

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

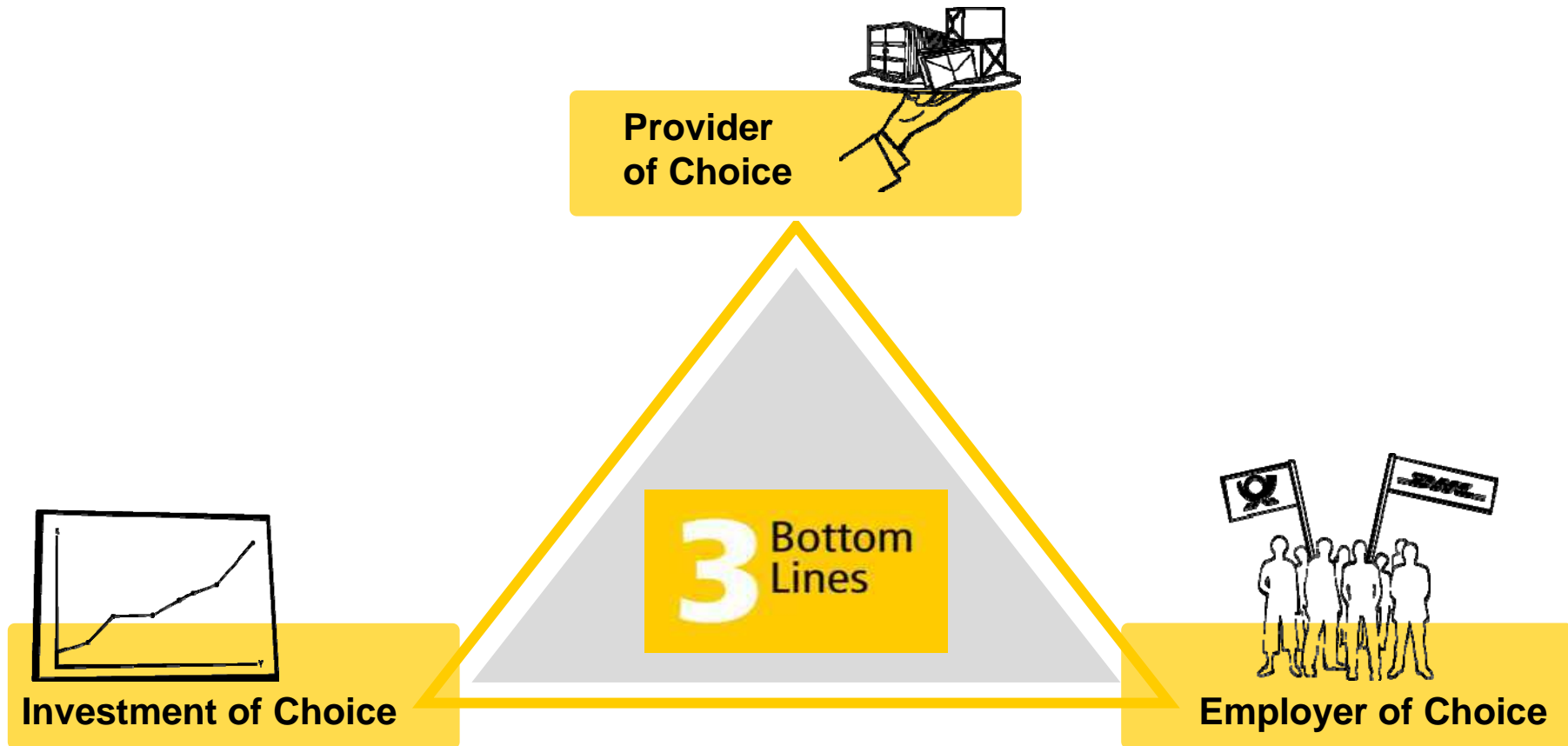
(Frank Appel)

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

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

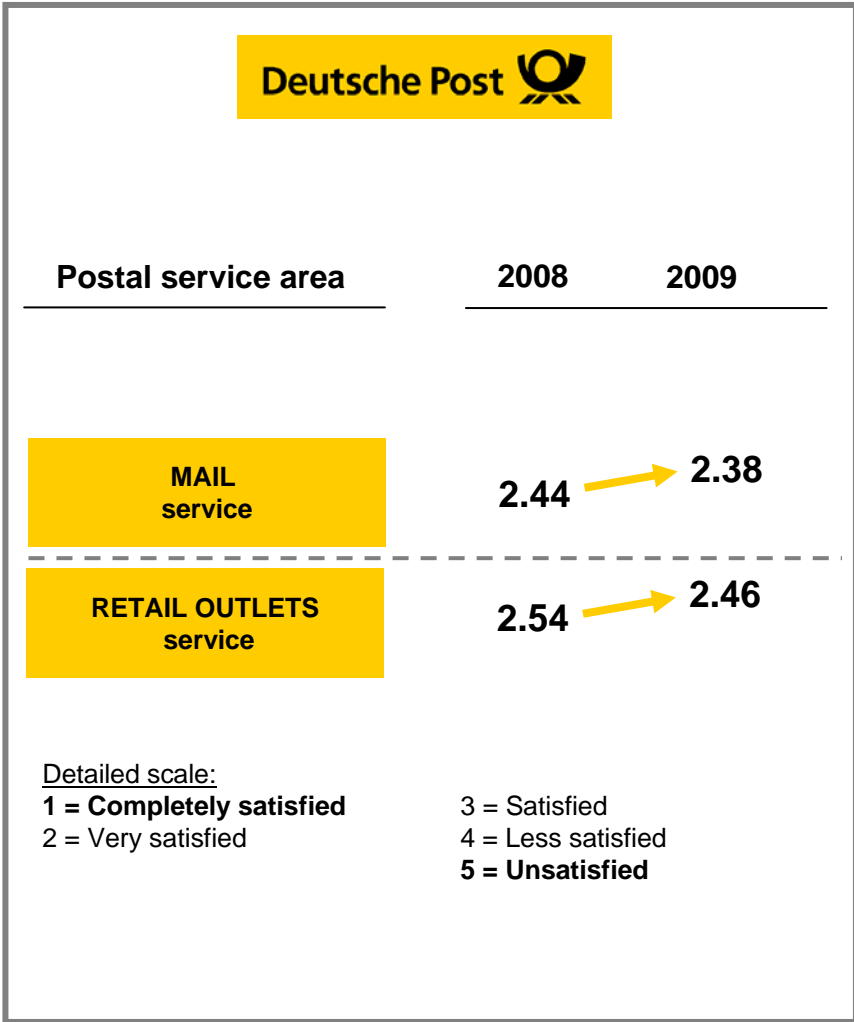
(1) Attributable to Deutsche Post AG shareholders

