

DHL PRESENTATION REFERENCE GROUP MEETING MARCH 29

Agenda

- Introduction to DHL
- DHL GO Green Strategy
- DHL Wind & Energy Transportation
- Sector Trends
- Introduction to DHL LLP Services
- LLP Inbound to MFG case study



Corporate structure: One company with two strong pillars

Deutsche Post DHL
Group

Deutsche Post 

The Post for Germany



The logistics company for the world

Who we are – a global company with a unique portfolio

Europe's largest postal service



Partner for e-commerce and a pioneer in secure digital communications



No. 1 in international express delivery



Leader in the forwarding business



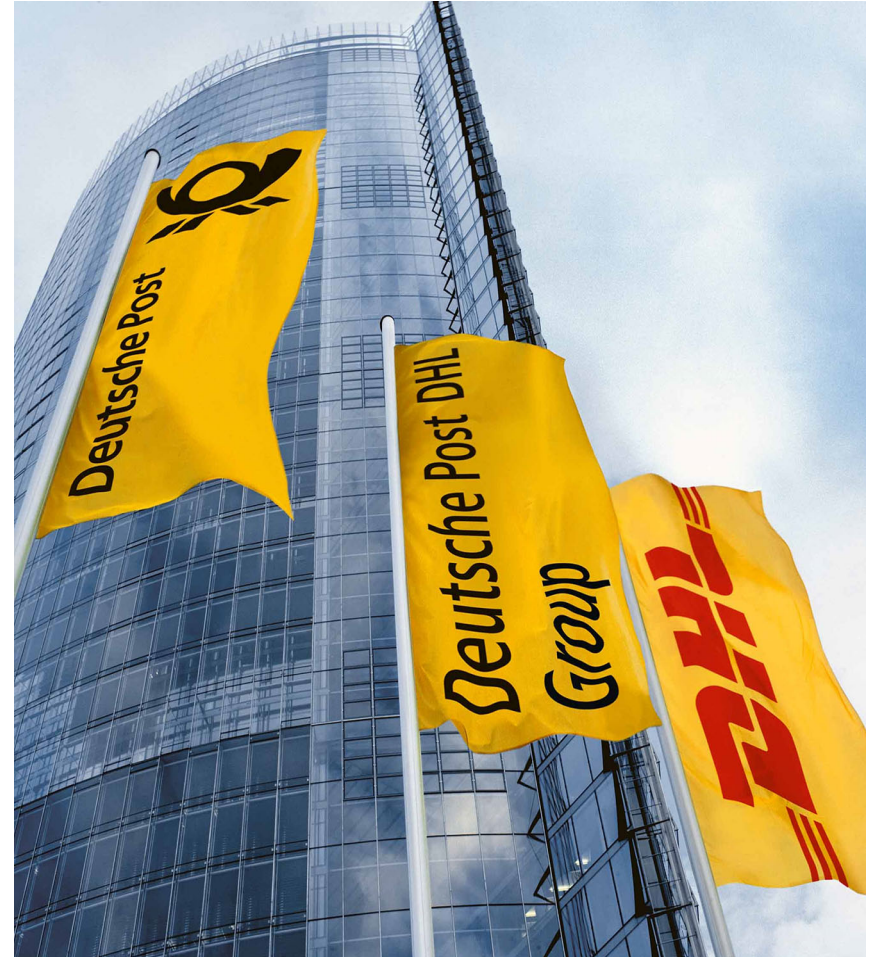
No. 1 in contract logistics



Key facts about Deutsche Post DHL Group

- ▶ More than 500,000 employees in more than 220 countries/territories (including nearly 60% outside Germany)
- ▶ 61mn letters/3.9mn parcels each workday in Germany/more than 28,000 sales outlets in Germany
- ▶ Group revenues¹⁾: EUR 59.2bn /Group EBIT¹⁾: EUR 2.41bn / Market capitalization²⁾: EUR 31.483bn
- ▶ ~ 753,000 international express shipments per day (2015) (Time Definite International) (+8.7% vs. previous year)
- ▶ 2.3mn tons of air freight/2.9mn TEU³⁾ of ocean freight in 2014. No. 2 European road freight
- ▶ 13.7mn square meters of warehouse space in contract logistics

1) Financial year 2015; 2) As of 12/31/2015; 3) TEU = Twenty-foot equivalent unit



Overview Global Forwarding, Freight



Business model

- Specialist in air, ocean and road freight as well as industrial projects and end-to-end transport management solutions
- Tailored sector solutions
- Asset-light business model, based on brokerage of transport services



Customers

- Strong customer orientation, with a portfolio that spreads over more than 150 countries
- Established customer base including >50% of Forbes 500 companies
- Delivers solutions tailored to customer needs that simplify their operations and maximize their opportunities



Market position/trends

- Global No. 1 in air freight and No. 2 in ocean freight
- Strong and fast growth of ocean freight
- Focus markets: BRIC+M, further Emerging Countries/Markets, Europe
- No. 2 in European road freight with presence in more than 50 countries and territories



Strategy

- Strategic focus on sustainable growth, customer and operational excellence as well as maximizing profitability
- Improve Forwarding operating performance while implementing step by step IT renewal
- Further strengthen market position as industry leader



Our bold long-term mission

MISSION 2050:
ZERO
EMISSIONS



Source: Deutsche Post DHL Group; Zero emissions refers to net zero emissions

In Summary

We are the leader in green logistics and we build on our extensive knowledge and experience. For us, **ZERO emissions logistics is the logical next step!**

We have achieved a lot...

- ✓ 30% Carbon efficiency increase compared to 2007 achieved in 2016 – four years ahead of schedule
- ✓ More than 2,000 of our self-developed electric StreetScooter delivery vans are already on the road
- ✓ DHL GoGreen Solutions support our customers by making their supply chains greener
- ✓ Won numerous awards for our GoGreen program
- ✓ Pioneered Carbon Accounting & Controlling

...and have now set out on a bold mission!

- Our ambitious mission: **ZERO** emissions by 2050
- We actively support limiting global warming to below 2°C
- We will increase the quality of life in urban areas
- We will make our customers' supply chains greener and embed green solutions into the DNA of our company
- Success is built on the ideas of our employees
- We designed our targets specifically to support the UN Sustainable Development Goals

