



Capital Markets Day

John Mullen

6 September 2004, Bonn

Regional Market Overview

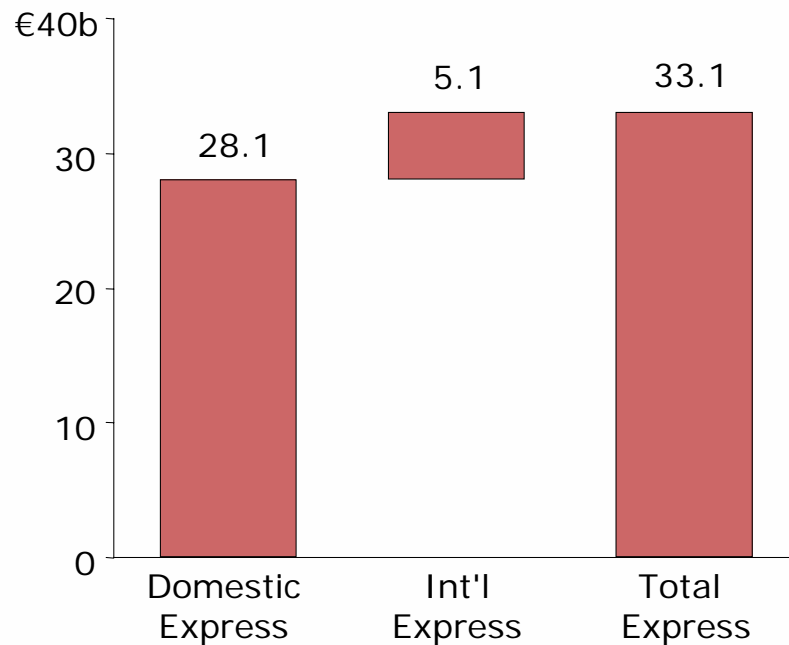
Industry Trends

Overview of DHL Asia Pacific Region

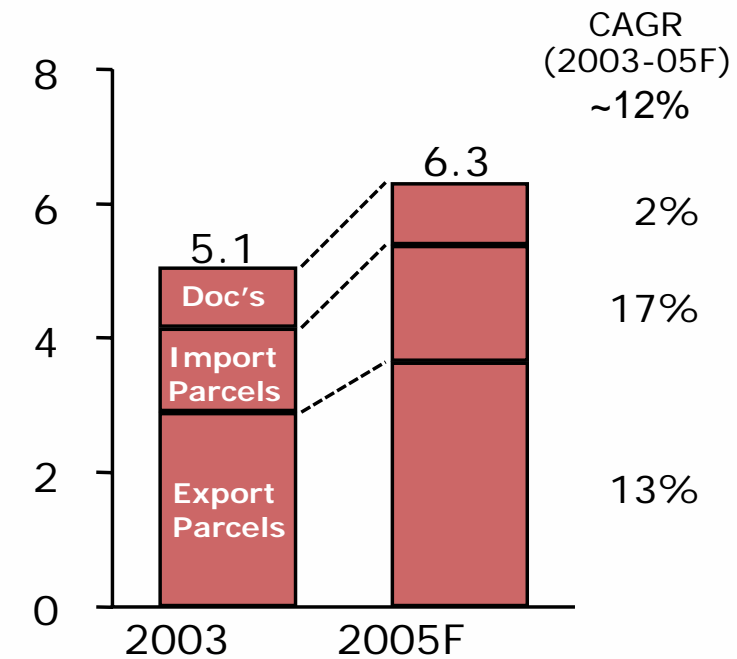
Barriers and Opportunities

Asia Pacific Market Overview

2003 Asian Express Market* (€b)

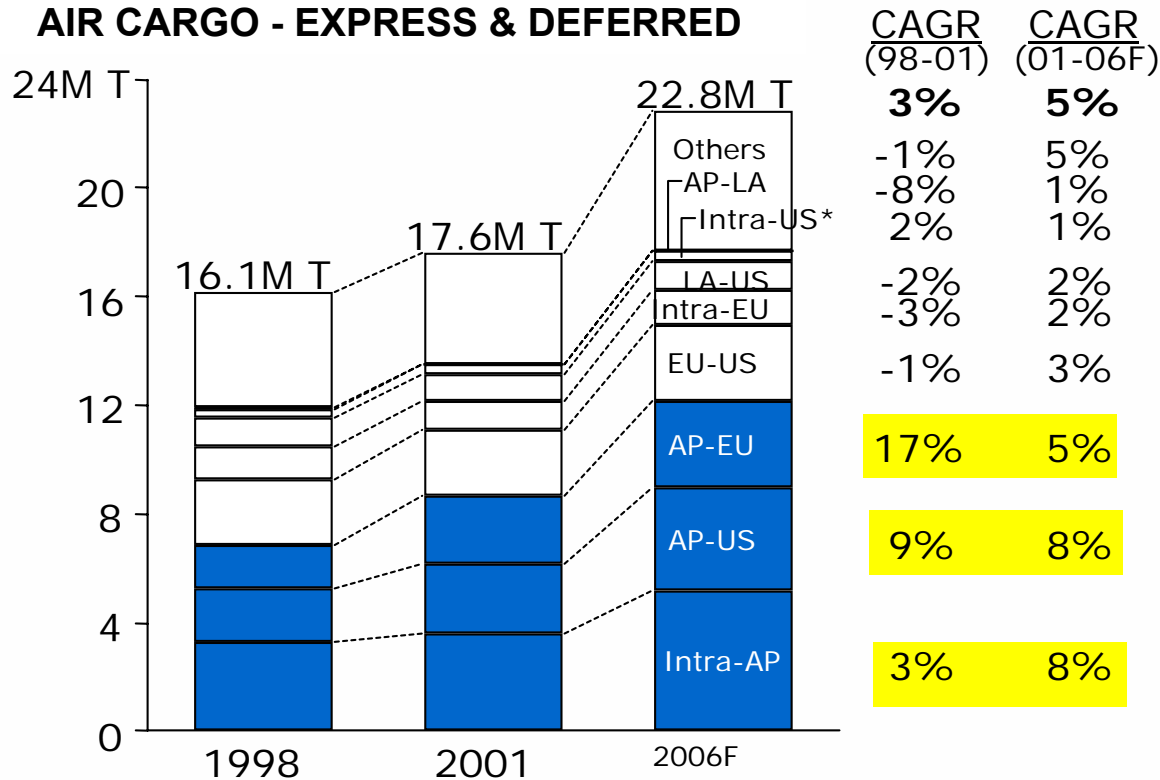


Asian Int'l Express market (€b)

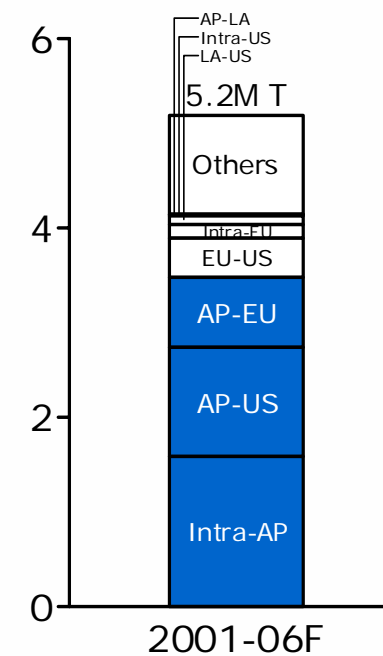


Asia Pacific offers the fastest growing geographic opportunity...

