

INTERIM REPORT

3

WHAT WE ACHIEVED IN THE FIRST NINE MONTHS OF 2014

Deutsche Post DHL increased consolidated revenue slightly by 2.0% to €41.3 billion, with EBIT rising even further by 4.2% to €2.1 billion. The German parcel business in the Post - eCommerce - Parcel division and the international business in the EXPRESS division continue to generate dynamic growth. Earnings in the SUPPLY CHAIN division benefited from new business, whereas high pressure on margins and transformation costs had a noticeable impact on the GLOBAL FORWARDING, FREIGHT division.

WHAT WE INTEND TO ACHIEVE BY THE END OF THE YEAR 2014

We continue to expect consolidated EBIT to reach between €2.9 billion and €3.1 billion in financial year 2014. The Post - eCommerce - Parcel division is likely to contribute around €1.3 billion to this figure. Compared with the previous year, we expect an improvement in EBIT to between €2.0 billion and €2.2 billion in the DHL divisions. Our EBIT after asset charge and operating cash flow performance metrics are expected to see further positive development in line with the respective EBIT trend.



DHL parcelcopter

DHL Parcel launches initial parcelcopter delivery operations for test purposes. The 12 km route from the mainland to the North Sea island of Juist is now serviced by parcelcopter – entirely unassisted.

EVENT

RELEASE OF GROUP RESULTS FOR 2014/
RELEASE OF THE 2014 ANNUAL REPORT
11 March 2015

JANUARY TO SEPTEMBER 2014

Deutsche Post DHL

01 SELECTED KEY FIGURES

		9M 2013 adjusted ¹	9M 2014	+/- %	Q3 2013 adjusted ¹	Q3 2014	+/- %
Revenue	€ m	40,462	41,265	2.0	13,454	14,001	4.1
Profit from operating activities (EBIT)	€ m	1,975	2,057	4.2	646	677	4.8
Return on sales ²	%	4.9	5.0	–	4.8	4.8	–
Consolidated net profit for the period ³	€ m	1,319	1,431	8.5	399	468	17.3
Operating cash flow	€ m	1,427	1,380	–3.3	810	814	0.5
Net debt ⁴	€ m	1,499	2,660	77.5	–	–	–
Earnings per share ⁵	€	1.09	1.18	8.3	0.33	0.38	15.2
Number of employees ⁶		435,218	438,973	0.9	–	–	–

¹  Note 4.

² EBIT/revenue.

³ After deduction of non-controlling interests.

⁴ Prior-period amount as at 31 December, for the calculation  page 11 of the Interim Group Management Report.

⁵ Basic earnings per share.

⁶ Average FTEs; prior-period amount corresponds to that of financial year 2013.

CONTENTS

INTERIM GROUP MANAGEMENT REPORT	2
General Information	2
Report on Economic Position	2
Deutsche Post Shares	20
Non-Financial Performance Indicators	21
Post-Balance-Sheet Date Events	21
Opportunities and Risks	22
Expected Developments	23
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	26
Income Statement	26
Statement of Comprehensive Income	27
Balance Sheet	28
Cash Flow Statement	29
Statement of Changes in Equity	30
Selected Explanatory Notes	31
Responsibility Statement	47
Review Report	47
Graphs and Tables	48
Contacts	II
Publication Service	II
Financial Calendar	II

 Cross-references

 Websites

11 November 2014

First nine months of 2014

Dear Shareholders,


We are satisfied with our company's overall performance in the first nine months of 2014. Deutsche Post DHL succeeded in increasing consolidated revenue slightly by 2.0% to €41.3 billion, with profit from operating activities rising even further by 4.2% to €2.1 billion. Moreover, we achieved this in the midst of a continued weakness in economic momentum in Germany and Europe. Even in the emerging markets, growth has been significantly slower than in previous years.

In the Post - eCommerce - Parcel division, we are benefitting from the unflagging trend whereby goods of all kinds are increasingly purchased online. Indeed, the parcel business in Germany picked up again in the third quarter in particular. The international express business also continues to grow strongly, with earnings growth in the double digits.

As announced in August, one of our top priorities is to improve efficiency and increase earnings in the other two DHL divisions. The SUPPLY CHAIN division generated a solid improvement in earnings thanks to the good new business and continuing restructuring programmes. Third-quarter revenues grew in the freight forwarding business, which had been weak of late. In the GLOBAL FORWARDING, FREIGHT division, industry-wide pressure on margins and high expenditures for the NFE project continued to impact EBIT. However, I am certain that NFE and other measures will allow us to substantially improve our competitive standing.

We are confirming our forecast for full-year 2014 and continue to expect consolidated EBIT to reach between €2.9 billion and €3.1 billion. The Post - eCommerce - Parcel division is likely to contribute around €1.3 billion to this figure. In the DHL divisions, we expect a year-on-year improvement in earnings to between €2.0 billion and €2.2 billion.

Our solid performance attests to the fact that our business model remains robust even in times of uncertainty. We now look forward to the upcoming Christmas business. In addition, the fourth quarter has nearly one more working day than in the previous year, which should have a positive effect given the volumes we handle each day.

Yours faithfully,


GENERAL INFORMATION

Organisation

Angela Titzrath stepped down from Board of Management

On 2 July 2014, Angela Titzrath, Board Member and Labour Director of Deutsche Post DHL, resigned from the Board of Management. Until the appointment of a new Board Member for Human Resources, which occurred after the balance-sheet date, Dr Frank Appel, CEO of Deutsche Post DHL, has taken on the corresponding responsibilities in a dual role.

Research and development

No research and development in the narrower sense

As a service provider, Deutsche Post DHL 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

Overall Board of Management assessment of the economic position

Earnings growth outpaces slight revenue increase

In the first nine months of 2014, Deutsche Post DHL increased consolidated revenue slightly, with profit from operating activities rising even further. The German parcel business in the Post - eCommerce - Parcel division and the international business in the EXPRESS division continue to generate dynamic growth. Earnings in the SUPPLY CHAIN division benefited from new business, whereas high pressure on margins and transformation costs had a noticeable impact on the GLOBAL FORWARDING, FREIGHT division. Nevertheless, the Group's financial position remains solid in the opinion of the Board of Management despite the fact that operating cash flow has not yet reached the prior-year level.

Economic parameters

Growth of global economy remains unsteady

The upturn in the world economy continued as the second half of 2014 got underway, however, it showed disparate trends. In the industrial countries, economic development was affected by a high degree of debt. In the emerging markets, growth was considerably lower than in previous years.

Asia continues to see the greatest economic momentum, despite varying levels of economic performance in individual countries. In China, third-quarter gross domestic product (GDP) only grew by 7.3%. The Japanese economy appears to be slowing as a consequence of the hefty increase in value added tax in the spring but economic output is likely to have increased further as a result of the revival in private consumption in particular.

The US economy has maintained its momentum from the previous quarter. GDP in the third quarter again increased sharply, at an annualised rate of 3.5%, with a continued rise in corporate investment and private consumption. The labour market situation has also improved and the unemployment rate fell below the 6% mark. The US Federal Reserve kept its key interest rate at between 0% and 0.25% in order to boost the economy and the labour market.

Economic recovery in the euro zone has begun to stall. GDP in the third quarter is likely to have seen slight growth at best. The political dispute regarding Russia and Ukraine is not only slowing export growth, it is unsettling companies sufficiently to cause them to lower their investments. As a result, the slight recovery trend in the labour market has come to a halt. At the same time, the rate of inflation decreased even further. The European Central Bank (ECB) therefore lowered its key interest rate by 0.1 percentage points to 0.05% in September. In addition, banks are obliged to pay penalty interest of 0.2% on their surplus deposits with the ECB.

German GDP continued to grow in the third quarter; foreign trade, in particular, is likely to have played a role as a result of increased exports. Nonetheless, the economic outlook has deteriorated significantly. The German ifo Business Climate Index has now fallen six times in succession and unemployment figures have shown no sign of improvement.

Significant events

No significant events

There were no events with material effects on the Group's net assets, financial position and results of operations in the first nine months of 2014.

Results of operations

02 Selected indicators for results of operations

		9M 2013 adjusted ¹	9M 2014	Q3 2013 adjusted ¹	Q3 2014
Revenue	€m	40,462	41,265	13,454	14,001
Profit from operating activities (EBIT)	€m	1,975	2,057	646	677
Return on sales ²	%	4.9	5.0	4.8	4.8
Consolidated net profit for the period ³	€m	1,319	1,431	399	468
Earnings per share ⁴	€	1.09	1.18	0.33	0.38

¹ Note 4.

² EBIT/revenue.

³ After deduction of non-controlling interests.

⁴ Basic earnings per share.

Changes in reporting and portfolio

The amendments to IFRS 10 (Consolidated Financial Statements) and IFRS 11 (Joint Arrangements) have been required to be applied since 1 January 2014. This had a minor overall impact on a number of items in the balance sheet and income statement. Detailed information can be found in the Notes.

Our domestic parcel business in Belgium, the Czech Republic, India, the Netherlands and Poland was consolidated in the Post - eCommerce - Parcel (PeP) division at the beginning of the year. This business was previously part of the EXPRESS and GLOBAL FORWARDING, FREIGHT divisions.

In addition, the US company Sky Courier Inc. was reassigned from the EXPRESS division to the GLOBAL FORWARDING, FREIGHT division in the first quarter.

The Belgian company Speedpack NV was transferred from the GLOBAL FORWARDING, FREIGHT division to the PeP division effective 1 April.

The prior-year amounts have been adjusted. We have not drawn attention to this again in the following explanations to the interim group management report.

DHL Global Forwarding & Co. LLC, Oman, has been consolidated since May 2014 due to contractual changes. The company had previously been accounted for using the equity method.

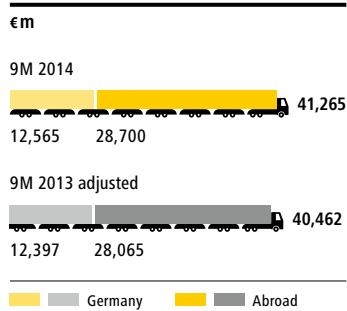
In the GLOBAL FORWARDING, FREIGHT division, we sold activities not forming part of the core business of Hull Blyth Angola Ltd. and the company Hull Blyth Angola Viagens e Turismo Lda. in July. The assets and liabilities had previously been reclassified as held for sale.

Increase in consolidated revenue

Consolidated revenue rose by €803 million to €41,265 million in the first nine months of 2014, although negative currency effects reduced this item by €729 million. The proportion of revenue generated abroad remained on a level with the prior year at 69.6% (previous year: 69.4%). Changes in the portfolio reduced revenue by €152 million. At €14,001 million, revenue was up by €547 million in the third quarter of 2014. This included positive currency effects of €99 million.

Notes 1 and 4

03 Consolidated revenue



Other operating income increased by €71 million year-on-year, to €1,465 million. The prior-year figure included deconsolidation gains on the sale of several companies, amongst other things. Income increased by €117 million in the reporting period, also as a result of the reversal of a provision for restructuring the express business in the USA.

Higher depreciation, amortisation and impairment losses

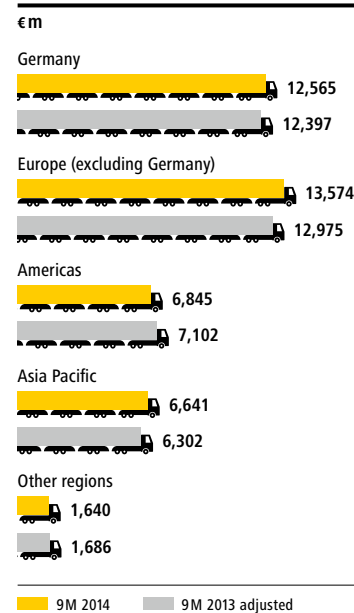
Materials expense rose by €541 million to €23,339 million, primarily due to higher transportation costs and the increase in goods purchased and held for resale for the business with the UK National Health Service in the SUPPLY CHAIN division.

Staff costs rose by 1.2% to €13,465 million. This was mainly attributable to the increase in the number of employees in the SUPPLY CHAIN division and higher labour costs in the PeP division.

Impairment losses on aircraft and aircraft parts amounting to €106 million led to an increase in depreciation, amortisation and impairment losses from €990 million to €1,048 million.

At €2,821 million, other operating expenses were up slightly on the previous year (€2,785 million).

04 Revenue by region



05 Development of revenue, other operating income and operating expenses, 9M 2014

	€m	%	
Revenue	41,265	2.0	<ul style="list-style-type: none"> Growth trends in the German parcel and international express businesses remain intact Pressure on margins weighs on freight forwarding business Currency effects reduce consolidated revenue by €729 million
Other operating income	1,465	5.1	<ul style="list-style-type: none"> Restructuring provisions of €117 million reversed
Materials expense	23,339	2.4	<ul style="list-style-type: none"> Higher transportation costs Higher cost of goods purchased and held for resale in SUPPLY CHAIN division
Staff costs	13,465	1.2	<ul style="list-style-type: none"> Increased number of staff, mostly in the SUPPLY CHAIN division Higher labour costs in the PeP division
Depreciation, amortisation and impairment losses	1,048	5.9	<ul style="list-style-type: none"> Includes impairment losses on aircraft of €106 million
Other operating expenses	2,821	1.3	<ul style="list-style-type: none"> Slightly above prior-year level

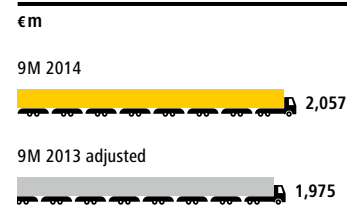
Consolidated EBIT improves by 4.2%

Profit from operating activities (EBIT) improved compared with the previous year, rising by 4.2% to €2,057 million in the first nine months of 2014. It increased by 4.8% in the third quarter to €677 million.

By contrast, net finance costs widened from €180 million to €256 million due in particular to lower interest income. The prior-year figure included interest income from the reversal of a provision for interest on tax liabilities.

At €1,801 million, profit before income taxes was on a level with the previous year (€1,795 million). In contrast, income taxes decreased sharply, falling by €107 million to €288 million.

06 Consolidated EBIT



Increase in consolidated net profit

Consolidated net profit for the period rose from €1,400 million to €1,513 million in the reporting period. Of this amount, €1,431 million is attributable to shareholders of Deutsche Post AG and €82 million to non-controlling interest holders. Earnings per share also increased, with basic earnings per share up from €1.09 to €1.18 and diluted earnings per share rising from €1.05 to €1.14.

EBIT after asset charge increased

EBIT after asset charge (EAC) improved from €947 million to €1,005 million in the first nine months of 2014, mainly as a result of the company's increased profitability. The imputed asset charge rose by 2.3%, driven primarily by the increase in net working capital.

