

Capital Markets Day 2010
Growth Through Excellence

Bruce A. Edwards, CEO DHL SUPPLY CHAIN
Frankfurt, 23 November 2010

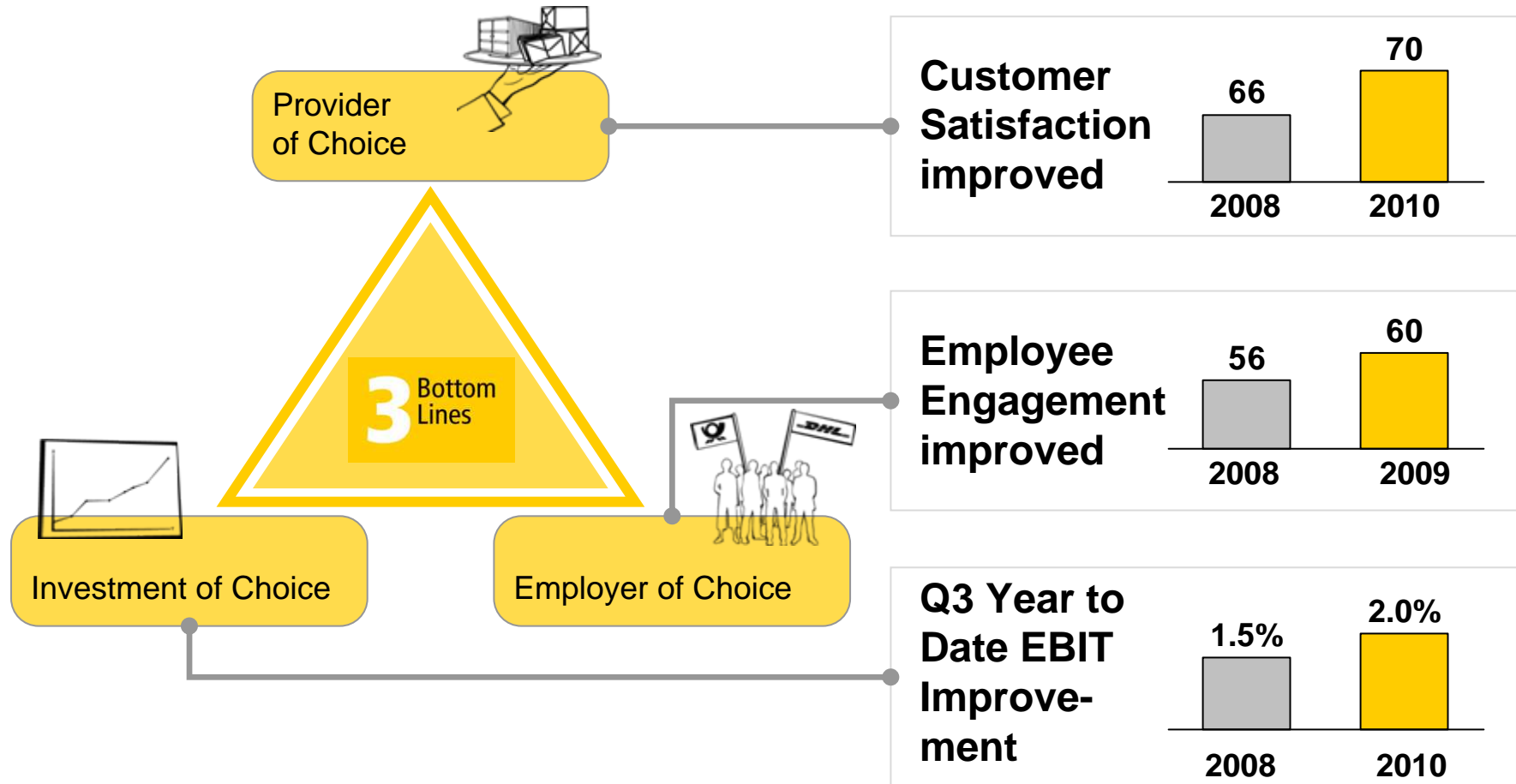
AGENDA

Recap 2009 Capital Markets Day

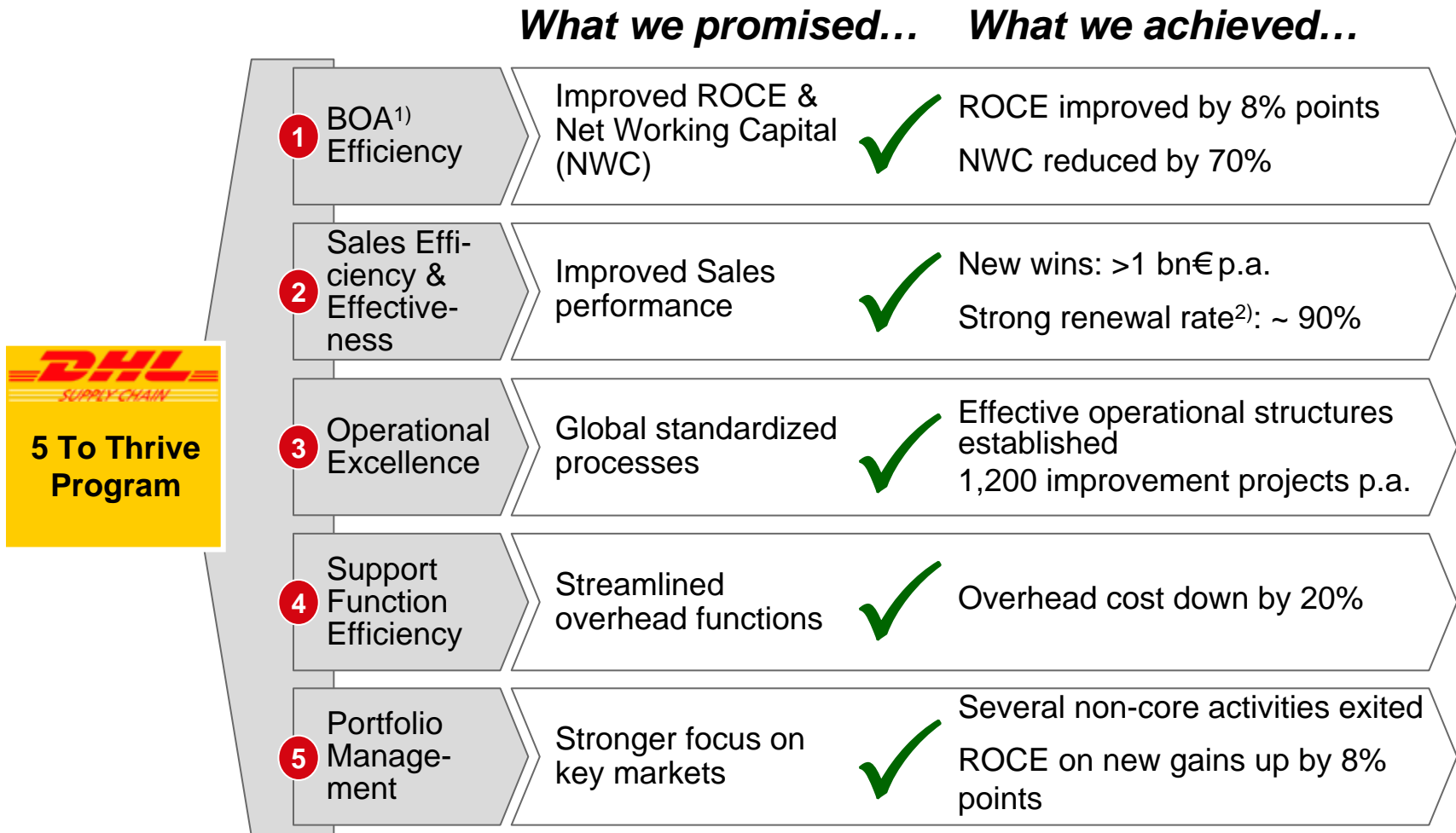
Where do we go from here

Wrap-Up

SUPPLY CHAIN'S PERFORMANCE IMPROVED SIGNIFICANTLY ALONG THE THREE BOTTOM LINES



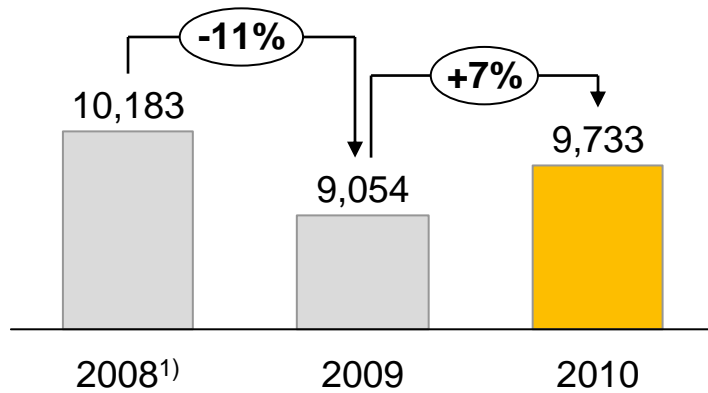
