

SHOWING RESPECT. DELIVERING RESULTS.



ANNUAL REPORT
2009

Deutsche Post DHL



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 communications (Deutsche Post) services. The Group provides its customers with both easy to use standardised products as well as innovative and tailored solutions ranging from dialogue 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 programmes in the areas of climate protection, disaster relief and education, the Group is committed to social responsibility.

The Postal Service for Germany. The Logistics Company for the World.

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01 Selected key figures (continuing operations)

		2008 adjusted	2009	+/- %	Q4 2008 adjusted	Q4 2009	+/- %
Profit from operating activities (EBIT) before non-recurring items	€m	2,011	1,473	-26.8	639	526	-17.7
Non-recurring items	€m	2,977	1,242	-58.3	3,463	662	-80.9
EBIT	€m	-966	231	123.9	-2,824	-136	95.2
Revenue	€m	54,474	46,201	-15.2	14,020	12,389	-11.6
Return on sales ¹⁾	%	-1.8	0.5		-20.1	-1.1	
Consolidated net profit/loss ²⁾	€m	-1,688	644	138.2	-3,181	-283	91.1
Operating cash flow	€m	3,362	1,244	-63.0	1,441	974	-32.4
Net debt/net liquidity ³⁾	€m	2,466 ⁴⁾	-1,690	168.5	-	-	-
Return on equity before taxes	%	-9.0	3.0		-	-	
Earnings per share ⁵⁾	€	-1.40	0.53	137.9	-2.64	-0.24	90.9
Dividend per share	€	0.60	0.60 ⁶⁾	-	-	-	-
Number of employees ⁷⁾		456,716	436,651	-4.4	-	-	-

1) EBIT/revenue. 2) Excluding minorities, including Postbank. 3) For the calculation → please refer to page 44 of the Group Management Report. 4) Postbank at equity. 5) Including Postbank. 6) Proposal. 7) Average FTE.

02 GROUP STRUCTURE

Deutsche Post DHL					
Corporate Center					
Board department	Chairman of the Board of Management		Finance, Global Business Services		Personnel
Board member	Dr Frank Appel		Lawrence Rosen		Walter Scheurle
Functions	Corporate Office Corporate Legal Corporate Executives Corporate Communications Corporate Development Corporate Regulation Management Corporate First Choice Public Policy and Corporate Responsibility Global Customer Solutions (GCS) HR DHL International DHL Solutions & Innovations (DSI)		Corporate Controlling Corporate Accounting and Reporting Investor Relations Corporate Finance Corporate Internal Audit/Security Taxes Global Business Services (Group-wide services: Procurement, Real Estate, Finance Operations etc.)		HR Standards Germany HR Guidelines Personnel and Labour Management HR MAIL
Divisions					
Board department	MAIL		EXPRESS	GLOBAL FORWARDING, FREIGHT	SUPPLY CHAIN
Board member	Jürgen Gerdes		Ken Allen	Hermann Ude	Bruce Edwards
Brand	Deutsche Post DHL		DHL	DHL	DHL
Business units/regions	Mail Global Mail Communication Parcel Germany Dialogue Marketing Press Services Retail Outlets Pension Service		Europe Americas Asia Pacific EEMEA (Eastern Europe, the Middle East, Africa)	Global Forwarding Freight	Supply Chain Williams Lea

03 TARGET-PERFORMANCE COMPARISON

2009 Goals**EBIT before non-recurring items**

- Group: minimum €1.35 billion.

Consolidated net profit

- Generate a net profit excluding minorities.

Capital expenditure (capex)

- Reduce investments from €1.7 billion (2008) to no more than €1.2 billion.

Costs

- Lower indirect costs by €1 billion by the end of 2009.

Restructuring

- Reduce annualised loss in the us express business to no more than us\$400 million.

