

Financial Press Conference / Investors Conference Call

Frank Appel, CEO Deutsche Post World Net
John Allan, CFO Deutsche Post World Net

Bonn, 26 February 2009



Agenda

Key developments

(Frank Appel)

State of the company (incl. FY 2008 results)

(Frank Appel)

Q4 2008 results and Roadmap to Value

(John Allan)

Outlook

(Frank Appel)

Key developments

- Proposed **dividend** of € 0.60 for 2008
- Change in **management**:
 - John Mullen will resign for health reasons.
 - Ken Allen will be his successor.
- **Postbank** transaction with Deutsche Bank closed
- Communication of **Strategy** 2015 on 11 March 2009

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Outlook

(Frank Appel)

We have done our legacy homework in 2008.



Postbank



U.S. Express

Key homework done: Postbank sale



Postbank



**Clear
exit scenario**



U.S. Express

Postbank: Transaction closed

Deutsche Post  World Net

MAIL EXPRESS LOGISTICS FINANCE

 Postbank

Deutsche Bank



Postbank transaction closed on 25 February 2009

- €3.1 bn already received in early January
- Receiving now further € 1.1 bn in cash and 50 m Deutsche Bank shares
- Future capital increases by Postbank eventually covered by Deutsche Bank

Key homework done: U.S. Express



Postbank




U.S. Express



Restructuring of
U.S. domestic
Express business
completed



Status DHL Express U.S. Restructuring

- 
- **U.S. Express domestic business successfully ceased**
 - Domestic Air and Ground business exited; operational transition completed
 - Workforce in pick-up-and-delivery network linehaul and indirect functions being reduced in line with volume decrease
 - **No negative effect on Express International or other DHL businesses**
 - Operational service performance at all time high – revenue in line with projections
 - **Significant acceleration of cost reductions in line with quickly declining domestic volumes**
 - 2008 underlying EBIT forecast with US \$ -1.4 bn achieved
 - 2009 underlying EBIT target of US \$ -0.9 bn confirmed
 - US\$ 2.1 bn already accounted for in 2008
 - **Negotiations with UPS continuing; existing/ other providers also a viable option**

Recap other business highlights 2008

New wage agreement with unions in Germany

- Stability in MAIL for another 2 years

Significant new customer wins in all divisions

- e.g: 10-year multi-million pound contract with British Airways

Cross-divisional cooperation within DHL further improved

- e.g.: Airbus selects DHL as lead transport provider and tier one partner

Major investments in growth industries and regions

- e.g. multi-purpose logistics facility in Dubai
- e.g. Life Science Competency Center in Puerto Rico
- e.g. regular road freight service between Europe and Middle East

Full year results 2008

Underlying EBIT -10% year on year

in €m	FY 2007	FY 2008	Change in %
Reported Revenue	54,043	54,474	+ 0.8
Reported EBIT	2,133	-567	-
Underlying EBIT	2,668	2,410	- 9.7
Net profit	1,873	-1,979	-
EPS group	+ 1.15	-1.40	-
EPS continued operations	+ 0.79	-1.10	-

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Group level financial overview