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

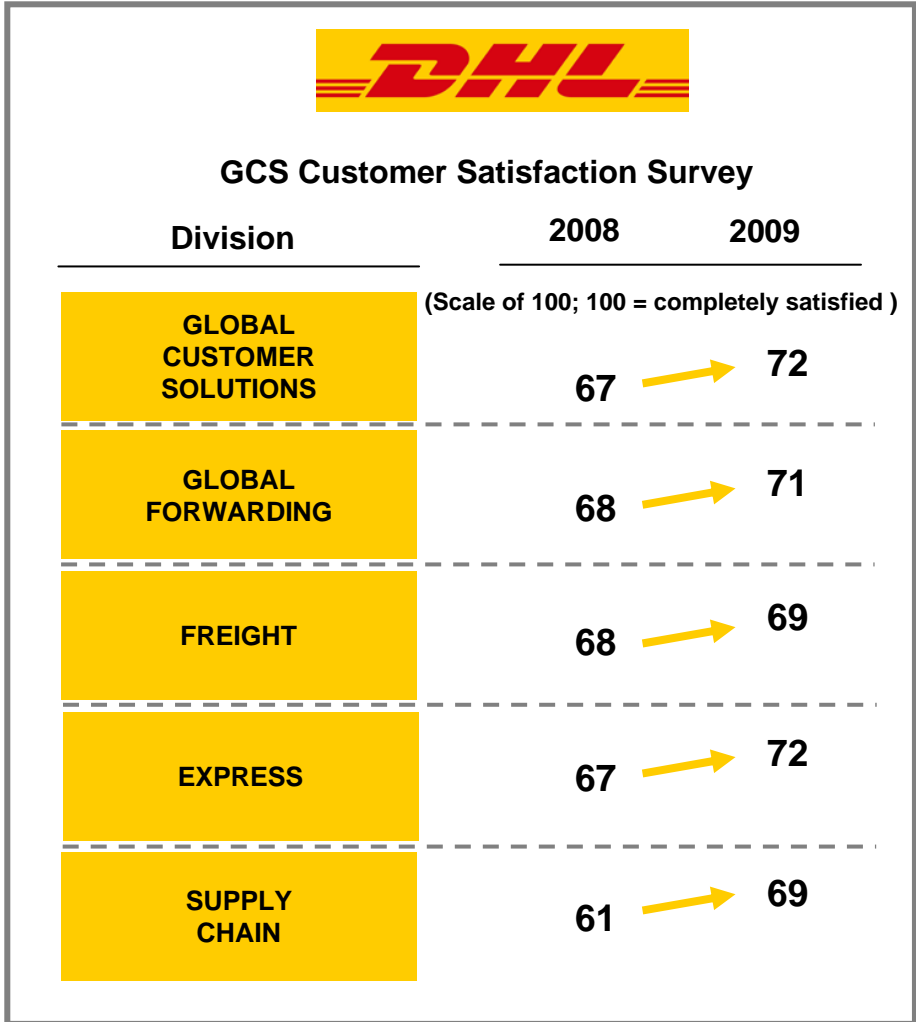




Significant increase in customer satisfaction



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



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

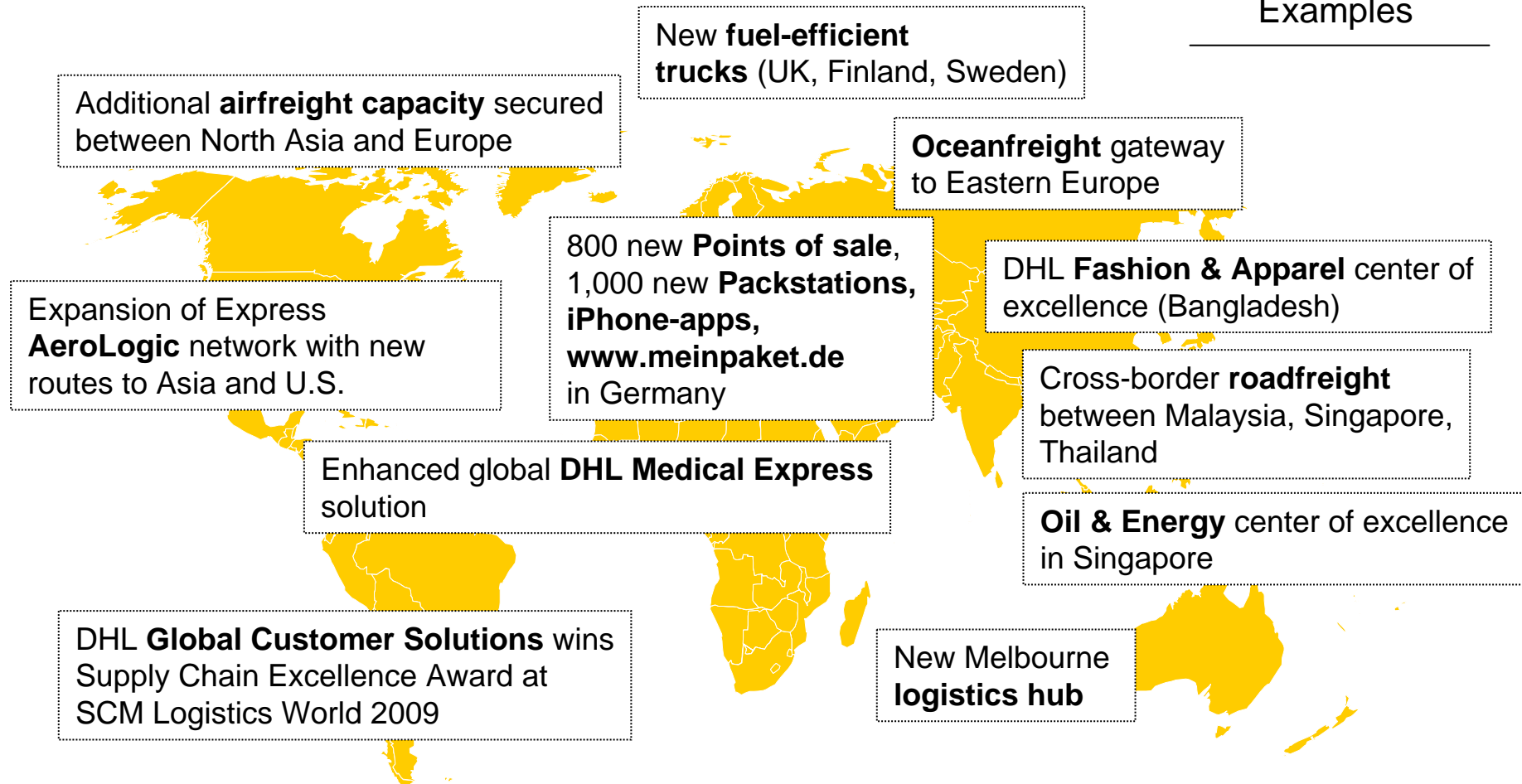
Provider
of Choice



Continuous investment in network improvement,
service innovation and simplified access

Deutsche Post DHL

Examples





Employer of Choice



Despite economic crisis, increase in employee engagement

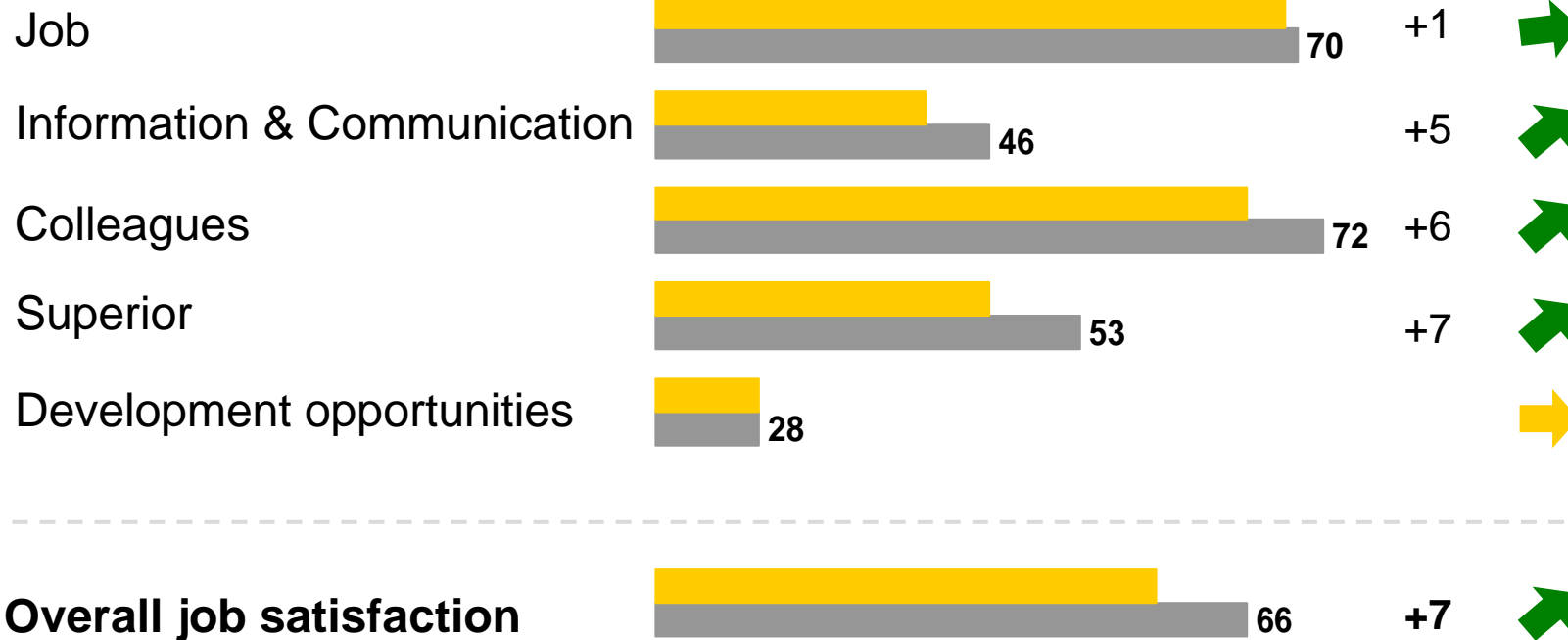
Example: Mail Germany



Every ONE Counts
Employee Opinion Survey 2009

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 ⁽¹⁾	-27%
Consolidated net profit ⁽²⁾	-1,688	644	n.m.
Dividend per share (in €)	0.60	0.60 ⁽³⁾	-

