

Deutsche Post DHL full year 2009 results

Frank Appel, CEO  
Larry Rosen, CFO

Bonn – 9 March 2010



## Agenda

**Progress in 2009****(Frank Appel)**

Financial performance

(Larry Rosen)

Corporate finance strategy

(Larry Rosen)

Outlook

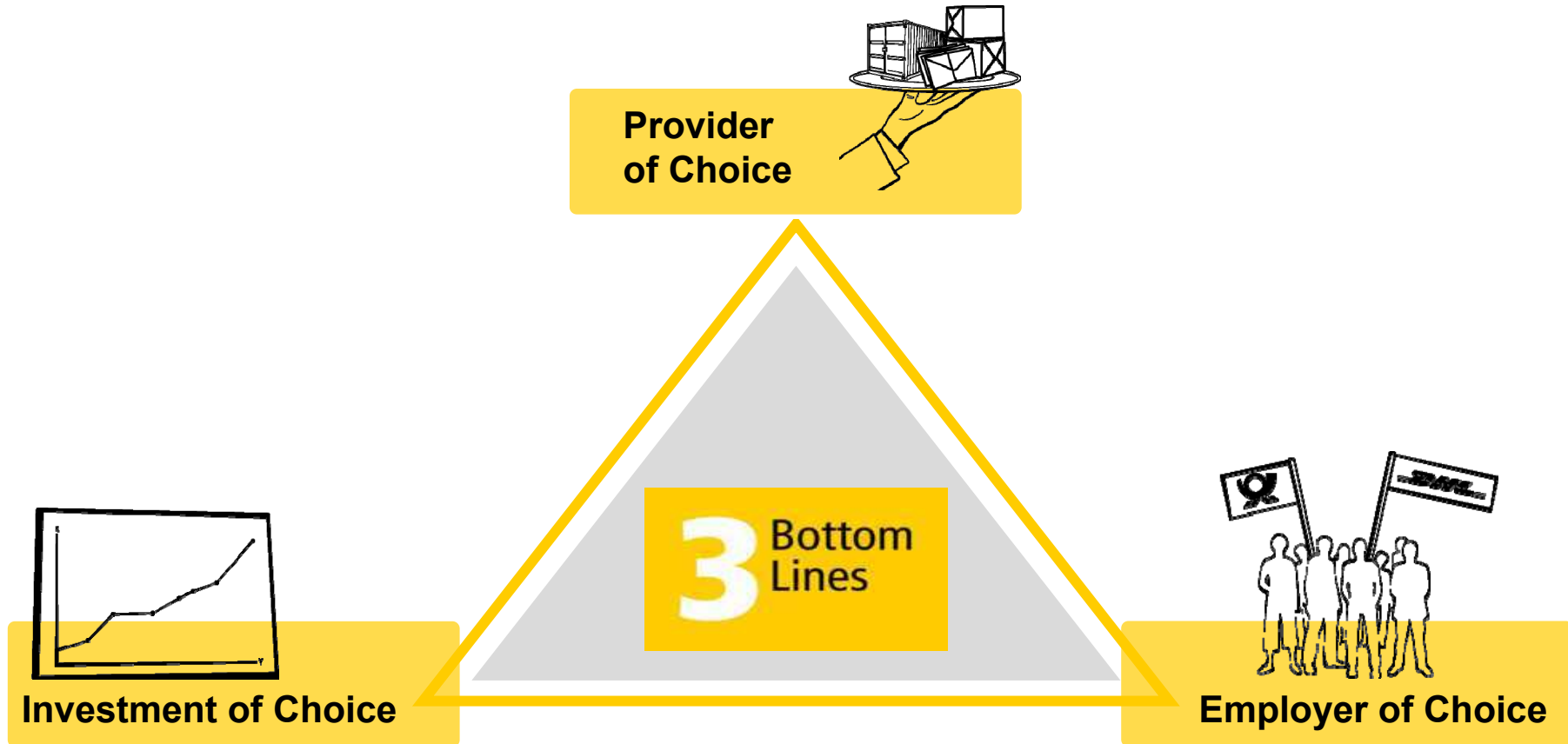
(Frank Appel)

## Overall review 2009 at a glance: Guidance fully achieved / exceeded

	Original guidance	Revised guidance	Actual 2009 result	
<b>Underlying EBIT</b>	€ 1.2bn	at least € 1.35bn	€ 1.47bn	✓
<b>Capex</b>	€ 1.2bn	€ 1.2bn	€ 1.17bn	✓
<b>Index</b>	€ 1.0bn by end of 2010	€ 1.0bn end of 2009	€ 1.11bn in 2009	✓ ✓
<b>Net income<sup>(1)</sup></b>	Positive	Positive	€ 644m	✓

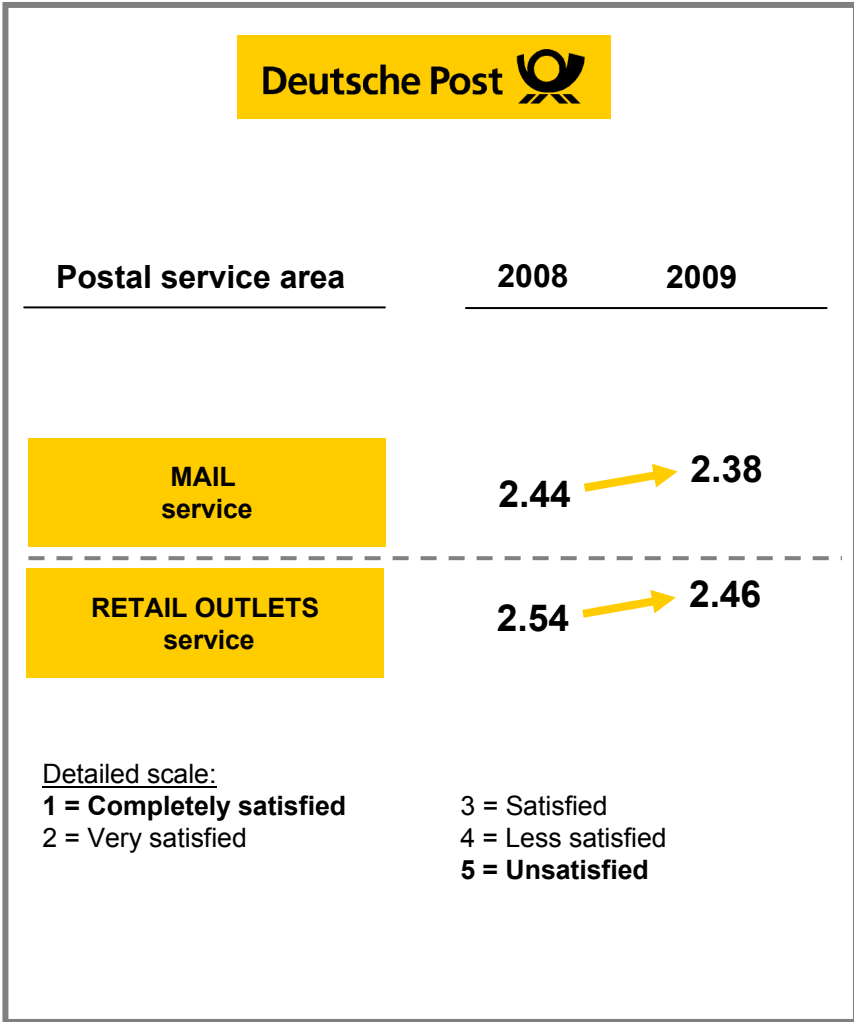
(1) Attributable to Deutsche Post AG shareholders