Continuing operations



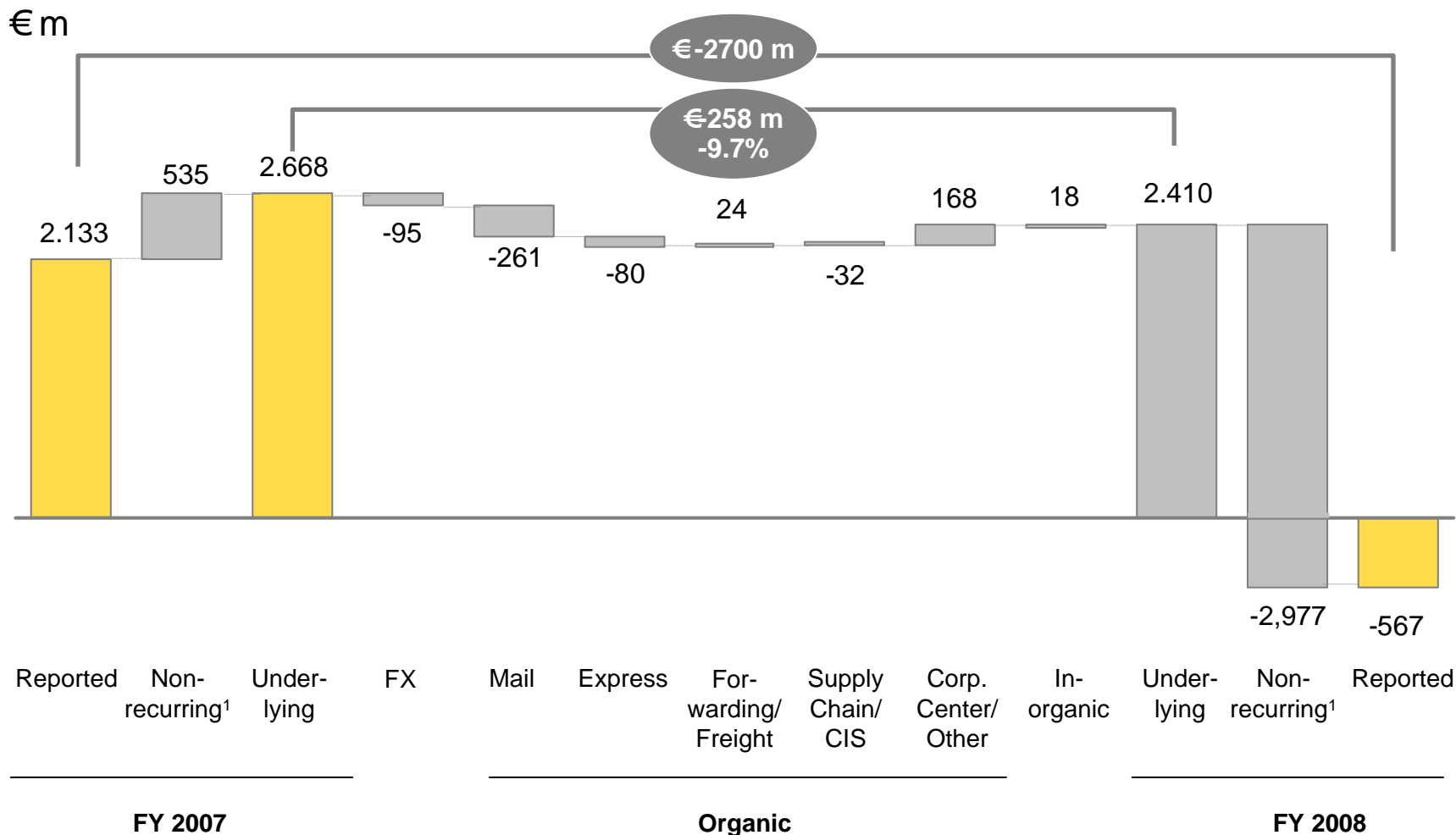
€m	Q4/2007	Q4/2008	Δ	Organic
Revenue	14,498	14,020	-3%	-2%
EBIT				
• Reported EBIT	450	-2,698	-	
• Underlying EBIT ¹	1,044	765	-27%	

- Driven by the sharp global economic downturn, revenues declined slightly in the last quarter of 2008
- Decrease in underlying EBIT in all divisions
- Reported EBIT significantly below last year due to restructuring charges¹ and write-downs¹

¹ Details about the non-recurring effects can be found in the appendix of the IR Handout

Underlying EBIT declined by -10% in FY 2008

Underlying EBIT development (FY 2008 vs. FY 2007)



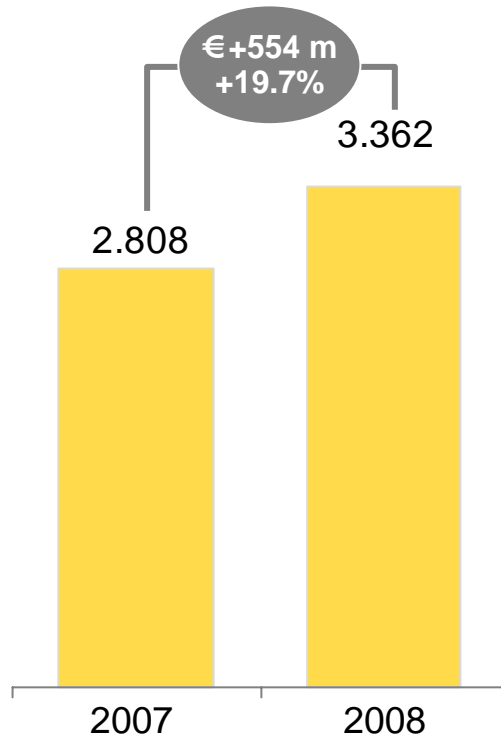
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FY 2008 cash flow benefited from repayment of € 572m – Capex 17% below last year and will be reduced further

