

Capital Market Day 2009

Bruce A. Edwards
Frankfurt, 6 May 2009



AGENDA

Our view on contract logistics industry

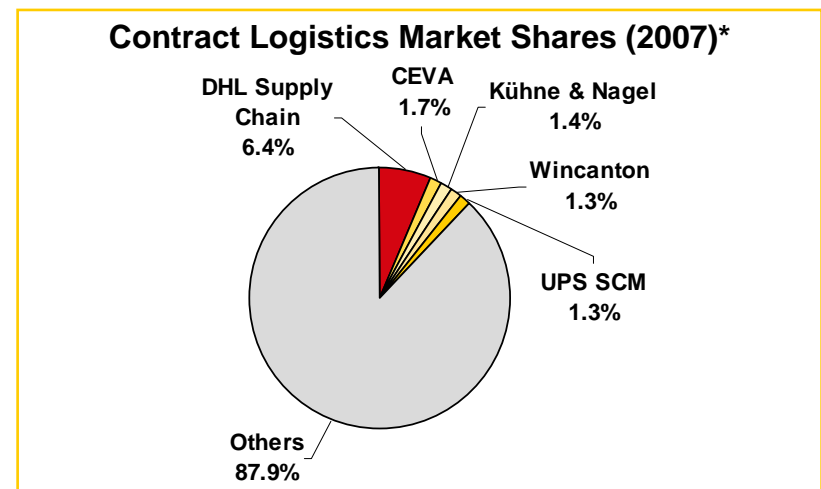
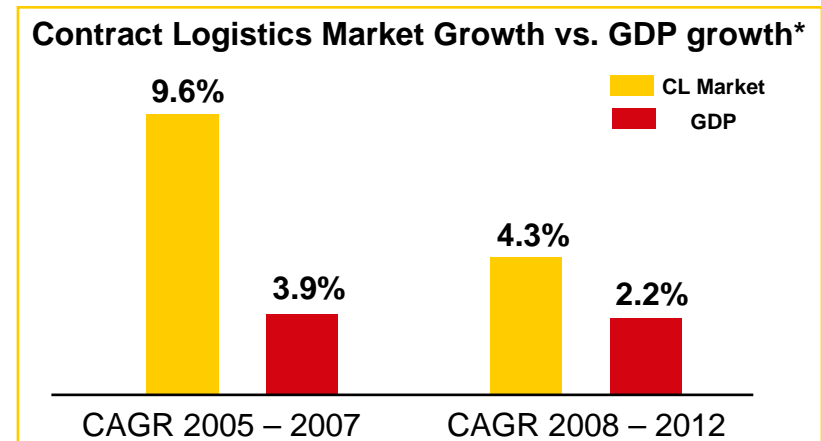
What have we achieved in the past years and Q1 2009

Our strategy going forward

OUR VIEW ON CONTRACT LOGISTICS INDUSTRY

The contract logistics market is an attractive market with historic growth rates well above GDP

- Track record of strong growth
- Very few global competitors and the market remains fragmented
- Historically resilient during periods of economic crisis
- Large transformational business outsourcing opportunities emerge (e.g. UK & US)
- Sustainable Supply Chains will continue to emerge as an important theme



* Data Source: Company Research, Transport Intelligence, Data Monitor, Company Annual report / Quarterly report – total market size estimated at 206 €m

OUR VIEW ON CONTRACT LOGISTICS INDUSTRY

In 2009, we expect that the market will decline due to the economic recession. A slow recovery in early to mid 2010 is currently projected.

