

## Deutsche Post DHL continues on growth path in third quarter – full-year earnings guidance improved

- **Consolidated revenue rises 13.9 percent in the third quarter – double-digit growth in all DHL divisions**
- **Underlying EBIT climbs 43.7 percent to EUR 543 million – consolidated net profit reaches EUR 226 million**
- **Underlying EBIT for the full year 2010 now expected to total between EUR 2.0 billion and EUR 2.1 billion**
- **CEO Frank Appel: “A further step forward in sustainably improving profitability”**

**Bonn, November 9, 2010:** Deutsche Post DHL, the world’s leading postal and logistics group, continued the sound performance of the first half of 2010 during the third quarter, generating another double-digit increase in revenue. Despite a slight decline in the MAIL division, also resulting from a regulatory change in value-added tax that took effect in July, consolidated revenue rose 13.9 percent to EUR 12.8 billion driven by strong growth generated by all three DHL divisions. In particular, this performance reflects increased transport volumes, higher freight rates and the continuing success in attracting new customers. During the past quarter, the Group also profited from positive currency effects. Additional margin gains in the DHL divisions also resulted in the significant increase in profitability. Underlying EBIT totaled EUR 543 million, 43.7 percent above the previous year’s level. Efficiency improvements also contributed significantly to the Group’s ability to generate a consolidated net profit of EUR 226 million in the third quarter, following the loss of EUR 83 million in the same period last year.

“The company’s very good performance in the third quarter demonstrates once again that we have an exceptionally good position that allows us to profit tremendously from positive economic trends,” said Deutsche Post DHL CEO Frank Appel. “Our strategy is robust, our efficiency programs are paying off, and our customers are rewarding our efforts.”

### Third quarter 2010

In the third quarter of 2010, reported EBIT more than doubled, rising from EUR 231 million in the same period last year to EUR 545 million in 2010. In addition to the significant revenue and profitability improvements another factor behind this increase was the marked reductions in non-recurring expenses that were realized as planned. While in the previous year, non-recurring expenses totaled EUR 147 million, no noteworthy non-recurring expenses occurred during the third quarter of this year. The Group's net financial result improved as well. At minus EUR 222 million, it was well above the previous year's total of minus EUR 310 million. This improvement largely reflects changes in the valuation of financial instruments related to the sale of Postbank: While last year's figure included negative effects totaling EUR 188 million, the effect in relation to the Postbank sale had only an impact of minus EUR 123 million on the net financial result in the third quarter of this year. The consolidated net profit after minorities climbed to EUR 226 million. This equals an improvement in earnings per share to EUR 0.19. In the same quarter last year, the company reported a consolidated net loss of EUR 83 million and earnings per share of minus EUR 0.07.

### Capital expenditure and cash flow

The Group's capital expenditure totaled EUR 282 million in the third quarter, 8.4 percent below the previous year's level. This figure includes investments in 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 July and the shopping portal "Mein Paket". The Group expects capital expenditure to increase in the fourth quarter. Full-year investments are planned to be around EUR 1.3 billion and thus will conclude the year slightly below the original target of EUR 1.4 billion. Bolstered by the improvements in underlying EBIT and the significant reduction in restructuring expenses, the Group's operating cash flow climbed by EUR 133 million to EUR 632 million during the third quarter of 2010. Free cash flow was also affected by net cash from the sale of money-market funds. During the third quarter, it increased by EUR 1.6 billion to EUR 1.3 billion (2009: minus EUR 306 million). As a result of the dividend payment (EUR 725 million), the contribution to the *Bundes-Pensions-Service* (EUR 556 million) and a cash outflow from restructuring (EUR 684 million) the Group's net liquidity decreased by EUR 762 million compared with the end of 2009. However, at EUR 928 million net liquidity was almost EUR 400 million above the level at the end of the second

quarter, underlining the Group's very solid liquidity position after the first nine months of the year.

"During the third quarter, we remained true to our strategy and carefully invested in the organic expansion of our business," CFO Larry Rosen said. "Deutsche Post DHL continues to be solidly financed and has – also thanks to the very positive performance of its operating business – the necessary financial flexibility to reach its growth targets and systematically exploit opportunities that present themselves."

### **Nine months**

In the first nine months of fiscal year 2010, revenue rose 11.2 percent to EUR 37.6 billion. As a result of significant increases in volume and revenue as well as efficiency gains, the Group's underlying EBIT increased 70.2 percent to EUR 1.6 billion. As planned, non-recurring items declined compared with the same period last year, nearly dropping by half to EUR 302 million (2009: EUR 580 million). In addition to higher revenues and the improved efficiency, this effect helped fuel the strong rise of the reported EBIT from EUR 367 million in the first three quarters of 2009 to EUR 1.3 billion from January to September 2010. At EUR 2.1 billion, consolidated net profit after minorities more than doubled year-over-year (2009: EUR 927 million). On top of the operating improvements, this figure includes positive effects related to the Postbank sale, which have risen by about EUR 600 million above last year's level during the first nine months of 2010. Year-to-date earnings per share were EUR 1.70, well above the previous year's number of EUR 0.77. Operating cash flow also rose measurably. It climbed to EUR 902 million in the first nine months of the year, a more than threefold increase from EUR 270 million generated in the same period of 2009.