(1) 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

(2) Attributable to Deutsche Post AG shareholders

(3) Proposed dividend

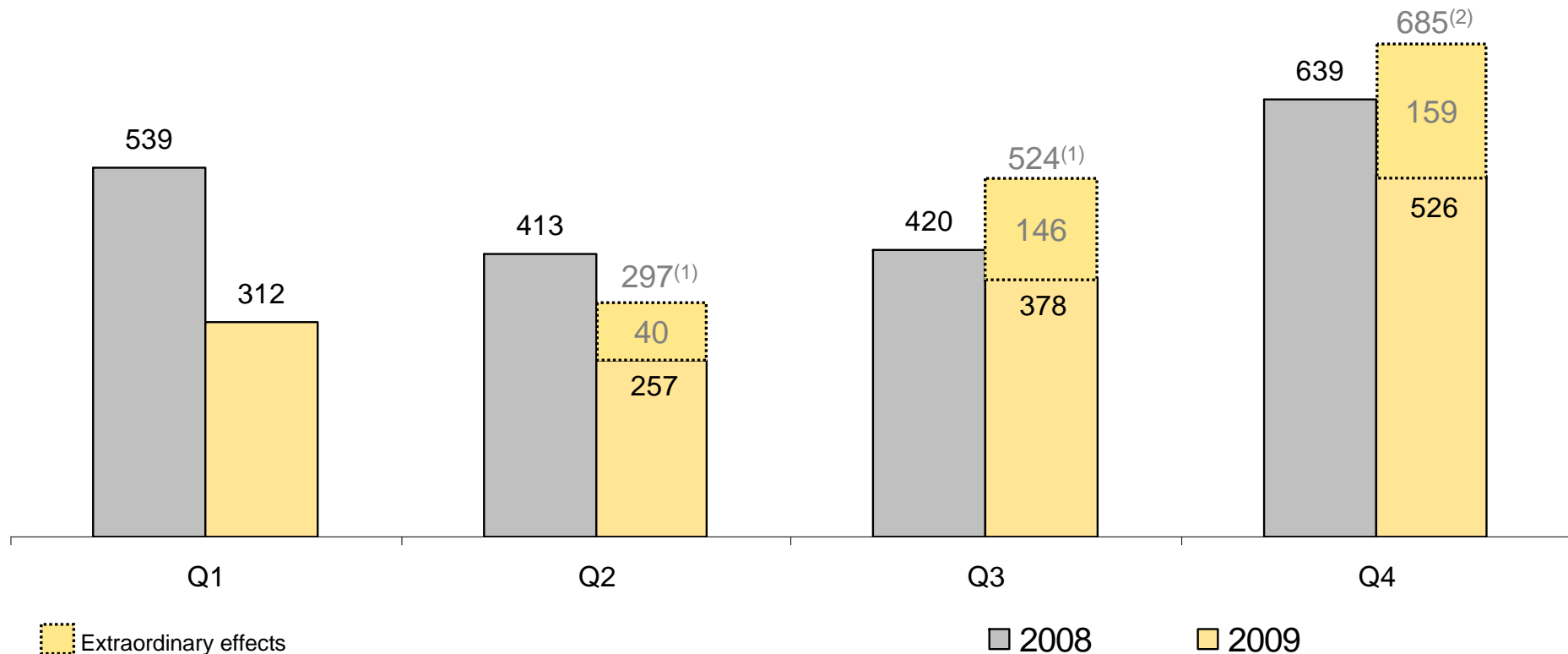


Investment of Choice

Underlying EBIT performance continues to improve

Underlying EBIT development by quarter

€ m



⁽¹⁾ Excluding Arcandor charges

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

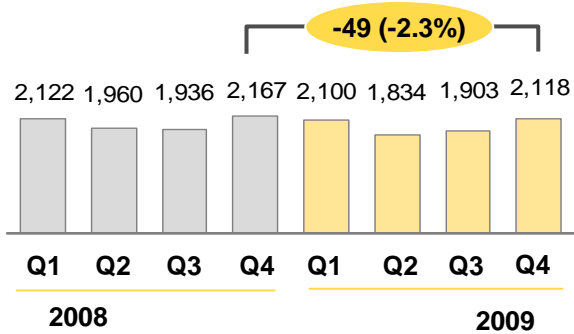


Investment of Choice

Some further encouraging volume developments in Q4

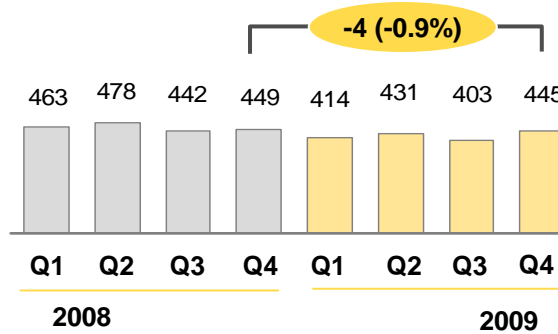
Mail

Mail Communication
(in million items)



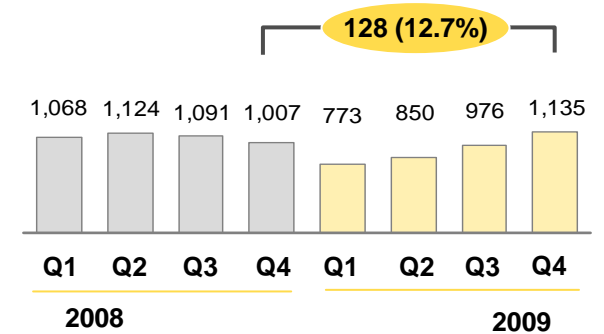
Express

Time Definite International
(Volume per Day in '000s)⁽¹⁾

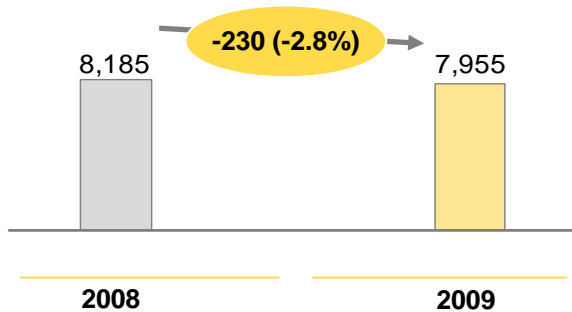


Global Forwarding, Freight

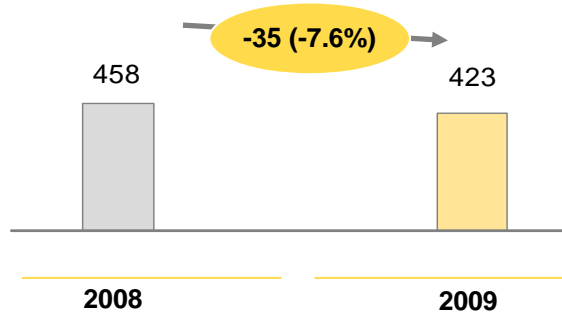
Air Freight
(in '000s tons)



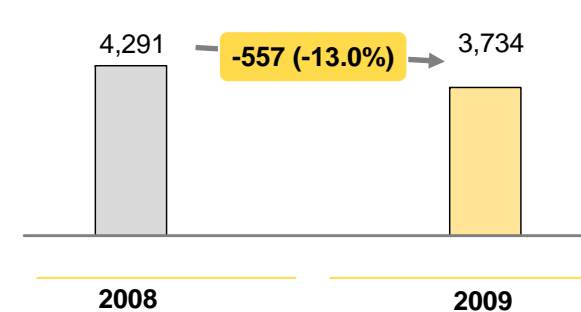
Mail Communication
(in million items)



