

Deutsche Post DHL

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Q1 2010 - May 11th 2010

Bonn – Lawrence Rosen (CFO)



Agenda

State of the company

Financials Q1 2010

Outlook

State of the company

Volume growth continues to accelerate

Clear signs of economic recovery
Regional differences with Asia strongest and Europe weakest

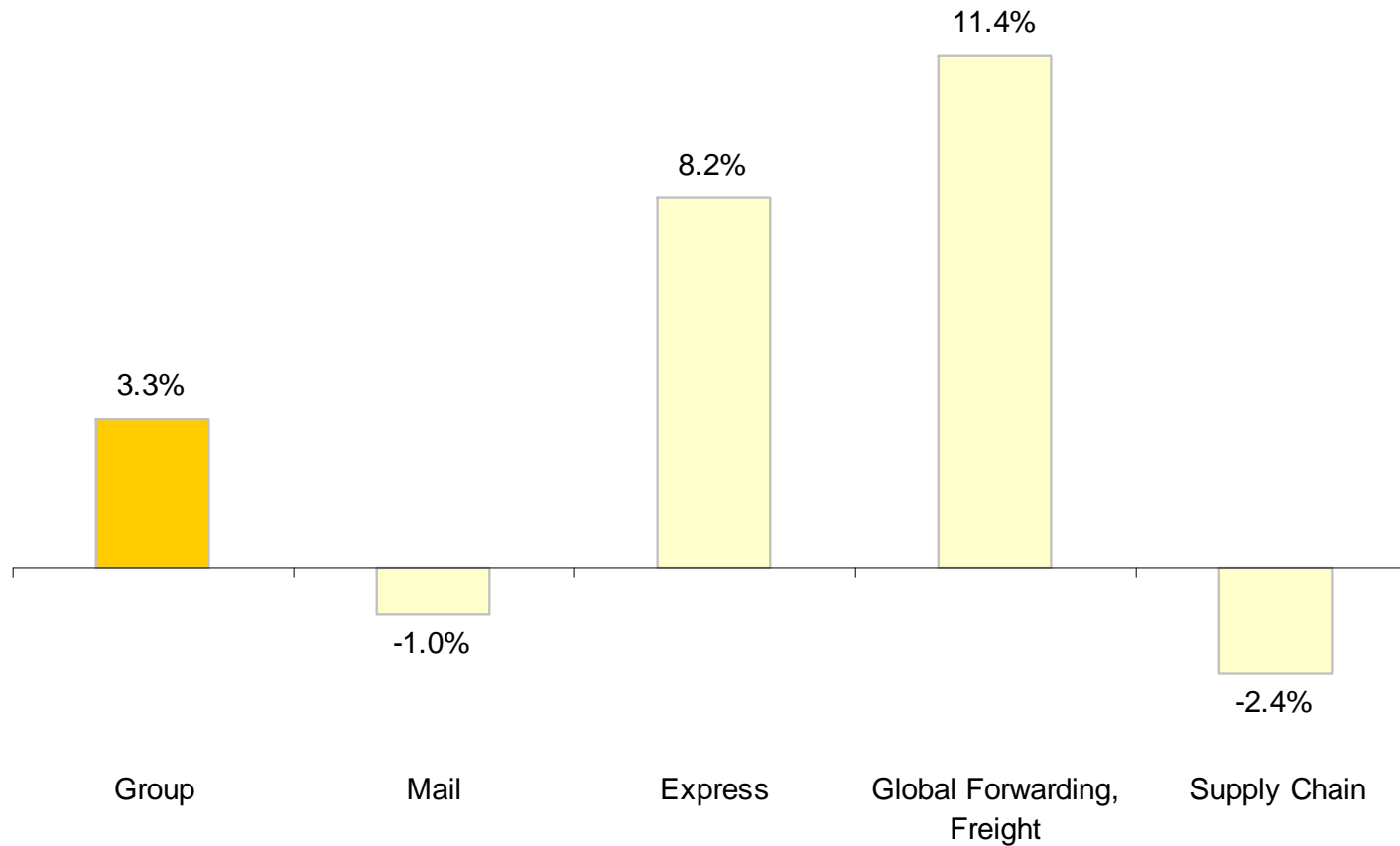
Strongest revenue growth in Express and Global Forwarding, Freight

**Group guidance confirmed,
with higher likelihood to achieve upper end of EBIT range**

Particularly strong organic revenue development in Express and Global Forwarding, Freight and lower than expected decline in Mail

Organic revenue⁽¹⁾ development (by division)

