Interim Report
as at 30 September 2017

CONTINUED STRENGTH IN Q3 CONFIRMS LEVERAGE TO STRUCTURAL AND ECONOMIC GROWTH

10% EBIT increase driven by 6% revenue growth and further margin improvements

Express: Keeping momentum supported by volume, yield and efficiency

PeP: Contributing steady EBIT growth while driving forward international expansion

Global Forwarding, Freight: EBIT slightly up as tough market conditions begin to stabilise

Supply Chain: FX headwinds currently mask steady EBIT progression

Strong YTD cash generation, on track for full-year expectations

Q3 CONFIRMS THAT WE ARE WELL ON TRACK TO DELIVER ON OUR 2017 TARGETS

EBIT performance shows that we are leveraged towards growth – macro and structural (e-commerce)

Divisional performances drive consistent Group profit and cash flow improvements

IFRS 16 to influence reported numbers but not actual operating and cash performance

ON TRACK FOR ANOTHER SUCCESSFUL YEAR, WHILE WORKING ON OUR LONG-TERM AMBITIONS

Deutsche Post DHL Group

SELECTED KEY FIGURES

MAIL COMMUNICATION

Mail items (millions)

Q3 2017 1,830

Q3 2016 1,883

−2.8 %

PARCEL GERMANY

Parcels (millions)

Q3 2017 310

Q3 2016 285

+8.8 %

TIME DEFINITE INTERNATIONAL (TDI)

Thousands of items per day

Q3 2017 863

Q3 2016, adjusted 771

+11.9 %

REVENUE, Q3 2017

€14,639 million

(Q3 2016: €13,862 million)

EBIT, Q3 2017

€834 million

Profit from operating activities.
(Q3 2016: €755 million)

EARNINGS PER SHARE

€

Q3 2017 0.53

Q3 2016 0.51

Basic earnings per share.

RETURN ON SALES, Q3 2017

5.7 %

(Q3 2016: 5.4 %)

CONSOLIDATED NET PROFIT FOR THE PERIOD

€m

Q3 2017 641

Q3 2016 618

After deduction of non-controlling interests.

		9M 2016	9M 2017	+/– %	Q3 2016	Q3 2017	+/– %
Revenue	€m	41,924	44,335	5.8	13,862	14,639	5.6
Profit from operating activities (EBIT)	€m	2,380	2,560	7.6	755	834	10.5
Return on sales[1]	%	5.7	5.8	–	5.4	5.7	–
EBIT after asset charge (EAC)	€m	1,230	1,379	12.1	374	447	19.5
Consolidated net profit for the period[2]	€m	1,798	1,876	4.3	618	641	3.7
Free cash flow	€m	−757	457	>100	543	502	−7.6
Net debt[3]	€m	2,261	3,211	42.0	–	–	–
Earnings per share[4]	€	1.49	1.55	4.0	0.51	0.53	3.9
Number of employees[5]		508,036	521,987	2.7	–	–	–

[1] EBIT/revenue.
[2] After deduction of non-controlling interests.
[3] Prior-period amount as at 31 December, for the calculation page 6 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.

CONTENTS

GENERAL INFORMATION

Organisation

As at 1 September 2017, Thomas Ogilvie assumed office as Board Member for Human Resources and Group Labour Director.

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 picked up again slightly at the start of the second half of 2017. In Asia, growth remained robust overall, with the Chinese economy remaining stable. The Japanese economy continued to record moderate growth.

In the United States, the economic upswing remained solid, driven primarily by private consumption. The upwards trend in gross fixed capital formation continued. The US Federal Reserve left its key interest rate at between 1.00% and 1.25% after having increased the rate in two steps by a total of 0.50 percentage points in the first half of the year.

In the euro zone, economic growth remained brisk. Private consumption and capital expenditures boosted domestic demand significantly again. Exports also continued to perform well and the rate of inflation stabilised at a moderate level. The European Central Bank kept its key interest rate at 0.00% and continued its bond-buying programme as planned.

The German economy continues to grow, although not quite as vigorously as in the first half of the year. Momentum continued to come from private consumption and gross fixed capital formation, whilst exports remained on an upwards trend. The positive economic trend was also reflected in corporate sentiment, enabling the ifo German Business Climate Index to stay at a high level.

Significant events

By way of a resolution of the Board of Management dated 21 March 2017, a capital reduction was implemented through retirement of 27.3 million treasury shares, note 10 to the consolidated financial statements.

In August, Deutsche Post DHL Group and Advent International signed an agreement to sell Williams Lea Tag Group. All of the company's assets and liabilities were reclassified as held for sale, note 9 to the consolidated financial statements.

Results of operations

Selected indicators for results of operations

		9M 2016	9M 2017	Q3 2016	Q3 2017
Revenue	€m	41,924	44,335	13,862	14,639
Profit from operating activities (EBIT)	€m	2,380	2,560	755	834
Return on sales[1]	%	5.7	5.8	5.4	5.7
EBIT after asset charge (EAC)	€m	1,230	1,379	374	447
Consolidated net profit for the period[2]	€m	1,798	1,876	618	641
Earnings per share[3]	€	1.49	1.55	0.51	0.53

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

Changes to the portfolio

In early July, we acquired Brazil-based company Olimpo Holding S.A. including its subsidiaries Polar Transportes Ltda. and Rio Lopez Transportes Ltda. They provide temperature-controlled transport in the Life Sciences & Healthcare sector for the Supply Chain division.

Consolidated revenue climbs to €44,335 million

Consolidated revenue in the first nine months of 2017 rose by €2,411 million to €44,335 million. Negative currency effects reduced the figure by €631 million. A total of 70.0% of consolidated revenue was generated abroad (previous year: 68.9%). Revenue in the third quarter of 2017 amounted to €14,639 million, exceeding the comparable prior-year figure by 5.6%; currency effects reduced it by €453 million.

At €1,486 million, other operating income for the reporting period was at the prior-year level.

Increase in expenses

Materials expense rose by €1,691 million to €23,983 million in the first nine months of 2017, due in particular to a rise in transport costs. At €14,908 million, staff costs were higher than the previous year (€14,544 million), primarily as a result of the increased headcount. Depreciation, amortisation and impairment losses were up by €92 million to €1,081 million, due mainly to investment activity. Other operating expenses rose from €3,205 million to €3,291 million on the back of a large number of minor factors.

Consolidated EBIT up 7.6%

Profit from operating activities (EBIT) improved by 7.6% year-on-year in the first nine months of 2017 to €2,560 million. By contrast, net finance costs widened from €235 million to €283 million. Profit before income taxes rose by €132 million to €2,277 million. Income taxes also rose due to a higher tax rate, climbing €60 million to €296 million.

Consolidated net profit above prior-year level

Consolidated net profit in the reporting period amounted to €1,981 million, up 3.8% on the prior-year figure (€1,909 million). Of this amount, €1,876 million is attributable to Deutsche Post AG shareholders and €105 million to non-controlling interest holders. Basic earnings per share improved from €1.49 to €1.55 and diluted earnings per share from €1.43 to €1.51.

Changes in revenue, other operating income and operating expenses, 9M 2017

	€m	+/– %	
Revenue	44,335	5.8	• Currency effects reduce amount by €631 million
Other operating income	1,486	0.1	• At prior-year level
Materials expense	23,983	7.6	• Higher transport costs
Staff costs	14,908	2.5	• Rise in headcount
Depreciation, amortisation and impairment losses	1,081	9.3	• Increase due to investment activity
Other operating expenses	3,291	2.7	• Large number of minor factors

Increase in EBIT after asset charge (EAC)

In the first nine months of 2017, EBIT after asset charge (EAC) climbed from €1,230 million to €1,379 million, mainly as a result of the company's improved profitability. The imputed asset charge increased year-on-year, driven particularly by investments in property, plant and equipment in the Post - eCommerce - Parcel and Express divisions.

EBIT after asset charge (EAC)

€m	9M 2016	9M 2017	+/–%
EBIT	2,380	2,560	7.6
– Asset charge	–1,150	–1,181	–2.7
= **EAC**	**1,230**	**1,379**	**12.1**

Financial position

Selected cash flow indicators

€m	9M 2016	9M 2017	Q3 2016	Q3 2017
Cash and cash equivalents as at 30 September	2,223	1,534	2,223	1,534
Change in cash and cash equivalents	–1,309	–1,477	153	–88
Net cash from operating activities	514	1,770	887	954
Net cash used in investing activities	–1,057	–1,049	–187	–430
Net cash used in financing activities	–766	–2,198	–547	–612

Liquidity situation remains solid

The principles and aims of our financial management as presented in the 2016 Annual Report beginning on page 52 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 2017 from the figure as at 31 December 2016, given the greater increase in debt in relation to funds from operations. Funds from operations rose due to the increase in operating cash flow and the decrease in the adjustment for pensions. The amount of interest paid also went up, mainly because we had to pay interest on the bonds issued in a total volume of €1.25 billion in April 2016 for the first time during the reporting period. Debt rose due to the decrease in surplus cash and near-cash investments – above all as a result of the dividend paid for financial year 2016. In addition, the adjustment for operating leases increased owing to higher lease obligations. Reported financial liabilities declined, due primarily to repayment of a bond in June. The adjustment for pensions decreased as a result of reduced pension obligations and an increase in plan assets.