Time Definite International
(Volume per Day in '000s)⁽¹⁾

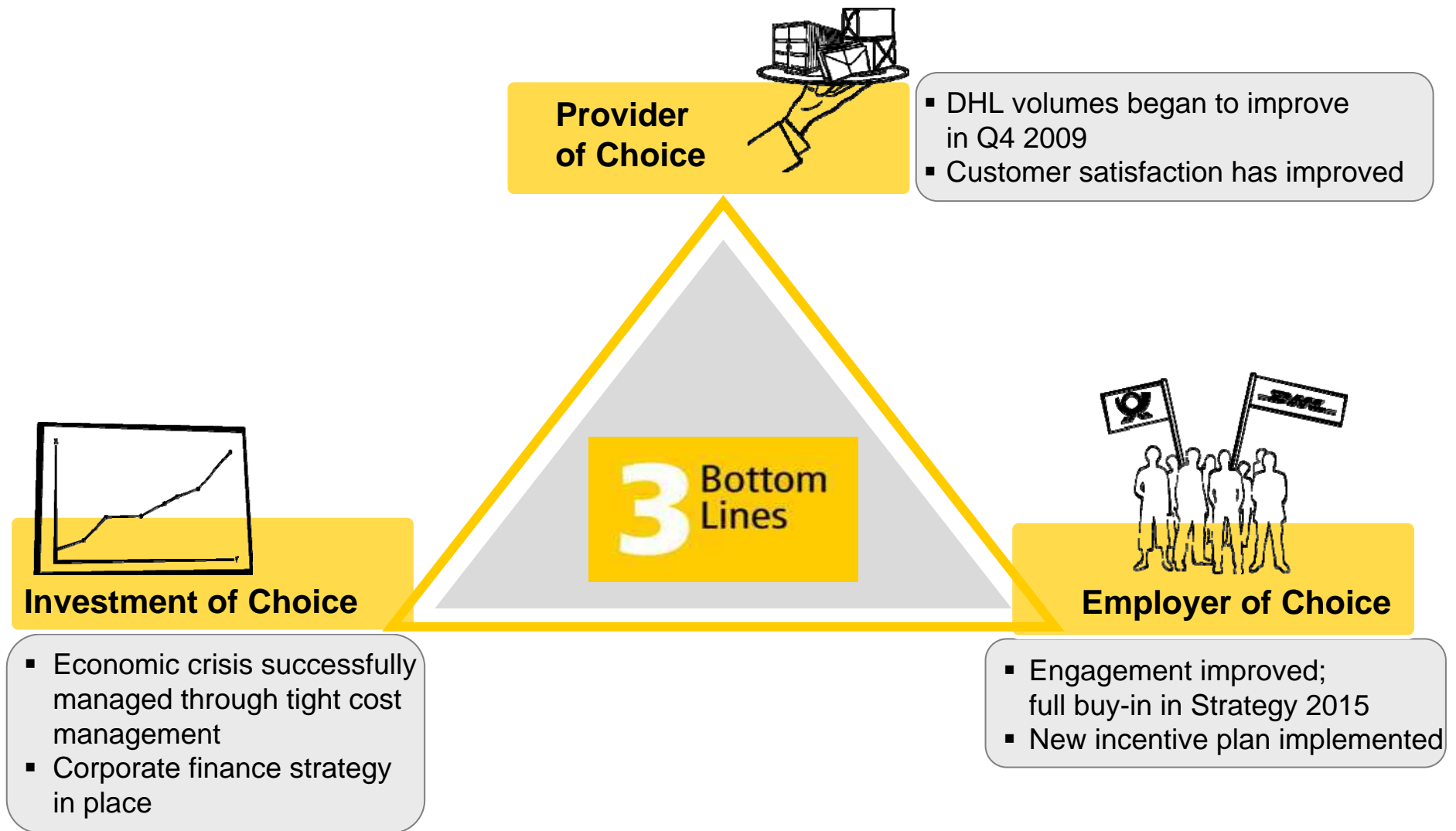


Air Freight
(in '000s tons)



⁽¹⁾ Ex US

Strategy 2015 status: Well on track



Agenda

Progress in 2009

(Frank Appel)

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(Larry Rosen)

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Outlook

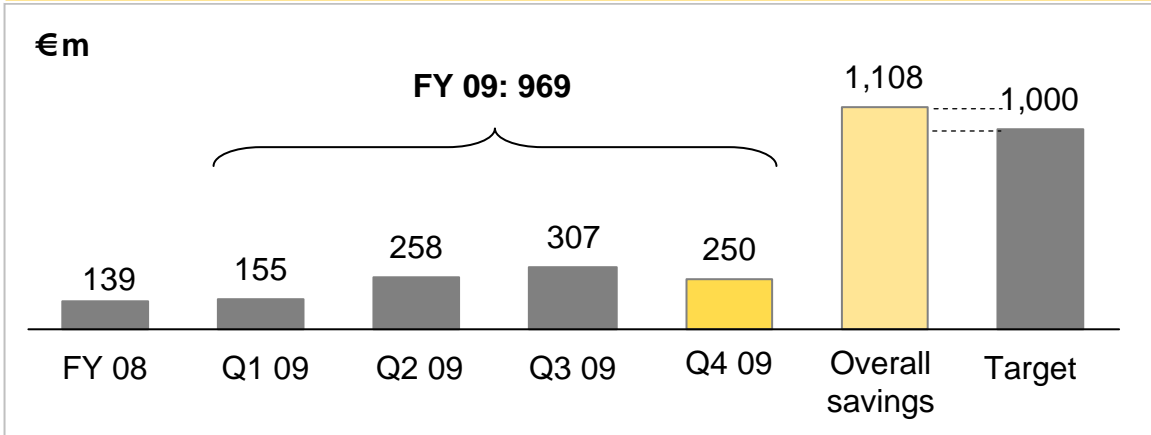
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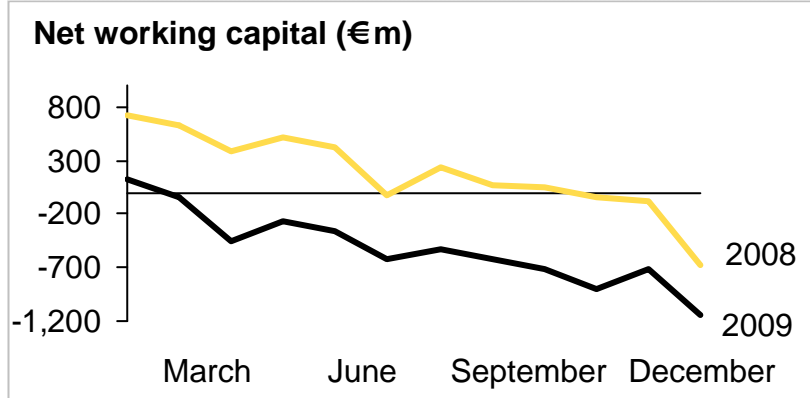
Investment of Choice