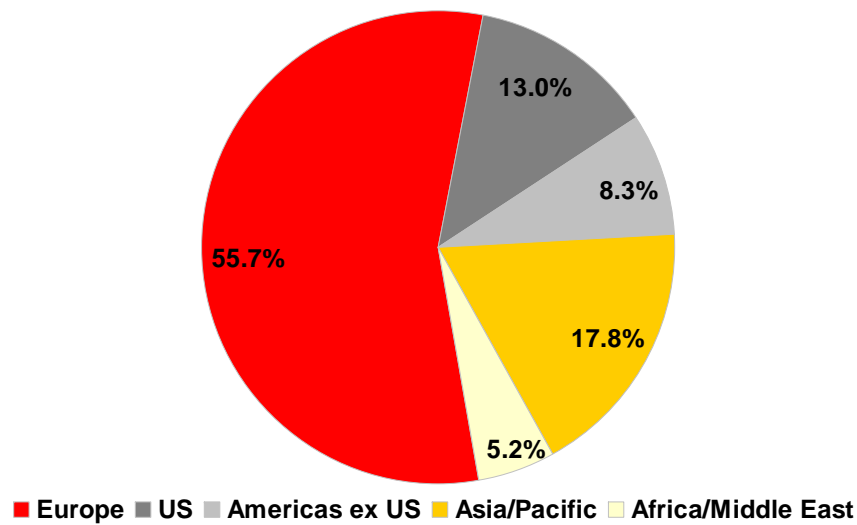
Q1 2010 yoy



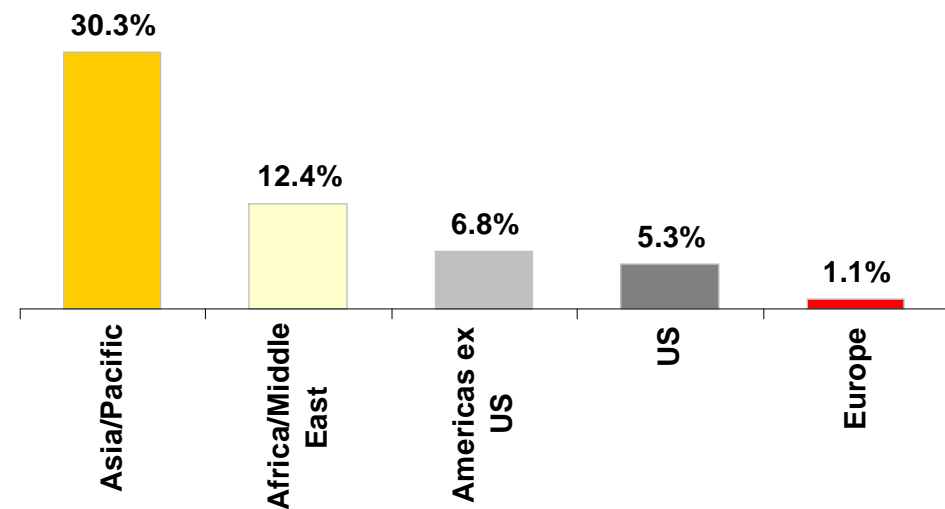
⁽¹⁾ Reported revenue adjusted for FX effects and inorganic effects like acquisitions/divestments

