

Deutsche Post DHL exceeds forecast and proposes increased dividend for 2010

- Underlying EBIT of EUR 2.2 billion surpasses upgraded guidance by more than EUR 100 million
- Group revenues increase to EUR 51.5 billion – double-digit growth at DHL
- Dividend increase to EUR 0.65 per share proposed
- Group expects operating profit of EUR 2.2 billion to EUR 2.4 billion in 2011
- CEO Frank Appel: “We are focused on profitable growth.”

Bonn, March 10, 2011: Deutsche Post DHL, the world’s leading postal and logistics group, significantly increased its revenues during the past financial year and strongly improved its profitability. A slight drop in revenue in the MAIL division, caused in part by a regulatory change in value-added tax that took effect in mid-2010, was more than offset by vigorous top-line growth in all DHL divisions. Overall, Group revenues climbed by 11.4 percent to EUR 51.5 billion. Thanks to margin improvements at DHL, the increase of the Group’s operating profit was substantially higher. At EUR 2.2 billion, underlying EBIT was 50 percent higher than the previous year’s level and also exceeded the upper end of the upgraded guidance for the company’s operating earnings by more than EUR 100 million. Originally, the Group had forecast that underlying EBIT would rise to between EUR 1.6 billion and EUR 1.9 billion. In combination with positive effects from the sale of Postbank, the efficiency improvements also produced a fourfold increase in the company’s net profit to EUR 2.5 billion in financial year 2010.

“Our strong performance in 2010 clearly demonstrates that we positioned ourselves at an early stage to be fit for the economic upswing and that our Strategy 2015 is increasingly bearing fruit,” said Frank Appel, Chief Executive Officer of Deutsche Post DHL. “This past year was an important milestone on our way to sustainably increasing the company’s earnings strength.”

Guidance

For the current year, the Group expects the global economy to continue to recover, a development that will continue to fuel revenue and earnings growth at the company's DHL divisions. Against this background, Deutsche Post DHL expects an EBIT of between EUR 2.2 billion and EUR 2.4 billion. While the MAIL division is expected to contribute between EUR 1.0 billion and EUR 1.1 billion to this figure, earnings at DHL should increase to between EUR 1.6 billion and EUR 1.7 billion. Corporate Center/Other expenditures are forecasted to total around EUR 400 million. Since the restructuring measures introduced in recent years are now largely completed, no significant non-recurring items are expected. As previously announced, the Group will no longer separately report an underlying EBIT metric. Consolidated net profit, adjusted for effects stemming from the valuation of the Postbank transaction, should also continue to improve during 2011 in line with the operating business. The Group also affirmed that the positive earnings trends will continue in future years – assuming a further recovery of the global economy. Earnings in the MAIL division are to be stabilized at around EUR 1 billion despite the expected continuing drop in letter volumes. At the same time, the operating profit at DHL should climb by 13 percent to 15 percent on average each year until 2015.

“We are focusing on growth in both revenues and earnings,” Appel said. “Our two strong pillars provide an excellent starting point for this. We have built the foundation to stabilize the profitability of the MAIL division and have just begun to tap the growth potential of DHL. We will use this strong basis to further expand our leading market positions and significantly increase profitability.”

Financial year 2010

During 2010, Deutsche Post DHL profited from the upturn of global economic activity, boosting revenues by 11.4 percent from EUR 46.2 billion in 2009 to EUR 51.5 billion. In addition to increased transport volumes and higher freight rates, this growth can be attributed also to new-customer business in the DHL divisions. Positive currency effects also contributed to the improvement. The successful efficiency-enhancing measures in all Group divisions that were introduced over the past two years have, combined with the revenue growth, led to an increase in underlying EBIT of more than EUR 700 million, from around EUR 1.5 billion in 2009 to EUR 2.2 billion in 2010. With an operating profit of EUR 1.45 billion (2009: EUR 378 million), for the first time the DHL divisions contributed more to overall earnings than the MAIL division, which generated an underlying EBIT of EUR 1.15 billion in 2010 (2009: EUR 1.4 billion). As restructuring expenses were considerably

reduced as planned, the rise in reported EBIT was even more pronounced. In 2010, it reached EUR 1.8 billion, more than EUR 1.6 billion above the previous year's level of EUR 231 million. In addition to these operating improvements, positive effects from the sale of Postbank contributed to a strong increase in the company's consolidated net profit. In 2009, net profit totaled EUR 644 million. In 2010, it had climbed to over EUR 2.5 billion. This represents a rise in earnings per share from EUR 0.53 in 2009 to EUR 2.10 in 2010.

