

Capital Markets Day 2010

From good performance to great performance

Frank Appel, CEO

Frankfurt, 23 November 2010

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# AGENDA

## Homework done


Re-cap on Strategy 2015


MAIL: Towards long-term profitability

DHL: Getting in shape for growth

Mid-term outlook

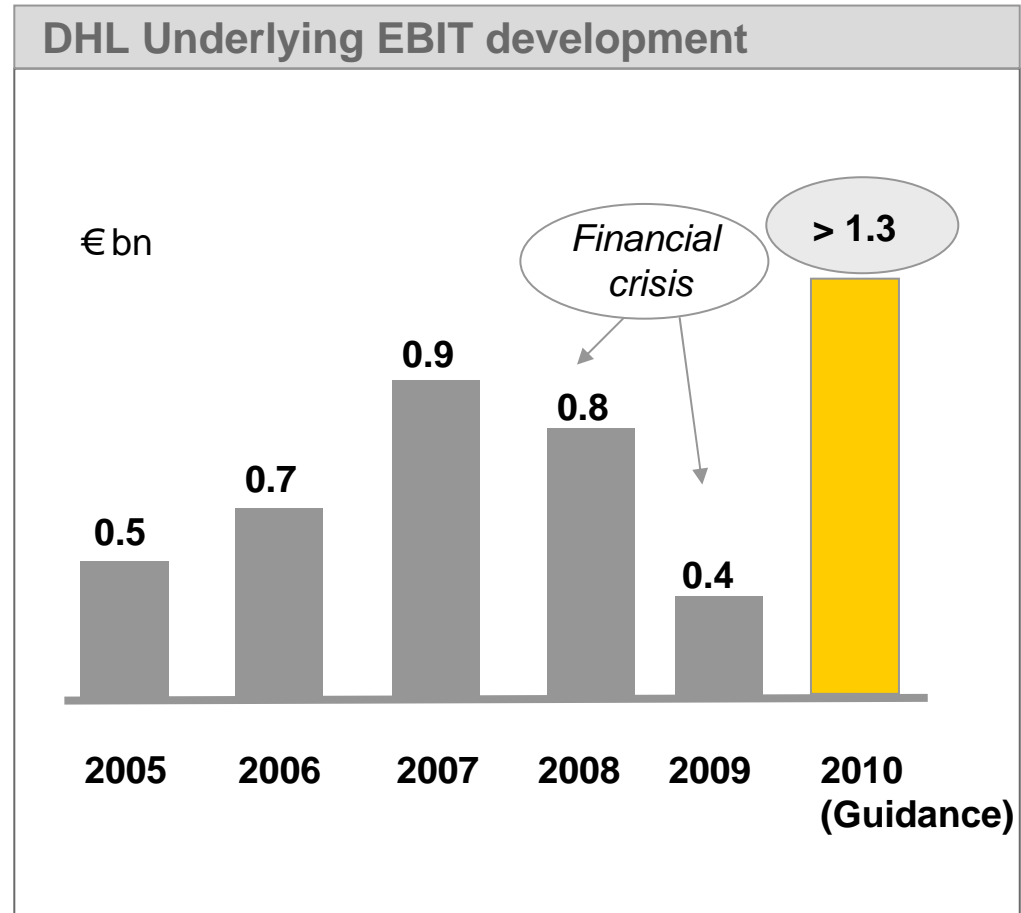
# HOMEWORK DONE / READY FOR GROWTH

- Restructuring finalized
  - Operational performance improved
  - Strategy defined
- 

- Efficiency improved (e.g. IndEx)
  - Solid cash position established
  - Crisis well managed
- 

