

# Press Release

## Deutsche Post DHL with a strong start in 2010

- **Underlying EBIT up 81.4 percent to EUR 566 million in the first quarter; Group's consolidated net profit at EUR 1.7 billion**
- **Consolidated revenue rises 4.4 percent to EUR 12.0 billion – substantial growth at DHL; largely stable MAIL revenues**
- **Guidance for fiscal year confirmed; underlying EBIT expected to finish the year at the upper end of the forecast range of EUR 1.6 billion to EUR 1.9 billion**
- **CEO Frank Appel: “We have broadly improved our performance.”**

**Bonn, May 11, 2010:** The world's leading postal and logistics group, Deutsche Post DHL, concluded the first quarter of fiscal year 2010 with an increase in revenues and a strong rise in earnings. Buoyed by the continuing recovery of the world economy and rising transport volumes, consolidated revenue climbed 4.4 percent to EUR 12.0 billion compared with the same period last year. These solid results were fueled by substantial growth in DHL, a development that was also driven by increasing business with important new customers. Bolstered by the successful efficiency measures initiated last year, the Group's underlying EBIT improved by 81.4 percent to EUR 566 million. Efficiency gains also played a major role in the Group's consolidated net profit, enabling Deutsche Post DHL to significantly improve its profitability: The net profit totaled EUR 1.7 billion in the first quarter of 2010, compared with EUR 944 million in the same period last year. Both figures include significant positive effects from the first-time mark-to-market valuation of financial instruments related to the Postbank sale.

“Our first quarter results demonstrate clearly that we are well prepared for the future: we have broadly improved our performance,” said Frank Appel, the CEO of Deutsche Post DHL. “But there is much more to accomplish. We will continue to press forward with the implementation of our Strategy 2015 and unlock the Group's full potential step by step.”

## First quarter 2010

Reported EBIT climbed from EUR 27 million in the first three months of 2009 to EUR 512 million in 2010. In addition to operating gains, this performance reflected the expected significant reduction in non-recurring expenses. The Group's net financial income more than doubled during the first quarter, jumping from EUR 618 million in the same period last year to EUR 1.3 billion. This includes positive effects of around EUR 1.4 billion from the first-time mark-to-market valuation of financial instruments related to the Postbank sale. In the previous year, income from the valuation of derivatives related to the Postbank sale totalled EUR 737 million. The consolidated net profit after minorities climbed 85.1 percent to EUR 1.7 billion. This amounts to an improvement in earnings per share to EUR 1.44 (2009: EUR 0.78).

## Capital expenditure and cash flow

The Group's capital expenditures totalled EUR 195 million in the first quarter of 2010, 19.1 percent below the previous year's level. The Board of Management remains committed to the slight increase in capital expenditure to EUR 1.4 billion as planned for the entire year. During the first quarter, operating cash flow is regularly impacted by the annual payment made to the *Bundes-Pensions-Service für Post und Telekommunikation*, a special pension fund for the company's civil servants, that is paid annually in January of each year. This payment resulted in a net cash outflow of EUR 556 million during the first quarter. Total net cash used in operating activities fell considerably to EUR 95 million (2009: minus EUR 275 million). Free cash flow increased by EUR 1.1 billion compared to the previous year totalling minus 290 million EUR in the first quarter of 2010. In addition to the improved operational performance, this development mainly reflects the investment of cash proceeds from the Postbank transaction in various financial instruments during the first quarter of 2009. Net liquidity fell slightly to EUR 1.4 billion compared to the 2009 year-end level of EUR 1.7 billion.

"Our financial position is very solid – and we expect it to remain so in the future," CFO Larry Rosen declared. "This will be a result of our underlying business performance and the financial strategy we adopted in March 2010. This strategy will continue to play a critical role in safeguarding financial stability and flexibility as well as securing low capital costs for the Group."

**Guidance: Full-year EBIT projection confirmed**

For full-year 2010, the Group expects a continued recovery in global transport volumes. Deutsche Post DHL confirmed its guidance of underlying EBIT between EUR 1.6 billion and EUR 1.9 billion. Driven by the overall solid performance in the first quarter, the Board of Management assumes that the result for the full year will be at the upper end of this range. It is believed today that the DHL division and the MAIL division will contribute roughly the same amount to earnings for the first time. While earnings at the MAIL division are expected to total between EUR 1.0 billion and EUR 1.2 billion, the projected amount for DHL is between EUR 1.0 billion and EUR 1.1 billion. Consolidated net profit is expected to continue to improve in 2010 in line with the Group's operating business. Furthermore, the company anticipates that the positive net earnings trend will sustain in 2011.

"The encouraging start to the new year confirms our fundamental optimism about 2010," Rosen said. "In the future, our goal is to achieve a stable result in the MAIL division and for DHL to become the driving force of growth in consolidated net profit. Even though we continue to face economic, political and regulatory uncertainties, we are increasingly optimistic about the future."

**MAIL division: Revenues better than expected**

In the first three months of 2010, revenue in the MAIL division totalled EUR 3.4 billion, nearly the same level as the previous year (2009: EUR 3.5 billion). While the phase of crisis-related reductions seems to be largely over, the trend towards the increased substitution of physical letters with electronic media in the traditional mail business remained unchanged at the beginning of 2010. By contrast, the PARCEL Germany business unit performed dynamically, with powerful growth in internet retail propelling revenue well above the previous year's total. At EUR 390 million, the division's underlying EBIT for the first quarter finished 4.2 percent below the previous year's level of EUR 407 million. As a result of strict cost discipline, the slight reduction in revenue as well as wage increases could be largely offset.

