

Deutsche Post DHL
Group results Q1 2011

Strong start into 2011

Frank Appel, CEO
Larry Rosen, CFO

Bonn, 10 May 2011

Q1 2011 Highlights

Growth drivers delivering



- Continued strong performance in Q1 2011
- Stabilization of MAIL EBIT beginning to materialize
- DHL further leveraging No. 1 position in fast growing markets
- Solid liquidity and balance sheet position
- Full year guidance confirmed

Agenda

Strategic focus Mail: Parcel Germany (Frank Appel)

Strategic focus DHL: Asia (Frank Appel)

Financial results Q1 2011 (Larry Rosen)

Guidance FY 2011 (Larry Rosen)

Parcel Germany – Strategic Focus

Parcel business in Germany – dynamic growth

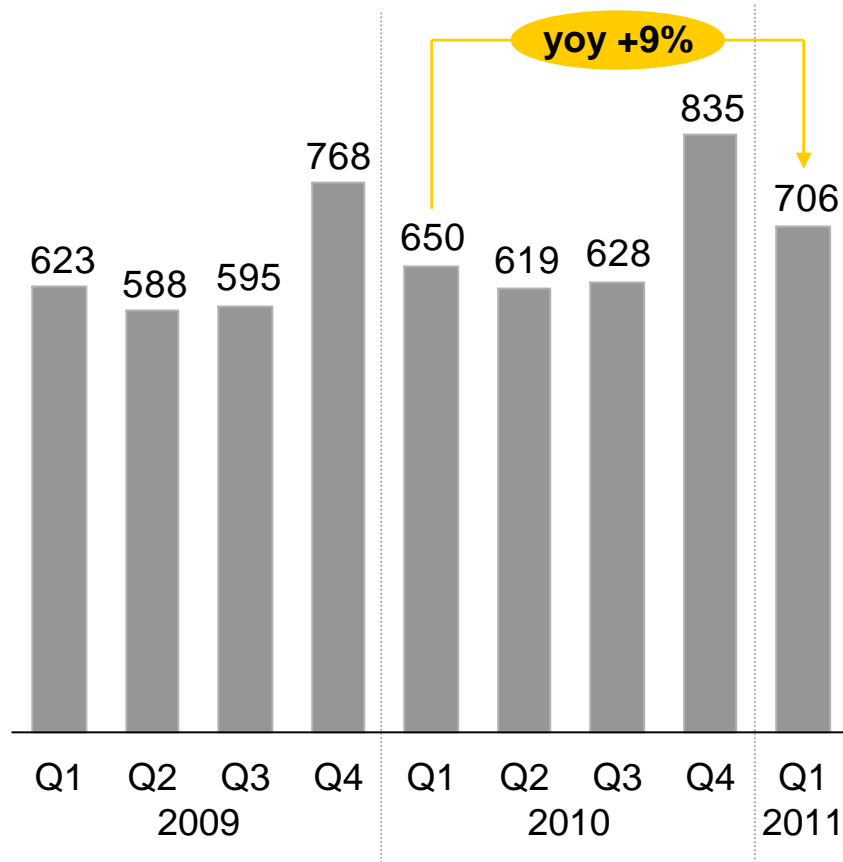
- Clear No. 1 in Germany
- Successful transformation following integration in Mail division in 2007
- Parcel enables and benefits from e-commerce growth
- Margin increasing due to volume growth and leverage
- Technology and quality leader (e.g. Packstation, Smart Truck)