DHL with strong footprint in fast growing regions

DHL Q1 2010 revenue by region

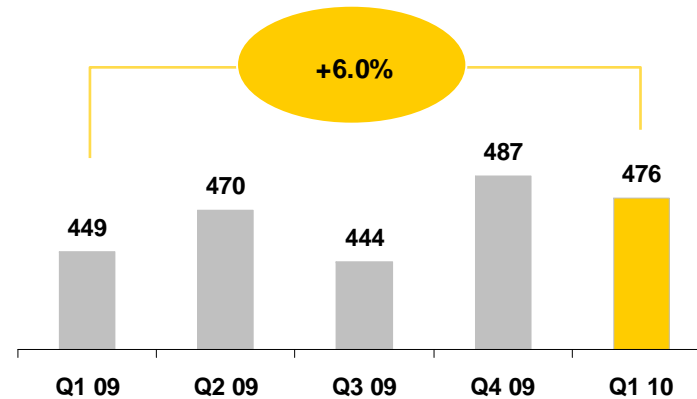


DHL Q1 2010 revenue growth by region yoy

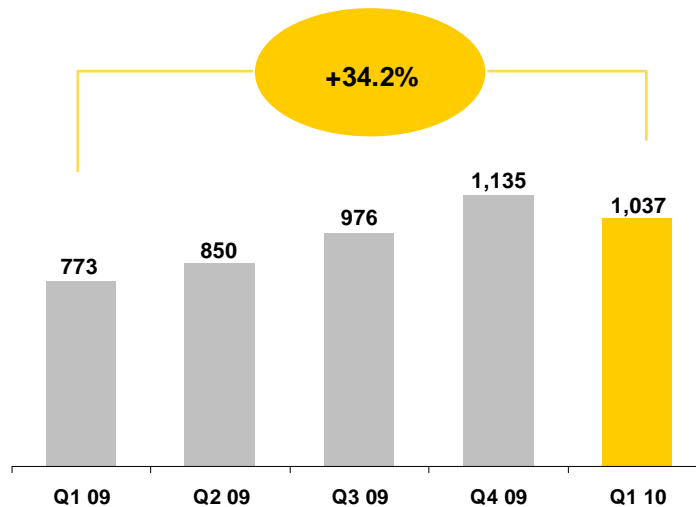


Strong global volume growth in Express and Global Forwarding driven by Asia

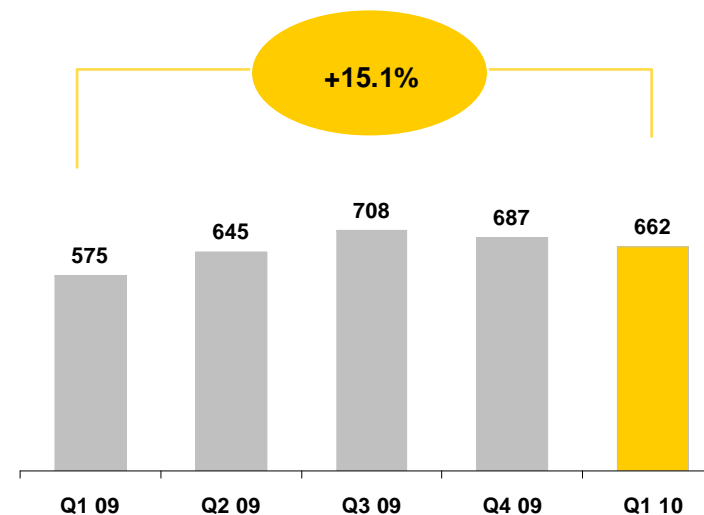
EXPRESS Time Definite International (global)
(Volume per Day in '000s)



Air Freight (global)
'000s Tons



Ocean Freight (global)
'000s TEU



VAT introduction starting July 1st, 2010

Most new VAT changes absorbed by company

- Priority to retain revenue and volume to ensure high capacity utilisation
- Around 40% of Mail Communication revenues are generated with business customers who cannot reclaim VAT
- Discount for business customers increased by 12%-points to achieve price neutrality
- Low triple-digit million annualized financial impact of new regulation

For 2010, financial impact is included in MAIL EBIT guidance of €1.0–1.2bn

Agenda

State of the company

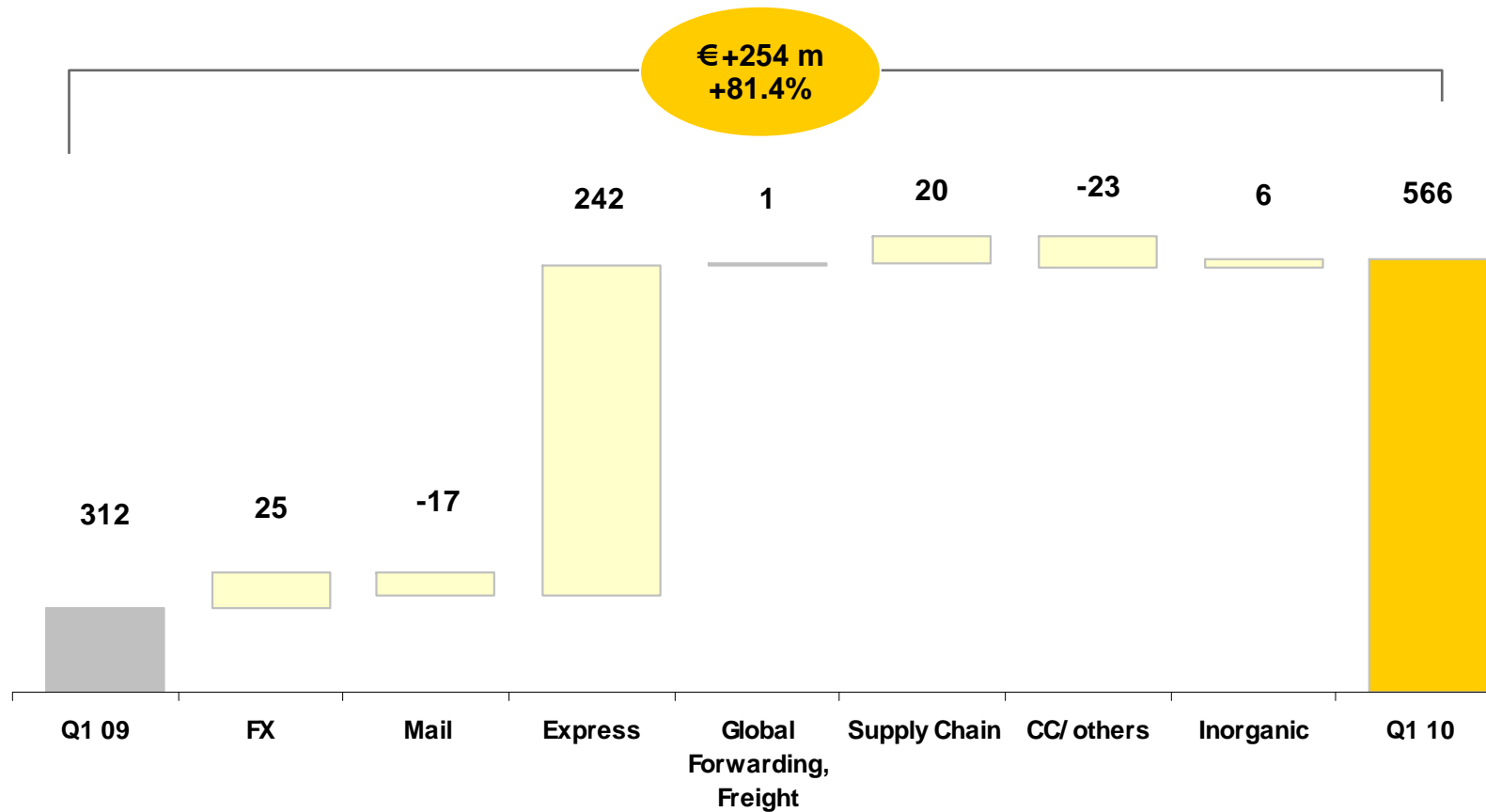
Financials Q1 2010

Outlook

Very strong EBIT growth in Q1 driven by Express

Underlying EBIT development (Q1 2010 vs. Q1 2009)

