

## Capital Markets Day 2010

Ken Allen, CEO DHL EXPRESS  
Frankfurt, 23 November 2010

---

# AGENDA

Where do we come from / Recap CMD 2009

Where do we go from here

Wrap Up

# EXPRESS RECAP SINCE LAST CMD – PROFITABILITY

Significant progress in underlying profitability has been achieved since last Capital Markets Day

## The Past: Heavy Profitability Challenge

### EXPRESS – Divisional results overview

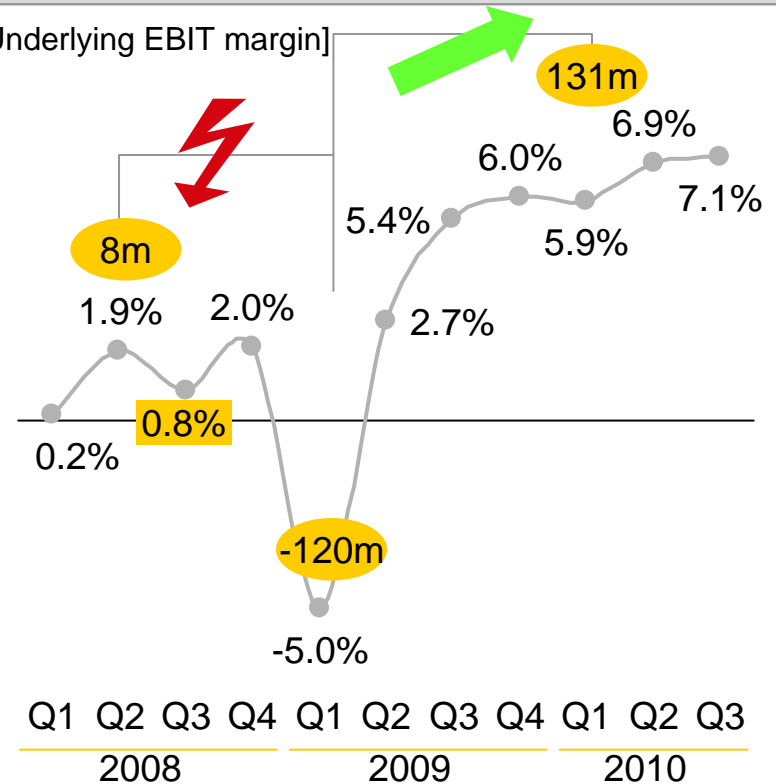
Deutsche Post DHL

€ m	Q1/2008	Q1/2009	Δ Organic	
Revenue	3,367	2,495	-26%	-27%
Revenue excl. US	2,663	2,350	-12%	-12%
<b>EBIT</b>				
• Reported EBIT	8	-392	–	
• Underlying EBIT <sup>1</sup>	8	-120	–	
• Underlying EBIT US <sup>1</sup>	-221	-186	+16%	
• Underlying EBIT outside US	229	66	-71%	

<sup>1</sup> Details about the restructuring effects can be found in the appendix

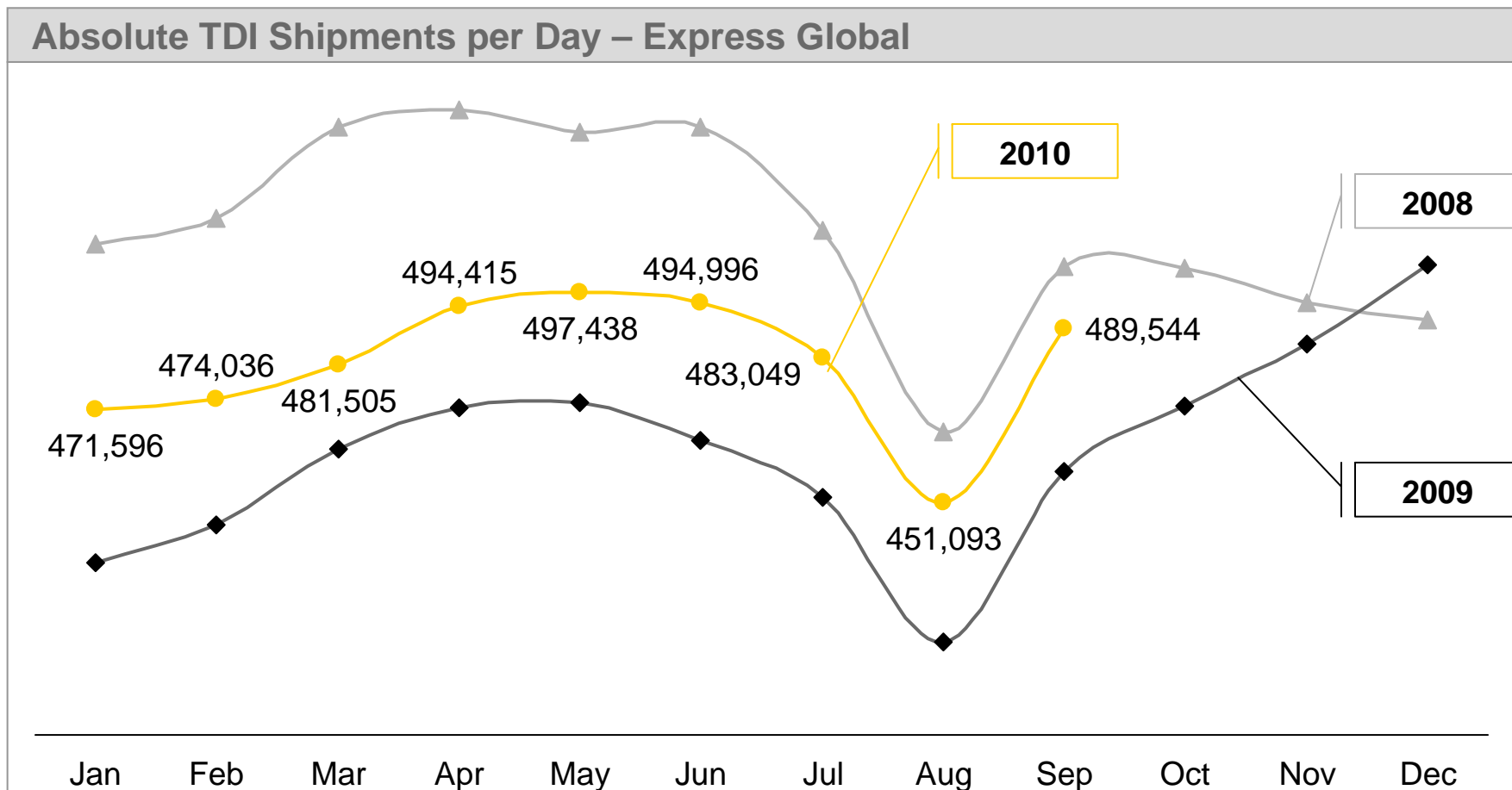
## The Present: Progress in underlying profitability