TODAY'S RESULTS ARE THE SUCCESS OF THE IMPROVEMENT PROGRAM "5 TO THRIVE"



1) Business Operating Assets 2) based on contracts up for renewal

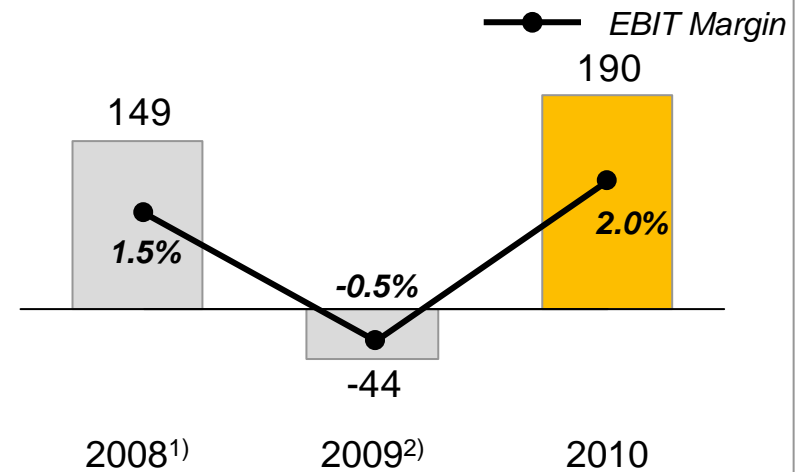
OUR REVENUE AND EBIT PERFORMANCE HAS IMPROVED

Revenue Q3 YTD, m€



The contract logistics and business process outsourcing markets are emerging from the crisis

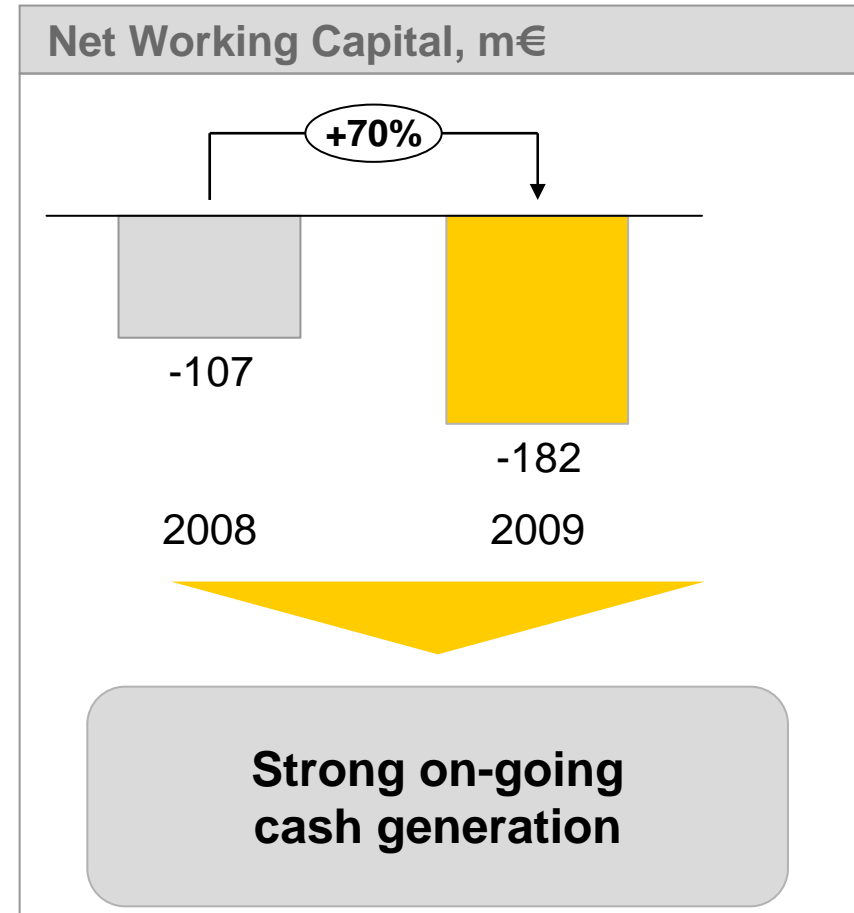
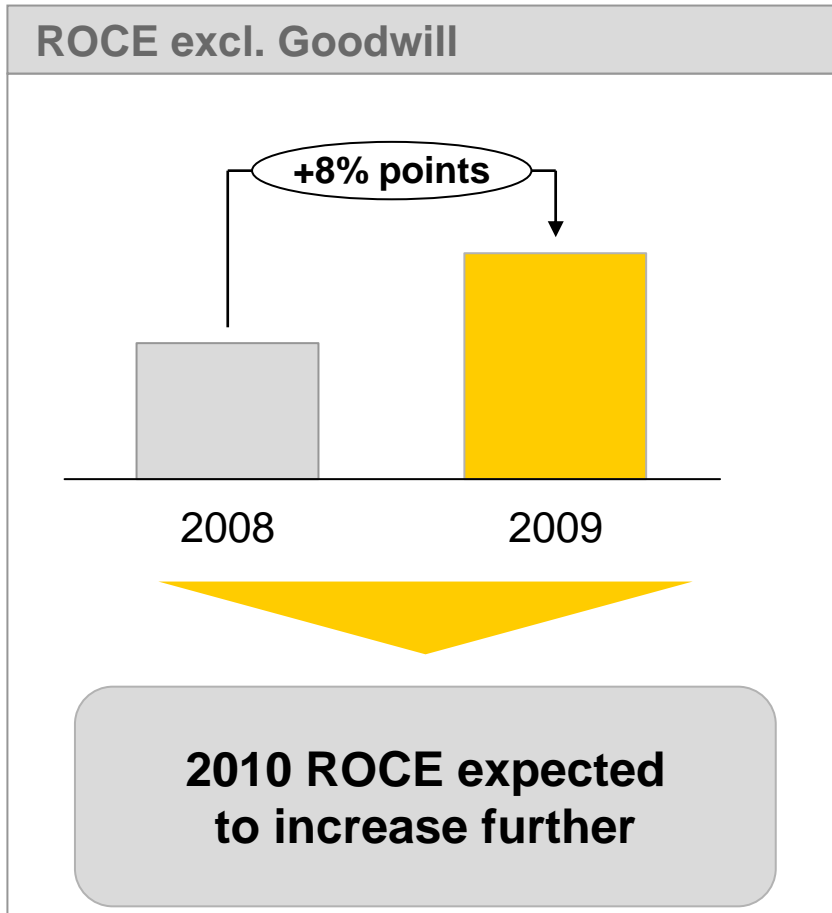
EBIT Q3 YTD, m€



