# INTERIM REPORT
# 2010

## JANUARY TO MARCH

1

Published on 11 May 2010

Deutsche Post DHL

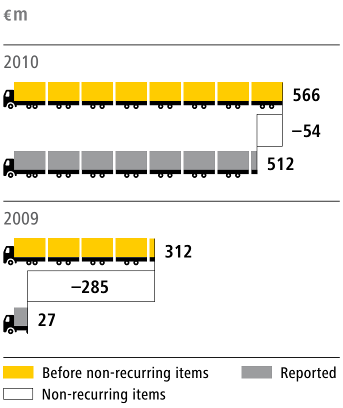
# KEY FIGURES

## Selected key figures (continuing operations)

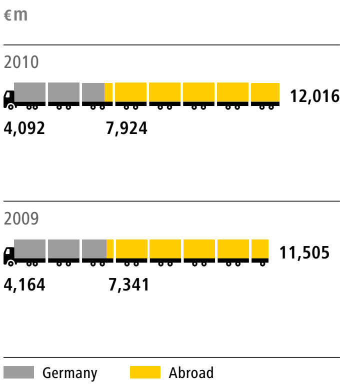
| | | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|---|
| Profit from operating activities (EBIT) before non-recurring items | €m | 312 | 566 | 81.4 |
| Non-recurring items | €m | –285 | –54 | – |
| Profit from operating activities (EBIT) | €m | 27 | 512 | > 100 |
| Revenue | €m | 11,505 | 12,016 | 4.4 |
| Return on sales[1] | % | 0.2 | 4.3 | |
| Consolidated net profit[2] | €m | 944 | 1,747 | 85.1 |
| Operating cash flow | €m | –275 | –95 | 65.5 |
| Net liquidity[3] | €m | –1,690 | –1,410 | –16.6 |
| Earnings per share[4] | € | 0.78 | 1.44 | 84.6 |
| Number of employees[5] | | 436,651 | 422,989 | –3.1 |

1) EBIT/revenue. 2) Excluding minorities, including Postbank. 3) Prior-year amount as at 31 December, Page 13 of the Interim Report by the Board of Management for calculation.
4) Including Postbank. 5) Average FTE.

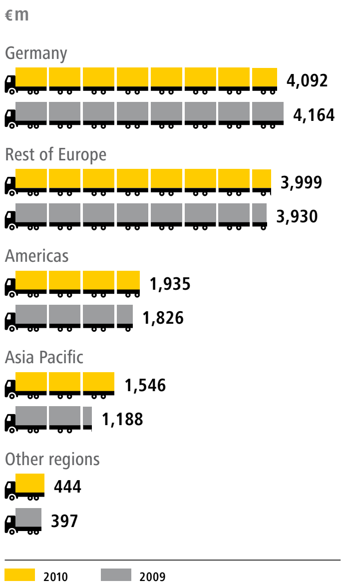
### Consolidated EBIT for continuing operations, Q1




### Consolidated revenue for continuing operations, Q1




### Consolidated revenue for continuing operations, by region, Q1



# Q1

WHAT WE ACHIEVED IN THE FIRST QUARTER

We significantly increased our earnings on the back of the continued recovery of the global economy. Last year's restructuring and cost-cutting measures are now starting to pay off: margins improved year-on-year in nearly all of our divisions. We maintained our financial stability at a high level and also achieved a solid operating cash flow.

# 2010

WHAT WE INTEND TO ACHIEVE BY THE END OF THE YEAR

Provided that there is a moderate recovery in trade volumes, we continue to expect consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. We now assume that we will be able to close the year as a whole at the upper end of this range. Deutsche Post and DHL should contribute nearly equally to this result. Our liquidity will remain strong despite restructuring expenses. Consolidated net profit is expected to continue to improve in line with our operating business.