**EXPRESS division: Increasing momentum**

In the first quarter, the EXPRESS division performed particularly well. Revenue in the first three months of 2010 jumped by 9.0 percent to EUR 2.6 billion (2009: EUR 2.4 billion). The main reasons for this growth were the marked increase in daily shipping volume – particularly time-definite international shipments – and higher fuel-surcharge revenues. The EXPRESS business in the Americas and Asia-Pacific regions was particularly strong. Adjusted for exchange-rate effects, organic growth of 16.1 percent and 19.3 percent respectively was generated in these regions. The division's EBIT also improved strongly during the reporting period. For the same period in the previous year, a loss before non-recurring items of EUR 120 million was incurred. During the first three months of 2010, an underlying profit of EUR 154 million was generated. In addition to the positive momentum resulting from the economic recovery, the completion of the restructuring program in the United States as well as significant cost reductions worldwide contributed to the result.

**GLOBAL FORWARDING, FREIGHT division: Strong growth**

In the GLOBAL FORWARDING, FREIGHT division, the increase in volumes seen since the second half of 2009 accelerated in the first quarter of 2010. Volumes for both air and ocean freight rose sharply during the first three months compared with the previous year's level. This is the result of DHL attracting important new customers in addition to the economic upswing. As a result, the division boosted its first quarter revenues to EUR 3.1 billion, a 13.5 percent increase from the total of EUR 2.7 billion generated in the same period in 2009. Because demand is rapidly rising following the economic crisis, transport rates for air and ocean freight capacities have risen considerably. DHL did indeed secure additional capacities at an early stage. But the higher prices could not be completely passed on to customers. However, as a result of the division's successful push to cut operating and indirect costs through intensive cost management, underlying EBIT rose by 8.0 percent from EUR 50 million in 2009 to EUR 54 million in the first quarter of 2010.

**SUPPLY CHAIN division: Significantly improved performance**

Revenue in the SUPPLY CHAIN division declined slightly during the first quarter of 2010. At EUR 3.1 billion, it was 0.5 percent below the level from the same quarter in 2009. This drop largely resulted from the loss of business caused by the bankruptcy of the Arcandor Group in Germany and an underperforming contract in the United States that was not renewed in the second quarter of 2009. But in most regions and sectors, revenue trends were positive. New business wins and trading upturns generated strong growth particularly in the Asia-Pacific region. During the first quarter of 2010, additional contracts with new and existing customers that totaled about EUR 240 million were concluded. Thanks to improvements in margins produced by successful cost cutting, underlying EBIT jumped by 52.4 percent to EUR 64 million (2009: 42 million euro).

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**Note to newsrooms:** You will find an interview with CFO Larry Rosen and other background information at [www.dp-dhl.de](http://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 mail 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 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 500,000 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 2009, Deutsche Post DHL revenues exceeded € 46 billion.

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

**Group financial highlights for the first quarter of 2010**

in millions of euros	1st quarter 2009	1st quarter 2010	Change in %
Revenue	11,505	12,016	4.4%
- of which international revenue	7,341	7,924	7.9%
Reported EBIT	27	512	>100%
Underlying EBIT	312	566	81.4%
Consolidated net profit after minorities (incl. Postbank)	944	1,747	85.1%
Basic earnings per share (incl. Postbank, in euros)	0.78	1.44	84.6%
Diluted earnings per share (incl. Postbank, in euros)	0.78	1.44	84.6%

**Divisional revenue in the first quarter of 2010<sup>1)</sup>**

in millions of euros	1st quarter 2009	Share of total revenue	1st quarter 2010	Share of total revenue	Change in %
MAIL	3,486	30.3%	3,446	28.7%	-1.1%
EXPRESS	2,403	20.9%	2,620	21.8%	9.0%
GLOBAL FORWARDING, FREIGHT	2,747	23.9%	3,117	25.9%	13.5%
SUPPLY CHAIN	3,145	27.3%	3,130	26.0%	-0.5%
Corporate Center / Other and consolidation	-276	n/a.	-297	n/a	-7.6%
Revenue from continuing operations	11,505	100%	12,016	100%	4.4%

**Divisional EBIT in the first quarter of 2010<sup>1)</sup>**

in millions of euros	1st quarter 2009	1st quarter 2010	Change in %
MAIL	407	388	-4.7%
EXPRESS	-392	110	n/a
GLOBAL FORWARDING, FREIGHT	45	53	17.8%
SUPPLY CHAIN	34	57	67.6%
Corporate Center / Other and consolidation	-67	-96	-43.3%
EBIT from continuing operations	27	512	>100%

**Divisional underlying EBIT in the first quarter of 2010<sup>1)</sup>**

in millions of euros	1st quarter 2009	1st quarter 2010	Change in %
MAIL	407	390	-4.2%
EXPRESS	-120	154	n/a
GLOBAL FORWARDING, FREIGHT	50	54	8.0%
SUPPLY CHAIN	42	64	52.4%
Corporate Center / Other and consolidation	-67	-96	-43.3%
Underlying EBIT from continuing operations	312	566	81.4%

<sup>1)</sup> Prior-period amounts adjusted