World international air freight
AIR CARGO - EXPRESS & DEFERRED



Incremental growth in tonnage (2001-06F)



*Intra-US excludes US domestic air freight tonnage
Note: Tonnage includes express and deferred. Others include Africa, Middle East, Caribbean

Key characteristics of the Asian Express Market

- Fastest growth of main three global regions
- Intra-Asia growing faster than intercontinental/inter-regional
- Document growth flat. Parcel growth strong
- Import of components for re-export as finished goods destined for US & EU
- Typical items shipped within the region include computers, telecom equipment, semi-manufactured goods, fashion and higher-value perishables.
- Shifting trade flows especially revolving around industry migration to China
- Export led manufacturing creates inter-regional volume/cost imbalances
- Limited surface presence/capability leading to limited bundling
- Under-developed domestic markets in many countries
- Increasing demand for logistics and supply chain solutions

Asia-Pacific Market Synopsis

	Mature	Unique	Mid-Level	Developing
Markets	Japan Hong Kong Singapore Australia New Zealand Korea Taiwan	China	Malaysia Thailand Indonesia Philippines India	Sub-Continent Vietnam Cambodia Laos Myanmar Etc
Characteristics	<ul style="list-style-type: none"> ▪ Developed Logistics ▪ High Competition ▪ High service levels ▪ Lead time pressure ▪ Lower growth 	<ul style="list-style-type: none"> ▪ Rapid development ▪ Under-developed domestic ▪ Increasing service levels ▪ High growth ▪ Intense competition 	<ul style="list-style-type: none"> ▪ Developing sophistication ▪ Increasing Competition ▪ Increasing service levels ▪ Varied growth 	<ul style="list-style-type: none"> ▪ Poorer infrastructure ▪ Lower competition ▪ Customs Issues ▪ Ownership Issues ▪ High growth

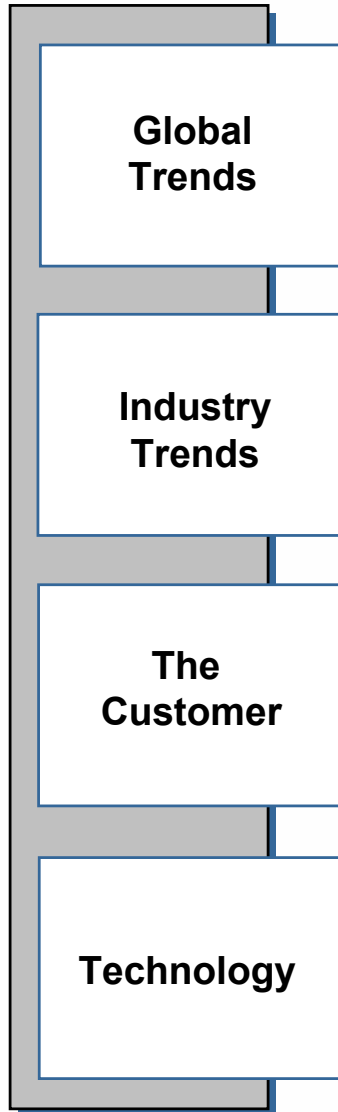
Regional Market Overview

Industry Trends

Overview of DHL Asia Pacific Region

Barriers and Opportunities

DHL operates in a rapidly changing marketplace...



Global Trends

Globalisation of business

- Liberalisation of trade and impact of WTO leading to increased migration of production across borders, especially to and from China
- Impact of the internet and E-Commerce
- Drive to reduce inventory costs in parallel with shortening supply chain
- Increased outsourcing of logistics to integrators and 3PL providers

Industry Trends

More rationalisation coming?

- How many integrators will survive? Less than 4?
- Long term blurring of the forwarding industry v the integrators. Winners and losers?
- Asset based v asset light strategies
- Growth of complex, global supply chain solutions
- Greater need for dedicated air express freighter capacity for capacity and schedule reasons
- Low cost producers to be the survivors

The Customer

Increasing sophistication

- Integration of internal supply chain management
- Outsourcing of whole supply chain rather than specific segments, often globally
- Direct sourcing, especially from Asia
- Migration of decision making
- Shortening of all time windows (Speed to market, product cycles etc) driving express growth
- All of the above factors to put pressure on pricing

Technology

To be at the forefront of change

- Data management increasingly as important as physical movement
- More complex marketplace will require more complex technology solutions
- Adaptability and ability to meet shortened implementation times to be competitive advantages
- IT integration of group interface to be critical
- Pressure on forwarders to offer integrators IT value added such as T&T

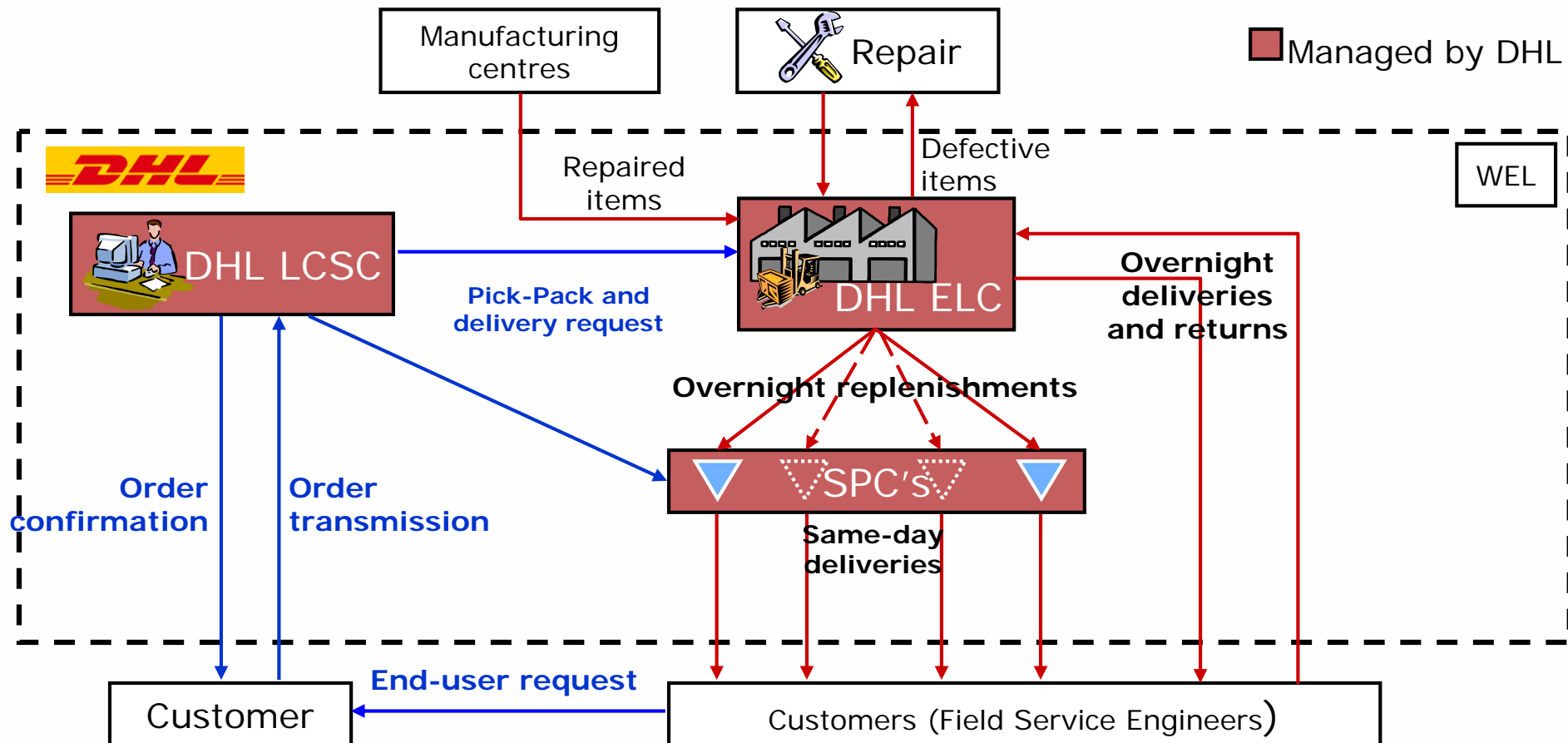
Within the logistics market express JIT inventory solutions are growing...