- Track record of continuous performance improvement
- Growth agenda set up

# SOLID PERFORMANCE IMPROVEMENT TRACK RECORD



# AGENDA

Homework done

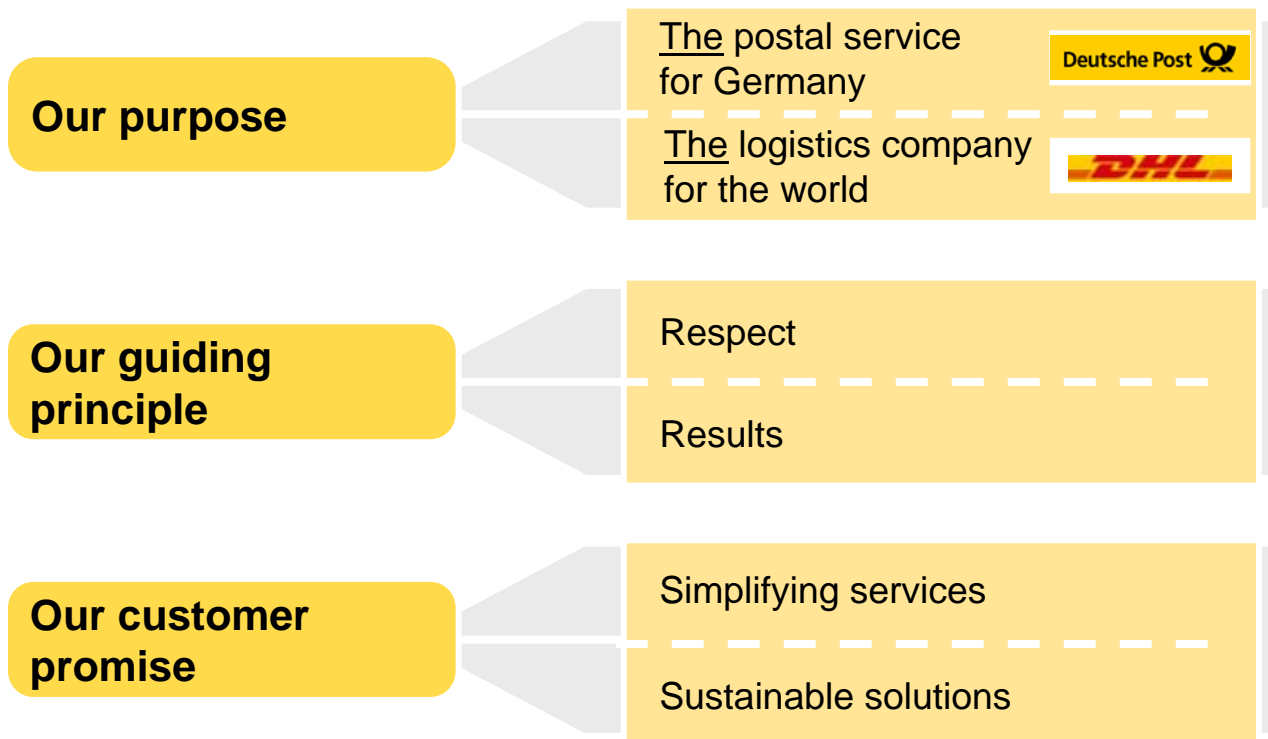
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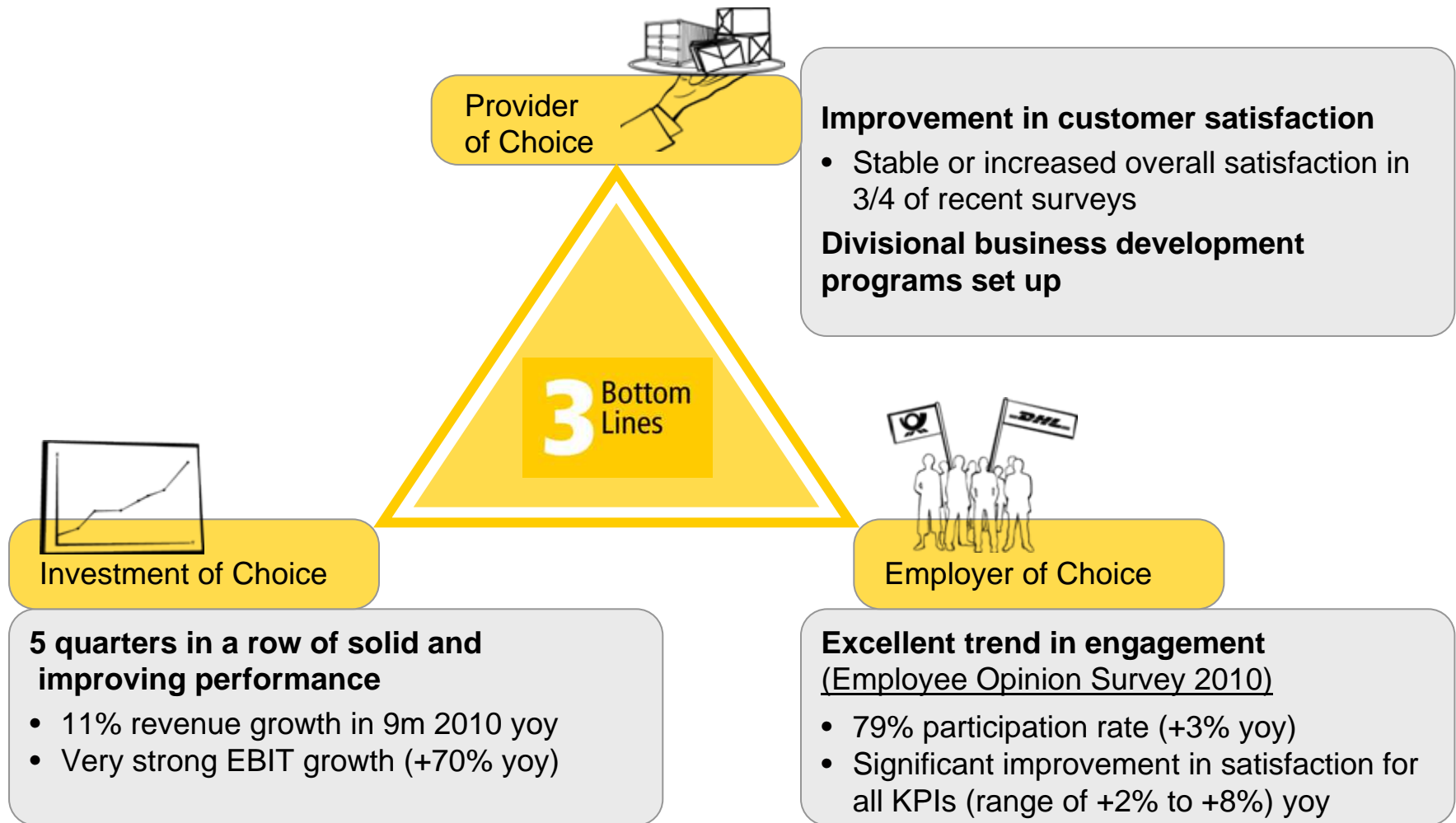
