

Dear subscriber,

We have today, 16 March 2010, published our Annual Report 2009. We have summarised the most important information for you in this newsletter.

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Kind regards,
Investor Relations Team
Deutsche Post DHL

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Content

▶	At a glance
▶	Target-performance comparison
▶	Letter to our Shareholders
▶	Deutsche Post shares
▶	Capital markets programme Roadmap to Value
▶	Revenue and earnings development
▶	Dividend
▶	Outlook 2010 – 2011
▶	Events

At a glance

What we achieved in 2009

We restructured our express business and consolidated our financial position with the proceeds from the sale of Postbank. We saved more than €1.1 billion in indirect costs with our IndEx programme. Although transported volumes were significantly down on the prior-year level, we were also able to cushion the decrease in EBIT before non-recurring items, and at €1.47 billion we even slightly exceeded our forecast, which we had increased to at least €1.35 billion during the course of the year.

What we intend to achieve in 2010

Provided that there is a moderate recovery in trade volumes, we expect consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. Both pillars of our business – Deutsche Post and DHL – should contribute nearly equally to these results. We will increase our investments cautiously to approximately €1.4 billion and use them for organic growth. Although our liquidity position will decline due to restructuring expenditure, it will remain strong. Consolidated net profit is expected to continue to improve in line with our operating business.

[▶ back to the top](#)

Target-Performance Comparison

2009 Goals	2009 Results	2010 Goals
EBIT before non-recurring items <ul style="list-style-type: none">Group: minimum €1.35 billion.	Ebit before non-recurring items <ul style="list-style-type: none">Group: €1,47 billion. ✓	EBIT before non-recurring items <ul style="list-style-type: none">Group: €1.6 billion to €1.9 billion.Mail division: €1.0 billion to €1.2 billion.DHL divisions: €1.0 billion to €1.1 billion.Corporate Center/Other: approximately €-0.4 billion.
Consolidated net profit <ul style="list-style-type: none">Generate a net profit excluding minorities.	Consolidated net profit <ul style="list-style-type: none">Net profit excluding minorities: €644 million. ✓	Consolidated net profit <ul style="list-style-type: none">Improve net profit in line with operating business.
Capital expenditure (capex) <ul style="list-style-type: none">Reduce investmens from €1.7 billion (2008) to no more than €1.2 billion.	Capital expenditure (capex) <ul style="list-style-type: none">Invested: €1,17 billion. ✓	Capital expenditure (capex) <ul style="list-style-type: none">Approximately €1.4 billion.
Costs <ul style="list-style-type: none">Lower indirect costs by €1 billion by the end of 2009.	Costs <ul style="list-style-type: none">Achieved indirect costs savings in 2009: €1.1 billion. ✓	
Restructuring <ul style="list-style-type: none">Reduce annualised loss in the us express business to no more than US\$ 400 million.	Restructuring <ul style="list-style-type: none">Annualised loss in the us express business in the fourth quarter of 2009 in line with target. ✓	

[▲ back to the top](#)

Dr Frank Appel, Chief Executive Officer



Dear Shareholders,

2009 was without a doubt a tough year for your company. The global economic crisis has not left Deutsche Post DHL unscathed. Yet we have performed exceptionally well given these circumstances and have shown how strong our organisation is.

Consolidated revenue fell year-on-year, primarily because transport volumes in all divisions were significantly down on prior-year levels. The fact that we were able to maximise cost savings helped us cope with these circumstances. Our IndEx programme resulted in indirect cost savings of over €1.1 billion in 2009 – even more and faster than we anticipated.

Our successful cost management allowed us to cushion the decrease in EBIT before non-recurring items and at €1.47 billion even exceed the forecast, which we increased during the course of the year. I find this result quite remarkable in the middle of an economic crisis and considering that our business was also impacted by several extraordinary effects. Instead of a consolidated loss, as we recorded in 2008, we generated a profit of €644 million in 2009.

We restructured our express business and reduced or eliminated the sources of our losses there. The restructuring process in the United States was a success. In the fourth quarter, we achieved our goal of reducing the annualised loss there as planned.

I would like to express my sincere thanks to our approximately 500,000 employees for their enormous effort in these extremely challenging times. And I thank you, our shareholders, for your trust in me and my colleagues on the Board of Management. After a difficult year, we wish to reward your confidence with a stable dividend of €0.60 per share.

We used the crisis as a catalyst to become more efficient and more effective. In our mail business, for instance, we have tested procedures for enabling us to respond to fluctuating volumes more flexibly without sacrificing quality. In air and ocean freight, we have secured our capacities on the most important trade lanes between Asia and Europe. Furthermore, our contract logistics business won a renowned customer in British Airways in one of our key strategic industry sectors.

