

Deutsche Post DHL
Group results H1 2011

Continued momentum towards strategic targets

Larry Rosen, CFO

Bonn, 2 August 2011

Q2 2011 Highlights

Further progress towards 2011 and mid-term targets



- Solid performance in Q2 2011 in all business divisions
 - Healthy top- and bottom line momentum
- Stabilization of MAIL EBIT materializing
- All DHL divisions improving margins further



EBIT guidance 2011 improved to upper end of
EUR 2.2bn – **2.4bn** range

Agenda

Strategic focus Mail: Parcel Germany

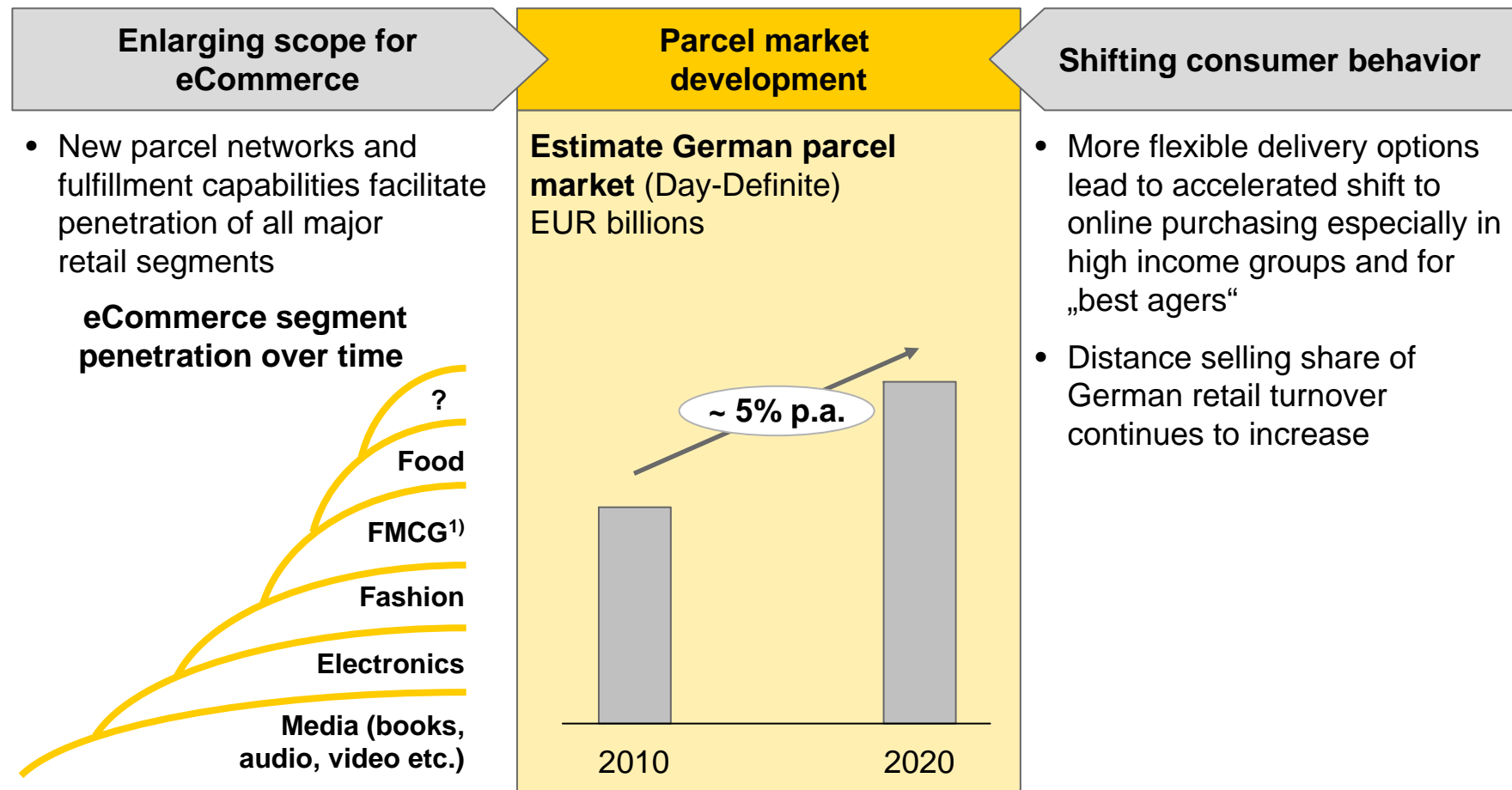
Strategic focus DHL: Express Asia Pacific

Financial results Q2 2011

Guidance FY 2011

Parcel Germany – Strategic Focus

eCommerce will further drive parcel market growth in the next 10 years



1) Fast Moving Consumer Goods (without food)
Sources: Bundesverband des Versandhandels, Gesellschaft für Konsumforschung

Parcel Germany – Strategic Focus

Parcel Germany is shaping eCommerce as the leading service provider

- **DP DHL only postal organization** world-wide to offer nation-wide **24/7 access** to all shipping needs
 - **13,500** retail outlets
 - **1,000** Parcel Boxes for 24/7 drop-off
 - **2,500** automatic **PACKSTATIONS** to drop-off, frank, or use as delivery address
 - Online Franking of all parcel products
 - iPhone and Android apps for all services

- To date **2mn** registered Packstation customers
 - **83%** check whether vendor ships to Packstation before purchase
 - **36%** increase their online spend after registration for Packstation
- Target group in age segment **25–50** years with high online affinity