2009 Results**EBIT before non-recurring items**

- Group: €1.47 billion. ✓

Consolidated net profit

- Net profit excluding minorities: €644 million. ✓

Capital expenditure (capex)

- Invested: €1.17 billion. ✓

Costs

- Achieved indirect costs savings in 2009: €1.1 billion. ✓

Restructuring

- Annualised loss in the us express business in the fourth quarter of 2009 in line with target. ✓

2010 Goals**EBIT before non-recurring items**

- Group: €1.6 billion to €1.9 billion.
- MAIL division: €1.0 billion to €1.2 billion.
- DHL divisions: €1.0 billion to €1.1 billion.
- Corporate Center/Other: approximately €-0.4 billion.

Consolidated net profit

- Improve net profit in line with operating business.

Capital expenditure (capex)

- Approximately €1.4 billion.

2009

WHAT WE ACHIEVED

We restructured our express business and consolidated our financial position with the proceeds from the sale of Postbank. We saved more than €1.1 billion in indirect costs with our IndEx programme. Although transported volumes were significantly down on the prior-year level, we were also able to cushion the decrease in EBIT before non-recurring items, and at €1.47 billion we even slightly exceeded our forecast, which we had increased to at least €1.35 billion during the course of the year.

2010

WHAT WE INTEND TO ACHIEVE

Provided that there is a moderate recovery in trade volumes, we expect consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. Both pillars of our business – Deutsche Post and DHL – should contribute nearly equally to these results. We will increase our investments cautiously to approximately €1.4 billion and use them for organic growth. Although our liquidity position will decline due to restructuring expenditure, it will remain strong. Consolidated net profit is expected to continue to improve in line with our operating business.

1 March 2010
Financial year 2009

Dear Shareholders,

2009 was without a doubt a tough year for your company. The global economic crisis has not left Deutsche Post DHL unscathed. Yet we have performed exceptionally well given these circumstances and have shown how strong our organisation is.

Consolidated revenue fell year-on-year, primarily because transport volumes in all divisions were significantly down on prior-year levels. The fact that we were able to maximise cost savings helped us cope with these circumstances. Our IndEx programme resulted in indirect cost savings of over €1.1 billion in 2009 – even more and faster than we anticipated.

Our successful cost management allowed us to cushion the decrease in EBIT before non-recurring items and at €1.47 billion even exceed the forecast, which we increased during the course of the year. I find this result quite remarkable in the middle of a economic crisis and considering that our business was also impacted by several extraordinary effects. Instead of a consolidated loss, as we recorded in 2008, we generated a profit of €644 million in 2009.

We restructured our express business and reduced or eliminated the sources of our losses there. The restructuring process in the United States was a success. In the fourth quarter, we achieved our goal of reducing the annualised loss there as planned.

I would like to express my sincere thanks to our approximately 500,000 employees for their enormous effort in these extremely challenging times. And I thank you, our shareholders, for your trust in me and my colleagues on the Board of Management. After a difficult year, we wish to reward your confidence with a stable dividend of €0.60 per share.

We used the crisis as a catalyst to become more efficient and more effective. In our mail business, for instance, we have tested procedures for enabling us to respond to fluctuating volumes more flexibly without sacrificing quality. In air and ocean freight, we have secured our capacities on the most important trade lanes between Asia and Europe. Furthermore, our contract logistics business won a renowned customer in British Airways in one of our key strategic industry sectors.

1/2

We have largely taken care of legacy issues – and we have done our homework. We have also strengthened our financial stability with the proceeds from the sale of Postbank. All in all I see we have successfully navigated the crisis and achieved the goals we set for ourselves in 2009.

Moreover, we launched Strategy 2015 and with it laid the foundation for future growth. This strategy has already become part of how we do business. Two examples illustrate this: first, Deutsche Post will introduce its letter on the internet to the market this summer, an innovation that integrates the physical letter – with all of its features such as reliability and confidentiality – into the world of electronic communication. Second, DHL now has its own team to pull together all the ideas from DHL's divisions and look for ways our customers can benefit from them. As the industry leader, we understand the trends and know what our future depends on: offering our customers innovative and sustainable products that simplify their lives.

The global economic crisis is not yet our wake, but the signs that the worst is over are steadily increasing. Global trade has been on a recovery course since the second half of 2009, with the trend actually increasing slightly in the first two months of the new year. For us this means that we will move ahead as planned this year and sustainably improve the Group's profitability through innovative products, high service levels and customer-orientated solutions.