Dividend

Based on the strong results for the past year and the positive outlook for the Group's future performance, the Board of Management and the Supervisory Board will propose a dividend of EUR 0.65 per share to the Annual General Meeting scheduled for May 25, 2011. This represents an increase of EUR 0.05 per share from the EUR 0.60 per share that the Group paid its shareholders last year. Based on the consolidated net profit adjusted for non-recurring items this dividend proposal reflects a payout ratio of 59 percent. This is within the range of 40 percent to 60 percent that the Group set as a target corridor for future dividend payments in its new finance strategy.

Fourth quarter

During the fourth quarter, the Group also generated a strong revenue increase of 12 percent to EUR 13.9 billion (2009: EUR 12.4 billion). This increase was mainly due to the robust growth produced by the DHL divisions. As a result of the economic recovery already evident in the fourth quarter of 2009, these growth rates returned again to a more normal level in comparison to the first nine months of the year. Moreover, the MAIL division also contributed to increased revenue through the strong growth produced by the parcel business. At the same time, the division's operating profit declined, despite continuous strict cost management, as a result of the effect of the new value-added tax, investments in the expansion of its digital business and one-time bonus payments made to employees. However, significant gains in the three DHL divisions were able to more than offset this decrease. Consequently, underlying EBIT for the Group rose by 12.7 percent during the final quarter of the year, from EUR 526 million in 2009 to EUR 593 million in 2010. In addition to the operating improvements, the marked reduction in restructuring costs, the non-recurrence of the negative impact last year of the Arcandor insolvency as well as the positive effects from the Postbank transaction valuation resulted in a rise in consolidated net profit to EUR 487 million in the final quarter of 2010. This represents earnings per share of EUR 0.40. In the same quarter of the previous year, the company had experienced a loss of EUR 283 million, or EUR 0.24 per share.

Capital expenditure and cash flow

Last year, the Group's capital expenditure totaled EUR 1.3 billion, about EUR 100 million above the previous year's level of EUR 1.2 billion. The investments were in areas such as new technologies and products in the MAIL division that range from state-of-the-art letter-sorting equipment, and new camera and scanning technology in the parcel centers to the E-Postbrief introduced in mid-2010 as well as the online-shopping portal "Mein Paket.de". The foundation for future growth in the DHL divisions was also strengthened by investments in aircraft, hub warehouses and other property, plant and equipment. For 2011, the Group expects capital expenditure will rise to up to EUR 1.6 billion, with the largest share flowing into the expansion and further modernization of the EXPRESS division's global network as well as investments in property, plant and equipment in the MAIL division. As a result of the strong rise in operating profit and the significantly lower level of restructuring expenses, the Group's operating cash flow rose by 54.9 percent or EUR 683 million in 2010 to EUR 1.9 billion (2009: EUR 1.2 billion). Free cash flow was also impacted by cash inflows from the sale of money-market funds. It rose by a total of EUR 2.1 billion to EUR 1.9 billion (2009: EUR -213 million). With net liquidity of EUR 1.4 billion, the Group continued to have a very strong balance sheet position at the end of 2010. Compared with the end of 2009, this figure fell by EUR 308 million despite restructuring expenses of nearly EUR 800 million. Compared with the level at the end of the third quarter, the Group reported a rise in liquidity of more than EUR 450 million.

MAIL division

In 2010, revenues at the MAIL division fell slightly by 0.7 percent to EUR 13.8 billion. Even though at the beginning of the year the division largely overcame significant drops in volume caused by the economic crisis, the general trend of electronic media replacing physical letters with continued throughout 2010. The effects of the new value-added tax resolution introduced in July, and the price discounts that were offered in response to the change as well as the loss of the Quelle business also contributed to the overall drop in revenue. These effects, however, were almost completely offset by the dynamic momentum generated by the parcel business. Thanks to rapidly growing Internet retailing, revenues in this segment climbed by more than 6 percent in 2010. Profitability in the division was affected in 2010 by higher wages and – especially in the second half of the year – by the value-added tax effect and expenditures related to the expansion of the division's digital business. As a result, at EUR 1.15 billion underlying EBIT was 19.0 percent below the previous year's level of EUR 1.4 billion, but remained within the forecast corridor of EUR 1.1 billion to EUR 1.2 billion.