Focus on cost management and cash generation

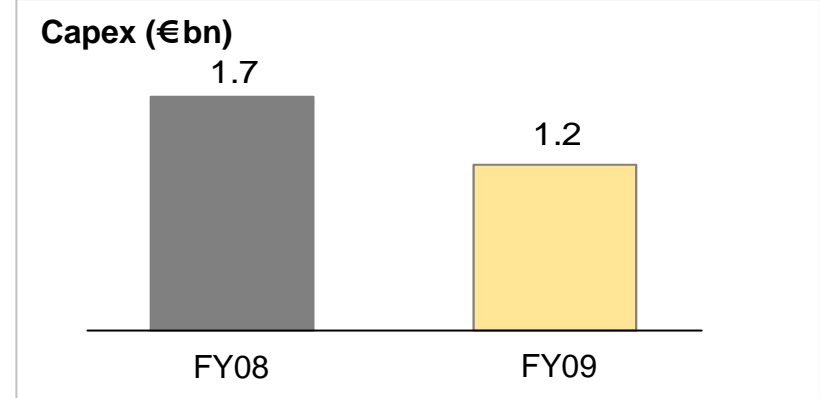
Index cost savings to date (annualized)



Reduced working capital



Reduced investments





Investment of Choice

Arcandor and other charges burden underlying EBIT

Q4 & full year 2009 EBIT reconciliation

€ m

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

⁽¹⁾ 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 ⁽¹⁾	-27%
Financial result	-100	45	n.m.
Taxes	-200	-15	93%
Consolidated net profit ⁽³⁾	-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⁽²⁾ 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 ⁽¹⁾	-18%
Financial result	-166	-255	-54%
Taxes	135	118	-13%
Consolidated net profit ⁽³⁾	-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⁽²⁾ 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⁽²⁾ 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