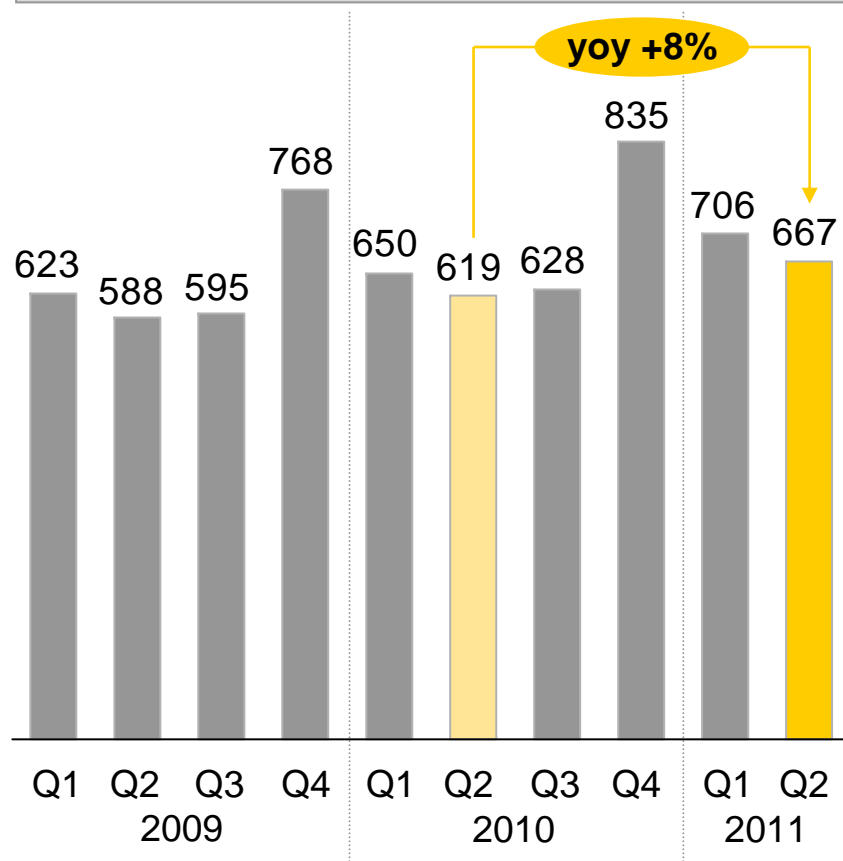


Source: Europäisches Handelsinstitut

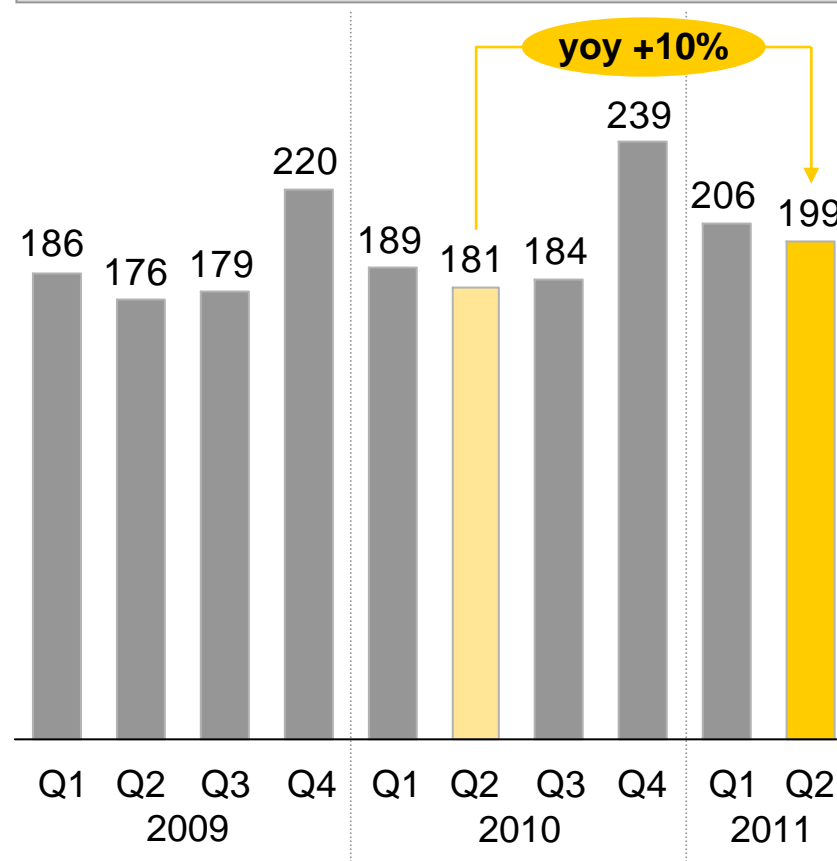
Parcel Germany – Quarterly Development 2009–2011

Dynamic growth of Parcel Germany

Revenues, in EUR mn



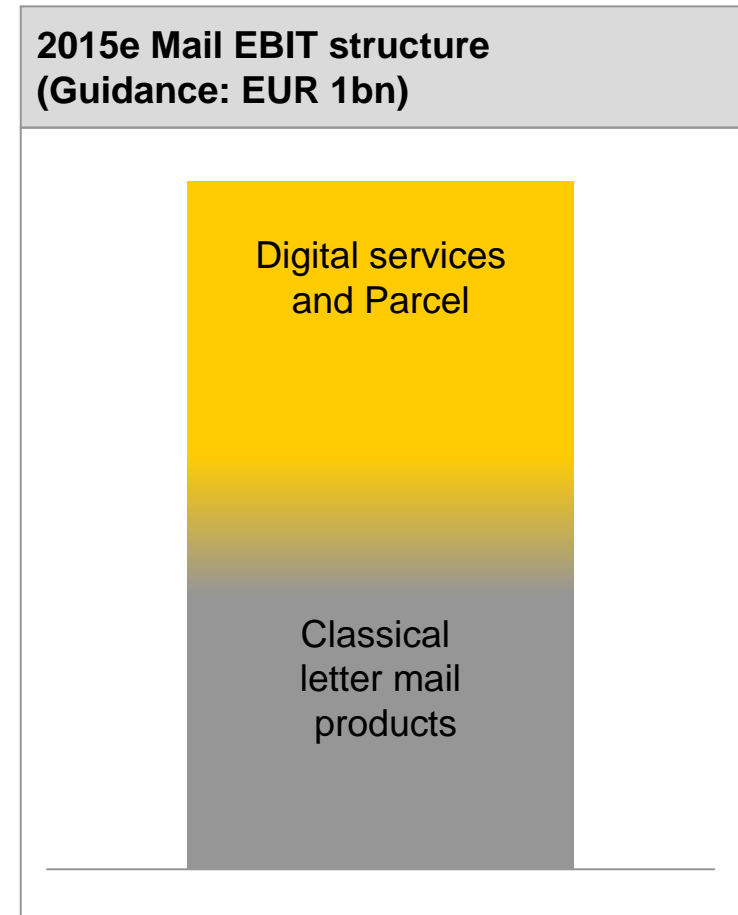
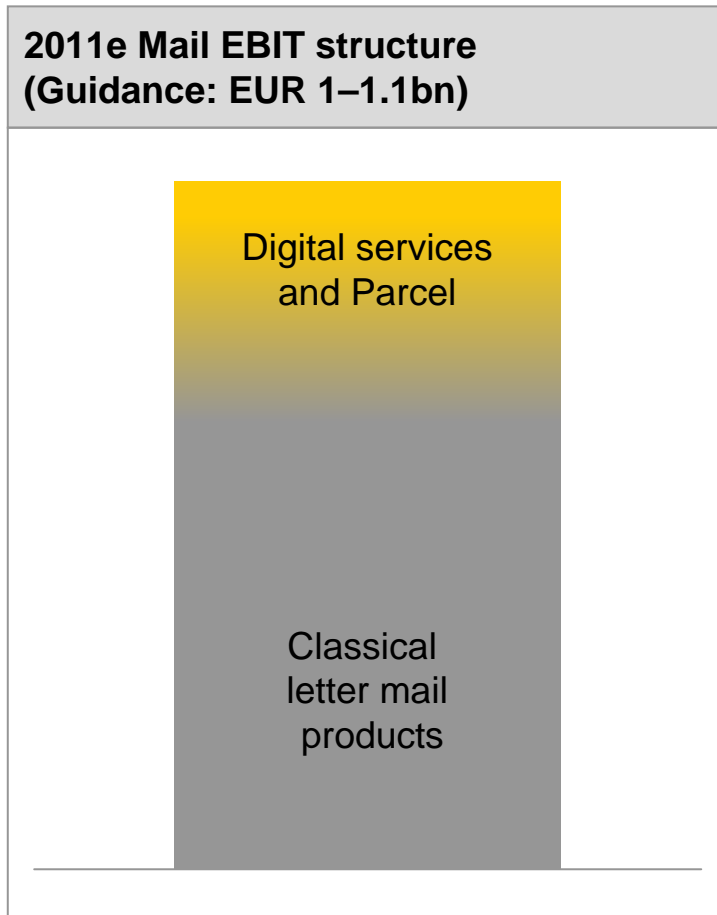
Volumes, in mn units



