Deutsche Post DHL

Deutsche Post DHL
Group results Q4 & FY 2010

Strategy 2015 continues to deliver

Frank Appel, CEO
Larry Rosen, CFO

Bonn, 10 March 2011

AGENDA

Performance overview 2010 (Frank Appel)

Divisional highlights (Frank Appel)

FY/Q4 2010 Financial performance (Larry Rosen)

2011 Outlook (Larry Rosen)

2010 HIGHLIGHTS

Significant performance improvement

- All guidance metrics achieved or over-achieved
- Solid top line growth to € 51.5bn
- DHL began to reveal full potential
- Mail strategy further detailed and implemented
- Employee satisfaction improved significantly again
- 2010 last year of “Underlying” EBIT reporting
- Solid balance sheet

GROUP GUIDANCE EXCEEDED

Underlying EBIT

	Guidance 2010[1]	Actual 2010	
Group	€ 2.0 – 2.1bn	€ 2.2bn	✓ +
Mail	€ 1.1 – 1.2bn	€ 1.15bn	✓
DHL divisions	> € 1.3bn	€ 1.45bn	✓ +
Corp. Center/ Other	~ € -0.4bn	~ € -0.4bn	✓

1) Original guidance for 2010 was: underlying group EBIT of € 1.6 – 1.9bn; MAIL € 1.0 – 1.2bn; DHL € 1.0 – 1.1bn; Corporate Center/ Other € -0.4bn

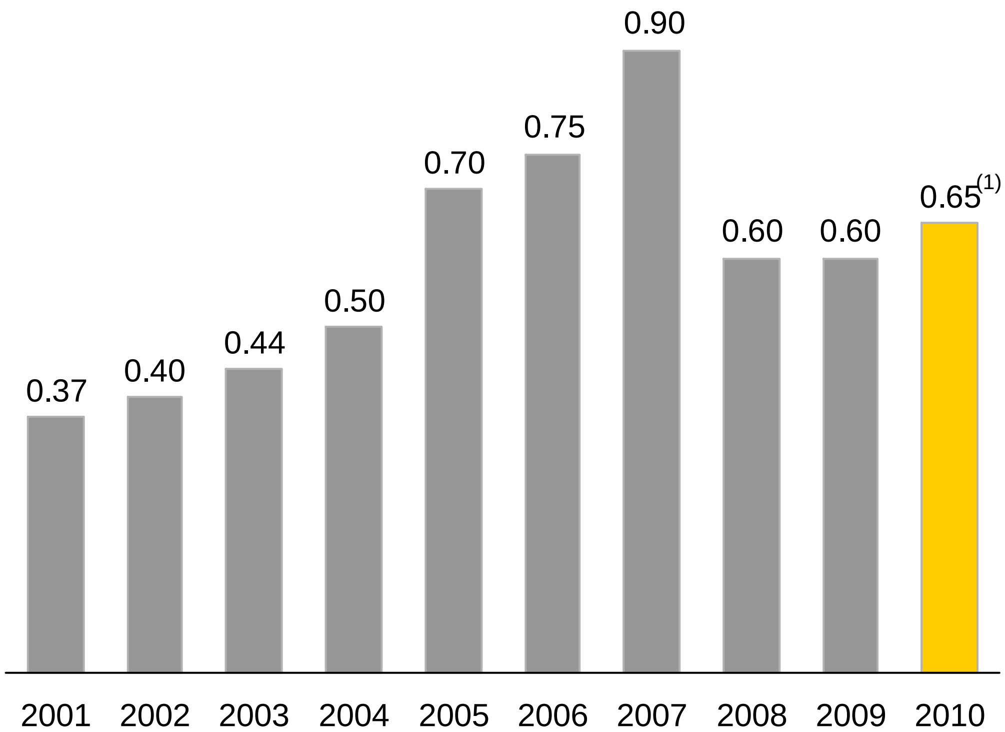
DELIVERING ON ALL METRICS

	Guidance 2010	Actual 2010	
Capex(1)	~ € 1.3bn	~ € 1.26bn	✓
Restructuring cash out	~ € 1bn	~ € 0.8bn	✓ +
Restructuring expenses	~ € 350m	€ 370m	✓ (–)
Net income	above 2009 level of € 644m	€ 2.54bn	✓ +

1) Original Capex guidance for 2010 was: around € 1.4bn

DIVIDEND INCREASE TO € 0.65 PROPOSED

Dividend development since IPO



- We will propose an increase of the dividend of 8.3% to € 0.65 to the AGM
- Adjusted for Postbank effects and non-recurring items this reflects a payout ratio of 59% and is within our target payout ratio of 40 – 60%

1) Proposal to AGM

CUSTOMER SATISFACTION DEVELOPMENT

- **High satisfaction level further improved in MAIL**
- **Room for improvement at DHL**

Deutsche Post

Postal services	2009		2010
Mail services	**2.38**	↗	**2.36**
Retail-outlet services	**2.46**	↗	**2.44**

Detailed scale:
1 = Completely satisfied
2 = Very satisfied
3 = Satisfied
4 = Less satisfied
5 = Unsatisfied

DHL

Division	2009		2010 (Scale of 100)
Global Forwarding	**71**	→	**71**
Freight	**74**	→	**74**
Supply Chain	**66**(1)	↗	**70**
Express			**78**(2)

Source (lhs): Kundenmonitor Deutschland (external customer-satisfaction study by ServiceBarometer AG) ; Source (rhs): Divisional customer satisfaction surveys;
1) Here survey result 2008, no survey in 2009; 2) No Survey in 2009, survey 2008 not comparable

MAIL: GROWING IN PARCEL & DIGITAL SERVICES

Traditional parcel business

Ongoing network redesign for further growth

- New parcel network (faster, more efficient, more capacity, more flexible pick-up times)