[Underlying EBIT margin]



# EXPRESS RECAP SINCE LAST CMD – VOLUMES

... With International Volumes recovering close to 2008 levels



Source: Global Controlling, September YTD

# EXPRESS RECAP SINCE LAST CMD – PRIORITIES

## Four Key Priorities Had Been Defined at the Time as...

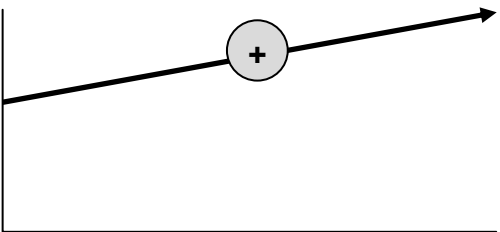
- ① Profit first' mentality whilst maintaining existing quality levels
- ② Reduce overhead and bureaucracy
- ③ Address large loss making Domestic businesses
- ④ Step up direct cost management actions

# EXPRESS RECAP SINCE LAST CMD – PRIORITIES

## ... The Teams delivered upon the Commitments Communicated

**1** Profit First with high Service levels

- Intra-Europe performance highest ever



**2** Overhead Restructuring executed

- Substantial reduction in indirect work-force and indirect cost/ 3rd party spend

Indirect FTE	Indirect Cost
-13%	-18%

**URGENT PRIORITIES 2009-2010** ✓

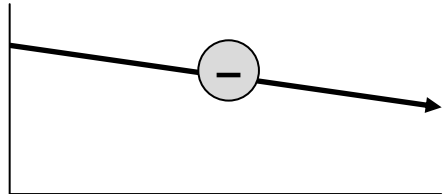
**3** Large DOM, loss-making businesses addressed after the US



- UK
  - Sale to HDN
  - Partnership in place
- France
  - Divestment to Caravelle concluded

**4** Direct Cost Management Delivering

- OCPM reduction by -16% globally



# FINANCIAL PERFORMANCE – EXPRESS

## Achievements are clearly reflected in the numbers

€ m	Q3 2009 <sup>1)</sup>	Q3 2010	Chg.	YTD 2009	YTD 2010	Chg.
<b>Revenue</b>	2,435	2,719	11.7%	7,245	8,207	+13.3%
<b>Reported EBIT</b>	11	199	>100%	-432	279	>100%
<b>Underlying EBIT</b>	131	194	48.1%	76	546	>100%
<b>Operating Cash Flow</b>	-54	317	n.m.	-614	653	n.m.
<b>Capex</b>	115	48	-58.3%	275	152	-44.7%