The Express Market in Asia Pacific

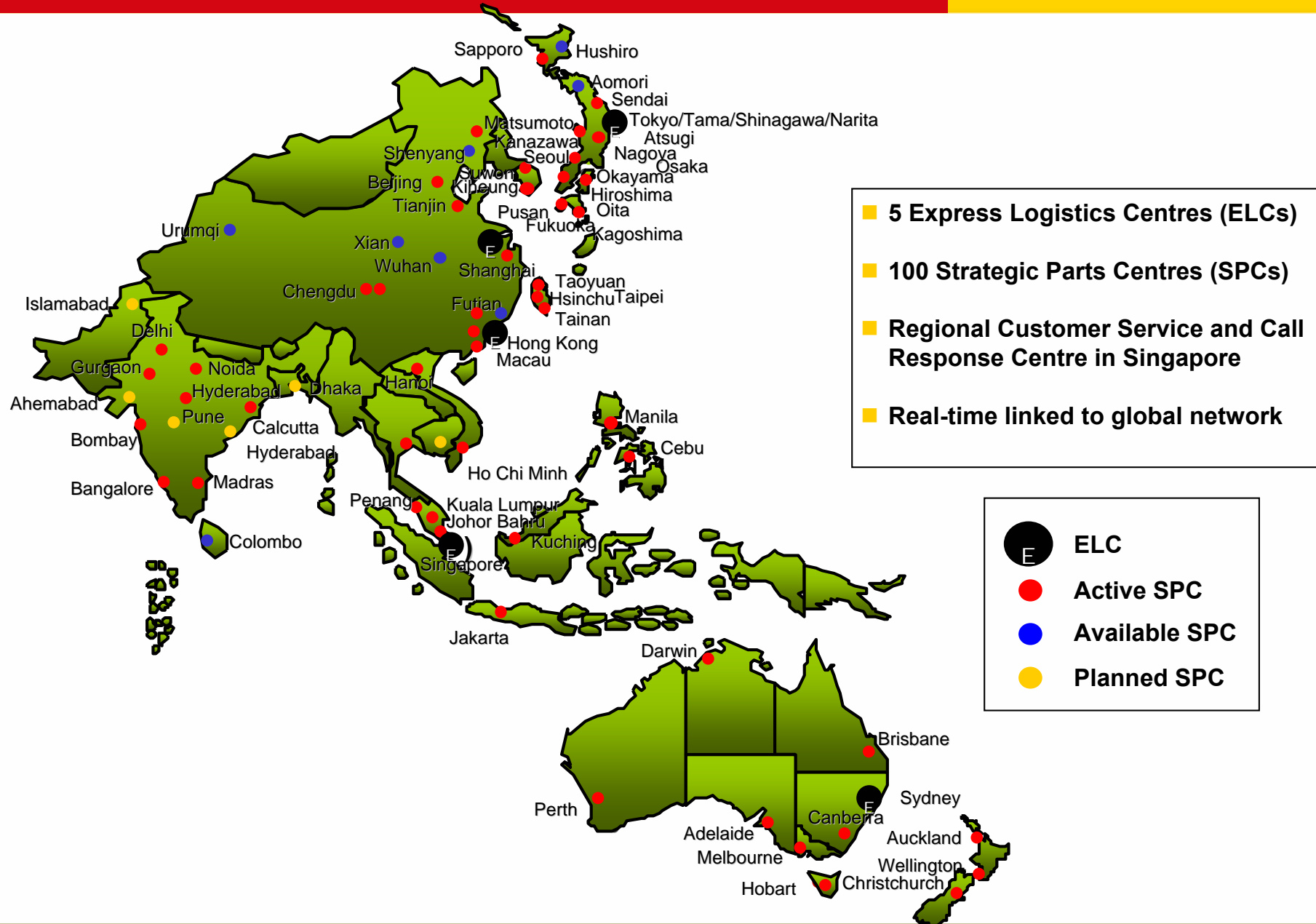
- **From document courier origins, the market today includes a sophisticated range of document, parcel, freight, and supply chain management services**
- **In addition to strong core product growth, DHL is focused on new areas such as the time critical spare parts logistics market**
- **Business model fundamentally different from traditional warehousing and logistics**
- **Size of this market in Asia approximately \$1.8 billion**
- **Our model offers three principal products**
 - **Direct Express Inventory**
 - **Repair Return Inventory**
 - **Strategic Inventory Management**
- **High barriers to entry**

DHL Logistics offers sophisticated solutions for after sales flows

Added Value Supply Chain Management



Asia Pacific Express Logistics Centres



An extensive suite of value added products is available today...

Value Added Products

- **In-house Repair** – **Avoids high transport costs and reduces lead times**
- **Test No Fault Found** – **Eliminates unnecessary repair cost and time**
- **Dangerous Goods** – **Off-net management of Dangerous Goods**
- **WMX (Medical Express)** – **WMX products (Dry Ice, Infectious and hazardous substances)**
- **Card Issue and Dispatch** – **Credit card issue and delivery**
- **Technical Courier** – **Technical Installation as well as delivery**
- **Trade Automation Services** – **Compliance checking, product classification, landed cost forecasting, trade documentation**
- **RFID** – **Enhanced electronic tracking**

Regional Market Overview

Industry Trends

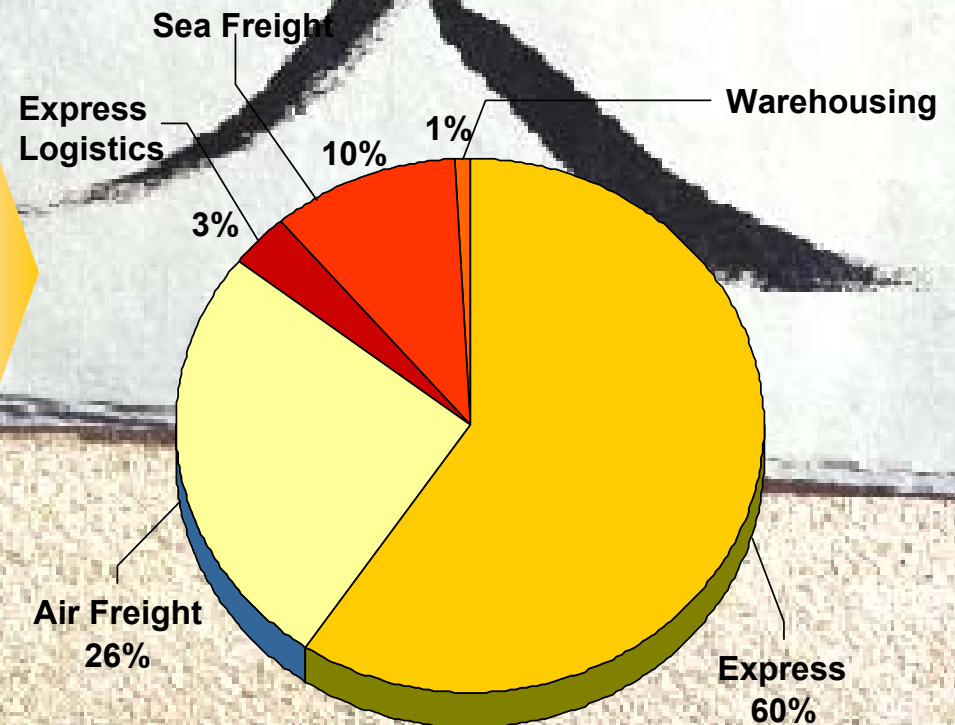
Overview of DHL Asia Pacific Region

Barriers and Opportunities

DHL is the clear market leader in the region...

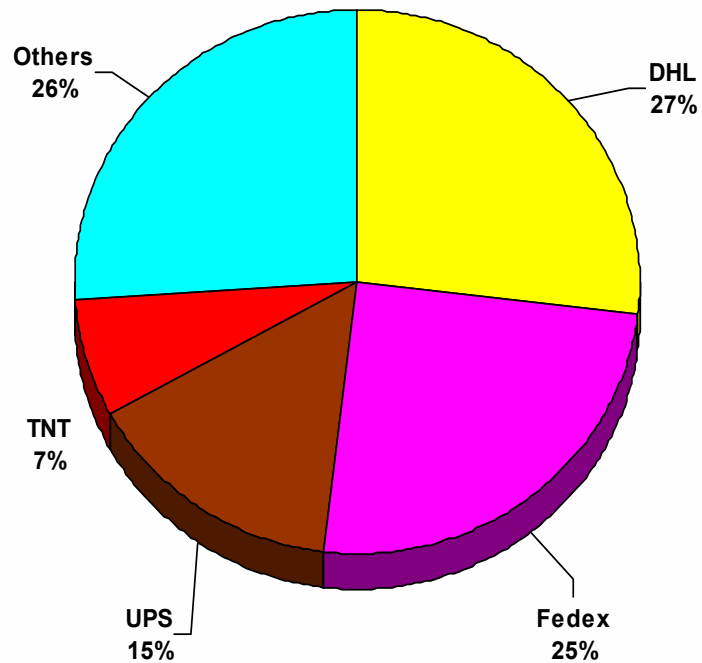
- Over €2.5b revenue
- Over 250,000 customers
- 41 countries and territories
- Over 20,000 employees
- More than 40 million shipments & 623 million kilos
- Over 430,000 TEU ocean freight
- 6 Hubs:
Primary: Hong Kong, Singapore
Secondary: BKK, SEL, SYD, TYO
- Over 4,800 vehicles
- More than 1,000 locations
- 20 dedicated freighter aircraft/ >800 commercial flights per week