Digital strategy

Take our core business model into the digital world

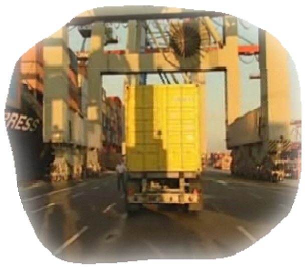
Mail Communication	**Secure communication** • E-Postbrief
Dialogue Marketing	**Efficient and targeted online advertising** • Allesnebenan.de • nugg.ad
Press Services	**Pioneer a marketplace for quality journalistic content** • DieRedaktion.de
E-Commerce	**Facilitating online shopping and parcel shipment** • MeinPaket.de • DHL eParcel

DHL: DRIVING GROWTH ON GLOBAL SCALE

Examples

Regions

- Accelerate growth in high-growth regions
  - e.g. new free trade zone facility in Chennai, India
- Further grow U.S. TDI[1] volumes and leading logistics platform



Sectors

- Expand global sector-specific infrastructure for Life Sciences & Healthcare, Technology & Energy
  - e.g. dedicated teams with industry experience
  - e.g. new oil & energy competence centre in Dubai

Customers

- Develop high-potential customers
  - e.g. set up of “Fast Growing Enterprises Unit”
- Leverage traditional customer relationships into high-growth regions

Products

- Recall Solution pilots in mid-2011
  - (e.g. with consumer electronics customers)
- Real-time shipment tracking developed for forwarding
- Leading Cold Chain solution in place

1) TDI = Time Definite International

EMPLOYEE SATISFACTION SIGNIFICANTLY IMPROVED

EVERY ONE COUNTS
Employee Opinion Survey

- 79% participation rate on group level (+3% yoy)
- Employee buy-in into strategic path, overall company culture and willingness to contribute
- Significant improvements along all KPIs, e.g.:
  - – employee satisfaction (+6% yoy)
  - – confidence in strategy (+9% yoy)
  - – active leadership (+5% yoy)
  - – collaboration (+6% yoy)

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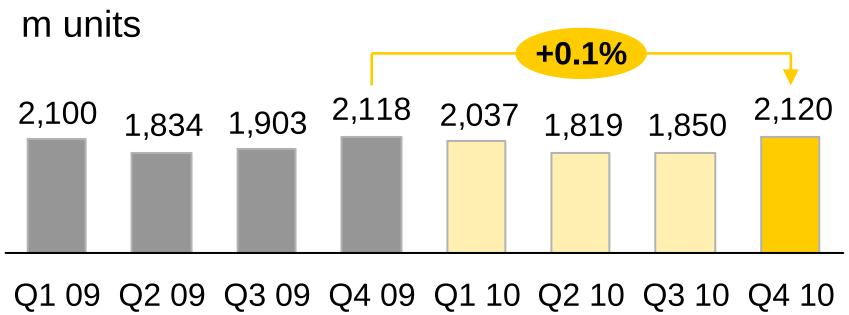
HIGHLIGHTS MAIL 2010

€ m	FY 2009	FY 2010	Chg.
Revenue	13,912	13,821	-0.7%
Underlying EBIT	1,423	1,152	-19.0%

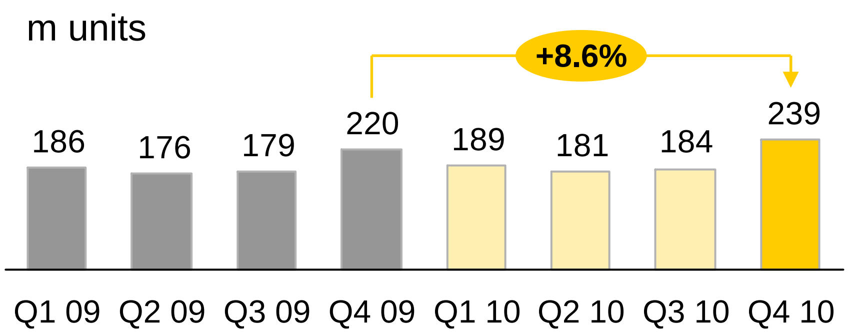
Milestones

- New VAT regulation impacting Mail as expected
- Parcel Germany with continued strong growth
- First successful steps into digital business: e.g. launch of E-Postbrief, MeinPaket.de
- Global Mail: continued optimization of business portfolio

