Deutsche Post DHL

Deutsche Post DHL
MainFirst – Management Roadshow

Lawrence Rosen, CFO
London, 07 August 2013

On track towards 2013 & mid-term targets

- Parcel and TDI growth continue to drive performance
  - Mail development stable
  - Express EBIT margin accelerating
- Improved Operating and Free Cash Flow
- Full-year guidance adjusted for extraordinary positive effect in Mail

2013 guidance increased to EUR 2.75–3.0bn[1)]

1) previously EUR 2.70–2.95bn

Q2 2013 Highlights

Growth drivers Parcel and DHL Express intact

Key growth trends

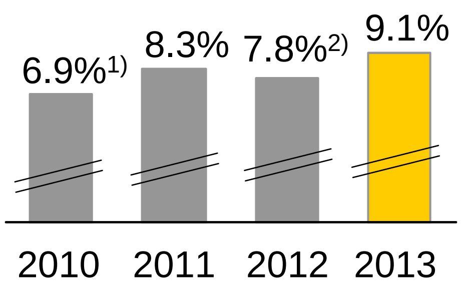
	organic yoy change
Parcel Germany volume / day	+6.9%
Express TDI volumes / day	+7.8%
Forwarding, Freight revenue	-4.3%
Supply Chain revenue	+5.6%

DHL emerging markets sales growth

	revenue, organic yoy
Asia Pacific	+4.3%
Latin America	+1.3%
Africa / Middle East	-0.6%

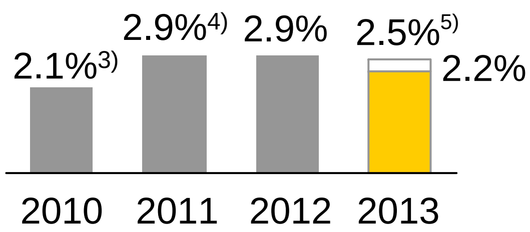
DHL, Q2 EBIT margin by Division

Express



Forwarding, Freight

Supply Chain



1) Excl. non-recurring items of EUR -228m 2) Excl. EUR -30m VAT Effect, 99m release restr.prov., EUR 44m disposal gain
3) Excl. non-recurring items of EUR -17m 4) Excl. EUR 23m disposal gain 5) Excl. EUR -11m disposal loss

Group P&L Q2 2013

Q2 comparison impacted by one-time effects in both years

EUR m	Q2 2012	Q2 2013	Change
Revenue	13,732	13,649	-0.6%
EBIT	543	619	14.0%
t/o Mail	38	223	>100%
t/o DHL	606	504	-16.8%
Financial result	-249	-39	84.3%
Taxes	-79	-127	-60.8%
Consolidated net profit[2)]	196	422	>100%
EPS (in EUR)	0.16	0.35	>100%

1) Net EBIT effect of EUR +113m, incl. EUR -30m from VAT settlement;
2) Attributable to Deutsche Post AG shareholders

- **Revenue** flat, held back by disposal and adverse currency effects, as well as weak Forwarding markets. Organic growth of 1.9%
- **EBIT** comparison impacted by several one-time effects:
  - Postage stamp provision EUR +50m
  - Net loss on disposals (SC) EUR -11m
  - VAT settlement (Q2 12) EUR -181m
  - Express one-offs[1)] (Q2 12) EUR +143m
- **Financial result** improvement related to positive one-time effect of EUR 42m as well as VAT settlement in Q2 2012 (EUR -115m) while also reflecting lower interest costs on pension and other provisions
- **Tax rate** at 22%
- **Net income** strongly impacted by one-time effects; up around 9% excl. one-offs