Q3 2010 Margin improved to 2.4%

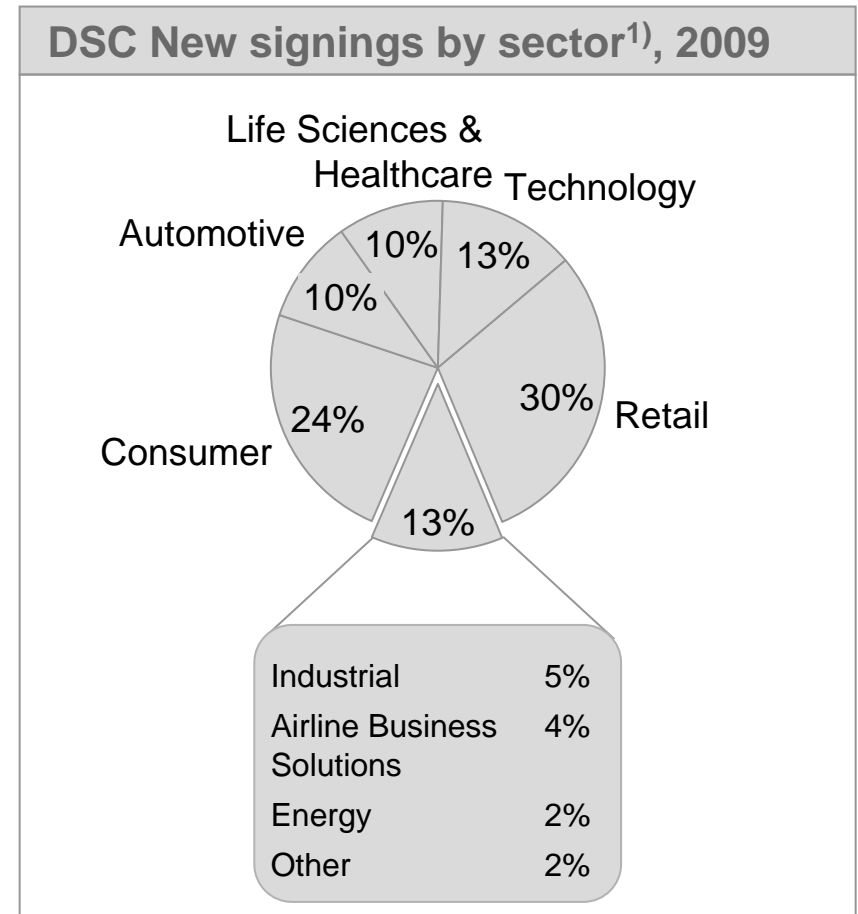
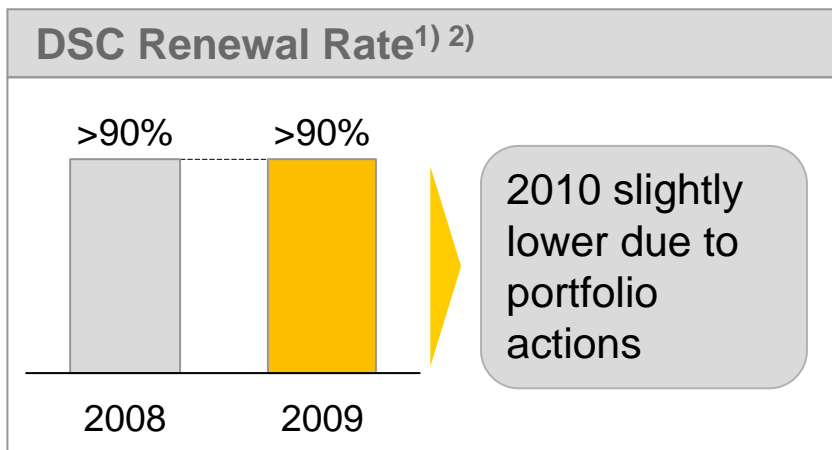
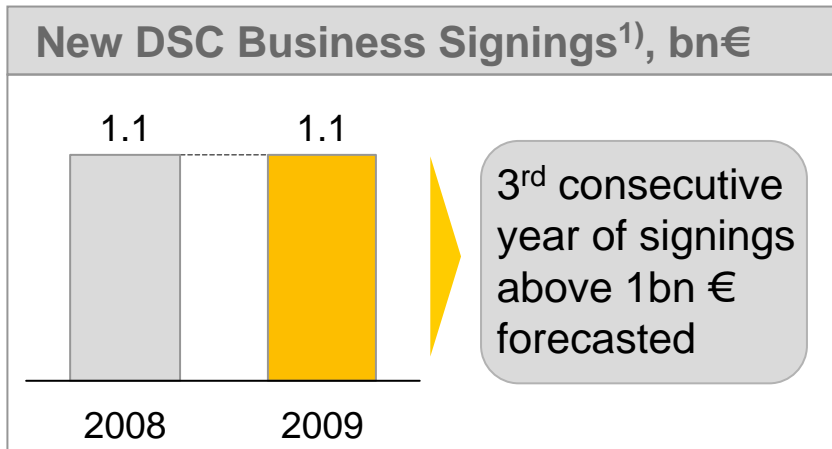
1) 2008 not adjusted for the WL Germany transfer to Mail 2) including Arcandor charges