Mail communication volumes

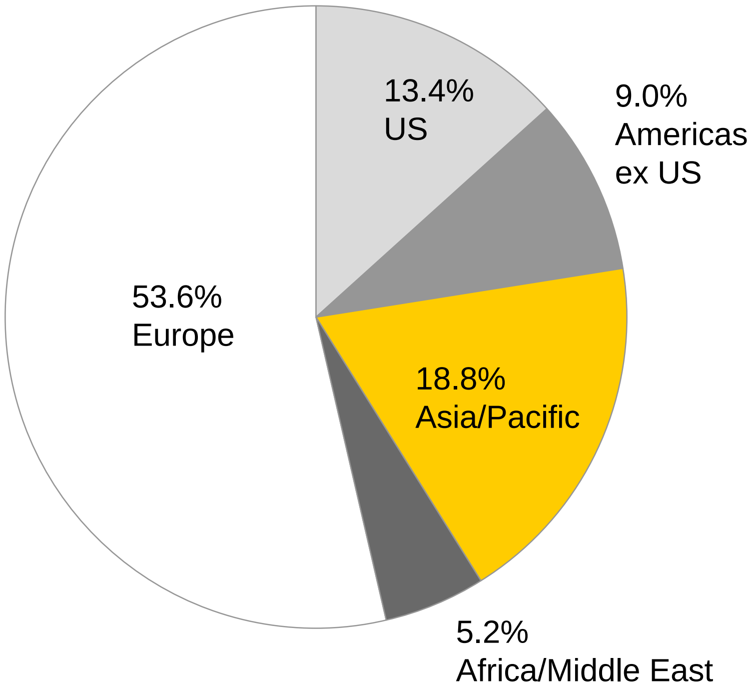


Parcel volumes

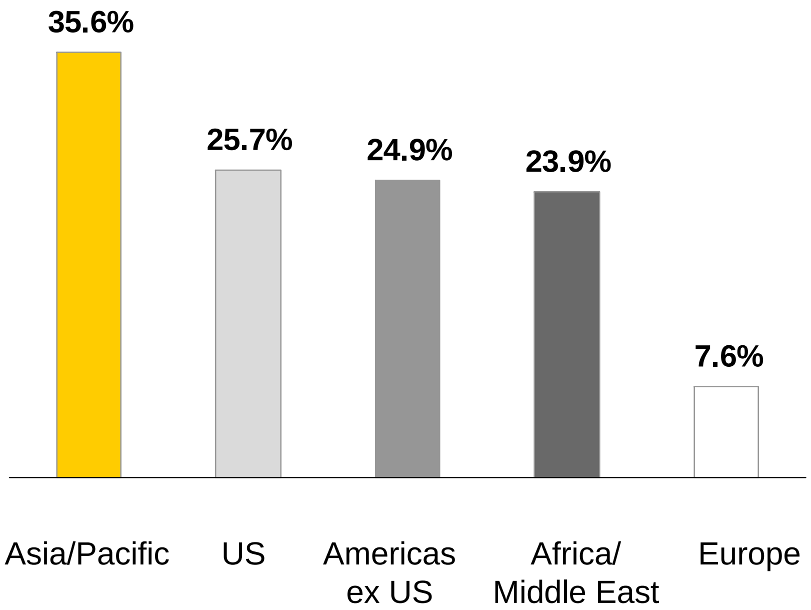


DHL with unparalleled presence in fast growing regions

DHL FY 2010 revenue by region



DHL FY 2010 revenue growth by region yoy



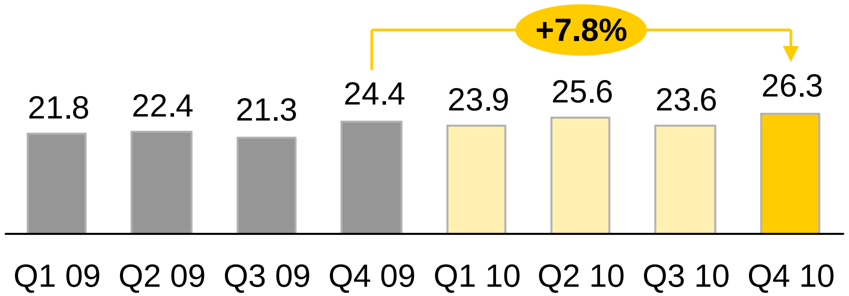
HIGHLIGHTS EXPRESS 2010

€ m	FY 2009	FY 2010	Chg.
Revenue	9,917	11,111	12.0%
Underlying EBIT	235	785	>100%

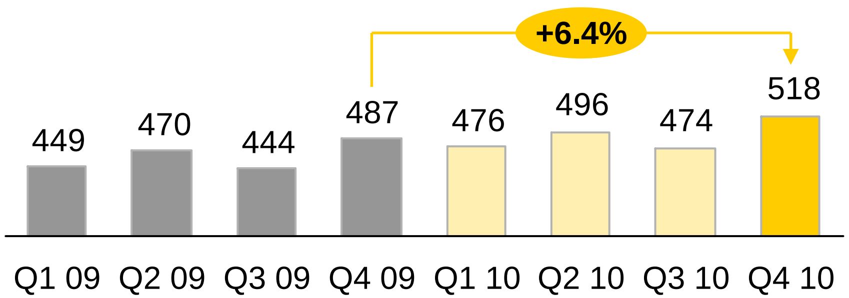
Milestones

- Intense focus on international Express
- Significant margin improvement due to
  - Operational efficiencies
  - Exit from loss-making domestic businesses in EU
  - Significant improvement in US

Time Definite International (TDI) – Revenues per day[1] in € m



Time Definite International (TDI) – Shipments per day ‘000s



1) Currency translation impacts are eliminated. Hence, 2009 and 2010 data are aggregated with the same currency rate

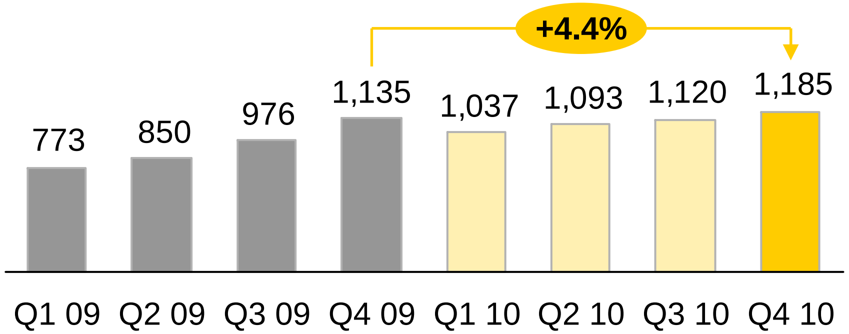
HIGHLIGHTS FORWARDING, FREIGHT 2010

€ m	FY 2009	FY 2010	Chg.
Revenue	11,243	14,341	27.6%
Underlying EBIT	275	390	41.8%

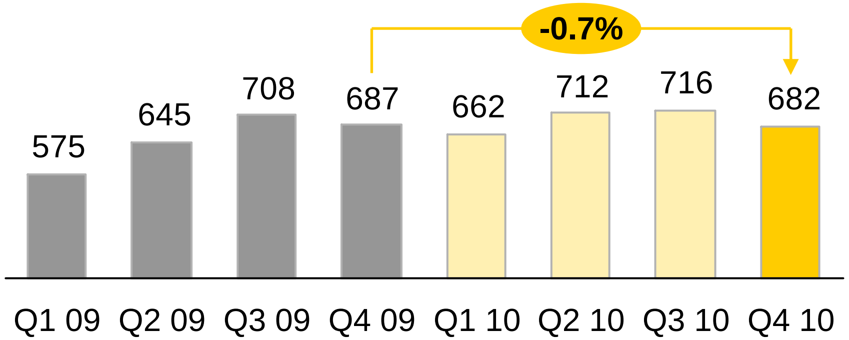
Milestones

- Strong revenue growth due to new business wins, higher freight rates as well as FX-effects
- Operational productivity at all time high
- Overall improvement in gross profit margin due to more selective growth and stabilizing freight rates
- Turnaround in DHL Freight far advanced

