

Capital Market Day 2009


Frank Appel, CEO
Frankfurt, 6 May 2009




Agenda



State of the company / Q1 2009 results



Our strategy 2015



Summary / outlook on key challenges ahead

Overall state of the company



- We have **solved major strategic issues** (e.g. Postbank sale, U.S. Express restructuring).
- Since Q4 2008 we have been facing a **difficult and rather unpredictable market environment**.
- We are **accelerating our cost cutting efforts** with particular focus on Mail and Express.
- We have defined a **clear Group strategy** to unlock our full potential towards further organic growth.

Update on U.S. Express restructuring



- **Comprehensive restructuring of DHL U.S. Express business according to plan**
- **Latest decision:**
 - Reactivation of our Cincinnati (CVG) facility to serve as our overnight package sorting operation in the U.S.
 - UPS talks on potential airlift agreement terminated
- **Smooth transition towards “International Only” has taken place**
 - 50% more shipments per day could be retained compared to the initial target

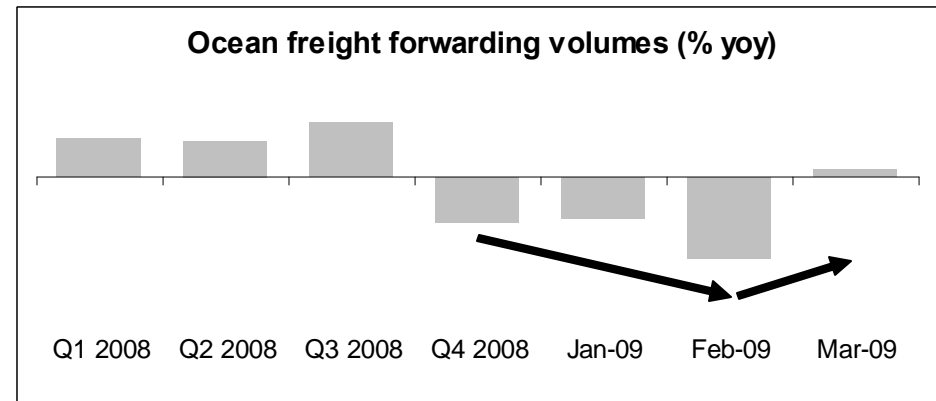
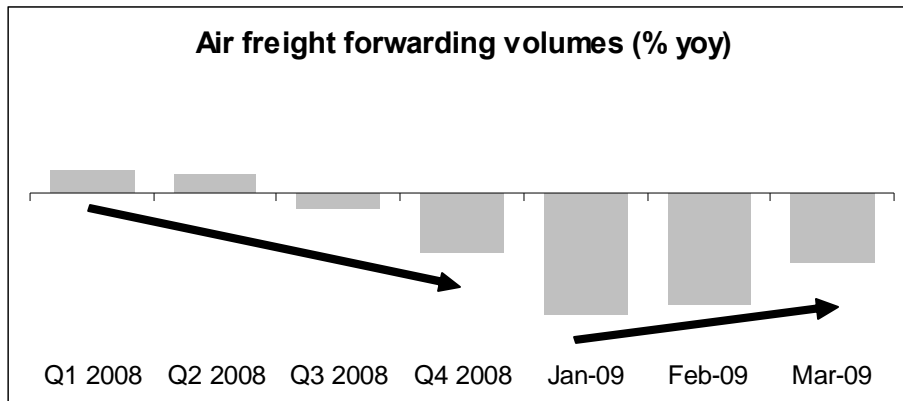
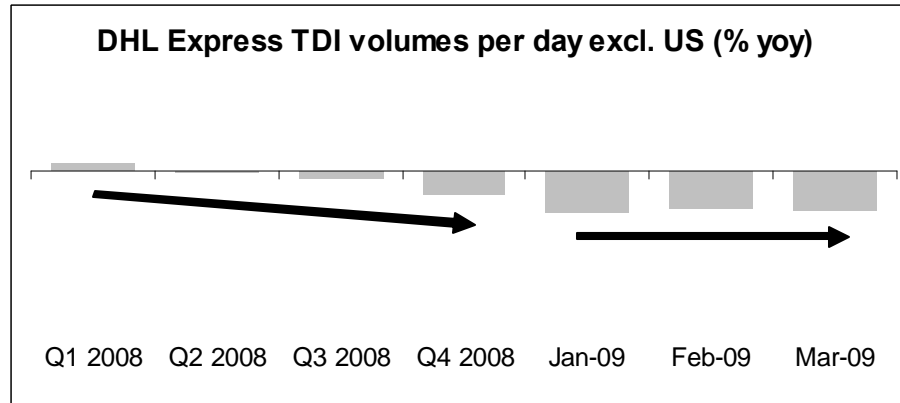
Q1 2009 financial results