The goal of our Strategy 2015:  
No.1 for customers, employees and investors

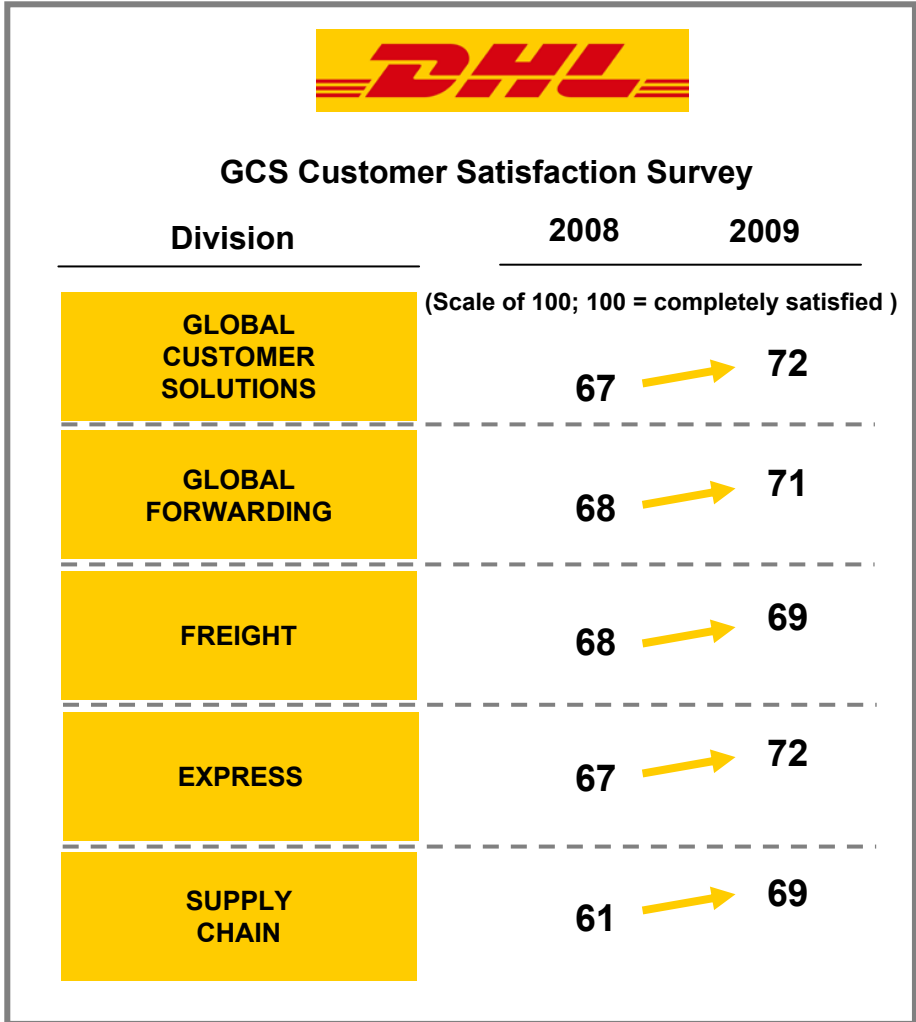




# Significant increase in customer satisfaction



Source: Kundenmonitor Deutschland (external customer satisfaction study of ServiceBarometer AG)



Source: Deutsche Post DHL, Market Research Services Center (MRSC)

Provider of Choice



# Continuous investment in network improvement, service innovation and simplified access

## EXAMPLES

Additional **airfreight capacity** secured between North Asia and Europe

New **fuel-efficient trucks** (UK, Finland, Sweden)

**Oceanfreight** gateway to Eastern Europe

Expansion of Express **AeroLogic** network with new routes to Asia and U.S.

800 new **points of sale**, 1,000 new **Packstations**, **iPhone-apps**, **www.meinpaket.de** in Germany

**DHL Fashion & Apparel** center of excellence (Bangladesh)

Cross-border **roadfreight** between Malaysia, Singapore, Thailand

Enhanced global **DHL Medical Express** solution

**Oil & Energy** center of excellence in Singapore

**DHL Global Customer Solutions** wins Supply Chain Excellence Award at SCM Logistics World 2009

New Melbourne **logistics hub**





Employer of Choice

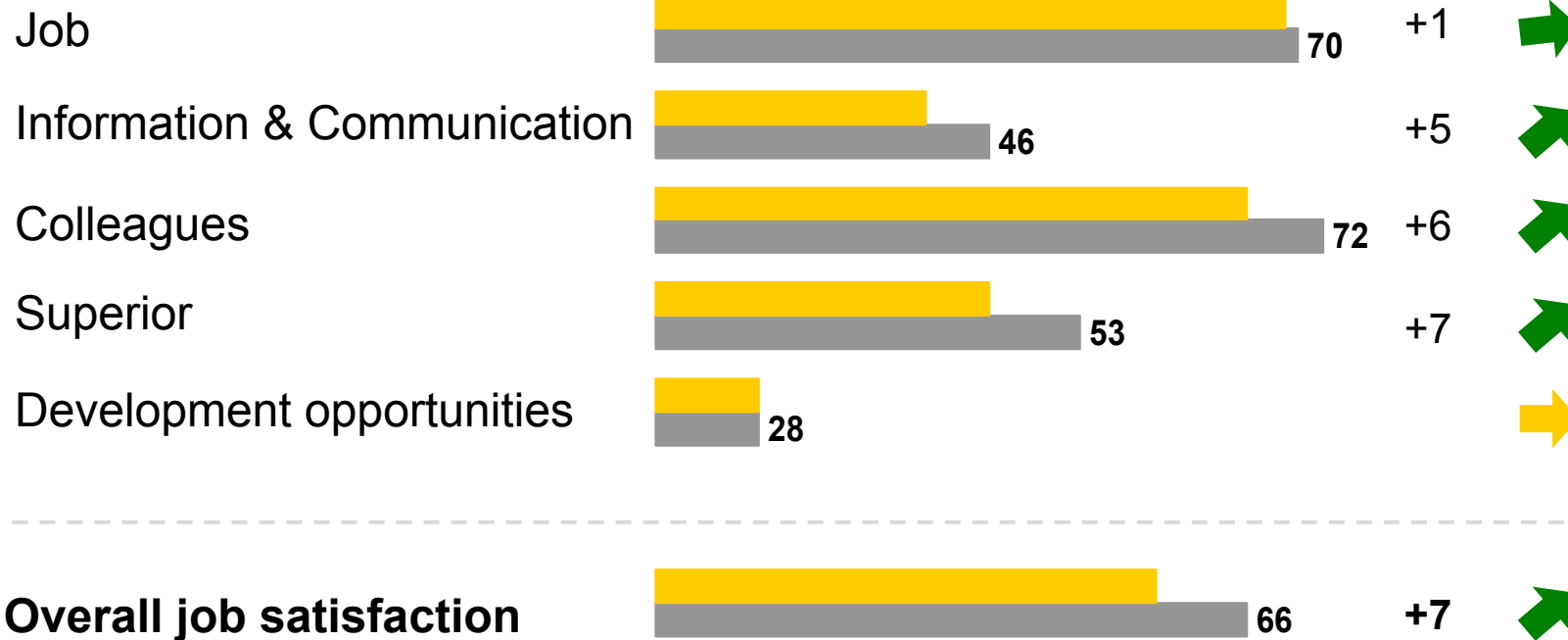
# Despite economic crisis, increase in employee engagement