Free Cash Flow Q2 2013

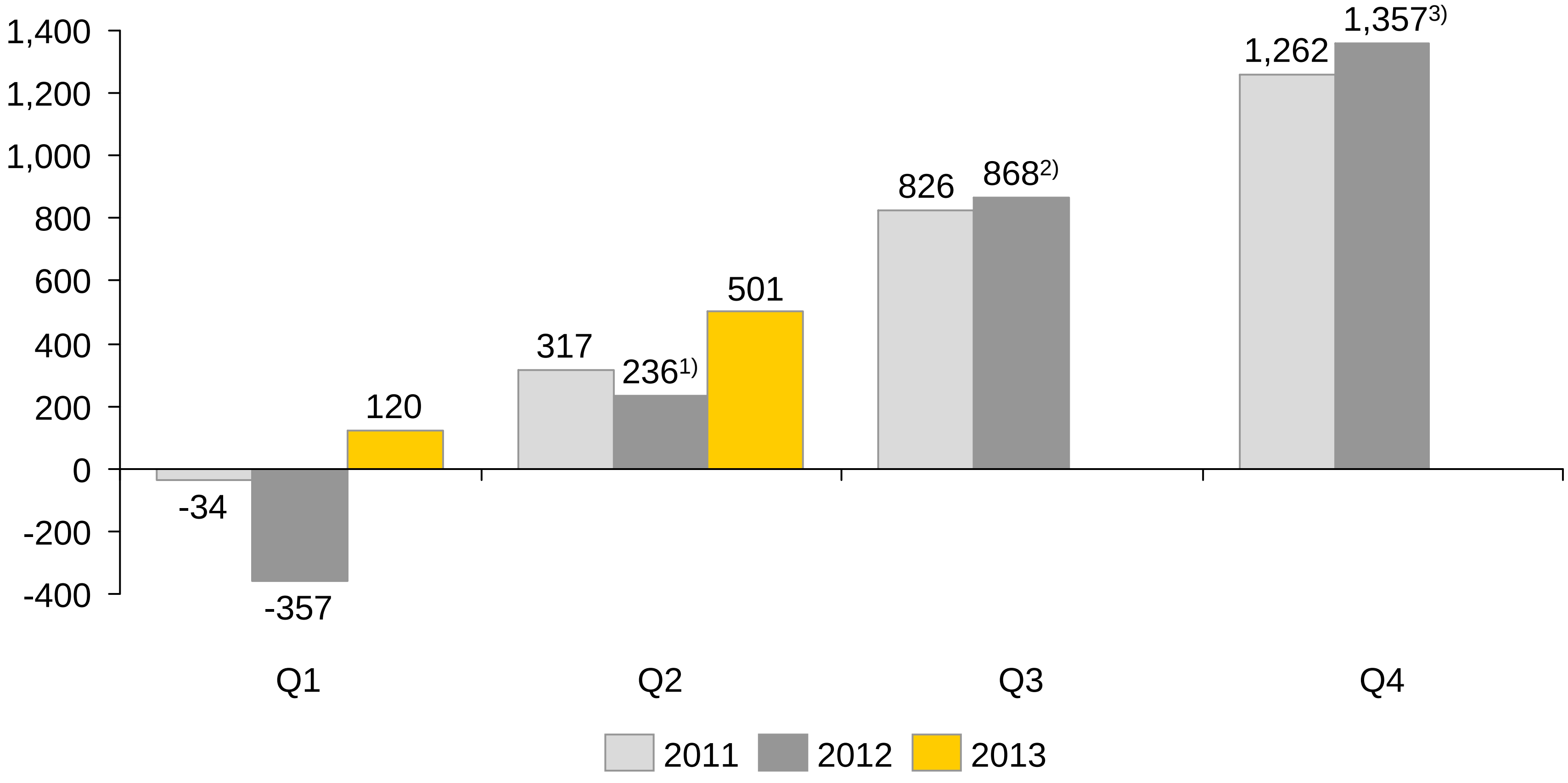
Strong improvement in cash flow performance continued

EUR m	Q2 2012	VAT effects	Q2 2012 excl. VAT	Q2 2013
Cash from operating activities **before** changes in Working Capital	**134**	**-384**	**518**	**730**
Changes in Working Capital	+81	+363	-282	-229
Net cash from operating activities **after** changes in Working Capital	**215**	**-21**	**236**	**501**
Net Capex	-305		-305	-217
Net M&A	2		2	-11
Net Interest	-23	-6	-17	-34
Free Cash Flow	**-111**	**-27**	**-84**	**239**

- Continued good operating performance and working capital improvement are main drivers of **OCF increase,** reflecting increased management focus and incentives
- **VAT settlement** only had net effect of EUR -21m in Q2 12
- **Capex** below last year´s level, mainly reflecting phasing of planned projects
- **FFO/Debt** at 30.1% (year-end 2012: 30.5%)