Air freight '000s Tons



Ocean freight '000s TEU(1)



1) Twenty Foot Equivalent Unit

HIGHLIGHTS SUPPLY CHAIN 2010

€ m	FY 2009	FY 2010	Chg.
Revenue	12,183	13,301	9.2%
Underlying EBIT	-132(1)	274	NA

Milestones

- Revenues continue to increase due to upturn in existing business activity and new business wins
- Loss of Arcandor business and exit from unprofitable contracts dampened revenue growth
- New business of around € 1.1bn in annualized revenue won in 2010 (Q4: € 400m)

Business win examples

China

- After market Parts Distribution Center (PDC) services in ZhengZhou, Henan Province.
- Services include amongst others: receiving, inspection, inventory storage & management, order pick/pack

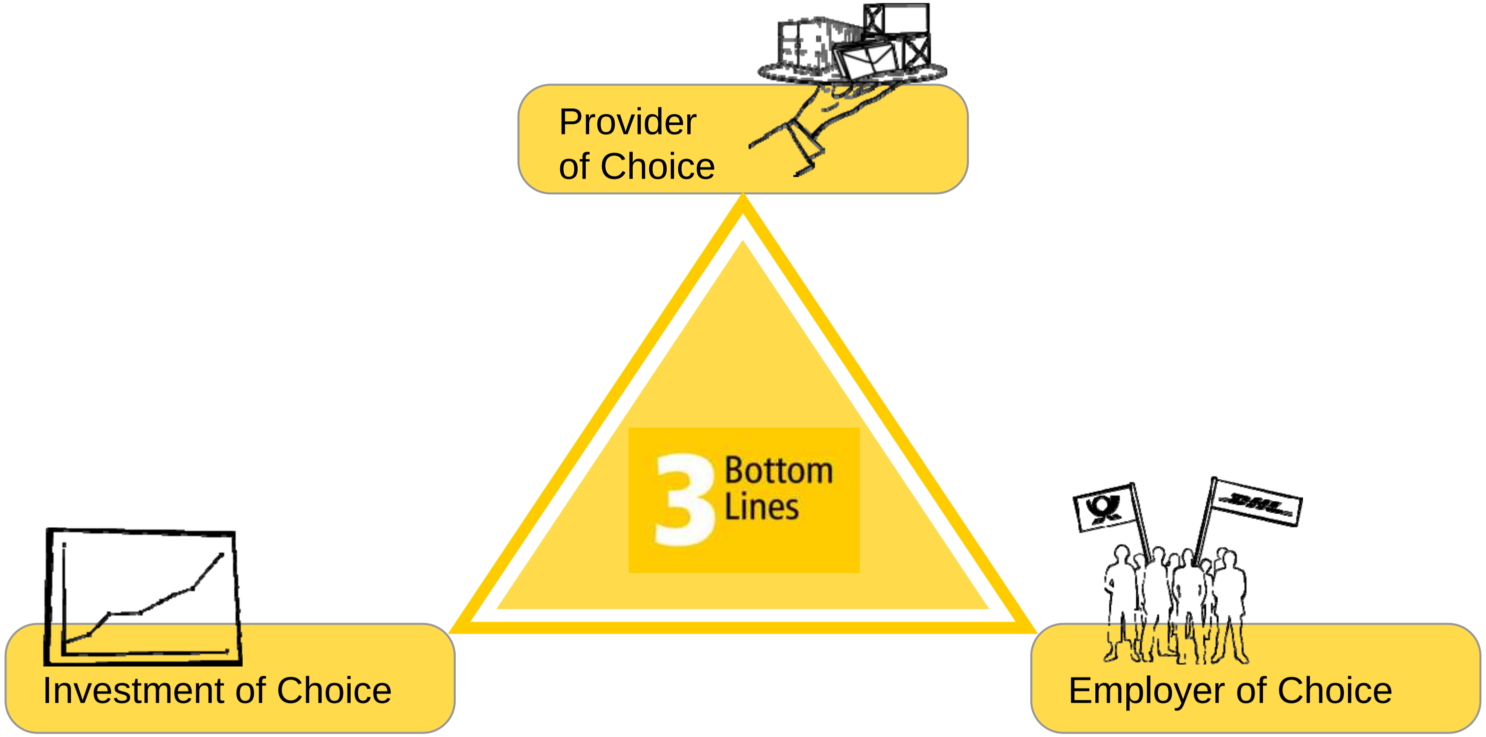
Australia

- Industry changing solution to streamline the supply chain to allow efficient direct distribution from Pfizer to community pharmacies

1) Includes charges related to Arcandor of € -213m and costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties of € -97m