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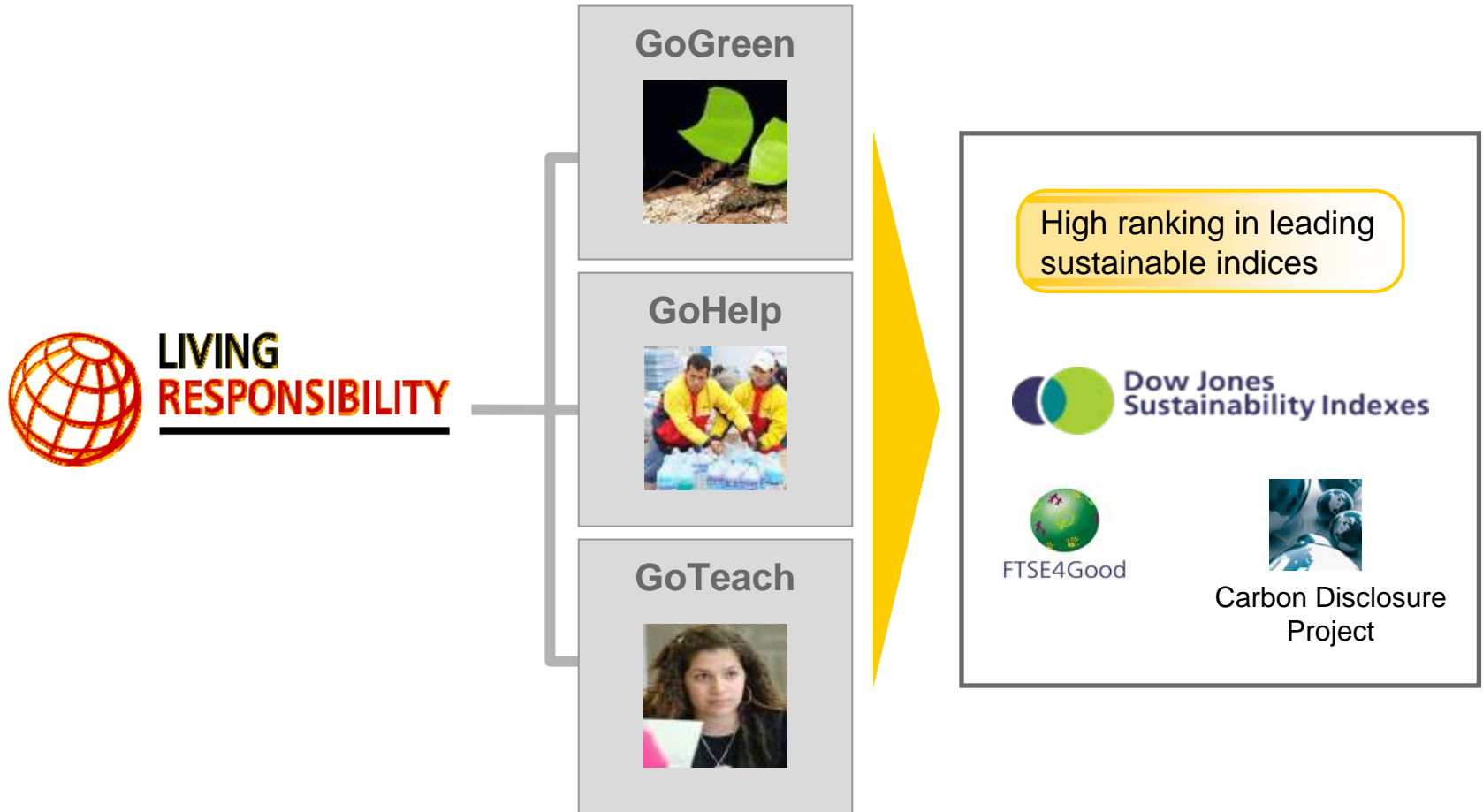
# A COMPANY WITH TWO STRONG PILLARS AND A CLEAR VISION