Our new financial strategy is based on reliability and stability. This also applies to future payouts. We will increase our investments cautiously to €1.4 billion and use them for organic growth in both pillars of our Group. Earnings are likely to increase this year. We expect full-year consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. For the first time both pillars of our business will contribute nearly equally to these results – an indication of the strength of our two-pillar strategy.

We want to remain *Die Post für Deutschland* (The Postal Service for Germany) and become The Logistics Company for the World. We are setting the bar high and our guiding principle, Respect and Results, reflects this. We will only achieve the results we need to be successful in the long term if we treat our shareholders, customers and employees as well as society and the environment with respect. Of that I am entirely convinced.

Yours faithfully,



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English translation

Deutsche Post Corporate Language Services et al.

The English version of the Annual Report 2009 of Deutsche Post DHL constitutes a translation of the original German version. Only the German version is legally binding, in so far as this does not conflict with legal provisions in other countries.

04 MULTI-YEAR REVIEW

Key figures 2002 to 2009

€ m	2002 adjusted	2003 adjusted	2004 adjusted	2005 adjusted	2006 adjusted	2007 adjusted	2008 adjusted	2009
Revenue								
MAIL	12,129	12,495	12,747	12,878	15,290	14,569	14,393	13,684
EXPRESS	14,637	15,293	17,557	16,831	13,463	13,874	13,637	10,312
LOGISTICS	5,817	5,878	6,786	9,933	24,405	–	–	–
GLOBAL FORWARDING, FREIGHT	–	–	–	–	–	12,959	14,179	10,870
SUPPLY CHAIN	–	–	–	–	–	14,317	13,718	12,507
FINANCIAL SERVICES	8,676	7,661	7,349	7,089	9,593	–	–	–
SERVICES	–	–	–	3,874	2,201	–	–	–
Divisions total	41,259	41,327	44,439	50,605	64,952	55,719	55,927	47,373
Corporate Center/Other (until 2004: Other/Consolidation; until 2006: Consolidation; until 2007: Corporate Center/Other and Consolidation)	–2,004	–1,310	–1,271	–6,011	–4,407	–1,676	1,782	1,527
Consolidation	–	–	–	–	–	–	–3,235	–2,699
Continuing operations	–	–	–	–	–	54,043	54,474	46,201
Discontinued operations	–	–	–	–	–	10,335	11,226	1,634
Total	39,255	40,017	43,168	44,594	60,545	–	–	–
Profit/loss from operating activities before goodwill amortisation (EBITA)								
MAIL	2,144	2,082	2,085	2,030	2,094	1,976	2,179	1,383
EXPRESS	270	365	373	411	288	–272	–2,194	–807
LOGISTICS	173	206	281	346	751	–	–	–
GLOBAL FORWARDING, FREIGHT	–	–	–	–	–	409	362	191
SUPPLY CHAIN	–	–	–	–	–	577	–310	–208
FINANCIAL SERVICES	679	568	716	869	1,004	–	–	–
SERVICES	–	–	–	679	–229	–	–	–
Divisions total	3,266	3,221	3,455	4,335	3,908	2,690	37	559
Corporate Center/Other (until 2004: Other/Consolidation; until 2006: Consolidation; until 2007: Corporate Center/Other and Consolidation)	–297	–246	–84	–131	–36	–557	–393	–328
Consolidation	–	–	–	–	–	–	0	0
Continuing operations	–	–	–	–	–	2,133	–356	231
Discontinued operations	–	–	–	–	–	1,060	–871	–24
Total	2,969	2,975	3,371	4,204	3,872	–	–	–
Profit/loss from operating activities (EBIT)								
MAIL	2,138	2,067	2,072	2,030	2,094	1,976	2,179	1,383
EXPRESS	–79	152	117	–23	288	–272	–2,194	–807
LOGISTICS	80	116	182	346	751	–	–	–
GLOBAL FORWARDING, FREIGHT	–	–	–	–	–	409	362	191
SUPPLY CHAIN	–	–	–	–	–	577	–920	–208
FINANCIAL SERVICES	678	567	714	863	1,004	–	–	–
SERVICES	–	–	–	679	–229	–	–	–
Divisions total	2,817	2,902	3,085	3,895	3,908	2,690	–573	559
Corporate Center/Other (until 2004: Other/Consolidation; until 2006: Consolidation; until 2007: Corporate Center/Other and Consolidation)	–297	–246	–84	–131	–36	–557	–393	–328
Consolidation	–	–	–	–	–	–	0	0
Continuing operations	–	–	–	–	–	2,133	–966	231
Discontinued operations	–	–	–	–	–	1,060	–871	–24
Total	2,520	2,656	3,001	3,764	3,872	–	–	–
Consolidated net profit/loss for the period	1,590	1,342	1,740	2,448	2,282	1,873	–1,979	693