FFO to debt

€m	1 Jan. to 31 Dec. 2016	1 Oct. 2016 to 30 Sept. 2017
Operating cash flow before changes in working capital	2,514	3,642
+ Interest received	50	47
– Interest paid	138	158
+ Adjustment for operating leases	1,569	1,606
+ Adjustment for pensions	1,003	223
= **Funds from operations (FFO)**	**4,998**	**5,360**
Reported financial liabilities[1]	6,035	5,270
– Financial liabilities at fair value through profit or loss[1]	121	73
+ Adjustment for operating leases[1]	7,166	9,390
+ Adjustment for pensions[1]	5,467	5,024
– Surplus cash and near-cash investments[1,2]	2,239	481
= **Debt**	**16,308**	**19,130**
FFO to debt (%)	**30.6**	**28.0**

[1] As at 31 December 2016 and 30 September 2017, respectively.
[2] Reported cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

Our credit quality as rated by Moody's Investors Service and Fitch Ratings has not changed from the ratings described and projected in the 2016 Annual Report beginning on page 55. 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. On 30 September 2017, the Group had cash and cash equivalents of €1.5 billion.

Capex and depreciation, amortisation and impairment losses, 9M

	PeP		Express		Global Forwarding, Freight		Supply Chain		Corporate Center/ Other		Consolidation[1]		Group	
	2016 adjusted[2]	2017	2016 adjusted[2]	2017	2016	2017	2016	2017	2016	2017	2016 adjusted[2]	2017	2016	2017
Capex (€m)	327	346	621	444	37	52	255	194	124	92	1	0	**1,365**	**1,128**
Depreciation, amortisation and impairment losses (€m)	241	267	318	393	60	51	219	220	151	149	0	1	**989**	**1,081**
Ratio of capex to depreciation, amortisation and impairment losses	1.36	1.30	1.95	1.13	0.62	1.02	1.16	0.88	0.82	0.62	–	–	**1.38**	**1.04**

[1] Including rounding.
[2] Reassignment of companies in Spain and Portugal from the Express division to the Post - eCommerce - Parcel division.

Capex and depreciation, amortisation and impairment losses, Q3

	PeP		Express		Global Forwarding, Freight		Supply Chain		Corporate Center/ Other		Consolidation[1]		Group	
	2016 adjusted[2]	2017	2016 adjusted[2]	2017	2016	2017	2016	2017	2016	2017	2016 adjusted[2]	2017	2016	2017
Capex (€m)	140	145	225	181	15	15	71	58	47	43	0	1	**498**	**443**
Depreciation, amortisation and impairment losses (€m)	84	91	111	131	20	17	72	70	50	50	−1	1	**336**	**360**
Ratio of capex to depreciation, amortisation and impairment losses	1.67	1.59	2.03	1.38	0.75	0.88	0.99	0.83	0.94	0.86	–	–	**1.48**	**1.23**

[1] Including rounding.
[2] Reassignment of companies in Spain and Portugal from the Express division to the Post - eCommerce - Parcel division.

Capital expenditure below strong prior-year level

Investments in property, plant and equipment and intangible assets (not including goodwill) amounted to €1,128 million in the first nine months of 2017 (previous year: €1,365 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 was attributable to the expansion of our domestic and international parcel network and production of our StreetScooter electric vehicles.

In the Express division, a significant portion of capital expenditure went towards the continuous maintenance and renewal of our aircraft fleet. We also invested further in expanding our network infrastructure, particularly in Leipzig, Brussels, Cincinnati, Mexico and Singapore.

In the Global Forwarding, Freight division, we continued to invest in warehouses, office buildings and IT.

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 capital expenditure decreased due to lower spending on IT equipment and the conventional vehicle fleet.

Higher operating cash flow

Net cash from operating activities in the reporting period amounted to €1,770 million (previous year: €514 million). In the first nine months of 2016, €1 billion was used to fund pension obligations, significantly impacting the change in provisions. EBIT and non-cash components such as depreciation, amortisation and impairment losses increased in the reporting period. Income tax payments amounted to €477 million, a rise of €112 million. Due in particular to trade payables, the cash outflow from changes in working capital decreased by €128 million year-on-year.

At €1,049 million, net cash used in investing activities was at the prior-year level (€1,057 million). In the previous year, the repayment from the state aid proceedings lifted cash funds by €378 million, whereas €296 million was paid for the UK Mail takeover offer. We sold money market funds in the amount of €200 million in the reporting period. In addition, cash paid to acquire property, plant and equipment and intangible assets decreased by €132 million year-on-year to €1,289 million.

Calculation of free cash flow

€m

	9M 2016	9M 2017	Q3 2016	Q3 2017
Net cash from operating activities	**514**	**1,770**	**887**	**954**
Sale of property, plant and equipment and intangible assets	124	101	64	19
Acquisition of property, plant and equipment and intangible assets	–1,421	–1,289	–405	–420
Cash outflow arising from change in property, plant and equipment and intangible assets	**–1,297**	**–1,188**	**–341**	**–401**
Disposals of subsidiaries and other business units	25	0	25	0
Disposals of investments accounted for using the equity method and other investments	82	3	2	0
Acquisition of subsidiaries and other business units	–34	–54	–34	–50
Acquisition of investments accounted for using the equity method and other investments	–19	–23	0	0
Cash inflow/outflow arising from divestitures/acquisitions	**54**	**–74**	**–7**	**–50**
Interest received	43	40	19	15
Interest paid	–71	–91	–15	–16
Net interest paid/received	**–28**	**–51**	**4**	**–1**
Free cash flow	**–757**	**457**	**543**	**502**

Free cash flow improved significantly, rising from €–757 million to €457 million. After adjustment for payments made to fund pension obligations, it also improved substantially, climbing from €243 million to €457 million. In the previous year, changes in shareholdings led to a cash inflow of €54 million, which largely came from the sale of the shares in King's Cross. The reporting period saw cash outflows of €74 million, amongst other things, for the acquisition of Olimpo Holding.

At €2,198 million, net cash used in financing activities exceeded the prior-year figure of €766 million by a substantial €1,432 million. In the previous year, bond placements resulted in capital of €1.239 billion being raised. In the reporting period, we repaid a bond of €750 million, refinanced in part through bank loans. At €1,270 million, the dividend distribution was again the largest payment item during the reporting period.

Cash and cash equivalents declined from €3,107 million as at 31 December 2016 to €1,534 million.

Net assets

Selected indicators for net assets

		31 Dec. 2016	30 Sept. 2017
Equity ratio	%	29.6	31.2
Net debt	€m	2,261	3,211
Net interest cover[1]		85.0	50.2
Net gearing	%	16.6	22.0
FFO to debt[2]	%	30.6	28.0

[1] In the first nine months.
[2] For the calculation Financial position, page 3.

Decline in consolidated total assets

The Group's total assets amounted to €36,518 million as at 30 September 2017, €1,777 million less than the figure as at 31 December 2016 (€38,295 million).

Intangible assets dropped by €689 million to €11,865 million, primarily as a result of exchange rate movements. The property, plant and equipment item decreased from €8,389 million to €8,090 million since depreciation and impairment losses, disposals and negative currency effects exceeded additions. Current financial assets fell by €174 million to €200 million, due in particular to our sale of money market funds in the amount of €200 million. By contrast, other current assets climbed by €289 million to €2,465 million. This figure includes the deferred expense of €115 million as at the reporting date that was recognised for the prepaid annual contribution to the *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency). The change in cash and cash equivalents is described in the section entitled Financial position, page 4 f. The planned sale of Williams Lea Tag Group was the main factor behind the increase in assets held for sale to €623 million.

On the equity and liabilities side of the balance sheet, equity attributable to Deutsche Post AG shareholders rose by €65 million to €11,152 million: the consolidated net profit for the period served to increase this figure, whilst the dividend payment and negative currency effects decreased it. Financial liabilities fell from €6,035 million to €5,270 million, primarily due to the repayment of a bond and the end of the share buyback programme. Non-current provisions fell by €558 million to €6,626 million, largely as a result of a decline in pension provisions. Trade payables also fell tangibly from €7,178 million to €6,309 million. All Williams Lea Tag Group liabilities (€228 million) were reclassified as held for sale.

Net debt of €3,211 million

Our net debt amounted to €3,211 million as at 30 September 2017 (31 December 2016: €2,261 million). We distributed the dividend for financial year 2016 in the amount of €1,270 million in the reporting period and also pay a regular contribution for civil servant pensions to the *Bundesanstalt für Post und Telekommunikation*. The annual contribution for 2017 amounted to €493 million. At 31.2%, the equity ratio was higher than at 31 December 2016 (29.6%). The net interest cover ratio – the extent to which net interest obligations are covered by EBIT – fell from 85.0 to 50.2. Net gearing was 22.0% as at 30 September 2017.