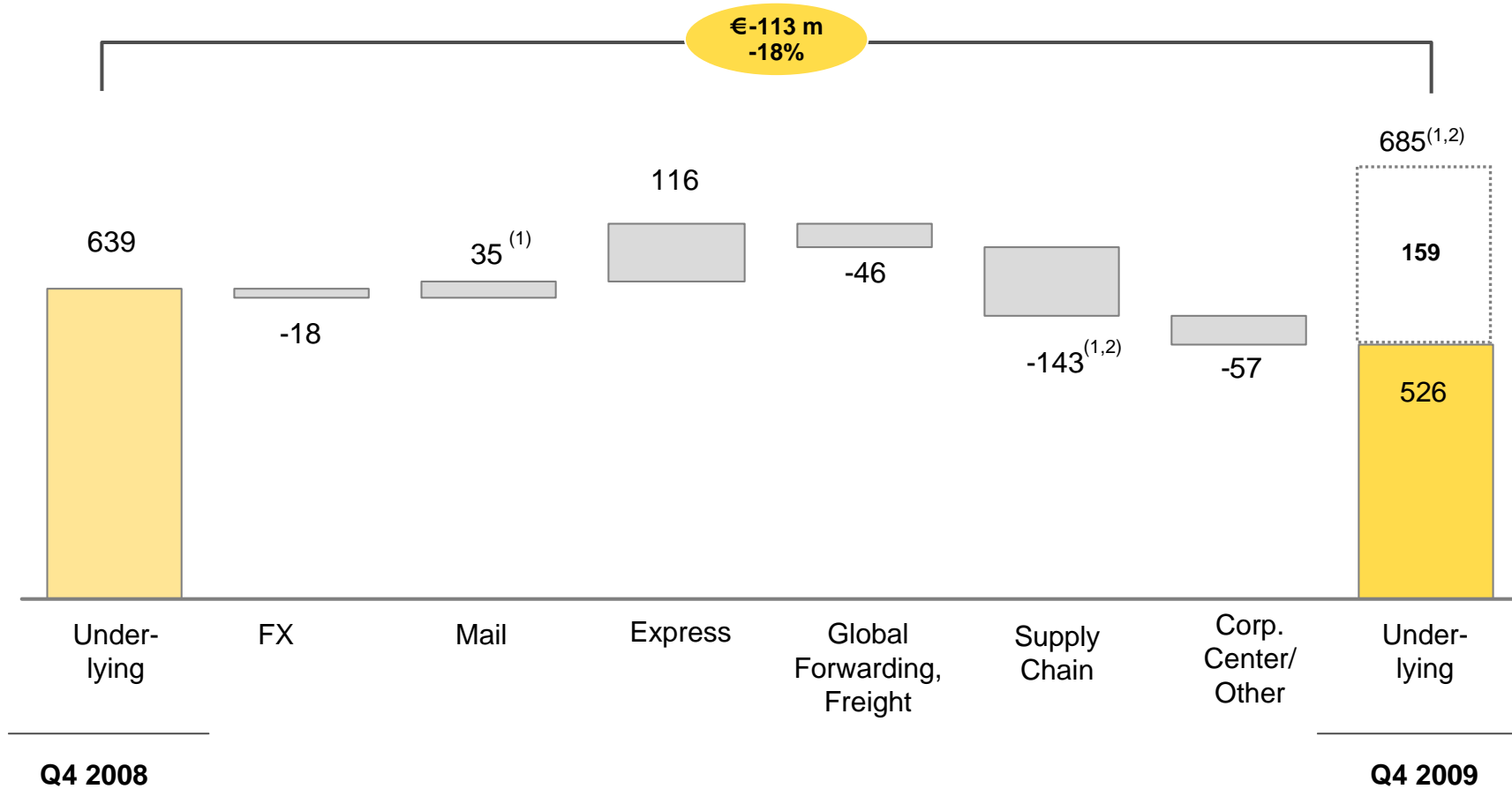


Investment of Choice

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

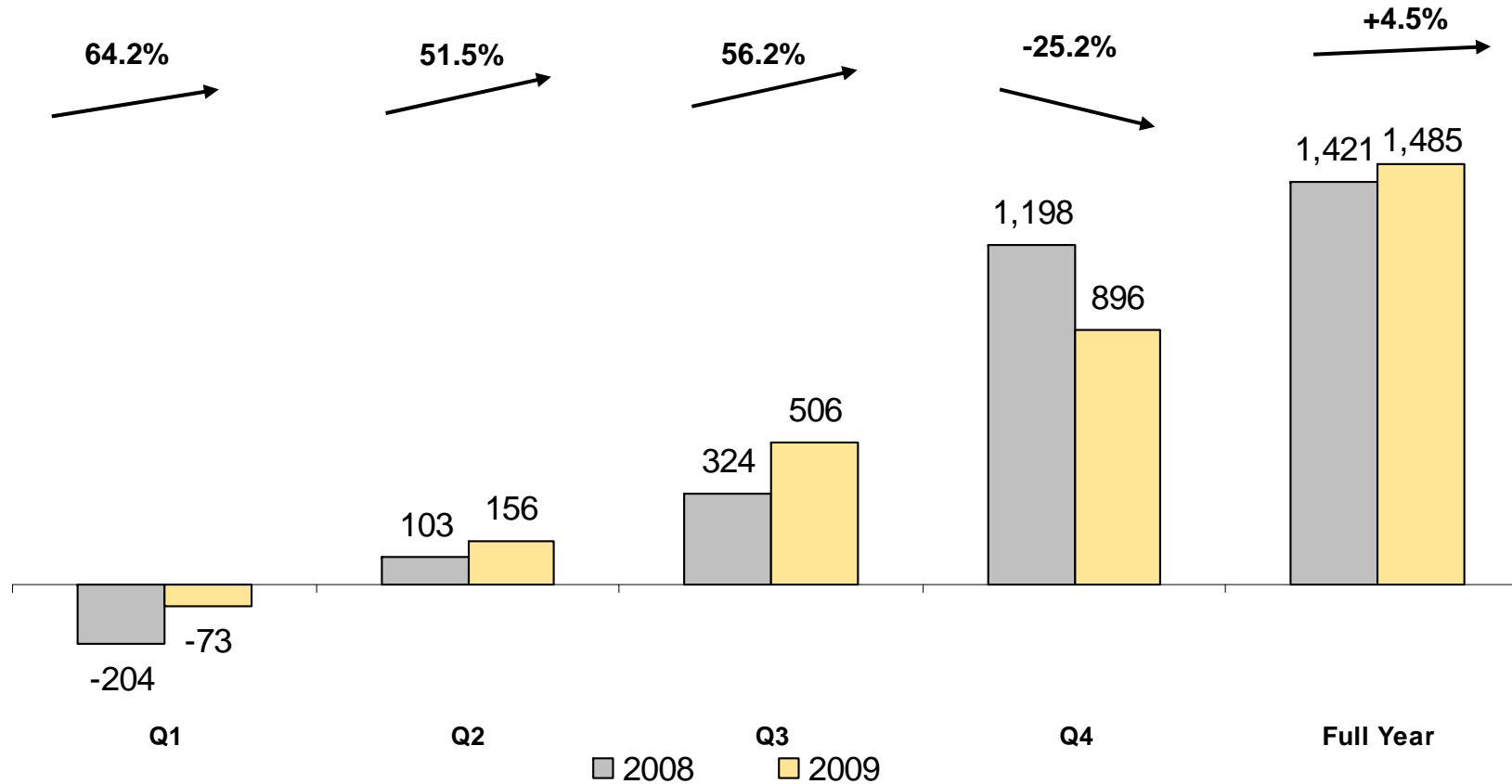


Investment of Choice