BOA Efficiency





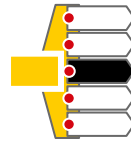
Sales Efficiency and Effectiveness



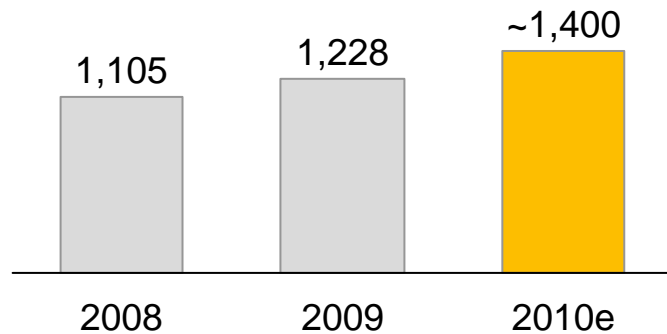
1) excluding Williams Lea 2) based on contracts up for renewal

SAVINGS THROUGH OPERATIONAL EXCELLENCE AND SUPPORT FUNCTION EFFICIENCY REALIZED

Operational Excellence



Number of Improvement Projects

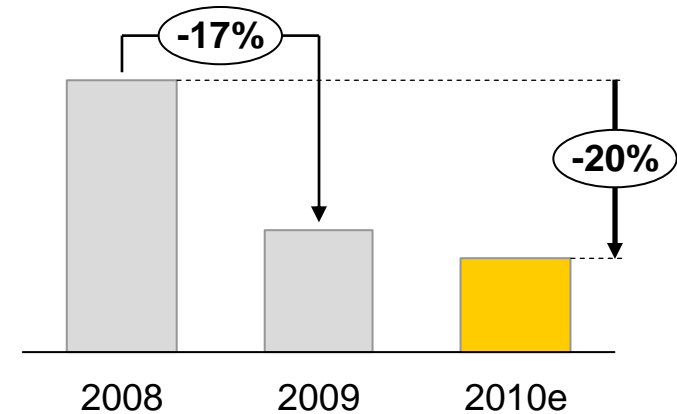


Use of standard tools drives improvement and ~100m€ cost savings for SC and customers

Support Function Efficiency



Support Function Cost

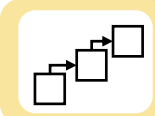


Redirected towards simplification and focused growth


Portfolio Management



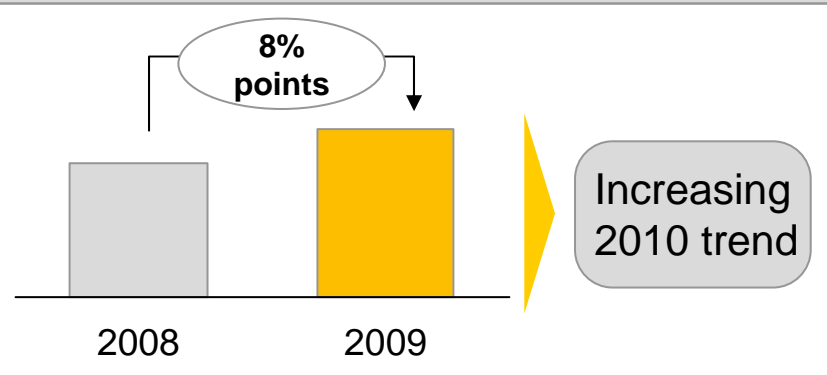
Contract Approval Process

 Improved business approval process with clear hurdles for ROCE

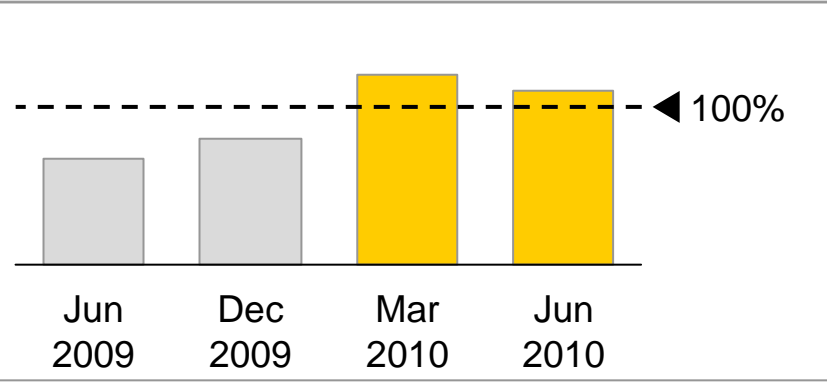


 Clean customer portfolio:
 Exited or declined to renew underperforming contracts
 New contracts now exceeding financial expectations

