agreement dated 25 August 2016. At the time the contract was concluded, the resulting obligation was charged in full to retained earnings and recognised as a financial liability. It has been reduced by the buyback transactions carried out by 30 September 2016. The amounts from the third tranche of the share buyback programme are included in miscellaneous other changes. Of these amounts, €511 million is attributable to the buyback transactions to be carried out after 30 September 2016. The miscellaneous other changes also include the amounts from the purchases completed under the first two tranches and from those undertaken by 30 September 2016 under the third tranche of the share buyback programme in a total amount of €471 million, as well as the amounts related to settlement of the tranches under the Share Matching Scheme.

# SEGMENT REPORTING

## 13 Segment reporting

### Segments by division

| €m | PeP | | Express | | Global Forwarding, Freight | | Supply Chain | | Corporate Center/ Other | | Consolidation[1] | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1 Jan. to 30 Sept.** | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| External revenue | 11,518 | 12,075 | 9,744 | 9,930 | 10,649 | 9,597 | 11,917 | 10,256 | 63 | 66 | 0 | 0 | **43,891** | **41,924** |
| Internal revenue | 100 | 82 | 279 | 270 | 505 | 517 | 75 | 94 | 882 | 866 | –1,841 | –1,829 | **0** | **0** |
| Total revenue | 11,618 | 12,157 | 10,023 | 10,200 | 11,154 | 10,114 | 11,992 | 10,350 | 945 | 932 | –1,841 | –1,829 | **43,891** | **41,924** |
| Profit/loss from operating activities (EBIT) | 616 | 954 | 1,072 | 1,113 | –280 | 183 | 273 | 366 | –226 | –234 | –1 | –2 | **1,454** | **2,380** |
| of which net income from investments accounted for using the equity method | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | **2** | **2** |
| Segment assets[2,3] | 5,532 | 5,813 | 9,337 | 9,506 | 7,998 | 7,746 | 6,418 | 6,168 | 1,571 | 1,602 | –83 | –79 | **30,773** | **30,756** |
| of which investments accounted for using the equity method | 1 | 20 | 46 | 47 | 25 | 23 | 3 | 3 | 0 | 0 | 1 | 1 | **76** | **94** |
| Segment liabilities[2,3] | 2,697 | 2,868 | 3,508 | 3,136 | 3,141 | 2,797 | 3,372 | 2,956 | 1,496 | 1,411 | –59 | –60 | **14,155** | **13,108** |
| Segment assets/ liabilities, net | 2,835 | 2,945 | 5,829 | 6,370 | 4,857 | 4,949 | 3,046 | 3,212 | 75 | 191 | –24 | –19 | **16,618** | **17,648** |
| Capex | 324 | 326 | 496 | 622 | 101 | 37 | 220 | 255 | 101 | 124 | 0 | 1 | **1,242** | **1,365** |
| Depreciation and amortisation | 233 | 239 | 283 | 320 | 64 | 60 | 224 | 216 | 171 | 151 | –1 | 0 | **974** | **986** |
| Impairment losses | 0 | 0 | 0 | 0 | 308 | 0 | 0 | 3 | 3 | 0 | 0 | 0 | **311** | **3** |
| Total depreciation, amortisation and impairment losses | 233 | 239 | 283 | 320 | 372 | 60 | 224 | 219 | 174 | 151 | –1 | 0 | **1,285** | **989** |
| Other non-cash income and expenses[2] | 182 | 148 | 132 | 221 | 212 | 56 | 232 | 199 | 26 | 49 | 1 | 0 | **785** | **673** |
| Employees[4] | 169,430 | 169,679 | 79,318 | 82,883 | 44,588 | 43,041 | 145,827 | 145,521 | 10,747 | 10,816 | 0 | 0 | **449, 910** | **451,940** |
| **Q 3** | | | | | | | | | | | | | | |
| External revenue | 3,775 | 3,929 | 3,232 | 3,338 | 3,419 | 3,195 | 3,979 | 3,377 | 19 | 23 | 0 | 0 | **14,424** | **13,862** |
| Internal revenue | 30 | 27 | 96 | 88 | 168 | 167 | 26 | 39 | 299 | 294 | –619 | –615 | **0** | **0** |
| Total revenue | 3,805 | 3,956 | 3,328 | 3,426 | 3,587 | 3,362 | 4,005 | 3,416 | 318 | 317 | –619 | –615 | **14,424** | **13,862** |
| Profit/loss from operating activities (EBIT) | 142 | 295 | 364 | 336 | –337 | 63 | 101 | 137 | –73 | –75 | 0 | –1 | **197** | **755** |
| of which net income from investments accounted for using the equity method | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **1** | **1** |
| Capex | 133 | 139 | 267 | 226 | 27 | 15 | 84 | 71 | 37 | 47 | –1 | 0 | **547** | **498** |
| Depreciation and amortisation | 79 | 83 | 98 | 112 | 20 | 20 | 75 | 72 | 57 | 50 | 0 | –1 | **329** | **336** |
| Impairment losses | 0 | 0 | 0 | 0 | 308 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | **311** | **0** |
| Total depreciation, amortisation and impairment losses | 79 | 83 | 98 | 112 | 328 | 20 | 75 | 72 | 60 | 50 | 0 | –1 | **640** | **336** |
| Other non-cash income and expenses[2] | 92 | 71 | 2 | 73 | 93 | 31 | 45 | 47 | –4 | 27 | 0 | 1 | **228** | **250** |

[1] Including rounding.
[2] Prior-period amounts adjusted.
[3] As at 31 December 2015 and 30 September 2016.
[4] Average FTEs; prior-period amount corresponds to that of financial year 2015.