- Largely driven by global economic development challenges
- Most players show significant revenue reductions
- Customers in the Automotive, Technology and Financial sectors have experienced the largest drops in volume
- Structural change taking place in industry and with our customer's supply chains
- We are still holding relatively strong against the market trend

Major Competitor Trading
Year on Year revenue comparison

	Q4 / 2008 YOY	Q1 / 2009 YOY
DHL Supply Chain	-4.5%	-6.0%
Kuehne & Nagel	-7.0%	-8.4%
CEVA	-3.6%	-10.4% (estimate)
UPS SC	-6.9%	-26.6%
LogWin	-13.6%	n.a.
Ryder	-29.9%	-24.4%
Uti	-20.5%	n.a.
Menlo	9.7%	-7.3%

OUR VIEW ON CONTRACT LOGISTICS INDUSTRY

Main strengths of our Supply Chain business model

Stable revenue growth

- Long term customer contracts with durations of 3-10 years
- Many customer relationships greater than 20 years
- Solid & balanced customer portfolio



Relatively resilient

- Over 50% of our customers are Consumer and Retail/Food
- Companies outsource non-core functions during difficult time



Asset light business with sustainable return

- Customer contracts need to fulfil increased requirements in terms of EBIT margin and ROCE hurdles
- Open or Closed Book commercial models with risk minimization



Good Cash Flow generating capability

- Generated Operating Cash Flow of 481 €m in 2008
- Minimal Working Capital (-58 m€)



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WHAT HAVE WE ACHIEVED

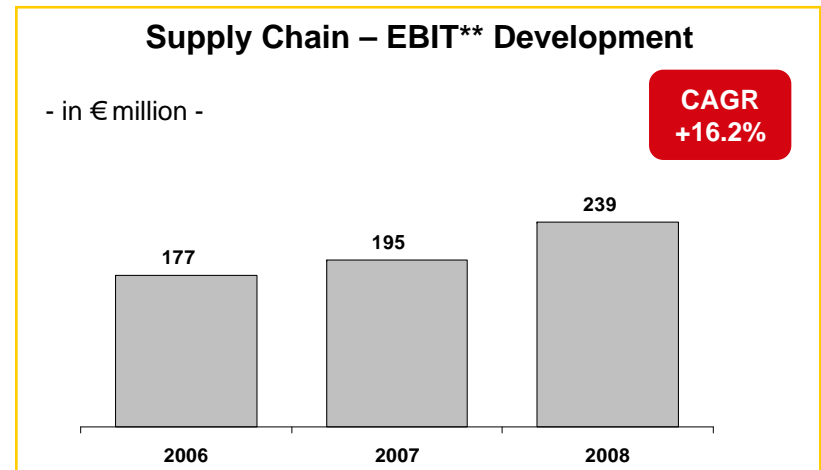
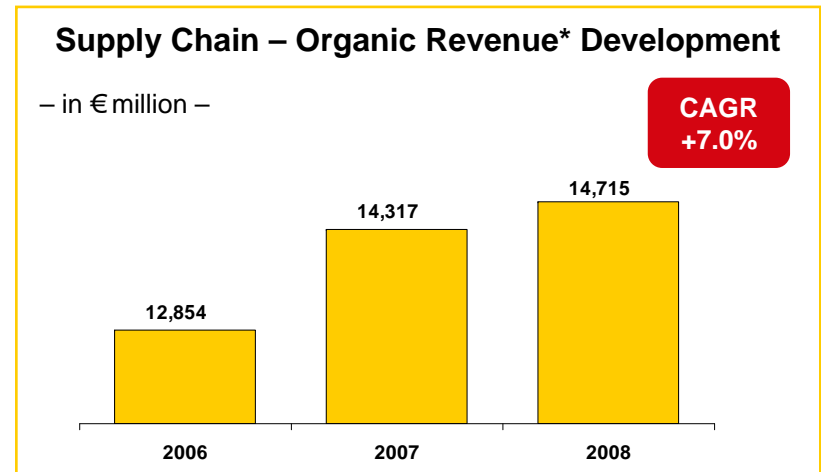
We have made significant progress in the past two years

■ Strong growth in Underlying Business

- Revenue up +7.0%
- EBIT up +16.2%
- Delivered Operating Cash Flow of ~800 €m over the 2007 and 2008 period