Example: Mail Germany



**Employee Opinion Survey 2009 participation rate: 57%**

	2008
	2009





Investment of Choice

## Consolidated net profit significantly improved

### FY 2009 Group P&L continuing operations

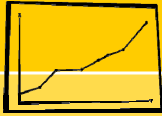
€ m

€ m	2008	2009	Chg.
Revenue	54,474	46,201	-15%
Reported EBIT	-966	231	n.m.
Underlying EBIT	2,011	1,473 <sup>(1)</sup>	-27%
Consolidated net profit <sup>(2)</sup>	-1,688	644	n.m.
Dividend per share (in €)	0.60	0.60 <sup>(3)</sup>	-

<sup>(1)</sup> Includes extraordinary charges totalling € -344m related to Arcandor and costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties

<sup>(2)</sup> Attributable to Deutsche Post AG shareholders

<sup>(3)</sup> Proposed dividend

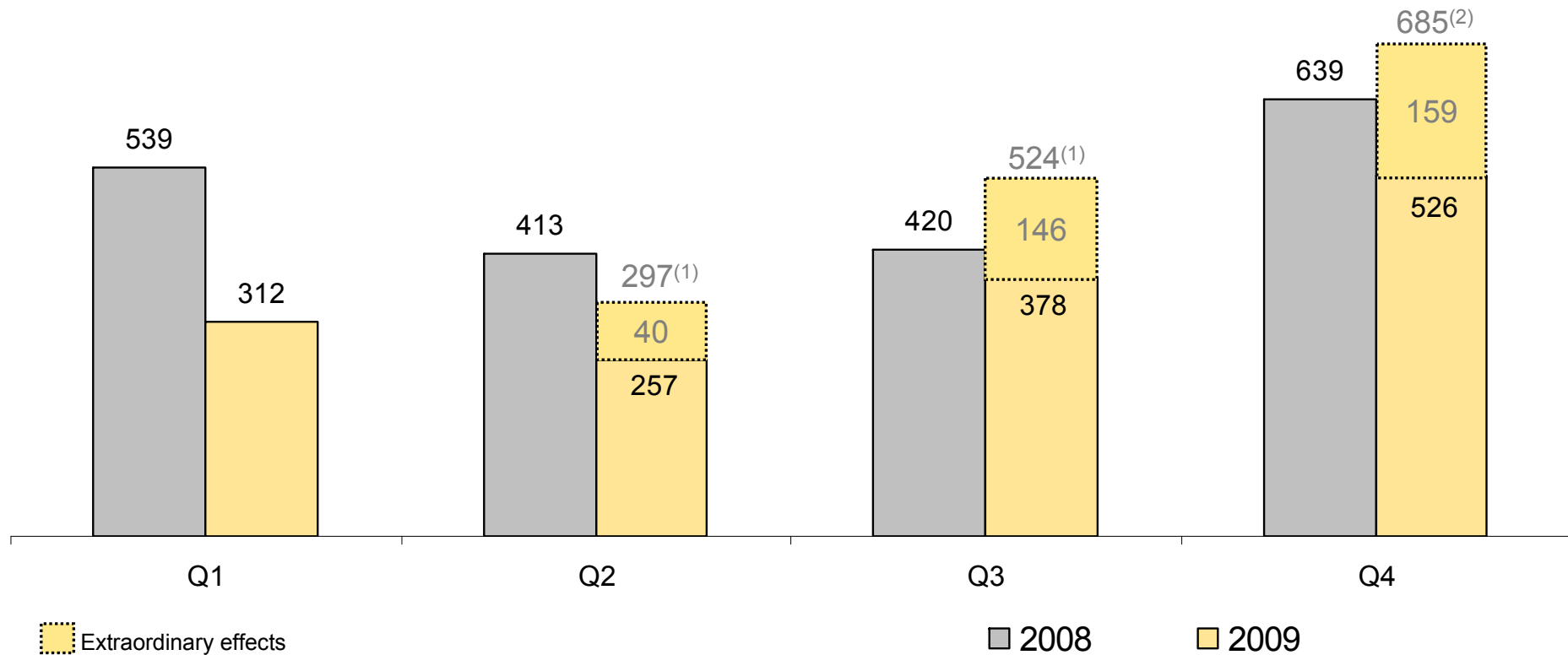


Investment of Choice

# Underlying EBIT performance continues to improve

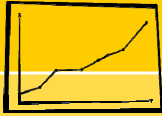
## Underlying EBIT development by quarter

€ m



<sup>(1)</sup> Excluding Arcandor charges

<sup>(2)</sup> Excluding € -62m charges related to Arcandor and € -97m costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties

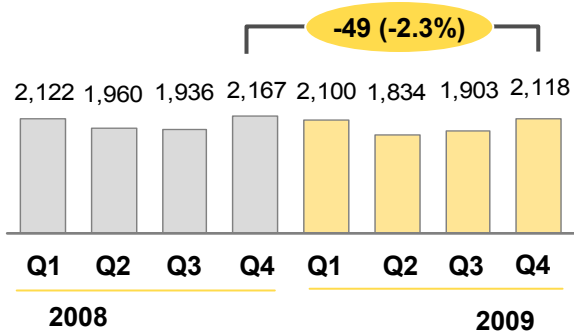


Investment of Choice

# Some further encouraging volume developments in Q4

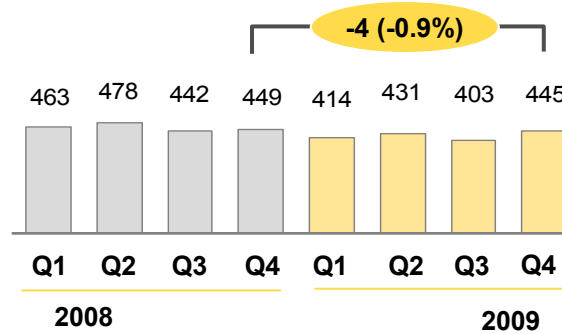
## Mail

**Mail Communication**  
(in million items)



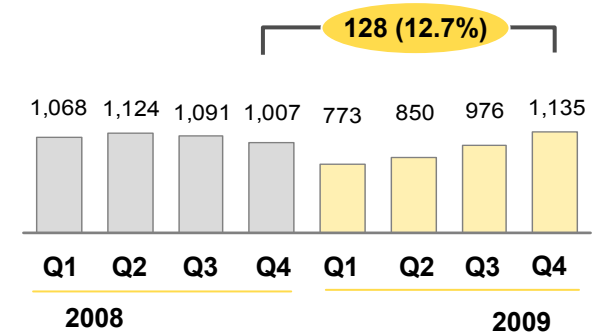
## Express

**Time Definite International**  
(Volume per Day in '000s)<sup>(1)</sup>

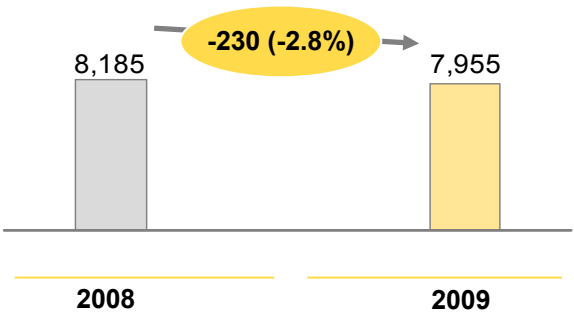


## Global Forwarding, Freight

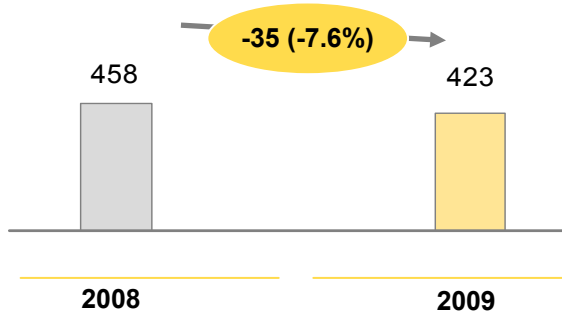
**Air Freight**  
(in '000s tons)



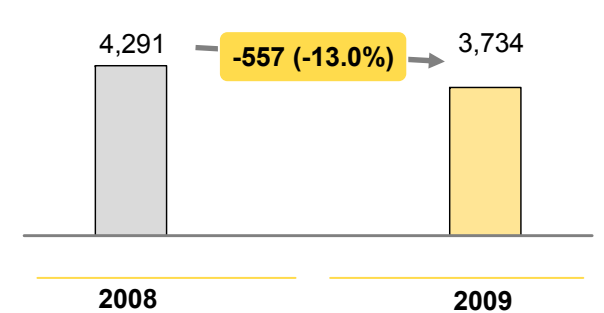
**Mail Communication**  
(in million items)



**Time Definite International**  
(Volume per Day in '000s)<sup>(1)</sup>

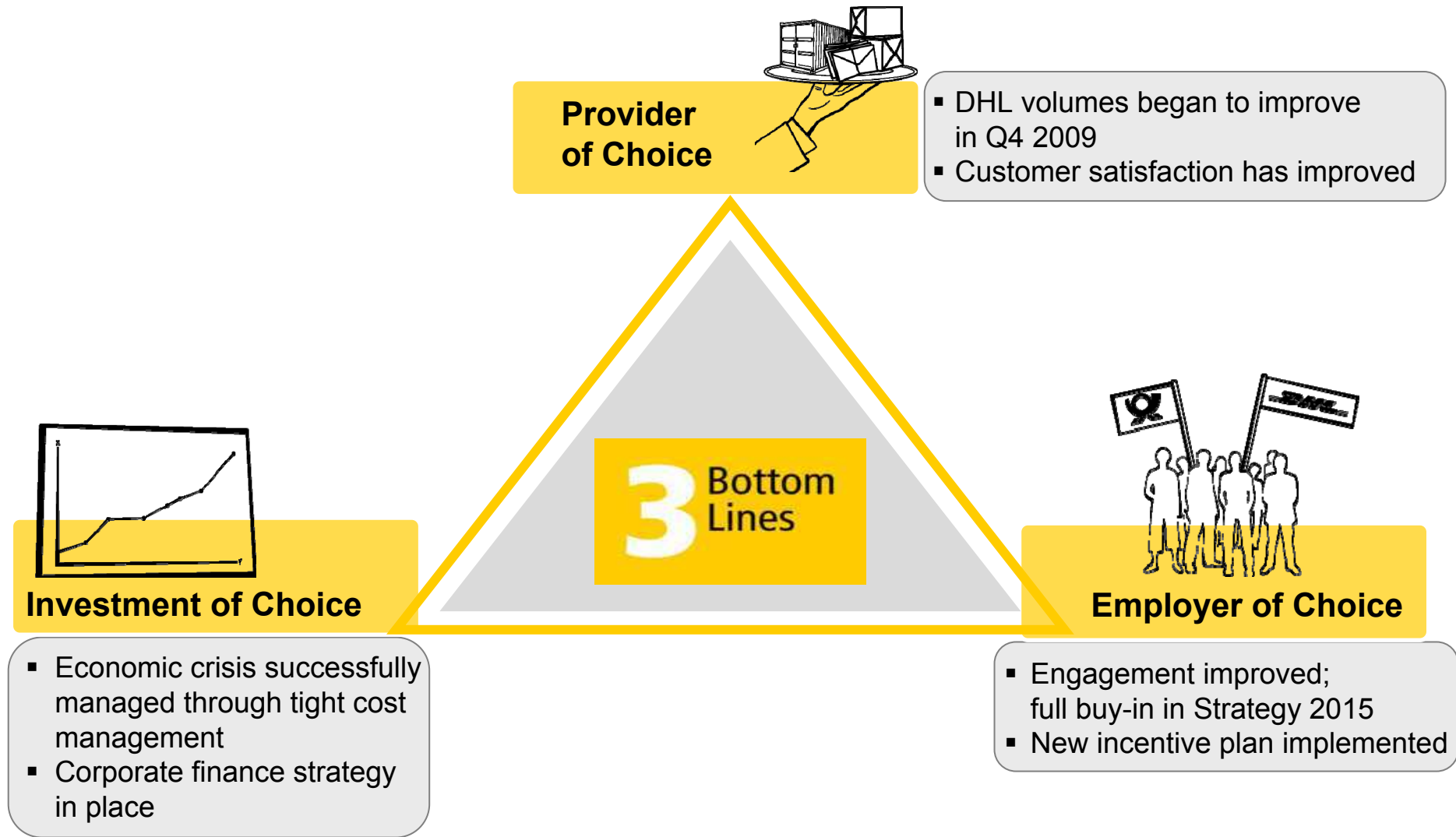


**Air Freight**  
(in '000s tons)



<sup>(1)</sup> Ex US

# Strategy 2015 status: Well on track



# Agenda

Progress in 2009

(Frank Appel)

**Financial performance**

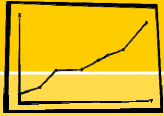
**(Larry Rosen)**

Corporate finance strategy

(Larry Rosen)

