

Bonn, 11 May 2010

Dear subscriber,

We have today published our Interim Report Q1 2010. We have summarised the most important information for you in this newsletter. You can read an online version of the entire report on our website, where you can also save a PDF version onto your computer and order a printed copy.

Today at 2 pm (CEST - local time Bonn) Lawrence Rosen, CFO, will present the Group results Q1 2010 during an investors' conference call. The whole event will be broadcast live on our website (audio only).

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- Live broadcast investors' conference call: ▶ **more**
- Interview with Lawrence Rosen, CFO: ▶ **more**

Kind regards,
Investor Relations Team
Deutsche Post DHL

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At a glance

What we achieved in the first quarter

We significantly increased our earnings on the back of the continued recovery of the global economy. Last year's restructuring and cost-cutting measures are now starting to pay off: margins improved year-on-year in nearly all of our divisions. We maintained our financial stability at a high level and also achieved a solid operating cash flow.

What we intend to achieve in 2010

Provided that there is a moderate recovery in trade volumes, we continue to expect consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. We now assume that we will be able to close the year as a whole at the upper end of this range. Deutsche Post and DHL should contribute nearly equally to this result. Our liquidity will remain strong despite restructuring expenses. Consolidated net profit is expected to continue to improve in line with our operating business.

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Selected key figures (continuing operations)

	Q1 2009 adjusted	Q1 2010	+/-%
Profit from operating activities (EBIT) before non-recurring items	€m 312	566	81.4
Non-recurring items	€m -285	-54	-
Profit from operating activities (EBIT)	€m 27	512	>100
Revenue	€m 11,505	12,016	4.4
Return on sales ¹⁾	% 0.2	4.3	
Consolidated net profit ²⁾	€m 944	1,747	85.1
Operating cash flow	€m -275	-95	65.5
Net liquidity ³⁾	€m -1,690	-1,410	-16.6
Earnings per share ⁴⁾	€ 0.78	1.44	84.6
Number of employees ⁵⁾	436,651	422,989	-3.1

1) EBIT ÷ revenue.

2) Excluding minorities, including Postbank.

3) Prior-year amount as at 31 December, see page 13 of the Interim Report by the Board of Management for calculation.

4) Including Postbank.

5) Average FTE.

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Bonn, 10 May 2010

Dear Shareholders,

Your company, Deutsche Post DHL, has made an encouraging start in 2010: efforts to reorganise its business and substantially reduce costs during the year of the economic crisis are now starting to pay off. For example, margins increased in nearly all of our divisions in the first quarter of 2010 compared with 2009. We maintained our financial stability at a high level and also achieved a solid operating cash flow.

At the same time we see clear indications of an economic recovery. Growth in Asia especially continued to accelerate, which also led to a sizeable increase in transport volumes.

Against this backdrop, consolidated revenue increased by 4.4 % to €12 billion in the first quarter of 2010. We saw encouraging organic growth, especially in the EXPRESS and GLOBAL FORWARDING, FREIGHT divisions. Combined with rising sales volumes, this enabled us to record an impressive result in the first three months of this year: EBIT before non-recurring items improved by 81.4 % to €566 million.

Provided that trade volumes continue their moderate recovery, we are well on our way to meeting our targets for financial year 2010. We continue to expect consolidated EBIT before non-recurring items to be between €1.6 billion and €1.9 billion, although we now assume that we will be able to close the year as a whole at the upper end of this range. Deutsche Post and DHL should contribute nearly equally to this result.

On 29 April, a stable dividend payment of €0.60 per share was made to you for financial year 2009. We want you – our investors – to continue to see us as reliable and predictable in the future. We feel our new financial strategy has laid a very solid foundation for achieving this goal.

Yours faithfully,

Frank Appel

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Deutsche Post shares

Lateral trend in Deutsche Post shares

The DAX began the year 2010 above the 6,000 mark only to fall initially to around 5,400 points. In early February, investors appeared to regain optimism and the index closed the first quarter with an increase of 3.3 % to 6,153.55 points. The EURO STOXX 50 lost 1.1 % of its value in the same time period. Most early cyclicals amongst transport sector stocks performed well in the reporting period. Deutsche Post shares first followed the market's early downward trend and then were unable to make a full recovery, underperforming the DAX and our competitors. The price of our stock was mostly in a lateral trend since the 2009 financial year results were announced on 9 March 2010, closing the first quarter at €12.85, down 4.7 % on the closing price of 30 December 2009. Average trading volumes decreased year-on-year by 19.7 % to 5.3 million shares per day.