Mail: Components of EUR 1bn in 2015

Mail EBIT stabilization supported by structural shift to parcel and digital services

Illustrative



Agenda

Strategic focus Mail: Parcel Germany

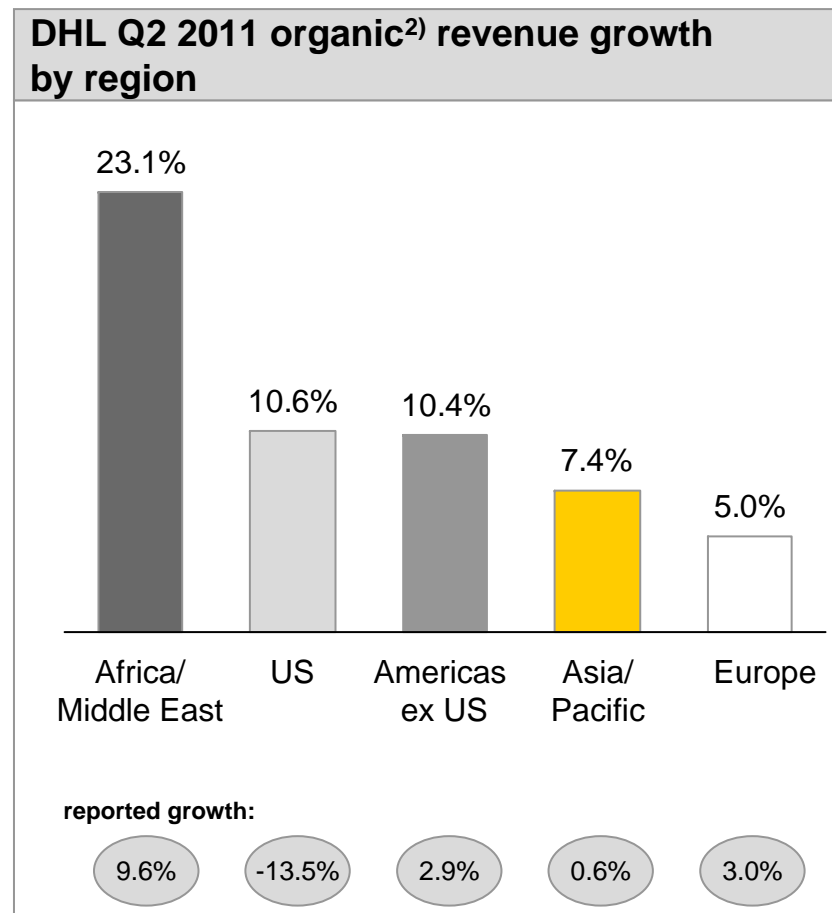
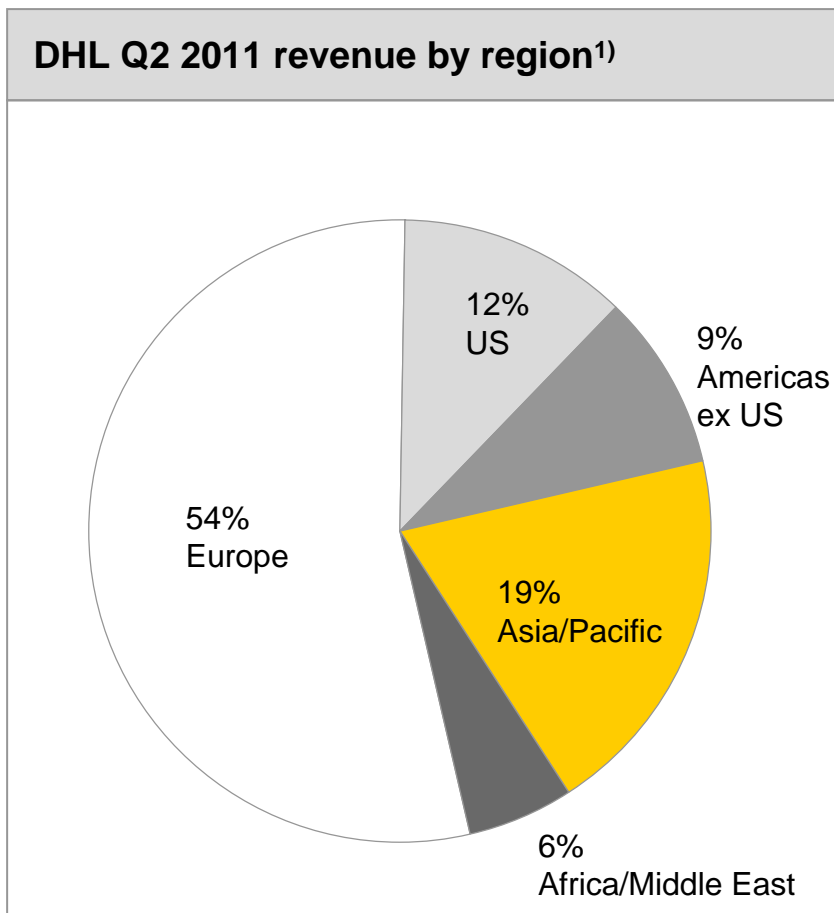
Strategic focus DHL: Express Asia Pacific

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DHL Revenue Split by Region

All DHL divisions with unparalleled presence in fast growing regions



1) 3rd party revenue

2) Organic excludes fx-effects and inorganic effects like acquisitions and disposals