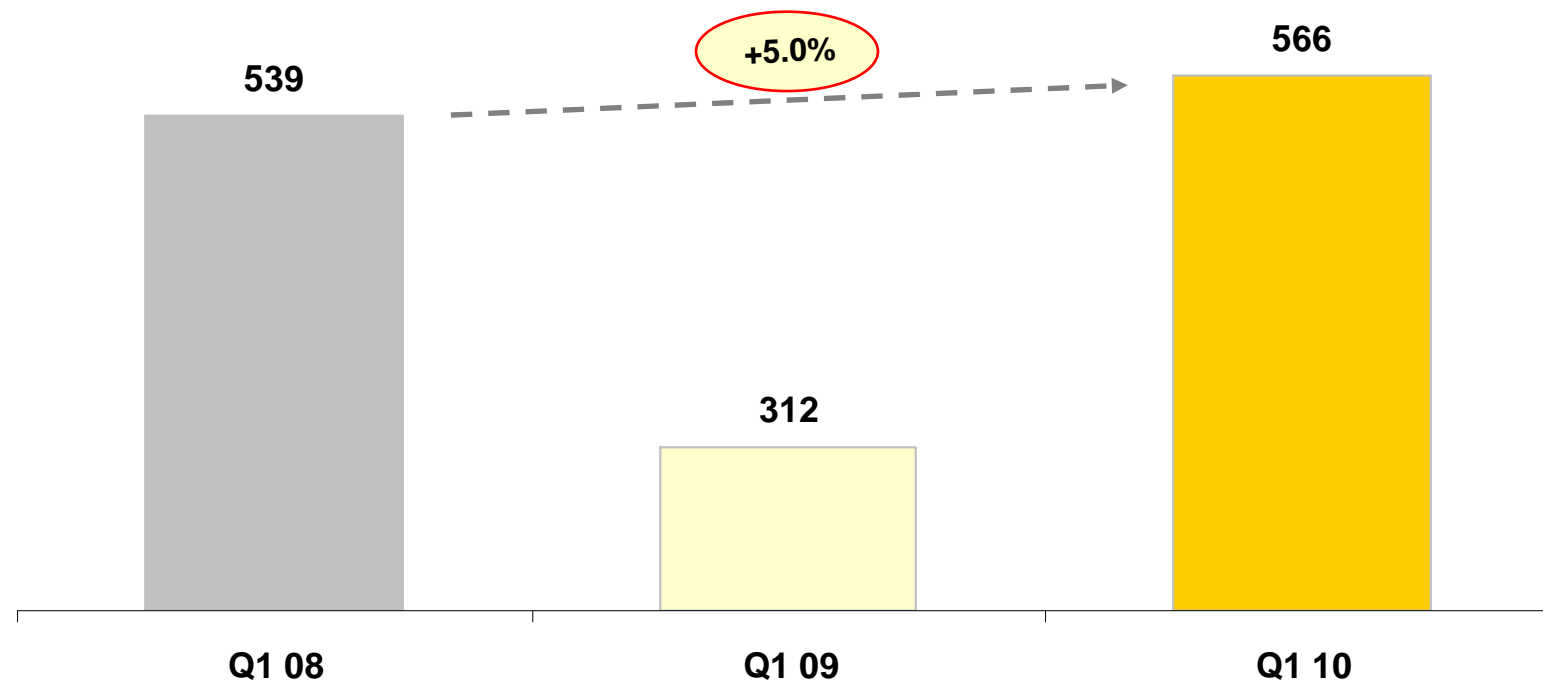
€ m



EBIT performance similar to 2008

Underlying EBIT development

€m



Strong operational improvement in profitability

Q1 Group P&L continuing operations

€ m

	Q1 2009	Q1 2010	Chg.
Revenue	11,505	12,016	4.4%
Reported EBIT	27	512	>100%
Underlying EBIT	312	566	81.4%
Financial result	618	1,328	>100%
Taxes	-129	-70	45.7%
Consolidated net profit ⁽¹⁾	944	1,747	85.1%
EPS (in €)	0.78	1.44	84.6%

- Total **group revenues** increased by 4.4% due to growth in Express and in Global Forwarding, Freight.
- Substantial improvement in **reported EBIT** driven by significantly better operating performance in Express and Supply Chain and lower non-recurring charges
- Strong **underlying EBIT** increase due to substantial improvement in Express and Supply Chain
- **Net financial result** positively impacted by first time mark-to-market valuation of forward component of Mandatory Exchangeable Bond
- **Tax rate** stable at 20% excluding Postbank transaction accounting effect

⁽¹⁾ Attributable to Deutsche Post AG shareholders

Significant impact on the financial result from accounting effects related to Postbank transaction