Improving Trend in Operating Cash Flow Generation

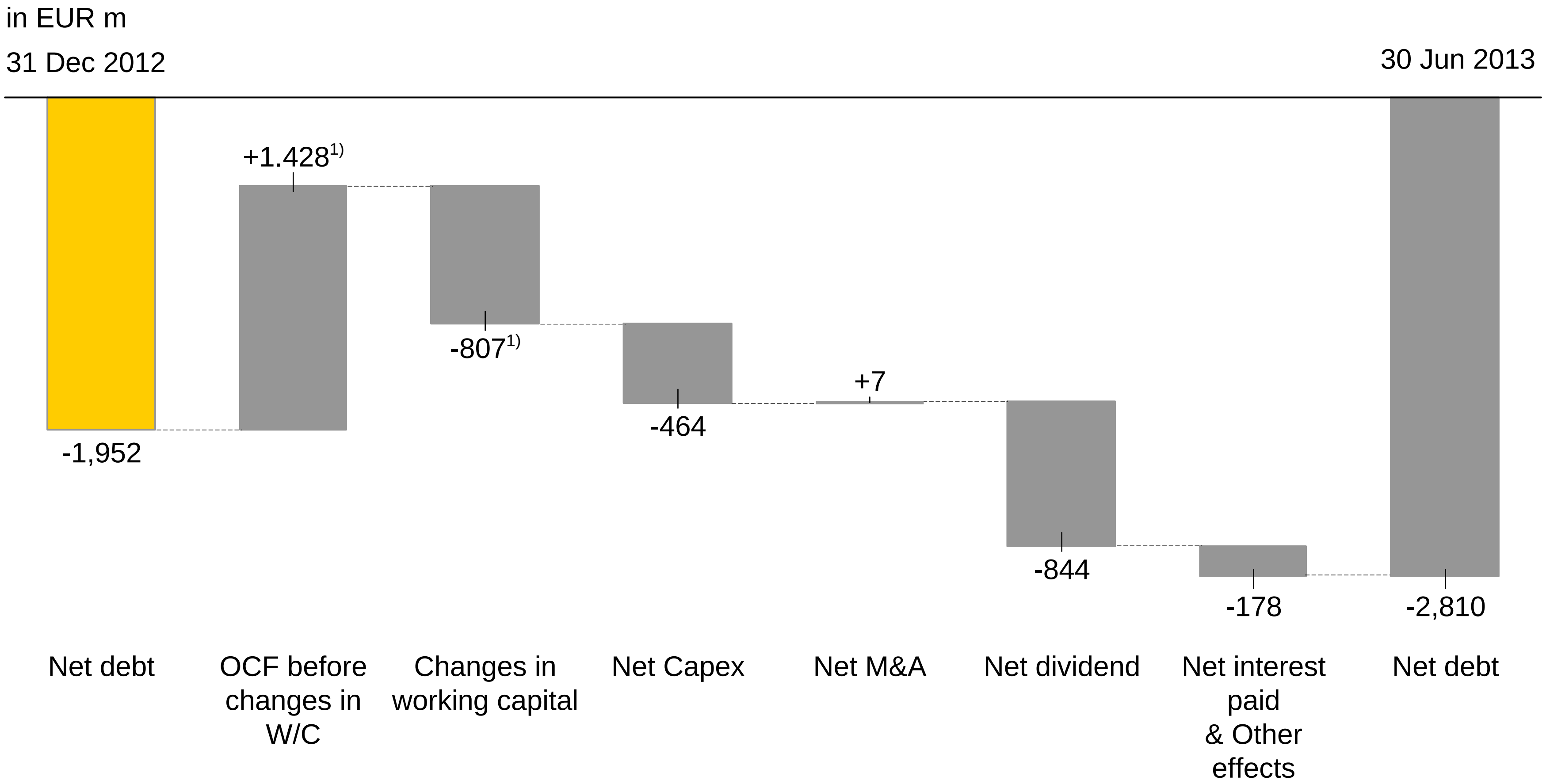
Operating Cash Flow, in EUR m



1) Q2 2012: excl. EUR -21m effect from VAT settlement;
2) Q3 2012: excl. EUR -300m effect from VAT settlement;
3) Q4 2012: excl. EUR -1,986m Pension funding;

Net Debt (-)/Liquidity (+)

Net financial position impacted by usual H1 outflows for DPDHL net dividend payment (EUR 844m) and civil servant pensions (EUR 540m)



1) Full cash out for civil servant pension payment of EUR -540m, thereof EUR -264m in H1 OCF before changes in working capital and EUR -276m in changes in working capital