STRATEGY 2015:
MAJOR PROGRESS ALONG ALL BOTTOM LINES

Deutsche Post DHL



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GROUP P&L FY 2010

Significant improvement over previous year across all metrics

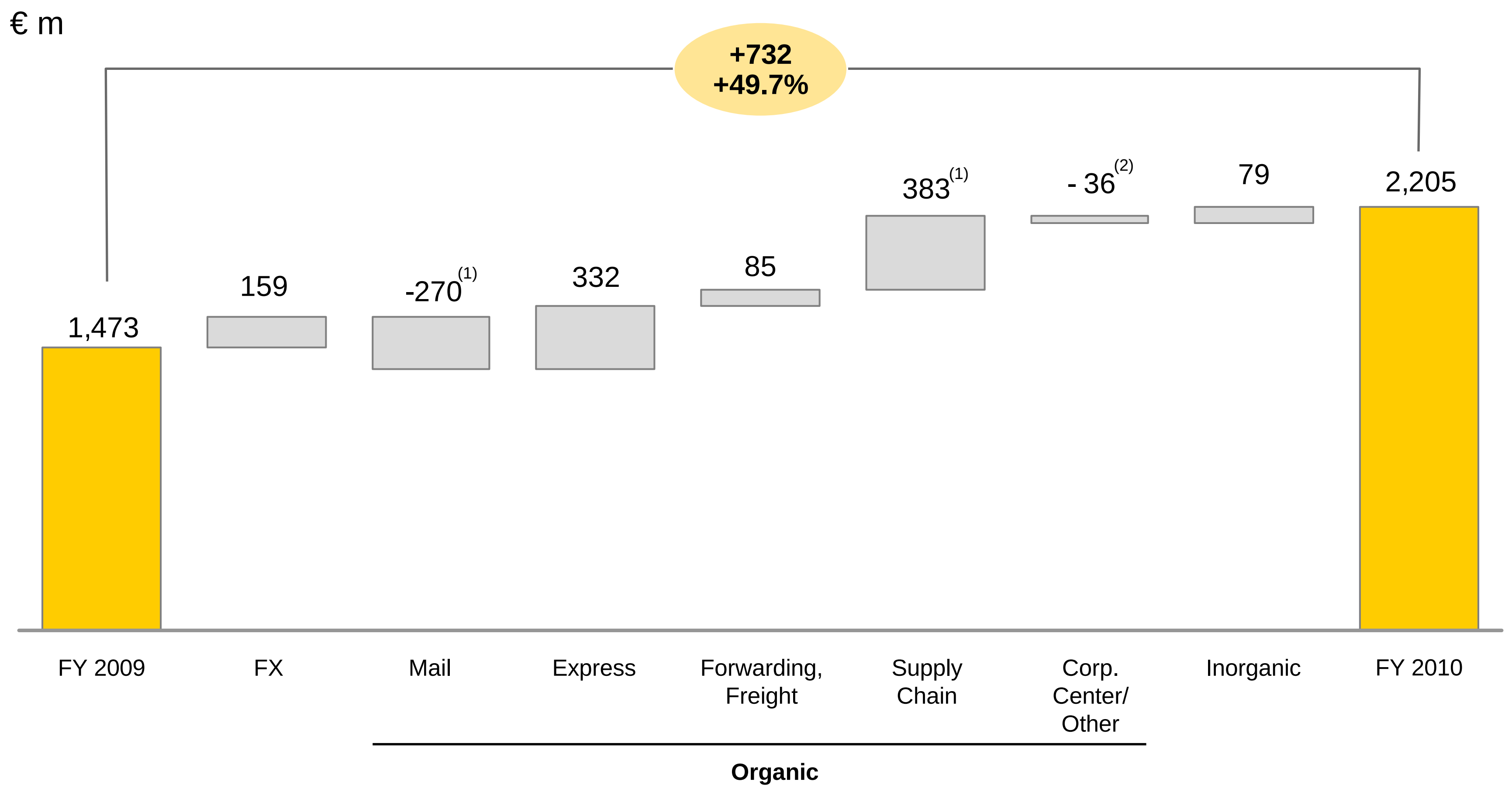
€ m	FY 2009	FY 2010	Chg.
Revenue	46,201	51,481	11.4%
Reported EBIT	231(1)	1,835	>100%
Underlying EBIT	1,473(1)	2,205	49.7%
Financial result	45	989	>100%
Taxes	-15	-194	>100%
Consolidated net profit(2)	644	2,541	>100%
EPS (in €)	0.53	2.10	>100%

- Overall strong **revenue development** (+7.8% organic) driven by DHL. FX-effects contribute 4.5%
- **EBIT** improvement driven by DHL units including significantly lower restructuring charges
- Actual **underlying EBIT** outperformed guidance of € 2.0 – 2.1bn
- **FY 2010 Financial result** was impacted by Postbank effects of € +1,569m compared to € +651m last year

1) Includes effects in 2009 of € -247m charges related to Arcandor: € -213m SUPPLY CHAIN and € -34m in MAIL; also includes costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m; 2) Attributable to Deutsche Post AG shareholders

UNDERLYING EBIT DEVELOPMENT FY 2010

EBIT growth in all DHL divisions



1) Includes effects in 2009 of € -247m charges related to Arcandor: € -213m SUPPLY CHAIN and € -34m in MAIL; also includes costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m; 2) Delta vs last year includes central currency hedging effects of € -101m

HIGHLIGHTS Q4 2010

Business performance fully on-track

- Strong DHL revenue growth continued
- Express TDI volumes continue to grow strongly
- Global Forwarding margins increased as freight rates stabilized
- Accelerated revenue growth in Supply Chain
- MAIL performance impacted by VAT and E-investments as expected