### **Guidance**

As a result of the continuation of the economic recovery and the Group's good earnings performance during the first nine months of the year, Deutsche Post DHL has been able to improve its earnings guidance for the full year 2010 and raise the lower end of the planned range for the Group's underlying EBIT. The Board of Management now projects the Group's underlying EBIT to total between EUR 2.0 billion and EUR 2.1 billion. Deutsche Post DHL had previously expected an amount in the range of EUR 1.9 billion and EUR 2.1 billion. Earnings of the MAIL division are expected to be between EUR 1.1 billion and EUR 1.2 billion. This represents an increase of EUR 100 million in the lower

end of the range. The DHL divisions are now expected to contribute more than EUR 1.3 billion to overall earnings (previous guidance: about EUR 1.3 billion). At the beginning of the year, the company had expected its logistics divisions to produce no more than EUR 1.1 billion. As a result, DHL's earnings contribution will exceed that of the MAIL division for the first time. As has been announced since the beginning of the year, Corporate Center/Other expenditures will total about EUR 400 million. The Group also continues to expect that consolidated net profit in 2010 will significantly improve compared to 2009. From today's perspective, the positive earnings trend is likely to continue in 2011, even though global economic performance remains somewhat unpredictable.

"In recent years, we have systematically created the conditions that enable the Group to sustainably improve its profitability. With underlying EBIT that will likely total more than EUR 2 billion, we will take another big step forward this year. But we are still a long way from reaching our full potential," CEO Frank Appel said.

## **MAIL division: increasing parcel business**

Revenue in the MAIL division fell 2.7 percent to EUR 3.2 billion in the third quarter. This decrease primarily resulted from the effects of the value-added tax on revenue with business customers that began on July 1 and the price discounts that were offered in response to the change. The ongoing substitution of physical letters by electronic media and the loss of the Quelle business in Germany negatively impacted revenues as well. In contrast, the parcel business in Germany continued to perform very dynamically. Against the backdrop of rapidly growing Internet retailing, revenue here climbed by more than 5 percent. This business unit's very positive earnings performance and the continued strict cost discipline were able to limit the impact of the value-added tax effect and higher wages on the division's overall profitability. Nonetheless, underlying EBIT declined EUR 67 million to EUR 259 million in the third quarter of 2010 from EUR 326 million in the third quarter 2009.

**EXPRESS division: restructuring bears fruit**

In the EXPRESS division, the positive development of the first half of 2010 continued in the third quarter. Revenues were up 11.7 percent to EUR 2.7 billion (2009: EUR 2.4 billion) primarily driven by significant increases in international shipments. This gain more than offset decreases in the day-definite domestic business, mostly resulting from the sale of the domestic express businesses in the United Kingdom and France. Higher income from fuel surcharges also contributed to the rise in revenue. The division's earnings improved markedly as well. Underlying EBIT rose from EUR 131 million in the same quarter last year to EUR 194 million in the third quarter of 2010, an increase of 48.1 percent. The improvement reflected the successful refocusing of the express business: in addition to higher revenue, the significant profitability enhancement resulted in particular from the completion of the restructuring in the United States, the withdrawal from the domestic express business in the United Kingdom and France as well as the efficiency enhancing programs successfully implemented around the world.

**GLOBAL FORWARDING, FREIGHT division: strong growth in revenue and earnings**

The GLOBAL FORWARDING, FREIGHT revenues profited the most from the recovery of the global economy in 2010. Transport volumes, particularly in air freight, have continued to rise considerably in the third quarter of 2010. In combination with higher prices, high double-digit revenue gains were generated mainly in the air but also in the ocean freight category. Overall, the division's revenues rose EUR 1 billion to EUR 3.7 billion in the third quarter of this year. This represents a jump of 35.8 percent over the previous year's level of EUR 2.7 billion, reflecting a further acceleration of growth in this division since the second quarter. This was also the case for profitability as the division was increasingly able to pass on the higher freight rates being charged as a result of increased demand for tighter freight capacities to its customers. This fact coupled with strict cost discipline allowed underlying EBIT to rise 34.2 percent from EUR 76 million in the third quarter of 2009 to EUR 102 million in 2010.

**SUPPLY CHAIN division: successful business with new and existing customers**

The SUPPLY CHAIN division also continued its strong performance in the third quarter and significantly increased revenues. Despite the loss of the Quelle business in Germany and the systematic withdrawal from underperforming contracts, revenues climbed 12.9 percent to EUR 3.4 billion. New business wins, the increase in existing business activity in all regions and positive currency effects were the main reasons for this strong growth. In the third quarter alone, additional contracts worth around EUR 200 million were concluded with new and existing customers. New business in the first nine months of the year now totals EUR 700 million. In the third quarter, the efficiency programs successfully introduced last year resulted in further margin improvements in every region. As a result, underlying EBIT rose significantly to EUR 82 million, after an operating loss of EUR 84 million was produced last year – also as a result of charges related to the Arcandor bankruptcy.