2003 Revenue Segmentation

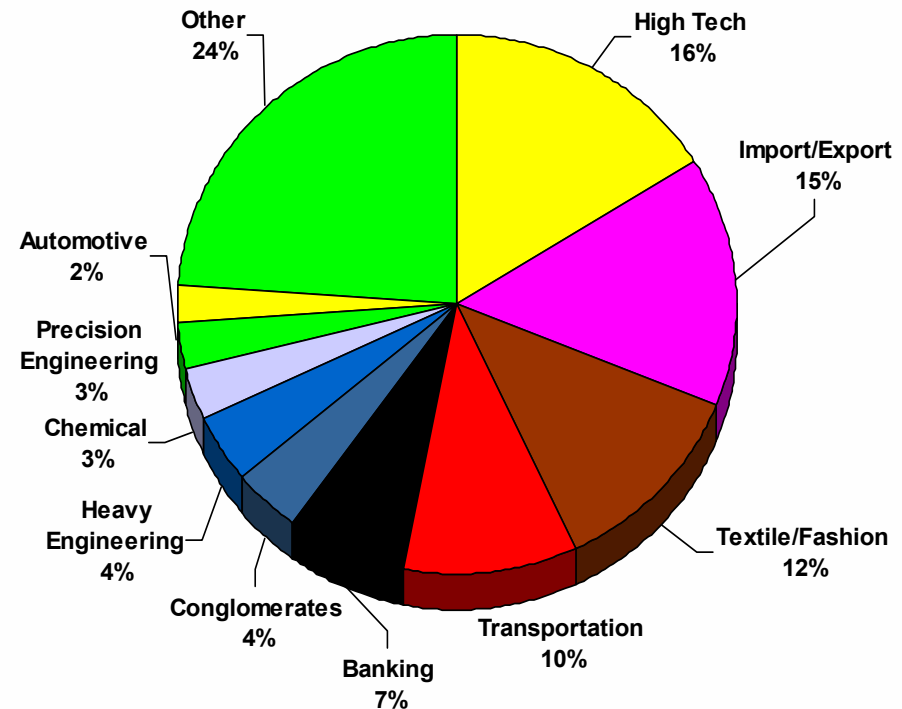


Leading market share and diversified customer base...

Market Share

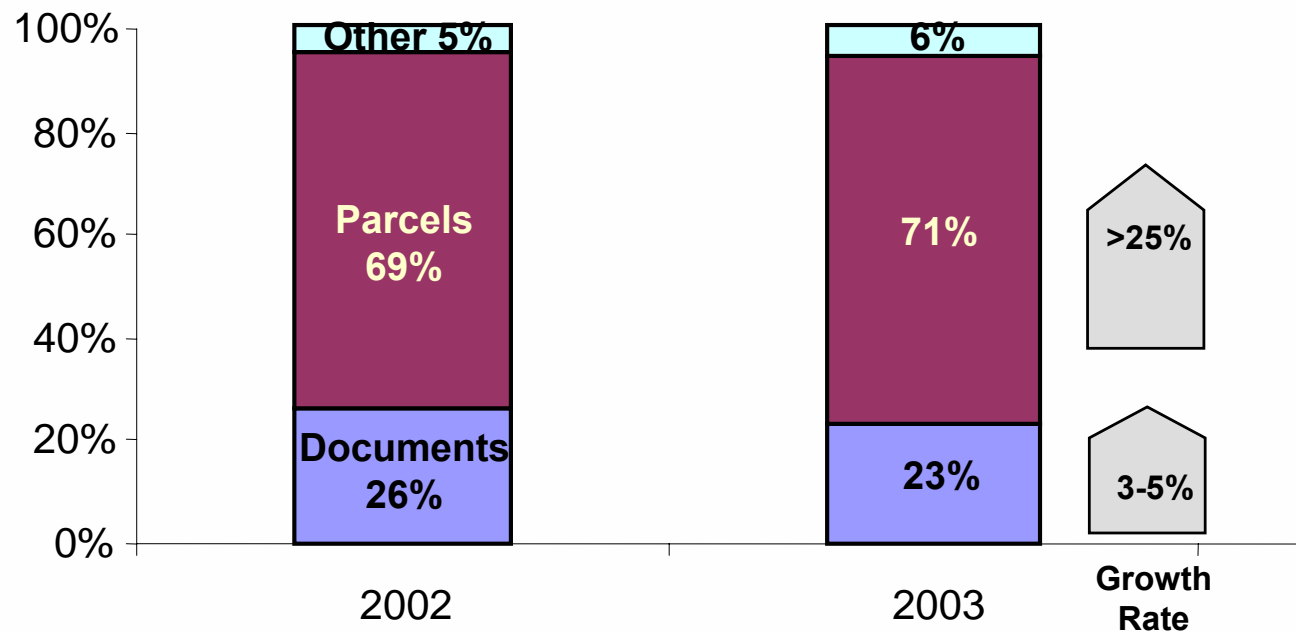


Industry Segmentation



Documents continue to decline in relative significance...

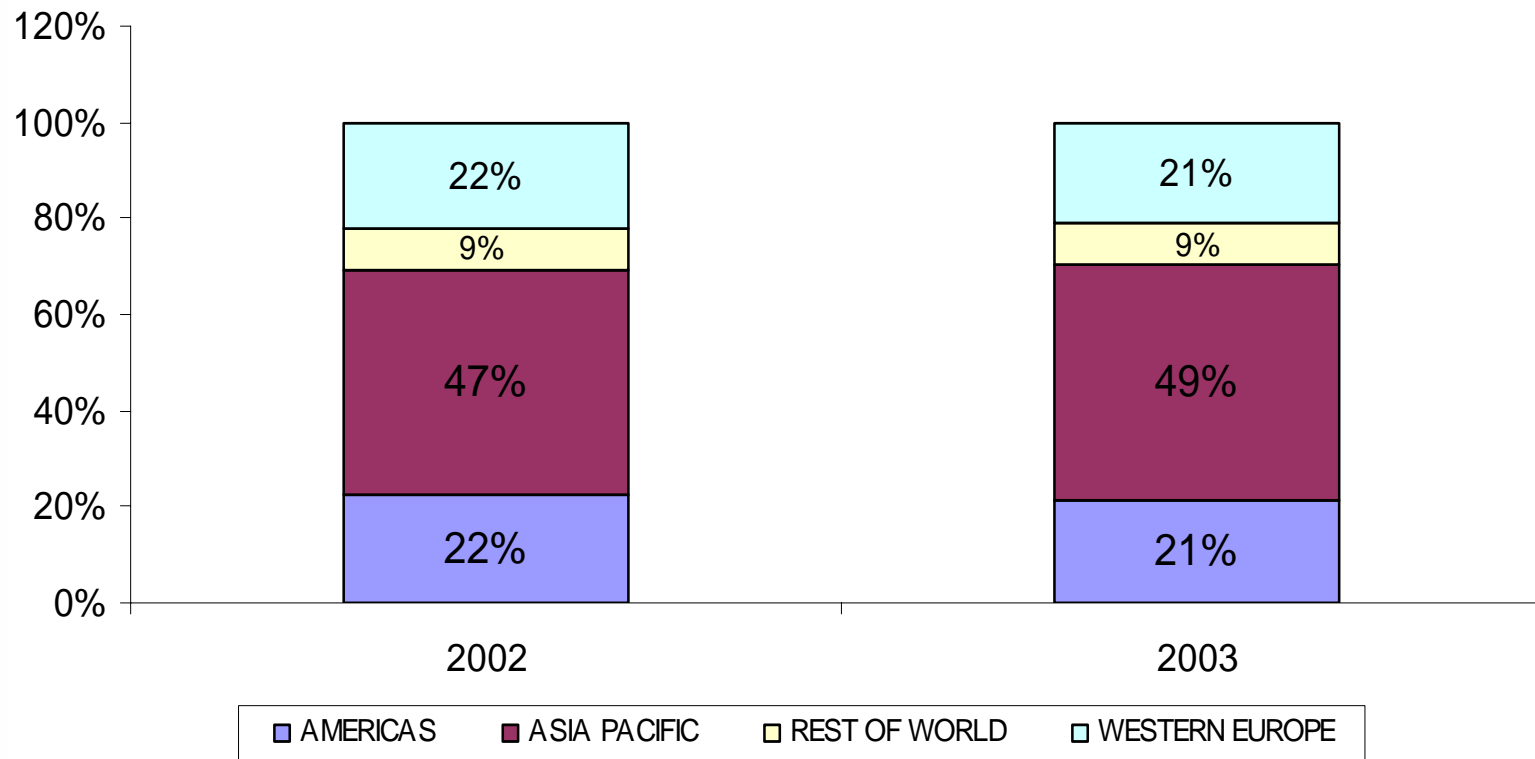
Revenue Mix by Product*



*External core revenue growth at budget exchange rates

Profitable Intra-Asia segment continues to increase in importance...