GROUP P&L Q4 2010

Continued good performance in Q4

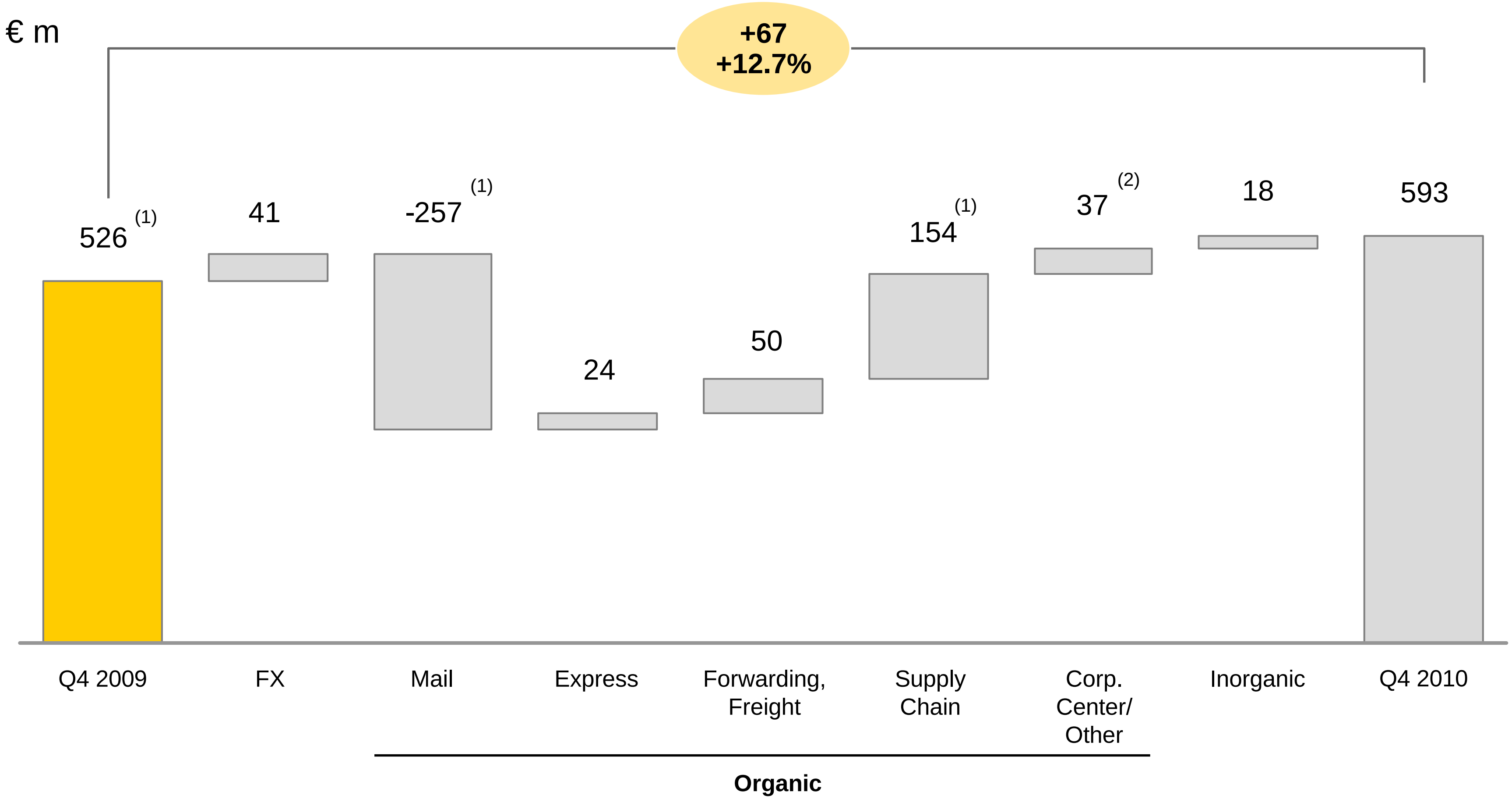
€ m	Q4 2009	Q4 2010	Chg.
Revenue	12,389	13,871	12.0%
Reported EBIT	-136(1)	525	NA
Underlying EBIT	526(1)	593	12.7%
Financial result	-255	25	NA
Taxes	118	-32	NA
Consolidated net profit(2)	-283	487	NA
EPS (in €)	-0.24	0.40	NA

- Continued strong **revenue development** (+7.9% organic) driven by DHL. FX-effects contribute 5.4%
- **EBIT** improved strongly in the DHL divisions while MAIL reflects effect of new VAT regulation and E-investments
- **Q4 2010 Financial result** was impacted by Postbank effects of € +235m compared to € -66m last year

1) Includes effects in 2009 of € -62m charges related to Arcandor: € -48m in SUPPLY CHAIN and € -14m MAIL; also includes costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m; 2) Attributable to Deutsche Post AG shareholders

UNDERLYING EBIT DEVELOPMENT Q4 2010

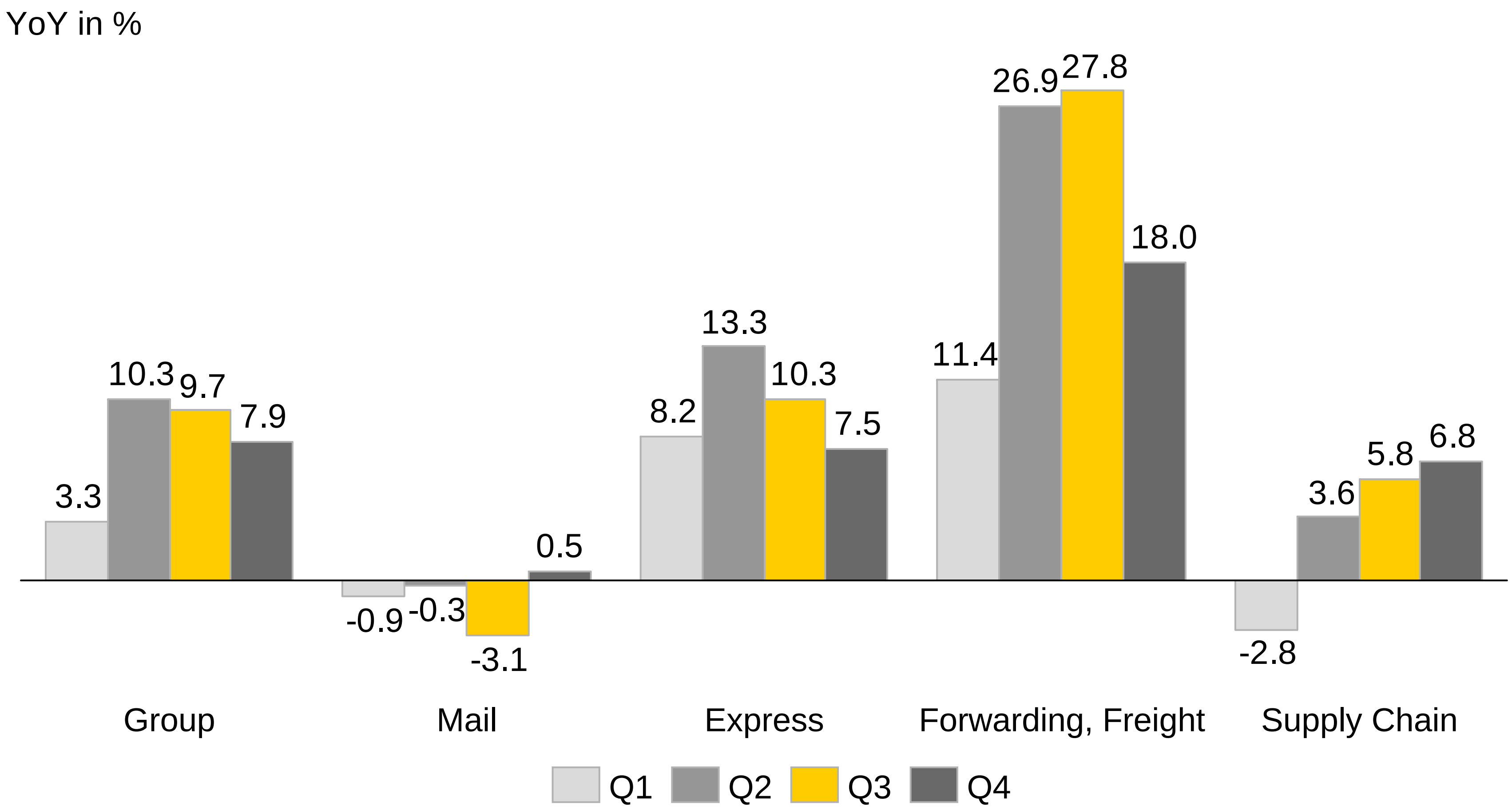
Strong Q4 EBIT growth in DHL; MAIL impacted by introduction of VAT and E-investments