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

# AGENDA

Where do we come from / Recap CMD 2009

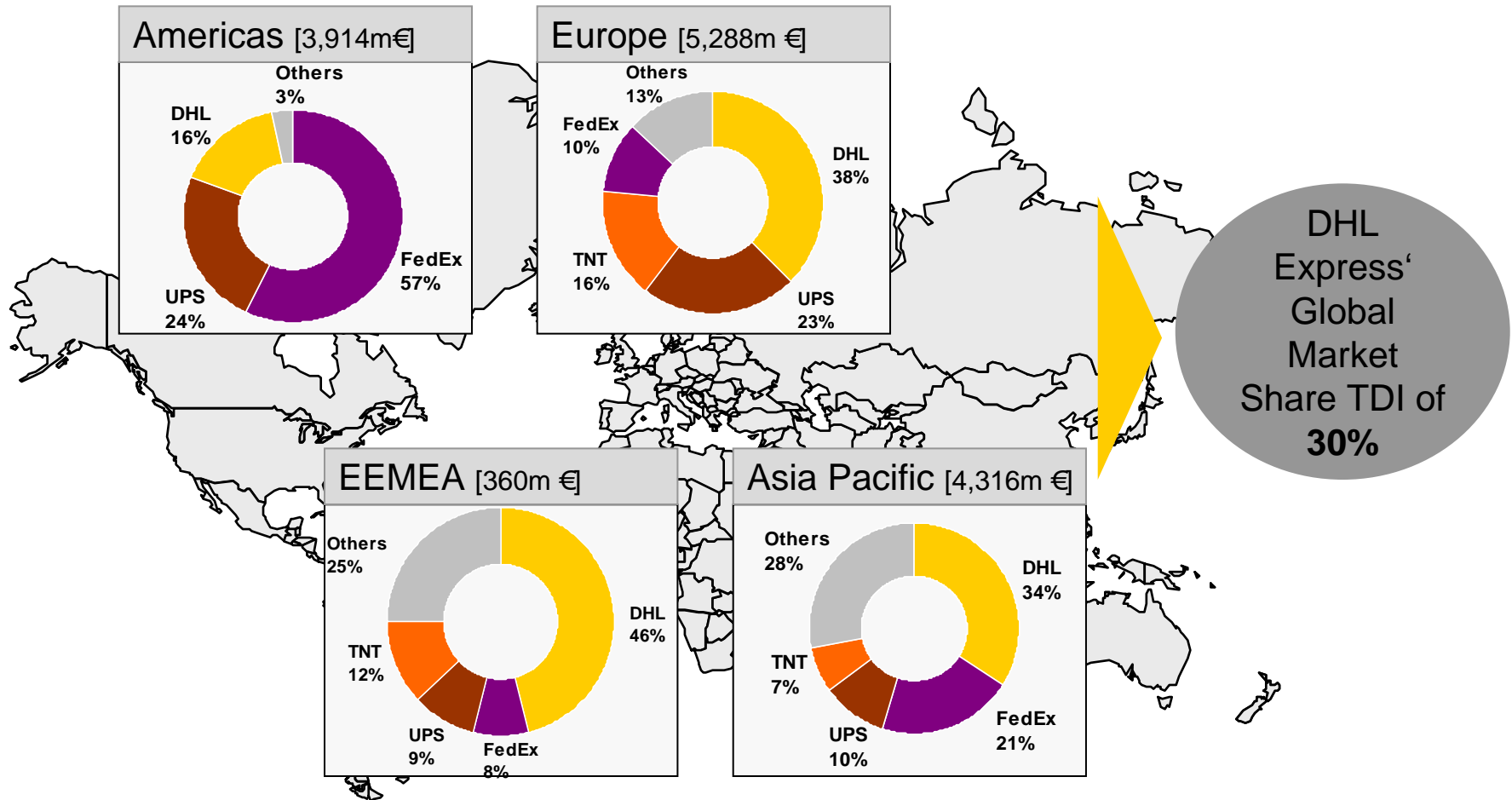
Where do we go from here

- DHL Express – THE International Company
- Solid Proposition in Growth Markets
- Initiatives Enabling Growth

Wrap Up

# MARKET POSITION IN TDI

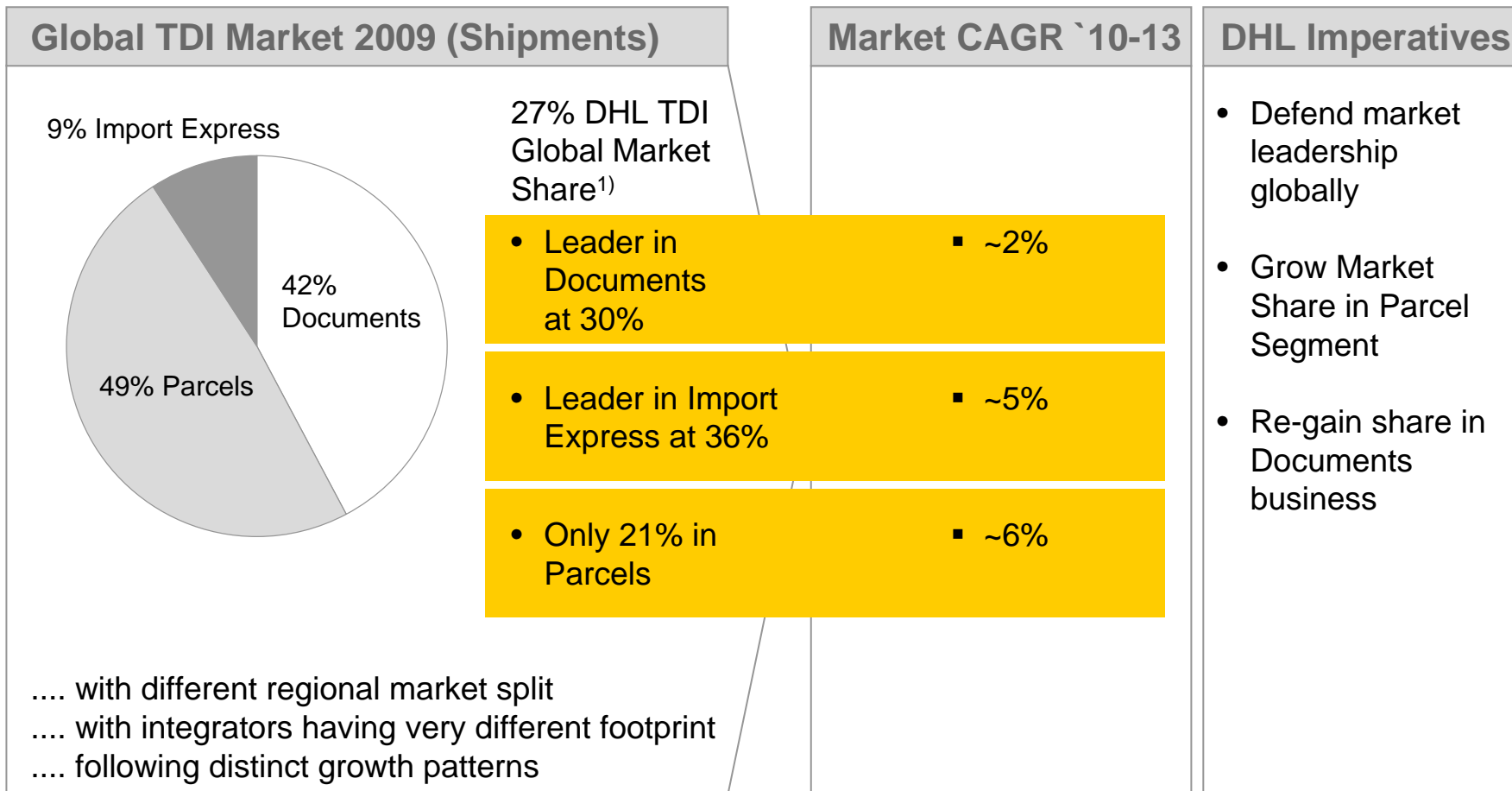
## External Research Underlining TDI Leadership across all regions outside the Americas