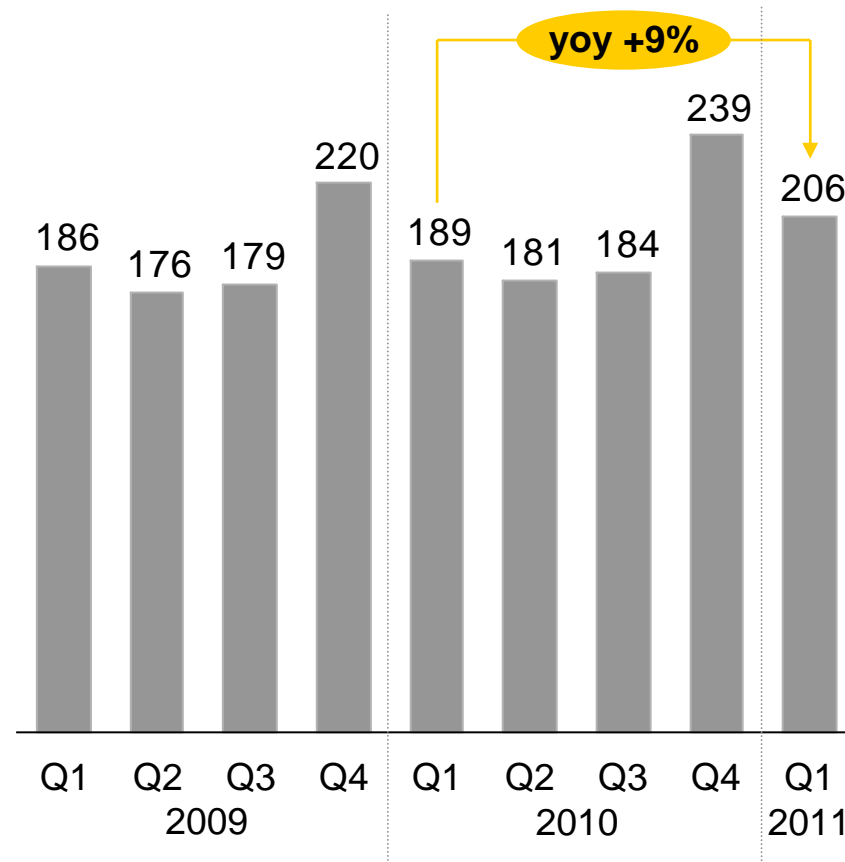
Parcel Germany – Quarterly Development 2009–2011

Dynamic growth of Parcel Germany

Revenues, in EUR mn



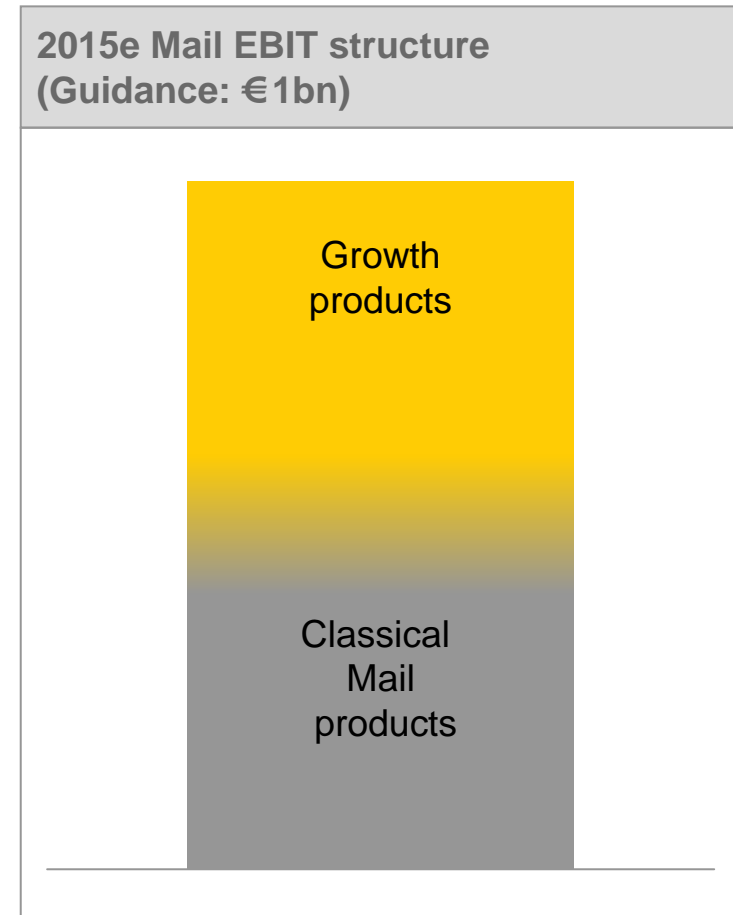
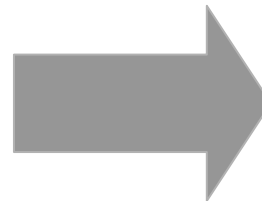
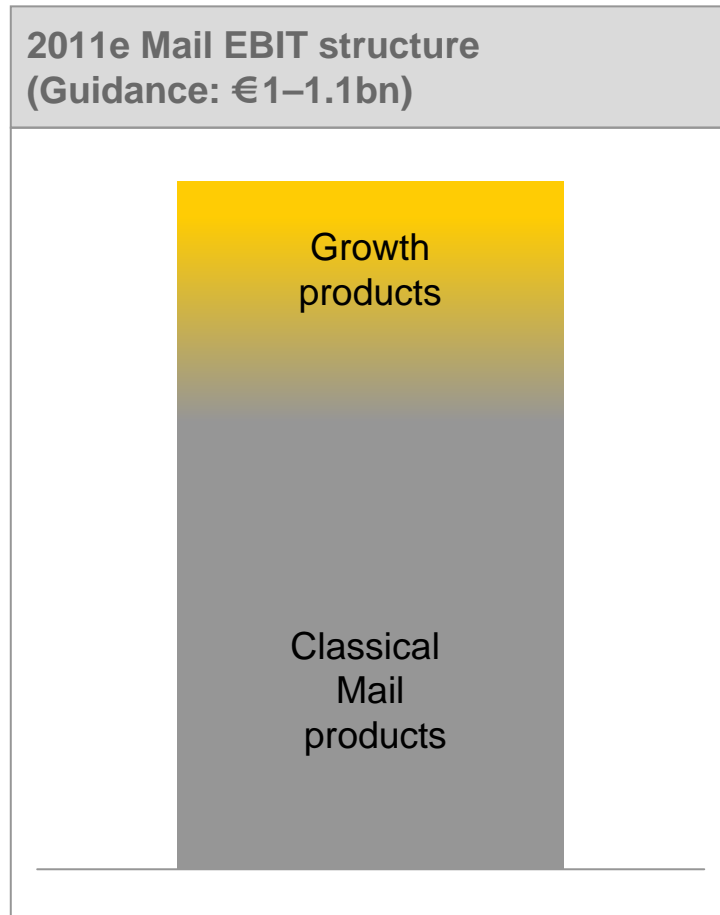
Volumes, in mn units