We have largely taken care of legacy issues – and we have done our homework. We have also strengthened our financial stability with the proceeds from the sale of Postbank. All in all I see we have successfully navigated the crisis and achieved the goals we set for ourselves in 2009.

Moreover, we launched Strategy 2015 and with it laid the foundation for future growth. This strategy has already become part of how we do business. Two examples illustrate this: first, Deutsche Post will introduce its letter on the internet to the market this summer, an innovation that integrates the physical letter – with all of its features such as reliability and confidentiality – into the world of electronic communication. Second, DHL now has its own team to pull together all the ideas from DHL's divisions and look for ways our customers can benefit from them. As the industry leader, we understand the trends and know what our future depends on: offering our customers innovative and sustainable products that simplify their lives.

The global economic crisis is not yet over, but the signs that the worst is over are steadily increasing. Global trade has been on a recovery course since the second half of 2009, with the trend actually increasing slightly in the first two months of the new year. For us this means that we will move ahead as planned this year and sustainably improve the Group's profitability through innovative products, high service levels and customer-orientated solutions.

Our new financial strategy is based on reliability and stability. This also applies to future payouts. We will increase our investments cautiously to €1.4 billion and use them for organic growth in both pillars of our Group. Earnings are likely to increase this year. We expect full-year consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. For the first time both pillars of our business will contribute nearly equally to these results – an indication of the strength of our two-pillar strategy.

We want to remain *Die Post für Deutschland* (The Postal Service for Germany) and become The Logistics Company for the World. We are setting the bar high and our guiding principle, Respect and Results, reflects this. We will only achieve the results we need to be successful in the long term if we treat our shareholders, customers and employees as well as society and the environment with respect. Of that I am entirely convinced.

Yours faithfully,

Dr Frank Appel
Chief Executive Officer

[➔ back to the top](#)

Deutsche Post shares

Our shares recover markedly from annual low

In the initial weeks of the year, our shares lost considerably more ground than the DAX. The dividend reduction to €0.60 per share for financial year 2008 seriously disappointed investors and moved major US investment funds to abandon the stock. On 9 March, our share price hit an all-time low of €6.65 but then rallied, beginning an impressive climb. In just a few weeks the price shot up over the €10 mark before dipping slightly in the summer along with the rest of the market. Our second-quarter results clearly indicated that the measures implemented by the Group to limit the impact of the economic crisis were beginning to take effect. The share price moved back up, this time to stay, and our third-quarter figures confirmed that our efforts had taken hold. At this time the economic output of the major industrial countries also showed improvement for the first time in the year. The positive sentiment that this generated lifted shares of Deutsche Post to their annual high of €13.79 on 29 December. Our shares closed the year at €13.49, a 13.3 % gain in value. Average trading volumes were only 5.4 million shares (previous year: 7.7 million).

Key share data

		2008	2009
Number of shares	millions	1,209.0	1,209.0
Closing price	€	11.91	13.49
Market capitalisation as at 31 December	€m	14,399	16,309
High	€	24.18	13.79
Low	€	7.18	6.65
Average trading volume per day	shares	7,738,509	5,446,920

Further information can be found on our website:

Deutsche Post shares [▶ more](#)

Peer group comparison: Closing prices on 30 December

		2008	2009	+/-%
Deutsche Post	€	11.91	13.49	13.3
TNT	€	13.55	21.36	57.6
FedEx	US\$	62.22	85.17	36.9
UPS	US\$	54.18	58.18	7.4
Kuehne + Nagel	CHF	67.55	100.50	48.8

Further information can be found on our website:

Current share price [▶ more](#)

Key figures on our shares [▶ more](#)

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[▲ back to the top](#)

Capital markets programme Roadmap to Value

Clear focus on profitability

Throughout 2009 we continued to implement our Roadmap to Value capital markets programme – which we announced in November 2007 – with successful results. In particular, our initiatives to improve profitability made a significant contribution to consolidated net profit. Our IndEx programme helped us to lower indirect costs throughout the Group by €1.108 billion – €138 million in 2008 and €970 million in 2009. We even exceeded our total savings target, reaching it twice as quickly as planned thanks to quicker implementation of the savings measures by our divisions, in part due to the ongoing crisis. We were able to compensate for some of the revenue losses resulting from volume declines by lowering costs.

Tight cash management

We invested €1.2 billion in 2009, €0.5 billion less than the prior-year period and a substantial reduction in capital expenditure. At the same time, we improved working capital by €426 million in the reporting period. Since the end of 2007, we have reduced working capital by a total of €890 million, thus surpassing our target of €700 million.