Outlook

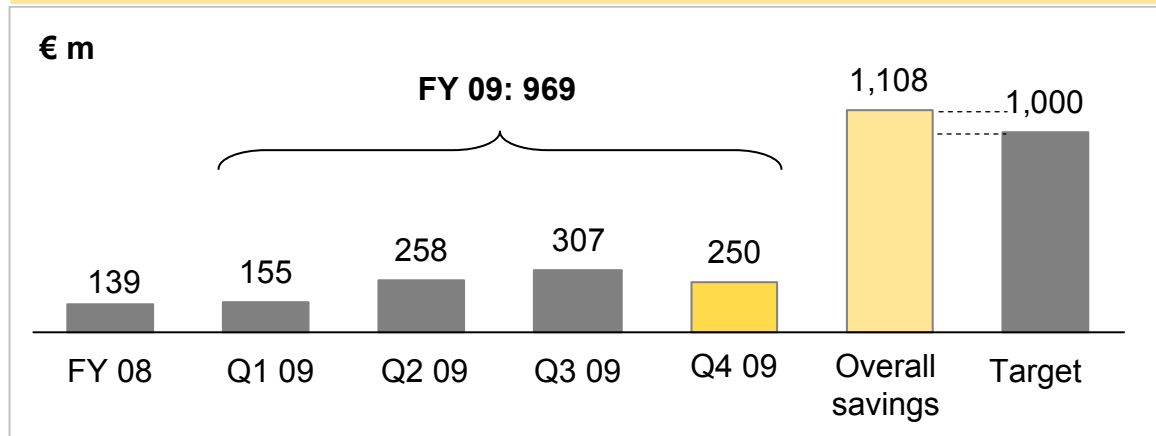
(Frank Appel)



Investment of Choice

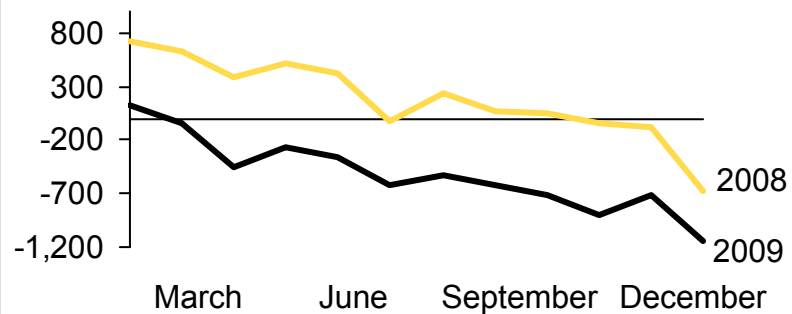
## Focus on cost management and cash generation

### Index cost savings to date (annualized)



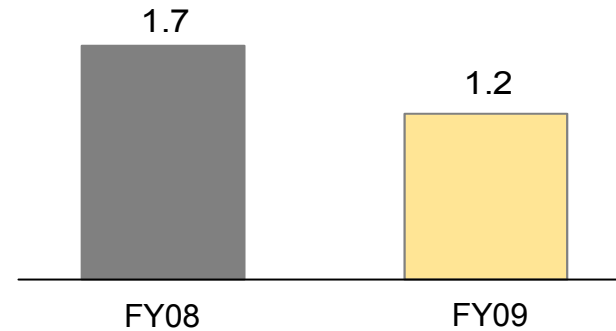
### Reduced working capital

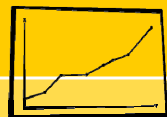
Net working capital (€ m)



### Reduced investments

Capex (€ bn)





Investment of Choice

## Arcandor and other charges burden underlying EBIT

### Q4 & full year 2009 EBIT reconciliation

€ m

	Q4 2009	FY 2009
<b>Reported EBIT</b>	<b>-136</b>	<b>231</b>
<b>Non recurring items / cost of change</b>	<b>-662</b>	<b>-1,242</b>
<b>Underlying EBIT</b>	<b>526</b>	<b>1,473</b>
<b>Effects in underlying EBIT</b>	<b>-159</b>	<b>-344</b>
t/o Arcandor	-62	-247
t/o other charges <sup>(1)</sup>	-97	-97

<sup>(1)</sup> Costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m

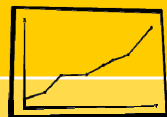


Investment of Choice

# U.S. Express restructuring successfully meeting all targets



	<u>Target</u>	<u>Status quo</u>	
Run-rate (annualized)	\$ -400m as per Q4 2009	in line	☑
Restructuring cost	\$ 3.9bn	in line	☑
Underlying EBIT 2009	better than \$ -900m	\$ -620m	☑



Investment of Choice

Minimum guidance for underlying EBIT outperformed by 9%

## FY 2009 Group P&L continuing operations

€ m	2008	2009	Chg.
Revenue	54,474	46,201	-15%
Reported EBIT	-966	231	n.m.
Underlying EBIT	2,011	1,473 <sup>(1)</sup>	-27%
Financial result	-100	45	n.m.
Taxes	-200	-15	93%
Consolidated net profit <sup>(3)</sup>	-1,688	644	n.m.
EPS (in €)	-1.40	0.53	n.m.

- **Revenues** mainly impacted by the economic downturn, exit from U.S. domestic Express business and lower fuel surcharges
- **Reported EBIT** increased by € 1.2bn due to the successful completion of the Index program, less restructuring expenses and reduced losses in the U.S.
- **Underlying EBIT** declined by 27% but includes Arcandor and other charges<sup>(2)</sup> totaling € -344m
- Deconsolidation of Postbank and mark-to-market valuation of instruments related to the transaction positively impact **financial result** and **consolidated net profit**

(1) Includes extraordinary charges of € -344m

(2) Costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m

(3) Attributable to Deutsche Post AG shareholders



Investment of Choice

## Last quarter of high restructuring and other charges

### Q4 Group P&L continuing operations

€ m	Q4 2008	Q4 2009	Chg.
Revenue	14,020	12,389	-12%
Reported EBIT	-2,824	-136	95%
Underlying EBIT	639	526 <sup>(1)</sup>	-18%
Financial result	-166	-255	-54%
Taxes	135	118	-13%
Consolidated net profit <sup>(3)</sup>	-3,181	-283	91%

- **Revenues** mainly impacted by the economic downturn, exit from U.S. domestic Express business and lower fuel surcharges
- **Reported EBIT** increased by € 2.7bn due to the successful completion of the Index program, less non-recurring items and reduced losses in the U.S.
- **Underlying EBIT** includes a negative Arcandor effect of € -62m and other charges<sup>(2)</sup> of € -97m.
- Postbank loss consolidation and mark-to-market valuation of instruments related to the Postbank transaction burden **finance cost** by € -66m in Q4
- **Consolidated net profit** negative due to Arcandor, other charges<sup>(2)</sup> and high restructuring charges

(1) Includes extraordinary charges of € -159m

(2) Costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m

(3) Attributable to Deutsche Post AG shareholders



Investment of Choice

## Impacts on the financial result from the sale of Postbank

	2009	
	Q4	FY
<b>Net income from associates</b>	<b>-43</b>	<b>28</b>
t/o Postbank-related	-52	19
<b>Net other finance costs / net other financial income</b>	<b>-212</b>	<b>17</b>
t/o Postbank-related	-14	632
t/o not Postbank-related	-198	-615
<b>Total net finance costs / net financial income</b>	<b>-255</b>	<b>45</b>
t/o Postbank-related	-66	651
t/o not Postbank-related	-189	-606