Net debt

€m

	31 Dec. 2016	30 Sept. 2017
Non-current financial liabilities	4,516	4,501
+ Current financial liabilities	1,381	615
= Financial liabilities[1]	**5,897**	**5,116**
– Cash and cash equivalents	3,107	1,534
– Current financial assets	374	200
– Positive fair value of non-current financial derivatives[2]	155	171
= Financial assets	**3,636**	**1,905**
Net debt	**2,261**	**3,211**

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

Business performance in the divisions

POST - ECOMMERCE - PARCEL DIVISION

Key figures of the Post - eCommerce - Parcel division

€m	9M 2016 adjusted[1]	9M 2017	+/– %	Q3 2016 adjusted[1]	Q3 2017	+/– %
Revenue	12,368	13,116	6.0	4,024	4,303	6.9
of which Post	7,160	7,102	–0.8	2,296	2,310	0.6
eCommerce - Parcel	5,208	6,014	15.5	1,728	1,993	15.3
Profit from operating activities (EBIT)	956	992	3.8	293	308	5.1
of which Germany	951	989	4.0	293	313	6.8
International Parcel and eCommerce	5	3	–40.0	0	–5	<–100
Return on sales (%)[2]	7.7	7.6	–	7.3	7.2	–
Operating cash flow	–242	647	>100	283	236	–16.6

[1] Reassignment of companies in Spain and Portugal from the Express division note 13 to the consolidated financial statements.
[2] EBIT/revenue.

Revenue continues to perform well

Revenue in the division was €13,116 million in the first nine months of 2017, exceeding the prior-year figure of €12,368 million by 6.0% despite one less working day in Germany. Growth continued to be driven by the eCommerce - Parcel business unit. Negative currency effects of €36 million were recorded in the reporting period. Divisional revenue for the third quarter of 2017 was up 6.9% compared with the prior-year period.

Revenue in the Post business unit slightly below prior-year level

Revenue in the Post business unit was €7,102 million in the first nine months of 2017 and thus slightly below the prior year's figure of €7,160 million. In the third quarter, revenue was €2,310 million (previous year: €2,296 million).

As expected, Mail Communication revenue and volumes remained in decline on the whole, above all due to electronic substitution. However, we recorded an increase in revenue in the third quarter, benefiting in part from Germany's parliamentary elections and the high proportion of absentee voters. Revenue and volumes increased in the Dialogue Marketing business, similarly due to special circumstances such as the elections.

In the cross-border mail business, although the trend towards merchandise shipments by mail continued, it could not offset volume declines in promotional mailing and document dispatch.

Post: revenue

€m	9M 2016 adjusted[1]	9M 2017	+/– %	Q3 2016 adjusted[1]	Q3 2017	+/– %
Mail Communication	4,788	4,713	–1.6	1,521	1,532	0.7
Dialogue Marketing	1,620	1,667	2.9	531	551	3.8
Other	752	722	–4.0	244	227	–7.0
Total	**7,160**	**7,102**	**–0.8**	**2,296**	**2,310**	**0.6**

[1] Changed product allocations.

Post: volumes

Mail items (millions)	9M 2016 adjusted[1]	9M 2017	+/– %	Q3 2016 adjusted[1]	Q3 2017	+/– %
Total	13,641	13,574	–0.5	4,363	4,394	0.7
of which Mail Communication	6,053	5,802	–4.1	1,883	1,830	–2.8
of which Dialogue Marketing	6,201	6,441	3.9	2,036	2,148	5.5

[1] Changed product allocations.

eCommerce - Parcel business unit continues to grow

In the first nine months of 2017, revenue in the business unit was €6,014 million, exceeding the prior-year figure of €5,208 million by 15.5%. The third quarter of 2017 also saw double-digit revenue growth.

Parcel Germany's revenue increased by 4.3% to €3,538 million in the first nine months of 2017 (previous year: €3,393 million). Volumes rose by 8.1% to 929 million parcels.

In the Parcel Europe business, revenue grew by 64.8% to €1,363 million (previous year: €827 million), driven in part by the start of business activities in the United Kingdom through the acquisition of UK Mail, which generated revenue of €391 million in the first nine months of 2017.

In the DHL eCommerce business, revenue was €1,113 million in the first nine months of the year, exceeding the prior-year figure by 12.7%. Excluding currency effects, growth was 12.8%.

eCommerce - Parcel: revenue

€m	9M 2016 adjusted[1]	9M 2017	+/– %	Q3 2016 adjusted[1]	Q3 2017	+/– %
Parcel Germany	3,393	3,538	4.3	1,117	1,178	5.5
Parcel Europe[2]	827	1,363	64.8	275	448	62.9
DHL eCommerce[3]	988	1,113	12.7	336	367	9.2
Total	**5,208**	**6,014**	**15.5**	**1,728**	**1,993**	**15.3**

[1] Reassignment of companies in Spain and Portugal from the Express division note 13 to the consolidated financial statements.
[2] Excluding Germany.
[3] Outside Europe.

Parcel Germany: volumes

Parcels (millions)	9M 2016	9M 2017	+/– %	Q3 2016	Q3 2017	+/– %
Total	859	929	8.1	285	310	8.8

Improvement in EBIT

EBIT in the division improved by 3.8% to €992 million in the first nine months of 2017 (previous year: €956 million). The increase was driven mainly by higher revenues, whilst increased material and labour costs as well as on-going investments in the parcel network prevented a more significant improvement in earnings. The majority of our EBIT continues to be generated in Germany. Return on sales fell slightly to 7.6% (previous year: 7.7%). Divisional EBIT in the third quarter of 2017 was €308 million (previous year: €293 million). Operating cash flow improved from €–242 million to €647 million in the first nine months of 2017. This mainly reflects a payment of €955 million made in April 2016 to further fund pension obligations.

EXPRESS DIVISION

Key figures of the EXPRESS division

€m	9M 2016 adjusted[1]	9M 2017	+/– %	Q3 2016 adjusted[1]	Q3 2017	+/– %
Revenue	9,989	10,990	10.0	3,358	3,645	8.5
of which Europe	4,390	4,855	10.6	1,455	1,625	11.7
Americas	1,984	2,197	10.7	671	725	8.0
Asia Pacific	3,787	4,102	8.3	1,292	1,354	4.8
MEA (Middle East and Africa)	780	827	6.0	250	265	6.0
Consolidation/Other	–952	–991	–4.1	–310	–324	–4.5
Profit from operating activities (EBIT)	1,110	1,237	11.4	337	372	10.4
Return on sales (%)[2]	11.1	11.3	–	10.0	10.2	–
Operating cash flow	1,200	1,489	24.1	563	607	7.8

[1] Reassignment of companies in Spain and Portugal to the Post - eCommerce - Parcel division note 13 to the consolidated financial statements.
[2] EBIT/revenue.

Dynamic in international business continues

Revenue in the division increased by 10.0% to €10,990 million in the first nine months of 2017 (previous year: €9,989 million). This includes negative currency effects of €213 million. Excluding these effects, the increase in revenue was 12.2%. The revenue figure also reflects the fact that fuel surcharges were higher in all regions as the price of crude oil has increased compared with the previous year. Excluding foreign currency losses and higher fuel surcharges, revenue was up by 10.0%.

In the Time Definite International (TDI) product line, revenues per day increased by 12.0% and per-day shipment volumes by 9.6% in the reporting period. Revenues per day for the third quarter were up by 13.7% and per-day shipment volumes by 11.9%.

In the Time Definite Domestic (TDD) product line, revenues per day increased by 10.5% in the first nine months of 2017 and per-day shipment volumes by 6.5%. Growth in the third quarter amounted to 10.5% for revenues per day and 9.2% for per-day volumes.

EXPRESS: revenue by product

€m per day[1]	9M 2016 adjusted[2]	9M 2017	+/– %	Q3 2016 adjusted[2]	Q3 2017	+/– %
Time Definite International (TDI)	40.7	45.6	12.0	40.2	45.7	13.7
Time Definite Domestic (TDD)	3.8	4.2	10.5	3.8	4.2	10.5

[1] To improve comparability, product revenues were translated at uniform exchange rates.
[2] Reassignment of companies in Spain and Portugal to the Post - eCommerce - Parcel division note 13 to the consolidated financial statements.

EXPRESS: volumes by product

Thousands of items per day	9M 2016 adjusted[1]	9M 2017	+/– %	Q3 2016 adjusted[1]	Q3 2017	+/– %
Time Definite International (TDI)	784	859	9.6	771	863	11.9
Time Definite Domestic (TDD)	418	445	6.5	411	449	9.2

[1] Reassignment of companies in Spain and Portugal to the Post - eCommerce - Parcel division note 13 to the consolidated financial statements.

Double-digit growth in the Europe region

Revenue in the Europe region increased by 10.6% to €4,855 million in the reporting period (previous year: €4,390 million). This included negative currency effects of €71 million, which related mainly to the United Kingdom and Turkey. Excluding these effects, revenue growth was 12.2%. In the TDI product line, revenues per day increased by 13.9%. Per-day shipment volumes improved by 12.9%. International per-day shipment revenues for the third quarter were up by 16.7% and per-day shipment volumes by 14.8%.

Strong volume growth in the Americas region

Revenue in the Americas region increased by 10.7% in the first nine months to €2,197 million (previous year: €1,984 million). This figure included negative currency effects of €45 million that relate mainly to our business activities in Latin America. Excluding these effects, revenue in the region rose by 13.0% in the reporting period. In the TDI product line, per-day shipments were up by 13.1% compared with the previous year. Revenues per day increased by 12.6%. Third-quarter volumes were up by 20.4% and revenues per day by 16.3%.