GOGREEN

MISSION 2050: ZERO EMISSIONS

Source: Deutsche Post DHL Group

DHL AND WIND ENERGY TRANSPORTATION

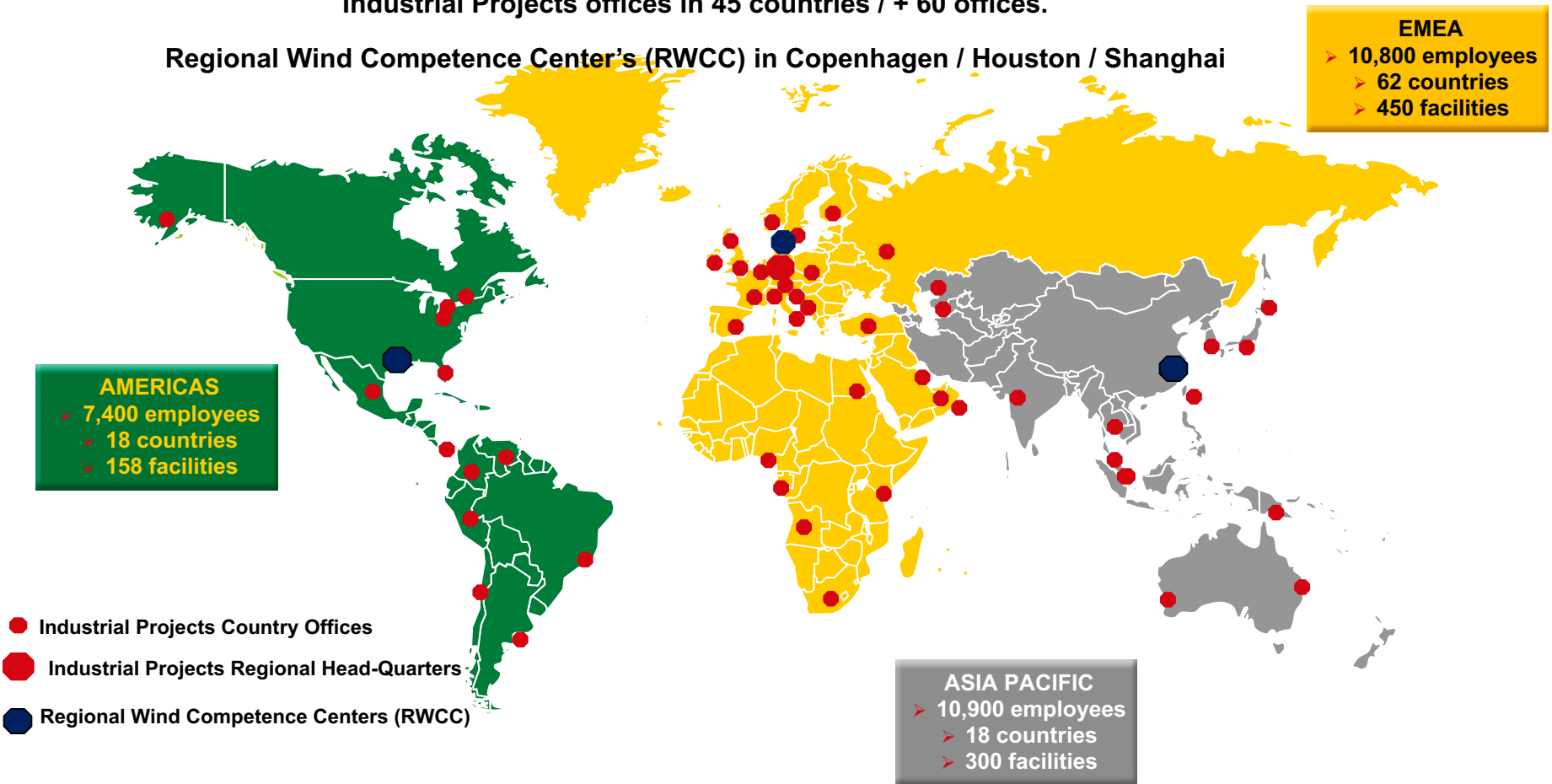
WHO WE ARE, WHAT WE DO, OUR CUSTOMERS, AND OUR END-TO-END EPCI WIND
LOGISTICS STRATEGY

Our global coverage for oversized and non-standard movements

We are organized with 3 Regional Wind Competence Centers supported by 60 offices world-wide

Industrial Projects offices in 45 countries / + 60 offices.

Regional Wind Competence Center's (RWCC) in Copenhagen / Houston / Shanghai



Our wind energy end-to-end transport EPCi competencies

What we do within wind energy on a global basis

End-to-end management & execution

of logistics aspect of complex projects globally

Dedicated project teams at origin, transit

points and destination/site + client implants

Transportation of **WTG & BOP** by air, sea, river/canal, road & rail

Customisable, in-house **Material Management**

IT System providing end-to-end visibility of project from initiation to completion with live access and client-tailored reporting

Integrated **Turn-Key** Project Forwarding

Services including (but not limited to):

Services including (but not limited to):

- Route Surveys & feasibility studies
- Transport and logistics design
- Project logistics management / Execution
- Project cargo logistics monitoring
- Heavy load installation
- Fully integrated HSSE teams

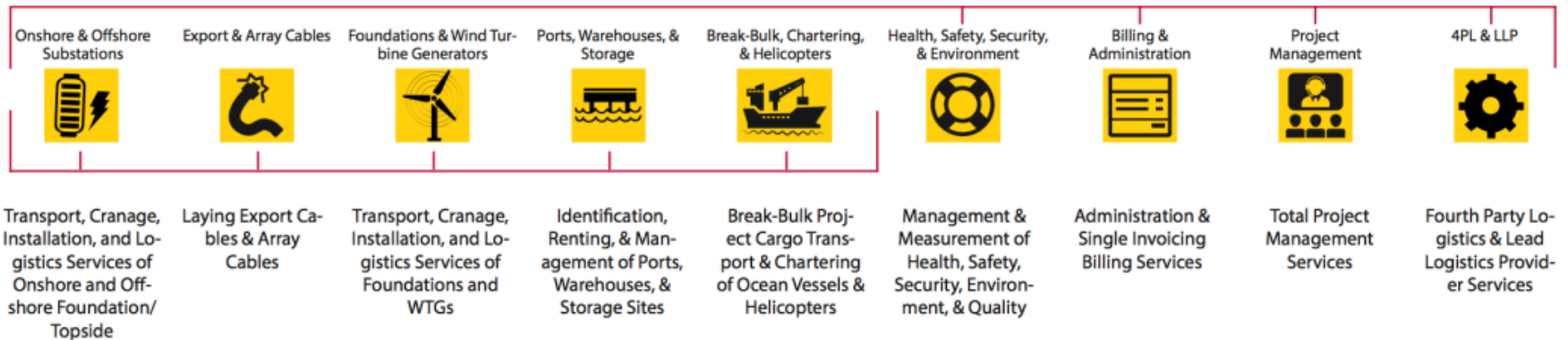


Our end-to-end portfolio vision for offshore wind

We have a strong offshore wind track-record based on our onshore heritage



← Services rendered throughout project lifespan →



We are proud to serve!

A selection of customers who have agreed for DHL to share that we are in a partnership together

OILCOS



EPC's



OEM's / PRIME EQUIPMENT



ENERGY SECTOR INDUSTRY TRENDS

The Energy sector is operating in a new normal...

Oil Price Drop



... creating Supply Chain **complexity** as a **rebalancing of supply and demand** occurs

A Leaner, Stronger Industry



... driving powerful **innovation** in the way oil is being developed and produced

Carbon Emission Cuts



... translates into need for Oil and Gas companies to **improve brand image** in order to attract investors, talent and customers

Renewable Energy Focus



... resulting in **technological advancements** and **price parity** between unsubsidized renewables and conventional energy

Game-changing mega trends



... are driving need for **continuous improvement** and **ongoing ability to transform**

Company Diversification



... leads to need for quick **supply chain integration & flexible, adaptable structures**

And our customers are...