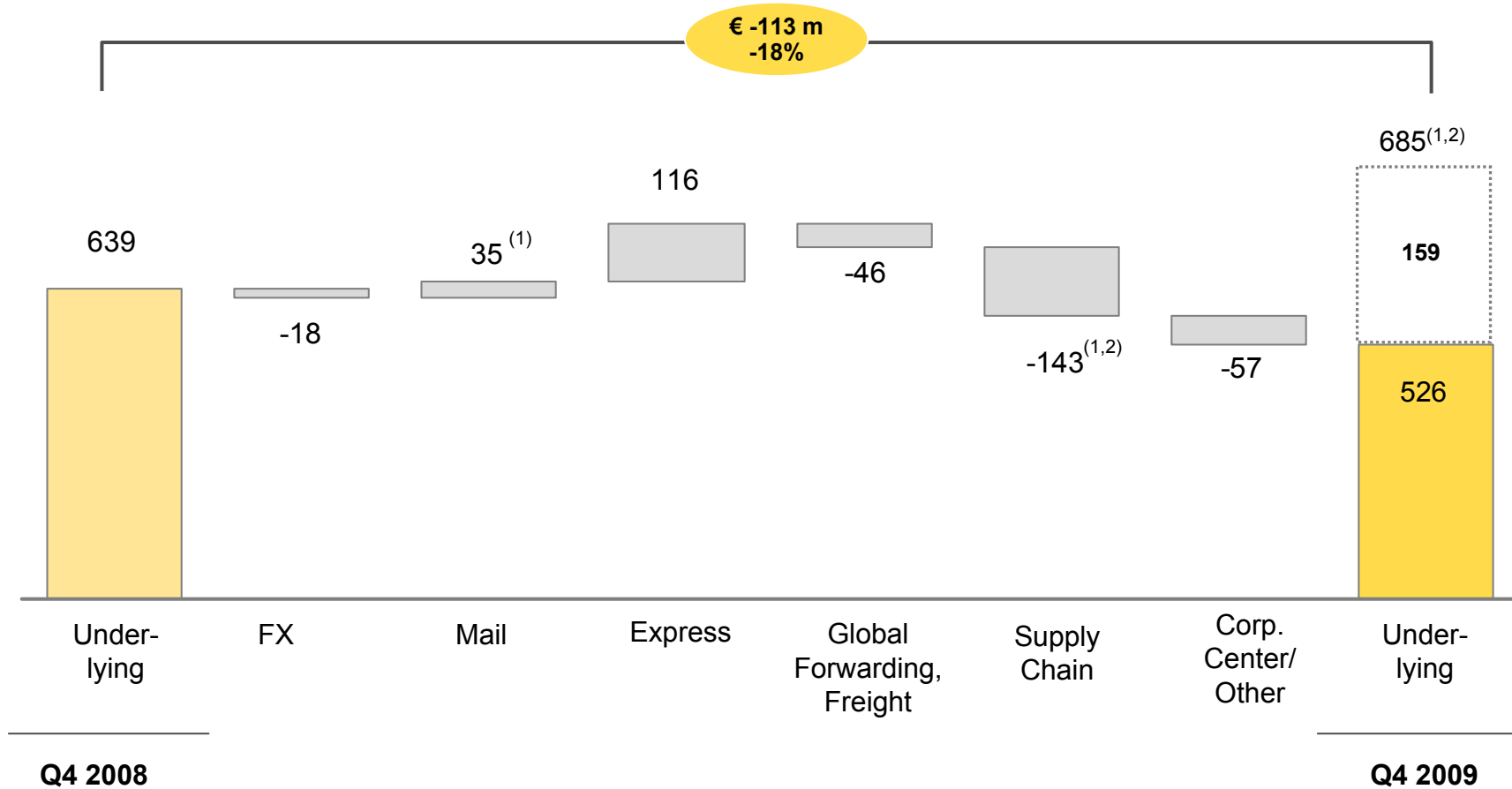


Investment of Choice

# Q4 underlying EBIT result encouraging

## Underlying EBIT development (Q4 2009 vs. Q4 2008)

€ m



(1) Incl. Arcandor charges of: -14m Mail / -48m Supply Chain

(2) Incl. costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties in Supply Chain of € -97m

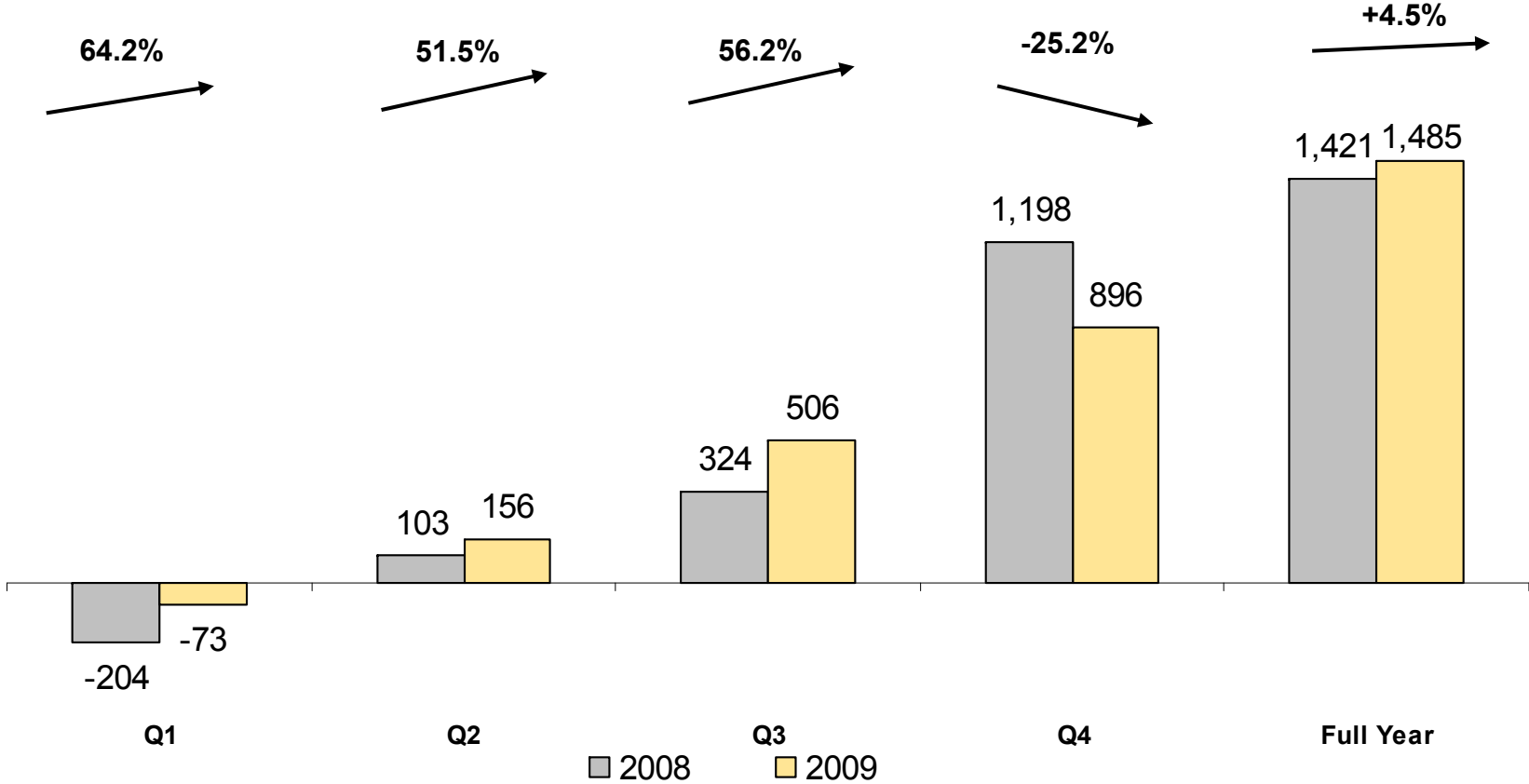


Investment of Choice

# Underlying free cash flow remains healthy

## Underlying operating free cash flow

€ m



**Underlying operating free cash flow definition:**  
 Net cash from operating activities after changes in working capital excluding spending on restructuring LESS cash paid to acquire non-current assets (PP&E and intangible assets)