# TAKING A BROADER VIEW ON SUCCESS



# CONTRIBUTING TO THE WORLD AROUND US



# AGENDA

Homework done

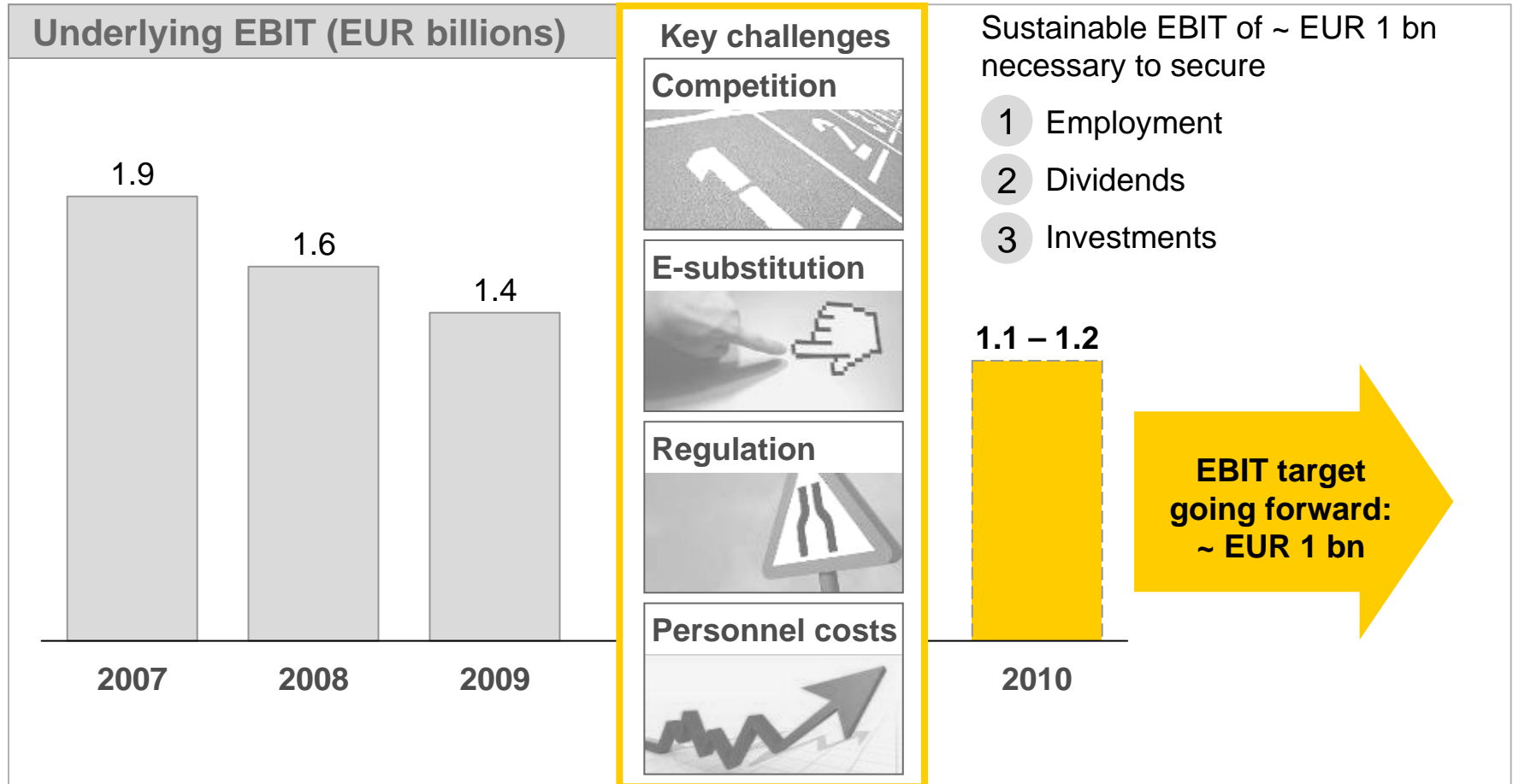
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**MAIL: Towards long-term profitability**

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# SECURING SUSTAINABLE PROFITABILITY



# CORE BUSINESS AND GROWTH STRATEGY IN MAIL



Maintain high quality and customer satisfaction

Invest in innovative products and solutions

Keep tight cost discipline

Modernize and adapt operations to changing market conditions

Foster employee engagement to ensure sustainable business transformation

# AGENDA

Homework done

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MAIL: Towards long-term profitability













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# DEDICATED DHL DIVISIONAL PROGRAMS IN PLACE TO FOSTER GROWTH & SIMPLIFICATION



- Introducing **new products** and addressing **new customers**
- Striving for **operational excellence** by **improving efficiency** and **controlling cost base**