07 EBIT after asset charge (EAC)

€m	9M 2013 adjusted ¹	9M 2014	+/- %
EBIT	1,975	2,057	4.2
■ Asset charge	-1,028	-1,052	-2.3
■ EAC	947	1,005	6.1

¹ Note 4.

Financial position

08 Selected cash flow indicators

€m	9M 2013 adjusted ¹	9M 2014	Q3 2013 adjusted ¹	Q3 2014
Cash and cash equivalents as at 30 September	2,076	2,135	2,076	2,135
Change in cash and cash equivalents	-248	-1,223	225	185
Net cash from operating activities	1,427	1,380	810	814
Net cash used in investing activities	-751	-488	-298	-466
Net cash used in financing activities	-924	-2,115	-287	-163

¹ Note 4.

Liquidity situation remains solid

The principles and aims of our financial management as presented in the 2013 Annual Report from page 51 remain valid and continue to be pursued as part of our finance strategy. The net cash used in financing activities in the first nine months of 2014 resulted primarily from the planned repayment of a bond falling due in January as well as the dividend payment made in May 2014 to Deutsche Post AG shareholders for financial year 2013.

The FFO to debt performance metric declined as anticipated in the first nine months of 2014. The main reasons for the decline were the decrease in surplus cash and near-cash investments, above all as a result of the dividend paid out for financial year 2013, and the annual pension prepayment to the *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency). Another reason for the decline in FFO to debt was the decrease in operating cash flow before changes in working capital. Non-recurring income/expenses include operating restructuring payments of €26 million.

In September 2014, Moody's Investors Service (Moody's) raised our credit rating from "Baa1" to "A3" with a stable outlook. The decision was based upon the improved profitability of our Group. For 2015, Moody's continues to forecast slight economic growth and is projecting a sustained improvement in the operating environment and a further increase in profitability for Deutsche Post DHL. Our credit quality as rated by Fitch Ratings has not changed from the rating of "BBB+" with a stable outlook described in the 2013 Annual Report beginning on page 54. In view of our solid liquidity, our syndicated credit facility with a total volume of €2 billion was not drawn down during the reporting period. The facility was extended in 2013 and now runs until 2018 with two options to renew it for one year at a time. As at 30 September 2014, the Group had cash and cash equivalents of €2.1 billion.



09 FFO to debt

€m	1 Jan. to 31 Dec. 2013 adjusted ¹	1 Oct. 2013 to 30 Sept. 2014
Operating cash flow before changes in working capital	3,079	2,996
⊕ Interest and dividends received	56	47
⊖ Interest paid	166	162
⊕ Adjustment for operating leases	1,240	1,240
⊕ Adjustment for pensions	144	144
⊖ Non-recurring income/expenses	73	26
⊖ Funds from operations (FFO)	4,426	4,291
Reported financial liabilities ²	5,954	5,260
⊖ Financial liabilities at fair value through profit or loss ²	40	158
⊕ Adjustment for operating leases ³	5,099	5,099
⊕ Adjustment for pensions ³	4,941	4,941
⊖ Surplus cash and near-cash investments ^{2, 4}	3,082	1,038
⊖ Debt	12,872	14,104
FFO to debt (%)	34.4	30.4

¹ The prior-period amounts have been adjusted to reflect the application of IFRS 10 and 11.

² As at 31 December 2013 and 30 September 2014, respectively.

³ As at 31 December 2013.

⁴ Surplus cash and near-cash investments are defined as cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

Capital expenditure above prior-year level

The Group's aggregate capital expenditure (capex) increased from the prior-year figure of €895 million to €1,005 million as at the end of September 2014. Investments were made mainly to replace and increase assets as follows: €818 million was invested in property, plant and equipment and €187 million in intangible assets excluding goodwill. Investments in property, plant and equipment related to advance payments and assets under development (€420 million), transport equipment (€176 million), land and buildings (€64 million), IT equipment (€45 million), technical equipment and machinery (€44 million), operating and office equipment (€38 million) and aircraft (€31 million). In regional terms, we invested mainly in Europe and the Americas as well as in Asia.

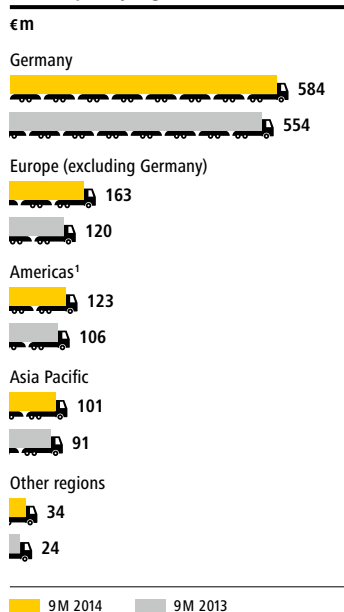
10 Capex and depreciation, amortisation and impairment losses, 9M

	PeP		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Group	
	2013 adjusted	2014	2013 adjusted	2014	2013 adjusted	2014	2013	2014	2013	2014	2013 adjusted	2014
Capex (€m)	186	207	261	275	71	128	187	196	190	199	895	1,005
Depreciation, amortisation and impairment losses (€m)	270	254	292	366	68	65	205	197	155	166	990	1,048
Ratio of capex to depreciation, amortisation and impairment losses	0.69	0.81	0.89	0.75	1.04	1.97	0.91	0.99	1.23	1.20	0.90	0.96

11 Capex and depreciation, amortisation and impairment losses, Q3

	PeP		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Group	
	2013 adjusted	2014	2013 adjusted	2014	2013 adjusted	2014	2013	2014	2013	2014	2013 adjusted	2014
Capex (€m)	66	107	106	151	29	46	79	69	120	121	400	494
Depreciation, amortisation and impairment losses (€m)	92	77	104	84	22	22	67	69	52	60	337	312
Ratio of capex to depreciation, amortisation and impairment losses	0.72	1.39	1.02	1.80	1.32	2.09	1.18	1.00	2.31	2.02	1.19	1.58

12 Capex by region



Capital expenditure in the Post - eCommerce - Parcel division increased, rising from €186 million in the prior-year period to €207 million in the first nine months of 2014. The largest capex portion continued to be attributable to the Parcel 2012 Production Concept. In addition, minor investments were made at branch level; transport resources were procured and IT capabilities improved.

In the EXPRESS division, capital expenditure amounted to €275 million in the reporting period (previous year: €261 million). A total of €198 million related to advance payments and assets under development. The year-on-year increase was due to higher investments in aircraft.

In the GLOBAL FORWARDING, FREIGHT division, a total of €128 million had been invested by September 2014 (previous year: €71 million). Of that figure, €113 million was attributable to the Global Forwarding business unit, where we continued to improve our IT, particularly as part of the New Forwarding Environment project. We also consolidated and fitted out new warehouses and offices across all regions. A total of €15 million was invested in the Freight business unit, mainly for real estate, operating and office equipment and software.

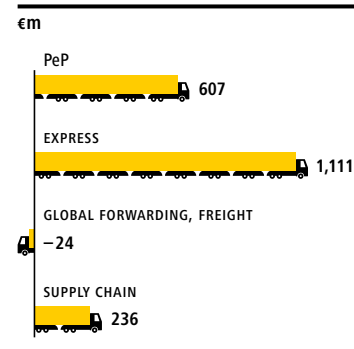
In the SUPPLY CHAIN division, capital expenditure amounted to €196 million in the reporting period (previous year: €187 million). Of that amount, €168 million related to the Supply Chain business unit, €19 million to Williams Lea and €9 million to central entities. Around 49% of the funds were used to support new business globally. The majority of the expenditure in the first nine months of 2014 was attributable to new customer projects in the Americas and Europe regions.

Cross-divisional capital expenditure increased from €190 million in the first nine months of 2013 to €199 million in the reporting period, due predominantly to higher expenditure for vehicles and IT equipment. By contrast, investments in real estate were lower.

Lower operating cash flow

At €1,380 million, net cash from operating activities in the first nine months of 2014 was down €47 million on the previous year – before changes in working capital, it amounted to €2,020 million, a more substantial decrease of €83 million. The depreciation, amortisation and impairment losses contained in EBIT are non-cash effects and are therefore eliminated. They increased by €58 million, mainly due to impairment losses recognised on aircraft. The change in provisions rose from €-422 million to €-644 million, partially due to the reversal of restructuring provisions in the EXPRESS division. The cash outflow from changes in working capital amounted to €640 – slightly below the previous year's figure of €676 million.

At €488 million, net cash used in investing activities was significantly lower than in the previous year (€751 million). With a cash inflow of €600 million, the sale of money market funds in particular contributed to changes in current financial assets. In contrast, cash paid to acquire non-current assets rose from €998 million to €1,270 million. Although some of the investments in property, plant and equipment and intangible assets had been capitalised at the end of 2013, the cash was only paid in 2014.

13 Operating cash flow by division, 9 M 2014**14 Calculation of free cash flow**

€m	9 M 2013 adjusted ¹	9 M 2014	Q3 2013 adjusted ¹	Q3 2014
Net cash from operating activities	1,427	1,380	810	814
Sale of property, plant and equipment and intangible assets	118	116	33	44
Acquisition of property, plant and equipment and intangible assets	-924	-1,190	-379	-482
Cash outflow arising from change in property, plant and equipment and intangible assets	-806	-1,074	-346	-438
Disposal of subsidiaries and other business units	31	3	1	3
Acquisition of subsidiaries and other business units	-37	1	-14	-2
Cash outflow/inflow arising from acquisitions/divestitures	-6	4	-13	1
Interest received	34	36	7	9
Interest paid	-121	-117	-29	-16
Net interest paid	-87	-81	-22	-7
Free cash flow	528	229	429	370

¹ Note 4.

Free cash flow decreased from €528 million to €229 million in the reporting period, primarily due to the increase in cash paid to acquire property, plant and equipment and intangible assets. The third-quarter decline was significantly lower.

At €2,115 million, net cash used in financing activities was €1,191 million higher than in the previous year. The dividend paid to our shareholders was the largest payment item, at €968 million. It increased by €122 million year-on-year. In addition, the repayment of a bond in January made a significant contribution to the cash outflow (€926 million). In the previous year, the loan taken out with Deutsche-Post-Betriebsrenten-Service e. V. had largely been responsible for the cash inflow of €150 million from changes in current financial liabilities.

Changes in the cash flows from the individual areas of activity saw cash and cash equivalents decline from €3,414 million as at 31 December 2013 to €2,135 million.


Net assets

15 Selected indicators for net assets

		31 Dec. 2013 adjusted ¹	30 Sept. 2014
Equity ratio	%	28.3	24.3
Net debt	€m	1,499	2,660
Net interest cover ²		22.7	25.4
Net gearing	%	13.0	23.6
FFO to debt ³	%	34.4	30.4

¹  Note 4.

² In the first nine months.

³ For the calculation  page 7.

Consolidated total assets almost unchanged

The Group's total assets amounted to €35,392 million as at 30 September 2014, similar to the level at 31 December 2013 (€35,461 million).

At €22,137 million, non-current assets were up €767 million on the previous year. Intangible assets rose by €388 million to €12,220 million, mainly due to the impact of foreign currency effects on goodwill. In contrast, property, plant and equipment declined from €6,800 million to €6,757 million. At €818 million, additions were lower than depreciation and impairment losses (€844 million). Non-current financial assets rose by €262 million to €1,385 million, primarily due to an increase in available-for-sale financial assets. Other non-current assets declined by €89 million to €98 million, mainly because of the decrease in pension assets as a result of actuarial losses. Deferred tax assets increased from €1,327 million to €1,579 million.

Current assets declined by €836 million to €13,255 million as at the balance sheet date. Inventories declined by €36 million to €366 million. Current financial assets decreased significantly by €663 million to €158 million, largely because we liquidated short-term investments in money market funds and used them in part to repay a bond. Trade receivables rose from €7,022 million to €7,583 million. In particular, other current assets increased sharply by €556 million to €2,779 million. This figure includes €132 million relating to the accrual of the prepaid annual contribution to the *Bundesanstalt für Post und Telekommunikation* for pension and assistance benefits; as well as other advance payments. Income tax assets increased by €30 million to €197 million. The reasons for the significant €1,279 million fall in cash and cash equivalents to €2,135 million are described in the section entitled Financial position.

At €8,418 million, equity attributable to Deutsche Post AG shareholders was €1,426 million lower than at 31 December 2013 (€9,844 million). Although consolidated net profit for the period and positive currency effects made a positive contribution, actuarial losses on pension obligations and the dividend payment in particular reduced equity.

Non-current and current liabilities declined from €16,946 million to €16,318 million, mainly driven by a decline in financial liabilities. They decreased by €694 million to €5,260 million, mainly resulting from the repayment of a bond in the amount of €926 million in January. Trade payables decreased by €385 million to €5,973 million. An increase in liabilities to employees was the main reason for the rise in other current liabilities from €3,978 million to €4,360 million. Current and non-current provisions increased from €8,481 million to €10,482 million, primarily because a decline in discount rates led to the recognition of additional provisions for pensions.

Net debt increases to €2,660 million

Our net debt rose from €1,499 million as at 31 December 2013 to €2,660 million as at 30 September 2014, in part because of the regular annual contribution to the *Bundesanstalt für Post und Telekommunikation*, which is paid in the first quarter. In addition, the dividend for financial year 2013 in the amount of €968 million was paid out in May. At 24.3%, the equity ratio was lower than at 31 December 2013 (28.3%). Net interest cover shows the extent to which net interest obligations are covered by EBIT. This indicator rose from 22.7 to 25.4. Net gearing was 23.6% as at 30 September 2014.

16 Net debt

€m	31 Dec. 2013 adjusted ¹	30 Sept. 2014
Non-current financial liabilities	4,599	4,653
⊕ Current financial liabilities	1,297	526
⊖ Financial liabilities	5,896	5,179
⊖ Cash and cash equivalents	3,414	2,135
⊖ Current financial assets	821	158
⊖ Long-term deposits ²	55	60
⊖ Positive fair value of non-current financial derivatives ²	107	166
⊖ Financial assets	4,397	2,519
Net debt	1,499	2,660

¹ ⊖ Note 4.

² Reported in non-current financial assets in the balance sheet.