Business in the Asia Pacific region experiences stable growth
Revenue in the Asia Pacific region increased by 8.3% to €4,102 million in the first nine months (previous year: €3,787 million). This figure included negative currency effects of €54 million, most of which related to China and Japan. Excluding these effects, the revenue increase was 9.7% in the reporting period. In the TDI product line, revenues per day rose by 10.0% and per-day volumes by 3.1%. Growth in the third quarter amounted to 10.1% for revenues per day and 4.5% for per-day volumes.

Volumes in the MEA region continue to improve significantly
Revenue in the MEA region (Middle East and Africa) increased by 6.0% to €827 million in the reporting period (previous year: €780 million). This figure included negative currency effects of €42 million, most of which related to Egypt. Excluding these effects, revenue growth was 11.4%. TDI revenues per day rose by 11.5% and per-day volumes by 22.4%. Growth in the third quarter amounted to 13.0% for revenues per day and 31.5% for per-day volumes.

EBIT and operating cash flow show substantial improvement
EBIT in the division rose by 11.4% to €1,237 million in the first nine months of 2017 (previous year: €1,110 million), driven by network improvements and strong international business growth. Return on sales increased from 11.1% to 11.3%. EBIT for the third quarter rose by 10.4% to €372 million and return on sales increased from 10.0% to 10.2%. Operating cash flow rose to €1,489 million in the reporting period (previous year: €1,200 million).

GLOBAL FORWARDING, FREIGHT DIVISION

Key figures of the GLOBAL FORWARDING, FREIGHT division

€m	9M 2016	9M 2017	+/– %	Q3 2016	Q3 2017	+/– %
Revenue	10,114	10,691	5.7	3,362	3,533	5.1
of which Global Forwarding	7,060	7,581	7.4	2,376	2,518	6.0
Freight	3,176	3,224	1.5	1,025	1,053	2.7
Consolidation/Other	–122	–114	6.6	–39	–38	2.6
Profit from operating activities (EBIT)	183	174	–4.9	63	67	6.3
Return on sales (%)[1]	1.8	1.6	–	1.9	1.9	–
Operating cash flow	42	12	–71.4	106	112	5.7

[1] EBIT/revenue.

Revenue continues to perform well
Revenue in the division increased by 5.7% to €10,691 million in the first nine months of 2017 (previous year: €10,114 million). Excluding negative currency effects of €121 million, revenue was up 6.9% year-on-year. Revenue in the third quarter of 2017 rose by 5.1% compared with the prior-year figure. In the Global Forwarding business unit, revenue increased by 7.4% to €7,581 million in the first nine months of 2017 (previous year: €7,060 million). Excluding negative currency effects of €95 million, the increase was 8.7%. At €1,778 million, gross profit was below the prior-year level of €1,809 million.

Air and ocean freight see revenues increase despite on-going margin pressure
Air and ocean freight revenues and volumes grew significantly in the first nine months of 2017.

With regard to air freight, we reported a volume increase of 11.0%. Freight rates are continuing to trend upwards globally, especially in Asia, due to considerably higher demand. Thus far this year, they have remained nearly unchanged at a level comparable with the peak season in the fourth quarter of the previous year. Due to our contract structures, higher air freight prices can only be passed on to customers with a delay. As a result, revenue in the first nine months of 2017 only rose by 5.3% and air freight gross profit fell by 5.3% despite increased volumes. Gross profit for the third quarter of 2017 decreased by 3.2% whilst volumes grew by 8.0%.

Ocean freight volumes were up by 7.2% in the first nine months of 2017, driven mainly by growth in the transpacific market and supported by growth on the trade lanes between Asia and Europe. Freight rates rose considerably year-on-year on most trade lanes, due primarily to the consolidation of the shipping company market, capacity shortages on various routes and higher demand. As a result, our ocean freight revenue increased by 6.7%, whilst gross profit fell by 4.8%.

Our industrial project business (in the following table reported as part of Other) improved compared with the prior year. The share of revenue related to industrial project business and reported under Other increased from 21.1% in the prior year to 25.4%. Gross profit for industrial projects improved by 11.7%.

Global Forwarding: revenue

€m	9M 2016	9M 2017	+/– %	Q3 2016	Q3 2017	+/– %
Air freight	3,196	3,365	5.3	1,074	1,109	3.3
Ocean freight	2,458	2,623	6.7	833	900	8.0
Other	1,406	1,593	13.3	469	509	8.5
Total	**7,060**	**7,581**	**7.4**	**2,376**	**2,518**	**6.0**

Global Forwarding: volumes

Thousands		9M 2016	9M 2017	+/– %	Q3 2016	Q3 2017	+/– %
Air freight	tonnes	2,634	2,924	11.0	909	982	8.0
of which exports	tonnes	1,503	1,648	9.6	520	558	7.3
Ocean freight	TEUs[1]	2,276	2,439	7.2	781	847	8.5

[1] Twenty-foot equivalent units.

Revenue growth in European overland transport business

In the Freight business unit, revenue rose by 1.5% to €3,224 million in the first nine months of 2017 (previous year: €3,176 million) despite negative currency effects of €27 million. The 2.1% volume growth was driven mainly by e-commerce-related business in Scandinavia as well as part-truckload and full-truckload business in Germany. Gross profit was down by 1.8% to €813 million (previous year: €828 million) in part due to negative currency effects.

EBIT rises slightly in the third quarter

EBIT in the division decreased from €183 million to €174 million in the first nine months of 2017. High freight rates continued to put pressure on gross profit margins in the core air and ocean freight products. Return on sales fell to 1.6% (previous year: 1.8%). Third-quarter EBIT rose from €63 million to €67 million.

Net working capital increased in the first nine months of 2017 due to the rise in receivables from higher transport volumes. The increase was partially offset by higher liabilities. Operating cash flow amounted to €12 million (previous year: €42 million).

SUPPLY CHAIN DIVISION

Key figures of the SUPPLY CHAIN division

€m	9M 2016	9M 2017	+/– %	Q3 2016	Q3 2017	+/– %
Revenue	10,350	10,533	1.8	3,416	3,495	2.3
of which EMEA (Europe, Middle East and Africa)	5,483	5,324	−2.9	1,769	1,792	1.3
Americas	3,284	3,426	4.3	1,089	1,092	0.3
Asia Pacific	1,608	1,806	12.3	566	618	9.2
Consolidation/Other	−25	−23	8.0	−8	−7	12.5
Profit from operating activities (EBIT)	366	371	1.4	137	148	8.0
Return on sales (%)[1]	3.5	3.5	–	4.0	4.2	–
Operating cash flow	138	211	52.9	124	176	41.9

[1] EBIT/revenue.

Solid revenue growth offset by adverse currency effects

Revenue in the division increased by 1.8% to €10,533 million in the first nine months of 2017 (previous year: €10,350 million). The increase was driven by good business performance in the Americas and Asia Pacific regions but offset partly by negative currency effects of €271 million. Excluding this effect, revenue growth was 4.4%. The Life Sciences & Healthcare and Automotive sectors achieved the highest revenue growth compared with the previous year. In the third quarter, revenue increased by 2.3% to €3,495 million (previous year: €3,416 million); excluding currency effects, it rose by 6.6%.

In the EMEA region, revenue decreased due to negative currency effects.

In the Americas region, we increased revenue due to new business in the Consumer sector in particular. The Life Sciences & Healthcare and the Engineering & Manufacturing sectors achieved especially high percentage growth in revenue.

SUPPLY CHAIN: revenue by sector and region, 9M 2017

Total revenue: €10,533 million

of which Retail	25%
Consumer	23%
Automotive	14%
Technology	12%
Life Sciences & Healthcare	11%
Others	8%
Engineering & Manufacturing	5%
Financial Services	2%
of which Europe/Middle East/Africa/Consolidation	51%
Americas	32%
Asia Pacific	17%

The Asia Pacific region saw strong revenue growth, driven predominantly by the Life Sciences & Healthcare sector in Australia and the Technology sector.

New business worth around €895 million secured

In the first nine months of 2017, the division concluded additional contracts worth around €895 million in annualised revenue with both new and existing customers. The Automotive, Consumer and Retail sectors accounted for the majority of the gains. The annualised contract renewal rate remained at a consistently high level.

Good business performance drives up EBIT

EBIT in the division was €371 million in the first nine months of 2017 (previous year: €366 million). In the same period of 2016, EBIT was influenced by income from the sale of shares in King's Cross in the UK and restructuring efforts. Excluding those effects, EBIT improved by 5.4% in the first nine months of 2017 due to business growth and the effects of strategic initiatives. At 3.5%, return on sales was at the exact same level as the previous year. EBIT for the third quarter increased from €137 million to €148 million and return on sales rose to 4.2% (previous year: 4.0%). Operating cash flow improved from €138 million to €211 million in the first nine months of the year, due mainly to operational improvement in the reporting period and the impact of restructuring costs in the prior-year period.