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)

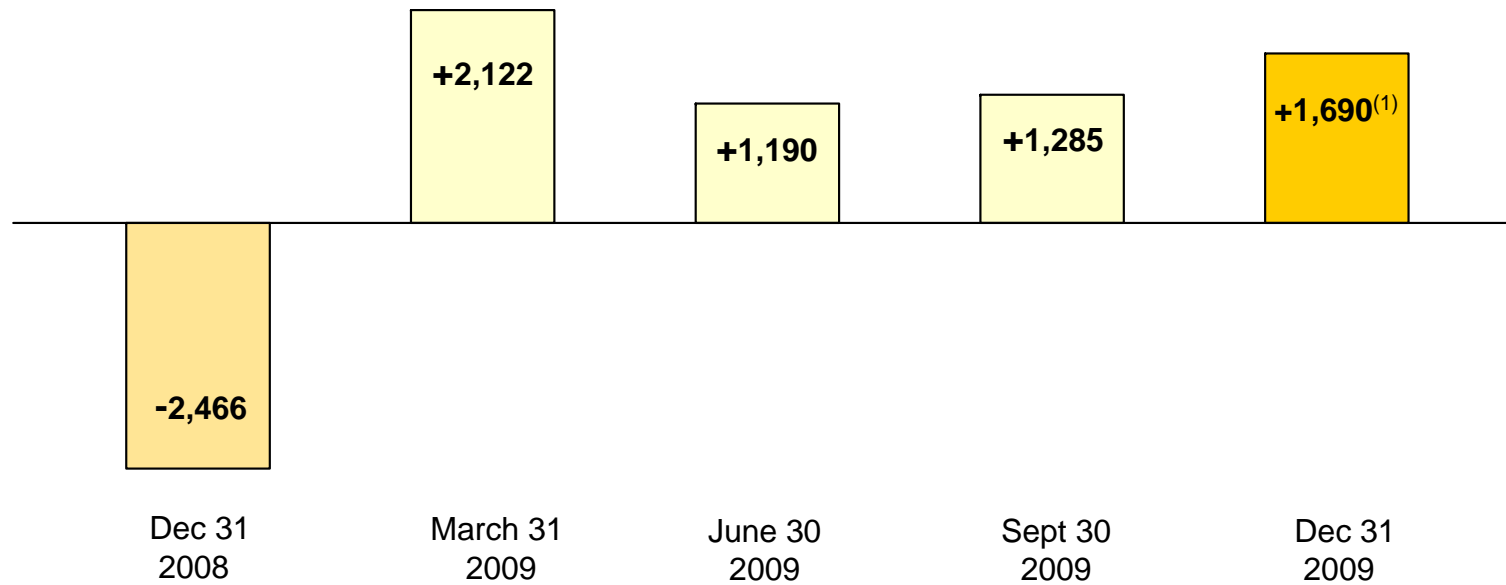


Investment of Choice

Solid net cash position

Net debt (-) / liquidity (+)