Business performance in the divisions

OVERVIEW

17 Key figures by operating division

€m	9M 2013 adjusted	9M 2014	+/- %	Q3 2013 adjusted	Q3 2014	+/- %
Post - eCommerce - Parcel						
Revenue	11,108	11,333	2.0	3,643	3,731	2.4
of which Post	7,310	7,333	0.3	2,397	2,379	-0.8
eCommerce - Parcel	3,798	4,000	5.3	1,246	1,352	8.5
Profit from operating activities (EBIT)	912	873	-4.3	277	288	4.0
Return on sales (%) ¹	8.2	7.7	-	7.6	7.7	-
Operating cash flow	672	607	-9.7	247	282	14.2
EXPRESS						
Revenue	8,721	9,080	4.1	2,893	3,112	7.6
of which Europe	3,988	4,142	3.9	1,315	1,386	5.4
Americas	1,628	1,632	0.2	547	558	2.0
Asia Pacific	3,006	3,219	7.1	1,018	1,137	11.7
MEA (Middle East and Africa)	695	678	-2.4	229	230	0.4
Consolidation/Other	-596	-591	0.8	-216	-199	7.9
Profit from operating activities (EBIT)	771	912	18.3	248	305	23.0
Return on sales (%) ¹	8.8	10.0	-	8.6	9.8	-
Operating cash flow	823	1,111	35.0	402	481	19.7
GLOBAL FORWARDING, FREIGHT						
Revenue	11,013	10,964	-0.4	3,702	3,803	2.7
of which Global Forwarding	8,059	7,974	-1.1	2,712	2,812	3.7
Freight	3,058	3,098	1.3	1,025	1,030	0.5
Consolidation/Other	-104	-108	-3.8	-35	-39	-11.4
Profit from operating activities (EBIT)	340	221	-35.0	126	72	-42.9
Return on sales (%) ¹	3.1	2.0	-	3.4	1.9	-
Operating cash flow	269	-24	-	102	31	-69.6
SUPPLY CHAIN						
Revenue	10,528	10,784	2.4	3,519	3,660	4.0
of which Supply Chain	9,560	9,765	2.1	3,177	3,302	3.9
Williams Lea	974	1,024	5.1	345	360	4.3
Consolidation/Other	-6	-5	16.7	-3	-2	33.3
Profit from operating activities (EBIT)	262	303	15.6	100	110	10.0
Return on sales (%) ¹	2.5	2.8	-	2.8	3.0	-
Operating cash flow	259	236	-8.9	213	214	0.5

¹ EBIT/revenue.

POST - ECOMMERCE - PARCEL DIVISION

Revenue increases with fewer working days

In the first nine months of 2014, revenue in the division was €11,333 million, 2.0% above the prior-year figure of €11,108 million, despite 0.4 fewer working days in Germany than in the same period last year. After parts of the domestic parcel business outside Germany were transferred to the Post - eCommerce - Parcel division effective 1 January 2014, the figures for the current financial year and the prior year were adjusted accordingly. Negative currency effects of €30 million were recorded in the reporting period.

Revenue and volumes in Post business unit at prior-year level

In the Post business unit, revenue and sales remained stable at the prior-year level. In the first nine months of 2014, revenue was €7,333 million, exceeding the prior-year figure of €7,310 million slightly by 0.3%. This is attributable mainly to the price increases for both a standard letter at the beginning of the year and our Infopost product at the beginning of the third quarter. Revenue in the third quarter was €2,379 million (previous year: €2,397 million).

The domestic mail business performed well, driven mainly by the postage increases. Volumes remained at the prior-year level. However, revenue in the international import/export business in the reporting period declined noticeably below the prior-year level due to changes in mix.

In the Dialogue Marketing business, revenue and sales in addressed advertising mail declined in the reporting period. The previous year included a positive effect from Germany's parliamentary elections. In addition, advertising expenditures from mail-order businesses remained low. Revenue generated from unaddressed advertising mail in the reporting period was approximately equivalent to the prior-year level. Sales of this product increased on account of the expansion of the delivery area for our "Einkauf aktuell" product.

The press services market remains in decline. Daily newspaper and popular magazine circulation, in particular, continues to decrease. Over the reporting period, our revenue and sales in this business were slightly below the prior-year level.

18 Post: volumes

Mail items (millions)	9M 2013	9M 2014	+/- %	Q3 2013	Q3 2014	+/- %
Total	15,080	15,066	-0.1	4,965	4,754	-4.2
of which Mail Communication	6,563	6,578	0.2	2,139	2,089	-2.3
of which Dialogue Marketing	6,951	6,962	0.2	2,326	2,174	-6.5

eCommerce - Parcel business unit continues to grow

In the first nine months of 2014, revenue in the eCommerce - Parcel business unit was €4,000 million, exceeding the prior-year figure of €3,798 million by 5.3%. The parcel business in Germany continued to grow in the third quarter in particular; cumulative revenue and sales significantly exceeded the previous year. Volume also grew further year-on-year – by 6.5% over the nine-month period and by 8.5% in the third quarter.

The transferred domestic parcel business in Europe was integrated successfully into the division. In international business, we recorded strong volume growth and a slight increase in revenue.

Our worldwide e-commerce activities continue to develop well. Although our project to streamline our customer portfolio, which began in the first quarter of 2014, has had an impact on sales, revenue in the reporting period exceeded the prior-year figure when adjusted for currency effects.

19 Parcel Germany: volumes

Parcels (millions)	9M 2013	9M 2014	+/- %	Q3 2013	Q3 2014	+/- %
Parcel Germany	680	724	6.5	223	242	8.5

Earnings at prior-year level excluding one-time effects

Although revenue rose, increased material and labour costs as well as the continued expansion of our parcel network hindered, as in previous quarters, an improvement in earnings. EBIT in the division declined by €39 million, from €912 million in the previous year to €873 million in the reporting period. However, the prior-year figure included a positive effect of €50 million from the utilisation of some of the provision recognised for postage stamps. The return on sales in the first nine months was 7.7% (previous year: 8.2%). EBIT in the third quarter of 2014 was €288 million (previous year: €277 million).

Operating cash flow in the first nine months of 2014 decreased from €672 million to €607 million, which was attributable mainly to the lower EBIT and a net cash outflow from working capital. Working capital was €-260 million, remaining significantly above the prior-year level (€-414 million).

EXPRESS DIVISION

Revenues and volumes in international business continue to grow

In the first nine months of 2014, revenue in the division was €9,080 million, exceeding the prior-year figure of €8,721 million by 4.1%. Excluding negative currency effects of €298 million and the effect from the sale of the domestic express business in Romania in the first quarter of 2013, revenue in the reporting period grew by 7.6%. In the third quarter, revenue growth was 7.6%, a further increase compared with the previous year.

In the Time Definite International (TDI) product line, daily revenues rose year-on-year by 8.3% in comparison with the first nine months of the prior year. Our customers sent 7.7% more shipments each day. In the third quarter, revenues increased by 6.9% and shipment volumes by 7.0%.

In the Time Definite Domestic (TDD) product line, daily revenues were unchanged from the prior-year level in the first nine months of 2014. Daily shipment volumes went up slightly by 0.6%. In the third quarter, revenue and volumes in this product line remained at the prior-year level.

The Indian subsidiary Blue Dart and the domestic express business in the Netherlands, Belgium and Poland were reassigned to the PeP division, effective 1 January 2014. Our focus in the EXPRESS division in these countries is now directed towards our core competence, international business. The subsidiary Sky Courier Inc. in the United States was transferred to the GLOBAL FORWARDING, FREIGHT division.

20 EXPRESS: revenue by product

€m per day ¹	9M 2013 adjusted	9M 2014	+/- %	Q3 2013 adjusted	Q3 2014	+/- %
Time Definite International (TDI)	33.7	36.5	8.3	33.3	35.6	6.9
Time Definite Domestic (TDD)	3.8	3.8	0.0	3.7	3.7	0.0

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

21 EXPRESS: volumes by product

Thousands of items per day ¹	9M 2013 adjusted	9M 2014	+/- %	Q3 2013 adjusted	Q3 2014	+/- %
Time Definite International (TDI)	626	674	7.7	618	661	7.0
Time Definite Domestic (TDD)	355	357	0.6	344	344	0.0

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

Sharp rise in revenues and volumes in Europe region

Revenue in the Europe region improved by 3.9% to €4,142 million in the first nine months of 2014 (previous year: €3,988 million). The figure for the reporting period included negative currency effects of €30 million, which related mainly to our business activities in Russia and Turkey. Excluding these effects and the effect from the sale of the domestic express business in Romania in the first quarter of 2013, revenue growth in the reporting period was 4.7%. Daily revenues in the TDI product line grew by 4.6% in the first three quarters, due primarily to the 4.4% increase in shipment volumes. The encouraging growth continued into the third quarter: revenues in daily international shipments increased by 4.1%; shipment volumes increased by as much as 5.8%.

Operating business in the Americas region continues to grow

Revenue in the Americas region amounted to €1,632 million in the reporting period – slightly above the previous year's figure of €1,628 million. The figure for the reporting period included considerable negative currency effects of €131 million, which occurred mainly in South America (especially Venezuela and Argentina) as well as the United States. Excluding these currency effects, revenue improved by 8.3% in the first nine months. In the TDI product line, daily revenue increased by 9.2% in the same period, driven largely by the 9.6% rise in per-day shipment volumes. In the third quarter, growth in daily revenue was 5.7%, whilst the number of daily shipments in the TDI product line increased by 8.0%.

Considerable revenue growth again in Asia Pacific region

Revenue in the Asia Pacific region grew by 7.1% to €3,219 million in the first nine months of 2014 (previous year: €3,006 million). The figure for the reporting period included negative currency effects of €116 million, which related primarily to our business activities in Japan, China and India as well as other countries in the region. Excluding these effects, revenue witnessed a substantial increase of 10.9% year-on-year. In the TDI product line, both daily revenues and per-day volumes in the reporting period rose by 11.4% and 10.2%, respectively. Growth in the third quarter amounted to 10.1% and 7.8%, respectively.

International volumes grow in the MEA region

In the MEA region (Middle East and Africa), revenue in the first nine months of 2014 was €678 million and thus 2.4% below the previous year's figure of €695 million. Excluding negative currency effects of €25 million, revenue grew year-on-year by 1.2%. In the TDI product line, daily revenues increased by 8.7% and per-day volumes by as much as 10.7% in the reporting period.

EBIT and return on sales demonstrate clear positive trend

In the first nine months of 2014, EBIT in the division improved considerably by 18.3% to €912 million (previous year: €771 million). Increased revenues, the higher operating profitability of our network and strict cost management contributed to this improvement in particular. The EBIT figure for the first nine months of 2013 included a €12 million deconsolidation gain on the divestment of the domestic express business in Romania. Return on sales in the first nine months of 2014 rose from 8.8% to 10.0%. In the third quarter, EBIT climbed by 23.0% to €305 million, which improved return on sales from 8.6% in the previous year to 9.8%.

The 35.0% rise in operating cash flow to €1,111 million in the first nine months of 2014 was supported by the improved operating profit.

GLOBAL FORWARDING, FREIGHT DIVISION

Currency effects impact freight forwarding business

In the first nine months of 2014, revenue in the division decreased by 0.4% to €10,964 million (previous year: €11,013 million). Excluding negative currency effects of €354 million, revenue increased year-on-year by 2.8%. In the third quarter, revenue was up year-on-year by 2.7% to €3,803 million (previous year: €3,702 million). The third-quarter figure included negative currency effects of €29 million. Reduced prices also continued to impact our revenue.

Revenue in the Global Forwarding business unit was €7,974 million in the first nine months of 2014, a decrease of 1.1% (previous year: €8,059 million). Excluding negative currency effects of €308 million, revenue increased by 2.8%. Gross profit declined by 5.7% to €1,790 million (previous year: €1,899 million).

We are continuing to implement our strategic project New Forwarding Environment (NFE).

Air and ocean freight volumes up

In the first nine months of 2014, our air freight revenues increased slightly year-on-year, whilst those in ocean freight declined slightly. Excluding negative currency effects, ocean freight revenue was also up. Volumes in both air and ocean freight increased compared with the previous year. Fuel prices remained stable. Air freight rates increased whilst ocean freight rates remained almost unchanged.

Our air freight volumes grew in the first nine months of 2014 by 2.3% compared with the previous year. Third-quarter volumes climbed significantly by 4.8% thanks to new business gains in the first half of the year. At the same time, however, margin pressure increased, primarily because airlines are reducing their capacities and indirectly increasing rates as a result. Rates on the spot market are also increasing, particularly in anticipation of demand from Asia. Our revenue in the reporting period went up by 0.6%; gross profit declined by 9.9%.

Ocean freight volumes in the first nine months of 2014 were up by 5.0% year-on-year, driven mainly by new customers acquired in the first half of the year. Asia remains the largest growth engine; the intra-Asian, trans-Pacific and Asia-Europe routes have performed the best. At the same time, however, our revenues have declined by 1.2% as a result of negative currency effects. Despite the fact that new, larger vessels are being put into operation, ocean carriers continued to reduce effective capacity. In light of the increase in freight volume and limited capacities, margins remained under pressure. We are responding to this market situation with stricter operational cost control. Gross profit declined in the reporting period by 4.5%.

The performance of our industrial project business (in table 22, reported as part of Other under the Global Forwarding business unit) fell slightly below that of the prior year. In the first nine months of 2014, the share of revenue related to industrial project business and reported under Other was 35.9% and therefore down year-on-year (previous year: 37.5%). Gross profit declined by 12.9% compared with the prior-year period.

22 Global Forwarding: revenue

€m	9M 2013 adjusted	9M 2014	+/- %	Q3 2013 adjusted	Q3 2014	+/- %
Air freight	3,682	3,703	0.6	1,219	1,311	7.5
Ocean freight	2,684	2,651	-1.2	917	948	3.4
Other	1,693	1,620	-4.3	576	553	-4.0
Total	8,059	7,974	-1.1	2,712	2,812	3.7

23 Global Forwarding: volumes

Thousands		9M 2013 adjusted	9M 2014	+/- %	Q3 2013 adjusted	Q3 2014	+/- %
Air freight	tonnes	2,906	2,973	2.3	985	1,032	4.8
of which exports	tonnes	1,624	1,672	3.0	554	580	4.7
Ocean freight	TEUS ¹	2,100	2,204	5.0	733	766	4.5

¹ Twenty-foot equivalent units.

Revenue in European overland transport business continues to grow

In the Freight business unit, revenue was up by 1.3% to €3,098 million in the first nine months of 2014 (previous year: €3,058 million) despite negative currency effects of €47 million. Business grew primarily in Central and Eastern Europe, Turkey, Sweden, France and Germany. Gross profit declined in the reporting period by 1.8% to €807 million (previous year: €822 million). This can be attributed almost exclusively to negative currency effects but pressure on margins also remains significant in the highly competitive European transport market.

EBIT impacted by high NFE expenses

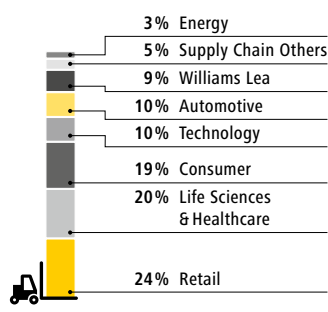
EBIT in the division was €221 million in the first nine months of 2014 (previous year: €340 million). The high NFE expenses continue to have an impact. At the same time, gross profit margins decreased again due to higher pressure on margins, despite strict cost management. The return on sales declined to 2.0% (previous year: 3.1%). In the third quarter of 2014, EBIT fell considerably year-on-year, from €126 million to €72 million.