Source: Market Intelligence 2010 (FY 2009 data) Scope: BE, CH, DE, ES, FR; IT, NL, PL, SE, UK; AE, RU, ZA; AU, CN, HK, IN, JP, KR, SG; US, CAN, MX

# TDI PRODUCT SPLIT

## Predominantly Characterized as a DOX Company Impacting Product Growth Opportunities



Source: Market Intelligence 2010 (FY 2009 data, scope as per previous slide), 1) Shipment volumes; value share at 30%

# THE UNITED STATES

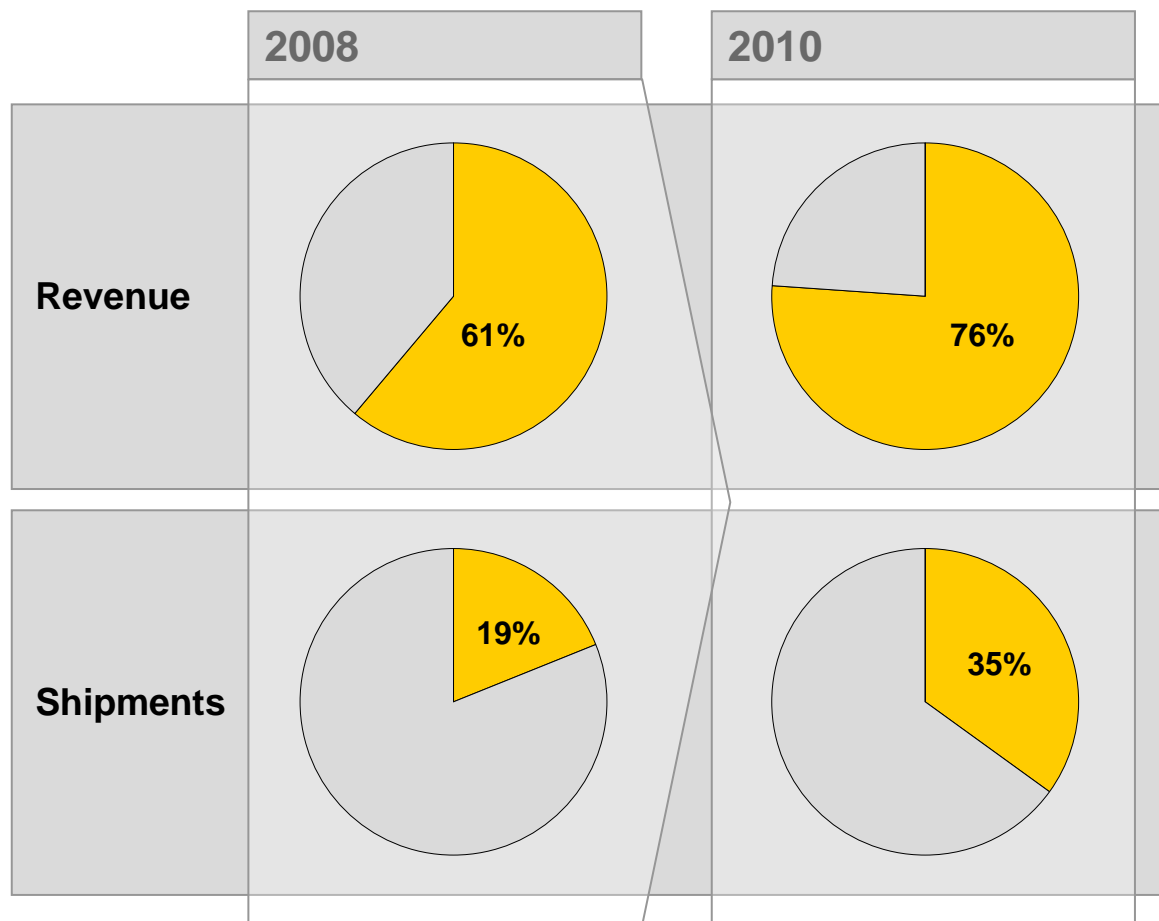
**The US Business will never be the profit engine but will always be key to the global network**