OPPORTUNITIES AND RISKS

The Group's overall opportunity and risk situation did not change significantly during the first nine months of 2017 as compared with the situation described in the @ 2016 Annual Report beginning on page 74. No new risks have been identified that could have a potentially critical 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.

EXPECTED DEVELOPMENTS

Future economic parameters

The economic outlook for full-year 2017 as reported in the @ 2016 Annual Report beginning on page 82 has improved over the course of the year thus far. The International Monetary Fund (IMF) now expects global economic output to grow by 3.6% and global trade by 4.2%. The primary reason for raising the forecast was the better-than-expected upswing in the industrialised countries. In contrast, growth prospects for the emerging economies have improved only slightly. Short-term risks to this outlook are seen primarily in the high degree of political uncertainty and geopolitical tensions.

In China, growth in gross domestic product (GDP) is expected to slightly surpass the prior-year level (IMF: 6.8%). Whilst GDP growth in Japan is expected to accelerate considerably, it will still remain moderate (IMF: 1.5%; IHS: 1.6%).

GDP in the United States is anticipated to increase much more sharply than in the previous year (IMF: 2.2%; IHS: 2.2%).

In the euro zone, GDP growth is projected to noticeably exceed the prior-year level (IMF: 2.1%; ECB: 2.2%).

Early indicators suggest that the upswing in Germany will continue, with the rate of economic growth expected to slightly exceed that of the prior year (IMF: 2.0%; economic research institutes: 1.9%; IHS: 2.3%).

Revenue and earnings forecast

We are reconfirming the revenue and earnings forecast for full-year 2017 as described in the @ 2016 Annual Report on page 83.

Expected financial position

We are reconfirming the expected financial position for full-year 2017 as described in the @ 2016 Annual Report on page 84.

Change in indicators relevant for internal management

We are similarly reconfirming our forecasts relating to the performance of our other indicators relevant to full-year 2017 performance as described in the @ 2016 Annual Report on page 84.

INCOME STATEMENT

1 January to 30 September

€m	9M 2016	9M 2017	Q3 2016	Q3 2017
Revenue	41,924	44,335	13,862	14,639
Other operating income	1,484	1,486	506	500
Total operating income	43,408	45,821	14,368	15,139
Materials expense	−22,292	−23,983	−7,484	−8,013
Staff costs	−14,544	−14,908	−4,714	−4,814
Depreciation, amortisation and impairment losses	−989	−1,081	−336	−360
Other operating expenses	−3,205	−3,291	−1,080	−1,118
Total operating expenses	−41,030	−43,263	−13,614	−14,305
Net income from investments accounted for using the equity method	2	2	1	0
Profit from operating activities (EBIT)	**2,380**	**2,560**	**755**	**834**
Financial income	69	64	24	20
Finance costs	−267	−327	−83	−114
Foreign currency result	−37	−20	−5	−7
Net finance costs	**−235**	**−283**	**−64**	**−101**
Profit before income taxes	**2,145**	**2,277**	**691**	**733**
Income taxes	−236	−296	−33	−64
Consolidated net profit for the period	**1,909**	**1,981**	**658**	**669**
attributable to Deutsche Post AG shareholders	1,798	1,876	618	641
attributable to non-controlling interests	111	105	40	28
Basic earnings per share (€)	**1.49**	**1.55**	**0.51**	**0.53**
Diluted earnings per share (€)	**1.43**	**1.51**	**0.49**	**0.51**

STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 September

€m	9M 2016	9M 2017	Q3 2016	Q3 2017
Consolidated net profit for the period	**1,909**	**1,981**	**658**	**669**
Items that will not be reclassified to profit or loss				
Change due to remeasurements of net pension provisions	−2,193	−39	−703	−523
Other changes in retained earnings	0	0	0	0
Income taxes relating to components of other comprehensive income	98	14	49	20
Share of other comprehensive income of investments accounted for using the equity method (after tax)	0	0	0	0
Total (after tax)	**−2,095**	**−25**	**−654**	**−503**
Items that may be subsequently reclassified to profit or loss				
IAS 39 revaluation reserve				
Changes from unrealised gains and losses	−5	2	2	−1
Changes from realised gains and losses	−63	−1	0	0
IAS 39 hedging reserve				
Changes from unrealised gains and losses	22	37	1	26
Changes from realised gains and losses	16	−6	4	−11
Currency translation reserve				
Changes from unrealised gains and losses	−483	−655	−89	−209
Changes from realised gains and losses	0	0	0	0
Income taxes relating to components of other comprehensive income	2	−12	−1	−7
Share of other comprehensive income of investments accounted for using the equity method (after tax)	0	−7	−1	−2
Total (after tax)	**−511**	**−642**	**−84**	**−204**
Other comprehensive income (after tax)	**−2,606**	**−667**	**−738**	**−707**
Total comprehensive income	**−697**	**1,314**	**−80**	**−38**
attributable to Deutsche Post AG shareholders	−797	1,226	−119	−65
attributable to non-controlling interests	100	88	39	27

BALANCE SHEET

€m	31 Dec. 2016	30 Sept. 2017
ASSETS		
Intangible assets	12,554	11,865
Property, plant and equipment	8,389	8,090
Investment property	23	23
Investments accounted for using the equity method	97	91
Non-current financial assets	689	659
Other non-current assets	222	215
Deferred tax assets	2,192	2,310
Non-current assets	**24,166**	**23,253**
Inventories	275	360
Current financial assets	374	200
Trade receivables	7,965	7,847
Other current assets	2,176	2,465
Income tax assets	232	236
Cash and cash equivalents	3,107	1,534
Assets held for sale	0	623
Current assets	**14,129**	**13,265**
Total ASSETS	**38,295**	**36,518**
EQUITY AND LIABILITIES		
Issued capital	1,211	1,209
Capital reserves	2,932	2,975
Other reserves	−284	−904
Retained earnings	7,228	7,872
Equity attributable to Deutsche Post AG shareholders	11,087	11,152
Non-controlling interests	263	232
Equity	**11,350**	**11,384**
Provisions for pensions and similar obligations	5,580	5,122
Deferred tax liabilities	106	78
Other non-current provisions	1,498	1,426
Non-current provisions	7,184	6,626
Non-current financial liabilities	4,571	4,551
Other non-current liabilities	372	335
Non-current liabilities	4,943	4,886
Non-current provisions and liabilities	**12,127**	**11,512**
Current provisions	1,323	1,139
Current financial liabilities	1,464	719
Trade payables	7,178	6,309
Other current liabilities	4,292	4,659
Income tax liabilities	561	568
Liabilities associated with assets held for sale	0	228
Current liabilities	13,495	12,483
Current provisions and liabilities	**14,818**	**13,622**
Total EQUITY AND LIABILITIES	**38,295**	**36,518**

CASH FLOW STATEMENT

1 January to 30 September

€m	9M 2016	9M 2017	Q3 2016	Q3 2017
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	1,798	1,876	618	641
Consolidated net profit for the period attributable to non-controlling interests	111	105	40	28
Income taxes	236	296	33	64
Net finance costs	235	283	64	101
Profit from operating activities (EBIT)	**2,380**	**2,560**	**755**	**834**
Depreciation, amortisation and impairment losses	989	1,081	336	360
Net income from disposal of non-current assets	−86	−63	−27	−3
Non-cash income and expense	−13	29	−3	14
Change in provisions	−1,702	−628	−351	−326
Change in other non-current assets and liabilities	105	−66	92	−38
Dividend received	1	1	0	0
Income taxes paid	−365	−477	−141	−152
Net cash from operating activities before changes in working capital	**1,309**	**2,437**	**661**	**689**
Changes in working capital				
Inventories	−8	−109	−20	−33
Receivables and other current assets	−311	−893	192	−217
Liabilities and other items	−476	335	54	515
Net cash from operating activities	**514**	**1,770**	**887**	**954**
Subsidiaries and other business units	25	0	25	0
Property, plant and equipment and intangible assets	124	101	64	19
Investments accounted for using the equity method and other investments	82	3	2	0
Other non-current financial assets	453	18	441	8
Proceeds from disposal of non-current assets	684	122	532	27
Subsidiaries and other business units	−34	−54	−34	−50
Property, plant and equipment and intangible assets	−1,421	−1,289	−405	−420
Investments accounted for using the equity method and other investments	−19	−23	0	0
Other non-current financial assets	−29	−9	−2	−1
Cash paid to acquire non-current assets	−1,503	−1,375	−441	−471
Interest received	43	40	19	15
Current financial assets	−281	164	−297	−1
Net cash used in investing activities	**−1,057**	**−1,049**	**−187**	**−430**
Proceeds from issuance of non-current financial liabilities	1,262	25	2	10
Repayments of non-current financial liabilities	−87	−782	−67	−11
Change in current financial liabilities	−71	269	−20	−456
Other financing activities	−159	−39	−58	−28
Cash paid for transactions with non-controlling interests	0	−45	0	0
Dividend paid to Deutsche Post AG shareholders	−1,027	−1,270	0	0
Dividend paid to non-controlling interest holders	−93	−117	−90	−111
Purchase of treasury shares	−520	−148	−299	0
Interest paid	−71	−91	−15	−16
Net cash used in financing activities	**−766**	**−2,198**	**−547**	**−612**
Net change in cash and cash equivalents	**−1,309**	**−1,477**	**153**	**−88**
Effect of changes in exchange rates on cash and cash equivalents	−78	−82	−3	−17
Changes in cash and cash equivalents associated with assets held for sale	1	−14	1	−14
Changes in cash and cash equivalents due to changes in consolidated group	1	0	0	0
Cash and cash equivalents at beginning of reporting period	3,608	3,107	2,072	1,653
Cash and cash equivalents at end of reporting period	**2,223**	**1,534**	**2,223**	**1,534**