...increasingly looking at **alternative methods for reducing supply chain costs** and SC rationalization beyond the typical procurement approach

Cost



...developing a **growing need for supply chain visibility**, control, compliance, and flexibility

Visibility, Control & Compliance



...increasingly shifting from a segmented geographical approach, to a **more integrated regional/global end-to-end approach**

SC Integration



...experiencing increasing need to **access best practices** and **accelerate time-to-value** while also delivering **cost variability** in line with sales

Best Practice



...seeking SC flexibility that supports business changes in increasingly volatile market while also delivering **variability of cost**

Flexibility



...experiencing an increasing need to **invest in technology** that will drive compliance and efficiencies across the enterprise

Technology



...seeking a **Business Partner as a catalyst and enabler of change**

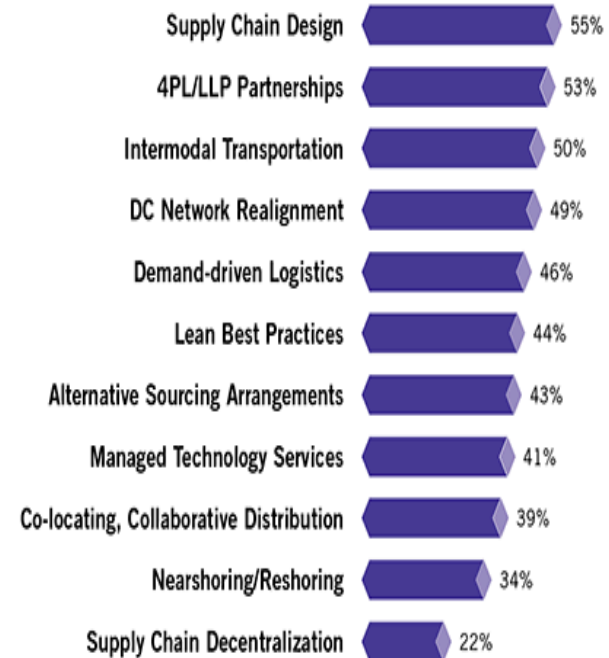
Partner

Market Research : Supply chain challenges and priorities.

What is the greatest challenge shippers face?



What strategies are shippers and 3PLs using to manage current challenges?



Source: Inbound Logistics "Market Research: 3PL Perspectives 2015"

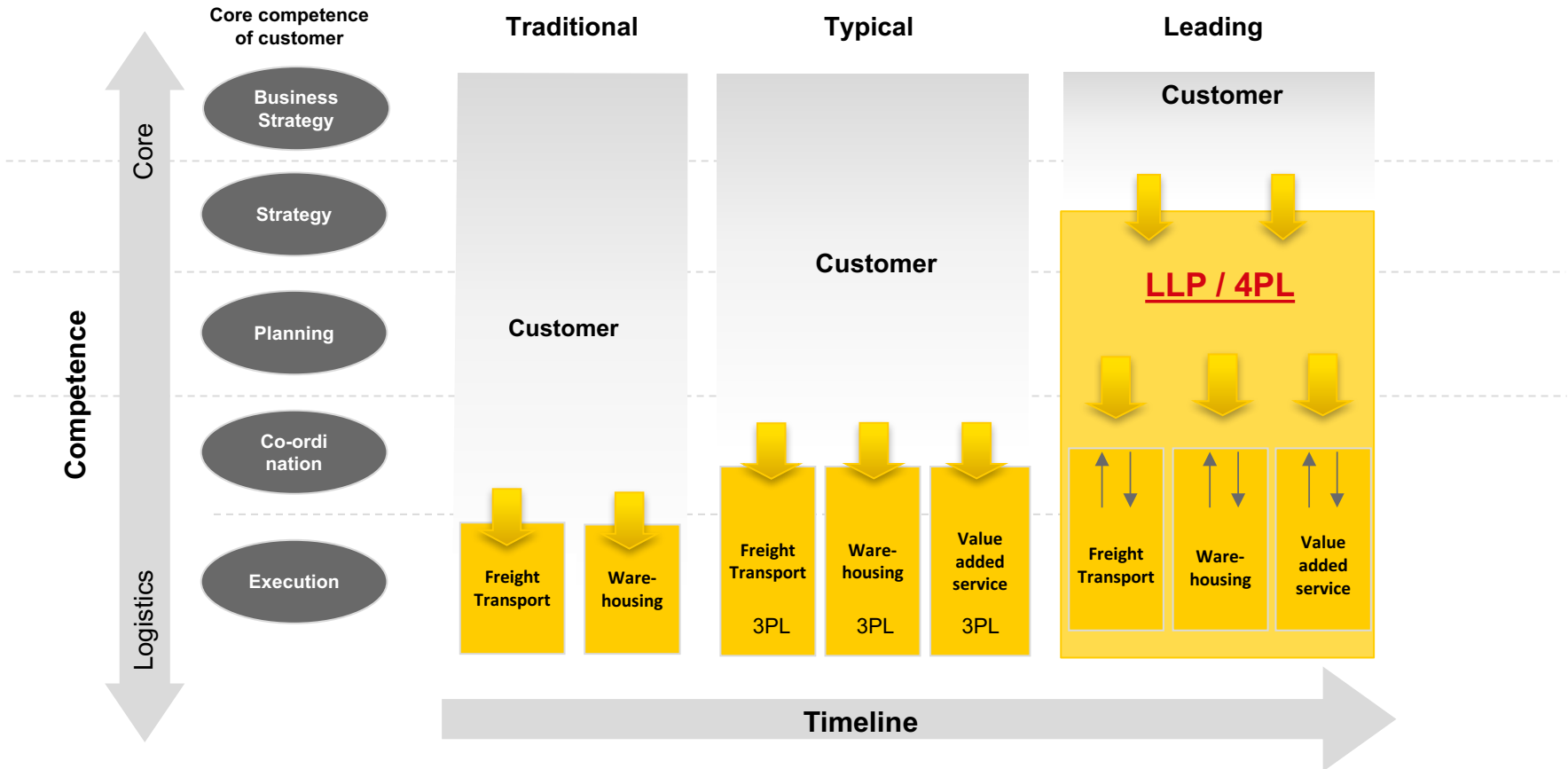
LLP INTRODUCTION & INBOUND TO MANUFACTURING CASE STUDY

LEAD LOGISTICS (LLP) Definition and Scope

LOGISTICS is an outsourced partner that manages activities within the end to end supply chain to deliver cost & Service optimizations