Mail: Components of €1bn in 2015

Mail EBIT stabilization supported by structural shift to parcel and e-products

Illustrative



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DHL Asia – Strategic Focus

DHL clear No. 1 in Asia

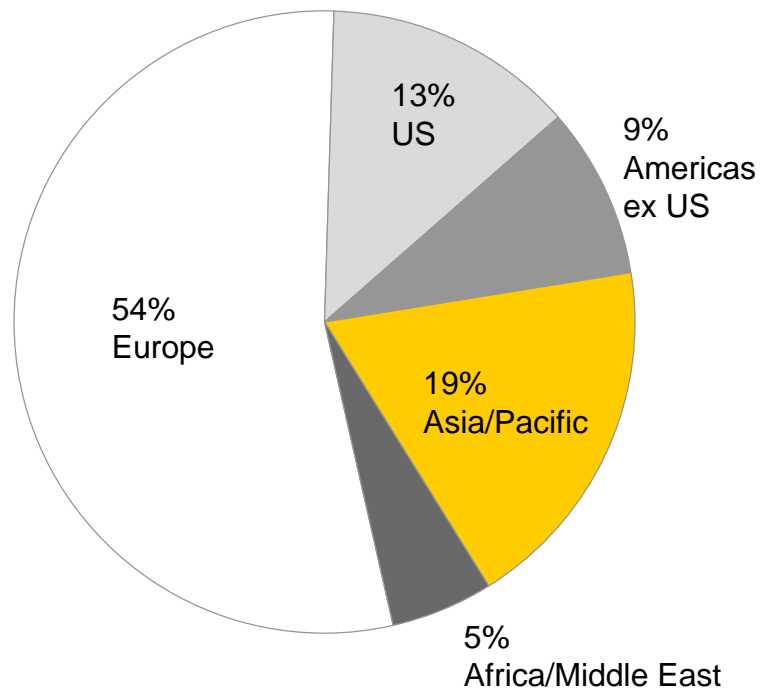


- Asia is the important growth engine for world GDP
- With an unrivalled footprint, DHL is best positioned to capture this growth
- DHL maintains high focus on key markets China and India