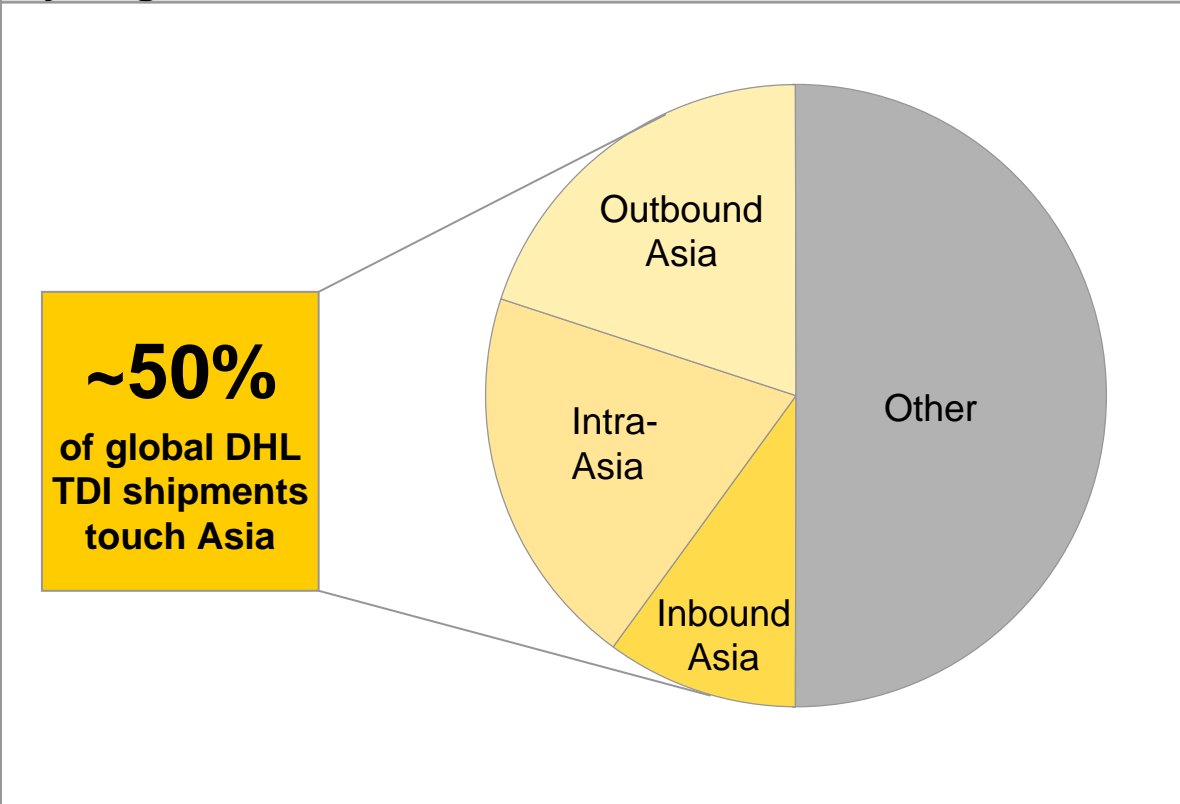
DHL Express Asia Pacific: Strategic Focus

Strong market leadership in Asia Pacific supports overall profitable growth



- DHL Express has clear market leadership in the Asian TDI market (2010: ~36%)¹⁾
- Clear advantage in Intra-Asian market

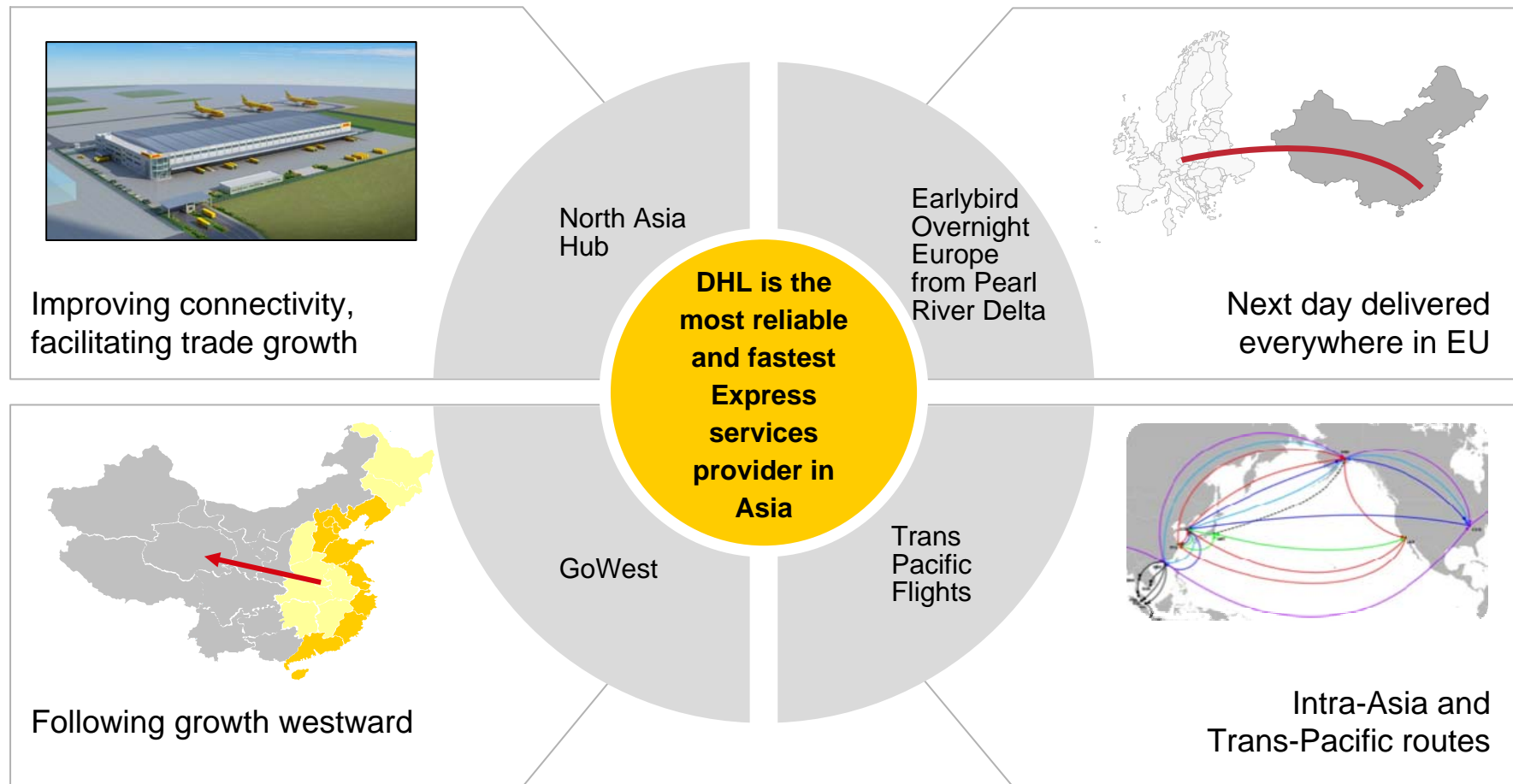
DHL TDI global shipment flow, H1 2011 by origin/destination