Moreover, net working capital in the first nine months of 2014 worsened due to increased outstanding receivables, leading to a negative operating cash flow of €24 million (previous year: €269 million).

SUPPLY CHAIN DIVISION

24 SUPPLY CHAIN: revenue by sector, 9M 2014

Total revenue: €10,784 million



Revenue growth impacted by currency effects and disposals

In the first nine months of 2014, revenue in the division increased by 2.4% to €10,784 million (previous year: €10,528 million). Growth was impacted by both the loss of revenue from prior-year disposals of €147 million and negative currency effects of €52 million. Excluding these effects, revenue growth was 4.3%. In the third quarter, revenue increased year-on-year by 4.0% from €3,519 million to €3,660 million. Excluding favourable currency effects, revenue growth was 0.6%.

Revenue in the Supply Chain business unit was €9,765 million in the first nine months of 2014, an increase of 2.1% (previous year: €9,560 million). Excluding business disposals and negative currency effects, growth was 4.3%. On this basis, growth in the emerging markets was better than that of the business unit as a whole. The Automotive and Life Sciences & Healthcare sectors represented a higher proportion of revenue compared with the previous year, offset by a slightly lower share in the Consumer and Retail sectors. Revenue from the top 20 customers increased by 2.2%.

In the Americas region, growth was impacted primarily by currency effects: the Brazilian real as well as the Canadian and US dollars weakened against the euro in the reporting period. Moreover, revenue no longer includes Exel Direct, which we disposed of in the second quarter of 2013. Excluding negative currency effects, we generated the highest revenue growth in the USA and Brazil, with the latter driven by new business and improved transport volumes. Our revenues in Canada were impacted negatively by the loss of a contract in the Retail sector at the end of the second quarter.

In the Asia Pacific region, we achieved substantial revenue growth from additional volumes and new business, particularly in Japan and Australia. In Japan we benefited from new business in the Technology sector that was gained in the second half of 2013. Revenue growth in Australia came primarily from the Life Sciences & Healthcare sector. However, overall revenue growth in the region was offset partly by negative currency effects.

In Europe, volumes in the Automotive and Retail sectors increased on account of higher end-customer demand. Revenue in the Life Sciences & Healthcare sector grew due to additional business with the UK National Health Service. Prior-year disposals and the strong pound sterling also affected revenue growth.

Williams Lea revenue increased by 5.1% in the reporting period to €1,024 million, driven mainly by stronger retail banking business, higher volumes in the public sector and the new Marketing Solutions sourcing business in Asia.

New business worth around €795 million secured

In the first nine months of 2014, the Supply Chain business unit concluded additional contracts worth around €795 million in annualised revenue with both new and existing customers. The Consumer, Automotive, Retail, Life Sciences & Healthcare and Technology sectors accounted for the majority of the gains. The annualised contract renewal rate remained at a consistently high level.

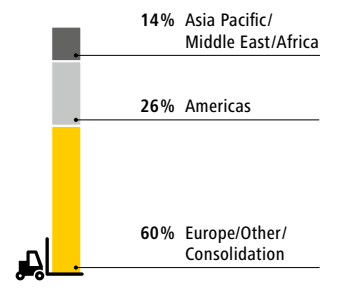
Continued EBIT improvement

EBIT in the division was €303 million in the first nine months of 2014 (previous year: €262 million). The previous year included charges associated with the Chapter 11 insolvency filing of a major customer and expenses associated with business disposals. The improved EBIT can be attributed to the high level of new business and to continuing restructuring programmes. The return on sales was 2.8% (previous year: 2.5%). In the third quarter of 2014, EBIT increased from €100 million to €110 million.

Operating cash flow for the first nine months of 2014 was €236 million (previous year: €259 million).

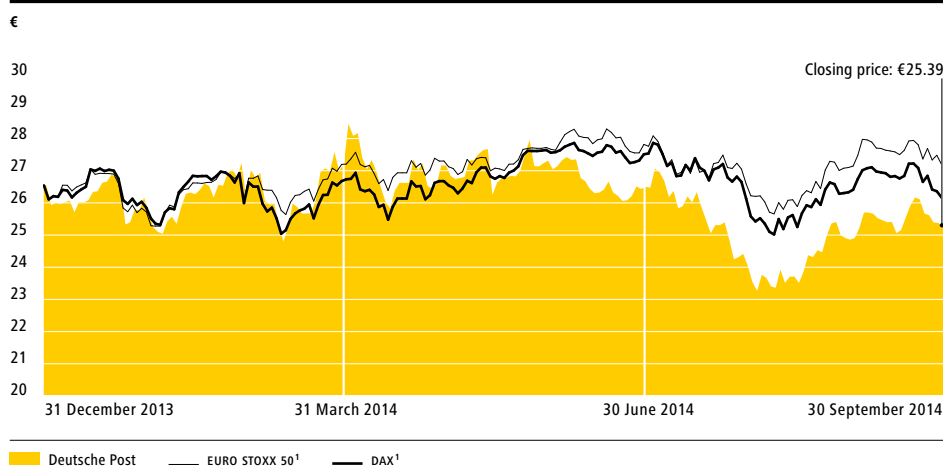
25 SUPPLY CHAIN: revenue by region, 9M 2014

Total revenue: €10,784 million



DEUTSCHE POST SHARES

26 Share price performance



¹ Rebased to the closing price of Deutsche Post shares on 31 December 2013.

Deutsche Post shares suffer price losses

After an overall positive first half of the year, the DAX witnessed a drop in the third quarter of 2014. Losses stemmed from uncertainty regarding interest rate policies at the central banks as well as the crises in the Middle East and Ukraine. After reaching a high in April, Deutsche Post shares also suffered considerable price declines at the start of the third quarter. Since the beginning of August, our share price performance has improved again. Price levels were impacted positively above all by publication of the half-year results as well as Moody's credit rating upgrade from "Baa1" to "A3". On 30 September 2014, Deutsche Post shares closed at €25.39, representing a loss of 4.2%. The DAX registered a loss of 0.8%, falling to 9,474 points.

27 Deutsche Post shares

		31 Dec. 2013	30 Sept. 2014
Closing price	€	26.50	25.39
High ¹	€	26.71	28.43
Low ¹	€	16.51	23.25
Number of shares ²	millions	1,209.0	1,209.7
Market capitalisation	€m	32,039	30,714
Average trading volume per day ¹	shares	4,114,460	3,882,840

¹ In 2013 and in the first nine months of 2014.

² Capital increase to service share-based payment programmes.

28 Peer group comparison: closing prices

		31 Dec. 2013	30 Sept. 2014	+/- %	30 Sept. 2013	30 Sept. 2014	+/- %
Deutsche Post DHL	EUR	26.50	25.39	-4.2	24.53	25.39	3.5
PostNL	EUR	4.15	3.42	-17.6	3.20	3.42	6.9
TNT Express	EUR	6.75	5.01	-25.8	6.75	5.01	-25.8
FedEx	USD	143.77	161.45	12.3	114.11	161.45	41.5
UPS	USD	105.08	98.29	-6.5	91.37	98.29	7.6
Kuehne + Nagel	CHF	117.10	120.60	3.0	118.50	120.60	1.8

NON-FINANCIAL PERFORMANCE INDICATORS

Employees

Employee opinion survey returns good results again

From 8 to 30 September 2014 we conducted our annual Group-wide employee opinion survey, the results of which represent indicators relevant for the Group's internal management. As in the previous year, 77% of our employees participated. We are again seeing an upwards trend for the majority of the areas evaluated.

29 Selected results from the Employee Opinion Survey

		2013	2014
Response rate	%	77	77
KPI "Active Leadership"	%	70	71
KPI "Employee Commitment"	%	72	72

Number of employees continues to rise slightly

In the first nine months of 2014, the average number of employees (full-time equivalents) increased slightly to 438,973, a 0.9% rise compared with the previous year's average. As previously, growth remained most marked in the SUPPLY CHAIN and EXPRESS divisions.

Our current planning foresees another slight increase in the number of employees in financial year 2014.

POST-BALANCE-SHEET DATE EVENTS

Postage increase as of 1 January 2015 approved

As a result of the 2013 price-cap decision by the *Bundesnetzagentur* (German federal network agency), which stipulates the parameters for price-cap regulation in the years 2013 to 2018, Deutsche Post AG may increase the average price of products regulated under the price-cap procedure by up to 1.1% for 2015. On 15 October 2014, the agency approved a 1.0% increase in the average price of all price-capped products.

Melanie Kreis appointed Board Member for Human Resources and Labour Director

On 31 October 2014, Deutsche Post AG's Supervisory Board appointed Melanie Kreis as a member of the Board of Management and as Labour Director.

OPPORTUNITIES AND RISKS

Overall Board of Management assessment of the opportunity and risk situation

No foreseeable going-concern risk to the Group

Identifying opportunities and risks – and swiftly capitalising upon or counteracting them – is an important objective for our Group. We already account for the anticipated impact of potential events and developments in our business plan. Significant potential deviations from the Group's projected earnings are reported as opportunities and risks. The Group's overall opportunity and risk situation has not changed significantly in the reporting period as compared with the situation portrayed in the 2013 Annual Report but please note the risk mentioned below. 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.

 dpdhl.com/en/investors

Opportunity and risk management

Opportunities and risks identified early

As an internationally operating logistics company, we are faced with numerous changes. Our aim is to identify the resulting opportunities and risks at an early stage and take the necessary measures in the specific areas affected in due time to ensure that we achieve a sustained increase in enterprise value. Our Group-wide opportunity and risk management system facilitates this aim. We describe our opportunity and risk management and the significant opportunities and risks in the forecast period in the 2013 Annual Report beginning on page 88.

Opportunities

Opportunity situation did not change significantly

In the first nine months of 2014, the opportunity situation did not change significantly from that portrayed in the 2013 Annual Report beginning on page 92.

Risks

French Competition Authority examines express business

On 30 June 2014, DHL Express France received a Statement of Objections from the French Competition Authority alleging anticompetitive conduct in the domestic express business; a business which we had divested in June 2010. We are currently co-operating with the French authorities regarding the issues raised in the Statement of Objections. It is difficult to quantify a liability at this stage but it could potentially be material.

EXPECTED DEVELOPMENTS

Overall Board of Management assessment of the future economic position

Full-year Group earnings forecast unchanged

The Board of Management continues to expect consolidated EBIT to reach between €2.9 billion and €3.1 billion in financial year 2014 and world economic growth to be slightly above the previous year at best. A similar development is expected for world trade. The Post - eCommerce - Parcel division is likely to contribute around €1.3 billion to consolidated EBIT. Compared with the previous year, we expect an improvement in EBIT to between €2.0 billion and €2.2 billion in the DHL divisions in the current year. The Corporate Center/Other result should be better than €-0.4 billion. We expect to see further positive development in EBIT after asset charge and operating cash flow, in line with the EBIT trend.

Forecast period

Outlook generally refers to 2014

The information contained in the report on expected developments generally refers to financial year 2014. However, in some instances we have chosen to extend the scope.

Future organisation

New organisation in Human Resources board department

The Human Resources board department has been reorganised effective 1 October 2014 in line with Strategy 2020. It now includes the following corporate departments: Corporate HR Germany, Corporate HR Standards & Programs and Corporate HR International. The divisional HR functions and the HR Finance, GBS, CSI, CC function will continue to report to the Board Member for Human Resources. The Corporate Executives corporate department, however, has been migrated to the board department of the Chief Executive Officer.

Future economic parameters

Global economic growth to remain volatile

Growth of the world economy is likely to remain erratic over the remainder of the year but could strengthen somewhat in 2015 – provided that the highly expansive monetary policy prevalent in the industrialised countries is sustained and geopolitical tensions subside. Economic development is expected to remain largely heterogeneous in both industrial countries and emerging markets. The International Monetary Fund (IMF) expects global economic output in 2014 to grow by just 3.3% and global trade by merely 3.8%.

GDP in China is expected to grow more slowly in 2014 than in the previous year (IMF: 7.4%; Bloomberg Consensus: 7.4%). The Japanese economy will see only moderate growth, not least due to the substantial increase in the value added tax rate (IMF: 0.9%; Bloomberg Consensus: 1.0%; Global Insight: 1.0%).

The United States economy is experiencing a solid upswing. However, due to the weak start to the year, full-year GDP growth will not exceed that of 2013 (IMF: 2.2%; Bloomberg Consensus: 2.2%; Global Insight: 2.3%).

In the euro zone, full-year GDP growth is forecast to be moderate in light of geopolitical tensions (IMF: 0.8%; ECB: 0.9%; Global Insight: 0.8%).

Recently, economic risks for Germany have increased noticeably, resulting in a reduction in growth forecasts for the year as a whole (IMF: 1.4%, economic research institutes: 1.3%; Global Insight: 1.4%).

Revenue and earnings forecast

Group forecast for 2014 confirmed

We continue to expect a backdrop of slight economic expansion in 2014. The global trading volumes relevant to our business are expected to perform similarly. We are anticipating a corresponding revenue trend, with increasing revenue, particularly in the DHL divisions.

Against this backdrop, we continue to expect consolidated EBIT to reach between €2.9 billion and €3.1 billion in financial year 2014. The Post - eCommerce - Parcel division is likely to contribute around €1.3 billion to this figure. Compared with the previous year, we expect an improvement in EBIT to between €2.0 billion and €2.2 billion in the DHL divisions. The Corporate Center/Other result should be better than €-0.4 billion.

In line with our Group strategy, we are targeting organic growth and anticipate only a few small acquisitions in 2014, as in the previous year.

The earnings forecasts for the following years are also unchanged: we expect the earnings generated by the Group in 2015 to significantly surpass the figure for 2014. For 2016 we expect consolidated EBIT of between €3.4 billion and €3.7 billion. The PeP division is likely to account for more than €1.3 billion of this. The earnings contribution of the DHL divisions is expected to range from €2.45 billion to €2.75 billion. The Corporate Center/Other result should be around €-0.35 billion.

Our finance strategy calls for a payout of 40% to 60% of net profits as dividends as a general rule.

Expected financial position

No change in the Group's credit rating

In 2014, we expect the FFO to debt performance metric to decrease slightly. The main reason for this is the rise in pension obligations due to actuarial adjustments in addition to the increase in cash paid for capital expenditures. We nonetheless do not expect the rating agencies to change our credit rating from the present level.