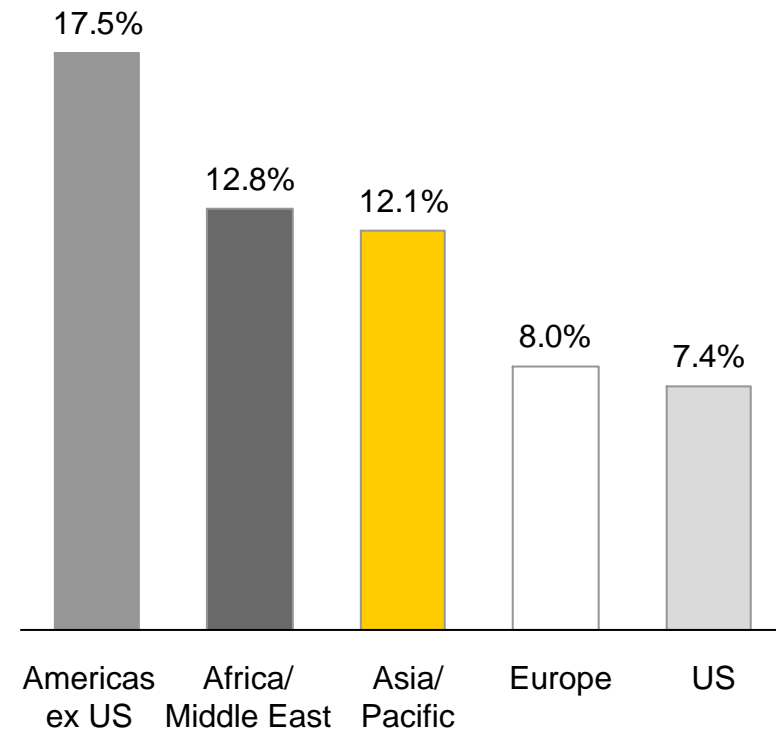
DHL Revenue Split by Region

DHL with unparalleled presence in fast growing regions

DHL Q1 2011 revenue by region¹⁾



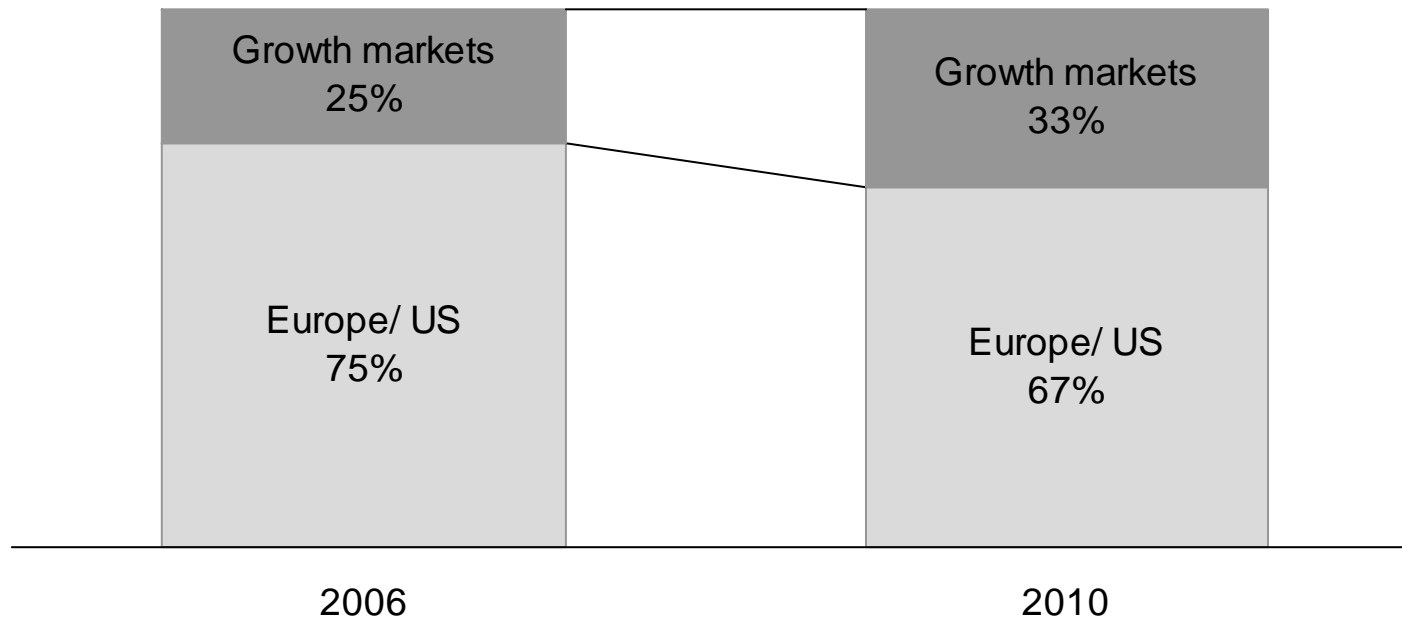
DHL Q1 2011 revenue by region YoY¹⁾



1) 3rd party revenue

DHL Revenue Split





Increasing share of fast growing regions¹⁾



1) 3rd party revenue

DHL Footprint Asia

DHL has a strong and expanding footprint in Asia

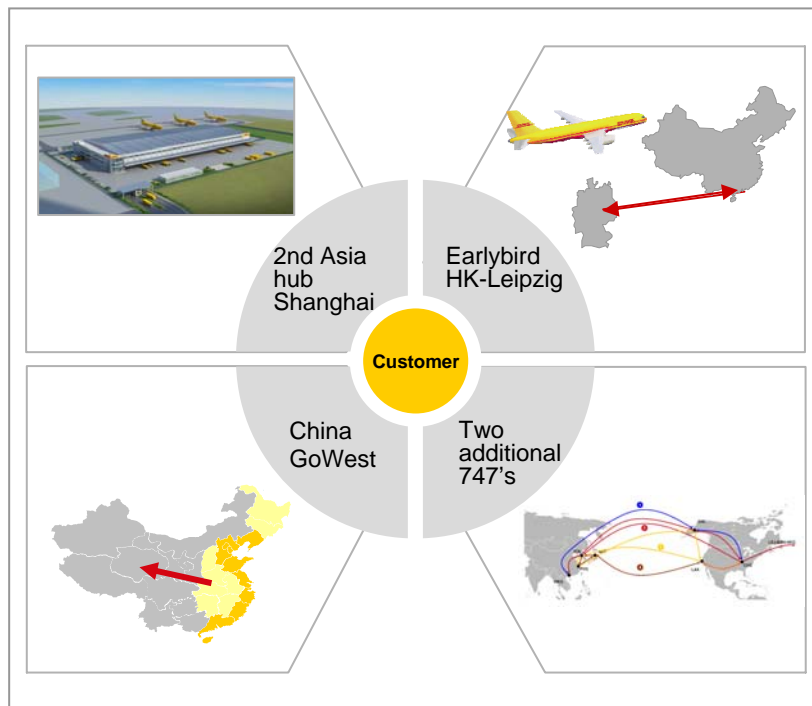
				
Revenues¹⁾				
(in €)	7.1bn	3.1bn	2.9bn	1.1bn
(% of total)	19%	29%	21%	8%
Employees	> 60,000	> 30,000	> 10,000	> 20,000
Market position	No. 1	No. 1	No. 1	No. 1
Customers		> 500,000	> 86,000	> 300

1) 3rd party revenue Asia/Pacific 2010; sum of DHL divisions or respective division

Focus on DHL Express

DHL Express No. 1 in Asia

Network capability
 DHL is the most reliable and fastest Express services provider in Asia



Customer perception
 DHL Express' performance reflected in positive customer feedback and perception

Overall customer satisfaction	<ul style="list-style-type: none"> • China: DHL No. 1 • India: DHL No. 1
Customer loyalty	<ul style="list-style-type: none"> • China: DHL No. 1 • India: DHL No. 1
External accolades	<ul style="list-style-type: none"> • South Korea: National best call center in 2010 • China: Best call center of the year 2010

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Group P&L Q1 2011

Continued strong performance in Q1

€ mn	Q1 2010	Q1 2011	Chg.
Revenue	12,016	12,842	6.9%
EBIT	512¹⁾	629	22.9%
Financial result	1,328	-161	NA
Taxes	-70	-117	-67.1%
Consolidated net profit ²⁾	1,747	325	-81.4%
EPS (in €)	1.44	0.27	-81.3%

- **Revenue** development +6.9% driven by DHL. Mail revenues on last years level. FX-effects contribute 1.2%
- **EBIT** improved strongly in the DHL divisions while MAIL was able to mostly offset effects of new VAT regulation and E-investments
- **Q1 2011 Financial result** was impacted by Postbank effects of € -56mn compared to € +1,448mn 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 € -54mn;

2) Attributable to Deutsche Post AG shareholders

Impact of Postbank Transaction on the P+L

Net profit excluding Postbank effects increased 27%

€ mn	Q1 2010	Q1 2011	Chg.
Consolidated net profit (reported)	1,747	325	-81.4%
t/o Postbank effects	1,448	-56	
Net profit excluding Postbank effects	299	381	27.4%