■ Key milestones in 2007 and 2008

- Global management team
- Enhanced new project approval process
- Several large transformational deals

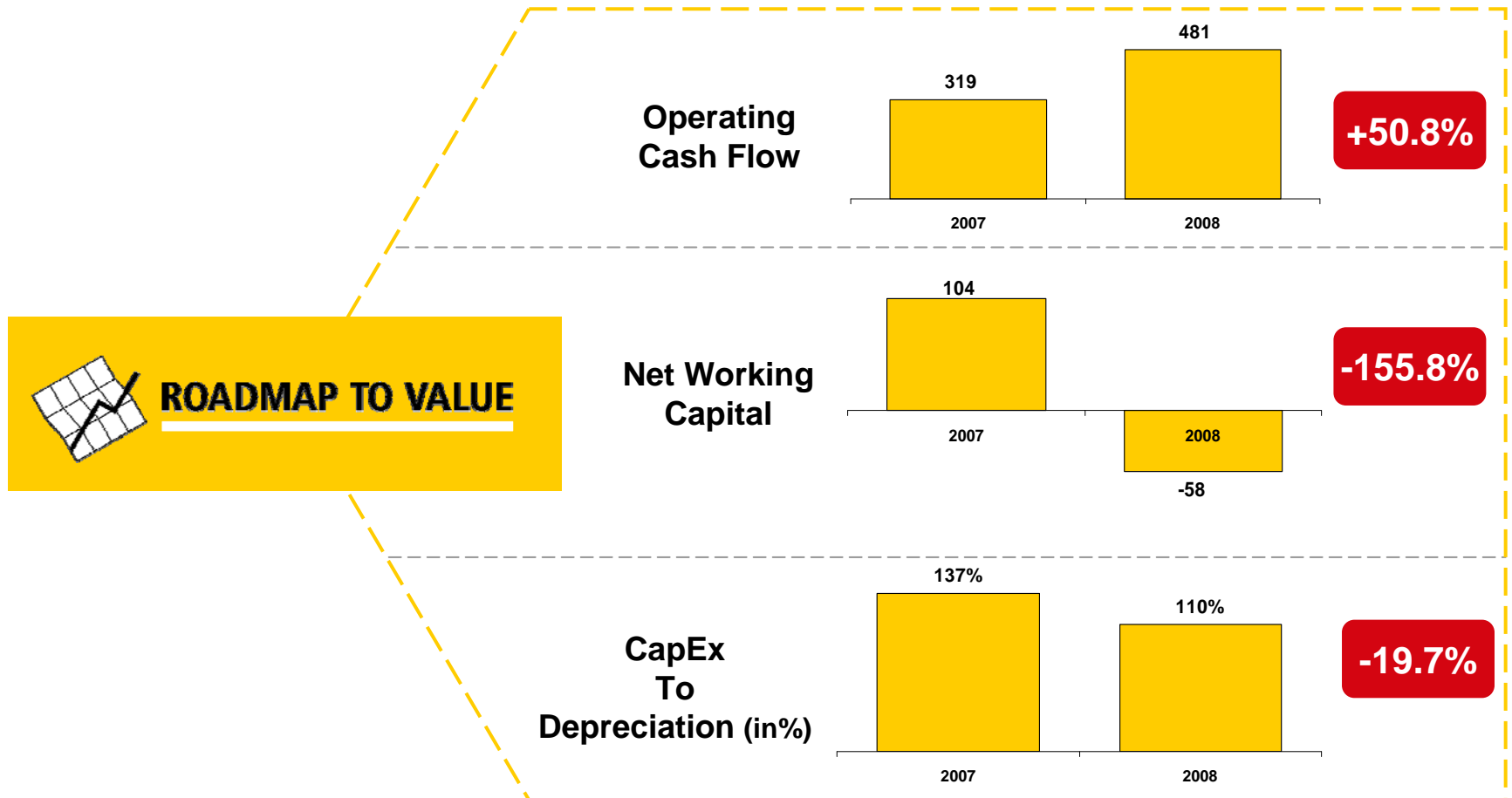


* excluding FX effect

** excluding FX effect, pension income, VfW, extraordinary real estate gains, impairment, Exel brand write down and restructuring provisions