1) PA Consulting

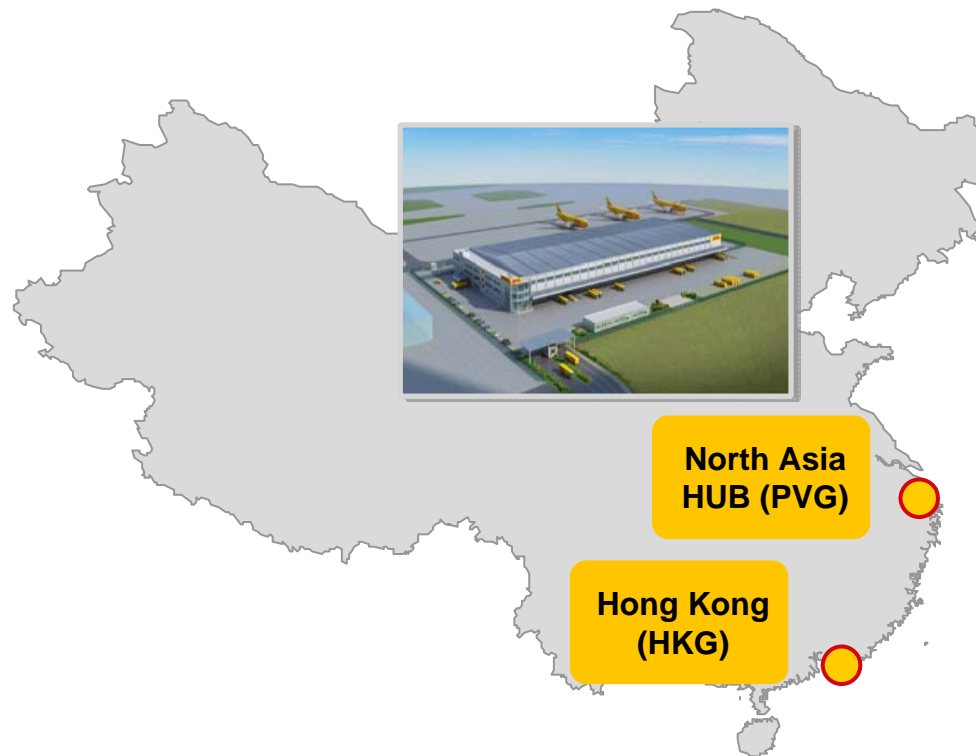
DHL Express Asia Pacific: Strategic Focus

Building out our leading local capabilities and network in Asia



DHL Express Asia Pacific: Strategic Focus

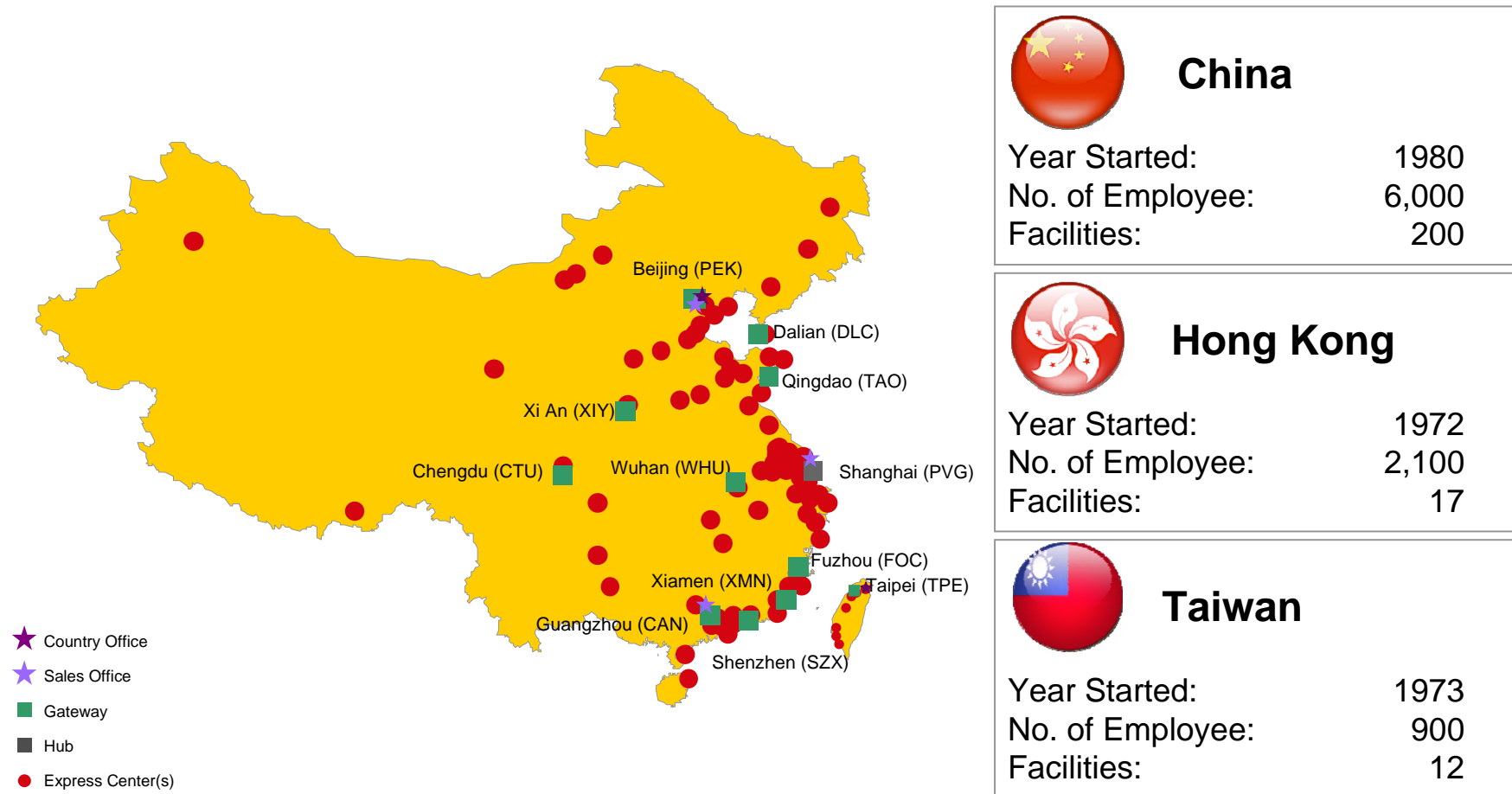
The new Shanghai Hub further strengthens DHL Express' position across North Asia



- Opening spring 2012
- Major customer benefit in Yangtze river delta as this region accounts for 35% of China's total value of imports/exports
- Major Transit time improvements across North Asia
- New hub will complement DHL Express' Central Asia Hub in Hong Kong serving Pearl River Delta

DHL Express Asia Pacific: Strategic Focus

Building on decades of experience – DHL Express remains committed to the International China business – serving more than 400 cities



Agenda

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Strategic focus DHL: Express Asia Pacific