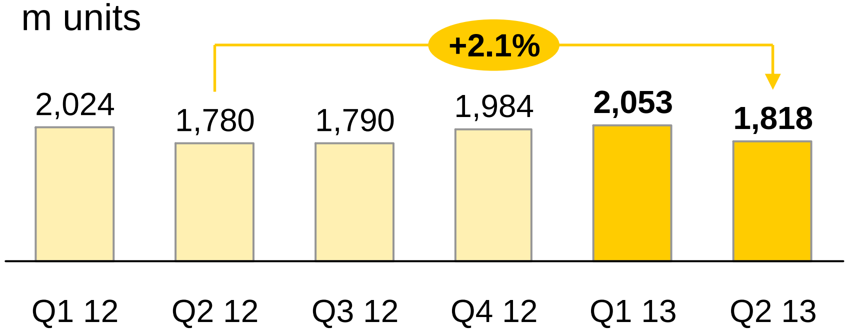
Highlights Mail Q2 2013

Stable operating performance based on expected trends in Mail & Parcel

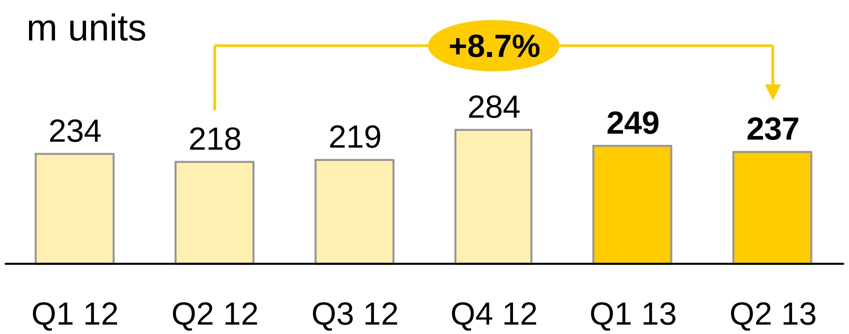
Milestones

- Parcel growth (+6.9% per working day) remains strong driven by continuously increasing e-commerce penetration
- Mail Communication volumes (+0.4% per wd) supported by shift effects from discontinuation of product Infobrief (Dialogue Marketing). Underlying decline in line with mid-term trend and expectations

Mail Communication volumes



Parcel volumes



Mail – Divisional Results Q2 2013

EBIT stable excluding one-time effects

EUR m	Q2 2012	Q2 2013	Change
Revenue	3,288	3,433	4.4%
EBIT	38	223	>100%
Operating Cash Flow	232	280	+20.7%
Capex	58	67	15.5%

Reminder: yoy working days in Germany

Q1	Q2	Q3	Q4
-2.6	+1.0	+1.0	+0.0

- **Revenue** increase driven by growth in Parcel and Global Mail, one additional working day and EUR 50m reversal of postage stamp provision.
- Reported **EBIT** up strongly due to VAT settlement charge in Q2 2012 (EUR -151m) and the stamp provision reversal. Increasing material and staff costs almost offset by robust business development – especially in Parcel and Global Mail
- Strong **Operating Cash Flow** increase reflects solid operating performance and EUR 21m base effect from VAT settlement in Q2 12
- **Capex** mainly reflects Parcel network expansion and service enhancements

Parcel service enhancements boost B2C penetration and further cement our service leadership

Investments in the network

New Sorting Facility – Obertshausen

- Foundation stone laid for **40,000 m²** greenfield sorting facility
- Sorting capacity of **50,000 packages per hour**
- Start of operations planned for **2015**

PackStation – expanding the network

- By year-end 2013, **2,650** PackStations (up from 2,500) and **250,000** individual compartments, up from 230,000 – an increase of nearly 9%

FMCG[1] **delivery** – expanding same-day pilots into new regions

- allyouneed.com same-day delivery extended from Cologne to urban locations of Ruhr region
- Berlin roll-out planned for autumn 2013

Partner development – collaborative approach, similar to partner retail outlets and sales points

20,000 new Parcel Shops announced

- Further increases **flexible drop-off** options
- New partners to be in operation by end **2014**
- Brings total drop-off locations to **50,000**