**Information about geographical areas**

| €m | Germany | | Europe (excluding Germany) | | Americas | | Asia Pacific | | Other regions | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1 Jan. to 30 Sept.** | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| External revenue | 12,638 | 13,020 | 14,392 | 12,555 | 7,624 | 7,413 | 7,479 | 7,282 | 1,758 | 1,654 | **43,891** | **41,924** |
| Non-current assets[1] | 5,298 | 5,351 | 7,264 | 6,946 | 3,876 | 4,091 | 3,553 | 3,534 | 390 | 367 | **20,381** | **20,289** |
| Capex | 568 | 563 | 332 | 372 | 176 | 296 | 137 | 115 | 29 | 19 | **1,242** | **1,365** |
| **Q 3** | | | | | | | | | | | | |
| External revenue | 4,140 | 4,233 | 4,783 | 4,082 | 2,490 | 2,497 | 2,453 | 2,512 | 558 | 538 | **14,424** | **13,862** |
| Capex | 222 | 203 | 191 | 134 | 67 | 117 | 57 | 38 | 10 | 6 | **547** | **498** |

[1] As at 31 December 2015 and 30 September 2016.

### Adjustment of prior-period amounts

Segment reporting has been adapted in line with internal reporting. The prior-period amounts have been adjusted accordingly.

**Reconciliation**

| €m | 9M 2015 | 9M 2016 |
|---|---|---|
| Total income of reportable segments | 1,681 | 2,616 |
| Corporate Center/Other | –226 | –234 |
| Reconciliation to Group/Consolidation | –1 | –2 |
| **Profit from operating activities (EBIT)** | **1,454** | **2,380** |
| **Net finance costs** | **–255** | **–235** |
| **Profit before income taxes** | **1,199** | **2,145** |
| Income taxes | –198 | –236 |
| **Consolidated net profit for the period** | **1,001** | **1,909** |

## OTHER DISCLOSURES

### 14 Disclosures on financial instruments

The following table presents financial instruments recognised at fair value and financial instruments whose fair value is required to be disclosed, both presented by the level in the fair value hierarchy to which they are assigned.

The simplification option under IFRS 7.29a was exercised for cash and cash equivalents, trade receivables, other assets, trade payables and other liabilities with predominantly short maturities. Their carrying amounts as at the reporting date are approximately equivalent to their fair values. Not included are financial investments in equity instruments for which there is no quoted price in an active market and which therefore have to be measured at cost.

**Financial assets and liabilities**

€m

| Class | Level 1[1] | Level 2[2] | Level 3[3] | Total |
|---|---|---|---|---|
| **30 September 2016** | | | | |
| **Financial assets** | | | | |
| Non-current financial assets | 22 | 631 | 0 | **653** |
| Current financial assets | 0 | 422 | 0 | **422** |
| **Total** | **22** | **1,053** | **0** | **1,075** |
| **Financial liabilities** | | | | |
| Non-current liabilities | 5,589 | 352 | 0 | **5,941** |
| Current liabilities | 761 | 1,047 | 0 | **1,808** |
| **Total** | **6,350** | **1,399** | **0** | **7,749** |
| **31 December 2015** | | | | |
| **Financial assets** | | | | |
| Non-current financial assets | 153 | 866 | 83 | **1,102** |
| Current financial assets | 27 | 42 | 0 | **69** |
| **Total** | **180** | **908** | **83** | **1,171** |
| **Financial liabilities** | | | | |
| Non-current liabilities | 4,232 | 338 | 0 | **4,570** |
| Current liabilities | 0 | 107 | 0 | **107** |
| **Total** | **4,232** | **445** | **0** | **4,677** |

[1] Quoted prices for identical instruments in active markets.
[2] Inputs other than quoted market prices that are directly or indirectly observable for instruments.
[3] Inputs not based on observable market data.

Level 1 mainly comprises equity instruments measured at fair value and debt instruments measured at amortised cost.

In addition to financial assets and financial liabilities measured at amortised cost, commodity, interest rate and currency derivatives are reported under Level 2. The fair values of the derivatives are measured on the basis of discounted expected future cash flows, taking into account forward rates for currencies, interest rates and commodities (market approach). For this purpose, price quotations observable on the market (exchange rates, interest rates and commodity prices) are imported from information platforms customary in the market into the treasury management system. The price quotations reflect actual transactions involving similar instruments on an active market. Any currency options used are measured using the Black-Scholes option pricing model. All significant inputs used to measure derivatives are observable on the market.