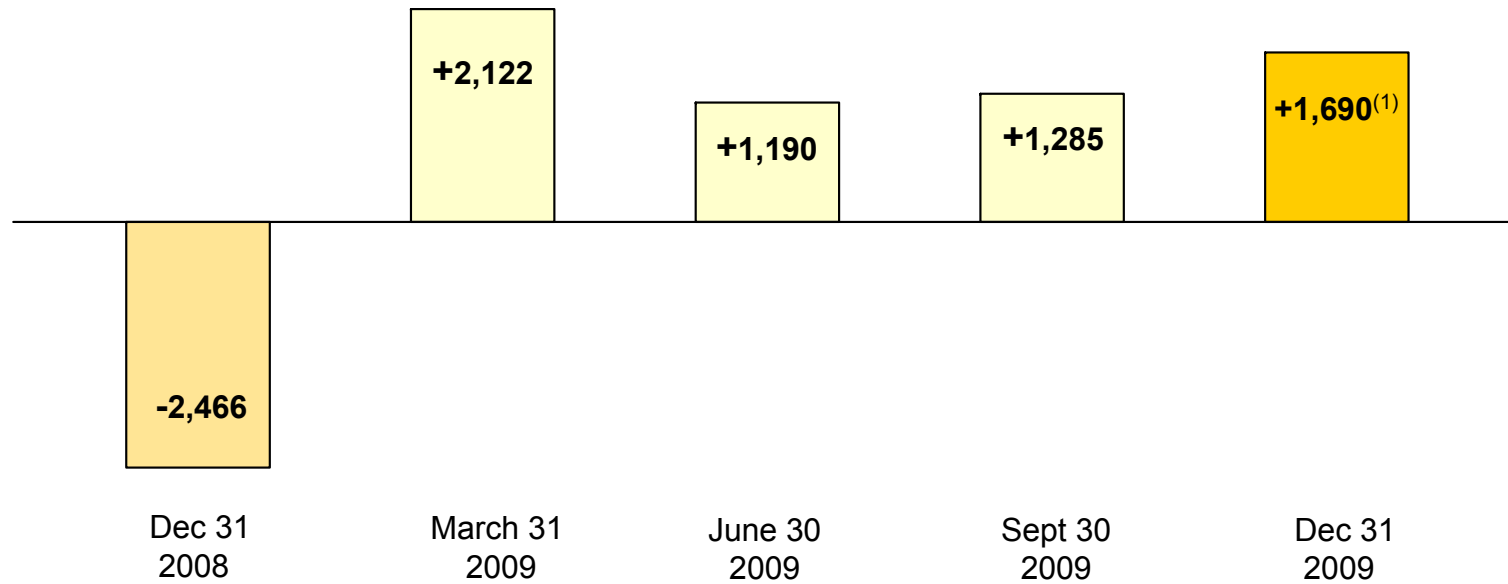


Investment of Choice

## Solid net cash position

### Net debt (-) / liquidity (+)

€ m



<sup>(1)</sup> Adjusted for mandatory exchangeable bond (€ -2,670m) and cash collateral on put options (€ -1,200m) as well as the effects of the net valuation of the financial derivatives related to the Postbank transaction (€ 647m)

## Good cost management offset market decline

### MAIL – Divisional results overview

€ m	Q4 2008	Q4 2009	Chg.	
Revenue	3,895	3,712	-5%	• Despite more working days economic downturn and e-substitution negatively impacted <b>revenue</b>
Reported EBIT	442	503	14%	• <b>Parcel Germany</b> revenue increased due to the growth of online sales and despite the crisis amongst traditional mail-order companies
Underlying EBIT	476	511 <sup>(1)</sup>	7%	• <b>Underlying EBIT</b> increased due to strict direct & indirect cost management
Operating cash flow	673	625	-7%	• Slight increase in <b>capex</b> due to investments in new sorting equipment
Capex	113	129	14%	

<sup>(1)</sup> Includes € -14m charges related to Arcandor

## Successful cost cutting and benefits of U.S. Express restructuring

### EXPRESS – Divisional results overview

€ m	Q4 2008	Q4 2009	Chg.
Revenue	3,282	2,778	-15%
Reported EBIT	-2,206	-375	83%
Underlying EBIT	66	162	145%
Underlying EBIT outside US	356	226	-37%
Underlying EBIT US	-290	-64	78%
Operating cash flow	108	163	51%
Capex	195	99	-49%

- **Revenues** declined yoy due to the economic downturn, the exit from the U.S. domestic Express business and reduced fuel surcharges but show promising qoq development
- **Reported EBIT** improved substantially due to lower non-recurring charges in Q4 2009
- **Underlying EBIT** improved due to major cost savings initiatives across all regions and the strong impact of U.S. turnaround
- **U.S. annual run rate** of \$ -400m achieved
- **Operating cash flow** showed a strong development and grew by 51% although burdened by restructuring expenses

Market decline continues to burden result  
but volumes show encouraging sequential development

**GLOBAL FORWARDING, FREIGHT – Divisional results overview**

€ m	Q4 2008	Q4 2009	Chg.
Revenue	3,611	2,996	-17%
Reported EBIT	73	23	-68%
Underlying EBIT	114	67	-41%
Operating cash flow	246	10	-96%
Capex	29	32	10%

- **Revenues yoy** still negatively impacted by the economic downturn however sequential improvement from increasing volumes and freight rates
- **Despite increasing volumes**, higher freight rates especially in Air Freight led to a 16% yoy decline in total gross profit due to time lag in customer price adjustment
- Due to lower direct operating expense and indirect cost saving initiatives, yoy **underlying EBIT** only € 47m worse despite gross profit decline of € 129m
- **Operating cash flow** down due to very high net working capital contribution in Q4 2008 as a result of falling volumes

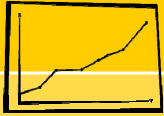
Earnings remained on prior year's level excluding exceptional charges

## SUPPLY CHAIN – Divisional results overview

€ m	Q4 2008	Q4 2009	Chg.
Revenue	3,535	3,223	-9%
Reported EBIT	-1,069	-171	84%
Underlying EBIT	47	-98 <sup>(1)</sup>	n.m.
Operating cash flow	284	212	-25%
Capex	104	64	-39%