€ m

	Q1 2009	Q1 2010
Net income from associates	20	34
t/o Postbank-related	20	34
Net other finance cost / net other financial income	598	1,294
t/o Postbank-related	737	1,414
t/o not Postbank-related	-139	-120
Total net finance cost / net financial income	618	1,328
t/o Postbank-related	757	1,448
t/o not Postbank-related ⁽¹⁾	-139	-120

- Initial gain of ~€ +1.4bn booked in January, 2010 from the mark-to-market valuation of the forward component of the mandatory exchangeable bond
- Sensitivity to future Postbank share price movements:
€ +1 Postbank share price = ~ € -90m DP DHL financial result and vice versa
- Net finance cost/ net financial income of € -120m excluding Postbank effects

(1) Net of interest cost on provisions and return on planned assets: Q1 2009: -85; Q1 2010: -81

Underlying operating free cash flow slightly below last year
due to higher cash out from working capital

Underlying operating free cash flow

€ m

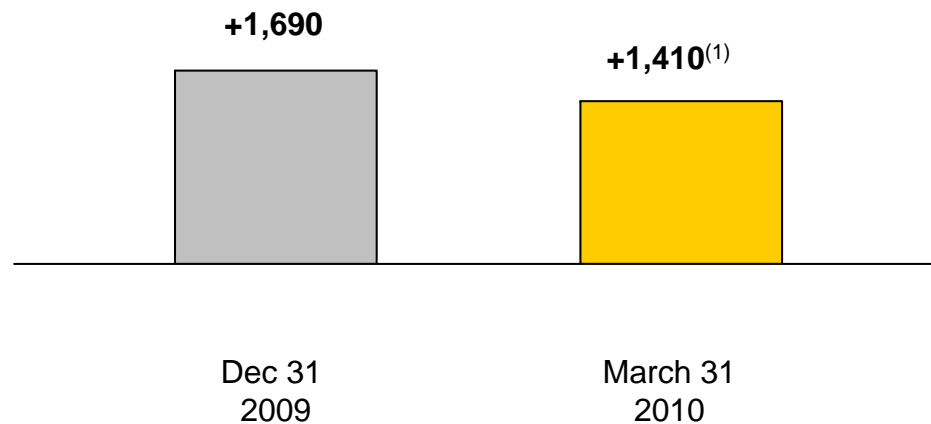
	Q1 2009	Q1 2010
Cash from operating activities before changes in WC (as reported)	-16	441
Changes in Working Capital	-259	-536
Net cash from operating activities after changes in WC (as reported)	-275	-95
Restructuring cash out	-433	-205
Underlying operating cash flow after changes in WC	158	110
Cash spend for PP&E	-231	-203
Underlying operating free cash flow	-73	-93

- Operating cash flow burdened by Civil Servants Pension payment of € 556m
- Q1 2009 change in working capital reflecting sharply declining volumes
- Group net working capital still negative
- DSO's remain stable
- Restructuring cash out considerably below last year's level

Net liquidity position remains at high level

Net debt (-) / liquidity (+)

€ m



- Net financial liquidity reduced as expected
- Cash outflow due to annual payment for civil servants pension fund mitigated by higher cash flow from operations and lower restructuring expenditures

⁽¹⁾ Adjusted for mandatory exchangeable bond (€ -2,701m) and cash collateral on put options (€ -1,211m) as well as the effects of the net valuation of the financial derivatives related to the Postbank transaction (€ 2,102m)

Revenues higher than expected

MAIL – Divisional results overview

€ m

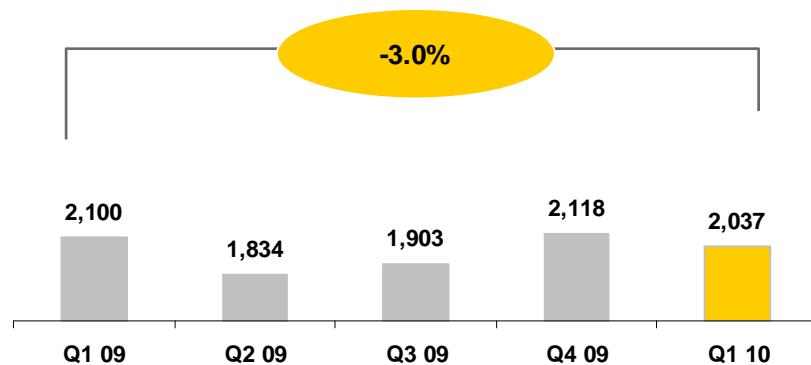
	Q1 2009	Q1 2010	Chg.
Revenue	3,486	3,446	-1.1%
Reported EBIT	407	388	-4.7%
Underlying EBIT	407	390	-4.2%
Operating Cash Flow	-96	-13	86.5%
Capex	47	82	74.5%

- **Revenue** decline in Mail Communication and Dialogue Marketing mitigated by strong Parcel revenues
- **EBIT** only slightly down due to continued strict cost management and better Parcel result.
- **Operating cash flow** improved due to working capital improvements but shows normal seasonal pattern
- **Capex** increased due to further investments in state-of-the-art sorting centres