4 Dimensions	4x3 Initiatives	
<b>1 Regions</b> 		<ol style="list-style-type: none"> <li>1 Win Germany</li> <li>2 Grow US</li> <li>3 Grow India</li> </ol> 
<b>2 Sectors</b> 		<ol style="list-style-type: none"> <li>1 Life Sciences &amp; Healthcare</li> <li>2 Technology</li> <li>3 Energy</li> </ol> 
<b>3 Customer Groups</b> 		<ol style="list-style-type: none"> <li>1 Top 99 DHL / Maximizing GCS<sup>1)</sup> value</li> <li>2 'Next 250 DHL customers'</li> <li>3 'Fast-growing enterprises'</li> </ol> 
<b>4 Products / Solutions</b> 		<ol style="list-style-type: none"> <li>1 Cold Chain</li> <li>2 Recall Solutions</li> <li>3 City Logistics</li> </ol> 

1) GCS = Global Customer Solutions

# REGIONAL GROWTH INITIATIVES

## Win Germany



- Objective:  
**Become undisputed # 1 in home market**
- Key measures:
  - Foster sales across all divisions by hunting joint targets & structural enhancements
  - Push development of eCom related services
  - Improve product offerings for distance sellers by operational cooperation

## Grow US



- Objective:  
**Develop easy & pragmatic approach to stimulate US cross-DHL sales**
- Key measures:
  - Leverage additional revenue potential in Life Sciences and Public Sector:
    - Grow business with existing customers
    - Exchange knowledge and sales leads across DHL

## Grow India



- Objective:  
**Accelerate growth by cross-DHL collaboration in a high-growth region**
- Key measures:
  - Sales stimulation with large local customers
  - Sector development to tap growth potential
  - Small-/mid-sized customer development
  - Launch new products

# SECTOR GROWTH INITIATIVES

## Life Sciences & Healthcare



- Objective:  
**Be the logistics company for the life sciences & healthcare industry**
- Key measures:
  - Continue extending our global infrastructure
  - Further refine product portfolio to meet quality standards of the industry
  - Develop innovative solutions
  - Continue building our expertise/expert community

## Technology



- Objective:  
**Become industry leading logistics provider for technology sector**
- Key measures:
  - Develop integrated solutions to address logistics challenges in the aftermarket
  - Better reach consumer markets
  - Replicate best-in-class solutions for various sub-sectors

## Energy



- Objective:  
**Become one of the top 3 logistics providers to the global energy industry**
- Key measures:
  - Develop dedicated initiatives in some regions
  - Integrated supply chain management for energy sector (e.g. offshore exploration & production)
  - Set up cross-DHL industry account management teams

# PRODUCT/ SOLUTIONS GROWTH INITIATIVES

## Cold Chain



- Objective:  
**Seamless temperature-controlled solutions across all DHL divisions**
- Key measures:
  - Align market launch and integration into the DHL units and develop solutions further, e.g. packaging
  - Target markets: Life Sciences, Food/ Perishables, Chemicals

## Recall Solutions



- Objective:  
**Standardized solution for high-volume product recalls**
- Key measures:
  - Provides fast/reliable recovery from consumer safety effected products
  - Target markets: consumer products