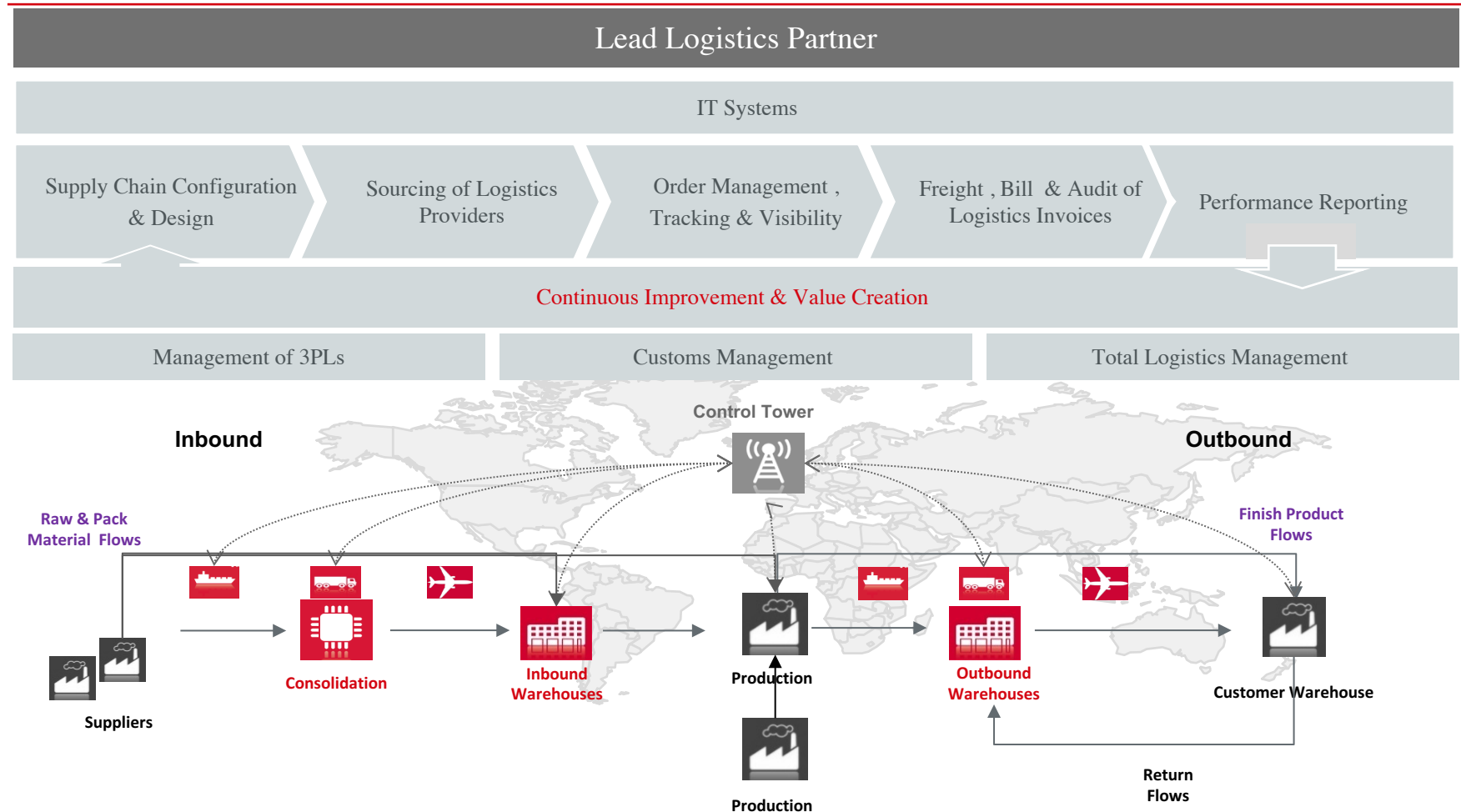
- DHL LEAD LOGISTICS is an **outsourced management partner** that manages activities associated with **strategy, management, execution, control and visibility** within the end to end supply chain with the value proposition that it works, delivering cost optimization and performance management.
- Key is to **optimize the supply chain** (processes/data-, physical- and financial flows) with goals to decrease costs, improve efficiencies/performance (increase revenue opportunities), reduction in assets (inventory, facilities etc.) and **increase flexibility and scalability**
- Offers a **consolidated global systems platform**
- **Any supply chain partner** of choice can be incorporated into the solution including **all 3PL's, freight forwarders, direct carriers, express, brokers, consular services and DC's** managed through a central program
- Includes standard services such as **visibility and reporting over all Logistics partners**
- Includes **complex customized/ industry specific solutions** that are redesigned and managed in close collaboration with our client base

Evolving Industry Relationship



As companies further specialize on core strengths, logistics companies have to develop models to manage more functions / activities in customer supply chains to deliver value and competitive advantages in a long term win-win relationship