- Restructuring successfully concluded
- Shipment levels above initial pre-exit plans
- Re-focus onto „International only“ rolled-out
- All team “Certified International Specialist” (CIS) certified and re-energized
  
- Committed initial annual run-rate of US\$ -400m exceeded
- Currently major improvements vs. this commitment
- However, never a major profit contributor given the scale of the business

# DOMESTIC PORTFOLIO

## A Shift Towards a more Internationally Focused Business On Track



DHL Express' **focus on TDI** has moved the needle

- Major domestic withdrawals contributing to that proportion
- Domestic activity shifted from mature EU markets to growth markets in AP and Latin America

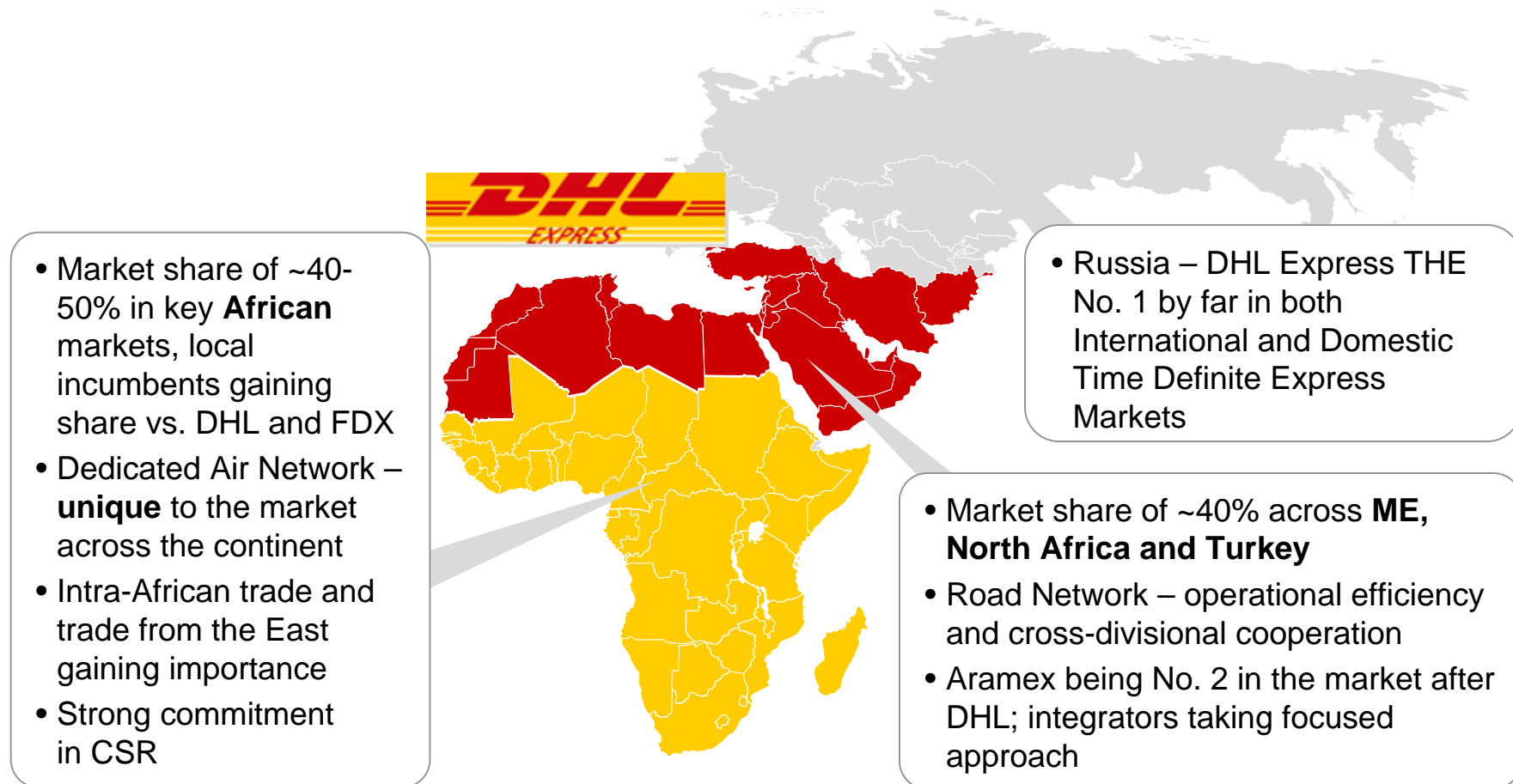
### Domestic Strategy:

- Maintain successful, profitable businesses, e.g. India Blue Dart, Mexico
- Continuous monitoring of lower performing businesses

Source: Global Controlling; International = TDI+DDI, Domestic = TDD and DDD


# AFRICA AND THE MIDDLE EAST


**Express has been the pioneer in major growth regions globally – especially in Africa and Middle East countries**



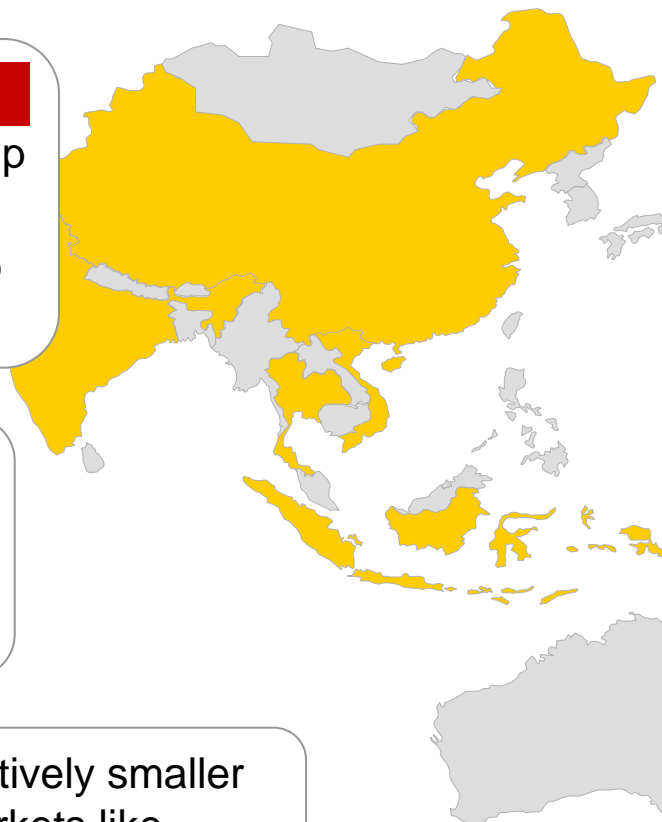
## ASIA

## DHL Express – the AP Pioneer – is Leading the Way Intra-Asia with the Most Extensive Coverage

- No. 1 in China 
- Decades of partnership with Sinotrans
- Revenue growth up to 30%

- No. 1 in India 
- Successful partnership with Blue Dart

- Strong footprint in relatively smaller markets but *future* markets like Thailand, Vietnam and Indonesia

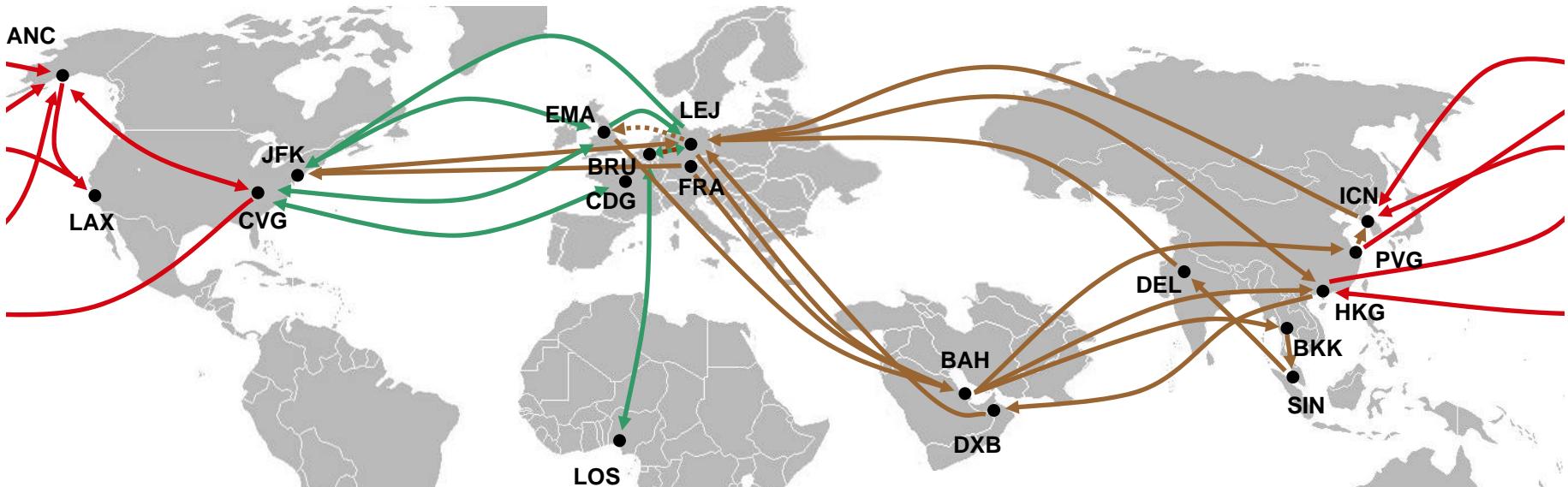


- Market Shares of >30%, No.1 across major Asian Markets
- Beyond major markets DHL's extensive coverage is unique resulting from DHL's pioneer position in the region
- Strength of local partnerships adding value to global network
- Superior Brand awareness
- Leading operational connectivity intra Asia
- Platform and processes fully standardized