- Postbank effects include
 - at equity result of Postbank
 - Postbank valuation effects
 - interest component for mandatory exchangeable bond and cash collateral
- Q1 2011 financial result excluding Postbank related effects was € -105mn

Free Cash Flow Q1 2011

Free cash flow improved YoY despite working capital development and higher Capex

€ mn	Q1 2010 ¹⁾	Q1 2011 ¹⁾
Cash from operating activities before changes in Working Capital	441	628
Changes in Working Capital	-536	-662
Net cash from operating activities after changes in Working Capital	-95	-34
Net Capex	-149	-253
Net M&A	-71	0
Net Interest	-61	-55
Free Cash Flow	-376	-342

- Despite more cash-out for working capital, **operating cash flow** better than last year due to higher EBIT and lower restructuring cash out
- Working capital burdened by annual Civil Servants Pension payment of €542mn
- **FFO/Debt** at 34.9% (Jan.-Dec. 2010: 35.2%)

1) Included restructuring cash out of €-60mn in Q1 2011 and €-227mn in Q1 2010

Net Debt (-) / Liquidity (+) 31.03.2011

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

€ 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 Q1 2011

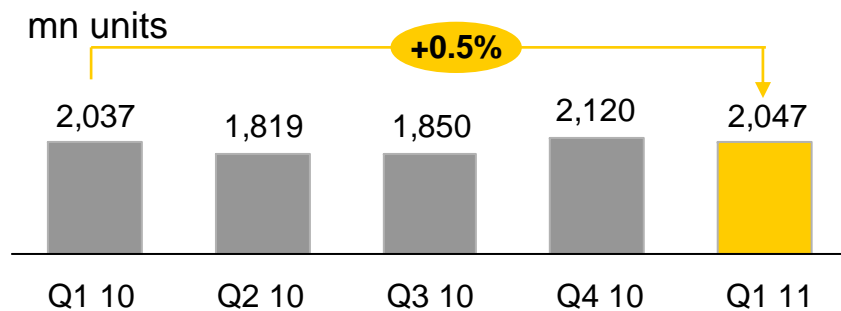
Stabilization of Mail contribution beginning to materialize



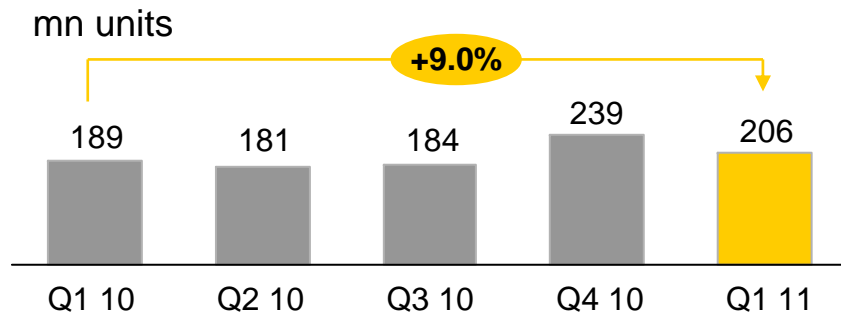
Milestones

- Continued strong growth of Parcel Germany
- Acquisition of Adcloud (April) further important strategic step in fast growing online advertising market
- New VAT regulation impacting Mail as expected
- Global Mail: continued optimization of business portfolio

Mail communication volumes



Parcel volumes



Mail – Divisional Results Q1 2011

Strong parcel business mostly offsetting impact of VAT and E-Investments

€ mn	Q1 2010	Q1 2011	Chg.
Revenue	3,506	3,514	0.2%
EBIT	389¹⁾	373	-4.1%
Operating Cash Flow	-8	-145	NA
Capex	84	48	-42.9%

- **Revenue** growth reflects parcel performance and one additional working day in Q1 2011
- **EBIT** near last year's level due to strong parcel business and cost control mostly offsetting impact of new VAT regulation and E-Investments
- **Operating cash flow** contains annual cash contribution to civil servants pension fund; YoY decrease due to working capital development
- **Capex** reduced only due to timing effects