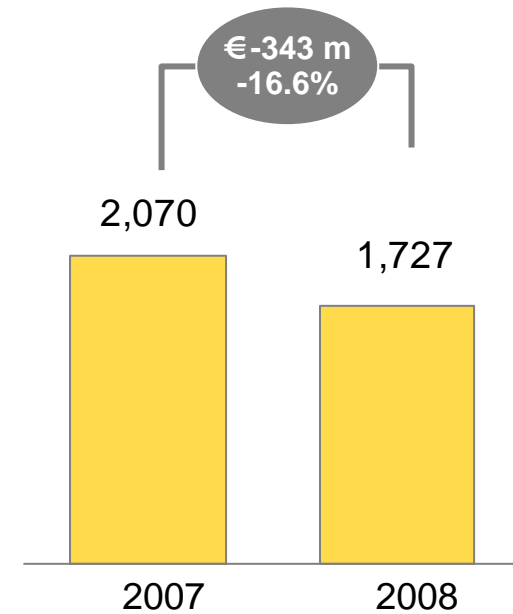
Group level overview (Postbank@equity)

€ m

Operating cash flow¹



Capex development continued operations



¹ After changes in Net Working Capital

Strong Balance Sheet and Liquidity Structure 2008

Cash Flow	→	€ 3.4 bn	+ 20 %	
Capex	→	€ 1.7 bn	- 17 %	
Net Debt	→	€ 2.4 bn	- 16 %	
Net Gearing	→	23 %		
Existing Credit Line	→	€ 3.1 bn / av. utilization: 17 %		
Commercial Paper	→	no utilization		

Further improvement after cash outflow due to US restructuring:

Cash Inflow Postbank sale → € 4.2 bn + 50 m DB shares locked up until Apr / June 09

MAIL – Divisional results overview



€m	Q4/2007	Q4/2008	Δ
Revenue	4,075	3,895	-4%
EBIT			
• Reported	706	491	-30%
• Underlying	706	525	-26%

- Revenues declined slightly in Q4 mainly driven by the stop of DHL@Home product in the US, FX-effects and the global economic downturn
- Decrease in EBIT due to increased factor cost in 2008 as well as a basis effect related to a provision reversal in Q4 2007
- Despite the full market liberalization we were able to marginally increase our market share

EXPRESS – Divisional results overview



€m	Q4/2007	Q4/2008		Δ Organic
Revenue	3,757	3,282	-13%	-10%
EBIT				
• Reported EBIT	-437	-2,194		–
• Underlying EBIT ¹	157	78	-50%	
• Underlying EBIT outside US	329	364	+11%	

- High fuel prices and the global economic situation have had a negative impact on overall volumes
- Therefore revenues outside US declined only slightly whereas the revenue decrease in the US is according to plan
- Divisional underlying EBIT decreased by 50% due to the worsening economic situation and the restructuring of our US operations. Reported EBIT substantially below last year due to non recurring charges of €2,272bn
- However, underlying EBIT outside US grew by more than 11%

¹ Details about the non-recurring effects can be found in the appendix of the IR Handout

FORWARDING/FREIGHT - Divisional results overview



€m	Q4/2007	Q4/2008	Δ	Organic
Revenue	3,440	3,611	+5%	+3%
EBIT				
• Reported	156	79	-49%	
• Underlying	156	120	-23%	

- Despite the positive revenue development in Q4, reported and underlying EBIT decreased due to the decline in global trade volumes and restructuring provisions
- Volumes in Ocean freight (in TEUs) declined by -13.6% and Air-freight volumes declined by -16.3% in Q4
- Year on Year we were nonetheless able to grow our Ocean freight volumes in 2008 (+4.3%); Air-freight volumes for the Full Year slipped into negative territory and shrunk by -2.7% in 2008