WHAT HAVE WE ACHIEVED

We have made significant progress on our **ROADMAP TO VALUE**



Q1 2009 DIVISIONAL RESULT OVERVIEW

**Although facing a volume drop as expected,
we have achieved reasonable underlying EBIT performance**

– in € million –

■ Q1/2008
■ Q1/2009



Organic Effect (after FX and acquisition) vs. 2008: -2.4%

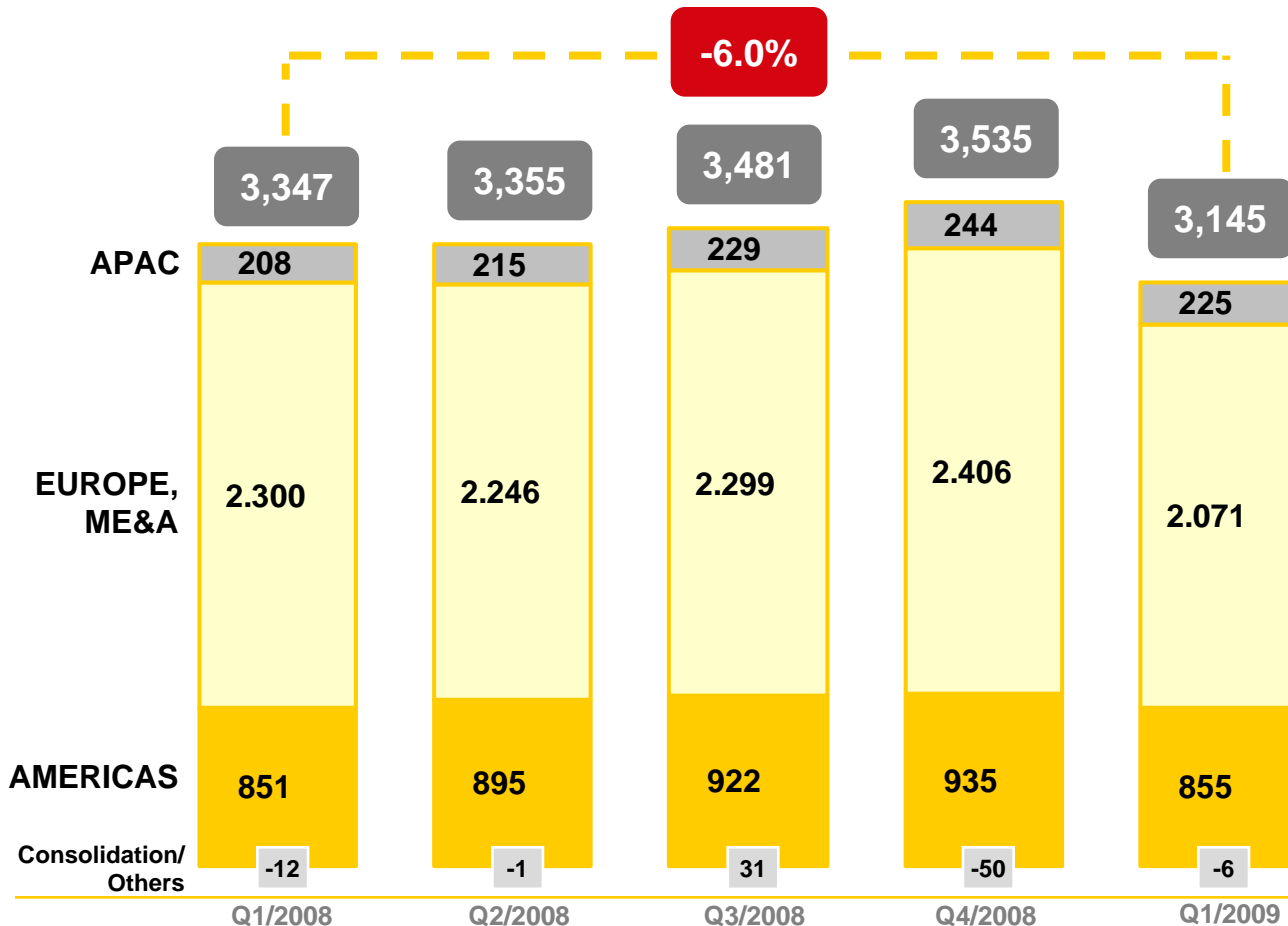


* Note: Variance between 'Reported' and 'Underlying' EBIT are Restructuring expenses booked in Q1/2009 of 8 €m

Q1 2009 DIVISIONAL RESULT OVERVIEW

The volume drop is mainly related to Mainland Europe

– in € million –



- APAC revenue increased by 8.5%
- Within Europe, challenges come from Mainland Europe where the revenue is down by 8.6%, primarily due to lower volumes from technology and fashion customers
- UK revenue is 2.8% ahead of 2008 on an organic basis
- Americas revenue is flat although we are facing major challenges from the weak volumes in Automotive and Technology customers

WHAT HAVE WE ACHIEVED

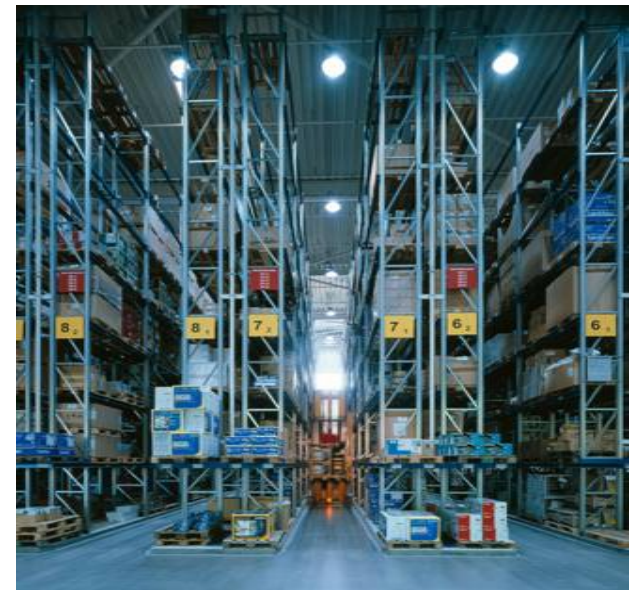
Restructuring Program launched in 2008 starts to show positive impact in Q1/2009

Actions taken in 2008

- Restructuring
- Brand write down & Goodwill impairment
- New management team in place in Mainland Europe
- Initiated our '5 to Thrive' program

Progress in 2009 so far

- 53 projects identified and executed including
 - Operational & indirect efficiency
 - Provisions for materially onerous contracts



Q1 2009 BUSINESS WINS

We have achieved solid business wins in a difficult economic environment

- Annualized new business gains in Q1/2009 exceed €300m, ahead of prior year
 - Average deal size increased by 17%
 - Renewal rate remained stable above 90%
- Main business wins were in Industrial, Automotive, Healthcare and Consumer sectors
- Europe (Mainland & UK) showed good gains in Q1/2009, Americas region and Technology sector were weak
- Williams Lea shows very promising new business opportunities



BUSINESS WINS – TRANSFORMATIONAL DEALS

Based on size and expertise, we are advanced in managing large transformational deals

- Build upon solutions across supply chain and industry sectors
- Leverage our infrastructure and expertise
- Collaborative offers across different DHL divisions' products
- Improve our customer's business