- **Revenues** declined due to reduced customer activity in most sectors
- **Reported EBIT** improved as Q4 2009 was less burdened by non-recurring items than Q4 2008
- **Underlying EBIT** heavily impacted by exceptional charges of € -145m<sup>(1)</sup>. Adjusted for these underlying EBIT would be on prior year's level
- Sound operating **cash flow** of € 212m

<sup>(1)</sup> Includes € -48m charges related to Arcandor and € -97m costs incurred in Europe related to certain onerous contracts and impairment charges relating to legacy properties



Investment of Choice

## Change in accounting for Postbank transaction

**As of 1.1.2010, changes in IFRS standard IAS 39.2(g) become effective**

**Forward component of mandatory exchangeable bond valued mark-to-market**

**Expect large gain in Q1 2010  
Initial gain of ~€ 1.4bn booked on January 1, 2010  
Subsequent valuation of all instruments will continue to impact financial result**



**Sensitivity to future Postbank share price movements:  
+ € 1 Postbank share price = ~ € -90m<sup>(1)</sup> DP DHL financial result and vice versa**

<sup>(1)</sup> Previously ~ € -30m

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(Larry Rosen)

**Corporate finance strategy**

**(Larry Rosen)**

Outlook

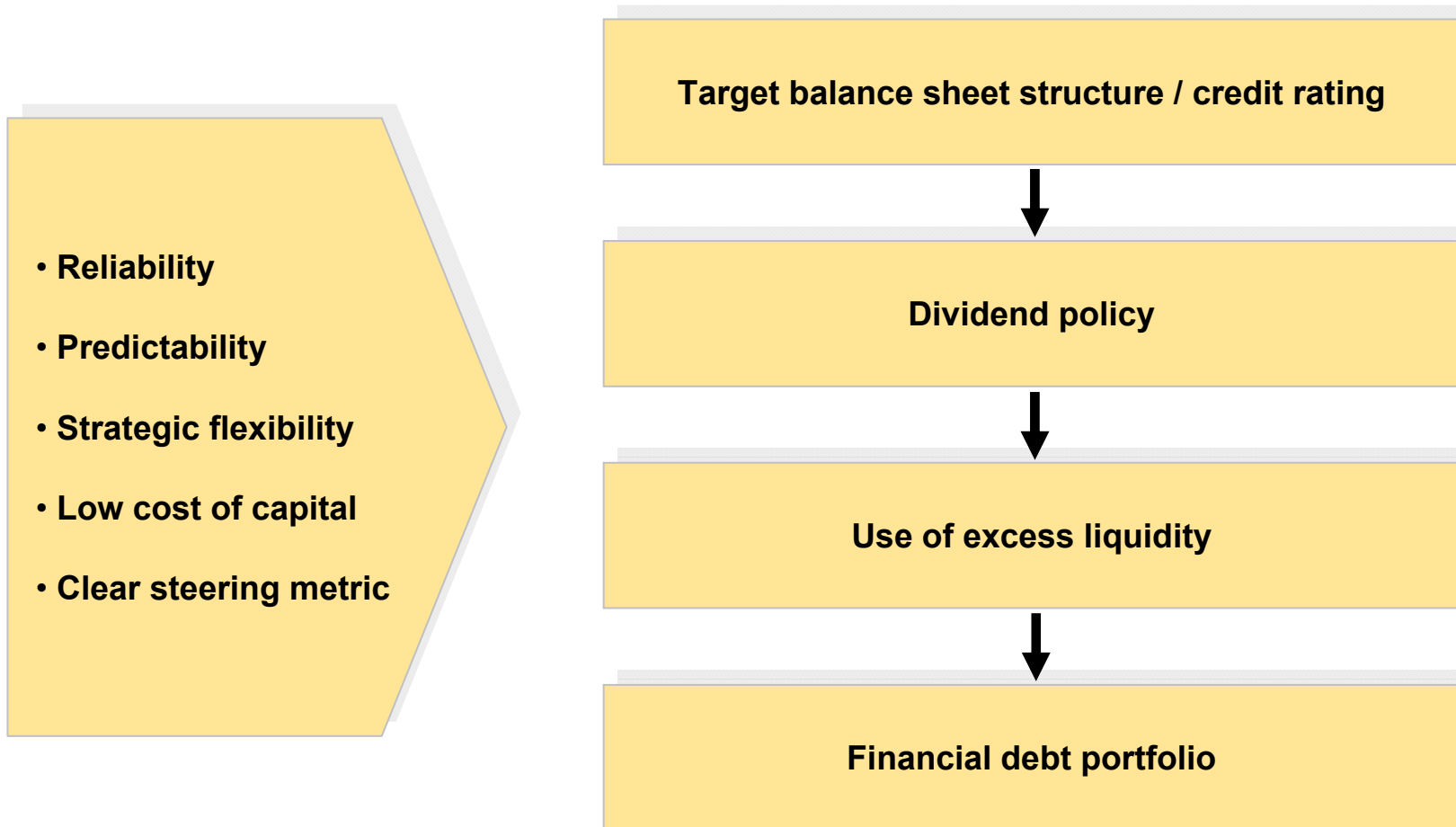
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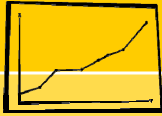


Investment of Choice

A target balance sheet structure is the centre of our finance strategy

### Overview DP DHL finance strategy





Investment of Choice

## DP DHL finance strategy

Deutsche Post DHL

Dividend  
proposal 2009

€ 0.60 per share

Balance sheet structure

Target / maintain BBB+ rating

Dividend policy

40 – 60% of net profit  
(cash flow / continuity considered)

Priority for use of excess liquidity

1. Invest in business
2. Fund pensions
3. A- Rating
4. Special dividend / share buyback

Financial debt portfolio

Syndicated bank facilities

Bonds

## Agenda

Progress in 2009

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**Corporate finance strategy**

**(Larry Rosen)**

**Outlook**

**(Frank Appel)**

## Continuing execution of our Strategy

Deutsche Post 

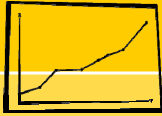
### Die Post für Deutschland

- Secure performance in core business
- Continuously optimize portfolio, service quality and access in line with changing market environment
- Grow into digital world



### The Logistics Company for the World

- Continue divisional programs and corporate activities
- Continue to build value as defined in Strategy 2015 by fostering simplification, collaboration and growth



Investment of Choice

## Outlook 2010: Earnings expected to increase

### Underlying EBIT 2010

<b>Group</b>	<b>€ 1.6 – 1.9bn</b>
Mail	€ 1.0 – 1.2bn
DHL divisions	€ 1.0 – 1.1bn
Corporate Center / others	around € -0.4bn

- Reported EBIT expected to grow over proportionally in 2010 due to significantly lower restructuring expenses
- Non-recurring restructuring expenses reduced to ~ € 350m<sup>(1)</sup> in 2010
- Capex expected to increase slightly to around € 1.4bn
- Operating cash flow expected to be impacted by around € 1.0bn related to our restructuring programs
- Net profit above 2009 level

<sup>(1)</sup> e.g. Express UK and Express France

Deutsche Post DHL full year 2009 results

Frank Appel, CEO  
Larry Rosen, CFO

Bonn – 9 March 2010