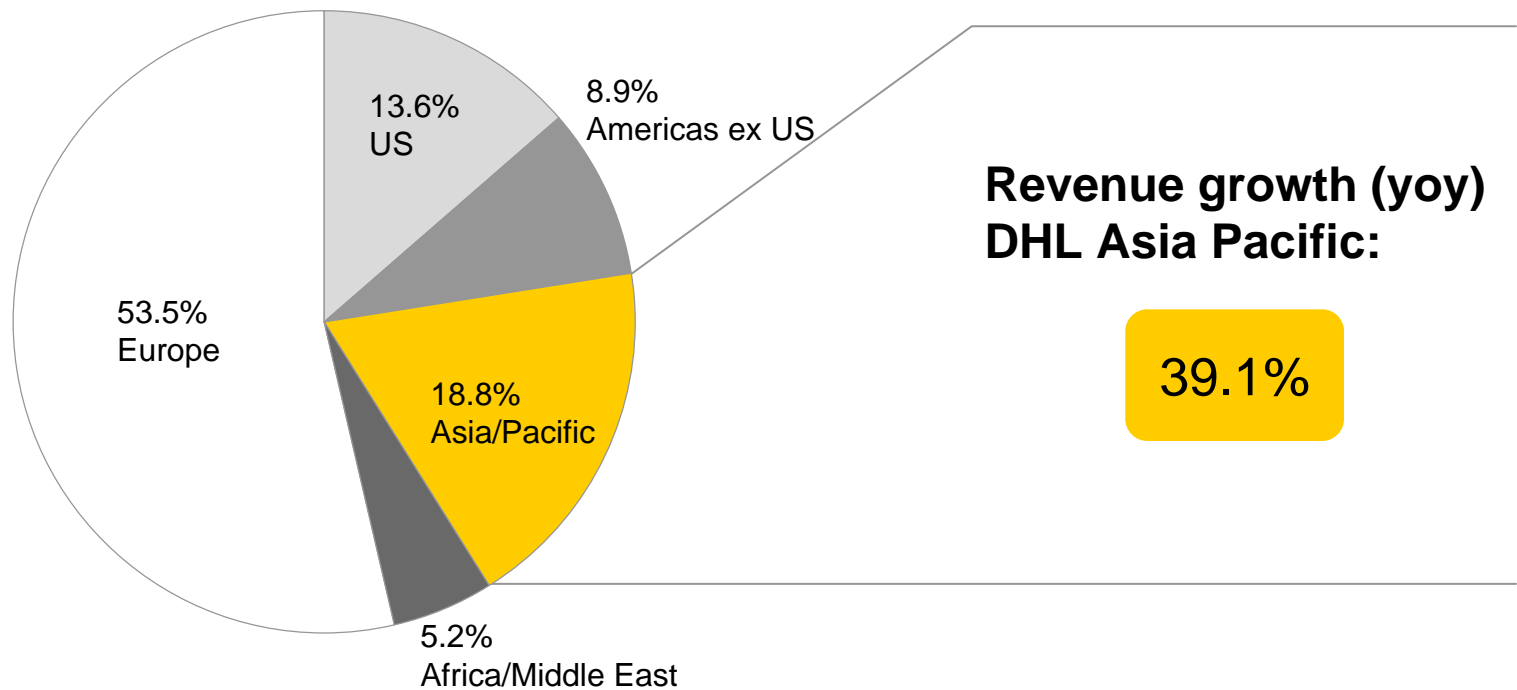
## City Logistics



- Objective:  
**Integrated solutions to optimize logistic flow in mega cities**
- Key measures:
  - Implement various logistic solutions e.g. Smart Truck, consolidation centers in cities like Mexico or Kuala Lumpur
  - Target markets: government authorities, hospitals, airports, hotels

## INCREASING REVENUE CONTRIBUTION TO THE GROUP

DHL revenue split by region (Q1 – Q3 2010)



## ESTABLISHED WITH FURTHER GROWTH POTENTIAL



- Mainland**
- 50% JV with Sinotrans
  - ~ 6,000 employees
  - > 93,000 customers
  - ~ 200 hubs

- Hong Kong**
- 2,000 employees
  - > 48,000 customers
  - ~ 17 hubs



- Mainland**
- ~ 2,700 employees
  - > 27,000 customers
  - ~ 43 hubs
  - > 420,000 sqm warehouse

- Hong Kong**
- ~ 1,100 employees
  - > 11,000 customers
  - ~ 9 terminals/ warehouses
  - > 92,000 sqm warehouse



- Mainland**
- ~ 4,000 employees
  - > 200 customers
  - > 50 warehouses
  - > 500,000 sqm space

- Hong Kong**
- > 500 employees
  - 100 customers
  - ~ 14 warehouses

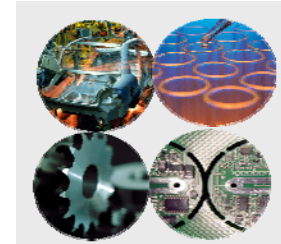
# CONTINUING OUR TRACK RECORD OF SIMPLIFICATION

## EXAMPLES



www.dhl.com

Sector harmonization



DHL High Value

Industrial Projects



NHS Supply Chain

Lead Logistics Provider  
(Example: Airbus)