Key figures 2002 to 2009


		2002 adjusted	2003 adjusted	2004 adjusted	2005 adjusted	2006 adjusted	2007 adjusted	2008 adjusted	2009
Cash flow/investments/depreciation, amortisation and impairment losses									
Total cash flow from operating activities	€m	2,967	3,006	2,336	3,624	3,922	5,151	1,939	-584
Total cash flow from investing activities	€m	-2,226	-2,133	-385	-5,052	-2,697	-1,053	-441	-2,722
Total cash flow from financing activities	€m	147	-304	-493	-1,288	-865	-1,787	-1,468	1,688
Investments	€m	3,100	2,846	2,536	6,176	4,066	2,343	3,169	1,456
Depreciation, amortisation and impairment losses	€m	1,893	1,693	1,821	1,961	1,771	2,196	2,662	1,620
Assets and capital structure									
Non-current assets ¹⁾	€m	14,536	15,957	17,027	25,223	26,074	25,764	20,517	22,022
Current assets (until 2003: including deferred tax assets ¹⁾)	€m	148,111	138,976	136,369	147,417	191,624	209,656	242,447	12,716
Equity (excluding minority interest)	€m	5,095	6,106	7,242	10,624	11,220	11,035	7,826	8,176
Minority interest	€m	117	59	1,623	1,791	2,732	2,778	2,026	97
Current and non-current provisions	€m	12,684	12,673	12,441	12,161	14,233	12,276	10,836	9,677
Current and non-current liabilities ²⁾	€m	11,900	12,778	15,064	19,371	20,850	21,544	242,276	16,788
Total assets	€m	162,647	154,933	153,396	172,640	217,698	235,420	262,964	34,738
Employees/staff costs (from 2007: Continuing operations)									
Total number of employees (headcount including trainees)	at 31 Dec.	371,912	383,173	379,828	502,545	520,112	512,147	512,536	477,280
Full time equivalents (excluding trainees) ³⁾	at 31 Dec.	334,952	348,781	340,667	455,115	463,350	453,626	451,515	424,686
Average number of employees (headcount)		375,890	375,096	381,492	393,463	507,641	500,252	511,292	488,518
Staff costs	€m	13,313	13,329	13,840	14,337	18,616	17,169	18,389	17,021
Staff cost ratio ⁴⁾	%	33.9	33.3	32.1	32.2	30.7	31.8	33.8	36.8
Key figures revenue/income/assets and capital structure									
Return on sales ⁵⁾	%	7.6	7.4	7.0	8.4	6.4	3.9	-1.8	0.5
Return on equity (ROE) before taxes ⁶⁾	%	35.5	34.2	29.2	28.7	21.6	8.6	-9.0	3.0
Return on assets ⁷⁾	%	1.6	1.7	1.9	2.3	2.0	0.9	-0.4	0.2
Tax rate ⁸⁾	%	14.3	29.9	20.2	19.8	19.7	14.0	-	5.4
Equity ratio ⁹⁾	%	3.1	3.9	5.8	7.2	6.4	5.9	3.7	23.8
Net debt/net liquidity (Postbank at equity) ¹⁰⁾	€m	1,494	2,044	-32	4,193	3,083	2,858	2,466	-1,690
Net gearing (Postbank at equity) ¹¹⁾	%	22.7	25.1	-0.4	28.1	21.4	20.4	23.7	-25.7
Dynamic gearing (Postbank at equity) ¹²⁾	years	0.5	0.8	0.0	2.4	1.4	1.0	0.7	-1.4
Key stock data									
(Diluted) earnings per share ¹³⁾	€	0.59	1.18	1.44	1.99	1.60	1.15	-1.40	0.53
Cash flow per share ^{13), 14)}	€	2.67	2.70	2.10	3.23	3.28	4.27	1.60	-0.48
Dividend distribution	€m	445	490	556	836	903	1,087	725	725 ¹⁵⁾
Payout ratio (distribution to consolidated net profit)	%	67.5	37.4	34.8	37.4	47.1	78.6	-	112.6
Dividend per share	€	0.40	0.44	0.50	0.70	0.75	0.90	0.60	0.60 ¹⁵⁾
Dividend yield (based on year-end closing price)	%	4.0	2.7	3.0	3.4	3.3	3.8	5.0	4.4
(Diluted) price/earnings ratio ¹⁶⁾		7.1	13.9	11.7	10.3	14.3	20.4	-8.5	25.5
Number of shares carrying dividend rights	millions	1,112.8	1,112.8	1,112.8	1,193.9	1,204.0	1,208.2	1,209.0	1,209.0
Year-end closing price	€	10.00	16.35	16.90	20.48	22.84	23.51	11.91	13.49