€ m



⁽¹⁾ 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)



Investment of Choice

Crisis 2009 well managed by each division

Full year 2009 divisional overview

€ m

	Mail	chg.	Express	chg.	Forwarding, Freight	chg.	Supply Chain	chg.
Revenue	13,684	-4.9%	10,312	-24.4%	10,870	-23.3%	12,507	-8.8%
Reported EBIT	1,383	-36.5%	-807	63.2%	191	-47.2%	-208	77.4%
Underlying EBIT	1,412 ⁽¹⁾	-14.0%	238	45.1%	272	-32.5%	-121 ^(1,2)	n.m.

(1) Incl. Arcandor charges of: € -34m Mail / € -213m Supply Chain

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



Investment of Choice

Solid performance in Q4

Q4 2009 divisional overview

€ m

	Mail	chg.	Express	chg.	Forwarding, Freight	chg.	Supply Chain	chg.
Revenue	3,712	-4.7%	2,778	-15.4%	2,996	-17.0%	3,223	-8.8%
Reported EBIT	503	13.8%	-375	83.0%	23	-68.5%	-171	84.0%
Underlying EBIT	511 ⁽¹⁾	7.4%	162	145.5%	67	-41.2%	-98 ^(1,2)	n.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 of € -97m



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⁽¹⁾ DP DHL financial result and vice versa**

⁽¹⁾ Previously ~ €-30m

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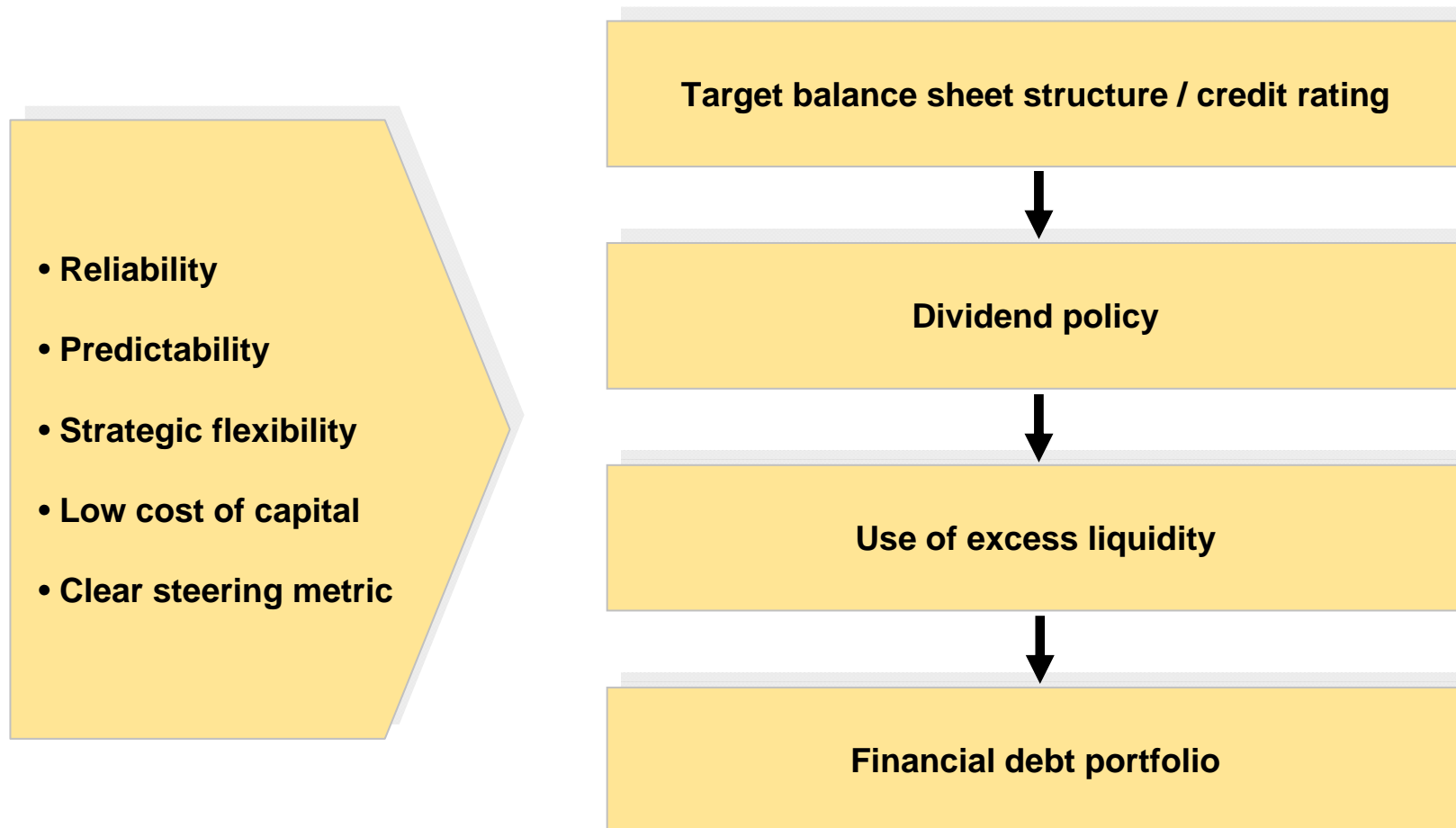
(Frank Appel)



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

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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

Group	€1.6 – 1.9bn
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⁽¹⁾ 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

⁽¹⁾ e.g. Express UK and Express France

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