BRITISH AIRWAYS 

Synocrude
Securing Canada's Energy Future

 Bundesagentur
für Arbeit

BUSINESS WINS – TRANSFORMATIONAL DEALS

British Airways



- Manage the entire in-flight Supply Chain service from kitchen to cabin
 - In-flight retail
 - in-flight media
 - all items for passenger in-flight comfort
- Short haul and domestic flights from London-Heathrow
- Ten year multi-million Euro deal



BUSINESS WINS – TRANSFORMATIONAL DEALS

Syncrude



- In-plant logistics
- Supply chain redesign and optimization
- Manage logistics activities for customer's Maintenance, Repair and Operations (MRO)
- End-to-End visibility



BUSINESS WINS – TRANSFORMATIONAL DEALS

Bundesagentur für Arbeit



Bundesagentur für Arbeit

- Joint proposition from Supply Chain and Mail divisions
- Manage and digitalize daily postal services and existing files
- Collection and delivery to/from 178 employment agencies and 600 offices nationwide



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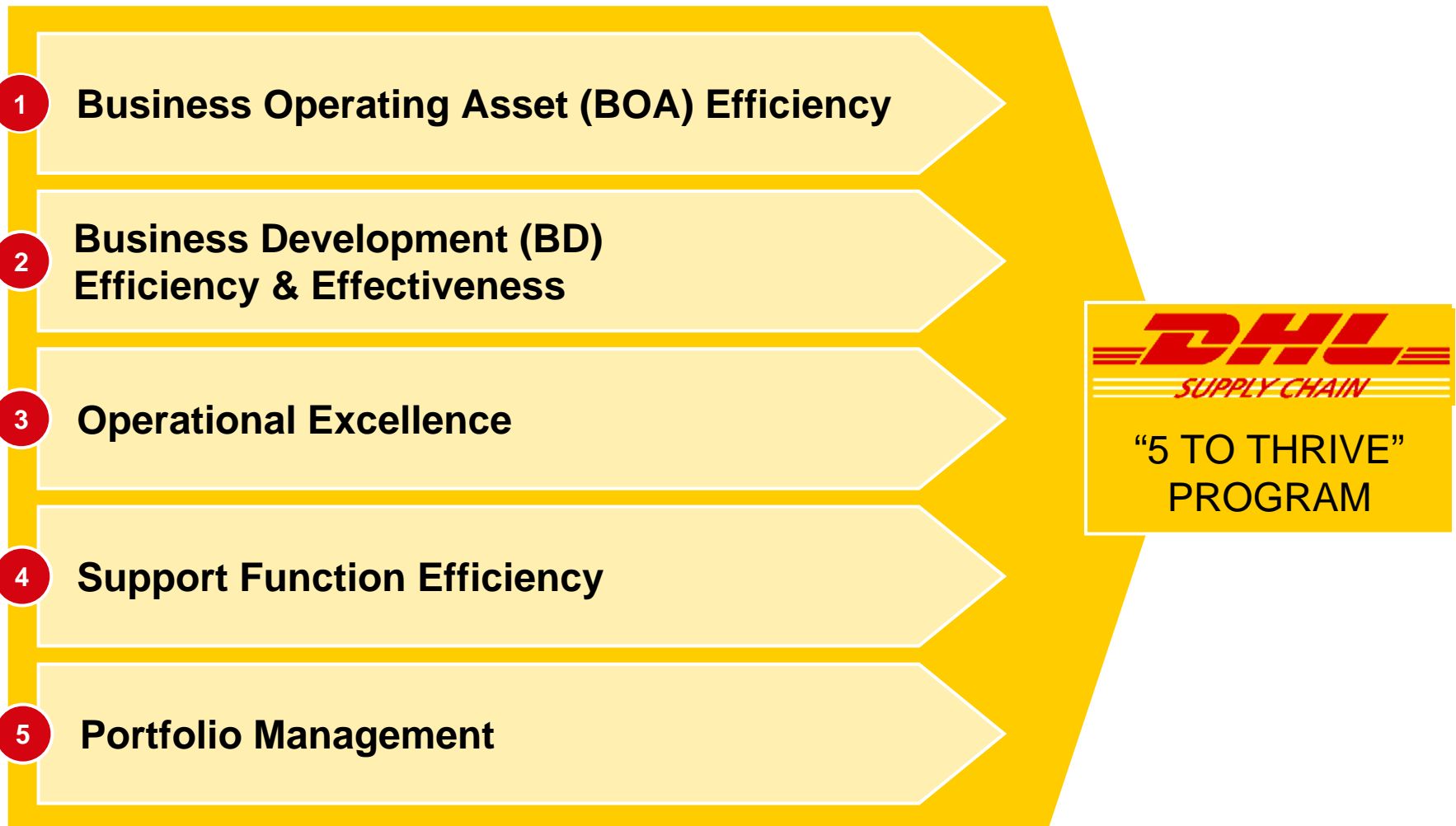
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OUR STRATEGY GOING FORWARD