EXPRESS division

During 2010, the EXPRESS division also profited from the recovery of the global economy. Thanks to improved service quality and an intense focus on the international express business it generated strong growth in both revenues and earnings. Cross-border shipments generated a double-digit revenue increase and overcompensated the decrease in day-definite domestic products resulting from the divestiture of the domestic express businesses in the United Kingdom and France. In all regions – except Europe – revenues grew at double-digit rates. Following its repositioning, the business in the United States was particularly dynamic, generating an organic revenue increase of nearly 25 percent. Overall, revenues in the division totaled EUR 11.1 billion in 2010, 12 percent above the previous year's level of EUR 9.9 billion. The increased revenue, coupled with the completed restructuring in the United States, the UK and France as well as efficiency gains worldwide, produced strong improvements in profitability. Underlying EBIT increased from EUR 235 million in 2009 to EUR 785 million in 2010.

GLOBAL FORWARDING, FREIGHT division

In the GLOBAL FORWARDING, FREIGHT division, the rise in volume that began in the second half of 2009 continued in 2010. In both air and ocean freight, rapidly rising transport volumes, combined with higher freight rates, generated top-line growth at high double-digit rates. A slowdown of the growth rates experienced towards the end of 2010 was primarily a result of the stabilization of freight rates over the course of the year. Overall revenues in the division totaled EUR 14.3 billion during the past financial year, a jump of more than EUR 3 billion, or 27.6 percent, compared with the previous year's level of EUR 11.2 billion. As a result of the strong growth in demand, shortages of freight capacity occurred for most of 2010. This resulted in strongly increasing levels for freight rates. During the year, the division succeeded in passing on the higher rates to its customers, though with some time lags. As a result, there was a negative impact on margins until the third quarter. Thanks to the strong growth in revenue and a continuing intense focus on cost management, profitability rose significantly: the division was able to increase its underlying operating profit by 41.8 percent to EUR 390 million during 2010. This compares to an underlying EBIT of EUR 275 million in 2009.

SUPPLY CHAIN division

The contract logistics business also performed well in 2010, significantly improving both revenues and earnings. Despite the loss of the Quelle business and the systematic withdrawal from underperforming contracts, the division's revenues climbed from EUR 12.2 billion in 2009 to EUR 13.3 billion in 2010. This represents a rise of 9.2 percent and reflects revenue growth in all sectors and regions. In addition to positive currency effects, new business wins and increases in existing business activity fueled the strong growth. In 2010, additional contracts with new and existing customers worth EUR 1.1 billion were concluded. In the fourth quarter alone contracts amounting to about EUR 400 million were closed, strong evidence of the continuing momentum in this division. As a result of the revenue gains as well as the successful measures to enhance efficiency that were partly implemented already in the previous year, operating profit climbed steeply. At EUR 274 million, underlying EBIT in 2010 was more than EUR 400 million higher than the previous year's level. In 2009, an operating loss of EUR 132 million was recorded – also as a result of significant expenditures related to the Arcandor insolvency.

- End -

Note to newsrooms: At www.dp-dhl.de, you will find a copy of the entire Annual Report, interviews with CEO Frank Appel and CFO Larry Rosen as well as additional background information. Beginning at 10 a.m., the Annual Earnings Press Conference of Deutsche Post DHL will be broadcast live on the Internet at www.dp-dhl.de.

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Deutsche Post DHL is the world's leading mail and logistics services group.

The Deutsche Post and DHL corporate brands represent a one-of-a-kind portfolio of logistics (DHL) and communications (Deutsche Post) services. The Group provides its customers with both easy to use standardized products as well as innovative and tailored solutions ranging from dialog marketing to industrial supply chains. About 470,000 employees in more than 220 countries and territories form a global network focused on service, quality and sustainability. With programs in the areas of climate protection, disaster relief and education, the Group is committed to social responsibility. In 2010, Deutsche Post DHL revenues exceeded EUR 51 billion.

The postal service for Germany. The logistics company for the world.