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

Highlights Express Q1 2011

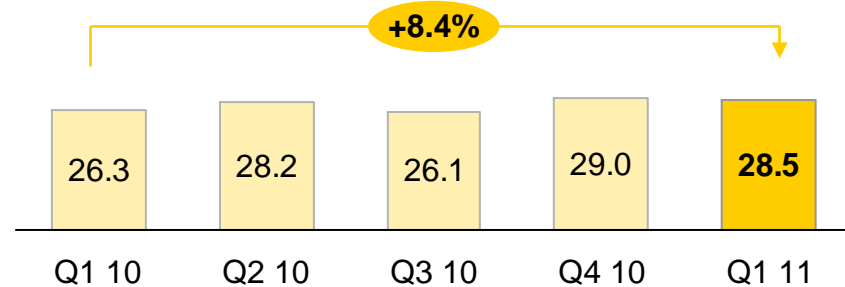
Express continues dynamic performance improvement



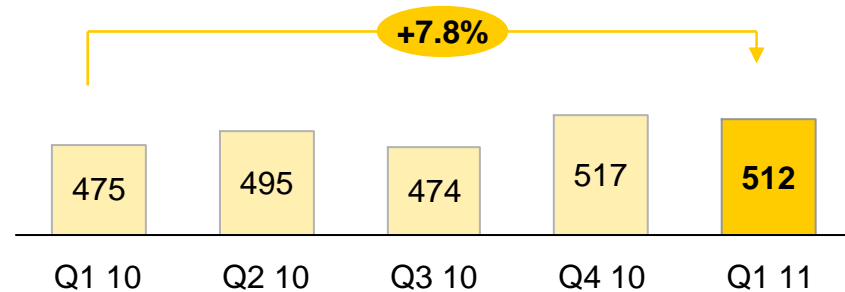
Milestones

- Strong TDI and TDD volume growth with increased weight per shipment
- Asia as key growth driver showing double-digit growth
- GPI's²⁾ implemented as per January 1st supporting profit contribution
- Further margin improvement due to strong revenue and volume growth and strict cost management

Time Definite International (TDI) – Revenues per day¹⁾ in €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

2) General Price Increase

Express – Divisional Results Q1 2011

EBIT margin improves from 4.2% to 7.8% YoY

€ mn	Q1 2010	Q1 2011	Chg.
Revenue	2,620	2,765	5.5%
EBIT	110¹⁾	216	96.4%
Operating Cash Flow	81	138	70.4%
Capex	41	82	100.0%

- **Revenues** increased due to solid TDI and TDD performance supported by continued economic recovery and implementation of GPI's²⁾ on January 1st
- **EBIT** grew significantly due to strong revenue growth, higher operational efficiencies and absence of restructuring expenses¹⁾
- Improvement of **operating cash flow** due to strong EBIT and lower restructuring cash-out
- Higher **Capex** due to aircraft investments

1) 2010 EBIT included non-recurring items of €-44mn

2) General Price Increase

Highlights Global Forwarding, Freight Q1 2011

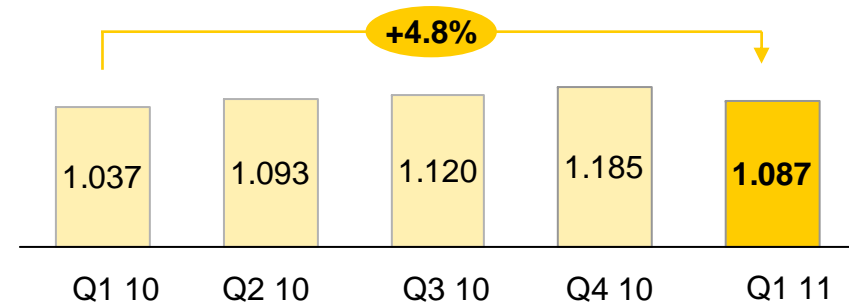
Focused market development improving margin levels



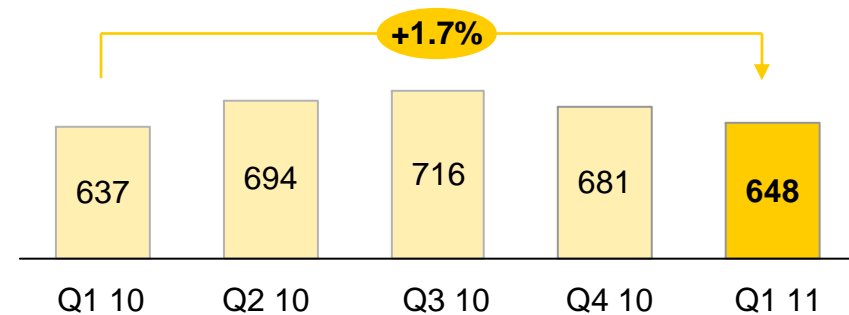
Milestones

- Healthy volume development and new business wins in Q1
- Further margin improvement achieved by better buying, efficient operations and focused market development
- In parallel, preparation for process and system modernization has started