# CONTENTS

Dr Frank Appel

Chief Executive Officer
Deutsche Post AG

Deutsche Post DHL

10 May 2010

First quarter of 2010

Dear Shareholders,

Your company, Deutsche Post DHL, has made an encouraging start in 2010: efforts to reorganise its business and substantially reduce costs during the year of the economic crisis are now starting to pay off. For example, margins increased in nearly all of our divisions in the first quarter of 2010 compared with 2009. We maintained our financial stability at a high level and also achieved a solid operating cash flow.

At the same time we see clear indications of an economic recovery. Growth in Asia especially continued to accelerate, which also led to a sizeable increase in transport volumes.

Against this backdrop, consolidated revenue increased by 4.4% to €12 billion in the first quarter of 2010. We saw encouraging organic growth, especially in the EXPRESS and GLOBAL FORWARDING, FREIGHT divisions. Combined with rising sales volumes, this enabled us to record an impressive result in the first three months of this year: EBIT before non-recurring items improved by 81.4% to €566 million.

The measures we took last year have allowed us to successfully master the crisis and secure our position as the world's leading logistics service provider and Europe's largest postal company.

Provided that trade volumes continue their moderate recovery, we are well on our way to meeting our targets for financial year 2010. We continue to expect consolidated EBIT before non-recurring items to be between €1.6 billion and €1.9 billion, although we now assume that we will be able to close the year as a whole at the upper end of this range. Deutsche Post and DHL should contribute nearly equally to this result.

On 29 April, a stable dividend payment of €0.60 per share was made to you for financial year 2009. We want you – our investors – to continue to see us as reliable and predictable in the future. We feel our new financial strategy has laid a very solid foundation for achieving this goal.

Yours faithfully,

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# BUSINESS AND ENVIRONMENT

## ORGANISATION

**No material changes**

In the first quarter of 2010, we did not make any material changes to the Group's organisation.

## ECONOMIC PARAMETERS

**Global economy continues to recover**

Overall, the global economy continued on its recovery path in the first quarter of 2010, although there were regional differences. The resurgence in Asia's emerging economies remained especially dynamic. In the industrial nations, the economic situation improved rapidly in some but stagnated in others.

Growth in Asian countries continued to accelerate. GDP in China grew year-on-year in the first quarter, rising by 11.7%. In Japan, GDP is also expected to have further expanded in early 2010 thanks to rising exports.

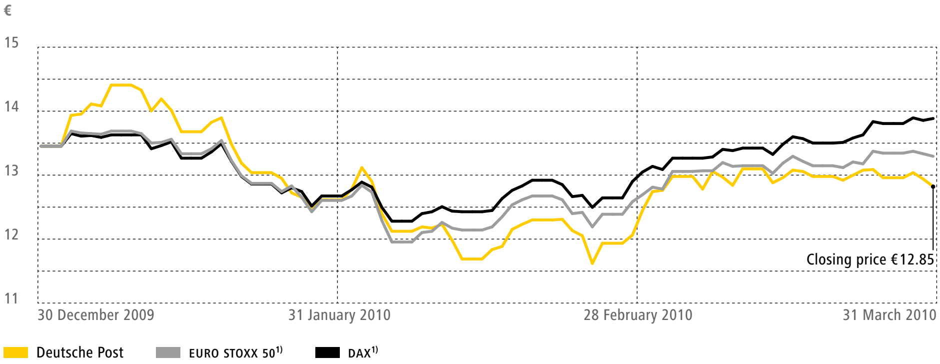
In the United States, the economy continued to regain speed. It is likely that private consumption and business investment increased. Moreover, employment rose moderately for the first time in many months. Nonetheless, unemployment levels remained very high and overall capacity utilisation was very low. The US Federal Reserve kept its key interest rate at 0% to 0.25% in a continued effort to boost the economy.

After its recent stagnant economic output, the euro zone most likely grew slowly again at the beginning of 2010. Consumer spending remained subdued given the rise in unemployment. Furthermore, it is likely that gross fixed capital formation was down once again. Given that the economy only experienced a weak recovery and that inflation remained very low, the European Central Bank held its key rate at 1%.