1) Includes effects in 2009 of € -62m charges related to Arcandor: € -48m in SUPPLY CHAIN and € -14m MAIL; also includes costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m; 2) Delta vs last year includes central currency hedging effects of € -17m

QUARTERLY ORGANIC REVENUE(1) DEVELOPMENT

Strong organic growth in EXPRESS & GLOBAL FORWARDING, FREIGHT; MAIL in line with expectations on VAT impact



1) Reported revenue adjusted for FX-effects and inorganic effects like acquisitions/divestments

UNDERLYING OPERATING FREE CASH FLOW Q4 2010

Decrease in underlying operating free cash flow due to working capital development and higher PP&E

€ m

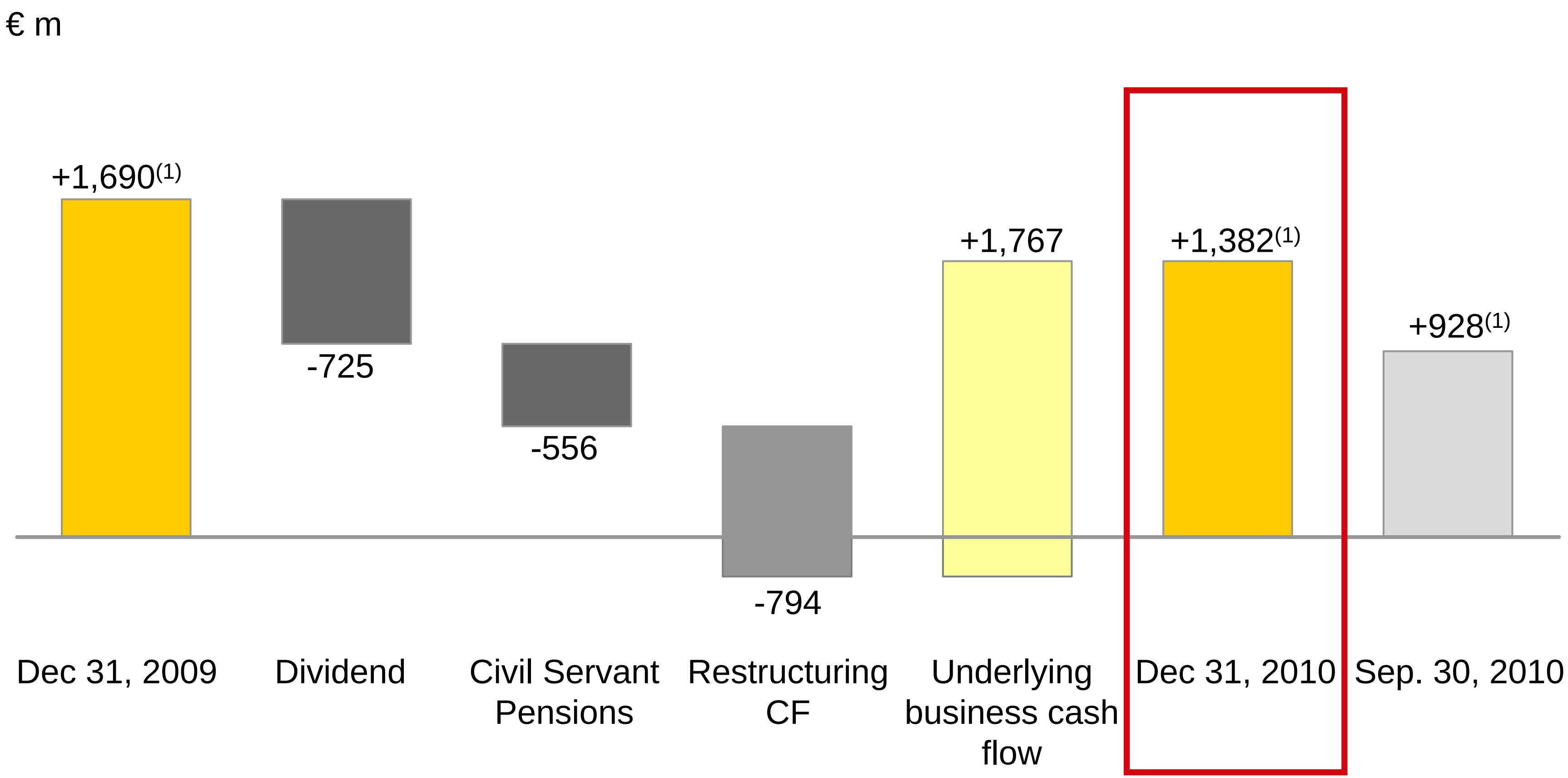
	Q4 2009	Q4 2010
Cash from operating activities **before** changes in WC (as reported)	390	602
Changes in Working Capital	584	423
Net cash from operating activities **after** changes in WC (as reported)	974	1,025
Restructuring cash out	-292	-110
Underlying operating cash flow after changes in WC	1,266	1,135
Cash spend for PP&E[1]	-370	-425
Underlying operating free cash flow	**896**	**710**