Av. ROCE of New Business Approvals¹⁾

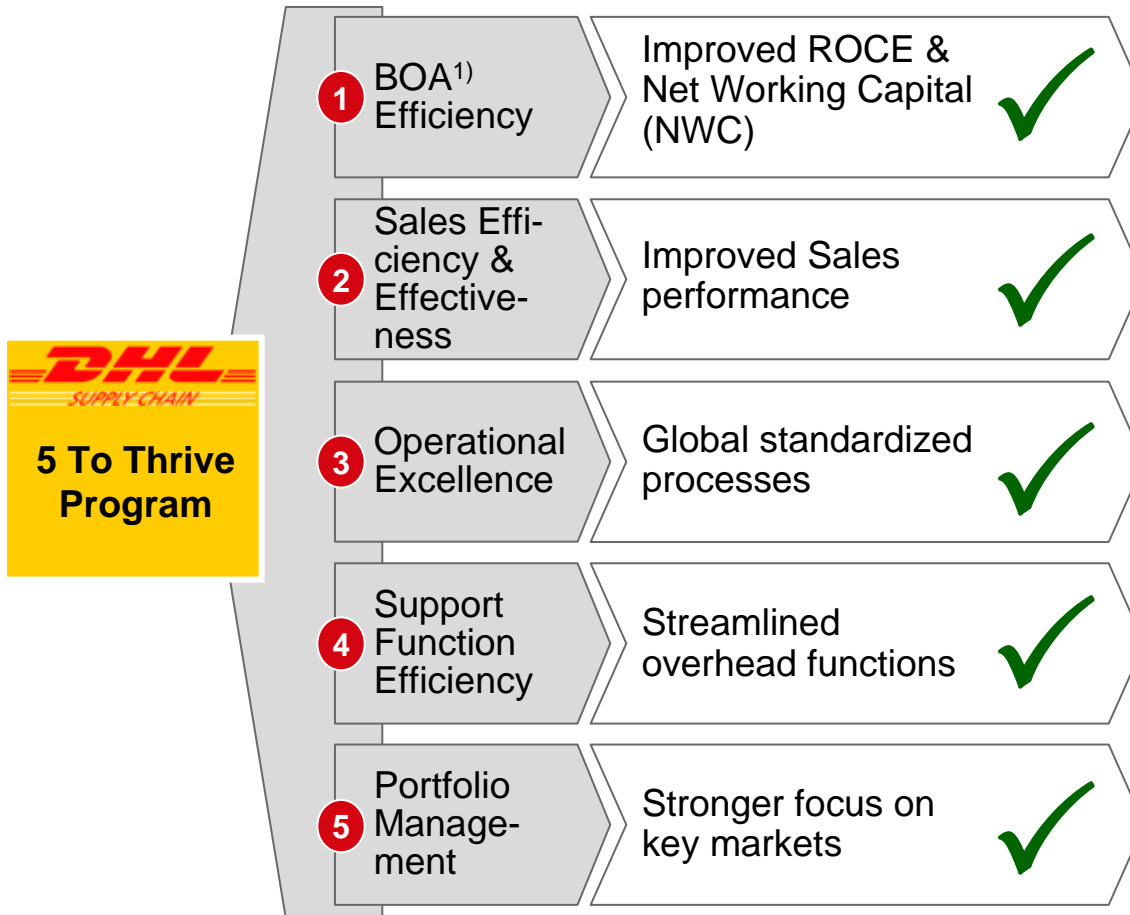


Start-up Accuracy (actual vs. plan)²⁾



1) including all new business & renewals above 2 m€ capital or 15 m€ revenue 2) includes all start ups in their first 12 months of operations; excluding Williams Lea

TODAY'S RESULTS ARE THE SUCCESS OF THE IMPROVEMENT PROGRAM "5 TO THRIVE"



1) Business Operating Assets

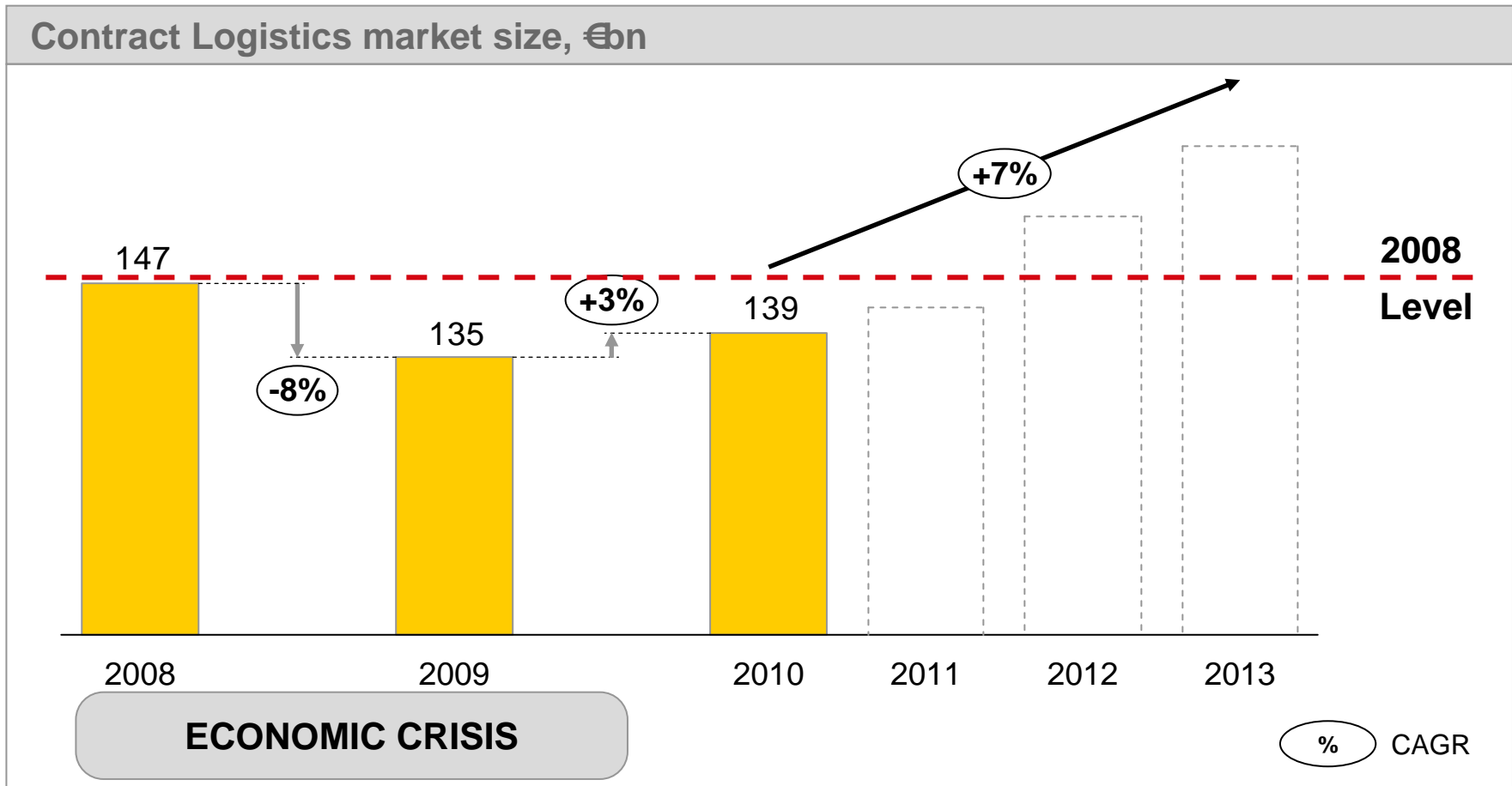
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Where do we go from here

