

Deutsche Post DHL raises full-year outlook to at least 1.35 billion euros – successfully manages impact of economic crisis in third quarter

- Q3 underlying EBIT excluding Arcandor insolvency up 25 percent
- Transport volumes show slight improvement in the third quarter
- Consolidated revenue drops by 18.6 percent to 11.2 billion euros
- CEO Frank Appel: “Cost management bearing fruit”

Bonn, Nov. 5, 2009: Deutsche Post DHL, the world’s leading mail and logistics provider, saw its third-quarter revenue fall 18.6 percent to 11.2 billion euros in the wake of the continuing global economic crisis. Thanks to strict cost management, however, the Group was able to significantly cushion the crisis’ impact on profitability. As a result, underlying EBIT was 10 percent below the previous year’s level, finishing the quarter at 378 million euros. Excluding the negative effect on earnings of 146 million euros related to the insolvency of Arcandor AG – not reported as a non-recurring item – the underlying EBIT increased by approximately 25 percent in the third quarter year on year.

“With our cost management bearing fruit we are able to mostly offset the negative effects of the crisis”, said Frank Appel, Chief Executive Officer Deutsche Post DHL. “Although we see initial positive signals with the stabilization of transport volumes, there’s still no indication of a full-scale economic recovery. Therefore we can’t ease up; we must accelerate our efforts.”

Roadmap to Value

In November 2007, Deutsche Post DHL announced its capital market program, Roadmap to Value, which focuses on value creation. The program’s goals of achieving significant improvements in efficiency, net working capital, cash generation and transparency within two years have been reached. The Group’s progress in successfully implementing

efficiency programs are clearly reflected in the accelerated implementation of the IndEx program. This initiative was introduced at the end of last year to counter the impact of the economic downturn. The Group is now confident that it will reach the goal of reducing indirect costs by 1 billion euros by the end of 2009, one year earlier than originally planned. In the first nine months of 2009 alone, 720 million euros were saved. Total savings since November 2008 amount to 859 million euros.

Third quarter

Reported Group EBIT totaled 231 million euros in the third quarter, compared with 953 million euros in the same period of the previous year. The primary causes of this steep decrease were EU state aid repayments to the Group included in last year's figures, charges related to the Arcandor insolvency and the restructuring expenses related to the Express business in the U.S. Furthermore, the lower valuation of the put options on shares of Deutsche Postbank AG had a negative impact on the consolidated net profit after minorities. In the third quarter, this figure was minus 83 million euros compared with 879 million euros in the prior year. As a result, earnings per share dropped from 73 cents in the previous year to minus 7 cents. In contrast, underlying operating cash flow increased from 753 million euros to 807 million euros.

Nine months

Revenue in the first nine months of 2009 declined 16.4 percent to 33.8 billion euros. While the reported EBIT fell 80.2 percent to 367 million euros, the underlying EBIT dropped 31 percent to 947 million euros. Both operational figures include negative effects from the Arcandor insolvency in an amount of 186 million euros. The Group's net profit after minorities reached 927 million euros after 1.5 billion euros in the prior year. The improved net financial income as a result of the valuation of the Postbank put option was offset by restructuring expenses for the U.S. Express business and the EU state aid repayment in last year's figures. Therefore, at 77 cents earnings per share were below last year's level of 1.24 euros. The underlying operating cash flow showed a slight improvement to 1.39 billion euros in the first nine months from 1.38 billion euros in 2008.

MAIL Division

Revenue in the MAIL Division fell further during the third quarter. At 3.3 billion euros, it was 3.9 percent lower than in the same period last year. This development reflects both the global economic crisis and the increasing substitution of letters with electronic media. Despite higher wages and losses on receivables related to the Arcandor insolvency, effective cost-cutting measures were able to limit the underlying EBIT decline. Underlying EBIT totaled 323 million euros in the third quarter 2009, a drop of 6.1 percent versus the prior year.

EXPRESS Division

The strict cost management was particularly successful in the EXPRESS Division. Although continuing steep drops in volume and the withdrawal from the domestic US express business caused third-quarter revenue to fall by nearly 1 billion euros to 2.5 billion euros, extensive cost-cutting measures completely offset this significant decline. As a result, profitability actually increased. At 131 million euros, underlying EBIT was well above the previous year's level of 24 million euros. Including non-recurring restructuring charges related to the U.S. express business, the result was still positive.

GLOBAL FORWARDING, FREIGHT Division

Transport volumes in air and sea freight have improved sequentially in each quarter this year. In particular, marketing and sales initiatives in the areas of life science and consumer goods have had a positive effect, resulting in an expanded market position. Due to reduced fuel surcharges and generally lower freight rates, revenue in the GLOBAL FORWARDING, FREIGHT Division fell more steeply than it did in the first six months of the year, dropping 30.4 percent to 2.6 billion euros. At the same time, purchase prices for transport services climbed steeply, driven by severely reduced transport capacities. The impact on underlying EBIT, which fell to 76 million euros, was limited by successful cost management and further boosts in productivity.