STATEMENT OF CHANGES IN EQUITY

1 January to 30 September

€m	Issued capital	Capital reserves	Other reserves: IAS 39 revaluation reserve	Other reserves: IAS 39 hedging reserve	Other reserves: Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
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**
Balance at 1 January 2017	1,211	2,932	11	3	−298	7,228	11,087	263	11,350
Capital transactions with owner									
Dividend						−1,270	−1,270	−117	−1,387
Transactions with non-controlling interests			0	0	0	−8	−8	−3	−11
Changes in non-controlling interests due to changes in consolidated group							0	1	1
Issue/retirement of treasury shares	0	27				−27	0	0	0
Purchase of treasury shares	−4	0				51	47	0	47
Changes in value between purchase and issuance of treasury shares (share-based payment schemes)	0	5				−5	0	0	0
Convertible bond	0	0				0	0	0	0
Share-based payment schemes (issuance)	0	70				0	70	0	70
Share-based payment schemes (exercise)	2	−59				57	0	0	0
							−1,161	**−119**	**−1,280**
Total comprehensive income									
Consolidated net profit for the period						1,876	1,876	105	1,981
Currency translation differences					−640	0	−640	−22	−662
Change due to remeasurements of net pension provisions						−30	−30	5	−25
Other changes	0	0	1	19		0	20	0	20
							1,226	**88**	**1,314**
Balance at 30 September 2017	**1,209**	**2,975**	**12**	**22**	**−938**	**7,872**	**11,152**	**232**	**11,384**

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 2017 and have been reviewed.

BASIS OF PREPARATION

1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 September 2017 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 condensed 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 2017 are not necessarily an indication of how business will develop in the future.

The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2016.

Notwithstanding this general principle, changes in the value of the stock appreciation rights (SARs) of Board of Management members and executives due to share price movements occurring after the date the SARs were granted are no longer included in staff costs starting on 1 January 2017. They are instead recognised as other finance costs in net finance costs. No adjustment was made to the prior-period amounts, in which the changes in value were still reported in staff costs, because the effects were not material for the consolidated financial statements.

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 2017 has been reduced compared with the previous quarter, due to individual factors in Germany and abroad and additional deferred tax assets on tax loss carryforwards in Germany and abroad, as taxable profits are expected to increase in the future.

Effects of material changes in accounting standards as at 1 January 2018

Deutsche Post DHL Group is currently implementing the following accounting standards issued by the IASB: IFRS 9, Financial Instruments, IFRS 15, Revenue from Contracts with Customers and IFRS 16, Leases. The mandatory effective date of IFRSs 9 and 15 is 1 January 2018. These standards have already been adopted into EU law by the European Commission. Deutsche Post DHL Group intends to apply IFRS 16 from the 2018 financial year, i.e., earlier than required, subject to its timely adoption into EU law.

The new classification of financial instruments according to IFRS 9 will not materially affect the Group. The effects of the early recognition of impairment losses on receivables according to the expected loss model will be accounted for in other comprehensive income at the date of transition. The prior-year figures will not be adjusted. This change is also not expected to have any material effects. Contrary to the statement in the 2016 Annual Report, Deutsche Post DHL Group will exercise the option of continuing to apply the requirements of IAS 39 governing hedge accounting under IFRS 9.

The timing of revenue recognition from certain types of contracts will change according to IFRS 15 because, in future, revenue will be recognised over time rather than at a point in time. However, in terms of the initial application as at 1 January 2018, no material effects on the Group were identified during the IFRS 15 implementation project. IFRS 15 will be introduced based on the modified retrospective method. As a result, the effects of the transition as at 1 January 2018 will be recognised cumulatively in retained earnings. The prior-year figures will not be adjusted.

IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognised for the right of use received and liabilities must be recognised for the payment obligations entered into for all leases. The Group will make use of relief options available for low-value lease assets and short-term leases (shorter than twelve months). The Group will transition to IFRS 16 in accordance with the modified retrospective approach. For leases that have to date been classified as operating leases in accordance with IAS 17, the lease liability will be carried at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability. Advance payments and liabilities from the previous financial year will also be accounted for. The prior-year figures will not be adjusted.

The analysis conducted as part of the Group-wide project on initial application indicated the probable recognition of right-of-use assets and lease liabilities in the balance sheet totalling around €9 billion as at 1 January 2018. No effect on equity is expected due to this. In terms of the future effects on the income statement, Deutsche Post DHL Group anticipates an improvement in profit from operating activities (EBIT) because, in contrast to the presentation of operating lease expenses to date, depreciation charges on right-of-use assets and the interest expense from the unwinding of the discount on the lease liabilities will be recognised in future. At this time, an effect in the mid-single-digit-percentage range of the yearly operating lease expense is estimated. The Group is currently finalising its review of the results of the analysis of existing leases. The change in presentation of operating lease expenses would result in a corresponding improvement in cash flows from operating activities and a decline in cash flows from financing activities.

For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2016, on which these interim financial statements are based.

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. 2016	30 Sept. 2017
Number of fully consolidated companies (subsidiaries)		
German	132	130
Foreign	655	657
Number of joint operations		
German	1	1
Foreign	1	0
Number of investments accounted for using the equity method		
German	0	0
Foreign	12	13

In the first quarter of 2017, 22.56% of the shares of Israel-based Global-E Online Ltd. were acquired. The company is accounted for in the consolidated financial statements using the equity method.

2.1 Acquisitions

Acquisitions in 2017

Name	Country	Segment	Interest %	Acquisition date
Olimpo Holding S.A. (including subsidiaries)	Brazil	Supply Chain	80	10 July 2017

In early July 2017, Deutsche Post DHL Group acquired an 80% interest in Brazil-based Olimpo Holding S.A. (Olimpo), including its subsidiaries Polar Transportes Ltda. and Rio Lopes Transportes Ltda. These companies provide transport services in the Life Sciences & Healthcare sector, specialising in temperature-controlled transport. The acquisition enables DHL Supply Chain to extend its range of end-to-end services and transparent supply chains. The remaining 20% interest will be acquired in increments of 10% over the next two years. The purchase price for the 80% interest totals €47 million, €45 million of which was paid in July. The purchase price was paid by transferring cash funds. The future results of the company will determine the purchase price for the remaining shares and the payment will be made in several tranches.

The preliminary goodwill attributable to the controlling interest currently amounts to €42 million. It is mainly attributable to the synergy and network effects expected to be generated in the company's Brazilian transport business.

Olimpo (including subsidiaries)

€m 10 July 2017	Preliminary fair value
ASSETS	
Non-current assets	7
Current assets	5
Cash and cash equivalents	0
Total ASSETS	**12**
EQUITY AND LIABILITIES	
Non-current provisions and liabilities	2
Current provisions and liabilities	4
Total EQUITY AND LIABILITIES	**6**
Preliminary net assets	**6**
Purchase price	47
Difference	**41**
Non-controlling interests	1
Preliminary goodwill	**42**

Since their consolidation, the companies have contributed €5 million to consolidated revenue and €1 million to consolidated EBIT. If the companies had already been consolidated as at 1 January 2017, they would have provided an additional €11 million in consolidated revenue and an additional €2 million in consolidated EBIT.

The measurement of the assets acquired and liabilities assumed has not yet been completed due to time restrictions. The final purchase price allocation will be presented at a later date.

Preliminary purchase price allocation for UK Mail Group plc and UK Mail Limited, United Kingdom, which were acquired in December 2016, was disclosed in the consolidated financial statements for the year ended 31 December 2016. At that time, not all of the information necessary for final purchase price allocation was available. This resulted in preliminary goodwill of €201 million. Final purchase price allocation was completed in the first quarter of 2017 and did not result in any adjustment of the preliminary purchase price allocation disclosed initially.

2.2 Contingent consideration

In addition to the cash purchase price, a variable purchase price was agreed for the acquisition in prior years mentioned below.

2.3 Disposal and deconsolidation effects

There were no material disposal or deconsolidation effects as at 30 September 2017.

3 Significant transactions

By way of a resolution of the Board of Management dated 21 March 2017, a capital reduction was implemented in the first quarter of 2017 through retirement of 27.3 million treasury shares, note 10.

Deutsche Post DHL Group intends to sell Williams Lea Tag Group, note 9.