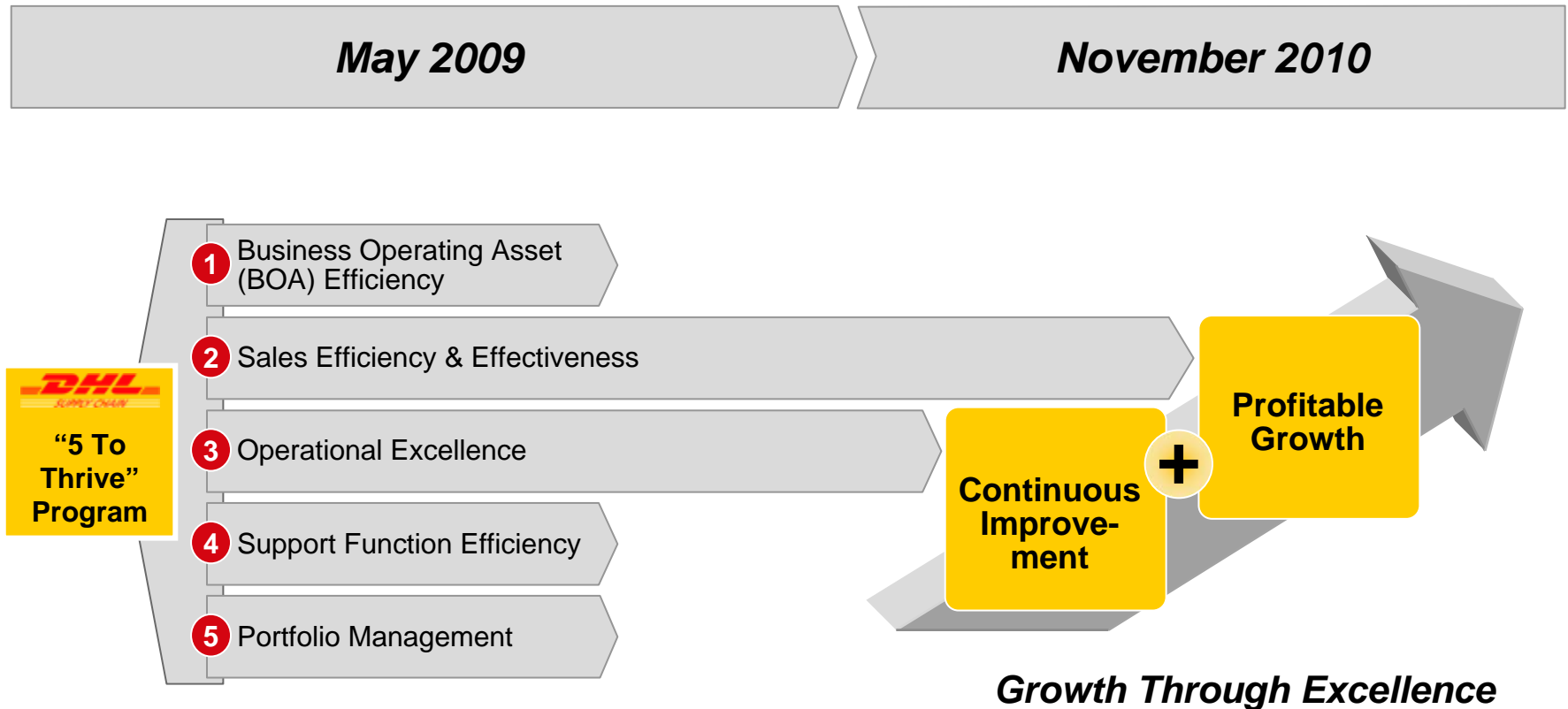
Wrap-Up

THE CONTRACT LOGISTICS MARKET IS EXPECTED TO RECOVER WITHIN 2 TO 3 YEARS

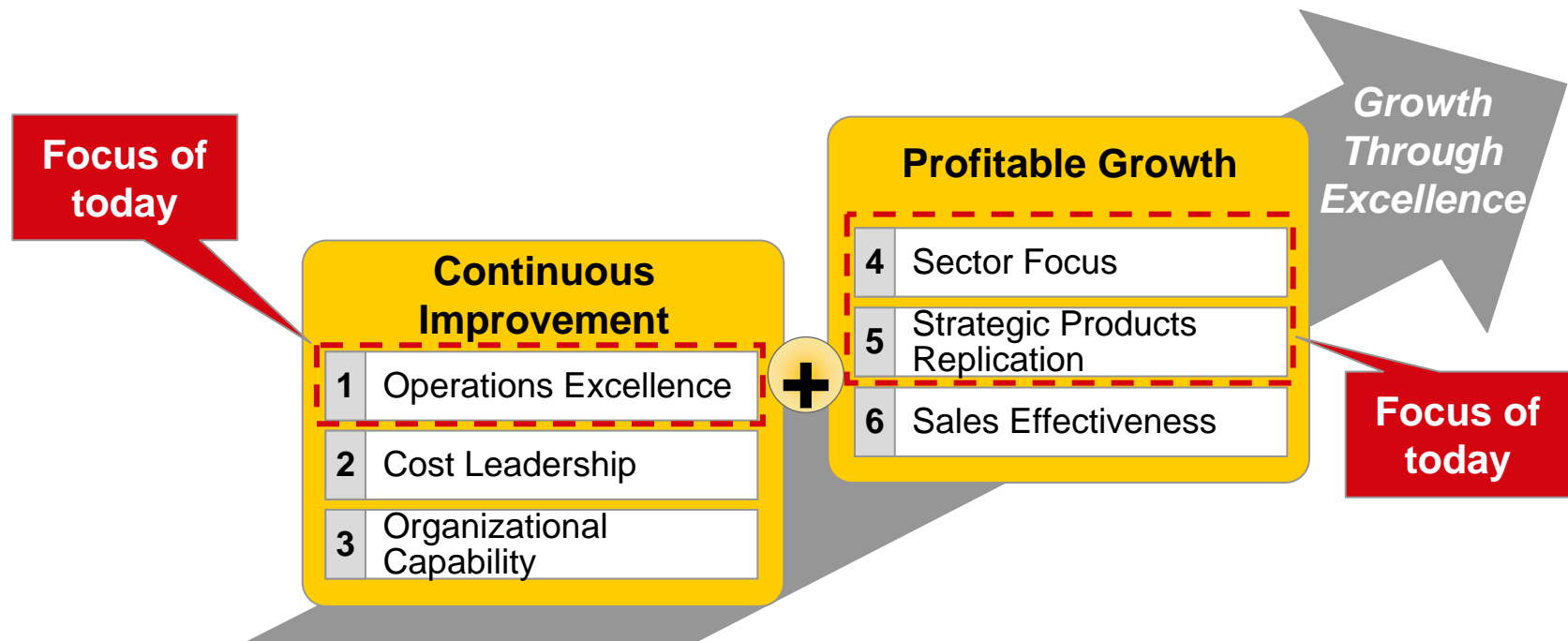


Source: Transport Intelligence; DPDHL Market Research

“5 TO THRIVE” TRANSFORMS INTO “GROWTH THROUGH EXCELLENCE”