Liquidity situation remains solid

Our operating liquidity situation will improve towards the end of the year due to the upturn in business that is normal in the fourth quarter. By contrast, a temporary deterioration in our liquidity situation is anticipated at the start of 2015 due to the annual pension prepayment to the *Bundesanstalt für Post und Telekommunikation*.

Investments to increase

As described on page 105 of our 2013 Annual Report, capital expenditure of around €1.9 billion is planned for 2014. We shall continue to focus on IT and aircraft.



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Change in indicators relevant for internal management

EAC and operating cash flow demonstrate positive trend

We continue to expect a further positive development in our EBIT after asset charge and operating cash flow performance metrics in financial year 2014, in line with the respective EBIT trend. Here, the continuing rise in business volume may result in an increase in working capital within the individual divisions.

This Interim Report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts and may be identified by words such as "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets" and similar expressions. As these statements are based upon current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as at the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this Interim Report.

Any internet sites referred to in the Interim Report by the Board of Management do not form part of the report.

30 INCOME STATEMENT

1 January to 30 September

€m	9M 2013 adjusted ¹	9M 2014	Q3 2013 adjusted ¹	Q3 2014
Revenue	40,462	41,265	13,454	14,001
Other operating income	1,394	1,465	464	529
Total operating income	41,856	42,730	13,918	14,530
Materials expense	-22,798	-23,339	-7,643	-8,099
Staff costs	-13,308	-13,465	-4,318	-4,417
Depreciation, amortisation and impairment losses	-990	-1,048	-337	-312
Other operating expenses	-2,785	-2,821	-974	-1,025
Total operating expenses	-39,881	-40,673	-13,272	-13,853
Profit from operating activities (EBIT)	1,975	2,057	646	677
Net income from investments accounted for using the equity method	2	3	1	0
Other financial income	166	62	28	20
Other finance costs	-315	-302	-117	-98
Foreign currency result	-33	-19	-9	-4
Net other finance costs	-182	-259	-98	-82
Net finance costs	-180	-256	-97	-82
Profit before income taxes	1,795	1,801	549	595
Income taxes	-395	-288	-121	-95
Consolidated net profit for the period	1,400	1,513	428	500
attributable to Deutsche Post AG shareholders	1,319	1,431	399	468
attributable to non-controlling interests	81	82	29	32
Basic earnings per share (€)	1.09	1.18	0.33	0.38
Diluted earnings per share (€)	1.05	1.14	0.32	0.37

¹  Note 4.

31 STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 September

€m	9M 2013 adjusted ¹	9M 2014	Q3 2013 adjusted ¹	Q3 2014
Consolidated net profit for the period	1,400	1,513	428	500
Items that will not be reclassified to profit or loss				
Change due to remeasurements of net pension provisions	130	-2,508	-100	-1,339
IFRS 3 revaluation reserve	-1	-1	0	0
Other changes in retained earnings	1	1	0	0
Income taxes relating to components of other comprehensive income	-31	184	26	124
Share of other comprehensive income of investments accounted for using the equity method (after tax)	0	0	0	0
Total (after tax)	99	-2,324	-74	-1,215
Items that may be subsequently reclassified to profit or loss				
IAS 39 revaluation reserve				
Changes from unrealised gains and losses	55	119	20	25
Changes from realised gains and losses	0	0	0	0
IAS 39 hedging reserve				
Changes from unrealised gains and losses	91	-99	14	-39
Changes from realised gains and losses	-31	-24	-18	2
Currency translation reserve				
Changes from unrealised gains and losses	-339	390	-120	361
Changes from realised gains and losses	2	0	0	0
Income taxes relating to components of other comprehensive income	-25	25	-7	10
Share of other comprehensive income of investments accounted for using the equity method (after tax)	0	1	0	1
Total (after tax)	-247	412	-111	360
Other comprehensive income (after tax)	-148	-1,912	-185	-855
Total comprehensive income	1,252	-399	243	-355
attributable to Deutsche Post AG shareholders	1,180	-494	222	-400
attributable to non-controlling interests	72	95	21	45

¹  Note 4.

32 BALANCE SHEET

€m	1 Jan. 2013 adjusted ¹	31 Dec. 2013 adjusted ¹	30 Sept. 2014
ASSETS			
Intangible assets	12,146	11,832	12,220
Property, plant and equipment	6,652	6,800	6,757
Investment property	43	33	28
Investments accounted for using the equity method	66	68	70
Non-current financial assets	1,038	1,123	1,385
Other non-current assets	301	187	98
Deferred tax assets	1,328	1,327	1,579
Non-current assets	21,574	21,370	22,137
Inventories	321	402	366
Current financial assets	252	821	158
Trade receivables	6,940	7,022	7,583
Other current assets	2,155	2,223	2,779
Income tax assets	127	167	197
Cash and cash equivalents	2,395	3,414	2,135
Assets held for sale	76	42	37
Current assets	12,266	14,091	13,255
Total ASSETS	33,840	35,461	35,392
EQUITY AND LIABILITIES			
Issued capital	1,209	1,209	1,210
Capital reserves	2,254	2,269	2,293
Other reserves	-474	-817	-419
Retained earnings	6,017	7,183	5,334
Equity attributable to Deutsche Post AG shareholders	9,006	9,844	8,418
Non-controlling interests	207	190	174
Equity	9,213	10,034	8,592
Provisions for pensions and similar obligations	5,216	5,016	7,298
Deferred tax liabilities	156	124	84
Other non-current provisions	1,954	1,589	1,499
Non-current provisions	7,326	6,729	8,881
Non-current financial liabilities	4,421	4,619	4,671
Other non-current liabilities	276	227	284
Non-current liabilities	4,697	4,846	4,955
Non-current provisions and liabilities	12,023	11,575	13,836
Current provisions	1,667	1,752	1,601
Current financial liabilities	410	1,335	589
Trade payables	5,960	6,358	5,973
Other current liabilities	4,003	3,978	4,360
Income tax liabilities	534	429	441
Liabilities associated with assets held for sale	30	0	0
Current liabilities	10,937	12,100	11,363
Current provisions and liabilities	12,604	13,852	12,964
Total EQUITY AND LIABILITIES	33,840	35,461	35,392

¹  Note 4.

33 CASH FLOW STATEMENT

1 January to 30 September

€m	9M 2013 adjusted ¹	9M 2014	Q3 2013 adjusted ¹	Q3 2014
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	1,319	1,431	399	468
Consolidated net profit for the period attributable to non-controlling interests	81	82	29	32
Income taxes	395	288	121	95
Net other finance costs	182	259	98	82
Net income from investments accounted for using the equity method	-2	-3	-1	0
Profit from operating activities (EBIT)	1,975	2,057	646	677
Depreciation, amortisation and impairment losses	990	1,048	337	312
Net income from disposal of non-current assets	-5	-14	12	-4
Non-cash income and expense	7	-30	17	-42
Change in provisions	-422	-644	-197	-313
Change in other non-current assets and liabilities	-25	-6	0	-1
Income taxes paid	-417	-391	-141	-131
Net cash from operating activities before changes in working capital	2,103	2,020	674	498
Changes in working capital				
Inventories	-84	46	-49	35
Receivables and other current assets	-606	-897	156	52
Liabilities and other items	14	211	29	229
Net cash from operating activities	1,427	1,380	810	814
Subsidiaries and other business units	31	3	1	3
Property, plant and equipment and intangible assets	118	116	33	44
Other non-current financial assets	27	36	16	1
Proceeds from disposal of non-current assets	176	155	50	48
Subsidiaries and other business units	-37	1	-14	-2
Property, plant and equipment and intangible assets	-924	-1,190	-379	-482
Other non-current financial assets	-37	-81	-8	-36
Cash paid to acquire non-current assets	-998	-1,270	-401	-520
Interest received	34	36	7	9
Dividend received	13	2	1	1
Current financial assets	24	589	45	-4
Net cash used in investing activities	-751	-488	-298	-466
Proceeds from issuance of non-current financial liabilities	4	10	2	1
Repayments of non-current financial liabilities	-29	-943	-3	-4
Change in current financial liabilities	180	28	-160	-89
Other financing activities	7	26	-6	-19
Proceeds from transactions with non-controlling interests	1	0	0	0
Cash paid for transactions with non-controlling interests	0	-34	0	-34
Dividend paid to Deutsche Post AG shareholders	-846	-968	0	0
Dividend paid to non-controlling interest holders	-101	-94	-91	-7
Purchase of treasury shares	-23	-45	0	0
Proceeds from issuing shares or other equity instruments	4	22	0	5
Interest paid	-121	-117	-29	-16
Net cash used in financing activities	-924	-2,115	-287	-163
Net change in cash and cash equivalents	-248	-1,223	225	185
Effect of changes in exchange rates on cash and cash equivalents	-78	-56	-37	68
Changes in cash and cash equivalents associated with assets held for sale	7	0	9	0
Changes in cash and cash equivalents due to changes in consolidated group	0	0	0	0
Cash and cash equivalents at beginning of reporting period	2,395	3,414	1,879	1,882
Cash and cash equivalents at end of reporting period	2,076	2,135	2,076	2,135

¹ Note 4.

34 STATEMENT OF CHANGES IN EQUITY

1 January to 30 September

€m	Other reserves						Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
	Issued capital	Capital reserves	IFRS 3 revaluation reserve	IAS 39 revaluation reserve	IAS 39 hedging reserve	Currency translation reserve				
Balance at 1 January 2013	1,209	2,254	3	-1	-7	-470	6,031	9,019	209	9,228
Adjustment ¹	0	0	0	0	0	1	-14	-13	-2	-15
Balance at 1 January 2013, adjusted	1,209	2,254	3	-1	-7	-469	6,017	9,006	207	9,213
Capital transactions with owner										
Dividend	0	0	0	0	0	0	-846	-846	-104	-950
Transactions with non-controlling interests	0	0	0	0	0	0	-62	-62	1	-61
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	0	-3	-3
Issue of shares or other equity instruments	0	0	0	0	0	0	0	0	4	4
Purchase of treasury shares	-1	0	0	0	0	0	-22	-23	0	-23
Share matching scheme (issuance)	0	30	0	0	0	0	0	30	0	30
Share matching scheme (exercise)	1	-20	0	0	0	0	19	0	0	0
								-901	-102	-1,003
Total comprehensive income										
Consolidated net profit for the period	0	0	0	0	0	0	1,319	1,319	81	1,400
Currency translation differences	0	0	0	0	0	-329	0	-329	-8	-337
Change due to remeasurements of net pension provisions	0	0	0	0	0	0	100	100	-1	99
Other changes	0	0	-1	47	43	0	1	90	0	90
								1,180	72	1,252
Balance at 30 September 2013	1,209	2,264	2	46	36	-798	6,526	9,285	177	9,462
Balance at 1 January 2014	1,209	2,269	2	68	37	-926	7,198	9,857	191	10,048
Adjustment ¹	0	0	0	0	0	2	-15	-13	-1	-14
Balance at 1 January 2014, adjusted	1,209	2,269	2	68	37	-924	7,183	9,844	190	10,034
Capital transactions with owner										
Dividend	0	0	0	0	0	0	-968	-968	-93	-1,061
Transactions with non-controlling interests	0	0	0	0	0	0	25	25	-25	0
Changes in non-controlling interests due to changes in consolidated group	0	0	0	0	0	0	0	0	2	2
Issue of shares or other equity instruments	1	16	0	0	0	0	0	17	5	22
Purchase of treasury shares	-2	0	0	0	0	0	-43	-45	0	-45
Share-based payment schemes (issuance)	0	39	0	0	0	0	0	39	0	39
Share-based payment schemes (exercise)	2	-31	0	0	0	0	29	0	0	0
								-932	-111	-1,043
Total comprehensive income										
Consolidated net profit for the period	0	0	0	0	0	0	1,431	1,431	82	1,513
Currency translation differences	0	0	0	0	0	377	0	377	13	390
Change due to remeasurements of net pension provisions	0	0	0	0	0	0	-2,324	-2,324	0	-2,324
Other changes	0	0	-1	109	-87	0	1	22	0	22
								-494	95	-399
Balance at 30 September 2014	1,210	2,293	1	177	-50	-547	5,334	8,418	174	8,592

¹ Note 4.

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 2014 and have been reviewed.

BASIS OF PREPARATION

1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 30 September 2014 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 2014 are not necessarily an indication of how business will develop in the future.

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 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 2013. For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2013, on which these interim financial statements are based.

Newly applicable accounting standards

Departures from the accounting policies applied in financial year 2013 consist of the new or amended international accounting pronouncements under IFRSs required to be applied since financial year 2014.

IFRS 10 (Consolidated Financial Statements) including transitional provisions

This new standard introduces a uniform definition of control for all entities that are to be included in the consolidated financial statements. IFRS 10 supersedes IAS 27 (Consolidated and Separate Financial Statements) and SIC-12 (Consolidation – Special Purpose Entities). Special purpose entities previously consolidated in accordance with SIC-12 are now subject to IFRS 10. Application of the standard only resulted in insignificant changes; [Note 2](#) “Consolidated group” and [Note 4](#) “Adjustment of prior-period amounts”.

IFRS 11 (Joint Arrangements) including transitional provisions

IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and abolishes the option to proportionately consolidate joint ventures. However, IFRS 11 will not require all entities that were previously subject to proportionate consolidation to be accounted for using the equity method. IFRS 11 provides a uniform definition of the term “joint arrangements” and distinguishes between joint operations and joint ventures. The interest in a joint operation is recognised on the basis of direct rights and obligations, whereas the interest in the profit or loss of a joint venture must be accounted for using the equity method. Application of the equity method to joint ventures will follow the requirements of the revised IAS 28 (Investments in Associates and Joint Ventures). The application of IFRS 11 only resulted in insignificant changes for the consolidated financial statements; [Note 2](#) “Consolidated group” and [Note 4](#) “Adjustment of prior-period amounts”.

IFRS 12 (Disclosures of Interests in Other Entities) including transitional provisions

IFRS 12 combines the disclosure requirements for all interests in subsidiaries, joint ventures, associates and unconsolidated structured entities into a single standard. An entity is required to provide quantitative and qualitative disclosures about the types of risks and financial effects associated with the entity’s interests in other entities. The disclosures required by IFRS 12 will be presented in the Notes to the consolidated financial statements for the year ending on 31 December 2014.

IAS 27 (Separate Financial Statements) (revised 2011)

The existing standard IAS 27 (Consolidated and Separate Financial Statements) was revised in conjunction with the new standards IFRS 10, IFRS 11 and IFRS 12 and renamed IAS 27 (Separate Financial Statements) (revised 2011). The revised standard now only contains requirements applicable to separate financial statements. The amendment does not affect the financial statements.