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Guidance FY 2011

Group P&L H1 2011

Continued strong performance in H1

EUR mn	H1 2010	H1 2011	Chg.
Revenue	24,811	25,681	3.5%
EBIT ¹⁾	765	1,191	55.7%
t/o Mail	632	556	-12.0%
t/o DHL	341	834	>100%
Financial result	1,186	-319	NA
Taxes	-88	-218	>100%
Consolidated net profit ²⁾	1,828	603	-67.0%
EPS (in EUR)	1.51	0.50	-67.0%

- **Revenue** increased despite adverse fx-effects and divestments. Organic growth was +6.2%
- **EBIT** improved strongly in the DHL divisions while MAIL was negatively affected by the new VAT regulation and E-investments
- **H1 2011 Financial result** was impacted by Postbank effects of EUR -133mn compared to EUR +1,426mn last year
- **Tax rate** at 25%
- **Consolidated net profit** and **EPS** decreased only due to extraordinary Postbank effects in Q1 2010

1) 2010 EBIT included non-recurring items of EUR -304mn, t/o Mail EUR -4mn and DHL EUR -300mn;

2) Attributable to Deutsche Post AG shareholders

Group P&L Q2 2011

Continued strong performance in Q2

EUR mn	Q2 2010	Q2 2011	Chg.
Revenue	12,795	12,839	0.3%
EBIT ¹⁾	253	562	>100%
t/o Mail	243	183	-24.7%
t/o DHL	122	471	>100%
Financial result	-142	-158	-11.3%
Taxes	-18	-101	>100%
Consolidated net profit ²⁾	81	278	>100%
EPS (in EUR)	0.07	0.23	>100%

- **Revenue** increased slightly despite adverse fx-effects and divestments. Organic growth was +5.8%
- **EBIT** improved strongly in the DHL divisions while MAIL was negatively affected by the new VAT regulation and E-investments
- **Q2 2011 Financial result** was impacted by Postbank effects of EUR -77mn compared to EUR -22mn last year
- **Tax rate** at 25%
- **Consolidated net profit** and **EPS** increased due to improved EBIT margins and the absence of restructuring costs

1) 2010 EBIT included non-recurring items of EUR -250mn, t/o Mail EUR -2mn and DHL EUR -248mn;

2) Attributable to Deutsche Post AG shareholders

Impact of Postbank Transaction on the P+L

Net profit excluding Postbank effects increased to EUR 355mn in Q2 2011

EUR mn	H1 2010	H1 2011	Q2 2010	Q2 2011
Consolidated net profit (reported)¹⁾	1,828	603	81	278
t/o Postbank effects	1,426	-133	-22	-77
Net profit excluding Postbank effects	402	736	103	355

+83.1%
>100%

- Postbank effects include
 - at equity result of Postbank until Feb. 28th
 - Reclassification of Postbank shares as ‘Assets held for sale’, i.e. no further equity consolidation
 - Postbank valuation effects
 - interest component for mandatory exchangeable bond and cash collateral
- Q2 2011 financial result excluding Postbank related effects was EUR -81mn (Q2 2010 EUR -120mn)

1) Attributable to Deutsche Post AG shareholders

Free Cash Flow Q2 2011

Free cash flow improved YoY

EUR mn	Q2 2010 ¹⁾	Q2 2011 ¹⁾
Cash from operating activities before changes in Working Capital	450	398
Changes in Working Capital	-85	-81
Net cash from operating activities after changes in Working Capital	365	317
Net Capex	-224	-335
Net M&A	-248	31
Net Interest	-7	-10
Free Cash Flow	-114	3

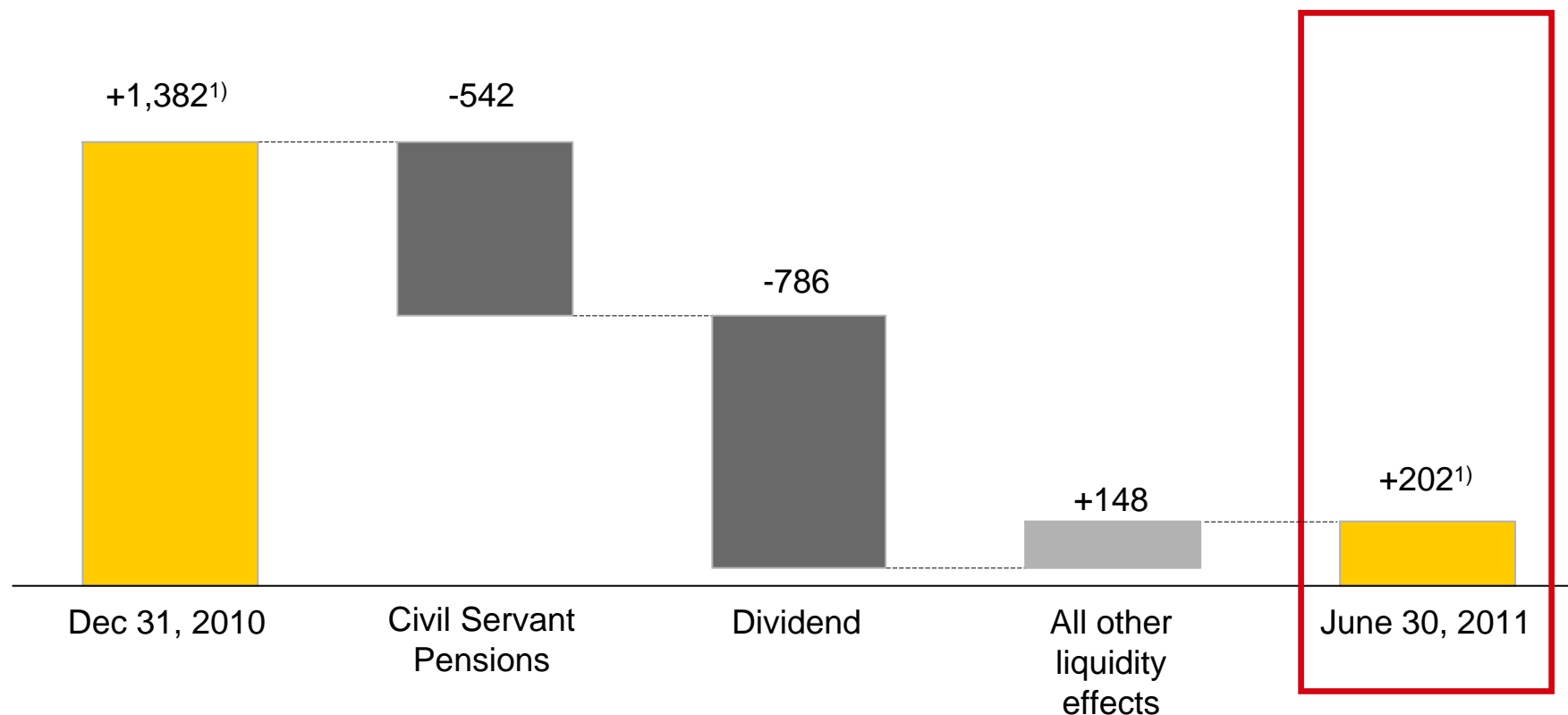
- Operating cash flow before changes in working capital slightly below last year caused mainly by higher tax payments
- **FFO/Debt** at 31.0% including dividend payment of EUR 786mn