At the beginning of the year, the German economy was impaired by the uncharacteristically harsh weather conditions. Due to the considerable drop in construction spending, GDP is expected to have only stagnated in the first quarter. However, the upward economic trend continued. The industrial sector reported a strong influx of new orders and the unemployment rate fell further (seasonally adjusted). The sustained recovery was also reflected in the Ifo Business Climate Index, which reached its highest level since mid-2008.

# DEUTSCHE POST SHARES

**Share price performance**




1) Rebased on the closing price of Deutsche Post shares on 30 December 2009.

### Lateral trend in Deutsche Post shares

The DAX began the year 2010 above the 6,000 mark only to fall initially to around 5,400 points. In early February, investors appeared to regain optimism and the index closed the first quarter with an increase of 3.3% to 6,153.55 points. The EURO STOXX 50 lost 1.1% of its value in the same time period. Most early cyclicals amongst transport sector stocks performed well in the reporting period. Deutsche Post shares first followed the market's early downward trend and then were unable to make a full recovery, underperforming the DAX and our competitors. The price of our stock was mostly in a lateral trend since the 2009 financial year results were announced on 9 March 2010, closing the first quarter at €12.85, down 4.7% on the closing price of 30 December 2009. Average trading volumes decreased year-on-year by 19.7% to 5.3 million shares per day.

**Deutsche Post shares, Q1**

| | | 2009 | 2010 |
|---|---|---|---|
| Number of shares[1] | millions | 1,209.0 | 1,209.0 |
| Closing price[1] | € | 13.49 | 12.85 |
| Market capitalisation[1] | €m | 16,309 | 15,536 |
| High[2] | € | 11.91 | 14.46 |
| Low[2] | € | 6.65 | 11.63 |
| Average trading volume per day[2] | shares | 6,595,323 | 5,298,800 |

1) As at 30 December 2009 and 31 March 2010.
2) In the first quarter.

**Peer group comparison: closing price**

| | | 30 Dec. 2009 | 31 March 2010 | +/–% | 31 March 2009 | 31 March 2010 | +/–% |
|---|---|---|---|---|---|---|---|
| Deutsche Post DHL | € | 13.49 | 12.85 | –4.7 | 8.11 | 12.85 | 58.4 |
| TNT | € | 21.36 | 21.23 | –0.6 | 12.88 | 21.23 | 64.8 |
| FedEx | US$ | 85.17 | 93.40 | 9.7 | 44.49 | 93.40 | 109.9 |
| UPS | US$ | 58.18 | 64.41 | 10.7 | 49.22 | 64.41 | 30.9 |
| Kuehne + Nagel | CHF | 100.50 | 106.70 | 6.2 | 66.45 | 106.70 | 60.6 |

# EARNINGS, FINANCIAL POSITION AND ASSETS AND LIABILITIES

## THE GROUP'S ECONOMIC POSITION

**Overall assessment by the Board of Management**

After cutting indirect costs by more than €1.1 billion in the previous year, Deutsche Post DHL significantly increased its earnings in the first quarter of 2010 on the back of the continued recovery of the global economy. Last year's restructuring measures are now starting to pay off: margins improved year-on-year in nearly all of our divisions. Combined with rising sales volumes, this enabled us to record an impressive result in the first three months of 2010. We maintained our financial stability at a high level and also achieved a solid operating cash flow.

## SIGNIFICANT EVENTS

**No significant events**

There were no significant events with material effects on our earnings, financial position, and assets and liabilities in the first quarter of 2010.

## EARNINGS

**Changes in reporting and portfolio**

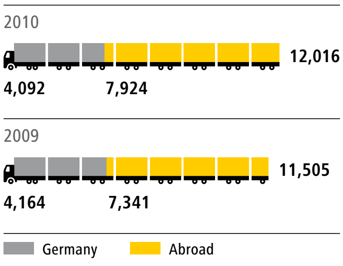
At the beginning of the year, we transferred DHL Express Sweden's domestic business to DHL Freight Sweden to enable us to more efficiently meet changing customer requirements. The prior-year segment reporting figures were adjusted accordingly.