Key share data, Q1

		2009	2010
Number of shares ¹⁾	millions	1,209.0	1,209.0
Closing Price ¹⁾	€	13.49	12.85
Market capitalisation ¹⁾	€m	16,309	15,536
High ²⁾	€	11.91	14.46
Low ²⁾	€	6.65	11.63
Average trading volume per day ²⁾	shares	6,595,323	5,298,800

1) As at 30 December 2009 and 31 March 2010.

2) In the first quarter

Peer group comparison: closing price

	30 Dec. 2009	31 March 2010	+/-%	31 March 2009	31 March 2010	+/-%
Deutsche Post DHL	€ 13.49	12.85	-4.7	8.11	12.85	58.4
TNT	€ 21.36	21.23	-0.6	12.88	21.23	64.8
FedEx	US\$ 85.17	93.40	9.7	44.49	93.40	109.9
UPS	US\$ 58.18	64.41	10.7	49.22	64.41	30.9
Kuehne + Nagel	CHF 100.50	106.70	6.2	66.45	106.70	60.6

Further information can be found on our website:

Current share price ▶ [more](#)

Key figures on our shares ▶ [more](#)

Shareholder structure ▶ [more](#)

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Revenue and earnings development

Overall assessment by the Board of Management

After cutting indirect costs by more than €1.1 billion in the previous year, Deutsche Post DHL significantly increased its earnings in the first quarter of 2010 on the back of the continued recovery of the global economy. Last year's restructuring measures are now starting to pay off: margins improved year-on-year in nearly all of our divisions. Combined with rising sales volumes, this enabled us to record an impressive result in the first three months of 2010. We maintained our financial stability at a high level and also achieved a solid operating cash flow.

Increase in consolidated revenue from continuing operations

At €12,016 million, consolidated revenue from continuing operations rose by €511 million or 4.4 % year-on-year in the first quarter of 2010 (previous year: €11,505 million). Positive currency effects of €143 million contributed to this increase. The share of revenue generated abroad rose from 63.8 % to 65.9 %. Organic growth was particularly stronger in the EXPRESS and GLOBAL FORWARDING, FREIGHT divisions.

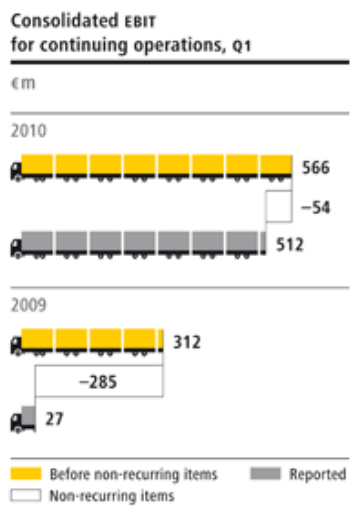


Derivates from Postbank sale increase profit

At €512 million, continuing operations recorded a €485 million increase in profit from operating activities (EBIT) in the first quarter of 2010. EBIT also improved after adjustment for non-recurring items – amounting to €54 million in the reporting period and €285 million in the prior-year period – by 81.4 % to €566 million.

Net financial income more than doubled, from €618 million to €1,328 million. In 2010, this figure includes the initial measurement of the forward from the second tranche of the Postbank sale.

Profit before income taxes rose from €645 million to €1,840 million, whilst income taxes fell from €129 million to €70 million. The measurement of the derivatives from the Postbank sale has no effect on tax. Overall, profit from continuing operations improved by €1,254 million to €1,770 million in the first quarter of 2010 (previous year: €516 million).



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Financial position

New financial strategy for the Group

The Supervisory Board adopted a new financial strategy for the Group in March 2010. In addition to the interests of our shareholders, the new strategy also takes lender requirements into account. The goal is for the Group to maintain its financial flexibility and low cost of capital by ensuring a high degree of continuity and predictability for investors. A key component of this strategy is the determination of a target capital structure to achieve our target rating of BBB +. This target rating will be controlled via a dynamic performance metric called "funds from operations to debt" (FFO to debt), calculated on a rolling 12-month basis. The strategy also includes a sustained dividend policy and clear priorities for the use of available liquidity. It will initially be used to make attractive investments as well as to partially fund our pension liabilities. Once this has been achieved, we would initially aim for a rating improvement to A- before using available liquidity for additional dividend payments or share repurchases.