SUPPLY CHAIN/CIS - Divisional results overview



€m	Q4/2007	Q4/2008	Δ	Organic
Revenue	3,703	3,535	-5%	-1%
EBIT				
• Reported	190	-1,012	-	
• Underlying	190	104	-45%	

- Overall revenue development was in line with prior years. Driven by adverse currency effects reported revenues declined slightly in Q4 2008
- Underlying EBIT declined by 45% due to the negative economic development in the quarter and a basis effect from the real estate sale in Q4 2007
- Reported EBIT declined sharply due to non-recurring charges related to the write-off of the EXEL brand, an impairment write-down and restructuring charges¹

¹ Details about the non-recurring effects can be found in the appendix of the IR Handout



Preparing for a challenging business environment

Original target

- Increasing operational profitability
- Started a series of bottom line improvement programs totalling € 1bn by end of 2009
- Thereof € 500m in profit improvements and cost reductions in 2008

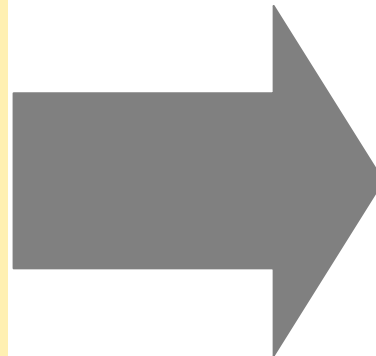
2008 target achieved




New target

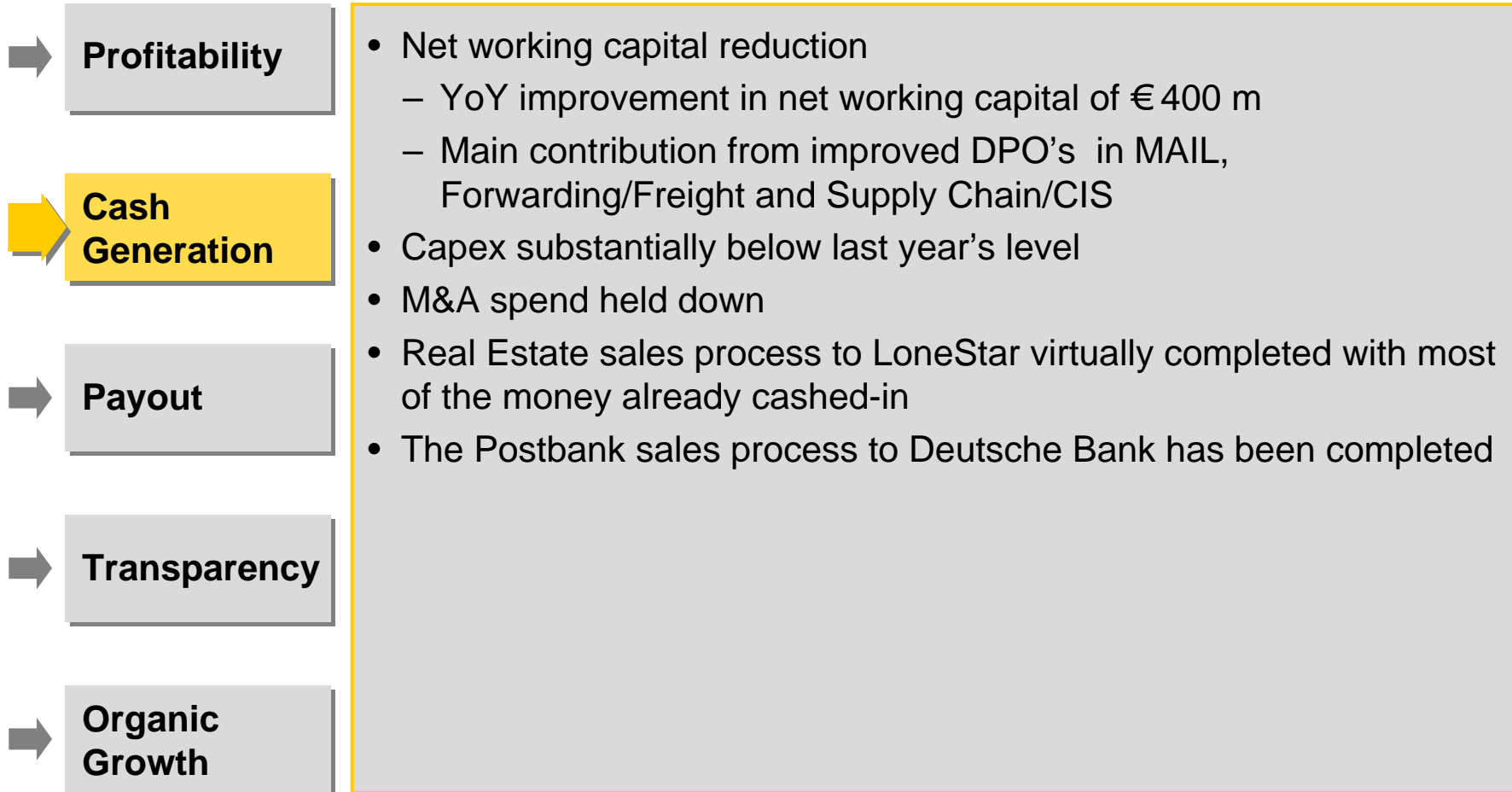
- Strong focus on reducing operating costs along with volume declines
- In addition to that, strict cutting of indirect costs will reduce non-operating spending