We have developed the '5 To Thrive' program to reach our Vision 2015

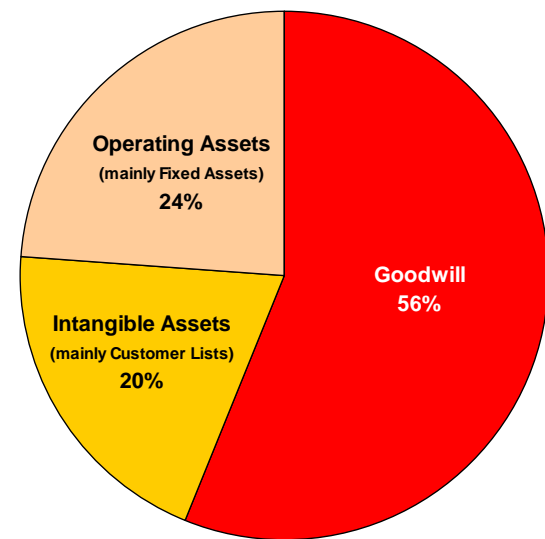


OUR STRATEGY GOING FORWARD

Business Operating Asset Efficiency

- ROCE excluding Goodwill is 13%* (2008)
- Maintain our rigorous process for approval of new projects and acquisitions
- Actively resolve legacy issues
- Constantly review net working capital
- Pursue property opportunities and disposals

Total Investment 3.4€bn ^{(1),(2)}



(1) 76% of total assets are goodwill and intangibles

(2) NWC balance: -0.1€bn currently

* Based on EBIT excluding pension income, VfW, impairment, Exel brand write down and restructuring provisions

OUR STRATEGY GOING FORWARD

Business Development Efficiency & Effectiveness

- Institutionalize our business development approach globally
- Enhance account and product management skills
- Continuously improve key BD metrics such as pipeline quality, close ratio and deal size
- Continue our efforts to identify and close large transformational deals
- Improve our overall Return on Development Investment (RODI) performance

Global BD Metrics

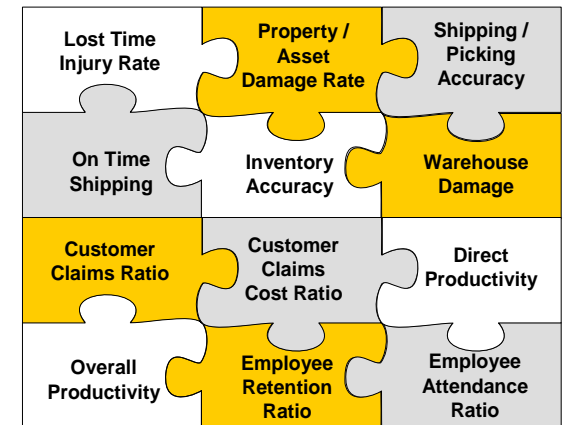


OUR STRATEGY GOING FORWARD

Operational Excellence

- **FIRST CHOICE** has become the cornerstone of our operational delivery
- Simplify the products we are offering and make them replicable for our customers globally
- Drive value creation across multiple service products
- Reduce gross and net claims for theft, inventory losses and billing disputes
- Improve operating performance and reduce number, severity and longevity of problem sites
- Improve productivity annually to cover inflationary operating cost increases