INCOME STATEMENT DISCLOSURES

4 Other operating income

€m	9M 2016	9M 2017
Income from the reversal of provisions	151	164
Insurance income	151	156
Income from work performed and capitalised	55	137
Income from currency translation	158	125
Gains on disposal of non-current assets	135	98
Commission income	88	95
Income from fees and reimbursements	92	92
Rental and lease income	74	73
Reversals of impairment losses on receivables and other assets	94	67
Income from derivatives	43	66
Income from the remeasurement of liabilities	79	63
Income from prior-period billings	19	43
Income from loss compensation	33	19
Income from the derecognition of liabilities	14	14
Subsidies	4	10
Recoveries on receivables previously written off	9	8
Miscellaneous	285	256
Total	**1,484**	**1,486**

Contingent consideration

Company	Based on	Period (financial years from/to)	Range of results (from/to)	Fair value of total obligation	Remaining payment obligation at 31 Dec. 2016	Remaining payment obligation at 30 Sept. 2017
Mitsafetrans S.r.l.	EBITDA	2016 to 2018	€0 to 19 million	€15 million	€15 million	€10 million

The increase in income from work performed and capitalised is largely attributable to the expanded production of electric vehicles by StreetScooter GmbH for Group companies.

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

5 Depreciation, amortisation and impairment losses

The depreciation, amortisation and impairment losses item totalling €1,081 million includes €23 million in impairment losses (previous year: €3 million). Of this amount, €18 million related to aircraft for sale in the Express segment, for which a final impairment loss was recognised, writing the aircraft down in full, prior to their reclassification to assets held for sale.

6 Other operating expenses

€m	9M 2016	9M 2017
Expenses for advertising and public relations	264	301
Cost of purchased cleaning and security services	266	280
Insurance costs	256	245
Travel and training costs	226	244
Warranty expenses, refunds and compensation payments	223	222
Other business taxes	195	210
Telecommunication costs	171	168
Write-downs of current assets	158	146
Currency translation expenses	162	131
Office supplies	120	127
Entertainment and corporate hospitality expenses	111	126
Customs clearance-related charges	82	126
Services provided by the *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency)	90	104
Consulting costs (including tax advice)	93	92
Contributions and fees	73	78
Voluntary social benefits	59	67
Expenses from derivatives	45	57
Commissions paid	47	48
Legal costs	48	42
Monetary transaction costs	35	41
Losses on disposal of assets	46	38
Audit costs	22	27
Donations	18	17
Prior-period other operating expenses	10	16
Miscellaneous	385	338
Total	**3,205**	**3,291**

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 €1.55 (previous year: €1.49).

Basic earnings per share

		9M 2016	9M 2017
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,798	1,876
Weighted average number of shares outstanding	number	1,205,598,818	1,208,747,419
Basic earnings per share	€	**1.49**	**1.55**

Diluted earnings per share in the reporting period were € 1.51 (previous year: € 1.43).

Diluted earnings per share

		9M 2016	9M 2017
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,798	1,876
Plus interest expense on convertible bond	€m	4	2
Less income taxes	€m	0[1]	0[1]
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	1,802	1,878
Weighted average number of shares outstanding	number	1,205,598,818	1,208,747,419
Potentially dilutive shares	number	55,431,818	32,459,982
Weighted average number of shares for diluted earnings	number	1,261,030,636	1,241,207,401
Diluted earnings per share	€	**1.43**	**1.51**

[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 €1,128 million in the period to 30 September 2017 (previous year: €1,365 million).

Investments

€m	30 Sept. 2016	30 Sept. 2017
Intangible assets (not including goodwill)	**122**	**120**
Property, plant and equipment		
Land and buildings (including leasehold improvements)	130	71
Technical equipment and machinery	79	84
Transport equipment	120	94
Aircraft	63	48
IT equipment	73	63
Operating and office equipment	50	46
Advance payments and assets under development	728	602
	1,243	**1,008**
Total	**1,365**	**1,128**

Goodwill changed as follows in the reporting period:

Change in goodwill

€m	2016	2017
Cost		
Balance at 1 January	12,704	12,791
Additions from business combinations	236	42
Disposals	–4	–97
Currency translation differences	–145	–437
Balance at 31 December/30 September	**12,791**	**12,299**
Amortisation and impairment losses		
Balance at 1 January	1,159	1,133
Disposals	0	–25
Currency translation differences	–26	–31
Balance at 31 December/30 September	**1,133**	**1,077**
Carrying amount at 31 December/30 September	**11,658**	**11,222**

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

€m	Assets		Liabilities	
	31 Dec. 2016	30 Sept. 2017	31 Dec. 2016	30 Sept. 2017
Williams Lea Tag Group – equity interest (Supply Chain segment)	0	589	0	228
DHL Freight GmbH, Germany – land and buildings (Global Forwarding, Freight segment)	0	28	0	0
Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Objekt Weißenhorn KG, Germany – land and buildings (Global Forwarding, Freight segment)	0	6	0	0
Other	0	0	0	0
Assets held for sale and liabilities associated with assets held for sale	**0**	**623**	**0**	**228**

Williams Lea Tag Group

In August 2017, Deutsche Post DHL Group and Advent International entered into an agreement regarding the sale of Williams Lea Tag Group. Williams Lea Tag specialises in marketing and communication solutions. The assets and liabilities of the companies in question were reclassified as assets held for sale and liabilities associated with assets held for sale. The most recent measurement of the assets and the disposal group did not indicate any impairment. Income of €6 million was recognised in the currency translation reserve in equity. The relevant competition authorities have now approved the sale. As a result, the aim is to complete the transaction in the fourth quarter.

The assets and liabilities were recognised according to IFRS 5 at their carrying amount.

Williams Lea Tag Group

€m 30 September 2017	Carrying amount
ASSETS	
Non-current assets	302
of which goodwill	73
Current assets	273
Cash and cash equivalents	14
Total ASSETS	**589**
EQUITY AND LIABILITIES	
Non-current provisions and liabilities	36
Current provisions and liabilities	192
Total EQUITY AND LIABILITIES	**228**

10 Issued capital and purchase of treasury shares

KfW Bankengruppe (KfW) held a 20.9% interest in the share capital of Deutsche Post AG as at 30 September 2017. The remaining 79.1% 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

€	2016	2017
Issued capital Balance at 1 January	1,212,753,687	1,240,915,883
Addition due to contingent capital increase (convertible bond)	28,162,196	24,268
Capital reduction through retirement of treasury shares	0	−27,300,000
Balance at 31 December/30 September	**1,240,915,883**	**1,213,640,151**
Treasury shares Balance at 1 January	−1,568,593	−29,587,229
Purchase of treasury shares	−30,896,650	−4,660,410
Capital reduction through retirement of treasury shares	0	27,300,000
Sale of treasury shares	48,106	0
Issuance of treasury shares	2,829,908	2,434,057
Balance at 31 December/30 September	**−29,587,229**	**−4,513,582**
Total at 31 December/30 September	**1,211,328,654**	**1,209,126,569**

The issued capital is composed of 1,213,640,151 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.

A contingent capital increase in January and March 2017 resulted from various bond holders exercising additional conversion rights.

Tranche III of the share buyback programme that had begun on 1 April 2016 ended on 6 March 2017. In the first quarter, 3.3 million shares were acquired for €106 million at an average price of €31.65. A total of 32.9 million shares were acquired for €911 million through the share buyback programme. By way of a resolution of the Board of Management dated 21 March 2017, 27.3 million treasury shares held were retired in the course of a capital reduction.

In March 2017, 1,297,200 shares were acquired for a total amount of €41 million (average price of €31.60 per share) in order to settle the 2016 tranche of the Share Matching Scheme. Another 23,037 shares were purchased for an average price of €31.67 per share and issued to the executives concerned in April. In May 2017, the rights to matching shares under the 2012 tranche were settled and 1,113,820 shares were issued to executives.

As at 30 September 2017, Deutsche Post AG held 4,513,582 treasury shares.

11 Capital reserves

€m	2016	2017
Balance at 1 January	2,385	2,932
Share Matching Scheme		
Addition	53	53
Exercise	−54	−59
Total for Share Matching Scheme	**−1**	**−6**
Performance Share Plan		
Addition	17	17
Total for Performance Share Plan	**17**	**17**
Capital reduction through retirement of treasury shares	0	27
Changes in value between purchase and issuance of treasury shares	0	5
Capital increase through exercise of conversion rights under convertible bond	531	0
Capital reserves at 31 December/30 September	**2,932**	**2,975**

The rights to matching shares under the 2012 tranche were settled, and the rights to deferred incentive and investment shares under the 2016 tranche were granted in April and May 2017.

12 Retained earnings

€m	2016	2017
Balance at 1 January	7,427	7,228
Dividend payment	−1,027	−1,270
Consolidated net profit for the period	2,639	1,876
Change due to remeasurements of net pension provisions	−866	−30
Transactions with non-controlling interests	4	−8
Capital reduction through retirement of treasury shares	0	−27
Other changes, of which	−949	103
Share Matching Scheme	21	16
Share buyback under tranches I to III	−775	−103
Obligation to repurchase shares under tranche III/derecognition	−195	195
Changes in value between purchase and issuance of treasury shares	0	−5
Retained earnings at 31 December/30 September	**7,228**	**7,872**

As at 31 December 2016, the obligation to repurchase shares as part of tranche III of the share buyback programme was recognised in the amount of €195 million for the buyback transactions yet to be carried out. By March 2017 the buyback transactions undertaken had decreased the obligation. The remaining obligation of €89 million was derecognised directly in equity when the share buyback programme ended.