Revenue Mix by Sector*



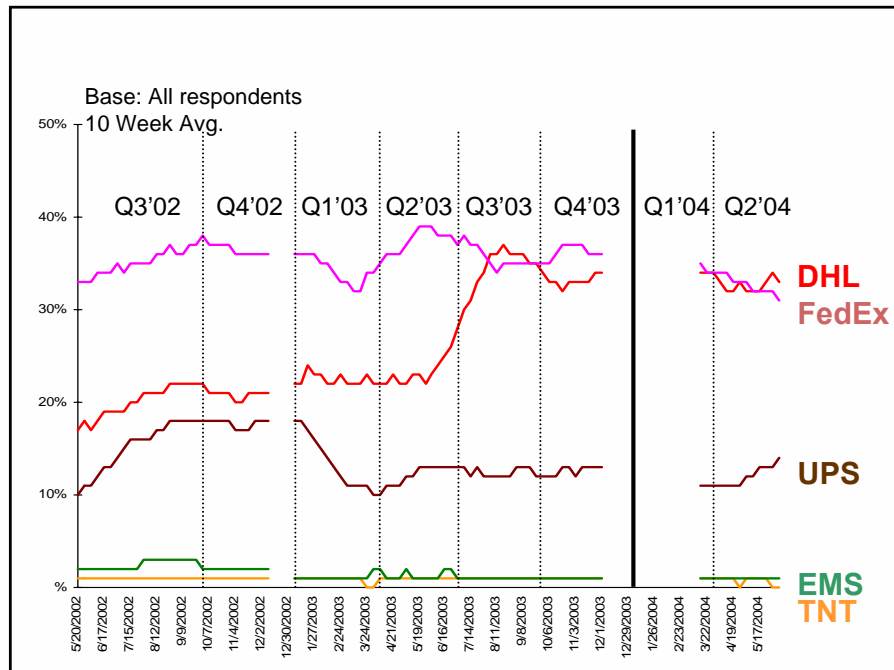
*External core revenue growth at budget exchange rates

•Source: SMART

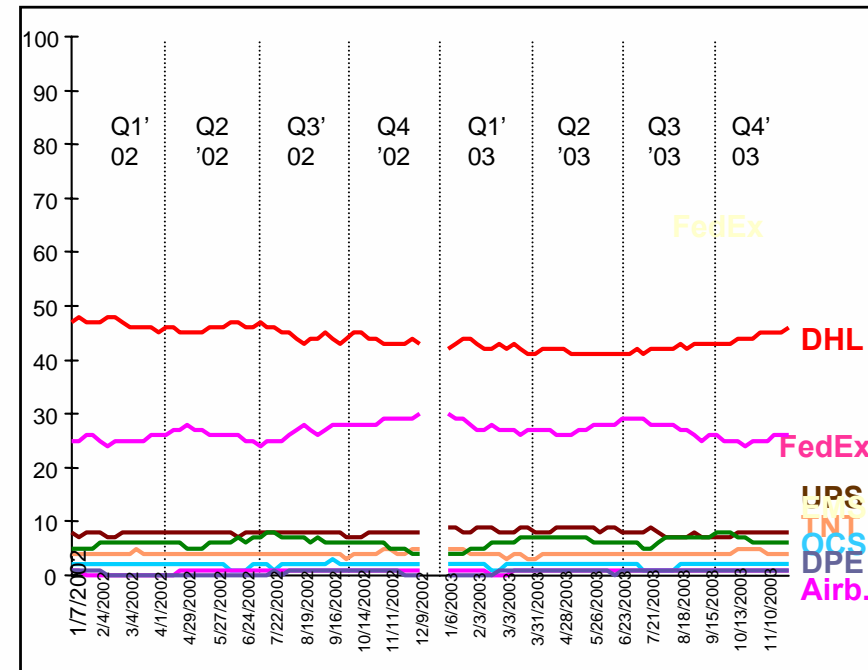
DHL possesses overwhelming brand leadership...