# DEDICATED INTERCONTINENTAL NETWORK Q4-2010

## Unique in the Way Express operates its AVI network

- **Dedicated Air:** Additional Potential Intercontinental Route Lines for Growth
- Supplementing **Commercial Air** (use of ~500 different airlines)



**747-400F:** HKG-ANC-CVG-HKG  
 (6 a/c)  
 HKG-ICN-ANC-CVG-ANC-ICN-HKG  
 PVG-ANC-LAX-ICN-PVG



**767-300F:** EMA-CVG-EMA  
 (3 a/c)  
 LEJ-JFK-EMA-LEJ  
 CDG-CVG-CDG (Start Nov. 2010)  
 LEJ-BRU-LOS-BRU-LEJ (B767-200F)



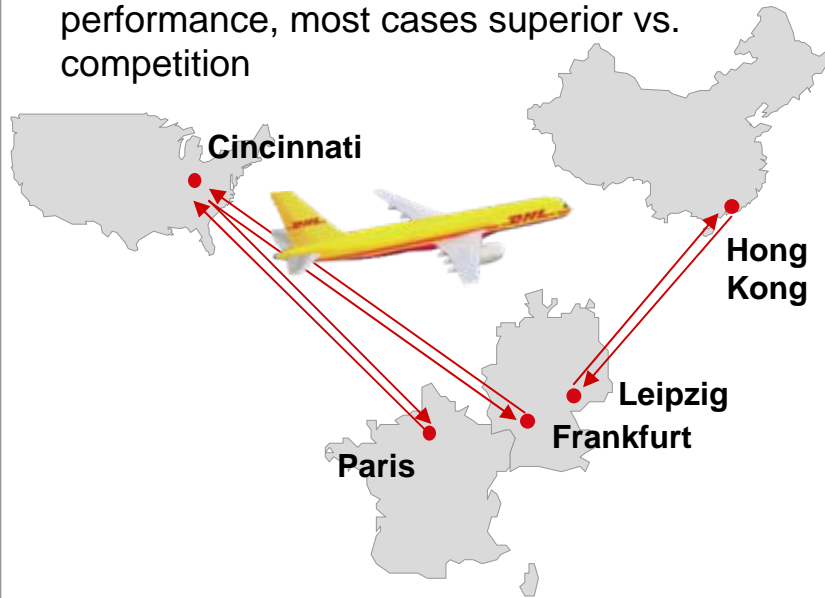
**777-200F:** LEJ-BAH-BKK-SIN-DEL-LEJ  
 (8 a/c)  
 LEJ-HKG-LEJ (Start Oct 2010)  
 LEJ-BRU-BAH-HKG-DXB-LEJ  
 LEJ-EMA-BAH-PVG-ICN-LEJ  
 LEJ-FRA-CVG-LEJ (Start Dec 2010)

# GROWTH ENABLERS (1/2)

## Growth is Fueled by Investments into operational connectivity and our strong DHL Express brand

### Earlybirds Intercontinental

- Incremental Flights improving connectivity ...
- Additional B767s offering later pickup in mainland Europe for delivery in US
- Ex China/HK into Europe improving service performance, most cases superior vs. competition



### Advertising Revamp

- Global ATL Campaign „No one knows...“ launched in October underpinning global reach and leadership in international express
- Brand leadership being revitalized
- Global Scope but localized network strengths



## GROWTH ENABLERS (2/2)

**Our Focus on Driving Excellence in Customer Service is being rewarded by external organizations**



*UK*  
**CS awarded Best Overall Email Service 2010**



**China Best Call Center of the Year 2010**



*South Korea*  
**National Best Call Center**



*Turkey*  
**Best Customer Interface, Telemarketing and Telesales for converting Turkey frontline call opportunities into revenue generation**



*Canada*  
**Leader of the year  
 Team of the year  
 Coach of the year**

# CERTIFIED INTERNATIONAL SPECIALIST (CIS)

## CIS contributing both to our External Service Proposition as well as to our Internal Employee Motivation

### Did you know...?

“What is the only country in the world DHL does not operate in?”

“What is the difference between our two arrival checkpoints, AF and AR?”

“Name 8 of the 16 global customer touchpoints which DHL needs to address successfully in order to drive customers satisfaction / loyalty.”

### CIS Concept

**Objective:** global training and development platform for all staff to be bona-fide International Specialists in the Express Industry

**Scope:**

- All 100,000 employees globally – from courier to billing clerk

**Phased/ Modular approach**

- Roll out to all 220 countries by end of 2011
- Foundation knowledge for everyone
- Function-specific building blocks as well as leadership training complementing full CIS

### Benefits

- Leverage DHL Express' International heritage as our USP
- Staff equipped with optimal set of knowledge, skills and behaviors required to perform their role as an international express specialist
- Customers will be provided with the best international express shipping advisory, solutions and service, facilitating their intern trading operations



# AGENDA

Where do we come from / Recap CMD 2009

Where do we go from here

Wrap Up

# THREE BOTTOMLINES AND FOCUS

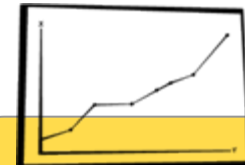
## The Group's Bottomlines form the basis for Express' Focus Program