Air freight '000s Tons



Ocean freight '000s TEU¹⁾



1) Twenty Foot Equivalent Unit

Global Forwarding, Freight – Divisional Results Q1 2011

Continued revenue growth and EBIT improvement

€ mn	Q1 2010	Q1 2011	Chg.
Revenue	3,117	3,581	14.9%
EBIT	53¹⁾	69	30.2%
Operating Cash Flow	-10	116	NA
Capex	18	21	16.7%

- **Revenues** increased due to new business wins, higher fuel prices and FX-effects
- **Gross profit** improving due to better buying conditions
- Revenue growth and cost discipline drive **EBIT** increase
- Strong growth in operating **cash flow** primarily due to positive working capital development

1) 2010 EBIT included non-recurring items of €-1mn

Highlights Supply Chain Q1 2011

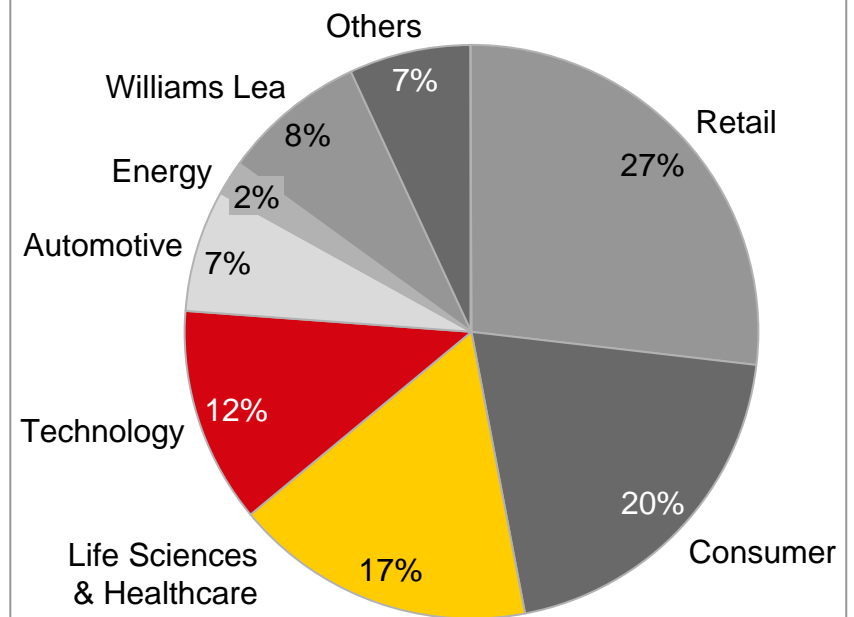
Steady margin improvement



Milestones

- Revenues continue to increase due to an upturn in existing business activity, particularly in the Retail and Life Sciences & Healthcare sectors and from new business wins
- Asia Pacific with highest growth amongst all regions
- New business of around €320mn in annualized revenue won in Q1 2011 (Q1 2010: €240mn) driven by the retail sector

Revenue by sector Q1 2011



Operational improvements contribute to EBIT increase

€ mn	Q1 2010	Q1 2011	Chg.
Revenue	3,044	3,273	7.5%
EBIT	56¹⁾	78	39.3%
Operating Cash Flow	45	53	17.8%
Capex	35	60	71.4%
Contracts won – Annualized revenue Supply Chain			
New gains	240	320	

- **Revenue** above last year due to increased volumes and new business wins
- Increased **EBIT** due to higher business activity and last year's measures to improve profitability
- **Capex** reflecting new business growth

1) 2010 EBIT included non-recurring items of €-7mn

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Full-year 2011 Guidance Confirmed

- On track to achieve DHL EBIT growth of 10-17% in 2011¹⁾
- Mail result stabilizing

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

1) Compared to underlying EBIT in 2010 of €1.45bn

Wrap Up



- Strong quarter with growth drivers delivering
- Strength in fast growing regions continues to drive DHL result
- Stabilization in Mail thanks to stronger revenues in Parcel and cost control

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