Brand Awareness - 12 Major Countries

TV Advertising Awareness

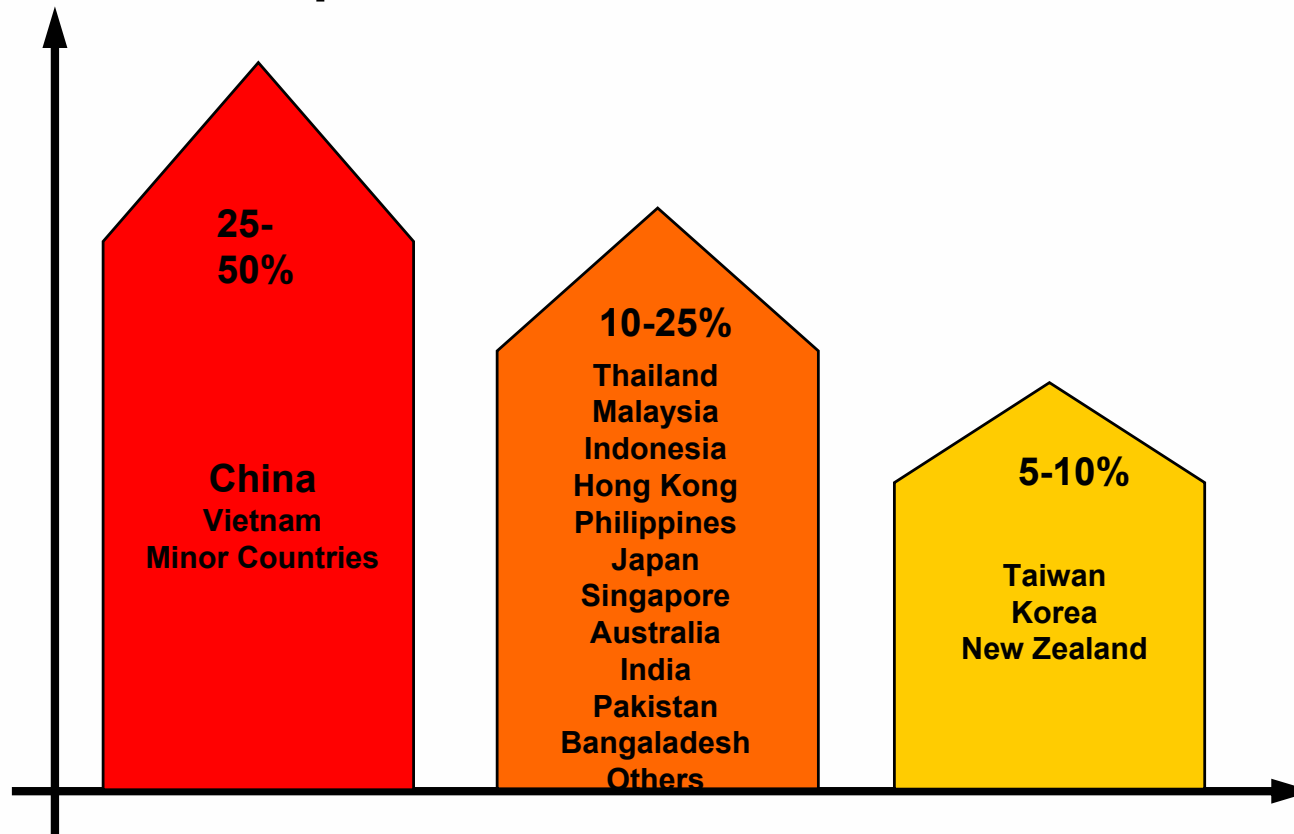


First Unaided Mention



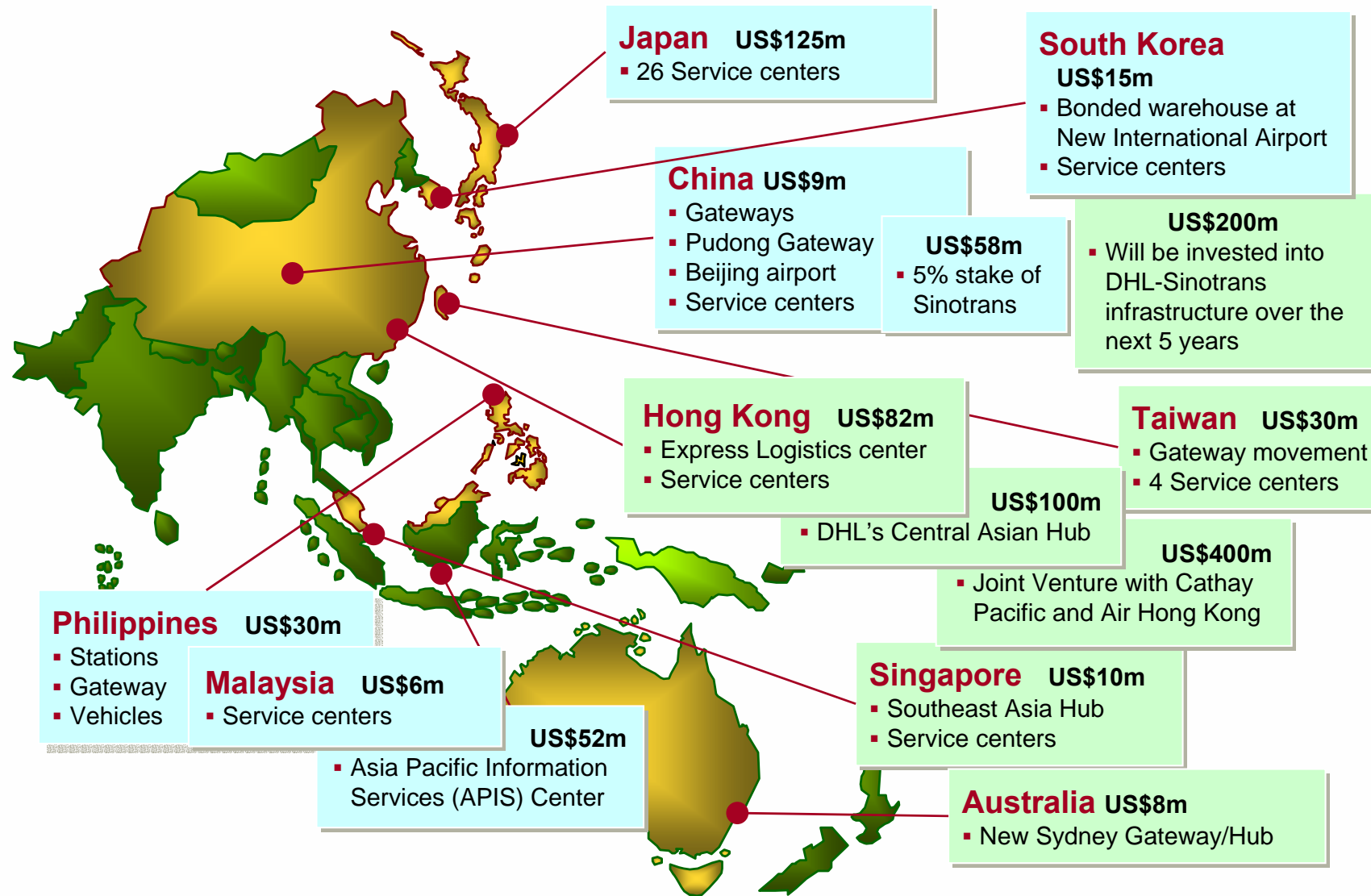
DHL is experiencing solid growth in almost all Asian markets

Comparative Asian Growth Rates*



*External core revenue growth at budget exchange rates

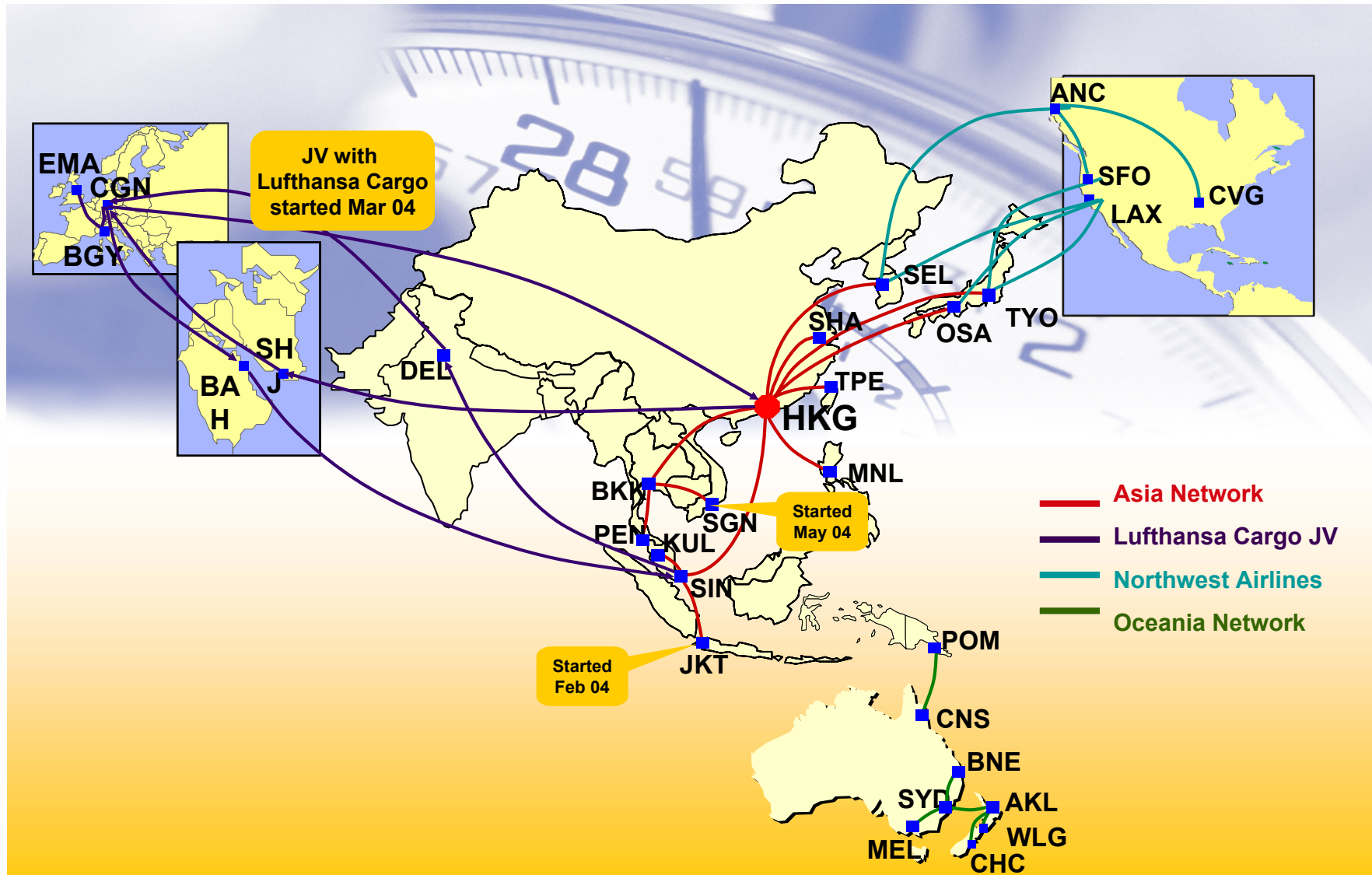
US\$1.1b being invested across the region...