Tough start into a difficult year

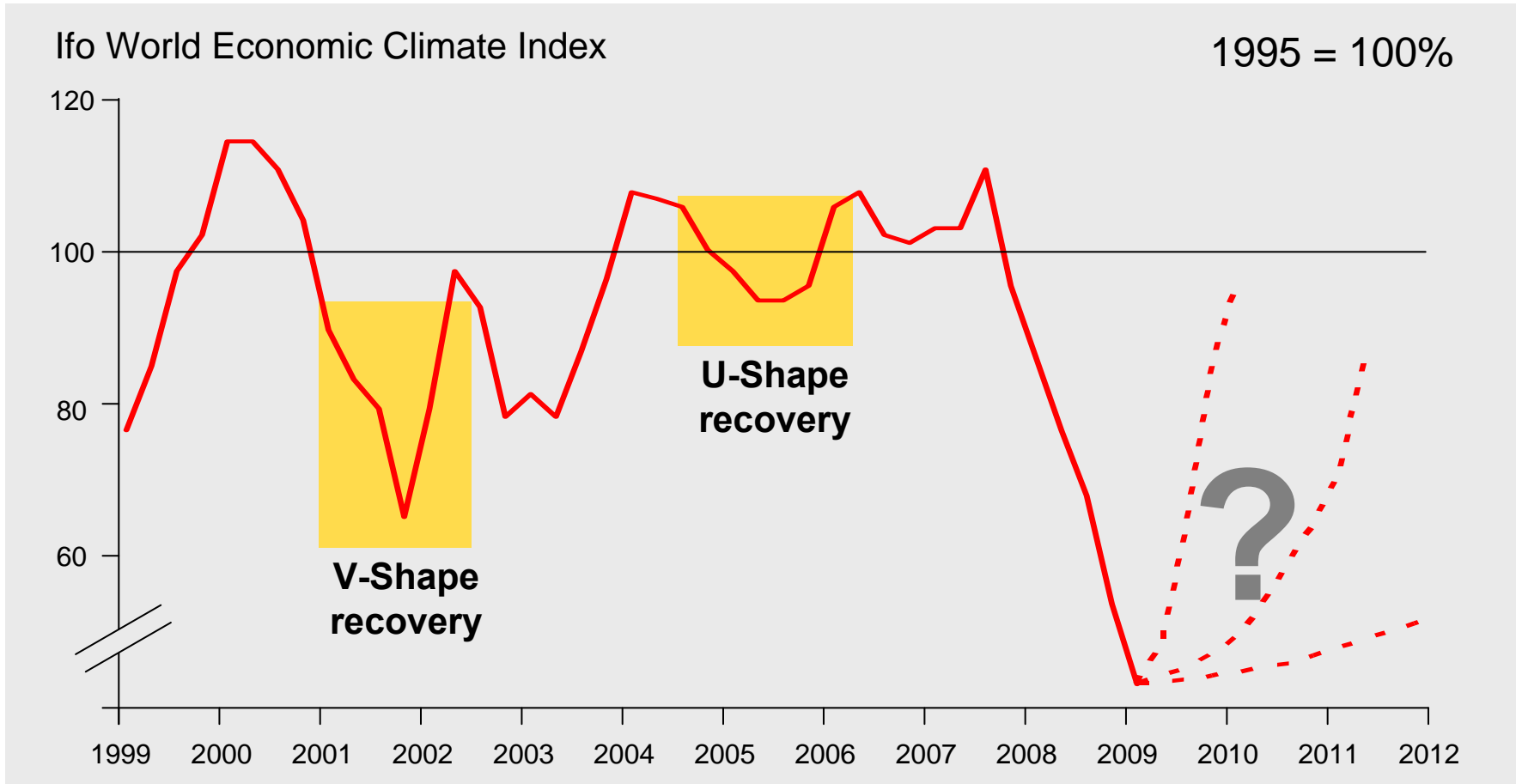
€ million	Q1 2008	Q1 2009	Change in %
Reported revenue	13,209	11,505	-13%
Reported EBIT	539	27	-95%
Underlying EBIT	539	312	-42%
Net profit	383	944	147%
EPS	0.32	0.78	144%
Operating cash flow	141	-275	-

Business development

We have seen a stabilization of volumes – but have we seen the bottom?