At the beginning of March, DHL Express UK completed the sale of its day-definite domestic business. All assets and liabilities had previously been classified as held for sale.

In accordance with the revised IAS 39, the previously unrecognised forward sale of 27.4% of Postbank's shares to Deutsche Bank has been recognised in profit and loss and is included for the first time at its fair value in net financial income.

**Consolidated revenue for continuing operations, Q1**

€m




**Increase in consolidated revenue from continuing operations**

At €12,016 million, consolidated revenue from continuing operations rose by €511 million or 4.4% year-on-year in the first quarter of 2010 (previous year: €11,505 million). Positive currency effects of €143 million contributed to this increase. The share of revenue generated abroad rose from 63.8% to 65.9%. Organic growth was particularly strong in the EXPRESS and GLOBAL FORWARDING, FREIGHT divisions.

### Higher income and significantly lower expenses

At €54 million, non-recurring expenses declined significantly in the reporting period because the Group-wide restructuring measures are gradually coming to an end. €44 million of the amount recognised is attributable to the restructuring of our express business and €10 million to restructuring measures in the other divisions. Restructuring expenses in the prior-year period still amounted to €285 million.

Other operating income rose from €393 million to €435 million, in particular because restructuring provisions that were no longer required were reversed, hence the low non-recurring items.

Note 5

The higher sales volume also pushed up the materials expense by €198 million or 3.1% to €6,586 million.

By contrast, staff costs fell by 1.7% to €4,174 million (previous year: €4,246 million), primarily as a result of the restructuring of our US express business.

At €318 million, depreciation, amortisation and impairment losses were down €50 million year-on-year (previous year: €368 million). The restructuring of the US express business in particular resulted in prospective recognition of part of the depreciation, amortisation and impairment losses.

At €861 million, other operating expenses were slightly below the prior-year level.

Note 6

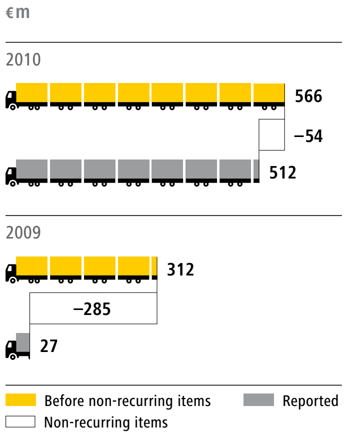
### Derivatives from Postbank sale increase profit

At €512 million, continuing operations recorded a €485 million increase in profit from operating activities (EBIT) in the first quarter of 2010. EBIT also improved after adjustment for the non-recurring items mentioned – amounting to €54 million in the reporting period and €285 million in the prior-year period – by 81.4% to €566 million.

Net financial income more than doubled, from €618 million to €1,328 million. In 2010 this figure includes the initial measurement of the forward from the second tranche of the Postbank sale.

Profit before income taxes rose from €645 million to €1,840 million, whilst income taxes fell from €129 million to €70 million. The measurement of the derivatives from the Postbank sale has no effect on tax. Overall, profit from continuing operations improved by €1,254 million to €1,770 million in the first quarter of 2010 (previous year: €516 million).

**Consolidated EBIT for continuing operations, Q1**




### Postbank included in net income from associates

Because Postbank was deconsolidated at the end of February 2009, the previous year's profit from discontinued operations contains the net loss generated in the first two months and the deconsolidation gain of €444 million. In the reporting period, the Group's share of Postbank's profit or loss is contained in net income from associates.

#### Increased consolidated net profit for the period

Consolidated net profit for the period amounts to €1,770 million, compared with €948 million in the previous year, an increase of €822 million or 86.7%. €1,747 million of this amount is attributable to shareholders of Deutsche Post AG and €23 million to minorities. Basic and diluted earnings per share rose from €0.78 to €1.44.