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# OUR MID-TERM DEVELOPMENT PATH

**2009 – 2010**

- **Key legacy issues solved**
- **Strategy 2015 launched**

**2011 – 2012**

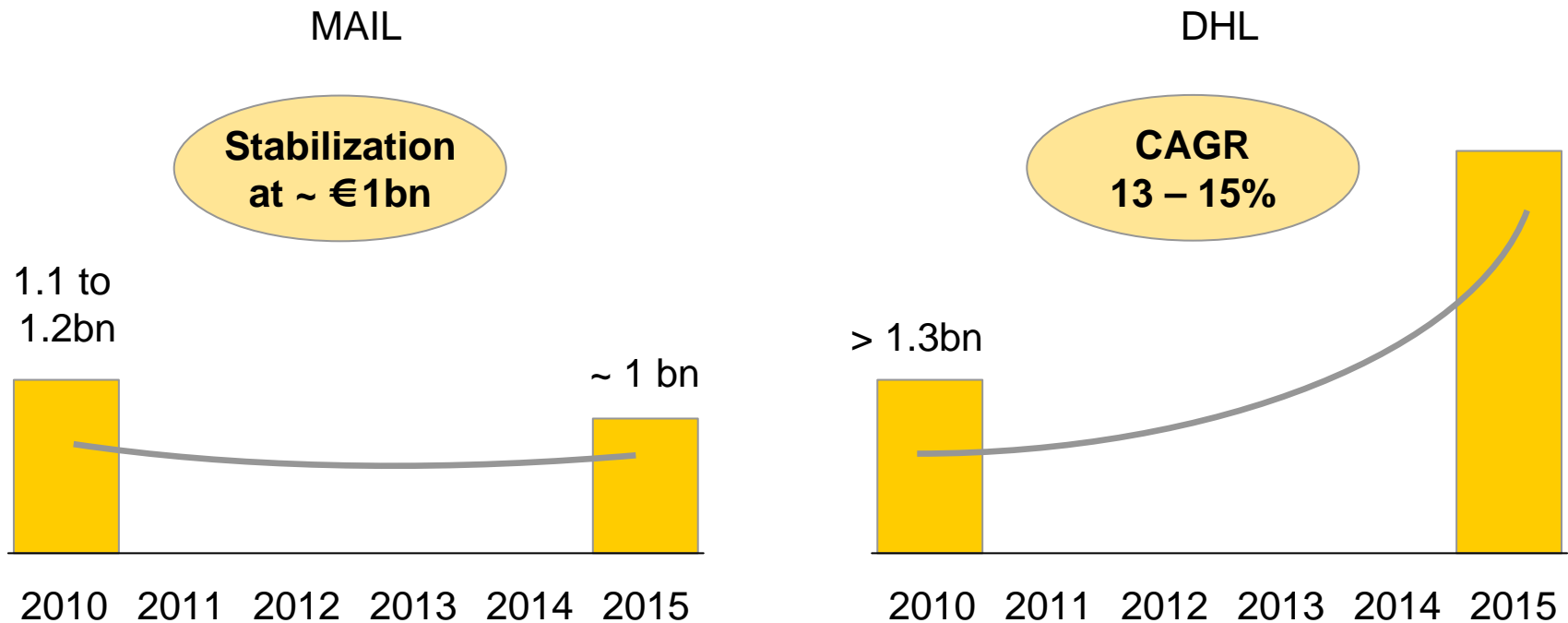
- **Invest in business model**
- DHL: Lay foundation for long-term growth
- Mail:
  - Transform core business
  - Establish E-products

**2013 ff**

- **Towards benchmark performance**
- DHL: Above-market growth and margin expansion
- Mail: Long-term EBIT stability

**Focus on Growth – Top and Bottom line**

# DHL EBIT-CAGR OF 13-15% AND STABILIZATION OF MAIL AT ~ €1BN THROUGH 2015



- DHL to accelerate EBIT growth in the latter part of the period
- Assuming no major macro-economic events