Since Q4 2009 we are facing a rather unpredictable market environment



Outlook

- Volume declines may have reached the bottom.
- If this is the case increasing benefit in the second half of the year and 2010 from our cost reduction program expected
- In particular in the Express division, the good progress in the US Express business will support the improvement in the second half of the year.
- This should lead to underlying group EBIT showing significantly lower reductions relative to 2008 than we have seen in Q1 and expect to see also in the second quarter.
- The positive effects as a result of the Postbank transaction should lead to a return to a positive net profit in 2009 as a whole – a substantial improvement on 2008.

We have excellent Group program in place



Significant improvement of **customer satisfaction** already achieved



Major improvement of **employee satisfaction** in large parts of the organization



Significant **cash flow** improvement



Clear commitment to improvement of **CO₂ emission**

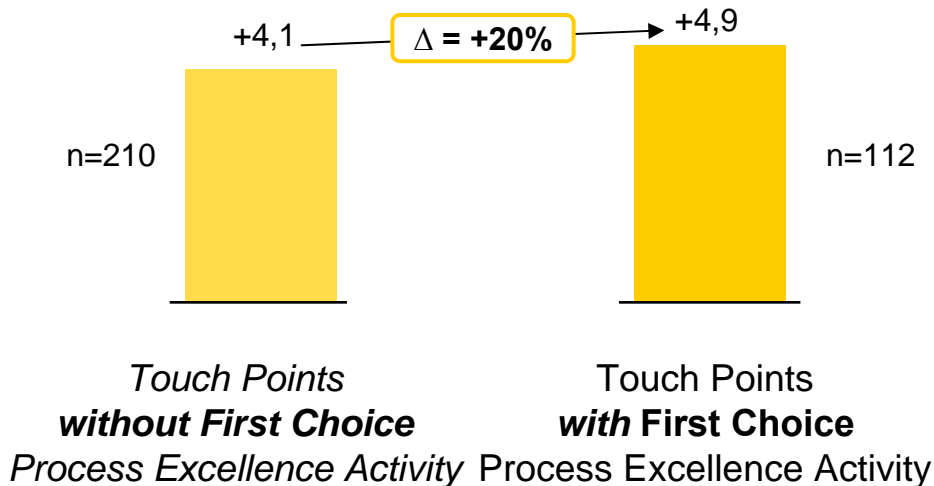
First Choice built up improvement capabilities across the Group and delivered initial impact. In 2009 impact to be significantly accelerated

FIRST CHOICE – Achievements and 2009 Priorities

First Choice Achievements until end of 2008

First impact generated – Example DGF

Development of Customer Touch Point Satisfaction Scores¹⁾
Year over year in % points:



2009 First Choice Priorities

Accelerate by leveraging capabilities:

- Execute Corporate strategy “to simplify our customers’ lives” through intensified process improvement and employee engagement efforts
- Increase impact on customer loyalty metrics and financials
- Counter effects of economic crisis with cost saving activities using the Lean methodology

Roadmap to Value/ Indirect costs




• Operational costs

- Tight cash and cost management further intensified
- Flexible capacity management using all options available in respective divisions as response to reduced demand (including HR)
- Mid-term: Increase flexibility of work force allocation

• Indirect costs

- € 500m reduction of non-operating costs until the end of 2009
- Additional reduction of € 500m p.a. until end of 2010
- **Acceleration of target achievement aspired**


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Our new Group strategy

Unlocking our **Potential**

STRATEGY 2015



Our Strategy 2015:

Deutsche Post DHL

We are a company with two strong pillars

Deutsche Post DHL

Deutsche Post 

The postal service
for Germany

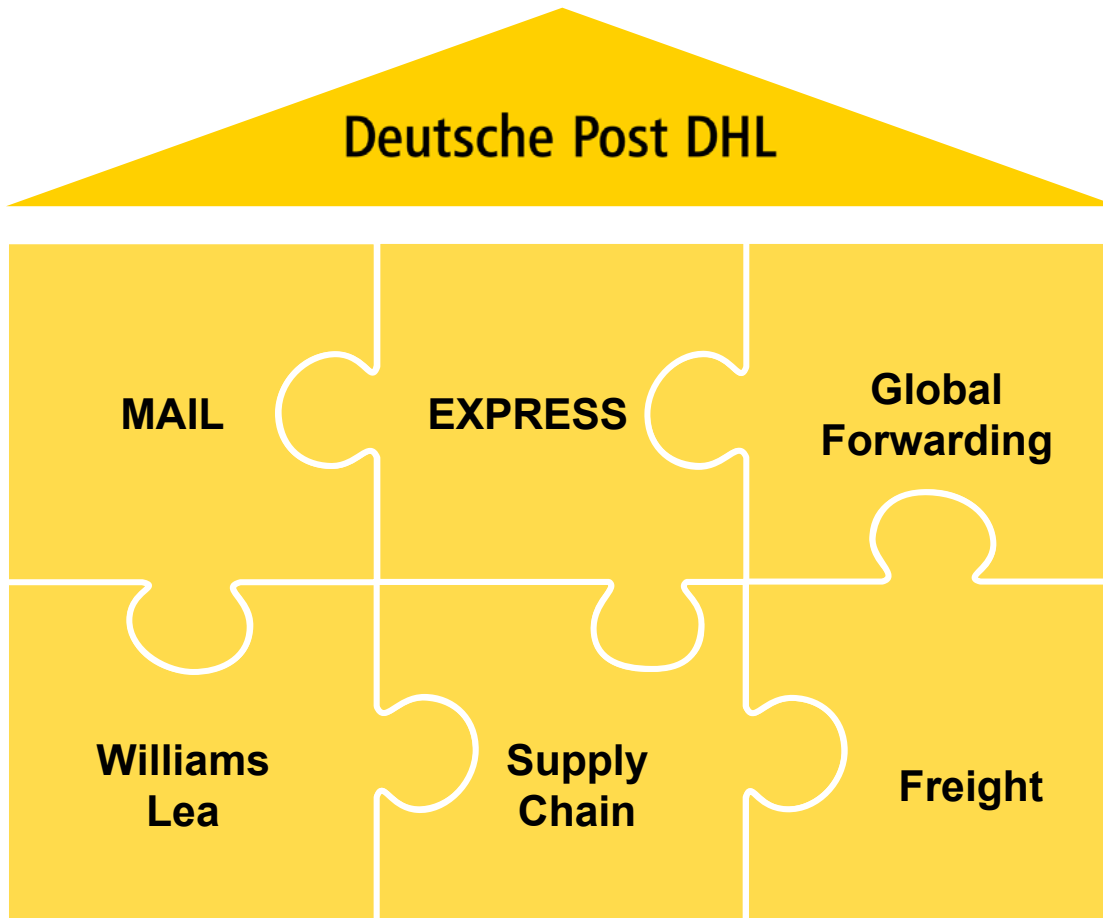


The logistics company
for the world

Our Strategy 2015:

Deutsche Post DHL

We are more than the sum of our parts.



Our Strategy 2015:

Deutsche Post DHL

We will remain 'The postal service for Germany'



Quo vadis?

Transformation of the core business

Revenue

Performance

Costs

Growth



We are facing tremendous challenges in MAIL.



- CD MAIL is hit hard by the economic downturn and faces challenging results for Q1
- To deal with the impact from the economic crisis, we are rigorously adjusting our cost base
- At the same time we prepare for the digital future of mail – our growth strategy supports our customers in digitizing their communication

We will become 'The logistics company for the world'



GF/F

- **Gain significant market shares** during the economic downturn
- Reduce direct operating costs through **industrialization**



EXPRESS

- **More flexible costs in international network**
- **Regional growth potential**
- Process standardization / simplification



Supply Chain

Increased margins, e.g., through:

- active portfolio management,
- efficiency management and
- profitable growth, operating excellence, industrialization of services

Our Strategy 2015:

Deutsche Post DHL

We will become 'The logistics company for the world'

Executive Committee DHL

DHL Solutions and Innovation

Sector Management

Global Customer Solutions (GCS)

DHL HR International

Strategic Talent Management

"One **DHL**"

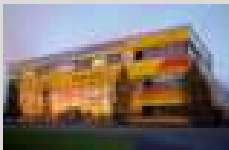


DHL Solutions & Innovation

- Develop **innovative solutions** for customers with **similar logistics needs** or processes (not necessarily belonging to the same sector)
- Examples: Service Parts Logistics, Repair and Return Logistics, City Logistics ...