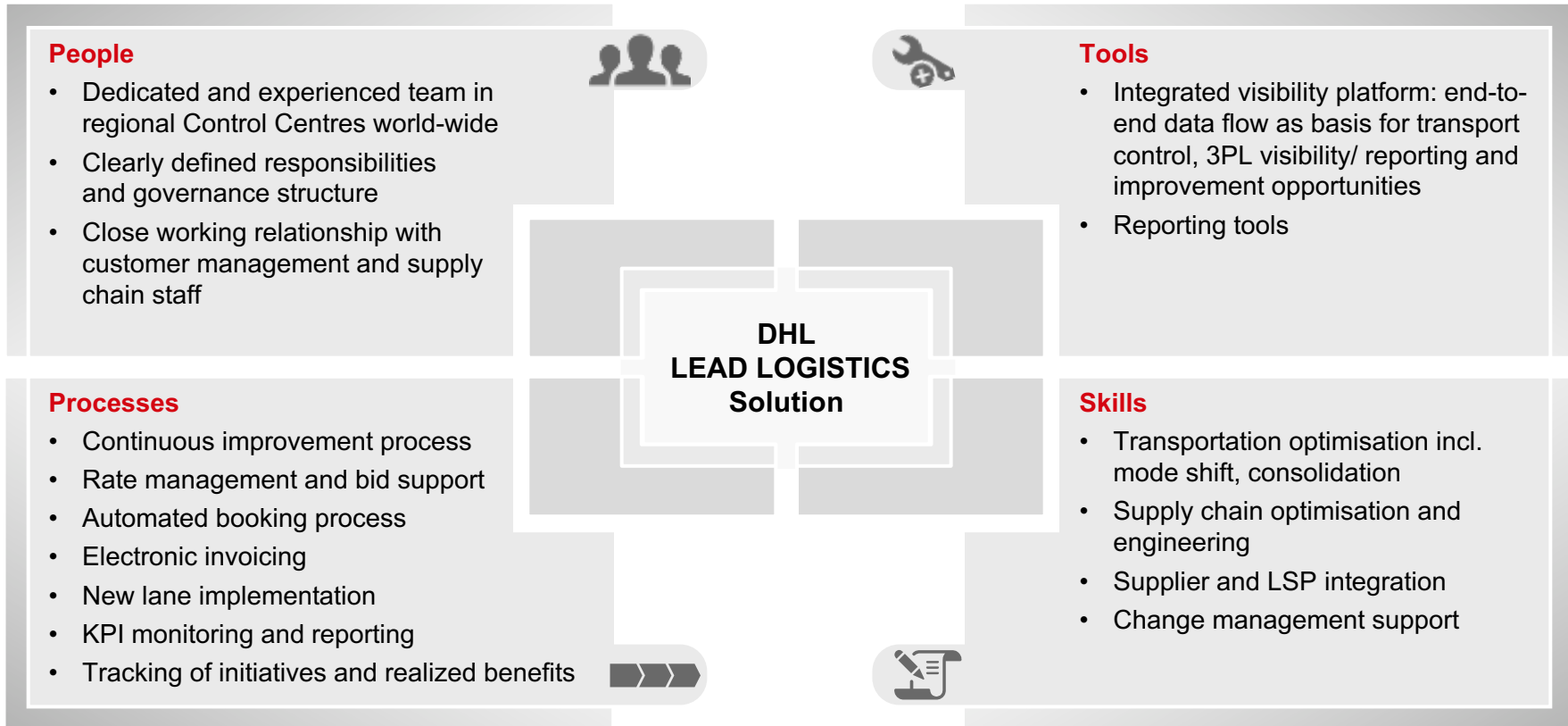
LLP Operating Model



LEAD LOGISTICS key solution elements

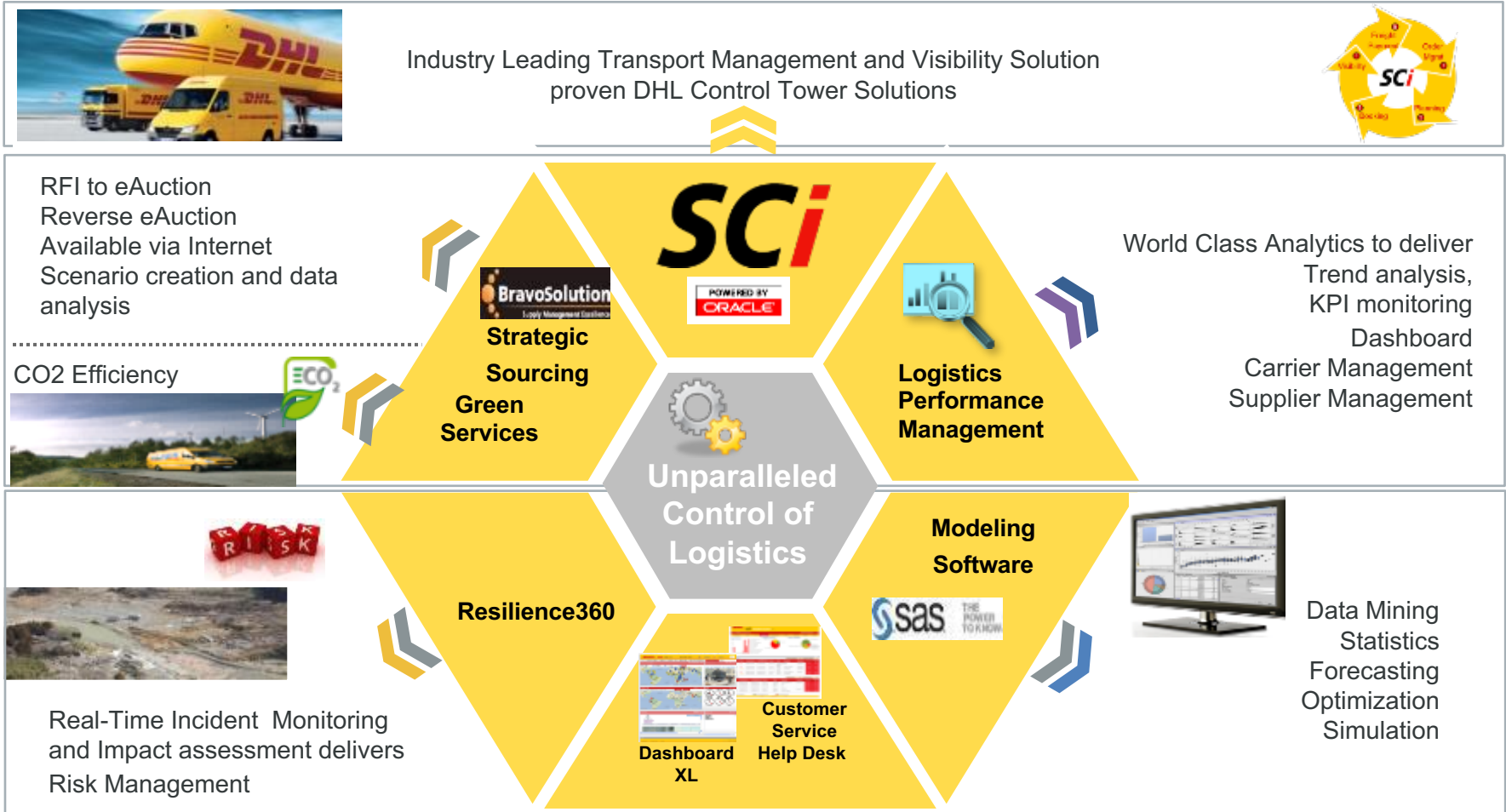
DHL provide a tailored LLP solution; key elements are a dedicated team and IT integration

NOT EXHAUSTIVE



- **Scalability** over time (e.g. in terms of additional transport modes or volume coverage)
- **Ability to mature** over time (e.g. in terms of additional and evolving LLP services, IT functionalities)

LLP use a suite of IT Applications



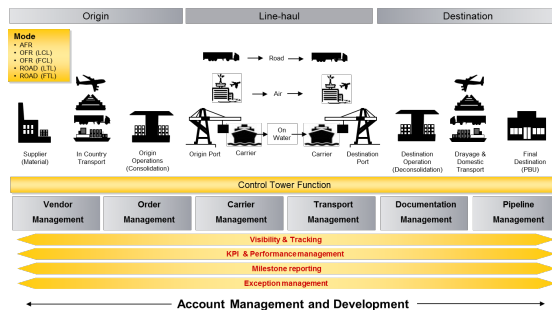
DHL Lead Logistics Partner: Case study

Background: Leading Energy GRID company had a need to reduce complexity and increase visibility in the material originating at vendors, to consumption at the manufacturer's production line.



Customer challenge

- Improved visibility & vendor compliance
- Supplier management for optimized allocation of load by route
- Elimination of waste and reduction of working capital
- Extensive global supply base



DHL solution

DHL Lead Logistics Partner

- **Dedicated LLP Control Towers** to coordinate all transport flows and **day-to-day operations**, including
 - Single contact window for all material vendors
 - Order Management
 - Material Supplier Management
 - Vendor on-boarding & training
 - Booking & Monitoring
 - Invoice Audit and Settlement
- Logistics flow : **Inbound to Final MFG**
- Efficient and dynamic transport network
- Offers real-time control and visibility
- Optimized inventory costs and on-site space

Customer benefits

- **Vendor compliance & management** based on both soft and hard tolerances
- **Cost Savings** - reduction of total transportation spend
- **Full visibility and KPI reporting**
- **Quality and Predictability** improvement –
- Allows you to focus on your core business
- Efficient logistics flows and **reliable transit times** to Final Assembly Line
- **Streamlined** communication, processes and data, with **end-to-end visibility**
- Transport development **engineering/optimization**

DHL Lead Logistics Partner: Case study

Background: One of the world's leading aircraft manufacturers that uses various modes (Express, Air, Ocean, Road, Rail, Barge, Oversized), with 30–60% of it executed via the DHL network, with a managed revenue of +EUR 80M. Services: Management, optimization, cross dock, customs, transportation.