**Selected indicators for results of operations (continuing operations)**

| | | Q1 2009 | Q1 2010 |
|---|---|---|---|
| Revenue | €m | 11,505 | 12,016 |
| Profit from operating activities (EBIT) before non-recurring items | €m | 312 | 566 |
| Profit from operating activities (EBIT) | €m | 27 | 512 |
| Return on sales[1] | % | 0.2 | 4.3 |
| Consolidated net profit for the period[2] | €m | 944 | 1,747 |
| Earnings per share[3] | € | 0.78 | 1.44 |

1) EBIT/revenue.
2) Excluding minorities, including Postbank.
3) Including Postbank.

## FINANCIAL POSITION

#### New financial strategy for the Group

@ dp-dhl.com/en/investors.html

The principles and aims of financial management presented in the 2009 Annual Report starting on page 35 are still valid and are being pursued unchanged.

Building on this, the Supervisory Board adopted a new financial strategy for the Group in March 2010. In addition to the interests of our shareholders, the new strategy also takes lender requirements into account. The goal is for the Group to maintain its financial flexibility and low cost of capital by ensuring a high degree of continuity and predictability for investors. A key component of this strategy is the determination of a target capital structure to achieve our target rating of BBB+. This target rating will be controlled via a dynamic performance metric called “funds from operations to debt” (FFO to debt), calculated on a rolling 12-month basis. The strategy also includes a sustained dividend policy and clear priorities for the use of available liquidity. It will initially be used to make attractive investments as well as to partially fund our pension liabilities. Once this has been achieved, we would initially aim for a rating improvement to A– before using available liquidity for additional dividend payments or share repurchases.

“Funds from operations” (FFO) represents operating cash flow before changes in working capital plus interest and dividends received less interest paid, adjusted for operating leases, pensions and non-recurring income or expenses. In addition to financial liabilities and available cash and cash equivalents, the figure for debt also includes operating lease liabilities and uncovered pension liabilities. The definition of “FFO to debt” and the method used to calculate its individual components correspond to those used by the rating agency Standard & Poor’s.

@ standardandpoors.com

**FFO to debt**

| €m | 1 Jan. to 31 Dec. 2009 | 1 April 2009 to 31 March 2010 |
|---|---|---|
| Operating cash flow before changes in working capital | 763 | 1,220 |
| + Interest and dividends received | 103 | 89 |
| – Interest paid | 291 | 253 |
| + Adjustment for operating leases | 1,082 | 982 |
| + Adjustment for pensions | 153 | 153 |
| ± Non-recurring income/expenses | 1,415 | 1,179 |
| = **FFO** | **3,225** | **3,370** |
| Reported financial liabilities[1] | 7,439 | 7,417 |
| – Financial liabilities related to the sale of Deutsche Postbank AG[1] | 3,990 | 4,032 |
| – Financial liabilities recognised at fair value through profit or loss[1] | 141 | 104 |
| + Adjustment for operating leases[1] | 4,933 | 5,216 |
| + Adjustment for pensions[1] | 5,221 | 5,221 |
| – Available cash and cash equivalents[1] | 3,864 | 3,522 |
| = **Debt** | **9,598** | **10,196** |
| **FFO to debt (%)** | **33.6** | **33.1** |

1) As at 31 December 2009 and 31 March 2010, respectively.

Although the funds from operations clearly increased, the performance metric declined slightly due to the prepayment made to *Bundes-Pensions-Service für Post und Telekommunikation*.

Page 11

The financial and economic crisis continues to only have a minimal effect on our financing requirements and our refinancing options because our credit quality is still rated as adequate and our liquidity is sufficient, in part due to the Postbank sale.

As a result, only an average of around 7.4% (previous year: 7.1%) of our unsecured committed credit lines have been used. Their total volume currently stands at €2.8 billion, of which €200 million had been drawn down as at 31 March 2010.