Employer of Choice



Provider of Choice



Investment of Choice



Motivated People



Great Service Quality



Loyal Customers



Profitable Network



QCC



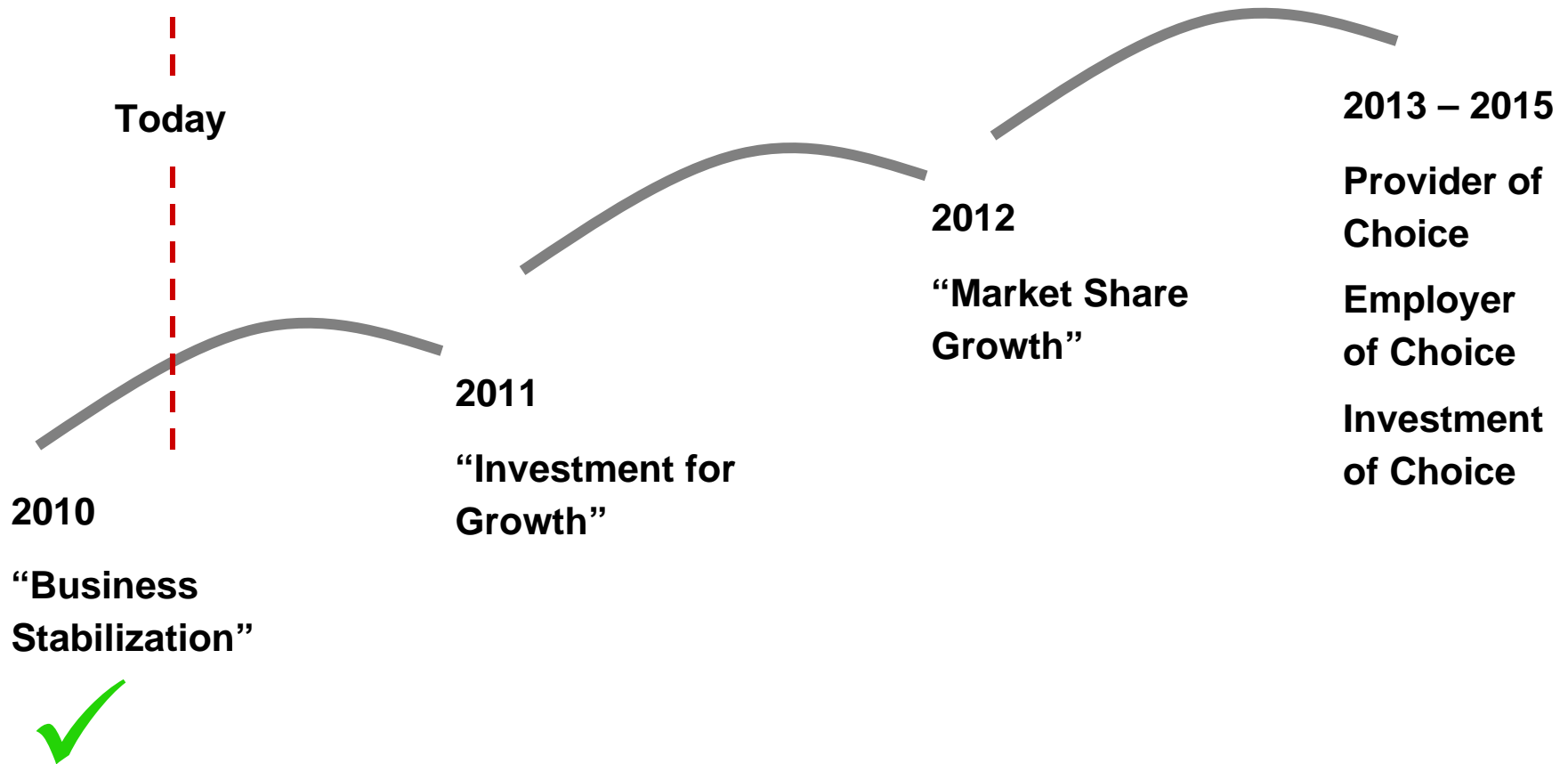
**FIRST CHOICE**  
For our customers. Worldwide.

Target  
EBIT



# STRATEGIC ROADMAP 2015

**Our Margin Aspiration Remains at ~10% as a result of a successful execution of the 3-year plan**





FEW RACES  
WON - THIS IS A  
REASON TO  
CELEBRATE...

Red Bull  
GIVES YOU WINGS

BRIDGESTONE  
CASIO



...BUT STILL A LONG  
WAY TO GO TO  
WIN THE CHAMPIONSHIP

... YOU CAN STILL BE GREAT AND NOT BE THE WORLD CHAMPION!



# CONCLUSION

## Express as a division will strengthen its position as an equal partner among the Group's divisions



- Continuous Execution of “Focus” program on track
  - to achieve Group's 3 bottomlines
  - to strive for ~10% profit margin
- Defend and strengthen DHL's No.1 Position in International Time Definite Express by
  - Increasing Brand Awareness
  - Rebuilding DHL Express' reputation in US, France, UK and Belgium