Additional €1bn by end of 2010 from reduction of non-operating costs



Examples for measures to achieve the €1 bn savings target

Topic	Scope	Description
European Telecoms Optimization (ETO)	<ul style="list-style-type: none"> • 28 countries in Europe • Logistics, Express, Global Mail and GBS 	<ul style="list-style-type: none"> • Streamline telecommunications services and save an estimated EUR 150m over five years
Outsourcing of financial services US	<ul style="list-style-type: none"> • USA  • DGF 	<ul style="list-style-type: none"> • Improve DGF accounting US through outsourcing of parts of financial transaction services to HP and thus increase process efficiency and controls
Consulting Budget Cut	<ul style="list-style-type: none"> • Global, all BUs 	<ul style="list-style-type: none"> • The overall consulting budget in 2009 and 2010 will be cut by 20%
Desktop Optimization	<ul style="list-style-type: none"> • Global • Express, DGF and DSC 	<ul style="list-style-type: none"> • Optimize and consolidate Run spend via reducing number of desktops or standardizing images



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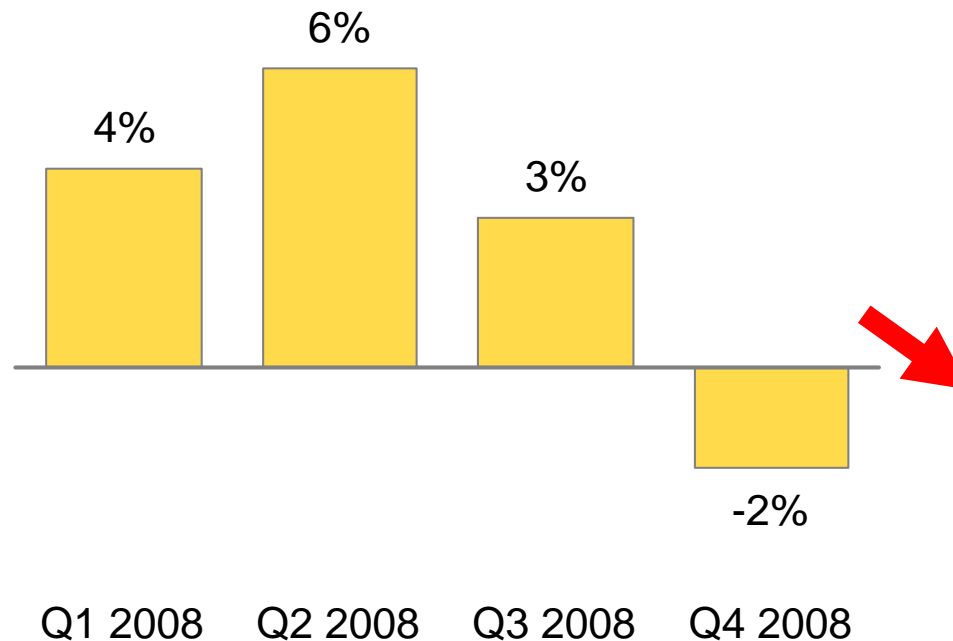
Q4 2008 results and Roadmap to Value (John Allan)