"Funds from operations" (FFO) represents operating cash flow before changes in working capital plus interest and dividends received less interest paid, adjusted for operating leases, pensions and non-recurring income or expenses. In addition to financial liabilities and cash and cash equivalents, the figure for debt also includes operating lease liabilities and uncovered pension liabilities. The definition of "FFO to debt" and the method used to calculate its individual components correspond to those used by the rating agency Standard & Poor's.

FFO to debt

€m	1 Jan. to 31 Dec. 2009	1 April 2009 to 31 March 2010
Operating cash flow before changes in working capital	763	1,220
+ Interest and dividends received	103	89
- Interest paid	291	253
+ Adjustment for operating leases	1,082	982
+ Adjustment for pensions	153	153
+ Non-recurring income/expenses	1,415	1,179
FFO	3,225	3,370
Reported financial liabilities ¹⁾	7,439	7,417
- Financial liabilities related to the sale of Deutsche Postbank AG ¹⁾	3,990	4,032
- Financial liabilities recognised at fair value through profit or loss ¹⁾	141	104
+ Adjustment for operating leases ¹⁾	4,933	5,216
+ Adjustment for pensions ¹⁾	5,221	5,221
- Available cash and cash equivalents ¹⁾	3,864	3,522
Debt¹⁾	9,598	10,196
FFO to debt (%)	33.6	33.1

1) As at 31 December 2009 and 31 March 2010, respectively.

Although the funds from operations clearly increased, the performance metric declined slightly due to the annual prepayment of the annual contribution to Bundes-Pensions-Service für Post und Telekommunikation.

The financial and economic crisis continues to only have a minimal effect on our financing requirements and our refinancing options because our credit quality is still rated as adequate and our liquidity is sufficient, in part due to the Postbank sale.

As a result, only an average of around 7.4 % (previous year: 7.1 %) of our unsecured committed credit lines have been used. Their total volume currently stands at €2.8 billion, of which €200 million had been drawn down as at 31 March 2010.

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Report on post-balance sheet date events

Annual General Meeting approves the actions of the Board of Management and the Supervisory Board by a wide majority

At the Annual General Meeting of Deutsche Post AG on 28 April 2010, around 1,700 shareholders approved the resolutions proposed by the Board of Management and the Supervisory Board by large majorities. Amongst other things, the shareholders resolved on payment of a dividend of €0.60 per share. The total dividend thus amounts to €725 million. Based on the year-end closing price of our shares, the net dividend yield is 4.4 %. The dividend was distributed on 29 April 2010 and is tax-free for shareholders resident in Germany.

The actions of the Board of Management and the Supervisory Board in financial year 2009 were approved by large majorities. The Board of Management was also authorised to buy back shares – including the use of derivatives – in an amount not to exceed 10 % of the existing share capital. In addition, the shareholders endorsed the remuneration system for Board of Management members, to which another sustainability component has been added. Roland Oetker was re-elected to the Supervisory Board; his appointment now extends until the Annual General Meeting in 2015. The Annual General Meeting also resolved on amended Supervisory Board remuneration: the fixed component will increase and the variable component will fully depend on the company's long-term success. It additionally resolved on further amendments to the Articles of Association, above all to take account of recent legislation.

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Report on expected developments

Business development expectations

In the first quarter of 2010, the moderate recovery trend seen in the second half of 2009 continued. For 2010 as a whole, we have figured in a modest recovery in overall trade volumes. However, uncertainty remains with regard to the extent and durability of such a recovery.

Against this backdrop, we continue to expect full-year consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. We now assume that we will be able to close the year as a whole at the upper end of this range. The MAIL division is likely to contribute between €1.0 billion and €1.2 billion and the DHL divisions between €1.0 billion and €1.1 billion to this figure. The Corporate Center/Other segment should come in just below the prior year with a loss of around €0.4 billion.

Planned restructuring measures taken in the previous year on the order of €1 billion will reduce operating cash flow in 2010. Consolidated net profit is expected to continue to improve in 2010 in line with our operating business.

Starting in 2010, mark-to-market measurement is now required for all financial instruments associated with the Postbank transaction.

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Financial calendar (excerpt)

3 August 2010	Interim Report on the first half of 2010, investors conference
9 November 2010	Interim Report on the first nine months of 2010, investors conference call

Entire calendar and details of live webcasts [▶ more](#)

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