1) Included restructuring cash out of EUR -61mn in Q2 2011 and EUR -381mn in Q2 2010

Net Debt (-) / Liquidity (+)

Net financial liquidity reduced compared to year-end 2010 due to annual payment to civil servants pension fund and dividend

EUR mn



1) Adjusted for mandatory exchangeable bond and cash collateral on put options as well as the effects of the net valuation of the financial derivatives related to the Postbank transaction

Highlights Mail Q2 2011

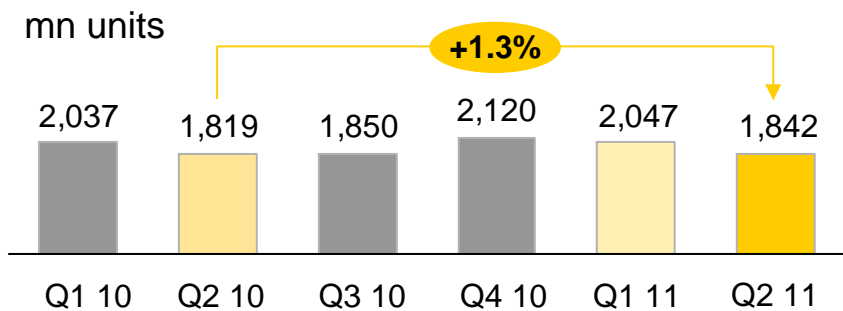
Stabilization of Mail contribution materializing



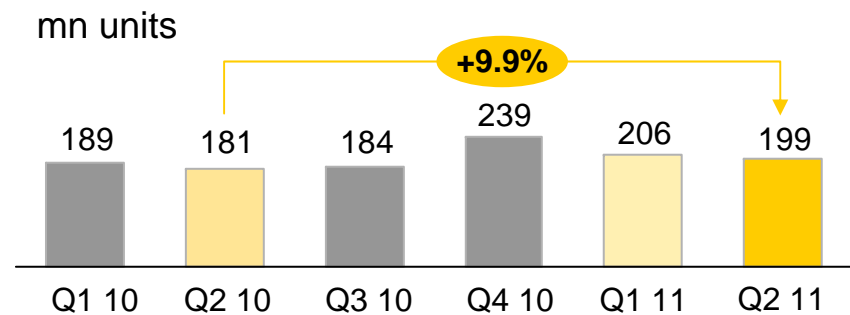
Milestones

- Continued strong growth of Parcel Germany
- Stable volumes in Mail Communication
- New VAT regulation and investments into e-projects impacting Mail as expected

Mail Communication volumes



Parcel volumes



Mail – Divisional Results Q2 2011

Strong parcel business more than offset by impacts of new VAT regulation and e-investments

EUR mn	Q2 2010	Q2 2011	Chg.
Revenue	3,265	3,254	-0.3%
EBIT	243¹⁾	183	-24.7%
Operating Cash Flow	267	182	-31.8%
Capex	114	95	-16.7%

- **Stable revenue** reflects parcel performance and good volume development in Mail Communication
- Despite strong parcel business **EBIT** below last year's level due to impact of new VAT regulation and investments in digital services
- **Operating cash flow** in line with EBIT development
- **Capex** below last year due to timing effects

1) 2010 EBIT included non-recurring items of EUR -2mn

Highlights Express Q2 2011

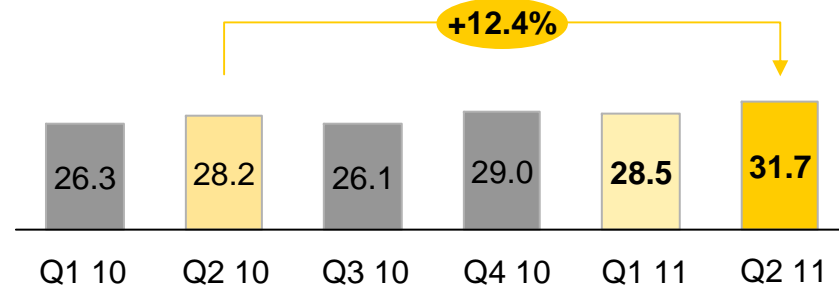
Asia remains the growth driver for DHL Express



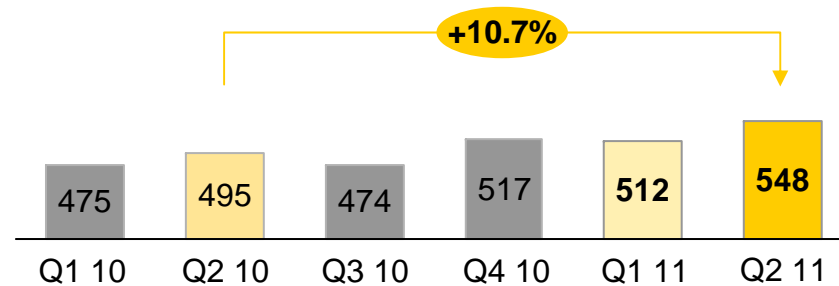
Milestones

- Shipment growth accelerating in Q2
- Market leadership in Asia Pacific supports overall profit growth
- Further margin improvement due to strong revenue and volume growth as well as strict cost management

Time Definite International (TDI) – Revenues per day¹⁾ in EUR mn



Time Definite International (TDI) – Shipments per day¹⁾ '000s



1) Currency translation impacts are eliminated. Hence, 2010 and 2011 data are aggregated with the same currency rate;

Express – Divisional Results Q2 2011

Healthy EBIT growth improves margin to 8.3%

EUR mn	Q2 2010	Q2 2011	Chg.
Revenue	2,868	2,950	2.9%
EBIT	-30¹⁾	244	NA
Operating Cash Flow	255	184	-27.8%
Capex	63	140	>100%

- **Revenues** increased due to accelerated international volume growth. Organic growth was 11.3%
- **EBIT** grew significantly due to revenue growth, higher operational efficiencies and absence of restructuring expenses¹⁾
- Operating cash flow declined due to increased working capital needs to support growth
- Higher **Capex** due to investments into aviation network