For more information: www.dp-dhl.de

Group financial highlights for 2010

in million euros	2009	2010	Change in %
Revenue	46,201	51,481	11.4%
- of which international revenue	29,932	34,954	16.8%
Reported EBIT	231	1,835	>100%
Underlying EBIT	1,473	2,205	49.7%
Consolidated net profit ¹⁾ (incl. Postbank)	644	2,541	>100%
Basic earnings per share (incl. Postbank, in euros)	0.53	2.10	>100%
Diluted earnings per share (incl. Postbank, in euros)	0.53	2.10	>100%

Divisional revenue for 2010²⁾

in million euros	2009	Share of total revenue	2010	Share of total revenue	Change in %
MAIL	13,912	30.1%	13,821	26.8%	-0.7%
EXPRESS	9,917	21.5%	11,111	21.6%	12.0%
GLOBAL FORWARDING, FREIGHT	11,243	24.3%	14,341	27.9%	27.6%
SUPPLY CHAIN	12,183	26.4%	13,301	25.8%	9.2%
Corporate Center / Other and consolidation	-1,054	N/A	-1,093	N/A	-3.7%
Revenue from continuing operations	46,201	100%	51,481	100%	11.4%

Divisional EBIT for 2010²⁾

in million euros	2009	2010	Change in %
MAIL	1,391	1,118	-19.6%
DHL	-832	1,113	N/A
- EXPRESS	-790	497	N/A
- GLOBAL FORWARDING, FREIGHT	174	383	>100%
- SUPPLY CHAIN	-216	233	N/A
Corporate Center / Other and consolidation	-328	-396	-20.7%
EBIT from continuing operations	231	1,835	>100%

Divisional underlying EBIT for 2010²⁾

in million euros	2009	2010	Change in %
MAIL	1,423	1,152	-19.0%
DHL	378	1,449	>100%
- EXPRESS	235	785	>100%
- GLOBAL FORWARDING, FREIGHT	275	390	41.8%
- SUPPLY CHAIN	-132	274	N/A
Corporate Center / Other and consolidation	-328	-396	-20.7%
Underlying EBIT from continuing operations	1,473	2,205	49.7%

¹⁾ After non-controlling interests

²⁾ Prior-year amounts adjusted

Group financial highlights for the fourth quarter 2010

in million euros	4th quarter 2009	4th quarter 2010	Change in %
Revenue	12,389	13,871	12.0%
- of which international revenue	8,010	9,324	16.4%
Reported EBIT	-136	525	N/A.
Underlying EBIT	526	593	12.7%
Consolidated net profit ¹⁾ (incl. Postbank)	-283	487	N/A.
Basic earnings per share (incl. Postbank, in euros)	-0.24	0.40	N/A
Diluted earnings per share (incl. Postbank, in euros)	-0.24	0.40	N/A

Divisional revenue in the fourth quarter 2010²⁾

in million euros	4th quarter 2009	Share of total revenue	4th quarter 2010	Share of total revenue	Change in %
MAIL	3,776	30.5%	3,809	27.5%	0.9%
EXPRESS	2,672	21.6%	2,904	20.9%	8.7%
GLOBAL FORWARDING, FREIGHT	3,098	25.0%	3,898	28.1%	25.8%
SUPPLY CHAIN	3,129	25.3%	3,568	25.7%	14.0%
Corporate Center / Other and consolidation	-286	N/A	-308	N/A	-7.7 %
Revenue from continuing operations	12,389	100%	13,871	100%	12.0%

Divisional EBIT in the fourth quarter 2010²⁾

in million euros	4th quarter 2009	4th quarter 2010	Change in %
MAIL	504	227	-55.0%
DHL	-524	392	N/A
- EXPRESS	-358	218	N/A
- GLOBAL FORWARDING, FREIGHT	6	131	>100%
- SUPPLY CHAIN	-172	43	N/A
Corporate Center / Other and consolidation	-116	-94	19.0%
EBIT from continuing operations	-136	525	N/A

Divisional underlying EBIT in the fourth quarter 2010²⁾

in million euros	4th quarter 2009	4th quarter 2010	Change in %
MAIL	515	257	-50.1%
DHL	127	430	>100%
- EXPRESS	159	239	50.3%
- GLOBAL FORWARDING, FREIGHT	70	132	88.6%
- SUPPLY CHAIN	-102	59	N/A
Corporate Center / Other and consolidation	-116	-94	19.0%
Underlying EBIT from continuing operations	526	593	12.7%

¹⁾ After non-controlling interests

²⁾ Prior-year amounts adjusted