1) Fast Moving Consumer Goods

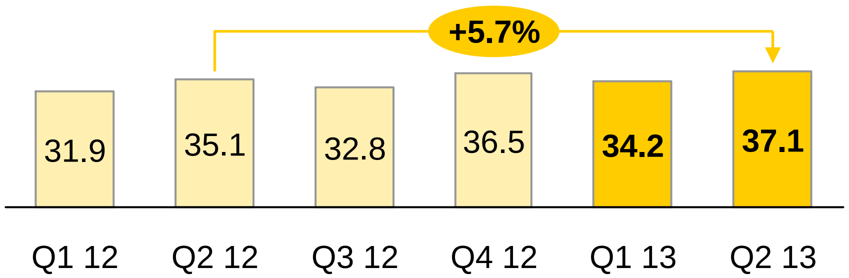
Highlights Express Q2 2013

Strong performance of global TDI network continues

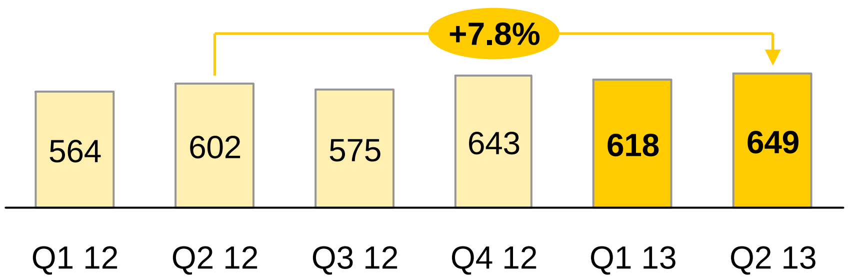
Milestones

- Strong TDI volume growth once more supported by daily volume growth in all regions: Europe +8.6%; Americas +6.3%; APAC +7.7%; MEA +8.5%
- Revenue increase currently slower than volume growth due to weight-customer-mix effects
- Network utilization improving, contributing to margin improvement

Time Definite International (TDI) –
Revenues per day[1)] in EUR m



Time Definite International (TDI) –
Shipments per day ‘000s



1) Currency translation impacts are eliminated. Hence, 2012 and 2013 data are aggregated with the same currency rate

Express – Divisional Results Q2 2013

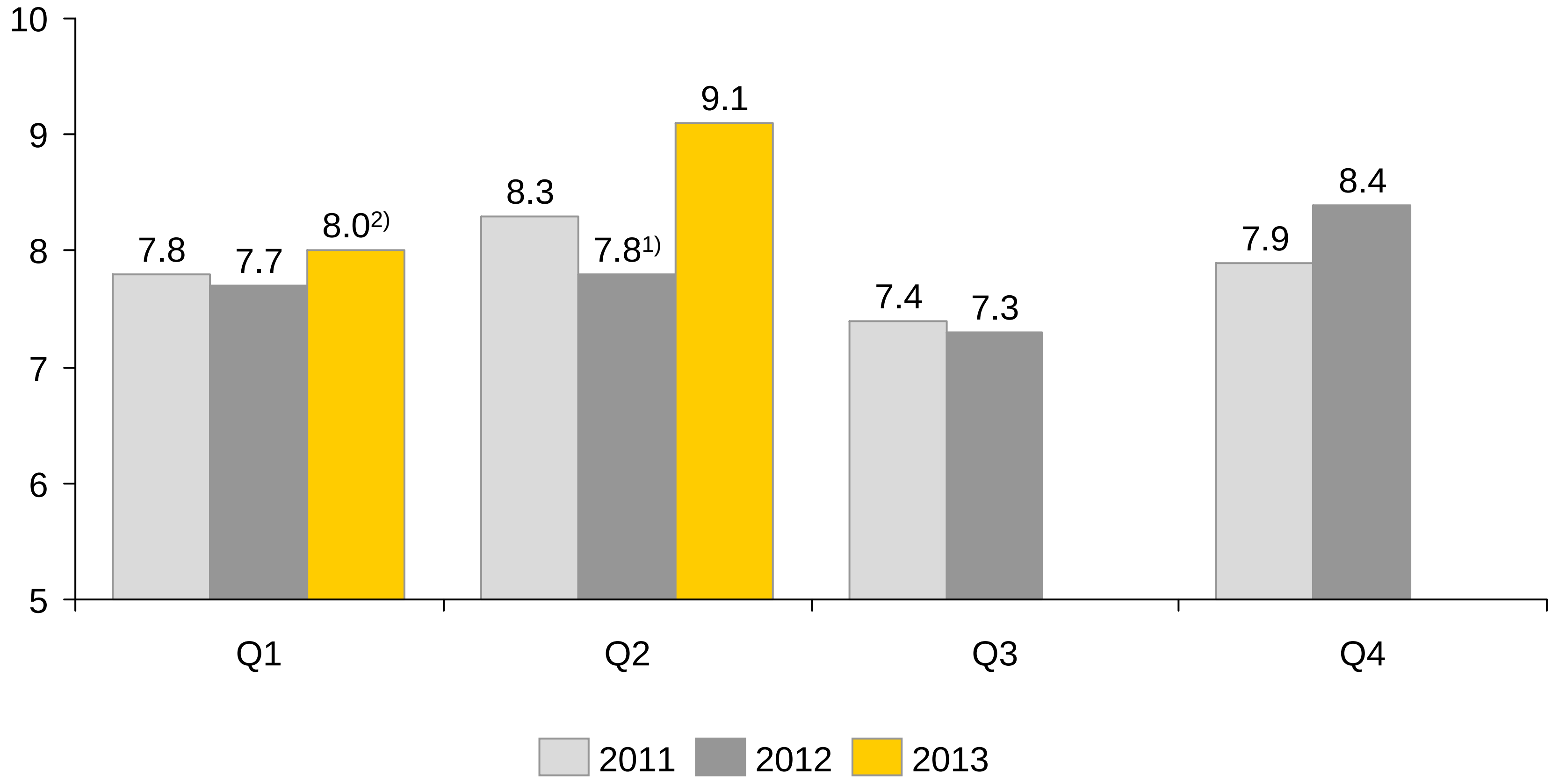
Excluding last year's one-off effects, strong EBIT and margin increase