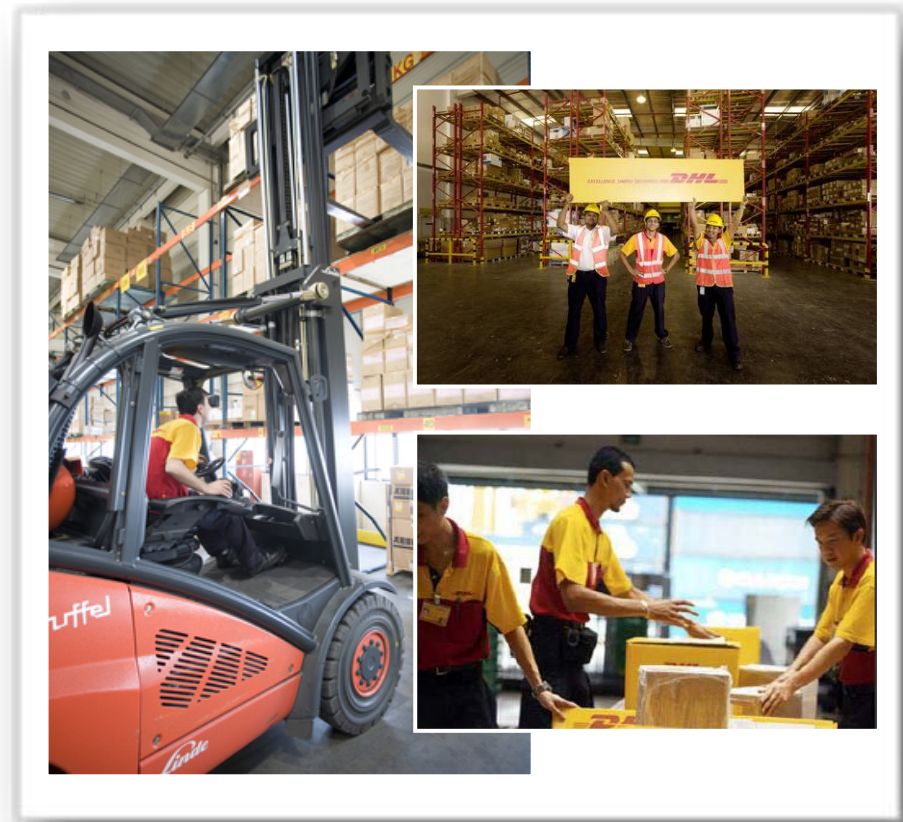
GROWTH THROUGH EXCELLENCE CONSISTS OF 6 KEY PROGRAMS



Operations Excellence



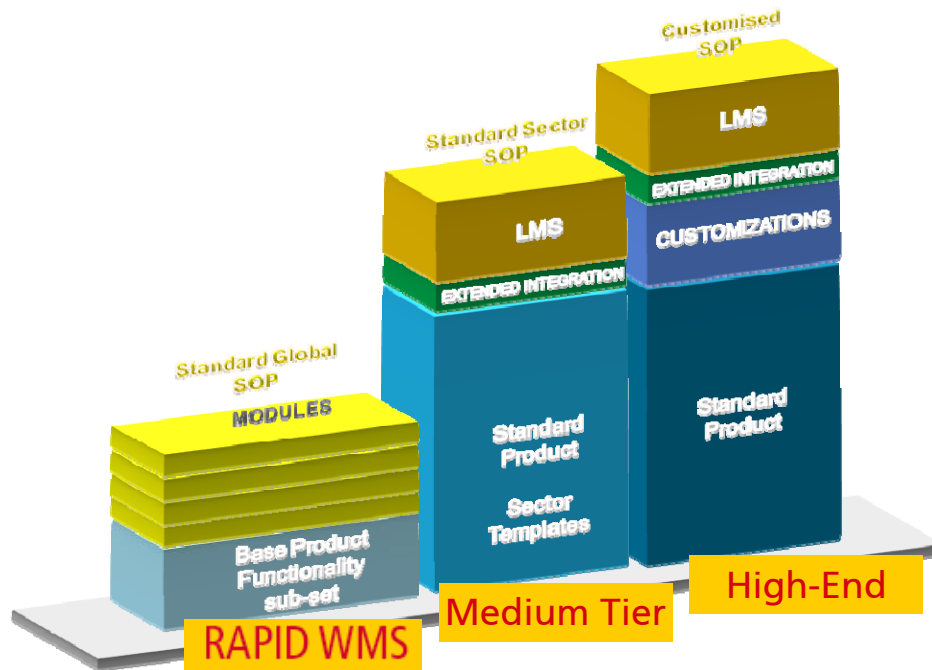
- Global operational standards and leveraging best practice
- Consistent operational quality measures
- Global purchasing initiatives
- Improved productivity through effective labor management
- Carbon efficiency targets part of scorecard process



Operations Excellence – IT Standards



Scalable, modular IT Warehouse Management Solutions in place



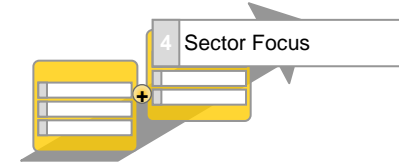
Market Leading Dual Vendor Strategy

15% IT Cost savings on 2008 base line

Scalable IT platforms supporting profitable growth

CONSISTENTLY DEEPEN THE EXPERTISE IN OUR CHOSEN MARKET VERTICALS AS IT IS CRITICAL TO GROWTH

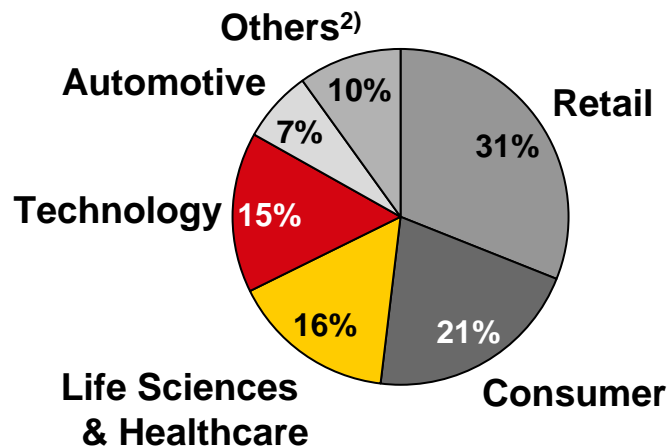
Sector Focus



- Sector approach is how we manage the business in most countries and regions
- Dedicated Global teams established for six key sectors



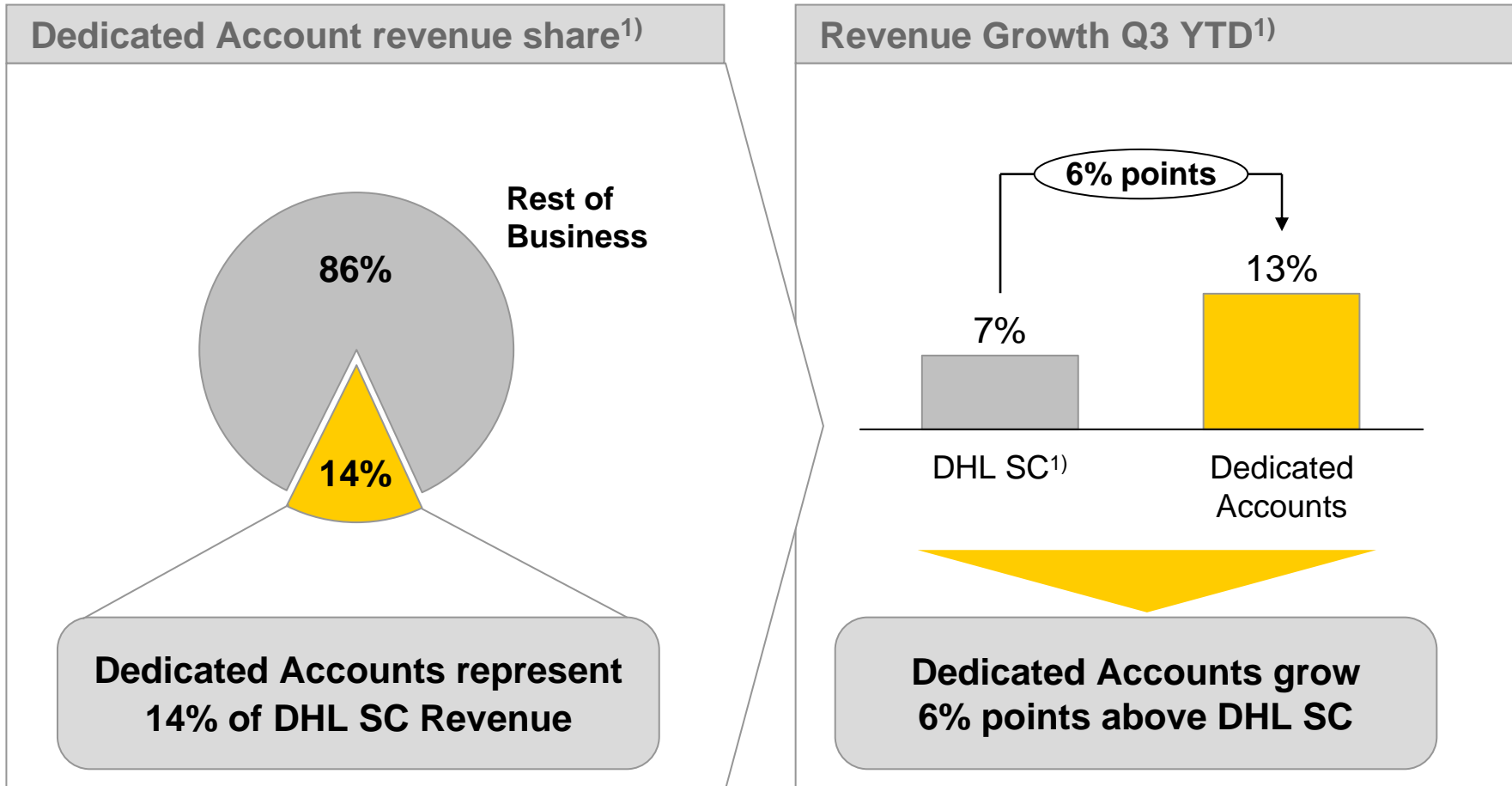
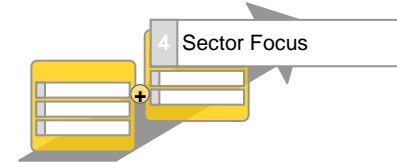
DSC 2009 Sector Revenue Split¹⁾