- End -

**Note to newsrooms:** You will find an interview with CFO Larry Rosen and other background information at [www.dp-dhl.com](http://www.dp-dhl.com). The investor conference call will be transmitted on the Internet beginning at 2 p.m.

**Contact for media queries:**

Deutsche Post DHL  
Media Relations  
Silje Skogstad  
Sebastian Steffen  
Tel.: +49 (0)228 182-9944  
[www.dp-dhl.com/press](http://www.dp-dhl.com/press)

**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 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.**

For additional information, visit [www.dp-dhl.com](http://www.dp-dhl.com)

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

in millions of euros	3rd quarter 2009	3rd quarter 2010	Change in %
Revenue	11,237	12,799	13.9%
- of which international revenue	7,332	8,856	20.8%
Reported EBIT	231	545	>100%
Underlying EBIT	378	543	43.7%
Consolidated net profit after minorities (incl. Postbank)	-83	226	n/a
Basic earnings per share (incl. Postbank, in euros)	-0.07	0.19	n/a
Diluted earnings per share (incl. Postbank in euros)	-0.07	0.19	n/a

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

in millions of euros	3rd quarter 2009	Share of total revenue	3rd quarter 2010	Share of total revenue	Change in %
MAIL	3,331	29.6%	3,241	25.3%	-2.7%
EXPRESS	2,435	21.7%	2,719	21.2%	11.7%
GLOBAL FORWARDING, FREIGHT	2,735	24.3%	3,715	29.0%	35.8%
SUPPLY CHAIN	2,997	26.7%	3,385	26.4%	12.9%
Corporate Center / Other and consolidation	-261	n/a	-261	n/a	0.0%
Revenue from continuing operations	11,237	100%	12,799	100%	13.9%

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

in millions of euros	3rd quarter 2009	3rd quarter 2010	Change in %
MAIL	326	259	-20.6%
EXPRESS	11	199	>100%
GLOBAL FORWARDING, FREIGHT	55	100	81.8%
SUPPLY CHAIN	-90	81	n/a
Corporate Center / Other and consolidation	-71	-94	-32.4%
EBIT from continuing operations	231	545	>100%

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

in millions of euros	3rd quarter 2009	3rd quarter 2010	Change in %
MAIL	326	259	-20.6%
EXPRESS	131	194	48.1%
GLOBAL FORWARDING, FREIGHT	76	102	34.2%
SUPPLY CHAIN	-84	82	n/a
Corporate Center / Other and consolidation	-71	-94	-32.4%
Underlying EBIT from continuing operations	378	543	43.7%

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

**Group financial highlights for the first nine months of 2010**

in millions of euros	9M 2009	9M 2010	Change in %
Revenue	33,812	37,610	11.2%
- of which international revenue	21,922	25,630	16.9%
Reported EBIT	367	1,310	>100%
Underlying EBIT	947	1,612	70.2%
Consolidated net profit after minorities (incl. Postbank)	927	2,054	>100%
Basic earnings per share (incl. Postbank, in euros)	0.77	1.70	>100%
Diluted earnings per share (incl. Postbank, in euros)	0.77	1.70	>100%

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

in millions of euros	9M 2009	Share of total revenue	9M 2010	Share of total revenue	Change in %
MAIL	10,136	30.0%	10,012	26.6%	-1.2%
EXPRESS	7,245	21.4%	8,207	21.8%	13.3%
GLOBAL FORWARDING, FREIGHT	8,145	24.1%	10,443	27.8%	28.2%
SUPPLY CHAIN	9,054	26.8%	9,733	25.9%	7.5%
Corporate Center / Other and consolidation	-768	n/a	-785	n/a	-2.2%
Revenue from continuing operations	33,812	100%	37,610	100%	11.2%

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

in millions of euros	9M 2009	9M 2010	Change in %
MAIL	887	891	0.5%
EXPRESS	-432	279	n/a
GLOBAL FORWARDING, FREIGHT	168	252	50.0%
SUPPLY CHAIN	-44	190	n/a
Corporate Center / Other and consolidation	-212	-302	-42.5%
EBIT from continuing operations	367	1,310	>100%

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

in millions of euros	9M 2009	9M 2010	Change in %
MAIL	908	895	-1.4%
EXPRESS	76	546	>100%
GLOBAL FORWARDING, FREIGHT	205	258	25.9%
SUPPLY CHAIN	-30	215	n/a
Corporate Center / Other and consolidation	-212	-302	-42.5%
Underlying EBIT from continuing operations	947	1,612	70.2%

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