
Preliminary results: Deutsche Post DHL Group significantly outperforms earnings guidance with record result

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Deutsche Post DHL Group has released preliminary results for 2020. In a challenging economic environment, the Group improved its operating profit (EBIT) to a record of EUR 4.840 billion and with this significantly outperformed its earnings guidance of EUR 4.1 to 4.4 billion for financial year 2020.

With its broad range of logistics services, the Group benefited from the rise in global e-commerce activities and increased consolidated revenue by 5 percent to EUR 66.8 billion in 2020. Evidence of the profitable growth in the past financial year is the extraordinarily positive development in the express as well as in the national and international parcel business. The dynamic increase in shipment volumes accelerated once again during the Christmas season, with network capacity utilization at consistently optimal levels. At the same time, the Group succeeded in achieving an unchanged high level of service – despite unprecedented utilization of resources.

“2020 was an exceptional year: despite all the challenges faced, we achieved a record result. Our strategy and business model have proven resilient – even in turbulent times for the global economy. Thanks to the incredible performance of our 550,000 employees all over the world we made a positive contribution to people and societies during the Covid-19 crisis. We are now focused on distributing the Covid-19 vaccine all over the world”, said Frank Appel, CEO Deutsche Post DHL Group.

Group increases earnings guidance for 2022 due to strong business performance

In light of positive business development, the Group raised its medium-term outlook. The Group now expects EBIT to further grow in 2021 from the underlying base in 2020 of around EUR 5.4 billion. Furthermore Group EBIT for 2022 is expected to be above 2021. The company will provide a detailed outlook for the years 2021 and 2023 when it releases its comprehensive consolidated annual results on March 9.

The outlook for the aggregated free cash flow for the period 2020 to 2022 is revised to more than EUR 6 billion (previous: EUR 5.0 – 6.0 billion). The total gross capex for the

period is now expected to be at around EUR 9.5 billion (previous: EUR 8.5 – 9.5 billion). This includes the effect of the newly ordered eight 777 cargo aircraft announced today.

Outstanding Free Cash Flow development with continuous investments

Free cash flow was around EUR 2.5 billion in 2020, well above the latest guidance, which last stood at more than EUR 2.0 billion. The Group significantly exceeded its prior-year result by around EUR 1.6 billion as well as the market estimate. With gross capex in owned assets of around EUR 3.0 billion in 2020, the Group invested around EUR 100 million more than forecasted.

“In financial terms, the past financial year was a complete success. We were able to accomplish all planned investments in future growth and at the same time increased our profitability. We can be proud of the outstanding development of free cash flow in an economically uncertain environment. With the record result behind us and the beginning economic recovery in sight, we can confidently provide a more positive outlook”, said CFO Melanie Kreis.

All divisions well positioned to benefit from the continuing boom in e-commerce

Post & Parcel Germany: Full year revenue of EUR 16.5 billion, up 7% yoy (Q4: EUR 4.8 billion, up 12% yoy). Full year EBIT of EUR 1.590 billion, up 29% yoy (Q4: EUR 670 million, up 28% yoy). Parcel volume growth accelerated through the quarter bringing Q4 total volumes ahead by 23% yoy to record levels. The decline rate for mail volumes stabilized at -7%.

Express: Full year revenue of EUR 19.1 billion, up 12% yoy (Q4: EUR 5.6 billion, up 20% yoy). Full year EBIT of EUR 2.750 billion, up 35% yoy (Q4: EUR 1.040 billion, up 70% yoy). Core TDI volumes in Q4 increased in all regions and overall grew by 17%, bringing the full year growth rate to 9%. Main driver continued to be B2C volumes but Q4 also saw some further recovery in B2B volumes.

Global Forwarding, Freight: Full year revenue of EUR 15.9 billion, up 5% yoy (Q4: EUR 4.4 billion, up +14% yoy). Full year EBIT of EUR 590 million, up 13% yoy (Q4: EUR 170 million, down 2% yoy).

Supply Chain: Full year revenue of EUR 12.5 billion, down 7% yoy (Q4: EUR 3.5 billion, down 3% yoy). Full year EBIT of EUR 430 million, down by 53% yoy (Q4: EUR 175 million, down 1% yoy).

eCommerce Solutions: Full year revenue of EUR 4.8 billion, up 19% yoy (Q4: EUR 1.5 billion, up 33% yoy). Full year EBIT of EUR 160 million, vs last year's loss (Q4: EUR

80 million, vs last year's loss).

Full reporting for the full year 2020 will be published as planned on March 9, 2021.