EUR m	Q2 2012	Q2 2013	Change
Revenue	3,244	3,237	-0.2%
EBIT	367	296	-19.3%
Operating Cash Flow	320	300	-6.3%
Capex	156	86	-44.9%

- **Revenue** increased by organic +3.9% driven by core TDI growth, reported growth held back by disposals of domestic business in Romania, AU and NZ as well as FX effects
- **EBIT** up 16.5% yoy excluding Q2 2012 one-time effects from disposals (EUR +44m), release of restructuring provision (EUR +99m) as well as the VAT settlement (EUR -30m). Excl. these effects, EBIT margin up from 7.8% to 9.1% as a result of cost optimization and network leverage effect
- **Operating cash flow** was below LY due to lower contribution from working capital changes and higher US restructuring cash-out
- **Capex** decline mainly due to phasing, network upgrade ongoing

Express – margin improvement on track towards 2015 target

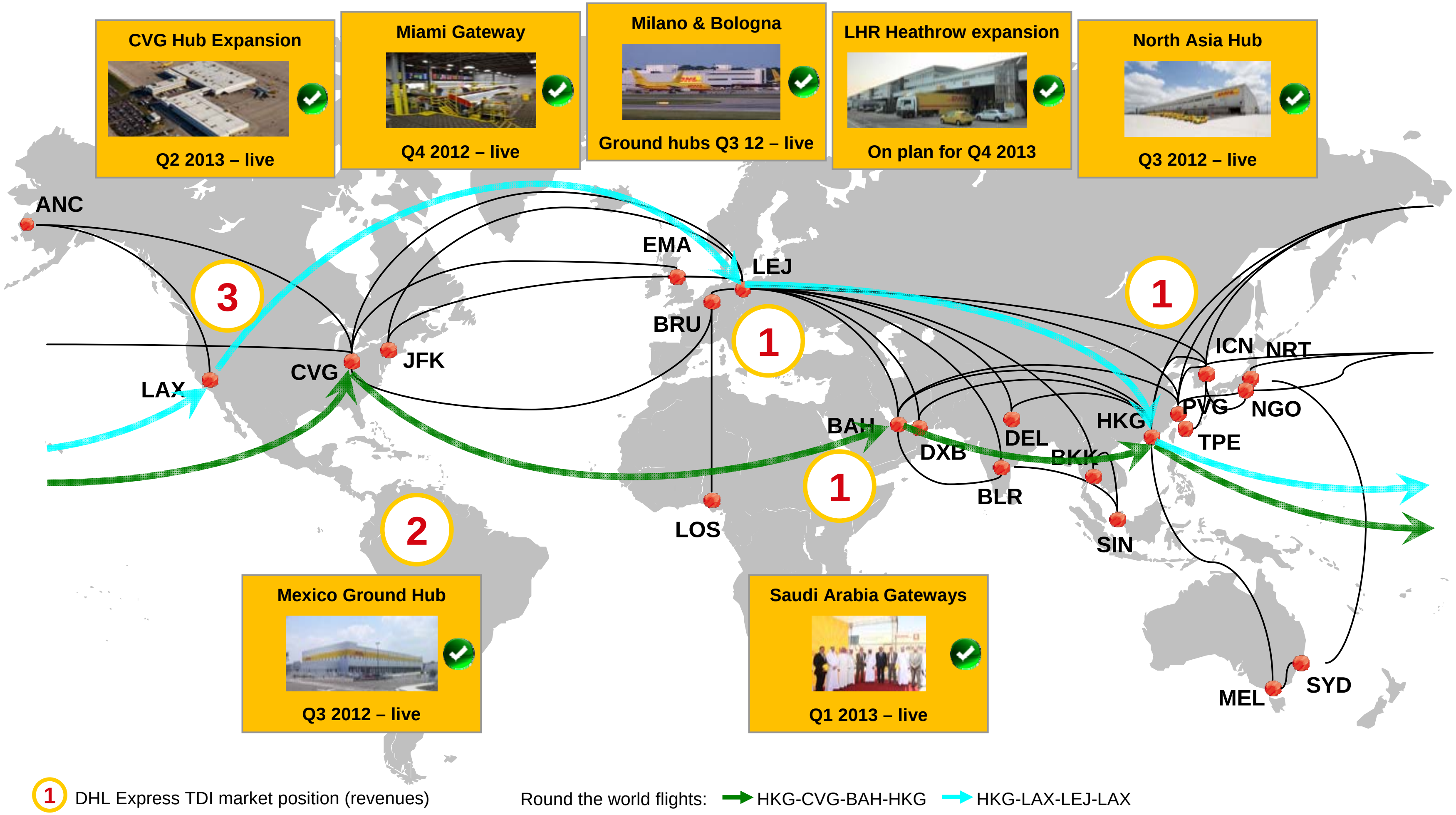
DHL Express EBIT margin, in %



1) Excludes Q2 2012 EUR +113m net positive effect from VAT settlement, disposal gain and release of restructuring provision;
2) Excludes Q1 2013 EUR +12m positive effect from disposal gain

Global Market Leader in TDI