Aspiration:
Become innovation leader in the logistics industry

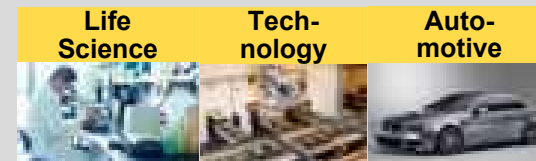


Sector Management

- Develop solutions that are **flexible and scalable** for use across selected customer groups within a **particular industry sector**
- Examples: Cold Chain for temperature-sensitive shipments, Competence centers for specific industries



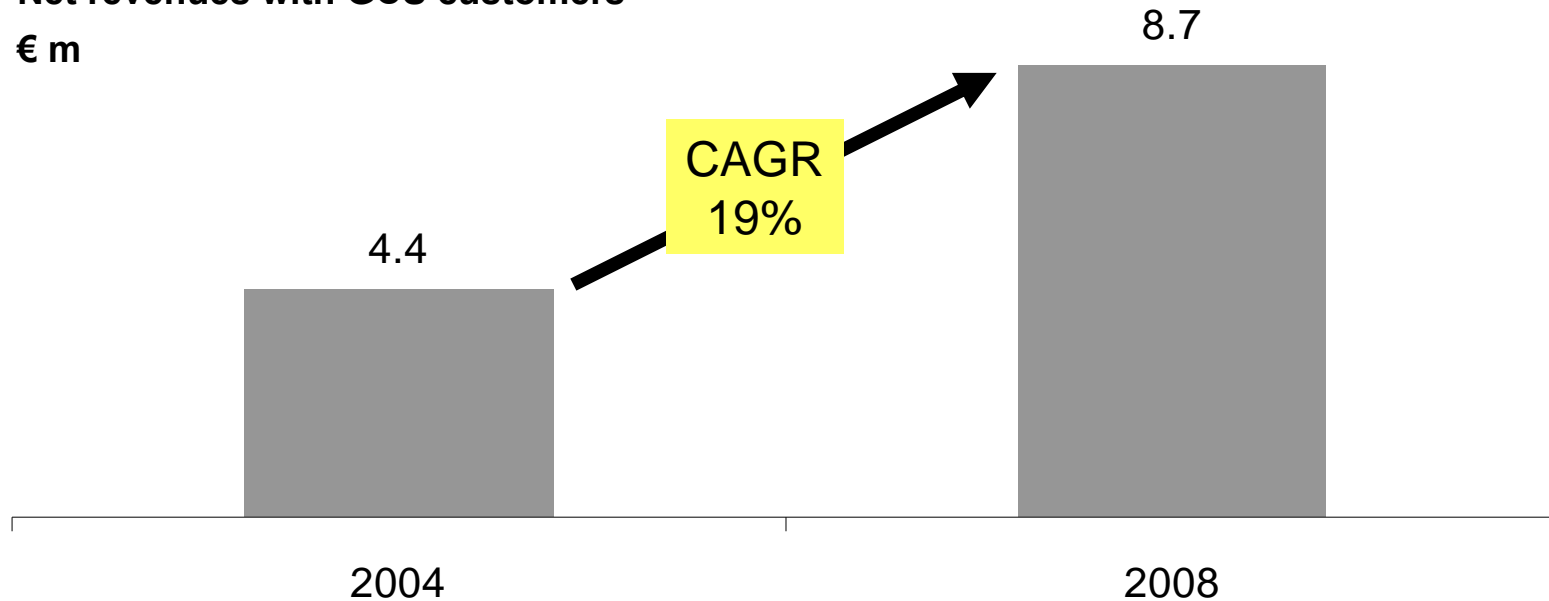
Aspiration:
Become market leader in all targeted industry sectors