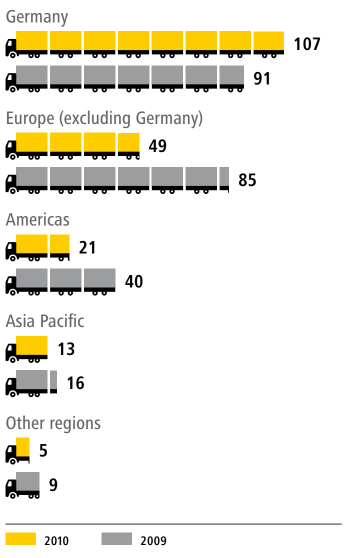
### Capital expenditure down in the first quarter

The Group's aggregate capital expenditure (capex) totalled €195 million as at the end of March 2010, which is a 19.1% decrease compared with the first quarter of the previous year (€241 million). The main contributors to the decline in capex were the EXPRESS, SUPPLY CHAIN and Corporate Center/Other divisions. Funds were used mainly to replace and expand assets as follows: €165 million was invested in property, plant and equipment, and €30 million in intangible assets excluding goodwill. Investments in property, plant and equipment related mainly to advance payments and assets under development (€63 million), technical equipment and machinery (€47 million), IT equipment (€15 million), transport equipment (€12 million), advance payments and intangible assets under development (€12 million), and aircraft (€11 million).

Our regional investments focused mainly on Europe and the Americas. In Europe, investments were centred on Germany, the United Kingdom and Sweden, in the Americas we concentrated on the US.

**Investments by region, Q1**

€m



**Capex and depreciation, Q1**

| €m | MAIL | | EXPRESS | | GLOBAL FORWARDING, FREIGHT | | SUPPLY CHAIN | | Corporate Center/ Other | | Continuing operations | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2009 | 2010 | 2009 1) | 2010 | 2009 1) | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Capex | 47 | 82 | 72 | 41 | 20 | 18 | 60 | 37 | 42 | 17 | 241 | 195 |
| Depreciation on assets | 84 | 69 | 110 | 89 | 28 | 24 | 80 | 74 | 66 | 62 | 368 | 318 |
| Capex-to-depreciation ratio (%) | 0.56 | 1.19 | 0.65 | 0.46 | 0.71 | 0.75 | 0.75 | 0.50 | 0.64 | 0.27 | 0.65 | 0.61 |

1) Adjusted for €2 million due to reclassification of DHL Express Sweden from EXPRESS to GLOBAL FORWARDING, FREIGHT.

Capital expenditure in the MAIL division rose from €47 million to €82 million in the reporting period. These investments related in particular to technical equipment and machinery (€36 million) as well as advance payments and assets under development (€20 million). In the domestic mail business, capital expenditure focused on replacing technical equipment and machinery whilst, in the domestic parcel business, it served to modernise sorting systems in parcel centres.

Capex in the EXPRESS division totalled €41 million at the end of the first quarter of 2010 (previous year, adjusted: €72 million). Investments in property, plant and equipment centred on aircraft (€11 million) as well as advance payments and assets under development (€17 million). In regional terms, we focused on Europe where we upgraded our terminals in Benelux and the Mediterranean. In the Americas, we mainly invested in IT and technical equipment, as part of our restructuring of the US express business.

A total of €18 million was invested in the GLOBAL FORWARDING, FREIGHT division in the reporting period (previous year, adjusted: €20 million). Of this figure, €13 million was spent in the Global Forwarding business unit. Investments were made mainly in intangible assets (€6 million), IT equipment (€2 million) and leasehold improvements (€1 million). The regional focus was on Europe and North America. Capex of €5 million was invested in the Freight business unit. Of this amount, €4 million related to tangible assets and €1 million to intangible assets. We mainly invested in Sweden, Austria and Germany.

SUPPLY CHAIN capex totalled €37 million, a decrease of 38% from the previous year. Investments focused on the Americas and the UK. In the Americas region, expenditure centred on new business projects primarily in the Automotive and Retail sectors and facility upgrades in the Energy sector. In the UK we invested in warehouse solutions and related equipment for new and existing customers.