- Number 1 in TDI Express in Europe, MEA and Asia Pacific, close to market leading position in LatAm
- New and expanded facilities elementary to handle strong volume growth with high service quality
- 2013 intercontinental airfleet four times bigger vs 2008, serving three times more routes



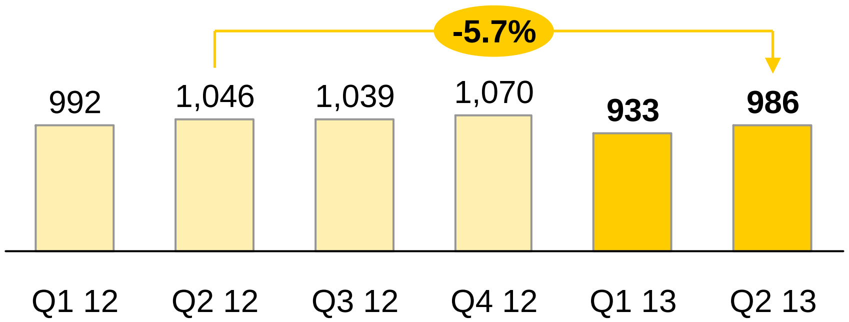
Highlights Global Forwarding, Freight Q2 2013

Volume development impacted by continued weakness of global trade

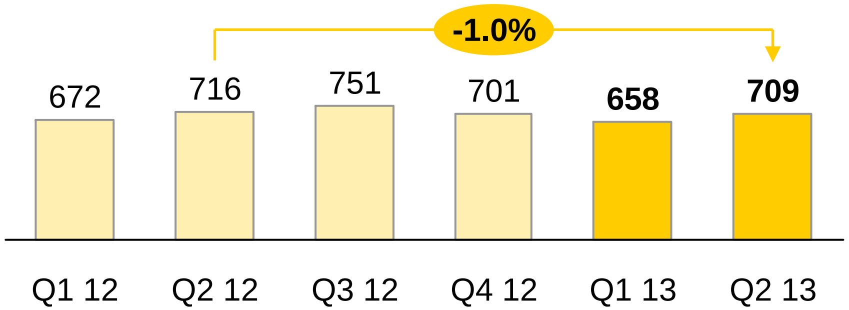
Milestones

- Volume development impacted by weak overall demand, in particular Engineering & Manufacturing and Technology sectors, modal shifts as well as ongoing trend to lower weight per shipment
- GP margins supported by selective strategy
- NFE implementation on plan. Costs flat yoy, increase expected in H2

Air freight ‘000s Tons



Ocean freight ‘000s TEU[1)]



1) Twenty Foot Equivalent Unit; Q1 2013 TEUs adjusted

Global Forwarding, Freight – Divisional Results Q2 2013

Stable EBIT margin and strong cash flow despite difficult market conditions

EUR m	Q2 2012	Q2 2013	Change
Revenue	3,973	3,722	-6.3%
EBIT	138	129	-6.5%
Operating Cash Flow	39	98	>100%
Capex	33	23	-30.3%