Progress on the Roadmap to Value

	Goals	Results	
1 Profitability	<ul style="list-style-type: none"> Initiation of two-year programme to improve profits by €1 billion. 	<ul style="list-style-type: none"> Profit improvement target for 2008 reached and IndEx programme implemented earlier than expected. 	✓
	<ul style="list-style-type: none"> Consolidated ebit of at least €4.2 billion in 2008. 	<ul style="list-style-type: none"> EBIT target missed due to various factors including recession, exclusion of Postbank's earnings as a result of its sale etc. 	✗
2 Liquidity	<ul style="list-style-type: none"> Reduction in net working capital of €700 million by the end of 2009. 	<ul style="list-style-type: none"> Target exceeded. Reduction of €890 million in net working capital since the end of 2007. 	✓
	<ul style="list-style-type: none"> Cash proceeds of at least €1 billion from the sale of non-strategic assets within 24 months. 	<ul style="list-style-type: none"> Real estate totalling €1.35 billion sold. 	✓
3 Dividend	<ul style="list-style-type: none"> Proposed dividend increase of 20 % to €0.90 per share for 2007 and continuous growth in the years to follow. 	<ul style="list-style-type: none"> 2007 dividend: €0.90 2008 dividend: €0.60 	✗
4 Transparency	<ul style="list-style-type: none"> Enhanced transparency and disclosure. 	<ul style="list-style-type: none"> Transparency increased significantly, additional reporting detail. 	✓
5 Organic growth	<ul style="list-style-type: none"> Reduction in M&A spend. 	<ul style="list-style-type: none"> No major M&A conducted. 	✓

[▲ back to the top](#)

Revenue and earnings development

Overall assessment by the Board of Management

Deutsche Post DHL turned in a solid performance in financial year 2009 given the global economic crisis. Although transported volumes were significantly down on the prior-year level, we were able to cushion the decrease in EBIT before non-recurring items. In fact, at approximately €1.5 billion, we even slightly exceeded our forecast, which was increased to at least €1.35 billion during the course of the year. We have taken appropriate measures to survive the crisis and emerge from it even stronger: we have saved more than €1 billion in indirect costs with our IndEx programme.

We have restructured the express business, which will continue to have a positive influence on our profitability going forward. The sale of Postbank has consolidated our financial position. Rating agencies gave us a positive short-term credit rating, thanks not least to net liquidity of €1.7 billion at the end of the year. We have significantly cut investments and focused on organic growth.

Selected key indicators for results of operations (continuing operations)

		2008 adjusted	2009
Revenue	€m	54,474	46,201
Profit from operating activities (EBIT) before non-recurring items	€m	2,011	1,473
Profit/loss from operating activities (EBIT)	€m	-966	231
Return of sales ¹⁾	%	-1.8	0.5
Consolidated net profit/loss for the period ²⁾	€m	-1,688	644
Earnings per share ³⁾	€	-1.40	0.53
Dividend per share	€	0.60	0.60 ⁴⁾

1) EBIT/revenue

2) Excluding minorities, including Postbank

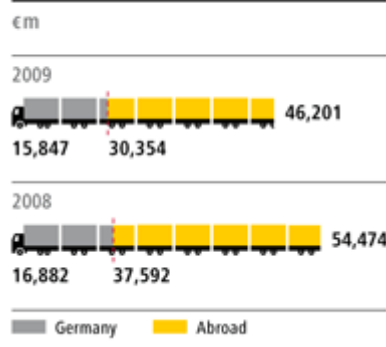
3) Including Postbank

4) Proposal

Decline in consolidated revenue from continuing operations

Consolidated revenue from continuing operations in financial year 2009 fell 15.2 % to €46,201 million (previous year: €54,474 million). Negative currency effects of €675 million contributed to this decline. Following our exit from the domestic US express business, the share of revenue generated abroad fell from 69.0 % to 65.7 %.

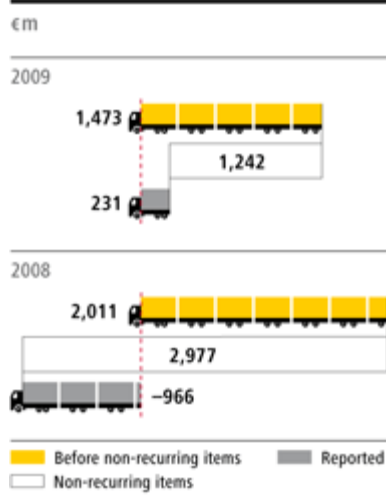
A.18 Consolidated revenue for continuing operations