1) excludes Williams Lea; based on new 2010 sector definition 2) incl. Airline Business Solutions, Energy & Industrial

25 DEDICATED GLOBAL ACCOUNTS ARE BENEFITING FROM A GLOBAL MANAGEMENT APPROACH

Sector Focus










1) excludes Williams Lea

Strategic Products Replication



- Strategic Products drive profitable growth agenda
- Global replication leveraging:
 - Global operational standards
 - Sales Sector Teams
 - Transfer of best practice

Deep-Dive

	Hospital Logistics
Airline Solutions	
	Services Parts Logistics
Lead Logistics Provider	
	E-Commerce
Integrated Supply	
	Co-Packing

Customer Case of a Global Retail Company



Marketing & Procurement Process Optimization

Integrated Supply Solution
Sourcing and/or procurement, coupled with the provision of logistics services



The Challenge

Improve marketing procurement processes to reduce cost and out of stock



The Solution

Best in class marketing processes established in alignment with logistics

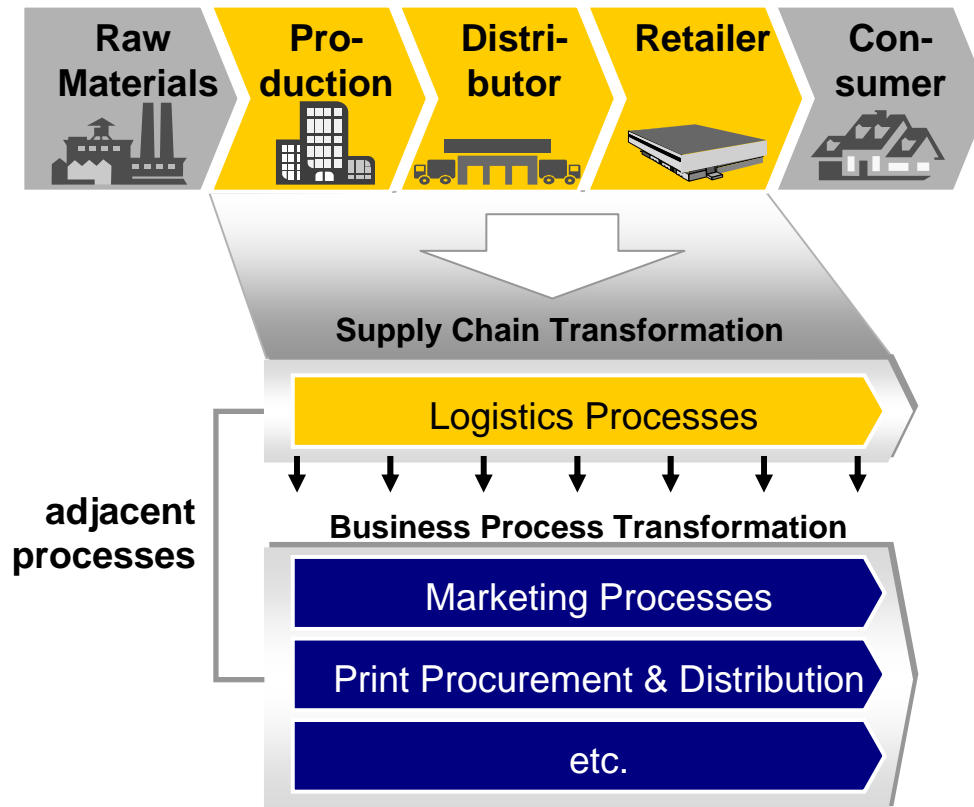


The Result

Improved inventory levels and out of stock
Reduced cost with increased number of circulars by 50%

THE WILLIAMS LEA CUSTOMER CASE IS AN EXAMPLE OF A TRANSFORMATIONAL BPO TYPE SOLUTION

DHL Supply Chain & Williams Lea Integrated Transformational BPO type Solution



delivered by



delivered by



THEREFORE WILLIAMS LEA HAS A SUCCESSFUL STRATEGIC FIT TO DHL SUPPLY CHAIN



Comparable business models



- Both, DHL Supply Chain and Williams Lea, leading in their outsourcing markets, ...
- ...driving improvement and transformation of our customer's business processes

We leverage each others' strengths



- Cross selling of DHL Supply Chain's strong customer base to Williams Lea
- Best practice transfer of Williams Lea's consultative selling approach

Together we are changing the industry



- Integrated offering to win large transformational BPO type deals

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Wrap-Up

THE SUPPLY CHAIN BUSINESS MODEL IS MORE THAN JUST WAREHOUSING AND TRANSPORTATION



Operating an award winning drinks industry platform



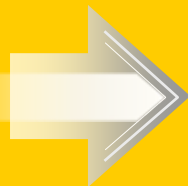
Providing above the wing items for airlines



Testing and repairing cell phones



Providing healthcare products to hospitals



Our path leads to a long term vision to become a provider of large BPO type transformational deals

SUPPLY CHAIN WILL CONTINUE TO IMPROVE ITS PERFORMANCE ALONG THE THREE BOTTOM LINES

- Continued to improve our financial metrics
- Created a leaner organization to drive sales and improve operational efficiency
- **Prepared for increased growth with Growth Through Excellence**