1) 2010 EBIT included non-recurring items of EUR -228mn

Highlights Global Forwarding, Freight Q2 2011

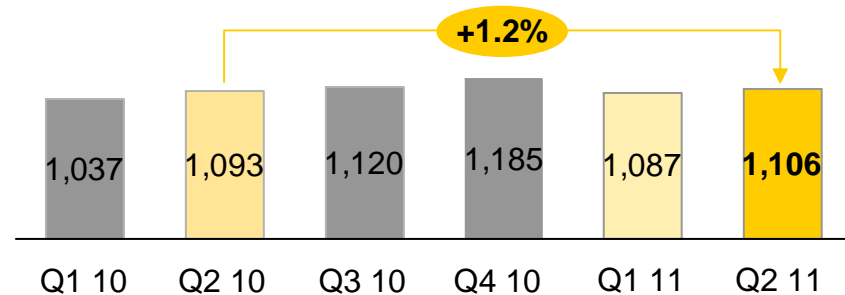
Focused market development improving margin levels



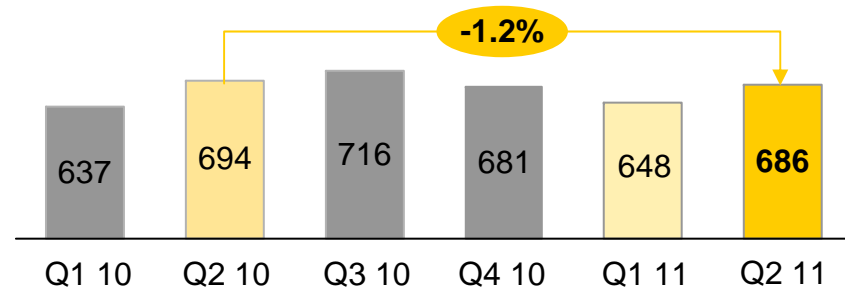
Milestones

- Positive revenue and profit development despite unfavorable currency effects and volatile market environment in Q2
- Volume growth normalizing due to high restocking in Q2 2010 and slight market softening
- Further margin improvement achieved by favorable buying conditions, selective growth approach and efficient operations
- Focus on further operational performance improvements

Air freight '000s Tons



Ocean freight '000s TEU¹⁾



1) Twenty Foot Equivalent Unit

Global Forwarding, Freight – Divisional Results Q2 2011

Continued profitable growth and high cash flow

EUR mn	Q2 2010	Q2 2011	Chg.
Revenue	3,611	3,740	3.6%
EBIT	99 ¹⁾	112	13.1%
Operating Cash Flow	15	148	>100%
Capex	19	15	-21.1%

- **Revenues** increased despite adverse fx-effects, unsecure market environment, and in particular, lower freight rates. Organic growth was 7.1%
- Strong improvement in **Freight** operating performance
- **Gross profit** improving due to better buying conditions
- Improved GP and cost discipline drive **EBIT** increase; EBIT margin increasing from 2.7% last year to 3.0%
- Substantial growth in **operating cash flow** primarily due to focused net working capital management

1) 2010 EBIT included non-recurring items of EUR -3mn

Highlights Supply Chain Q2 2011

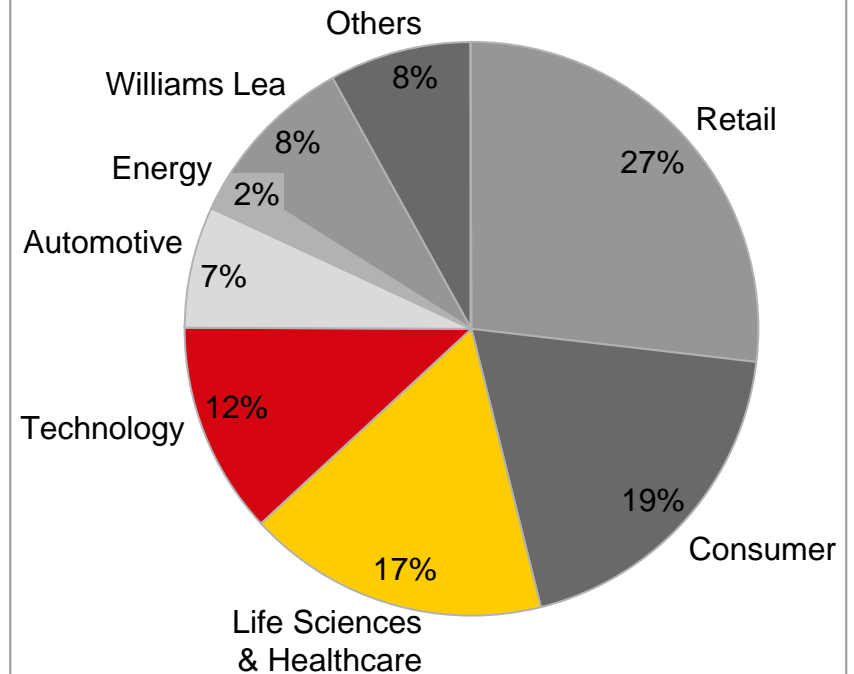
Steady margin improvement continues



Milestones

- Revenue continues to increase due to the upturn in existing business activity and new business wins
- Asia Pacific remains the region with the highest growth
- New business of around EUR 220mn in annualized revenue was won in Q2 2011 (Q2 2010: EUR 260mn) driven by the Retail, Consumer and Life Sciences & Healthcare sectors

Revenue by sector Q2 2011



Supply Chain – Divisional Results Q2 2011

Revenue growth continues, excluding negative fx-effects and disposal of ETS business in the US

EUR mn	Q2 2010	Q2 2011	Chg.
Revenue	3,304	3,191	-3.4%
EBIT	53¹⁾	115	>100%
Operating Cash Flow	-22	65	NA
Capex	47	61	29.8%
Contracts won – Annualized revenue Supply Chain			
New gains	260	220	

- **Revenue** below last year due to negative fx-effects and disposal of ETS business. Organic growth was 6.1%
- Increased **EBIT** due to higher business activity, continued measures to improve profitability and gain on disposal of ETS business
- Higher **Capex** investment reflecting business growth

1) 2010 EBIT included non-recurring items of EUR -17mn

Agenda

Strategic focus Mail: Parcel Germany

Strategic focus DHL: Express Asia Pacific

Financial results Q2 2011

Guidance FY 2011

Full-year 2011 Guidance

- EBIT now expected to be at the upper end of range driven by solid performance
- Mail result stabilizing

	2011	
Group	EUR 2.2 – <u>2.4bn</u>	<ul style="list-style-type: none"> • Net profit excl. Postbank transaction effects to improve in line with operational performance • Capex not more than EUR 1.6bn • Tax rate of 25% • Restructuring will have a considerably lower influence on operating cash flow than last year (in 2011 c. EUR 200mn cash outflow)
Mail	EUR 1.0 – 1.1bn	
DHL divisions	EUR 1.6 – 1.7bn	
Corp. Center/ Other	~EUR -0.4bn	

Upper end

Wrap Up



- Stabilization of Mail EBIT contribution fully on track, supported by growing parcel business
- Strong footprint in fast growing regions continues to drive growth at DHL
- On track to achieve upper end of guidance range

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