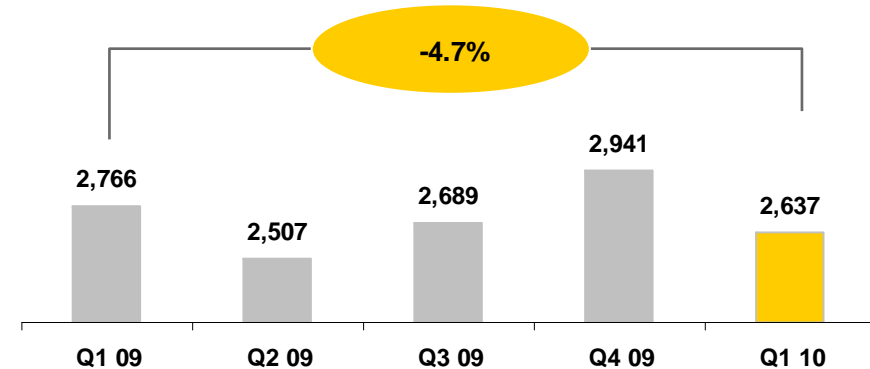
Mail Communication in line with expectations – Decline in Direct Marketing slowing - Parcel growth turned positive

Mail divisional overview – Quarterly volume development m units

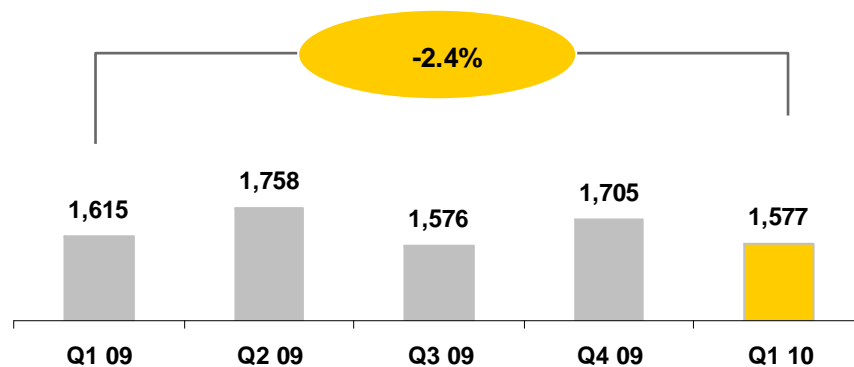
Mail Communication



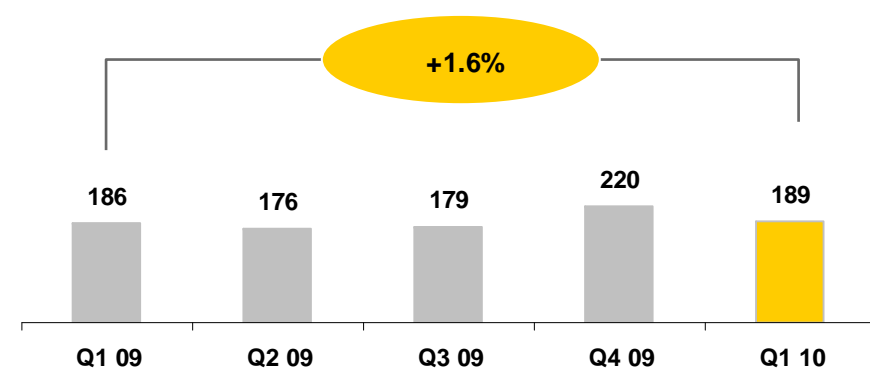
Dialogue Marketing



Global Mail



Parcel



Higher volumes driving revenues - EBIT margin increased to 4.2%

EXPRESS – Divisional results overview

€ m

	Q1 2009*	Q1 2010	Chg.
Revenue	2,403	2,620	9.0%
Reported EBIT	-392	110	n.m.
Underlying EBIT	-120	154	n.m.
Operating Cash Flow	-387	81	n.m.
Capex	72	41	-43.1%

- **Revenue** increased due to higher volumes.
- **EBIT** turned positive as a result of the significantly reduced cost base, growing volumes and substantially lower non-recurring charges
- **Operating cash flow** positive due to EBIT contribution and reduced restructuring expenditures
- **Capex** remains at a low level

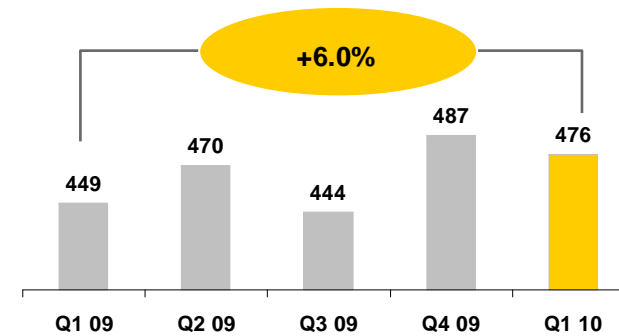
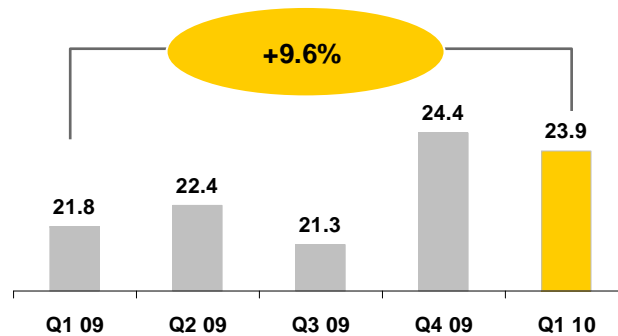
* Prior year numbers restated due to the shift of Sweden domestic business from Express to Freight