Customer challenge

- Reduce total **transportation spend** (saving guarantees)
- Customer had more than **100 suppliers** and approx. 200 logistics providers
- **Lacking visibility** because of various systems being used, difficult to consolidate information



DHL solution

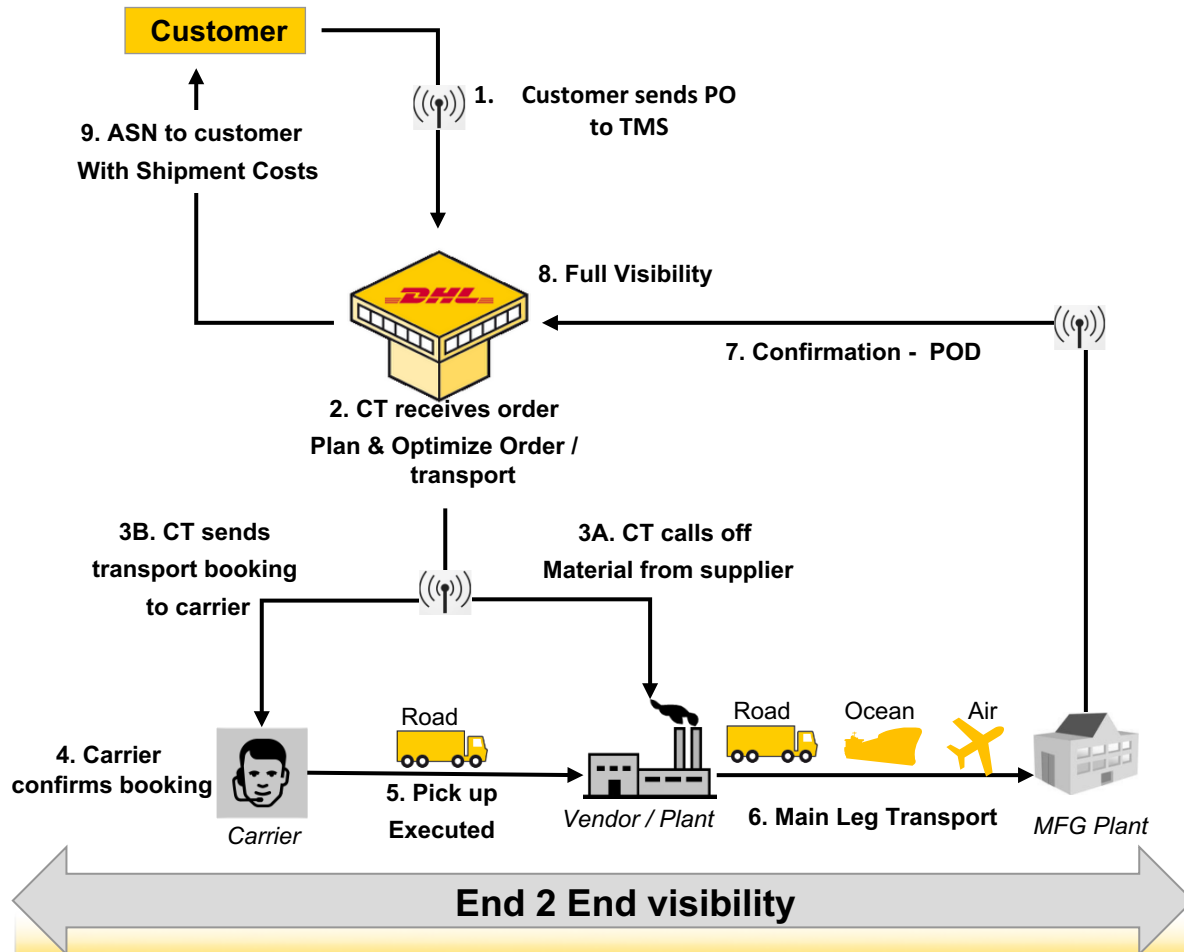
DHL Lead Logistics Partner

- **Dedicated LLP Control Tower** to coordinate all transport flows and **day-to-day operations**, including
 - Dynamic planning
 - Booking & Monitoring
 - Invoice Audit and Settlement
- Logistics flow : **Inbound to Final Assembly Line (FAL)**
- **Rationalization and integration** of Service Providers (3PL) including Tendering & Carrier Management:
 - Customer agreement: 35-60% executed via DHL Network
- **End-to-end visibility** through SCI (Supply Chain Integrator), including **Performance Measurement and KPIs**

Customer benefits

- **Cost Savings** - reduction of total transportation spend
- **Quality and Predictability** improvement – 0% of work stoppages since the solution implementation
- **“One window”/point of contact** to coordinate all transport flows
- Efficient logistics flows and **reliable transit times** to Final Assembly Line
- **Streamlined** communication, processes and data, with **end-to-end visibility**
- Transport development **engineering/optimization**

Concept of operations



Customer's value

- One **single contact** point
- Process Standardization across all internal / external vendors
- **Optimized** order & transport planning
- Able to **absorb seasonality** impact
- Continuous Improvement
- Seamless EDI connectivity
- Integration across **all supply chain stakeholders**
- Performance reporting & reviews
- **Advanced operational reporting** and event management for all stakeholders
- **Scalable** to other regions and transport modes

Service Overview

Control Tower

Solution Elements

Dedicated skilled staff executing SOP thru work & process flows:

1. Communication structure & worldwide contact lists
2. PO Management Processes & Exception Management
3. Vendor Management Processes & Exception Management
4. Commercial Documentation Processes & Exception Management
5. Carrier Management Processes & Exception Management
6. Cargo Movement Management Processes & Exception Management
7. Consolidation Management Processes
8. Compliance / KPI Management
 - Information Management
 - Reports
9. Constant review and rigid change log
10. Continued training and improvement

Benefits Delivered

- **Revenue enhancement** through improved performance in the supply chain
- Operating, **working capital and fixed cost reductions**
- Improved OTIF performance - **optimum levels of inventory** and availability for production
- A more cost effective and efficient supply chain
- Agile and better **dynamics to manage exceptions**
- Complete **supply chain visibility and control** down to SKU level
- Measurable, reportable KPI's across the supply chain and performers
- Platform to support growth, development, asset light and scalable business model
- Drive **Incoterm conversion** programs and **landed-cost evaluations**
- Identify solutions over time through center of gravity, MOT and hub analysis
- **Integrated IT platform** paired with a rigid processes control will improve data quality
- Highly **experienced and skilled logistics staff** with strong track record in the E&M vertical

Service

Vendor & Order Management

Solution Elements

1. Single contact window for all Customer' material vendors
2. Inbound Purchase Order XML (inbound to manufacturing + stock transfer orders) *
3. EDI confirmation or report showing EDI message status (transaction inspector)
4. Vendor acknowledgement + reject or acceptance of PO (feed to Customer' ERP system) **
5. Vendor compliance & management (SOP execution)
6. Vendor on-boarding & training (incl. new vendors over time)
7. Receiving exceptions & Cargo on-hand reporting
8. Vendor performance review & training refreshment
9. KPI reporting based on Customer' agreed tolerance(s)

* Subject distinct PO & SO specification with unique identifier

** Acknowledgement of POs on C and D Incoterms, DHL will during the solution design phase verify how this can be included.

Benefits Delivered

- **Single contact window for all Customer' material vendors** with strict user management and communication structure.
- One truth – with real time acknowledgement paired with an **accept or reject process** linked directly into Customer' ERP system
- **Vendor compliance & management** based on both soft and hard tolerances
- Execution and exception management will **improve load ability factors**
- **Full visibility with receiving** exceptions & Cargo on-hand reporting coupled with continued vendor compliance review that will drive vendor performance up.
- Full visibility and **KPI reporting based on Customer' agreed tolerance(s)** will along with compliance reviews drive continued improvements in Customer' LTA negotiations, terms and vendor mix.
- **Vendor on-boarding & training** (incl. new vendors over time) thru seminars to proactively address operational issues and promote clear understanding of Customer' terms and processes.
- Support change in buying terms and general support to local Customer' entities.