Cross-divisional investments continued to decline, dropping from €42 million in the first quarter of 2009 to €17 million. Most of the expenses were incurred for the purchase of vehicles and for IT. Whilst the decline in investment volume for vehicles is of a periodical nature, the decrease in IT investments is mainly the result of restructuring investments in 2009.

### Cash flow statement for continuing operations

**Selected cash flow indicators (continuing operations)**

€m

| | Q1 2009 | Q1 2010 |
|---|---|---|
| Cash and cash equivalents as at 31 March | 3,511 | 2,696 |
| Change in cash and cash equivalents | 1,892 | −407 |
| Net cash used in operating activities | −275 | −95 |
| Net cash used in investing activities | −1,119 | −195 |
| Net cash from/used in financing activities | 3,286 | −117 |

Operating cash flow in the first quarter is routinely affected by the annual prepayment of the annual contribution to *Bundes-Pensions-Service für Post und Telekommunikation*. This resulted in a cash outflow of €556 million in the reporting period. Net cash used in operating activities was €95 million in the first quarter of 2010 (previous year: €275 million). The higher EBIT had a significantly positive effect, resulting in a cash inflow of €441 million before changes in working capital, compared with a cash outflow of €16 million in the previous year. By contrast, the change in receivables and other assets in working capital negatively affected operating cash flow.

At €195 million, net cash used in investing activities was significantly down on the prior-year figure (€1,119 million). The largest cash payment in this area was incurred for investments in property, plant and equipment, and intangible assets. In the previous year, we invested part of the funds we received from the sale of Postbank in capital market instruments.

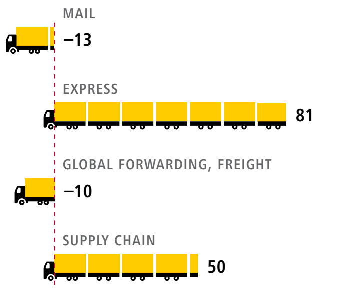
Taken together, changes in cash flows from operating and investing activities result in free cash flow of €–290 million, an improvement of €1,104 million.

Net cash used in financing activities amounted to €117 million, most of which was used for interest payments. By contrast, net cash from financing activities amounted to €3,286 million in the previous year: the subscription of the mandatory exchangeable bond by Deutsche Bank and the payment of the collateral for the put option for the remaining Postbank shares increased long-term borrowings.

Compared with 31 December 2009, cash and cash equivalents fell from €3,064 million to €2,696 million due to the changes in the cash flows from the individual activities of continuing operations.

**Operating cash flow by division, Q1 2010**

€m



## ASSETS AND LIABILITIES

**Group's total assets increase**

The Group's total assets amounted to €37,138 million as at 31 March 2010, €2,400 million more than at 31 December 2009.

Non-current assets rose from €22,022 million to €23,762 million, in particular because non-current financial assets increased by €1,463 million, mainly as a result of the measurement of the derivatives from the Postbank sale. Intangible assets increased by €206 million to €11,740 million, primarily because of currency translation differences affecting goodwill. By contrast, property, plant and equipment declined slightly by 1.1% to €6,150 million. Deferred tax assets increased from €668 million to €709 million.

Current assets increased by 5.2%, from €12,716 million to €13,376 million, mainly because receivables and other current assets rose from €7,157 million to €8,108 million as a result of the higher sales volume. The deferral of the prepaid annual contribution to *Bundes-Pensions-Service* also contributed to this increase. Cash and cash equivalents decreased by €368 million compared with 31 December 2009 to €2,696 million. The completed sale of DHL Express UK's day-definite domestic business reduced assets held for sale, whilst the planned sale of real estate increased this item. Overall, assets held for sale increased slightly from €179 million to €187 million. At €1,916 million, current financial assets were almost at the same level as at 31 December 2009 (€1,894 million).

Compared with 31 December 2009, equity attributable to Deutsche Post AG shareholders rose by €2,043 million to €10,219 million, primarily as a result of the higher consolidated net profit for the period and currency translation differences.