Strong performance in core TDI revenue underpinned by volume development - DDD reflecting sale of UK business

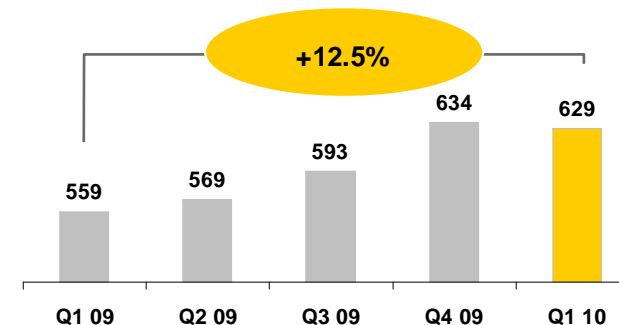
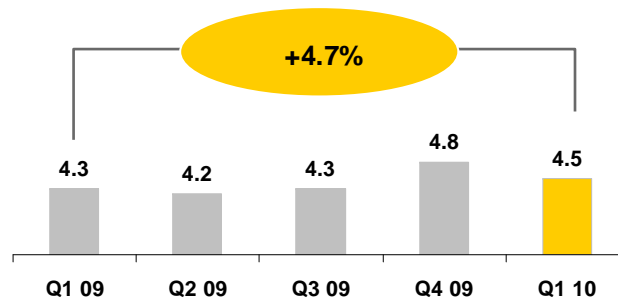
Revenues per day in €m

Shipments per day '000s

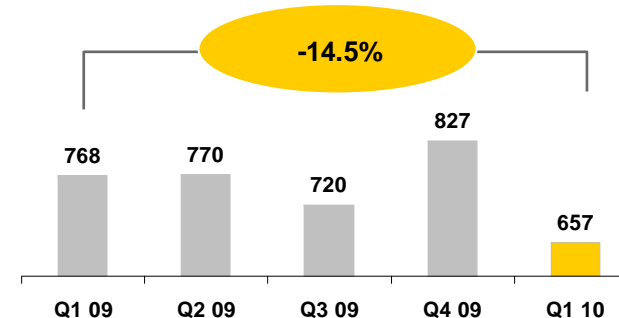
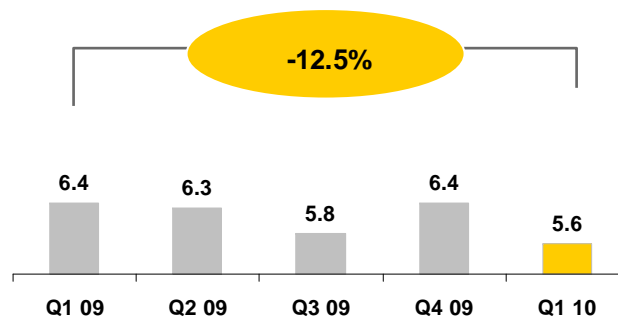
Time Definite International



Time Definite Domestic (1)



Day Definite Domestic(2)



(1) TDD includes China Domestic acquisition as from July 2009

(2) DDD business in UK included until February 2010

Margin recovery held back due to time lag in customer price adjustments

GLOBAL FORWARDING, FREIGHT – Divisional results overview

€ m

	Q1 2009*	Q1 2010	Chg.
Revenue	2,747	3,117	13.5%
Reported EBIT	45	53	17.8%
Underlying EBIT	50	54	8.0%
Operating Cash Flow	254	-10	n.m
Capex	20	18	-10.0%

- **Revenue** increased due to higher volumes in both Air- and Ocean freight as well as higher freight rates
- Continued cost discipline and higher productivity drive **EBIT** higher, however, partly offset by time lag in customer price adjustments
- **Operating cash flow** down due to build-up of net working capital compared to sharp decrease in Q1 2009
- **Capex** remains stable

