

DHL drops pursuit of DB Schenker amid questions over value 'upside'



Revenue at DHL's global forwarding and freight division fell 36% last year to \$20 billion. Photo credit: DHL Global Forwarding.

Keith Wallis, Special Correspondent | Mar 6, 2024, 11:23 AM EST

DHL will not pursue a potential acquisition of rival German logistics company DB Schenker, with DHL CEO Tobias Meyer saying Wednesday that a deal would not have the value generation his company would want.

DHL's decision leaves Denmark's DSV as the only remaining obvious potential bidder for DB Schenker after Kuehne+Nagel, during its annual results briefing last week, also confirmed it would not be in the bidding.

Commenting on DHL's decision not to pursue Schenker, Meyer said it was important for DHL to see "a very substantial upside" when it came to mergers and acquisitions.

“The larger it gets and the more similar you are in those industries where you don’t have [economies of] scale ... you just don’t have that case,” Meyer said during DHL’s annual results call.

He confirmed DHL would continue to look at deals that would be focused on small and mid-sized acquisitions “that really create opportunity ... to drive value.” Those targets have included Turkish freight forwarding and air freight company MNG Kargo, which DHL acquired last October.

“We will invest where it makes sense, where we make our business better,” Meyer said. “We will remain very much focused on value creation when it comes to the deployment of capital.”

Deutsche Bahn in mid-December sent out a call for takeover offers for the long-awaited sale of its DB Schenker logistics subsidiary. Those making offers — which analysts expect could top \$20 billion — were expected to be a list of major global forwarders including DHL Global Forwarding, Kuehne+Nagel and DSV.

Meyer’s comments came after DHL reported a 13.4% drop in revenue to 82 billion Euros (\$89 billion) for 2023 after a record \$102 billion in 2022. Earnings before interest and taxes slumped 25% to \$7 billion from \$9 billion in the year prior.

Revenue at the company’s global forwarding and freight division fell 36% last year to \$20 billion.

Contact Keith Wallis at keithwallis@hotmail.com.

© 2024 S&P Global. All rights reserved. Reproduction in whole or in part without permission is prohibited.

You are permitted to print or download extracts from this material for your personal use only. None of this material may be used for any commercial or public use. For more information on reprints/eprints, please visit <https://subscribe.joc.com/mediasolutions/>.