Global Operational Metrics



OUR STRATEGY GOING FORWARD

Support Function Efficiency – “IndEx”

- Target: 130 €m indirect cost reduction
- 70% of savings already backed by identified initiatives
- Streamline support function structure globally & locally
- Optimize IT spend and IT infrastructure
- Explore structured options for transactional support function activities
- Continuously tighten the spend policy and control

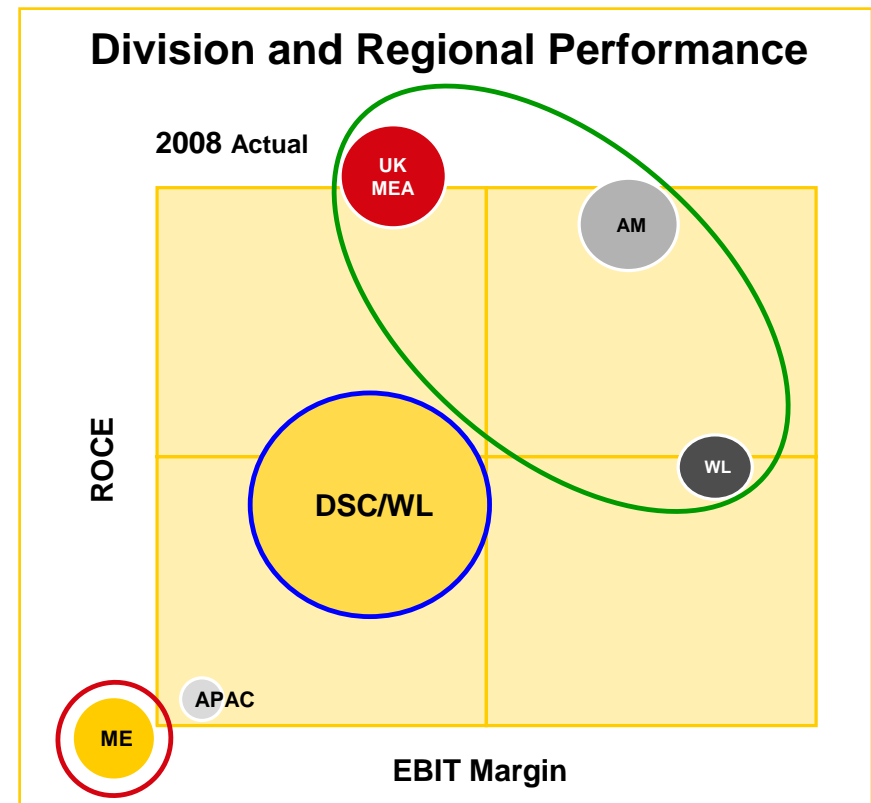


OUR STRATEGY GOING FORWARD

Portfolio Management

We have reviewed our portfolio and are arriving at action plans

- Focus our growth efforts on fewer countries
- Turn around performance in focused core countries
- Leverage DHL's presence in small / non focused countries to ensure consistent and efficient service to major customers



UNLOCKING OUR POTENTIAL

In summary, we have...

- Good performing business
- Achieved continued improvement on our Roadmap to Value program
- Strong cash generating capabilities using very little Working Capital
- Made good progress on renewing existing contracts and winning new business

And we will..

- Execute '5 To Thrive' program to boost our financial performance and **Unlock our Potential**