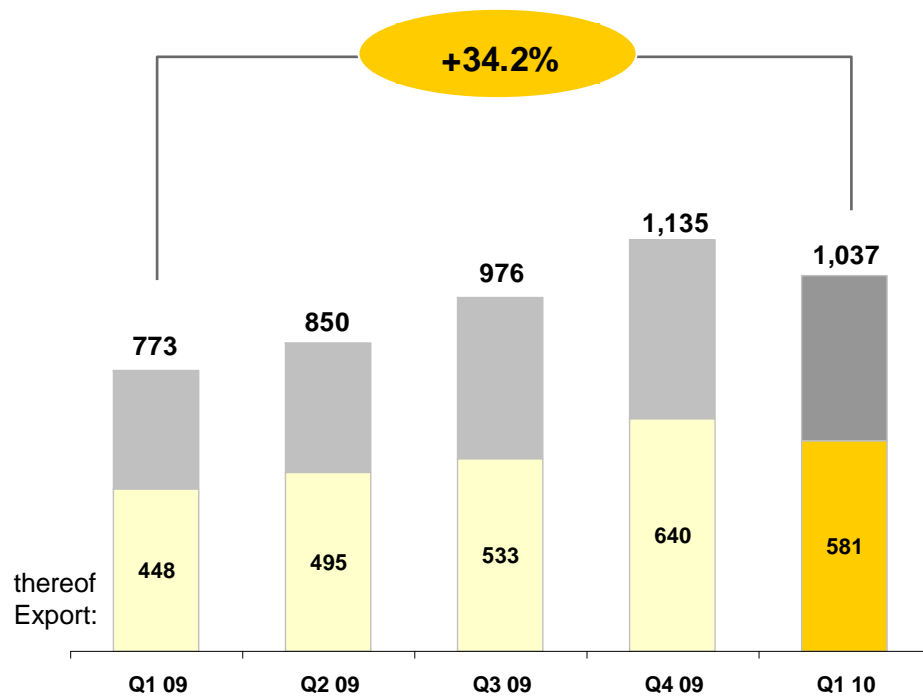
* Prior year numbers restated due to the shift of Sweden domestic business from Express to Freight

Airfreight growth accelerated - volume growth in Ocean freight turned positive

Quarterly volume development

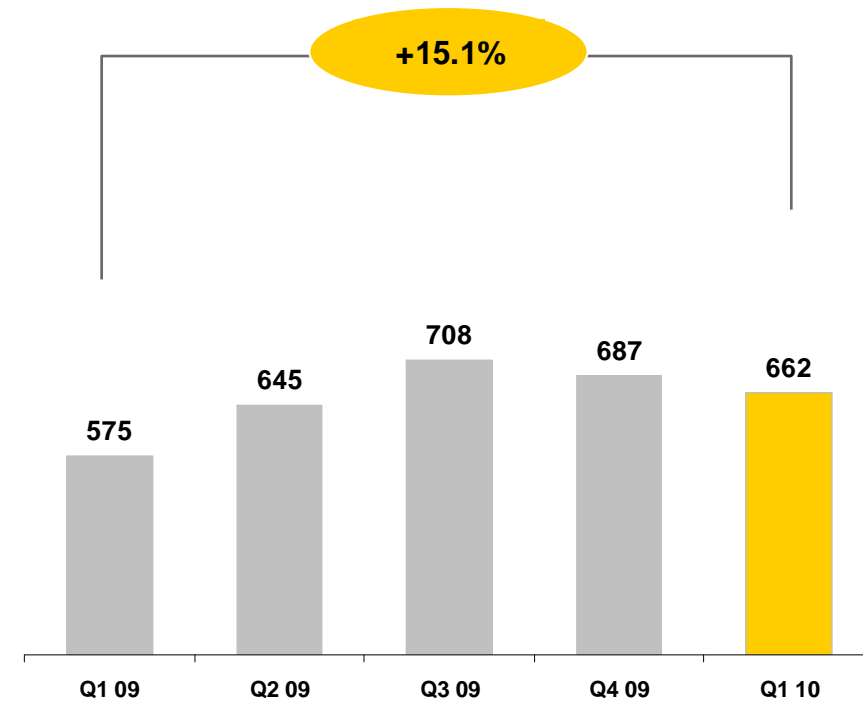
Air Freight

'000s Tons



Ocean Freight

'000s TEU⁽¹⁾



(1) Twenty Foot Equivalent Unit

EBIT improved significantly - Measures to improve profitability successful

SUPPLY CHAIN – Divisional results overview

€ m

	Q1 2009	Q1 2010	Chg.
Revenue	3,145	3,130	-0.5%
Reported EBIT	34	57	67.6%
Underlying EBIT	42	64	52.4%
Operating Cash Flow	34	50	47.1%
Capex	60	37	-38.3%

Contracts won – Annualized revenue Supply Chain

	Q1/09	Q1/10
New gains	300	240
Renewal rate	94%	90%

- Higher volume throughput and new business offset by lost Arcandor business which kept **revenues** flat
- Improved profitability across all regions lead to substantially increased **EBIT**
- **Cash flow** improved significantly due to higher EBIT and reduced working capital
- **Capex** below last year
- Sound **new business** generation and high renewal rate in an improving economic climate
- Significant upturn in volume at the end of the quarter with March revenue higher than prior year

Agenda

State of the company

Financials Q1 2010

Outlook

Outlook 2010: Underlying EBIT now expected to be at the upper end of guidance driven by overall solid performance

Underlying EBIT 2010

Group	€ 1.6 – <u>1.9bn</u>
Mail	€ 1.0 – 1.2bn
DHL divisions	€ 1.0 – 1.1bn
Corporate Center / others	around € -0.4bn

- Reported EBIT expected to grow over proportionally in 2010 due to significantly lower restructuring expenses
- Non-recurring restructuring expenses reduced to ~ € 350m⁽¹⁾ in 2010
- Capex expected to increase slightly to around € 1.4bn
- Operating cash flow expected to be impacted by around € 1.0bn related to our restructuring programs
- Net profit above 2009 level

⁽¹⁾ e.g. Express UK and Express France