Level 3 mainly comprises the fair values of equity investments and derivatives associated with M&A transactions. These options are measured using recognised valuation models, taking plausible assumptions into account. The fair values of the derivatives depend largely on financial ratios. Financial ratios strongly influence the fair values of assets and liabilities. Increasing financial ratios lead to higher fair values, while decreasing financial ratios result in lower fair values.

No financial instruments have been transferred between levels in the current financial year.

The table below shows the effect on net gains and losses of the financial instruments categorised within Level 3 as at 30 September 2016:

**Unobservable inputs (Level 3)**

| €m | 2015 | | 2016 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| | Equity instruments | Derivatives, of which equity derivatives | Equity instruments | Derivatives, of which equity derivatives |
| Balance at 1 January | 132 | 1 | 83 | 0 |
| Gains and losses (recognised in profit and loss)[1] | 0 | –1 | 0 | 0 |
| Gains and losses (recognised in OCI)[2] | 38 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | –95 | 0 | –80 | 0 |
| Currency translation effects | 8 | 0 | –3 | 0 |
| **Balance at 31 December/30 September** | **83** | **0** | **0** | **0** |

[1] Fair value losses are recognised in finance costs, fair value gains in financial income.
[2] Unrealised gains and losses are recognised in the IAS 39 revaluation reserve.

Available-for-sale financial assets include shares in partnerships and corporations in the amount of €9 million (31 December 2015: €11 million). There is no active market for these instruments. As future cash flows cannot be reliably determined, fair value cannot be determined using valuation techniques. There are no plans to sell or derecognise significant shares of the available-for-sale financial assets reported as at 30 September 2016 in the near future. As in the previous year, no significant shares in partnerships and corporations that are measured at cost have been sold in the current financial year.

## 15 Contingent liabilities and other financial obligations

The reduction in contingent liabilities is attributable primarily to the discontinuation of the obligation underlying the state aid decision amounting to €440 million (value at 31 December 2015). In a judgement dated 14 July 2016, the General Court of the European Union (EGC) set aside the European Commission's decision dated 25 January 2012 in an action brought by the Federal Republic of Germany (the federal government). In its state aid decision, the European Commission had argued that the financing of civil servant pensions in part constituted unlawful state aid that had to be repaid to the federal government. In their actions, Deutsche Post AG and the federal government asserted that the state aid decision was unlawful. The EGC has now followed this argument in the action brought by the federal government. The action brought by Deutsche Post AG is still pending. Since the European Commission did not file an appeal against the EGC's judgement dated 14 July 2016, that decision is now legally binding. The state aid decision of the European Commission is therefore null and void with final effect and there are no longer any grounds for the obligation to repay the alleged state aid under the state aid decision. The amount of €378 million deposited in a trustee account for this purpose was released in August 2016 and recognised in the cash flow statement as a cash inflow from investing activities.

The other financial obligations from non-cancellable leases increased by €263 million as against 31 December 2015. Furthermore, a purchase price obligation was entered into in connection with the planned acquisition of UK Mail, Note 3.

## 16 Related party disclosures

There were no significant changes in related party disclosures as against 31 December 2015.

Lawrence Rosen resigned as the member of the Group Board of Management responsible for Finance, Global Business Services, on 30 September 2016. Melanie Kreis was appointed as his successor; she retains her responsibility as the Board Member for Human Resources and as Group Labour Director until further notice.

Tim Scharwath was appointed as the new member of the Group Board of Management for Global Forwarding, Freight in May 2016. He will have assumed office by June 2017.

## 17 Events after the reporting date

There were no significant events after the reporting date.

# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, 7 November 2016

Deutsche Post AG
The Board of Management

Dr Frank Appel

Ken Allen

Jürgen Gerdes

John Gilbert

Melanie Kreis

# REVIEW REPORT

**To Deutsche Post AG**

We have reviewed the condensed consolidated interim financial statements – comprising the income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Post AG, Bonn, for the period from 1 January to 30 September 2016, which are part of the quarterly financial report pursuant to section 37w of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 7 November 2016

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| | |
|---|---|
| Gerd Eggemann | Verena Heineke |
| *Wirtschaftsprüfer* | *Wirtschaftsprüferin* |
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Published on 8 November 2016.

The English version of the Interim Report as at 30 September 2016 of Deutsche Post DHL Group constitutes a translation of the original German version. Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries.
Deutsche Post Corporate Language Services et al.

## FINANCIAL CALENDAR 2017

8 March 2017
**2016 Annual Report**

28 April 2017
**2017 Annual General Meeting (Bochum)**

4 May 2017
**Dividend payment**

11 May 2017
**Interim Report as at 31 March 2017**

8 August 2017
**Interim Report as at 30 June 2017**

8 November 2017
**Interim Report as at 30 September 2017**

Further dates, updates as well as information on live webcasts:
dpdhl.com/en/investors

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