Service Carrier & Transport Management

Solution scope

1. Transport planning, allocation & booking with carrier
2. Consolidation & de-consolidation
3. Exception management
4. Liaison with Customer' carriers for daily issue resolution
5. Carrier issue log, scorecard & performance review
6. Outbound EDI messages (key milestones up to incl. final delivery)
7. Manual milestones agreed with Customer *
8. Advanced Shipping Notification (outbound EDI feed to Customer' ERP system) incl freight price from the LSP against the shipment
9. Transport delay analysis

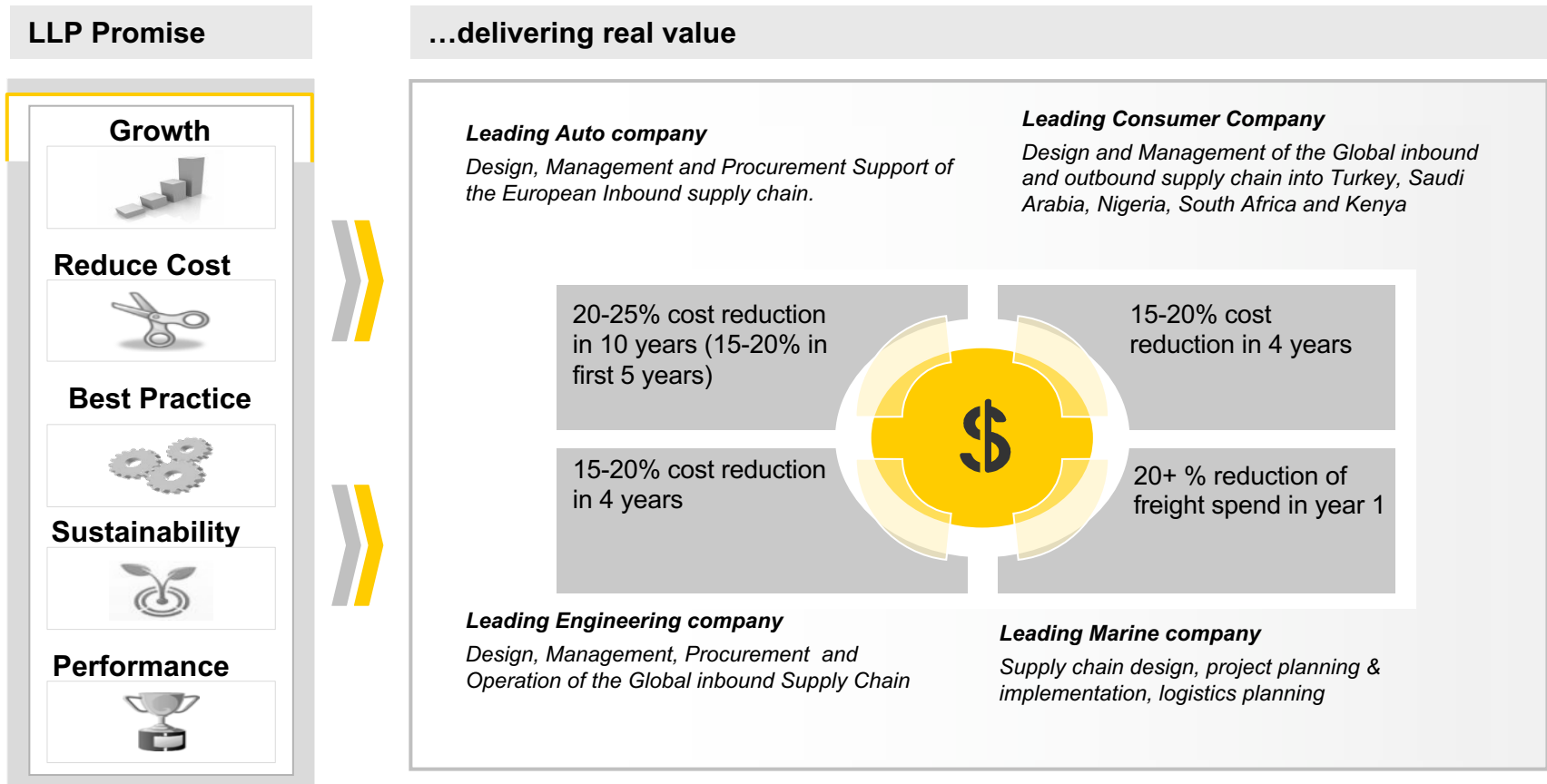
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Benefits

- Visibility will improve origin/location mix thereby reducing points to **maximize loadability**
- Reduce number of shipments thereby **minimizing the overall transportation expense** including carrier contract rates, inland transportation costs, handling & drayage
- Better planning process that will **eliminate/reduce** LCL, LTL & AFR shipments in major lanes
- Strategic migration of **volumes between locations** to reduce transport cost and origin handling
- Increased conversion rate of LTL to FTL and 20' to 40' containers
- Origin dwell time reduced based on **improved upstream visibility** with a sound link into the carrier management part of the supply chain
- **Visible and measurable carrier performance** has enabled Customers to drive enhanced carrier negotiations (which MOT, lane and geo scope has the biggest cost reduction impact)
- **Improved planning and allocation** will result in reduced peak impact and volume spikes will be managed better
-

Successful Partnership brings real results

LLP capability with partnership has unlocked savings for customers across many sectors