IAS 28 (Investments in Associates and Joint Ventures) (revised 2011)

The existing standard IAS 28 (Investments in Associates) was revised by the standards IFRS 10, IFRS 11 and IFRS 12 and renamed IAS 28 (Investments in Associates and Joint Ventures) (revised 2011). Its scope was extended to include accounting for joint ventures using the equity method. The previous requirements of SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers) are being incorporated into IAS 28. The amendment has no significant effect on the financial statements.

Amendments to IAS 32 (Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities)

These amendments have provided clarification on the conditions for offsetting financial assets and liabilities in the balance sheet. They have no significant effect on the presentation of the financial statements. In individual cases, additional disclosures are required.

Amendments to IAS 36 (Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets)

These amendments clarify that disclosures regarding the recoverable amount of non-financial assets are only required if an impairment loss has been recognised or reversed in the current reporting period. In addition, the disclosures required when the recoverable amount is determined based on fair value less costs of disposal have been amended. The standard was applied early in financial year 2013.

Amendments to IAS 39 (Novation of Derivatives and Continuation of Hedge Accounting)

Under this amendment, subject to certain conditions, novation of a hedging instrument to a central counterparty as a consequence of laws or regulations does not give rise to termination of a hedging relationship. The amendment has no significant effect on the presentation of the financial statements.

Detailed explanations on the newly applicable accounting standards can be found in the [2013 Annual Report](#), Note 5 “New developments in international accounting under IFRSS”.

2 Consolidated group

The consolidated group includes all companies controlled by Deutsche Post AG. Control exists if Deutsche Post AG has decision-making powers, is exposed to, and has rights to, variable returns, and is able to use its decision-making powers to affect the amount of the variable returns.

The changes in the method of consolidation resulting from the application of IFRS 10 and IFRS 11 have no significant effects on the Group's net assets, financial position and results of operations. The prior-period amounts have been adjusted accordingly. Relevant information can be found in [Note 4](#) “Adjustment of prior-period amounts”.

The Group companies are consolidated from the date on which Deutsche Post DHL 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. 2013	Adjustments ¹	31 Dec. 2013 adjusted	30 Sept. 2014
Number of fully consolidated companies (subsidiaries)				
German	88	–1	87	88
Foreign	707	–5	702	697
Number of proportionately consolidated joint ventures				
German	1	–1	0	0
Foreign	3	–3	0	0
Number of joint operations				
German	0	1	1	1
Foreign	0	1	1	1
Number of investments accounted for using the equity method				
German	0	1	1	1
Foreign	8	7	15	14

¹ Adjustments [Note 4](#).

Acquisitions in the period up to 30 September 2014

Acquisitions, 2014

Name	Country	Segment	Equity interest %	Date of acquisition
DHL Global Forwarding & Co. LLC (DHL Oman), Muscat	Oman	GLOBAL FORWARDING, FREIGHT	40	7 May 2014

DHL Global Forwarding & Co. LLC (DHL Oman), Oman, which was previously accounted for using the equity method, has been consolidated since May 2014 due to contractual changes. No further acquisitions were made in the period up to 30 September 2014.

Insignificant acquisitions, 2014

€m	Carrying amount	Adjustment	Fair value
1 January to 30 September			
ASSETS			
Non-current assets	0	–	0
Current assets	5	–	5
Cash and cash equivalents	4	–	4
	9	–	9
EQUITY AND LIABILITIES			
Current liabilities and provisions	4	–	4
	4	–	4
Net assets			5

The calculation of goodwill is presented in the following table:

Goodwill, 2014

€m	Fair value
Fair value of the existing equity interest	2
Less net assets	5
Difference	–3
Plus non-controlling interests ¹	3
Goodwill	0

¹ Non-controlling interests are recognised at their carrying amounts.

Payments amounting to €3 million were made for companies acquired in previous years.

Acquisitions in the period up to 30 September 2013

In the period up to 30 September 2013, Deutsche Post DHL acquired the following companies:

Acquisitions, 2013

Name	Country	Segment	Equity interest %	Date of acquisition
Compador Technologies GmbH, Berlin	Germany	PeP ¹	49	15 January 2013
optivo GmbH, Berlin	Germany	PeP ¹	100	28 June 2013
RISER ID Services GmbH, Berlin	Germany	PeP ¹	100	31 July 2013

¹ Post - eCommerce - Parcel, previously the MAIL segment.

In January 2013, Deutsche Post DHL acquired 49% of the shares of Compador Technologies GmbH (Compador), Berlin, which specialises in the development and manufacture of sorting machines and software solutions. The company is consolidated because of existing potential voting rights. In addition, technical e-mail marketing provider optivo GmbH, Berlin, was acquired in June 2013. The company offers software and services to reach out to existing customers by automatically sending campaign e-mails.

At the end of July 2013, all of the shares of RISER ID Services GmbH, Berlin, were acquired via a subsidiary in which Deutsche Post DHL holds a 51% interest. The company is a service provider offering electronic address information from public resident registers.

In financial year 2012, Deutsche Post DHL increased its stake in All you need GmbH, Berlin, a mobile commerce supermarket. The step acquisition of the company was carried out with a view to resale. The company was therefore classified under assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5. In the third quarter of 2013, the Board of Management announced that it no longer intended to resell the company. Initial consolidation resulted in goodwill of €5 million. The company was accounted for in the third quarter of 2013. The income statement presentation was not adjusted retrospectively due to the immateriality of the amounts involved.

Insignificant acquisitions, 2013

€m	Carrying amount	Adjustment	Fair value
1 January to 30 September			
ASSETS			
Non-current assets	2	–	2
Current assets	8	–	8
Cash and cash equivalents	2	–	2
	12	–	12
EQUITY AND LIABILITIES			
Current liabilities and provisions	6	–	6
	6	–	6
Net assets			6

The calculation of goodwill is presented in the following table:

Goodwill, 2013	
€m	Fair value
Cash purchase price	37
Fair value of existing equity interest	2
Cost	39
Less net assets	6
Less cost attributable to non-controlling interests	5
Difference	28
Plus non-controlling interests ¹	2
Goodwill	30

¹ Non-controlling interests are recognised at their carrying amounts.

The companies' contribution to consolidated revenue and consolidated EBIT was insignificant. In the period up to 30 September 2013, €34 million was paid for the companies acquired in financial year 2013 and €5 million for companies acquired in previous years.

Contingent consideration

Variable purchase prices, which are presented in the following table, were agreed for the acquisitions in previous financial years:

Contingent consideration

Basis	Period for financial years from/to	Results range from/to	Fair value of total obligation	Remaining payment obligation at 31 Dec. 2013	Remaining payment obligation at 30 Sept. 2014
Revenue and EBITDA ¹	2011 to 2013	€0 to €3 million	€0 million	€1 million	€0 million
Revenue and sales margin	2012 to 2014	€0 to €9 million	€3 million	€1 million	€1 million

¹ Change in the fair value of the total and remaining payment obligation due to differences between actual and estimated amounts.

Disposal and deconsolidation effects in the period up to 30 September 2014

The disposal and deconsolidation effects in the period up to 30 September 2014 were as follows:

Disposal and deconsolidation effects, 2014

€m	Hull Blyth
1 January to 30 September	
Non-current assets	1
Current assets	3
Cash and cash equivalents	0
ASSETS	4
Current provisions and liabilities	2
EQUITY AND LIABILITIES	2
Net assets	2
Total consideration received	2
Income from the currency translation reserve	0
Deconsolidation loss	0

GLOBAL FORWARDING, FREIGHT SEGMENT

In July 2014, activities not forming part of the core business of Hull Blyth (Angola) Ltd., Angola, including the related non-current assets, and the company Hull Blyth Angola Viagens e Turismo Lda., were sold. The assets and liabilities had previously been reclassified as held for sale in accordance with IFRS 5. The most recent measurement of the assets prior to reclassification did not indicate any impairment.

Disposal and deconsolidation effects in the period up to 30 September 2013

EXPRESS SEGMENT

The sale of the Romanian domestic express business of Cargus International S.R.L. was completed in the first quarter of 2013. In accordance with IFRS 5, the assets and liabilities had previously been reclassified to assets held for sale and liabilities associated with assets held for sale. The most recent measurement of the assets prior to their reclassification did not indicate any impairment.

SUPPLY CHAIN SEGMENT

Deutsche Post DHL completed the sale of the fashion logistics business of DHL Fashion (France) SAS, France, in April 2013. The most recent measurement of the assets prior to their reclassification to assets held for sale and liabilities associated with assets held for sale resulted in an impairment loss of €1 million in 2012, which was reported in depreciation, amortisation and impairment losses.

In addition, ITG GmbH Internationale Spedition und Logistik, Germany, was sold together with its subsidiaries in June 2013. In accordance with IFRS 5, the assets and liabilities were reclassified to assets held for sale and liabilities associated with assets held for sale. The most recent measurement of the assets prior to their reclassification did not indicate any impairment.

The sale of us company Exel Direct Inc. including its Canadian branch was completed in May 2013. The most recent measurement of the assets prior to their reclassification to assets held for sale and liabilities associated with assets held for sale did not indicate any impairment.

us warehousing specialist Llano Logistics Inc. was sold and deconsolidated in May 2013. Since all of the amounts involved were lower than €1 million, they are not shown in the table below.

Disposal and deconsolidation effects, 2013

€m	Cargus International	DHL Fashion (France)	ITG Group	Exel Direct	Total
1 January to 30 September					
Non-current assets	6	0	14	6	26
Current assets	3	12	30	14	59
Cash and cash equivalents	2	23	4	1	30
ASSETS	11	35	48	21	115
Current provisions and liabilities	4	12	38	10	64
EQUITY AND LIABILITIES	4	12	38	10	64
Net assets	7	23	10	11	51
Total consideration received	19	0	18	23	60
Losses from the currency translation reserve	0	0	0	-2	-2
Deconsolidation gain (+)/loss (-)	12	-23	8	10	7

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

3 Significant transactions

Deutsche Post AG increased its capital in March 2014 by issuing new shares. The same number of shares was then repurchased from the market to service the share-based payment system; [Note 14](#).

There were no other significant transactions to report in the period up to 30 September 2014.

4 Adjustment of prior-period amounts

As the amended IFRS 10 and IFRS 11 came into force on 1 January 2014 and were applied retrospectively, the prior-period amounts of the relevant balance sheet and income statement items were adjusted accordingly. During this transition process, further insignificant adjustments were made to the inclusion method and the equity interest included.

The investments in associates balance sheet item was renamed investments accounted for using the equity method as it now also includes the joint ventures to be accounted for using the equity method. Accordingly, the net income from associates item in the income statement was changed to net income from investments accounted for using the equity method.

Details on the adjustment of prior-period amounts in the segment reporting can be found in [Note 16](#). They relate exclusively to reallocations between the segments. The reclassification had no effect on the consolidated amounts.

Balance sheet adjustments at 1 January 2013 and 31 December 2013

€m	1 Jan. 2013	Adjustment	1 Jan. 2013 adjusted	31 Dec. 2013	Adjustment	31 Dec. 2013 adjusted
ASSETS						
Intangible assets	12,151	-5	12,146	11,836	-4	11,832
Property, plant and equipment	6,663	-11	6,652	6,814	-14	6,800
Investments in associates	46	-46	-	48	-48	-
Investments accounted for using the equity method	-	66	66	-	68	68
Non-current financial assets	1,039	-1	1,038	1,124	-1	1,123
Other non-current assets	298	3	301	184	3	187
Inventories	322	-1	321	403	-1	402
Trade receivables	6,959	-19	6,940	7,040	-18	7,022
Other current assets	2,153	2	2,155	2,221	2	2,223
Income tax assets	127	0	127	168	-1	167
Cash and cash equivalents	2,400	-5	2,395	3,417	-3	3,414
Total ASSETS	33,857	-17	33,840	35,478	-17	35,461
EQUITY AND LIABILITIES						
Other reserves	-475	1	-474	-819	2	-817
Retained earnings	6,031	-14	6,017	7,198	-15	7,183
Non-controlling interests	209	-2	207	191	-1	190
Provisions for pensions and similar obligations	5,216	0	5,216	5,017	-1	5,016
Other non-current provisions	1,943	11	1,954	1,574	15	1,589
Non-current financial liabilities	4,413	8	4,421	4,612	7	4,619
Current provisions	1,663	4	1,667	1,745	7	1,752
Current financial liabilities	403	7	410	1,328	7	1,335
Trade payables	5,991	-31	5,960	6,392	-34	6,358
Other current liabilities	4,004	-1	4,003	3,981	-3	3,978
Income tax liabilities	534	0	534	430	-1	429
Total EQUITY AND LIABILITIES	33,857	-17	33,840	35,478	-17	35,461

Income statement adjustments 1 January to 30 September 2013

€m	9M 2013	Adjustment	9M 2013 adjusted
Revenue	40,591	-129	40,462
Materials expense	-22,925	127	-22,798
Staff costs	-13,316	8	-13,308
Depreciation, amortisation and impairment losses	-993	3	-990
Other operating expenses	-2,775	-10	-2,785
Profit from operating activities (EBIT)	1,976	-1	1,975
Net income from associates	0	-	-
Net income from investments accounted for using the equity method	-	2	2
Net other finance costs	-181	-1	-182
Net finance costs	-181	1	-180

INCOME STATEMENT DISCLOSURES

5 Other operating income


€m	9M 2013	9M 2014
Income from the reversal of provisions	163	229
Insurance income	146	128
Income from the remeasurement of liabilities	68	111
Income from currency translation differences	121	105
Income from fees and reimbursements	91	104
Rental and lease income	103	93
Commission income	71	90
Income from work performed and capitalised	54	80
Reversals of impairment losses on receivables and other assets	53	65
Income from derivatives	45	56
Gains on disposal of non-current assets	70	40
Income from the derecognition of liabilities	21	30
Income from prior-period billings	43	21
Income from loss compensation	20	18
Subsidies	5	7
Recoveries on receivables previously written off	14	6
Miscellaneous	306	282
Total	1,394	1,465

Income from the reversal of provisions increased mainly because of a change in the assessment of settlement payment obligations assumed in the context of the restructuring measures in the USA. The probability that this obligation will occur has declined to the point where the provision was reversed and the potential obligation disclosed as a contingent liability in the amount of €125 million.

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

6 Depreciation, amortisation and impairment losses


€m	9M 2013 ¹	9M 2014
Depreciation, amortisation and impairment losses	990	1,048

¹ Prior-period amounts adjusted  Note 4.

Depreciation, amortisation and impairment losses include impairment losses of €118 million (previous year: €26 million) to be allocated to the segments as follows:


Impairment losses

€m	9M 2013	9M 2014
PeP		
Intangible assets	0	5
EXPRESS		
Property, plant and equipment	24	106
SUPPLY CHAIN		
Property, plant and equipment	0	1
Corporate Center/Other		
Intangible assets	2	6
Impairment losses	26	118

As in the previous year, the impairment losses in the EXPRESS segment resulted exclusively from aircraft and aircraft parts; see also  Note 13.