SEGMENT REPORTING

13 Segment reporting

Segments by division

€m	PeP[1]		Express[1]		Global Forwarding, Freight		Supply Chain		Corporate Center/ Other		Consolidation[1,2]		Group	
1 Jan. to 30 Sept.	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
External revenue	12,254	13,014	9,751	10,728	9,597	10,127	10,256	10,402	66	64	0	0	**41,924**	**44,335**
Internal revenue	114	102	238	262	517	564	94	131	866	842	–1,829	–1,901	**0**	**0**
Total revenue	12,368	13,116	9,989	10,990	10,114	10,691	10,350	10,533	932	906	–1,829	–1,901	**41,924**	**44,335**
Profit/loss from operating activities (EBIT)	956	992	1,110	1,237	183	174	366	371	–234	–214	–1	0	**2,380**	**2,560**
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[3]	6,418	6,645	9,786	9,616	7,798	7,638	6,253	6,255	1,557	1,535	–79	–76	**31,733**	**31,613**
of which investments accounted for using the equity method	20	26	48	40	25	22	3	3	0	0	1	0	**97**	**91**
Segment liabilities[3]	3,087	3,121	3,528	3,236	2,930	2,878	3,290	3,101	1,486	1,482	–59	–61	**14,262**	**13,757**
Net segment assets/ liabilities	3,331	3,524	6,258	6,380	4,868	4,760	2,963	3,154	71	53	–20	–15	**17,471**	**17,856**
Capex	327	346	621	444	37	52	255	194	124	92	1	0	**1,365**	**1,128**
Depreciation and amortisation	241	267	318	375	60	51	216	215	151	149	0	1	**986**	**1,058**
Impairment losses	0	0	0	18	0	0	3	5	0	0	0	0	**3**	**23**
Total depreciation, amortisation and impairment losses	241	267	318	393	60	51	219	220	151	149	0	1	**989**	**1,081**
Other non-cash income (–) and expenses (+)	148	76	220	240	56	57	199	154	49	62	1	–1	**673**	**588**
Employees[4]	172,717	177,518	81,615	85,188	43,060	42,695	145,788	148,531	10,811	11,034	–1	0	**453,990**	**464,966**
Q3														
External revenue	3,987	4,271	3,280	3,560	3,195	3,344	3,377	3,443	23	21	0	0	**13,862**	**14,639**
Internal revenue	37	32	78	85	167	189	39	52	294	308	–615	–666	**0**	**0**
Total revenue	4,024	4,303	3,358	3,645	3,362	3,533	3,416	3,495	317	329	–615	–666	**13,862**	**14,639**
Profit/loss from operating activities (EBIT)	293	308	337	372	63	67	137	148	–75	–61	0	0	**755**	**834**
of which net income from investments accounted for using the equity method	0	0	1	0	0	0	0	0	0	0	0	0	**1**	**0**
Capex	140	145	225	181	15	15	71	58	47	43	0	1	**498**	**443**
Depreciation and amortisation	84	91	111	123	20	17	72	68	50	50	–1	1	**336**	**350**
Impairment losses	0	0	0	8	0	0	0	2	0	0	0	0	**0**	**10**
Total depreciation, amortisation and impairment losses	84	91	111	131	20	17	72	70	50	50	–1	1	**336**	**360**
Other non-cash income (–) and expenses (+)	71	37	72	91	31	16	47	43	27	–14	2	–1	**250**	**172**

[1] Prior-period amounts adjusted.
[2] Including rounding.
[3] As at 31 December 2016 and 30 September 2017.
[4] Average FTEs; prior-period amount covers financial year 2016.

Information about geographical regions

€m	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Other regions		Group	
1 Jan. to 30 Sept.	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
External revenue	13,020	13,321	12,555	13,297	7,413	7,985	7,282	7,980	1,654	1,752	**41,924**	**44,335**
Non-current assets[1]	5,498	5,152	7,328	7,229	4,279	4,038	3,562	3,294	377	345	**21,044**	**20,058**
Capex	563	523	372	221	296	269	115	93	19	22	**1,365**	**1,128**
Q3												
External revenue	4,233	4,418	4,082	4,382	2,497	2,603	2,512	2,669	538	567	**13,862**	**14,639**
Capex	203	210	134	100	117	91	38	36	6	6	**498**	**443**

[1] As at 31 December 2016 and 30 September 2017.

Adjustment of prior-period amounts

Adjustments to prior-period amounts resulted from assigning companies to different segments. DHL Parcel Iberia S.L. (Spain), Danzas S.L. (Spain) and DHL Parcel Portugal (Portugal), which were formerly part of the Express segment, were reassigned to the Post - eCommerce - Parcel segment effective 1 January 2017.

Reconciliation

€m	9M 2016	9M 2017
Total income of reportable segments	2,615	2,774
Corporate Center/Other	−234	−214
Reconciliation to Group/Consolidation	−1	0
Profit from operating activities (EBIT)	**2,380**	**2,560**
Net finance costs	**−235**	**−283**
Profit before income taxes	**2,145**	**2,277**
Income taxes	−236	−296
Consolidated net profit for the period	**1,909**	**1,981**

OTHER DISCLOSURES

14 Cash flow statement

In the first quarter of 2017, 18 properties were contributed to Deutsche Post Pensions-Treuhand GmbH & Co. KG. Although income was recognised as a result of the contribution, no cash or cash equivalents were received. This transaction was therefore not included in the cash flow statement in accordance with IAS 7.43 and 7.44.

15 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. Each class is presented by the level in the fair value hierarchy to which it is 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.

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 in the market (exchange rates, interest rates and commodity prices) are imported from standard market information platforms into the treasury management system. The price quotations reflect actual transactions involving similar instruments in 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 in the market.

Level 3 mainly comprises the fair values of equity investments and derivatives associated with M&A transactions. They are measured using recognised valuation models that reflect plausible assumptions. 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, whilst decreasing financial ratios result in lower fair values.

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

Financial assets and liabilities

€m Class	Level 1[1]	Level 2[2]	Level 3[3]	Total
30 September 2017				
Non-current financial assets	174	474	0	**648**
Current financial assets	0	91	0	**91**
Financial assets	**174**	**565**	**0**	**739**
Non-current financial liabilities	4,851	334	6	**5,191**
Current financial liabilities	22	59	4	**85**
Financial liabilities	**4,873**	**393**	**10**	**5,276**
31 December 2016				
Non-current financial assets	166	512	0	**678**
Current financial assets	200	94	0	**294**
Financial assets	**366**	**606**	**0**	**972**
Non-current financial liabilities	4,730	384	11	**5,125**
Current financial liabilities	781	94	4	**879**
Financial liabilities	**5,511**	**478**	**15**	**6,004**

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

The table below shows the effects on profit or loss and other comprehensive income of the financial instruments categorised within Level 3 as at 30 September 2017:

Unobservable inputs (Level 3)

€m	2016			2017		
	Assets	Liabilities		Assets	Liabilities	
	Equity instruments	Debt instruments	Derivatives, of which equity derivatives	Equity instruments	Debt instruments	Derivatives, of which equity derivatives
At 1 January	83	0	0	0	15	0
Gains and losses (recognised in profit or loss)[1]	0	0	0	0	0	0
Gains and losses (recognised in OCI)[2]	0	0	0	0	0	0
Additions	0	15	0	0	0	0
Disposals	−80	0	0	0	−5	0
Currency translation effects	−3	0	0	0	0	0
At 31 December/30 September	**0**	**15**	**0**	**0**	**10**	**0**

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

Available-for-sale financial assets include shares in partnerships and corporations in the amount of €11 million (31 December 2016: €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 classified as available-for-sale financial assets as at 30 September 2017 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.

16 Contingent liabilities and other financial obligations

The Group's contingent liabilities have not changed significantly compared with 31 December 2016. During the analysis of existing lease contracts carried out as part of the IFRS 16 implementation project, several contracts were re-assessed in terms of minimum lease payments. Together with new lease contracts from the reporting period, this led to an increase in lease obligations to €10.7 billion.

17 Related party disclosures

Tim Scharwath assumed responsibility for the Global Forwarding, Freight division with effect from 1 June 2017. As at 1 September 2017, Dr Thomas Ogilvie assumed office as Board Member for Human Resources and Labour Director. Otherwise there were no significant changes in related party disclosures as against 31 December 2016.

18 Events after the reporting date and other disclosures

There were no reportable 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, 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, 8 November 2017

Deutsche Post AG
The Board of Management

Dr Frank Appel

Ken Allen

Jürgen Gerdes

John Gilbert

Melanie Kreis

Dr. Thomas Ogilvie

Tim Scharwath

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 2017, 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, 8 November 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann	Verena Heineke
Wirtschaftsprüfer	*Wirtschaftsprüferin*
(German public auditor)	(German public auditor)

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FINANCIAL CALENDAR 2018

7 March 2018
2017 Annual Report

24 April 2018
2018 Annual General Meeting

27 April 2018
Dividend payment

8 May 2018
Interim Report as at 31 March 2018

7 August 2018
Interim Report as at 30 June 2018

6 November 2018
Interim Report as at 30 September 2018

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

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