- **Revenue** decline impacted by weak volumes and adverse currency effects. Organic revenue decline of -4.3%
- **EBIT margin** supported by strict cost control and selective strategy
- Strong **Operating Cash Flow** driven by positive working capital changes
- **Capex** below last year reflects phasing of NFE payments

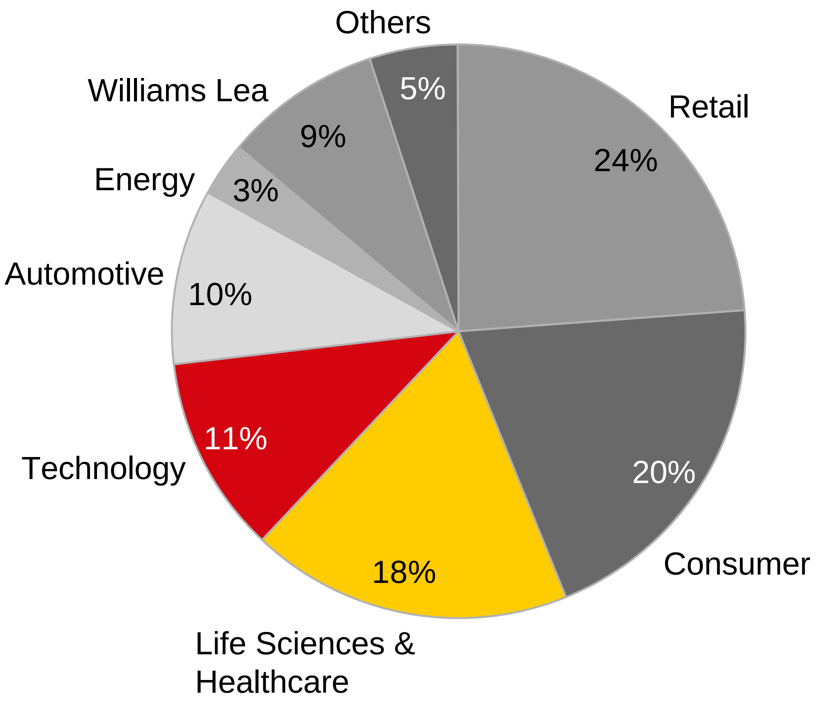
Highlights Supply Chain Q2 2013

Good organic revenue growth and record Q2 new contracts wins

Milestones

- Automotive and Airline Business Services were main drivers of Q2 revenue growth
- Strongest regional growth was seen in APMEA, closely followed by the Americas. European growth still weak
- Q2 record new business signings of EUR 350m (Q2 2012: EUR 330m) underpin resilience of outsourcing trend. Highest ever H1 new business signings with annualized revenue of EUR 780m (H1 2012: EUR 520m)

Revenue by sector Q2 2013



Supply Chain – Divisional Results Q2 2013

Non-recurring charges impact EBIT performance

EUR m	Q2 2012	Q2 2013	Change
Revenue	3,528	3,550	+0.6%
EBIT	101	79	-21.8%
Operating Cash Flow	-99	-29	+70.7%
Capex	80	61	-23.8%

Contracts won – Annualized revenue

New gains	330	350

- **Revenue** growth tempered by disposals of non-core activities and FX. Organic growth excluding these effects was 5.6%
- **EBIT** decline due to charges in connection with disposals and restructuring. EBIT about flat excluding these effects
- **Operating cash flow** improvement driven by better working capital trend
- Temporarily lower **Capex** due to phasing of new projects

Full-year 2013 Guidance adjusted upwards

2013 Guidance adjusted for positive one-off effect in Mail

	EBIT
Group	EUR 2.75 – 3.0bn prev. EUR 2.7 – 2.95 bn
Mail	EUR 1.15 – 1.25bn prev. EUR 1.1 – 1.2bn
DHL divisions	EUR 2.00 – 2.15bn
Corp. Center/ Other	~ EUR -400m
	Free Cash Flow
Free Cash Flow	To at least cover 2012 dividend

- Gross Capex of up to EUR 1.8bn
- Net income growth to exceed operating profit growth

Wrap Up

- Maintaining strong operational and customer focus:
  - Parcel and Express growth trends intact
  - Profitability focus given weak Forwarding volumes
  - Strong momentum in Supply Chain order intake
- Cash Flow generation continues to improve
- 2013 guidance increased to EUR 2.75bn – EUR 3.0bn[1)]
- Mid-term guidance confirmed

1) previously EUR 2.70–2.95 bn