7 Other operating expenses


€m	9M 2013 ¹	9M 2014
Expenses for advertising and public relations	227	267
Cost of purchased cleaning, transport and security services	238	237
Travel and training costs	227	237
Insurance costs	203	198
Other business taxes	160	184
Warranty expenses, refunds and compensation payments	215	179
Telecommunication costs	163	163
Write-downs of current assets	136	156
Office supplies	131	124
Consulting costs (including tax advice)	130	113
Expenses from currency translation differences	120	106
Entertainment and corporate hospitality expenses	101	100
Services provided by the Bundesanstalt für Post und Telekommunikation (German federal post and telecommunications agency)	53	66
Contributions and fees	64	63
Customs clearance-related charges	54	63
Voluntary social benefits	62	59
Commissions paid	52	51
Legal costs	46	41
Expenses from derivatives	17	32
Monetary transaction costs	30	29
Losses on disposal of assets	64	28
Audit costs	20	21
Donations	14	17
Prior-period other operating expenses	21	7
Miscellaneous	237	280
Total	2,785	2,821

¹ Prior-period amounts adjusted  Note 4.

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

8 Net income from investments accounted for using the equity method


€m	9M 2013 ¹	9M 2014
Net income from associates	2	3
Net income from joint ventures	0	0
Net income from investments accounted for using the equity method	2	3

¹ Prior-period amounts adjusted  Note 4.

Investments accounted for using the equity method contributed €3 million (previous year, adjusted: €2 million) to net finance costs.

9 Net other finance costs

€m	9M 2013 ¹	9M 2014
Other financial income	166	62
Other finance costs	-315	-302
Foreign currency result	-33	-19
Net other finance costs	-182	-259

¹ Prior-period amounts adjusted  Note 4.

The €-77 million change in net other finance costs to €-259 million is largely due to the inclusion of interest income from the reversal of a provision for interest on tax liabilities in the prior-year figure.

10 Earnings per share

Basic earnings per share in the reporting period were €1.18.

Basic earnings per share

	9M 2013	9M 2014
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m 1,319	1,431
Weighted average number of shares outstanding	shares 1,208,875,318	1,209,452,954
Basic earnings per share	€ 1.09	1.18

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of all potentially dilutive shares. This item includes the executives' rights to shares under the Share Matching Scheme (as at 30 September 2014: 6,035,801 shares) and the maximum number of ordinary shares that can be issued on exercise of the conversion rights under the convertible bond issued on 6 December 2012. Consolidated net profit for the period attributable to Deutsche Post AG shareholders was increased by the amounts spent for the convertible bond.

Diluted earnings per share in the reporting period were €1.14.

Diluted earnings per share

	9M 2013	9M 2014
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m 1,319	1,431
Plus interest expense on convertible bond	€m 4	4
Less income taxes	€m 0 ¹	0 ¹
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m 1,323	1,435
Weighted average number of shares outstanding	shares 1,208,875,318	1,209,452,954
Potentially dilutive shares	shares 52,501,030	52,516,122
Weighted average number of shares for diluted earnings	shares 1,261,376,348	1,261,969,076
Diluted earnings per share	€ 1.05	1.14

¹ Rounded below €1 million.


BALANCE SHEET DISCLOSURES

11 Intangible assets and property, plant and equipment

Investments in intangible assets and property, plant and equipment amounted to €1,005 million in the period up to 30 September 2014 (previous year, adjusted: €895 million). Of this figure, €187 million (previous year: €132 million) was attributable to intangible assets (not including goodwill). Investments in property, plant and equipment are shown in the following table:

Investments in property, plant and equipment


€m	30 Sept. 2013 ¹	30 Sept. 2014
Property, plant and equipment		
Land and buildings (incl. leasehold improvements)	62	64
Technical equipment and machinery	57	44
Transport equipment	167	176
Aircraft	17	31
IT equipment	73	45
Other operating and office equipment	39	38
Advance payments and assets under development	348	420
Total	763	818

¹ Prior-period amounts adjusted  Note 4.

Goodwill changed as follows in the reporting period:

Change in goodwill


€m	2013 ¹	2014
Cost		
Balance at 1 January	12,056	11,770
Additions from business combinations	31	0
Disposals	-22	-1
Currency translation differences	-295	399
Balance at 31 December/30 September	11,770	12,168
Depreciation, amortisation and impairment losses		
Balance at 1 January	1,138	1,097
Disposals	-5	0
Currency translation differences	-36	38
Balance at 31 December/30 September	1,097	1,135
Carrying amount at 31 December/30 September	10,673	11,033

¹ Prior-period amounts adjusted  Note 4.

The change in goodwill is primarily due to currency translation differences.

12 Investments accounted for using the equity method

€m	Associates		Joint ventures		Total	
	2013 ¹	2014	2013 ¹	2014	2013 ¹	2014
At 1 January	60	62	6	6	66	68
Disposals	0	-2	0	0	0	-2
Changes in Group's share of equity						
Changes recognised in profit or loss	5	3	0	0	5	3
Profit distributions	-2	0	0	0	-2	0
Changes recognised in other comprehensive income	-1	1	0	0	-1	1
Carrying amount at 31 December/30 September	62	64	6	6	68	70

¹ Prior-period amounts adjusted  Note 4.

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

€m	Assets		Liabilities	
	31 Dec. 2013	30 Sept. 2014	31 Dec. 2013	30 Sept. 2014
Deutsche Post DHL Corporate Real Estate Management GmbH & Co. Logistikzentren KG, Germany – real estate (Corporate Center/Other)	20	20	0	0
Deutsche Post AG – real estate (Corporate Center/Other)	20	15	0	0
Exel Inc., USA – real estate (SUPPLY CHAIN segment)	2	2	0	0
DHL Aviation (Netherlands) B.V., the Netherlands – aircraft (EXPRESS segment)	0	0	0	0
Assets held for sale and liabilities associated with assets held for sale	42	37	0	0

The sale of activities not forming part of the core business of Hull Blyth (Angola) Ltd., Angola, and of Hull Blyth Angola Viagens e Turismo Lda. was completed in the third quarter of 2014,

 Note 2.

DEUTSCHE POST DHL CORPORATE REAL ESTATE MANAGEMENT GMBH & CO. LOGISTIKZENTREN KG

The company plans to sell a property in Hamburg. The assets and liabilities were reclassified as held for sale in accordance with IFRS 5. The most recent appraisal of the assets prior to reclassification did not indicate any impairment.

DEUTSCHE POST AG

Deutsche Post AG plans to sell two properties. The most recent appraisal of the assets prior to reclassification did not indicate any impairment.

EXEL INC.

The company plans to sell two commercial buildings and an industrial site in Pennsylvania, USA. The most recent appraisal of the assets prior to reclassification did not indicate any impairment.

DHL AVIATION (NETHERLANDS) B.V.

As part of early fleet renewal activities, DHL Aviation (Netherlands) B.V. plans to reduce its legacy aircraft fleet by 11 aircraft. The most recent measurement prior to reclassification led to an impairment loss of €102 million.

14 Issued capital and purchase of treasury shares

KfW Bankengruppe (KfW) held a 21% interest in the share capital of Deutsche Post AG as at 30 September 2014. The remaining 79% of the shares are in free float.

KfW holds the shares in trust for the federal government.

Issued capital

€	2013	2014
Balance at 1 January	1,209,015,874	1,209,015,874
Addition due to capital increase	0	656,915
Treasury shares acquired	-1,313,727	-1,647,184
Treasury shares issued	1,313,727	1,647,184
Balance at 31 December/30 September	1,209,015,874	1,209,672,789

The Deutsche Post AG Board of Management resolved, with the consent of the Supervisory Board, to make partial use of the authorisation granted to it by the Annual General Meeting of 29 May 2013 in accordance with Article 5 (2) of the Articles of Association (Authorised Capital 2013), to increase Deutsche Post AG's share capital by €656,915.00 by issuing 656,915 new no-par value registered shares with a notional interest in the share capital of €1.00 per share in exchange for cash contributions. The capital increase was entered in the commercial register of the Bonn Local Court on 12 March 2014. The shares participated in the consolidated net profit for 2013.

To service the 2009 tranche of the Share Matching Scheme, see also [Note 17](#), the same number of shares was repurchased on the market. The shares were repurchased for a total of €17 million. The average purchase price per share was €25.83.

The treasury shares were acquired in the current year for a total of €28 million to service the 2013 tranche of the Share Matching Scheme. The average purchase price per share was €28.09. The issued capital increased again when the shares were issued to the executives.

Changes in treasury shares are presented in the statement of changes in equity.

15 Retained earnings

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

Retained earnings

€m	2013 ¹	2014
Balance at 1 January	6,017	7,183
Dividend payment	-846	-968
Consolidated net profit for the period	2,091	1,431
Change due to remeasurements of net pension provisions	-15	-2,324
Transactions with non-controlling interests	-62	25
Miscellaneous other changes	-2	-13
Balance at 31 December/30 September	7,183	5,334

¹ Prior-period amounts adjusted [Note 4](#).

The dividend payment to Deutsche Post AG shareholders of €968 million was made in May 2014. This corresponds to a dividend of €0.80 per share.

The transactions with non-controlling interests relate mainly to the transfer of the remaining interest in Giorgio Gori Group, Italy. The transactions with non-controlling interests reported in the previous year included the option to acquire the remaining 40% interest in Giorgio Gori Group and the acquisition of the remaining 49.9% interest in Tradetteam Limited, UK.

SEGMENT REPORTING

16 Segment reporting

Segments by division

€m	PeP		EXPRESS		GLOBAL FORWARDING, FREIGHT		SUPPLY CHAIN		Corporate Center/ Other		Consolidation		Group	
1 Jan. to 30 Sept.	2013 ¹	2014	2013 ¹	2014	2013 ¹	2014	2013 ¹	2014	2013	2014	2013 ¹	2014	2013 ¹	2014
External revenue	11,004	11,231	8,457	8,803	10,505	10,453	10,448	10,719	48	59	0	0	40,462	41,265
Internal revenue	104	102	264	277	508	511	80	65	859	879	–1,815	–1,834	0	0
Total revenue	11,108	11,333	8,721	9,080	11,013	10,964	10,528	10,784	907	938	–1,815	–1,834	40,462	41,265
Profit/loss from operating activities (EBIT)	912	873	771	912	340	221	262	303	–310	–251	0	–1	1,975	2,057
Net income from investments accounted for using the equity method	0	0	1	0	0	2	1	1	0	0	0	0	2	3
Segment assets ²	5,204	5,276	8,246	8,333	7,587	8,440	5,968	6,452	1,491	1,587	–118	–199	28,378	29,889
Investments accounted for using the equity method ²	6	6	40	42	21	21	1	1	0	0	0	0	68	70
Segment liabilities ^{2,3}	2,645	2,599	2,763	2,611	2,916	3,119	2,900	2,949	845	900	–123	–165	11,946	12,013
Capex	186	207	261	275	71	128	187	196	190	199	0	0	895	1,005
Depreciation and amortisation	270	249	268	260	68	65	205	196	153	160	0	0	964	930
Impairment losses	0	5	24	106	0	0	0	1	2	6	0	0	26	118
Total depreciation, amortisation and impairment losses	270	254	292	366	68	65	205	197	155	166	0	0	990	1,048
Other non-cash expenses	193	154	167	128	56	69	130	61	84	47	0	0	630	459
Employees ⁴	164,537	163,247	70,462	72,369	43,588	44,041	143,724	146,743	12,907	12,573	0	0	435,218	438,973
Q3														
External revenue	3,607	3,697	2,806	3,016	3,532	3,631	3,490	3,637	19	20	0	0	13,454	14,001
Internal revenue	36	34	87	96	170	172	29	23	292	301	–614	–626	0	0
Total revenue	3,643	3,731	2,893	3,112	3,702	3,803	3,519	3,660	311	321	–614	–626	13,454	14,001
Profit/loss from operating activities (EBIT)	277	288	248	305	126	72	100	110	–105	–97	0	–1	646	677
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	66	107	106	151	29	46	79	69	120	121	0	0	400	494
Depreciation and amortisation	92	72	89	82	22	22	67	69	52	54	0	0	322	299
Impairment losses	0	5	15	2	0	0	0	0	0	6	0	0	15	13
Total depreciation, amortisation and impairment losses	92	77	104	84	22	22	67	69	52	60	0	0	337	312
Other non-cash expenses	101	61	61	34	21	27	46	20	45	7	0	0	274	149

¹ Prior-period amounts adjusted. See Note 4 and details in Note 16.² As at 31 December 2013 and 30 September 2014.³ Including non-interest-bearing provisions.⁴ Average FTEs; prior-period amount corresponds to that of financial year 2013.

Information about geographical areas

€m	Germany		Europe (excluding Germany)		Americas		Asia Pacific		Other regions		Group	
	2013 ¹	2014	2013 ¹	2014	2013 ¹	2014	2013 ¹	2014	2013 ¹	2014	2013 ¹	2014
1 January to 30 September												
External revenue	12,397	12,565	12,975	13,574	7,102	6,845	6,302	6,641	1,686	1,640	40,462	41,265
Non-current assets ²	5,129	5,225	7,015	6,893	3,226	3,394	3,024	3,213	332	344	18,726	19,069
Capex	554	584	120	163	106	123	91	101	24	34	895	1,005
Q3												
External revenue	4,079	4,143	4,335	4,620	2,335	2,308	2,156	2,377	549	553	13,454	14,001
Capex	261	301	57	57	40	52	32	68	10	16	400	494

¹ Prior-period amounts adjusted [Note 4](#) and details in [Note 16](#).² As at 31 December 2013 and 30 September 2014.

The MAIL division was renamed Post - eCommerce - Parcel (PeP) as part of the Group's ongoing strategic development.

ADJUSTMENT OF PRIOR-PERIOD AMOUNTS

Prior-period amounts were adjusted due to the initial application of IFRS 10 and IFRS 11 ([Note 4](#)) and the reallocation of companies between the segments in the first and second quarters of 2014. The domestic parcel business in Belgium, the Czech Republic, India, the Netherlands and Poland was consolidated in the PeP division effective 1 January 2014. This business was previously part of the EXPRESS and GLOBAL FORWARDING, FREIGHT divisions. In addition, the US company Sky Courier Inc. was reallocated from the EXPRESS division to the GLOBAL FORWARDING, FREIGHT division.

The prior-period amounts have been adjusted accordingly.

SEGMENT REPORTING DISCLOSURES

Deutsche Post DHL reports four operating segments; these are managed independently by the responsible segment management bodies in line with the products and services offered and the brands, distribution channels and customer profiles involved. Components of the entity are defined as a segment on the basis of the existence of segment managers with bottom-line responsibility who report directly to Deutsche Post DHL's top management.