Arcandor insolvency impacts earnings

Profit from operating activities (EBIT) from continuing operations rose by €1,197 million to €231 million, year-on-year. In the previous year, this item contained income of €572 million from the state aid proceedings, restructuring costs of €2,557 million and impairment losses of €992 million. In the reporting period, the above-mentioned restructuring costs impacted earnings by €1,242 million. Adjusted for these non-recurring items, EBIT fell by 26.8 % to €1,473 million. The insolvency of Arcandor impacted earnings for the reporting period by a total expense of €247 million. EBIT before non-recurring items has not been adjusted for this charge. Measurement of derivatives relating to the sale of Postbank had a positive effect on net financial income, which amounted to €45 million – up €145 million from the net finance costs of €100 million recorded previously. The prior-year figure included the interest component of the state aid repayment. Net financial income also contains a €19 million gain from the measurement of Postbank on an equity-accounted basis. Postbank has informed us that as a result of a random sampling examination conducted by *Deutsche Prüfstelle für Rechnungslegung e.V.* a correction has been made to its prior-year financial statements which has, in turn, had an effect on the reporting year. Deutsche Post DHL considers this error insignificant and has accounted for it in the gain from the measurement of Postbank on an equity-accounted basis for financial year 2009. Net financial income has been reduced by €25 million as a result. The profit from continuing operations before income taxes improved to €276 million (previous year: loss of €1,066 million). By contrast, income taxes fell from €200 million to €15 million. All in all, profit from continuing operations amounted to €261 million, a rise of €1,527 million on the previous year.

A.19 Consolidated EBIT for continuing operations



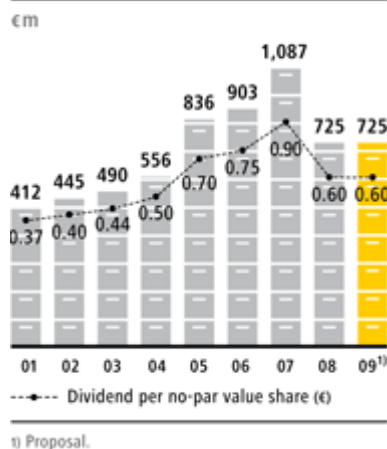
▲ back to the top

Dividend

Dividend of €0.60 per share proposed

At the Annual General Meeting on 28 April 2010, the Board of Management and the Supervisory Board will propose the payment of a dividend per share of €0.60 for financial year 2009 (previous year: €0.60). The distribution ratio based on the consolidated net profit attributable to Deutsche Post AG shareholders amounts to 112.6 %. The net dividend yield based on the year-end closing price of our shares is 4.4 %. The dividend will be distributed on 29 April 2010 and is tax-free for shareholders resident in Germany.

A.20 Total dividend and dividend per no-par value share



[▲ back to the top](#)

Outlook 2010 – 2011

Business development expectations

At the start of 2010, the moderate recovery trend seen in the second half of 2009 continued. For planning and budgeting purposes, we have figured in a modest recovery in overall trade volumes in 2010. However, uncertainty remains with regard to the extent and durability of this recovery. Against this backdrop, we expect full-year consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. The MAIL division is likely to make up around €1.0 billion to €1.2 billion of this. Compared with the previous year, we expect a strong improvement in earnings to between €1.0 billion and €1.1 billion in the DHL divisions. The Corporate Center/Other segment should come in just below the prior year with a loss of around €0.4 billion. Given that 2009 saw high non-recurring expenses for restructuring the express business, full-year 2010 is likely to see a solid improvement in consolidated EBIT.

We will maintain our conservative financial policy in 2010, raising our capital expenditure to approximately €1.4 billion after having reduced it in 2009 to just under €1.2 billion. Following our corporate strategy, we are focusing on organic growth. We anticipate only a few small acquisitions in 2010 as in the previous year. Planned restructuring measures taken in the previous year on the order of €1 billion will reduce operating cash flow in 2010. Consolidated net profit is expected to continue to improve in 2010 in line with our operating business.

Provided that the global economy continues to recover, the positive trend in our earnings that we are anticipating for 2010 is likely to continue into 2011. The cost reduction measures initiated in the MAIL division are expected to stabilise EBIT even if mail volumes continue to lose out to electronic means of communication. We expect EBIT to improve in the DHL divisions as volumes continue to recover.

Starting in 2010, the mark-to-market measurement now required in accordance with IFRS for all financial instruments associated with the Postbank transaction results in a positive – albeit non-cash – effect on net finance cost / net financial income. As the year progresses, this effect – as already in the previous year for some of these instruments – will be reviewed and, if necessary, adjusted at the end of each quarter based on the trend in Postbank's fair value.

[▲ back to the top](#)

Financial calendar (excerpt)

28 April 2010	Annual General Meeting (Frankfurt/Main)
11 May 2010	Interim Report on the first quarter of 2010, investors conference call
3 August 2010	Interim Report on first half of 2010, investors conference

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[▲ back to the top](#)