Outlook (Frank Appel)

Volume development EXPRESS

Weakness of volumes accelerated in the first weeks of 2009

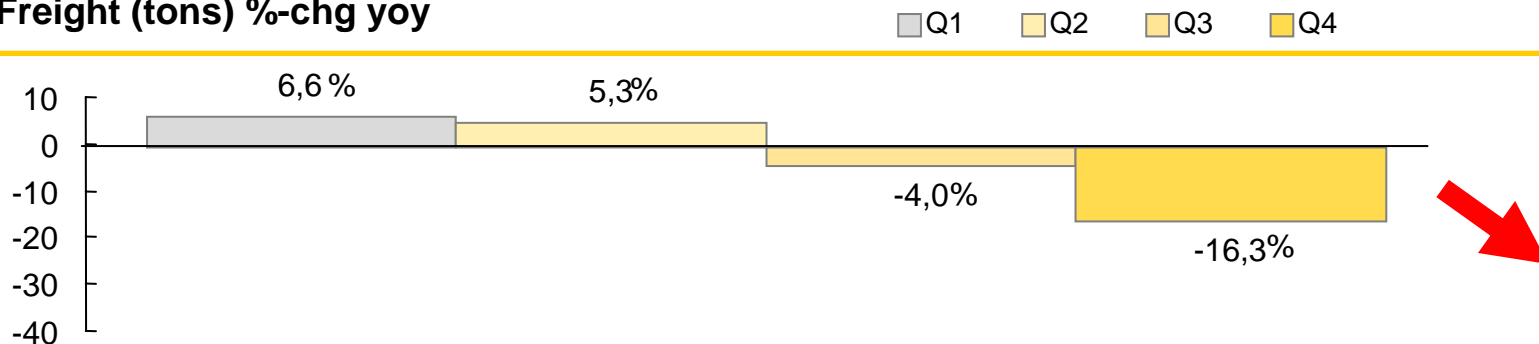
2008 Volume growth Express ex. USA, %-chg yoy (DDI, TDI, DDD, TDD, excl. Others)



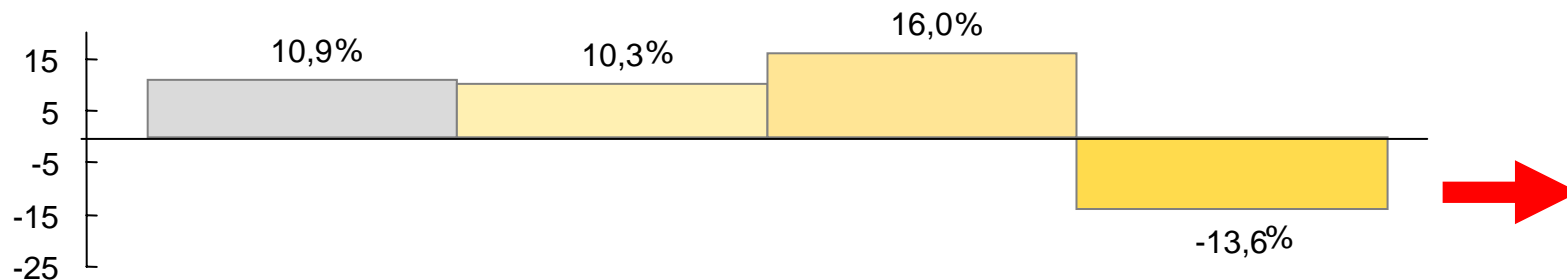
Volume development DHL Global Forwarding

AFR¹ volumes/ OFR² do not show an improvement either

2008 Air Freight (tons) %-chg yoy



2008 Ocean Freight (TEUs) %-chg yoy



1 AFR = Air Freight
 2 OFR = Ocean Freight

Outlook

Given the unprecedented decline in volumes and the unpredictable economic outlook, the Group does not believe it is possible to provide a firm outlook for the year.

Based on early indications, the management board now expects some decline in 2009 underlying earnings compared with 2008, however with a significant improvement in reported earnings.

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