As part of the central management of currency risk, fluctuations between projected and actual exchange rates are fully or partially absorbed centrally by Corporate Treasury on the basis of division-specific agreements.

The Consolidation and Corporate Center/Other columns are reported separately. Corporate Center/Other comprises the activities of Global Business Services (GBS), the Corporate Center, non-operating activities and other business activities. The profit/loss generated by GBS is allocated to the operating segments, whilst its assets and liabilities remain with GBS (asymmetrical allocation).

The profitability of the Group's operating divisions is measured as profit from operating activities (EBIT).

The main geographical areas in which the Group is active are Germany, Europe (excluding Germany), the Americas, Asia Pacific and Other regions. External revenue, non-current assets and capital expenditure (capex) are disclosed for these regions.

Revenue, assets and capex are allocated to the individual regions on the basis of the domicile of the reporting entity. Non-current assets primarily comprise intangible assets, property, plant and equipment and other non-current assets.

Reconciliation

€m	9M 2013 ¹	9M 2014
Total income of reportable segments	2,285	2,309
Corporate Center/Other	-310	-251
Reconciliation to Group/Consolidation	0	-1
Profit from operating activities (EBIT)	1,975	2,057
Net finance costs	-180	-256
Profit before income taxes	1,795	1,801
Income taxes	-395	-288
Consolidated net profit for the period	1,400	1,513

¹ Prior-period amounts adjusted [Note 4](#).**OTHER DISCLOSURES****17 Share-based payment**

Under the share-based payment system for executives (Share Matching Scheme), certain executives receive part of their variable remuneration in the form of shares of Deutsche Post AG. More detailed information is contained in the [2013 Annual Report](#), Note 54.

Share Matching Scheme

		2009 tranche	2010 tranche	2011 tranche	2012 tranche	2013 tranche	2014 tranche
Grant date of incentive shares and associated matching shares		1 Nov. 2009	1 Jan. 2010	1 Jan. 2011	1 Jan. 2012	1 Jan. 2013	1 Jan. 2014
Grant date of matching shares awarded for investment shares		1 April 2010	1 April 2011	1 April 2012	1 April 2013	1 April 2014	1 April 2015
Term	months	53	63	63	63	63	63
End of term		March 2014	March 2015	March 2016	March 2017	March 2018	March 2019
Share price at grant date (fair value)							
Incentive shares and associated matching shares	€	11.48	13.98	12.90	12.13	17.02	25.91
Matching shares awarded for investment shares	€	13.03	12.91	14.83	18.22	27.18	26.00 ¹

¹ Estimated provisional amount, will be determined on 1 April 2015.

The matching shares from the 2009 tranche were issued to executives on 1 April 2014. For this purpose, shares were issued by Deutsche Post AG by means of a capital increase in March 2014 and then repurchased on the market; [Note 14](#).

The Annual General Meeting on 27 May 2014 resolved to replace the existing share-based payment system (sAR Plan) for executives with a new Performance Share Plan (ps Plan). Whereas the sAR Plan involved cash-settled share-based payments, payments under the ps Plan are classified as equity-settled payments.

Performance Share Plan

		2014 tranche
Grant date		1 Sept. 2014
Term	months	48
End of term		31 Aug. 2018

The sum of €55 million was transferred to the capital reserves in the period up to 30 September 2014. Of this amount, €38 million was attributable to the Share Matching Scheme (31 December 2013: €35 million), €1 million to the ps Plan and €16 million to the capital increase; [Note 14](#).

Capital reserves

€m	2013	2014
Balance at 1 January	2,254	2,269
Addition/issue of rights under Share Matching Scheme		
2009 tranche	1	1
2010 tranche	3	3
2011 tranche	4	3
2012 tranche	17	3
2013 tranche	10	20
2014 tranche	0	8
Total additions	35	38
Exercise of rights under Share Matching Scheme		
2009 tranche – matching shares	0	–8
2012 tranche – investment and incentive shares	–20	0
2013 tranche – investment and incentive shares	0	–23
Total exercised	–20	–31
Total for Share Matching Scheme	15	7
Addition/issue of rights under Performance Share Plan		
2014 tranche	0	1
Capital increase	0	16
Balance at 31 December/30 September	2,269	2,293

All earlier sAR tranches issued under the old sAR Plan remain valid. The sAR provisions for the share-based payment systems for executives amounted to €247 million as at 30 September 2014 (31 December 2013: €278 million).

It is not planned that members of the Board of Management will participate in the ps Plan. The Long-Term Incentive Plan (2006 LTIP) for members of the Board of Management remains unchanged.

18 Disclosures on financial instruments

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

The simplification option under IFRS 7.29a was exercised for cash and cash equivalents, trade receivables, other assets, trade payables and other liabilities with predominantly short maturities. Their carrying amounts as at the reporting date are approximately

equivalent to their fair values. Not included are financial investments in equity instruments for which there is no quoted price in an active market and which therefore have to be measured at cost.

Financial assets and liabilities

€m				
Class	Level 1 ¹	Level 2 ²	Level 3 ³	Total
30 September 2014				
Financial assets				
Non-current financial assets	245	909	132	1,286
Current financial assets	21	69	0	90
Total	266	978	132	1,376
Financial liabilities				
Non-current financial liabilities	4,846	456	0	5,302
Current financial liabilities	0	140	1	141
Total	4,846	596	1	5,443
31 December 2013⁴				
Financial assets				
Non-current financial assets	157	765	93	1,015
Current financial assets	611	140	0	751
Total	768	905	93	1,766
Financial liabilities				
Non-current financial liabilities	4,221	455	0	4,676
Current financial liabilities	927	27	2	956
Total	5,148	482	2	5,632

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.

⁴ Prior-period amounts adjusted ■ Note 4. Current financial instruments measured at cost were not included.

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

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

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

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

The table below shows the effect on net gains and losses of the financial instruments categorised within Level 3 as at 30 September 2014:

Unobservable inputs (Level 3)

€m						
	1 Jan. 2014	Gains and losses (recognised in profit and loss) ¹	Gains and losses (recognised in OCI) ²	Additions	Disposals	30 Sept. 2014
Assets						
Equity instruments	93	0	53	0	-14	132
Liabilities						
Debt instruments	0	0	0	0	0	0
Derivatives						
Equity derivatives	2	-1	0	0	0	1
	1 Jan. 2013					31 Dec. 2013
Assets						
Equity instruments	28	0	41	24	0	93
Liabilities						
Debt instruments	1	-1	0	0	0	0
Derivatives						
Equity derivatives	48	-43	0	0	-3	2

¹ Fair value losses were recognised in other finance costs.² Unrealised gains were recognised in the IAS 39 revaluation reserve.

Available-for-sale financial assets include shares in partnerships and corporations in the amount of €99 million (previous year: €97 million). There is no active market for these instruments. As no future cash flows can be reliably determined, the fair values cannot be determined using valuation techniques. There are no plans to sell or derecognise significant shares classified as available-for-sale financial assets recognised as at 30 September 2014 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.

The following tables show the impact of netting agreements based on master netting arrangements or similar agreements on the presentation of financial assets and financial liabilities as at the reporting date:

Offsetting – assets

€m						
	Financial assets and liabilities not set off in the balance sheet					
	Gross amount of financial assets recognised at the reporting date	Gross amount of financial liabilities set off	Net amount of financial assets set off in the balance sheet	Financial liabilities subject to a legally enforceable netting agreement that do not meet offsetting criteria	Collateral received	Total
Assets at 30 September 2014						
Derivative financial assets ¹	128	0	128	128	0	0
Trade receivables	7,725	142	7,583	0	0	7,583
Assets at 31 December 2013²						
Derivative financial assets ¹	156	0	156	38	0	118
Trade receivables	7,189	167	7,022	0	0	7,022

¹ Excluding derivatives from M & A transactions.² Prior-period amounts adjusted ■ Note 4.

Financial assets and liabilities are set off on the basis of netting agreements (master netting arrangements) only if an enforceable right of set-off exists and settlement on a net basis is intended as at the reporting date. If the right of set-off is not enforceable in

the normal course of business, the financial assets and liabilities are recognised in the balance sheet at their gross amounts as at the reporting date. The master netting arrangement creates a conditional right of set-off that can only be enforced by taking legal action.

Offsetting – liabilities

€m				Financial assets and liabilities not set off in the balance sheet		
	Gross amount of financial liabilities recognised at the reporting date	Gross amount of financial assets set off	Net amount of financial liabilities set off in the balance sheet	Financial assets subject to a legally enforceable netting agreement that do not meet offsetting criteria	Collateral provided	Total
Liabilities at 30 September 2014						
Derivative financial liabilities ¹	157	0	157	128	0	29
Trade payables	6,115	142	5,973	0	0	5,973
Liabilities at 31 December 2013 ²						
Derivative financial liabilities ¹	38	0	38	38	0	0
Trade payables	6,525	167	6,358	0	0	6,358

¹ Excluding derivatives from M & A transactions.

² Prior-period amounts adjusted ■ Note 4.

To hedge cash flow and fair value risks, Deutsche Post AG enters into financial derivative transactions with a large number of financial services institutions. These contracts are subject to a standardised master agreement for financial derivative transactions. The agreement provides for a conditional right of set-off, resulting in the recognition of the gross amount of the financial derivative transactions at the reporting date. The conditional right of set-off is presented in the table.

Settlement processes arising from services related to postal deliveries are subject to the Universal Postal Convention and the REIMS Agreement. These agreements, particularly the settlement conditions, are binding on all public postal operators for the specified contractual arrangements. Imports and exports between two parties to the agreement during a calendar year are offset in an annual statement of account and presented on a net basis in the final annual statement. Receivables and payables covered by the Universal Postal Convention and the REIMS Agreement are presented on a net basis at the reporting date. The tables above show the receivables and payables before and after offsetting.

19 Contingent liabilities and other financial obligations

Details on the changes in the Group's contingent liabilities can be found in ■ Note 5. Further information can be found in the ■ 2013 Annual Report, Note 51. The other financial obligations increased, mainly as a result of aircraft lease obligations in connection with a new contract concluded between Deutsche Post DHL and Southern Air.

20 Related party disclosures

Bruce Edwards stepped down from the Board of Management and his position as Chief Executive Officer of DHL Supply Chain at the end of 10 March 2014. John Gilbert was appointed as the new member of the Board of Management responsible for the DHL Supply Chain division starting on 11 March 2014. Bruce Edwards acted in an advisory capacity for the company until his retirement on 30 September 2014.

Angela Titzrath resigned from the Board of Management effective 2 July 2014. Melanie Kreis was appointed as Board Member and Labour Director on 31 October 2014. In the interim, Chief Executive Officer Dr Frank Appel had taken on the corresponding responsibilities in a dual role. There were no other significant changes in this regard as against 31 December 2013; ■ 2013 Annual Report, Note 55.

21 Other disclosures

The company's business in Venezuela is subject to exchange controls. The Venezuelan currency, the bolívar fuerte, is not freely convertible. In March 2014, a new exchange rate system known as SICAD II (Sistema Complementario de Administración de Divisas) was introduced and the state-set exchange rate adjusted. Deutsche Post DHL began using this system in the second quarter of 2014 and modified the conversion rate on this basis. Due to currency effects, the cash and cash equivalents of the companies affected decreased by €130 million and non-current assets by €27 million as at the date of the change. Other current assets declined by €56 million and current provisions and liabilities by €103 million. The corresponding contra entries are included in the currency translation reserve in equity. Cash and cash equivalents amounted to €22 million as at 30 September 2014.

22 Events after the reporting date

As a result of the 2013 price-cap decision by the *Bundesnetzagentur* (German federal network agency), which stipulates the parameters for price-cap regulation in the years 2013 to 2018, Deutsche Post AG may increase the average price of products regulated under the price-cap procedure by up to 1.1% for 2015. On 15 October 2014, the agency approved a 1.0% increase in the average price of all price-capped products.

Melanie Kreis was appointed as Board Member and Labour Director on 31 October 2014.

RESPONSIBILITY STATEMENT

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

Bonn, 11 November 2014

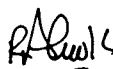
Deutsche Post AG
The Board of Management



Dr Frank Appel



Ken Allen



Roger Crook



Jürgen Gerdes



John Gilbert



Melanie Kreis



Lawrence Rosen

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 2014 which are

part of the quarterly financial report pursuant to section 37x (3) 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, 11 November 2014

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Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gerd Eggemann
Wirtschaftsprüfer
(German public auditor)

Dietmar Prümm
Wirtschaftsprüfer
(German public auditor)

GRAPHS AND TABLES

COVER			
01	Selected key figures	I	
INTERIM GROUP MANAGEMENT REPORT			
Report on Economic Position		2	
02	Selected indicators for results of operations	4	
03	Consolidated revenue	4	
04	Revenue by region	5	
05	Development of revenue, other operating income and operating expenses, 9M 2014	5	
06	Consolidated EBIT	5	
07	EBIT after asset charge (EAC)	6	
08	Selected cash flow indicators	6	
09	FFO to debt	7	
10	Capex and depreciation, amortisation and impairment losses, 9M	8	
11	Capex and depreciation, amortisation and impairment losses, Q3	8	
12	Capex by region	8	
13	Operating cash flow by division, 9M 2014	9	
14	Calculation of free cash flow	9	
15	Selected indicators for net assets	10	
16	Net debt	11	
17	Key figures by operating division	12	
18	Post: volumes	13	
19	Parcel Germany: volumes	14	
20	EXPRESS: revenue by product	15	
21	EXPRESS: volumes by product	15	
22	Global Forwarding: revenue	17	
23	Global Forwarding: volumes	17	
24	SUPPLY CHAIN: revenue by sector, 9M 2014	18	
25	SUPPLY CHAIN: revenue by region, 9M 2014	19	
Deutsche Post Shares		20	
26	Share price performance	20	
27	Deutsche Post shares	20	
28	Peer group comparison: closing prices	20	
Non-Financial Performance Indicators		21	
29	Selected results from the Employee Opinion Survey	21	
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS			
30	Income Statement	26	
31	Statement of Comprehensive Income	27	
32	Balance Sheet	28	
33	Cash Flow Statement	29	
34	Statement of Changes in Equity	30	

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Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries.

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2015

2014 ANNUAL REPORT

11 March 2015

INTERIM REPORT

JANUARY TO MARCH 2015

12 May 2015

2015 ANNUAL GENERAL MEETING

(FRANKFURT AM MAIN)

27 May 2015

DIVIDEND PAYMENT

28 May 2015

INTERIM REPORT


JANUARY TO JUNE 2015

5 August 2015

INTERIM REPORT

JANUARY TO SEPTEMBER 2015

11 November 2015

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

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