- Despite less cash from working capital, **operating cash flow** increased due to lower restructuring spend and higher EBIT
- **Underlying operating free cash flow** decreased by 21% due to lower contribution of working capital and higher PP&E spend
- **FFO/Debt** at 35.2% (FY 2009: 33.6%)

1) PP&E = property, plant & equipment

NET DEBT (-) / LIQUIDITY (+) FY 2010

Net financial liquidity increased substantially in Q4



1) Adjusted for mandatory exchangeable bond and cash collateral on put options as well as the effects of the net valuation of the financial derivatives related to the Postbank transaction

MAIL – DIVISIONAL RESULTS OVERVIEW Q4 2010

VAT impact, E-investments and year end special bonus burden EBIT

€ m	Q4 2009	Q4 2010	Chg.
Revenue	3,776	3,809	0.9%
Reported EBIT	504(1)	227	-55.0%
Underlying EBIT	515(1)	257	-50.1%
Operating Cash Flow	634	608	-4.1%
Capex	133	146	9.8%

- Despite impact of new VAT regulation, **revenues** up yoy mainly due to strong parcel growth and Global Mail
- **EBIT** performance impacted by VAT, E-investments and payment of year end special bonus for all employees
- **Operating cash flow** remains high despite lower EBIT
- **Capex** increased due to investments in state-of-the-art sorting equipment

1) Includes € -14m charges related to Arcandor/Quelle

Underlying EBIT margin improved to 8.2%

€ m	Q4 2009[1]	Q4 2010	Chg.
Revenue	2,672	2,904	8.7%
Reported EBIT	-358	218	NA
Underlying EBIT	159	239	50.3%
Operating Cash Flow	160	251	56.9%
Capex	95	134	41.1%

- **Revenues** increased due to solid TDI performance backed by economic recovery
- **Underlying EBIT** grew significantly due to strong organic revenue growth and higher operational efficiencies
- Sound improvement of **operating cash flow** due to increased profit generation and lower restructuring cash-out
- Higher **Capex** due to network investments in capacity and service improvements

1) Adjusted due to the shift of Sweden domestic business from Express to Freight

Continued revenue growth and EBIT improvement

€ m	Q4 2009[1]	Q4 2010	Chg.
Revenue	3,098	3,898	25.8%
Reported EBIT	6	131	>100%
Underlying EBIT	70	132	88.6%
Operating Cash Flow	14	141	>100%
Capex	36	34	-5.6%

- **Revenues** increased due to new business, higher freight rates and FX-effects
- **Gross profit** improving due to better ability to pass on increased rates in both Air and Ocean freight
- Ongoing cost discipline and higher productivity continue to drive **EBIT**
- Strong growth in operating **cash flow** due to higher EBIT

1) Adjusted due to the shift of Sweden domestic business from Express to Freight

EBIT improved significantly – Measures to improve profitability successful

€ m	Q4 2009	Q4 2010	Chg.
Revenue	3,129	3,568	14.0%
Reported EBIT	-172[1]	43	NA
Underlying EBIT	-102[1]	59	NA
Operating Cash Flow	204	110	-46.1%
Capex	60	81	35.0%

Contracts won – Annualized revenue Supply Chain

New gains	250	400	
Renewal rate	91%	88%	

- **Revenue** growth accelerated due to increased volume, new business wins and favourable FX-effects
- Increased profitability across all regions and the absence of Arcandor related charges lead to substantially increased **EBIT**. Year end special bonus impacted EBIT by € 21m
- **Operating cash flow** down due to working capital development
- Sound new **business wins** and stable high **renewal rate** supported by an improving economic climate

1) Includes € -48m charges related to Arcandor/Quelle; also includes costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m

IMPACT OF POSTBANK TRANSACTION ON THE P+L

Financial result

€ m	2009	2010
Net income from associates	**28**	**56**
Net other financial income / cost	**17**	**933**
t/o Postbank-related	632	1,517
t/o not Postbank-related	-615	-584
Total financial income / cost	**45**	**989**
t/o Postbank-related	651	1,569
t/o not Postbank-related	-606	-580

- The financial result is mainly impacted by
  - at equity result of Postbank
  - Postbank transaction valuation effects
  - interest component for mandatory exchangeable bond and cash collateral
- 2010 financial result excluding Postbank related effects was -580m

Reclassification of Postbank shares as 'Assets held for sale'

	Share price < ~ € 21.00	Share price > ~ € 21.00
	• Mark to market valuation of investment • Offset by mark to market valuation of derivatives	• Value of investment capped at ~ € 21.00 • Mark to market valuation of derivatives
Impact 2011		
Interest component	€ -180m p.a.	€ -180m p.a.
Valuation	no significant impact	- € 90m per € 1 increase in Postbank share price and vice versa

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EBIT FULL-YEAR 2011 GUIDANCE

- **Double-digit DHL EBIT growth in 2011[1]**
- **Mail result stabilizing**

	2011
Group	€ 2.2 – 2.4bn
Mail	€ 1.0 – 1.1bn
DHL divisions	€ 1.6 – 1.7bn
Corp. Center/ Other	~ € -0.4bn

- Net profit excl. Postbank transaction effects to improve in line with operational performance
- Capex not more than € 1.6bn
- Tax rate of 25%
- Restructuring will have a considerably lower influence on operating cash flow than last year (in 2011 c. € 200m cash outflow)

Mid-term guidance confirmed

1) Compared to underlying EBIT in 2010

WRAP UP

- Group strategy continues to deliver
- Major restructuring phase is behind us
- Fully on track to achieve mid-term targets
- Increased dividend for 2010

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