Continuing our GCS success story

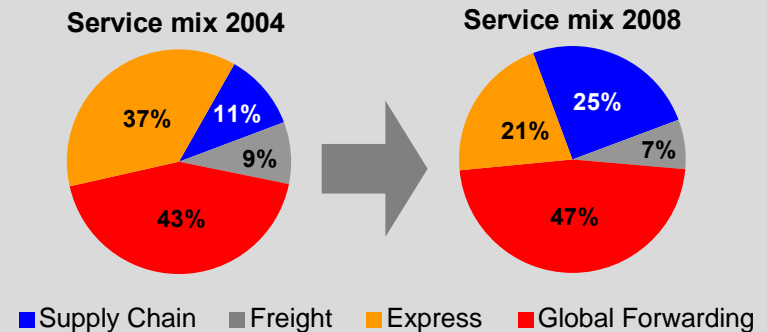
Net revenues with GCS customers

€ m



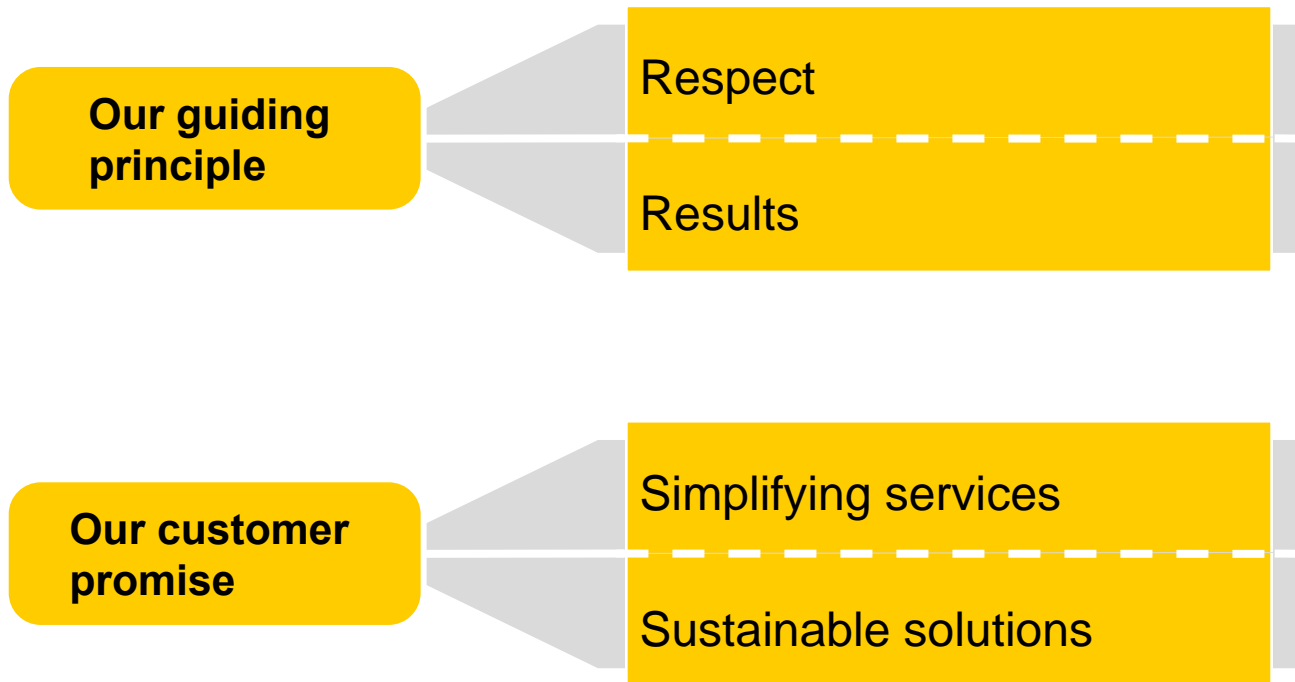
GCS at 5 years:

- GCS set up in 2004
- 600+ employees
- Serving DHL's top 100 customers in 5 core industries



Our Strategy 2015:

We want to make the lives of our customers easier



Our Strategy 2015:

We want to make a contribution to the world around us



ENVIRONMENT



DISASTER MANAGEMENT



EDUCATION

Our financial mid-term targets for recovery phase and beyond

**Mid-term
(recovery
phase and
beyond)**


For each division, we aim to:

1. Outperform market growth organically by 1-2% points p.a.
2. Achieve performance in top quartile of peer group regarding
 - profitability¹⁾
 - cash conversion
 - capital income²⁾


As a Group, we aim to generate a total shareholder return (TSR) in excess of the market and our peer group over the cycle.

¹⁾ Profitability measured by each division; ²⁾ i.e., EBIT after asset charge (EAC)

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Summary



- **We are preparing for a continued difficult market environment.**

- **In Mail we are facing significant challenges which will require unprecedented cost optimization.**

- **Our DHL businesses have huge growth potential which we will leverage. Cost base and structures in Express will be tackled**

- **With our Strategy 2015 we have a clear development path towards further sustainable organic growth.**