Thank You

Contact

Your DHL LEAD LOGISTICS Representative

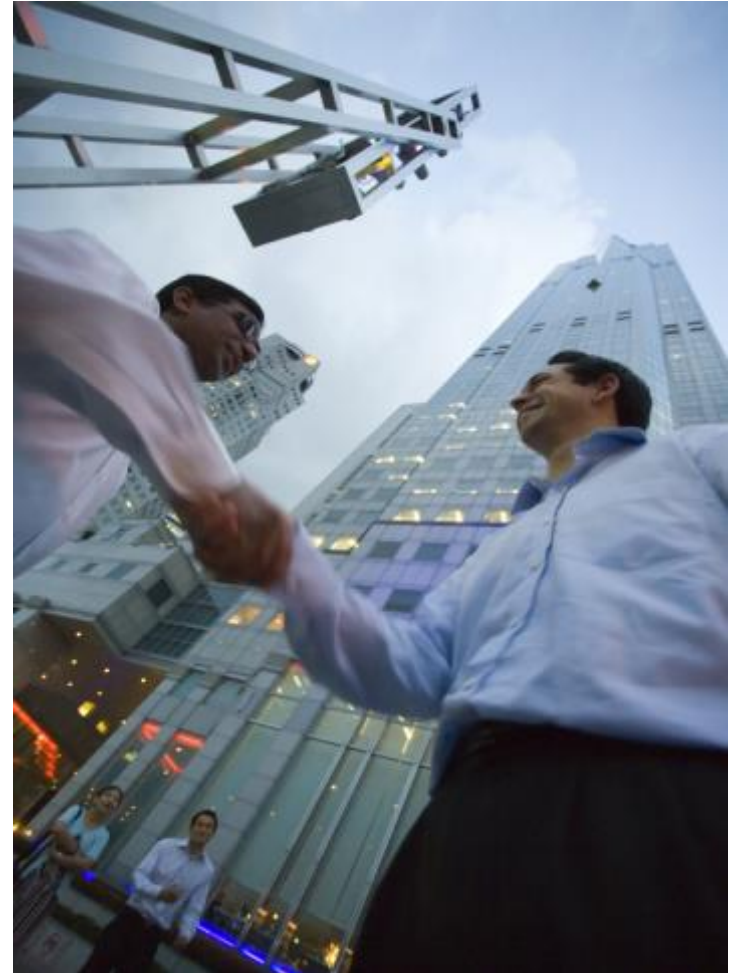


Barry Purtill

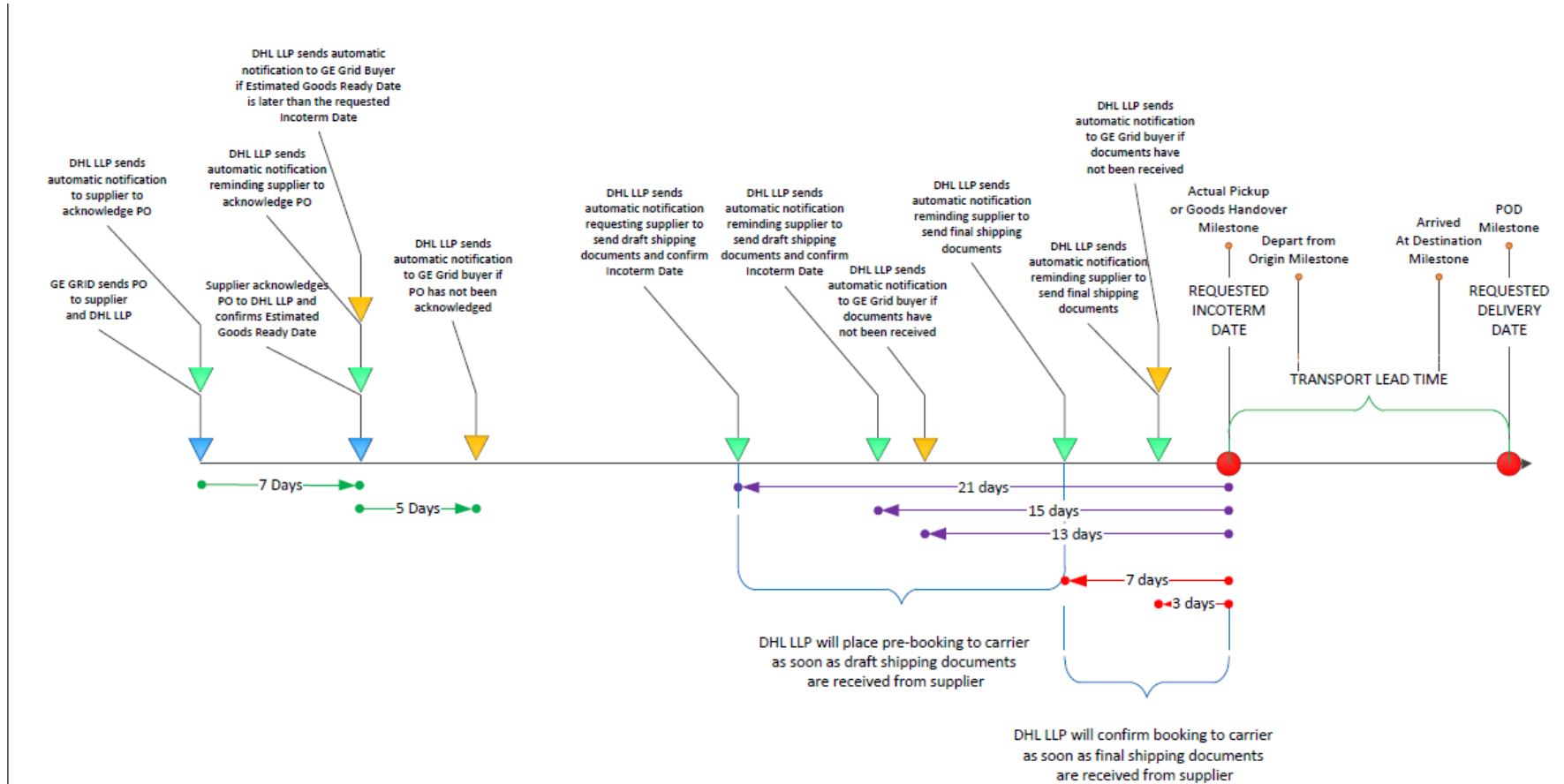
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I2M Process Flow



Solution scope

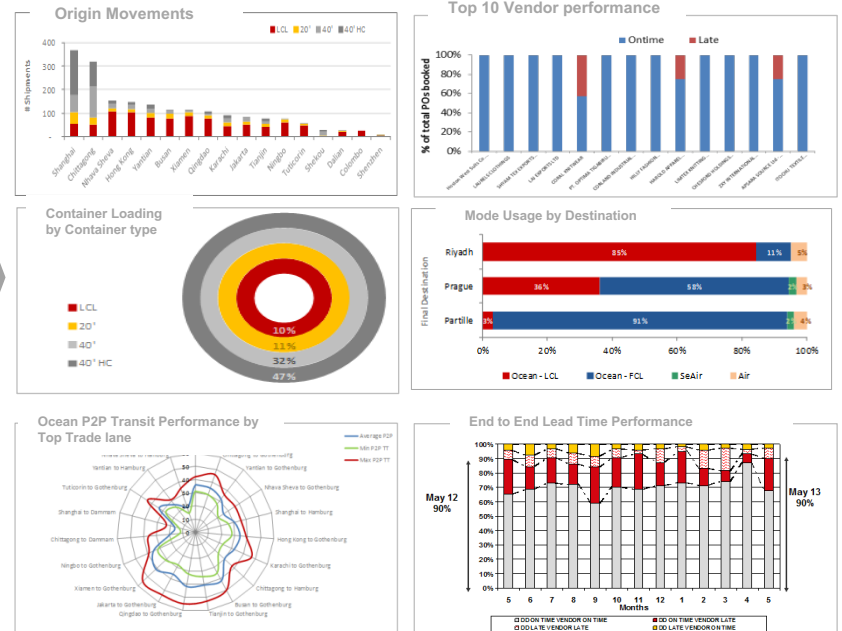
KPI & Performance Reporting

* Will differ based on MOT

Operational Measurements (for Monthly & Quarterly KPI reviews) *

| Type of analysis | Sample Output Reports |
|----------------------------|---|
| Volume | Year on Year (YoY) Container Comparisons (FCL) |
| | YoY FEU Volume Comparison (all shipments types) |
| | YoY FEU Volume Comparison by Origin |
| | YoY FEU Volume Comparison by Destination |
| Vendor Performance | YoY FEU Volume Comparison by Top 20 Lanes |
| | Top 10 Vendor by Value |
| | Top 10 Vendor by Volume |
| | Vendor Event Log (Exceptions and Root Cause) |
| | Vendor Booking Performance |
| Carrier Performance | Vendor Shipping Performance |
| | Vendor SI Submission Performance |
| | Vendor Document Submission Performance |
| | Carrier Volume by FEY |
| DHL Performance | Carrier Event Log (Exceptions and Root Cause) |
| | EDI315 Overall Performance |
| | EDI 856 Performance |
| | Document Posting Performance |
| | Dwell Time Dispersion (CFS Operations) |
| | Service Integrity (Exceptions and Root Cause) |

Sample KPIs



Financial Performance

- ✓ DHL provide all of its customers with a series of standardized KPIs on monthly basis to support KPI reviews.
- ✓ Specific QBR packages will be produced according to Customers' business requirements.
- ✓ Our Account Manager will also work with customer to continuously develop and improve KPIs to meet Customers' specific requirements

Sample Outputs