Dedicated Air Network in Asia Pacific

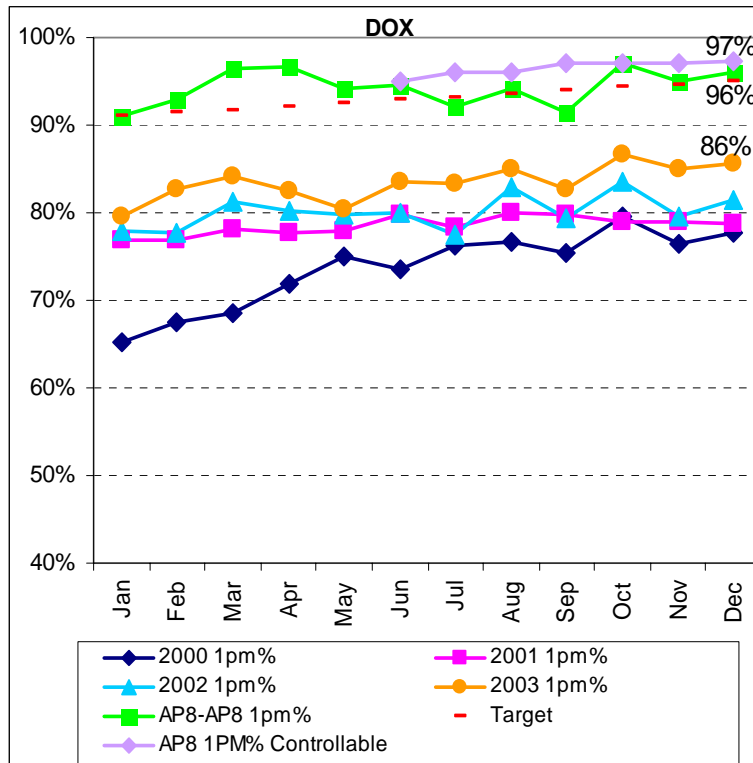


Significant linehaul/network expansion in 2004...

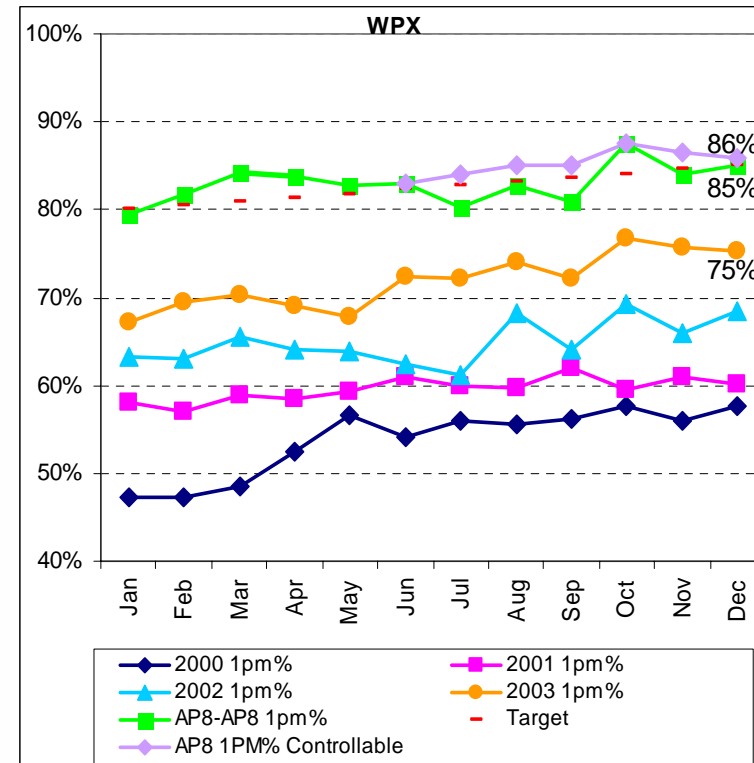


Asia Pacific service levels amongst the highest in the world

AP - AP 1PM



AP - AP 1PM



AP-AP : HKG,SIN,SEL,TPE,OSA,TYO,SHA,PEK,MNL,KUL,PEN,BKK,JKT

AP8 : HKG, SIN, SEL, TPE, OSA, TYO, BKK, MNL

Continued development of ground capabilities...



- Central Asia Hub (Hong Kong) opened
- New Delhi and Sydney Gateways
- 33 New Facilities Opened / In progress
- 32 TAPA (Security) Certified Facilities
- China, Japan, and Korea master plans in progress

Quality Control Centres driving service quality focus



Dynamic Shipment Movement Management

Real time management from pickup to delivery.
Facilitate proactive CS customer notification.
Real time responses to offload, technical delays.
Implement recovery and contingency plans.



Crisis Management Centre

Management of dramatic and destructive events that seriously impact the DHL network

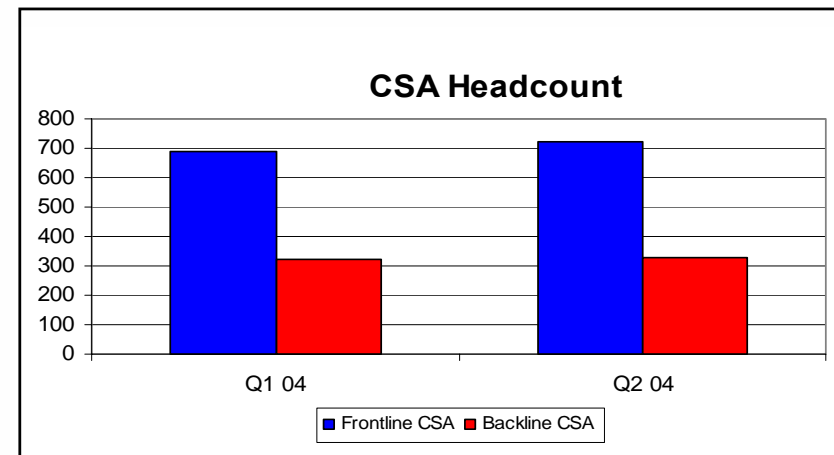
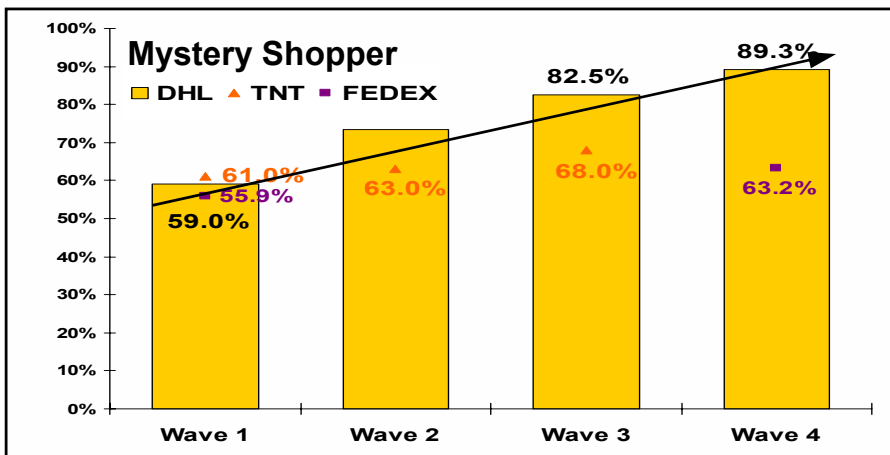
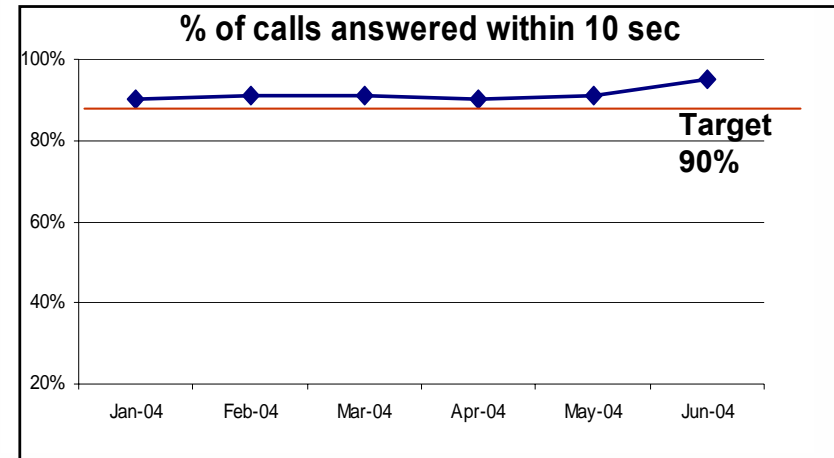
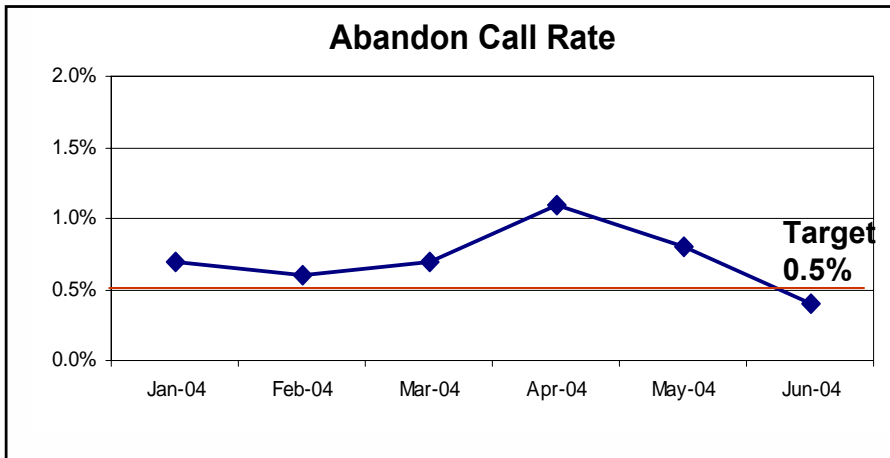
Regional Security Centre