SUPPLY CHAIN Division

Contract logistics at Deutsche Post DHL also further extended its market position in the third quarter after concluding new contracts worth about 300 million euros. Nonetheless, revenue fell 11.6 percent to 3.1 billion euros. This decrease was caused not only by challenging economic conditions, but also by the insolvency of Arcandor, which led to charges of 141 million euros in the third quarter. As a result, underlying EBIT fell from 51 million euros in the third quarter 2008 to minus 81 million euros in 2009. This result overshadows the strong increase in operational efficiency year on year. Excluding the Arcandor effect, third-quarter operating earnings would have risen despite the decrease in revenue.

Outlook

As a result of the progress Deutsche Post DHL has made in its cost management and the first signs of market recovery, the Group has raised its previous target of 1.2 billion euros for underlying EBIT for the fiscal year 2009 to at least 1.35 billion euros in spite of the still challenging business climate. In addition, Deutsche Post DHL continues to expect a positive net profit for the full year. "Our third-quarter results and the new forecast are positive indications that we are on the right track," said Deutsche Post DHL Chief Financial Officer Larry Rosen. "But we still have a long way to go to unlock our full potential."

- Ends -

Note to newsrooms: You will find an interview with CEO Frank Appel at www.dp-dhl.de. The investor conference call will be transmitted on the Internet beginning at 2 p.m.

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

The Deutsche Post and DHL corporate brands offer a one-of-a-kind portfolio of logistics (DHL) and communication (Deutsche Post) services. The Group offers its customers easy to use standardized products as well as innovative and tailored solutions – from dialog marketing to industrial supply chains. About 500,000 employees in more than 220 countries and territories form a global network focused on service, quality and sustainability. The Group accepts its social responsibility by supporting climate protection, disaster management and education. The Group generated revenue of more than 54 billion euros in 2008.

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

Key Group figures for the third quarter of 2009¹⁾

in € millions	3rd quarter 2008	3rd quarter 2009	Change in %
Revenue	13,801	11,237	-18.6%
- thereof international revenue	9,737	7,453	-23.5%
EBIT	953	231	-75.8%
Underlying EBIT	420	378	-10.0%
Consolidated net profit after minorities (incl. Postbank)	879	-83	<-100
Basic earnings per share (incl. Postbank, in euros)	0.73	-0.07	<-100
Diluted earnings per share (incl. Postbank, in euros)	0.73	-0.07	<-100

Revenue by division in the third quarter of 2009

in € millions	3rd quarter 2008	Share of total revenue	3rd quarter 2009	Share of total revenue	Change in %
MAIL	3,409	24.7%	3,277	29.2%	-3.9%
EXPRESS	3,475	25.2%	2,532	22.5%	-27.1%
GLOBAL FORWARDING, FREIGHT	3,801	27.5%	2,644	23.5%	-30.4%
SUPPLY CHAIN	3,481	25.2%	3,078	27.4%	-11.6%
Corporate Center / other and consolidation	-365	-2.6%	-294	-2.6%	19.5%
Revenue from continuing operations	13,801	100%	11,237	100%	-18.6%

EBIT by division in the third quarter of 2009

in € millions	3rd quarter 2008	Share of total earnings	3rd quarter 2009	Share of total earnings	Change in %
MAIL	916	96.1%	323	n/a	-64.7%
EXPRESS	-15	n/a	11	4.8%	>100
GLOBAL FORWARDING, FREIGHT	108	11.3%	55	23.8%	-49.1%
SUPPLY CHAIN	51	5.4%	-87	n/a	<-100
Corporate Center / other and Consolidation	-107	n/a	-71	n/a	33.6%
EBIT from continuing operations	953	100%	231	100%	-75.8%

¹⁾ Previous year's figures have been adjusted

Key Group figures for the first nine months of 2009¹⁾

in € millions	9M 2008	9M 2009	Change in %
Revenue	40,454	33,812	-16.4%
- thereof international revenue	28,143	22,249	-20.9%
EBIT	1,858	367	-80.2%
Underlying EBIT	1,372	947	-31.0%
Consolidated net profit after minorities (incl. Postbank)	1,493	927	-37.9%
Basic earnings per share (incl. Postbank, in euros)	1.24	0.77	-37.9%
Diluted earnings per share (incl. Postbank, in euros)	1.24	0.77	-37.9%

Revenue by division in the first nine months of 2009

in € millions	9M 2008	Share of total revenue	9M 2009	Share of total revenue	Change in %
MAIL	10,498	25.9%	9,972	29.4%	-5.0%
EXPRESS	10,355	25.6%	7,534	22.3%	-27.2%
GLOBAL FORWARDING, FREIGHT	10,568	26.1%	7,874	23.3%	-25.5%
SUPPLY CHAIN	10,183	25.2%	9,284	27.5%	-8.8%
Corporate Center / other and consolidation	-1,150	-2.8%	-852	-2.5%	25.9%
Revenue from continuing operations	40,454	100%	33,812	100%	-16.4%

EBIT by division in the first nine months of 2009

in € millions	9M 2008	Share of total earnings	9M 2009	Share of total earnings	Change in %
MAIL	1,737	93.5%	880	N/a	-49.3%
EXPRESS	12	0.6%	-432	N/a	<-100%
GLOBAL FORWARDING, FREIGHT	289	15.6%	168	45.8%	-41.9%
SUPPLY CHAIN	149	8.0%	-37	N/a	<-100
Corporate Center / other and consolidation	-329	n/a	-212	N/a	35.6%
EBIT from continuing operations	1,858	100%	367	100%	-80.2%

¹⁾ Previous year's figures have been adjusted