1) From 2004 balance sheet presented in accordance with the new IAS 1 as explained in item 5 of the Notes to the 2005 consolidated financial statements. 2) Excluding liabilities from financial services. 3) Until 2004 including trainees. 4) Staff costs/revenue. 5) EBITA/revenue; from 2004: EBIT/revenue (from 2007: Continuing operations). 6) Profit before income taxes (from 2007 Continuing operations)/average equity (from 2004 including minority interest). 7) EBIT (from 2007: Continuing operations)/average total assets. 8) Income tax expense/profit before income taxes; including discontinued operations. 9) Equity (from 2004 including minority interest)/total assets. 10) Financial liabilities excluding cash and cash equivalents, current financial assets and long-term deposits. From 2006: excluding financial liabilities to minority shareholders of Williams Lea. From 2008: see management report, page 44. 11) Net debt/net debt and equity (from 2004 including minority interest). 12) Net debt/cash flow from operating activities. 13) The weighted average number of shares for the period was used for the calculation. 14) Cash flow from operating activities. 15) Proposal. 16) Year-end closing price/earnings per share (2002: before extraordinary expense).

05 EVENTS


Financial calendar¹⁾

28 April 2010	Annual General Meeting (Frankfurt/Main)
11 May 2010	Interim Report on the first quarter of 2010, investors conference call
3 August 2010	Interim Report on the first half of 2010, half-year press conference and investors conference
9 November 2010	Interim Report on the first nine months of 2010, investors conference call

¹⁾ Further dates, updates as well as information on live webcasts  dp-dhl.com/en/investors.html.

Investor events¹⁾

25 March 2010	Nomura Business Leisure Transport Conference (London)
20–21 May 2010	Deutsche Bank German & Austrian Corporate Conference (Frankfurt/Main)
25–26 May 2010	Wolfe Research Global Transport Conference (New York)
16–17 June 2010	Credit Suisse Business Services Conference (London)
21 June 2010	Goldman Sachs Business Services Conference (London)
23–24 June 2010	Deutsche Bank Industrials Conference (Chicago)
13–14 September 2010	UBS Transport Conference (London)
21–22 September 2010	Sanford C. Bernstein's Strategic Decisions Conference (London)
30 September 2010	Nordea Markets's Transport Seminar (Copenhagen)
7 October 2010	Goldman Sachs Shipping & Freight Forwarding Symposium (London)

¹⁾ Further dates, updates as well as information on live webcasts  dp-dhl.com/en/investors.html.



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