Remote online monitoring of key Asia Pacific facilities via country CCTV networks



Equal focus on soft issues driving customer perception...

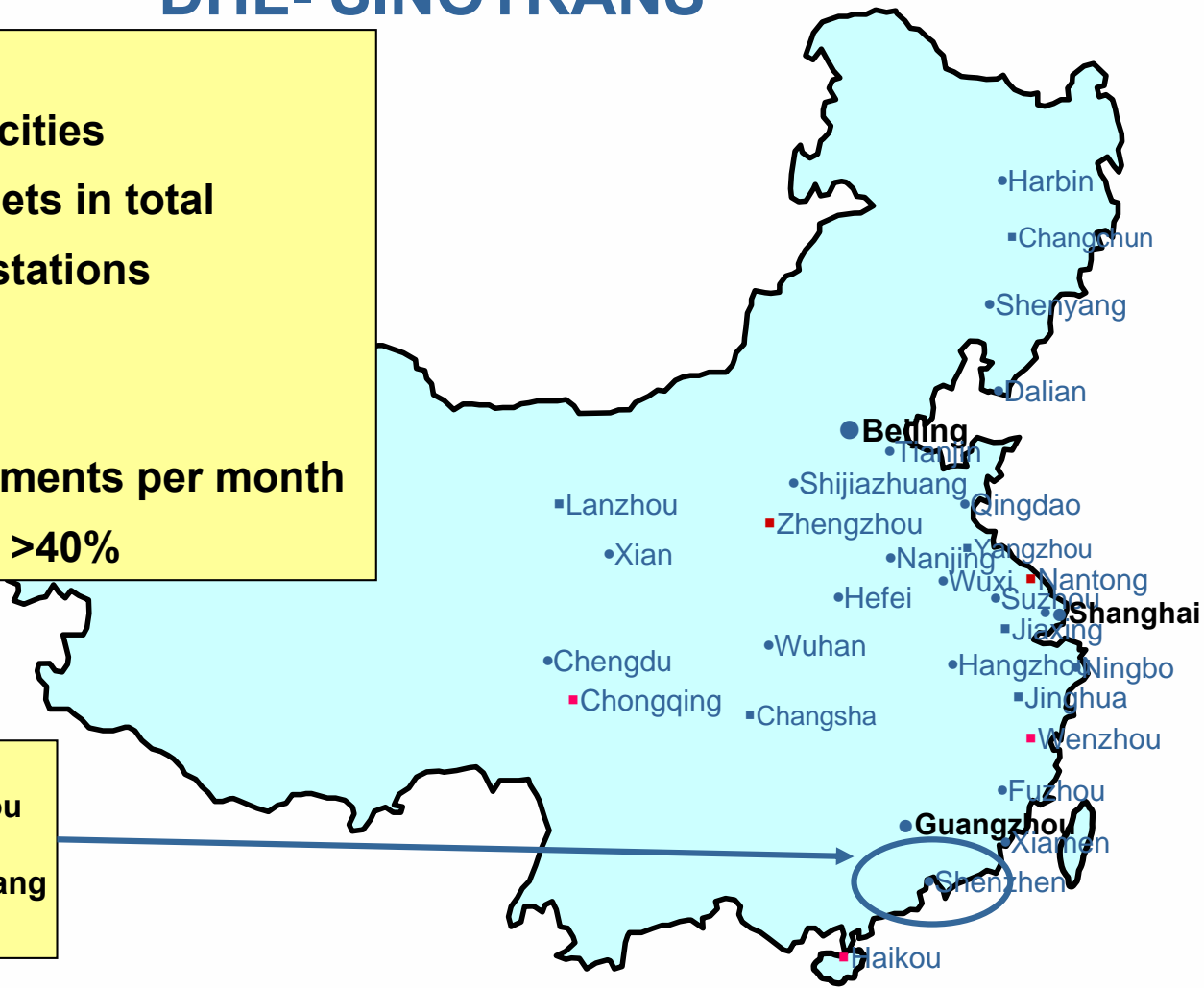
Customer Service Performance Indicators



DHL has a commanding lead in China...

DHL- SINOTRANS

- 4,500 employees
- Serves over 300 cities
- 170 branded outlets in total
- 56 joint venture stations
- 11 gateways
- 800 vehicles
- Over 80,000 shipments per month
- Revenue Growth >40%



New South Area Stations

- | | |
|--------------|--------------|
| 1. Dongguan | 2. Huizhou |
| 3. Zhongshan | 4. Zhuhai |
| 5. Jiangmen | 6. Zhanjiang |
| 7. Shantou | |

DHL has been the recipient of numerous awards for excellence...

- **“Best Express Operator”** (18 consecutive years), **“Best Logistics Service Provider-Air Freight”**, **“Best All Cargo Airline 2004”**, **“Best Road Haulier-Asia 2004”** – 2004 *Asian Freight & Supply Chain Awards*
- **“SuperBrand 2004”** – Gold SuperBrand in the Philippines, Singapore, Taiwan, Thailand & a Platinum SuperBrand in Hong Kong and Malaysia for express and logistics (Reader’s Digest Asia’s SuperBrands Survey 2004).
- **“Express Operator of the Year”**, **“IT Innovation Award”** and **“The People Development Award”**
- *Asia Logistics Awards 2003*
- **TAPA Awards** – Category 'A' security certification from the Technology Asset Protection Association (TAPA) for more than 40 facilities in Asia Pacific
- **'Review 200'** – DHL at No 1 air express service position in the 2002 annual 'Review 200' survey. DHL was ranked 15th out of 210 multinational companies in the survey organized by *Far Eastern Economic Review*.
- **'International Print Campaign of the Year Award'** - 2002 annual *Singapore Advertising Hall of Fame Awards*
- One of **'Asia's Most Admired Companies'** in **2001, 2000 and 1999** – nominated by readers of the leading regional magazine *Asian Business*.
- DHL was ranked **'Above World Class'** in the transport sector in the latest INSEAD report, *“Measuring Competitive Fitness of Global Firms 2001”*.
- **'Worldwide Multi-Media Award' in 2000** - for Outstanding Customer Service Performance at the *Teleperformance 2000 International 'Grand Prix'*.
- **The World's Most Global Company' in 1998** – awarded by *Global Finance* magazine for having the most extensive presence in over 220 countries and worldwide operations.

Regional Market Overview

Industry Trends

Overview of DHL Asia Pacific Region

Barriers and Opportunities

Climate for growth remains excellent despite minor hurdles...

Barriers	Opportunities
<ul style="list-style-type: none">■ Customs development and tools■ Cross Border Trade Facilitation eg HKG/China■ Non-Tariff barriers affecting industry■ Air Traffic Rights■ Terrorism and Political Instability■ Express Self Handling limitations■ Exchange Rate fluctuations	<ul style="list-style-type: none">■ Buoyant Asian economic growth■ WTO, Asean Free Trade Agreement (AFTA) Bi-Lateral FTA's, Multi-Fibre Agreement etc■ Investment Flows and Industry Migration eg SE Asia to China■ Ground Infrastructure 115 new airports by 2015 in China. Highway network/opening of western provinces■ Liberalised air traffic rights. US/China/Taiwan■ Increased Logistics Outsourcing■ New Technology such as RFID