The increase in non-current and current liabilities is mainly attributable to other current liabilities, which increased by €479 million to €4,153 million, primarily because of an increase in amounts payable to employees. In addition, income tax liabilities rose by €98 million to €390 million. At €7,417 million, financial liabilities were basically unchanged compared with 31 December 2009 (€7,439 million). Whilst current financial liabilities declined by €58 million, non-current financial liabilities grew slightly by €36 million to €6,735 million. Non-current and current provisions decreased from €9,677 million to €9,492 million, in particular because some of the provisions for restructuring measures recognised last financial year were utilised. Despite the general economic recovery, trade payables only increased moderately by €11 million to €4,872 million.

### Indicators for continuing operations

Net liquidity changed from €–1,690 million to €–1,410 million because our operating, investing and financing activities each led to a cash outflow in the first quarter of 2010. The equity ratio improved by 4.1 percentage points compared with 31 December 2009 to 27.9%. Net gearing changed from –25.7% to –15.8% as at 31 March 2010 because of the increase in equity.

**Selected indicators for net assets (continuing operations)**

| | | 31 Dec. 2009 | 31 March 2010 |
|---|---|---|---|
| Equity ratio | % | 23.8 | 27.9 |
| Net liquidity | €m | –1,690 | –1,410 |
| Net gearing | % | –25.7 | –15.8 |
| FFO to debt[1] | % | 33.6 | 33.1 |

1) Page 9 of the Interim Report by the Board of Management for calculation.

**Net liquidity**

€m

| | 31 Dec. 2009 | 31 March 2010 |
|---|---|---|
| Non-current financial liabilities | 6,699 | 6,735 |
| + Current financial liabilities | 740 | 682 |
| = Financial liabilities | 7,439 | 7,417 |
| – Cash and cash equivalents | 3,064 | 2,696 |
| – Current financial assets | 1,894 | 1,916 |
| – Long-term deposits[1] | 120 | 120 |
| – Positive fair value of non-current financial derivatives[1] | 805 | 2,261 |
| = Financial assets | 5,883 | 6,993 |
| – Financial liabilities to Williams Lea minority shareholders | 23 | 24 |
| – Mandatory exchangeable bond[2] | 2,670 | 2,701 |
| – Collateral for the put option[2] | 1,200 | 1,211 |
| + Net effect from measurement of Postbank derivatives[3] | 647 | 2,102 |
| = Non-cash adjustments | 3,246 | 1,834 |
| **Net liquidity** | **–1,690** | **–1,410** |

1) Reported in non-current financial assets in the balance sheet.
2) Reported in non-current financial liabilities in the balance sheet.
3) Reported in non-current financial assets and liabilities in the balance sheet.

# DIVISIONS

## OVERVIEW

**Key figures by operating division**

| | | Q1 2009 adjusted | Q1 2010 | +/– % |
|---|---|---|---|---|
| **MAIL** | | | | |
| Revenue | €m | 3,486 | 3,446 | –1.1 |
| of which Mail Communication | €m | 1,508 | 1,469 | –2.6 |
| Dialogue Marketing | €m | 683 | 667 | –2.3 |
| Press Services | €m | 211 | 205 | –2.8 |
| Parcel Germany | €m | 623 | 650 | 4.3 |
| Retail Outlets | €m | 198 | 196 | –1.0 |
| Global Mail | €m | 433 | 423 | –2.3 |
| Pension Service | €m | 20 | 20 | 0.0 |
| Consolidation/Other | €m | –190 | –184 | 3.2 |
| Profit from operating activities (EBIT) before non-recurring items | €m | 407 | 390 | –4.2 |
| Profit from operating activities (EBIT) | €m | 407 | 388 | –4.7 |
| Return on sales[1] | % | 11.7 | 11.3 | |
| Operating cash flow | €m | –96 | –13 | 86.5 |
| **EXPRESS** | | | | |
| Revenue | €m | 2,403 | 2,620 | 9.0 |
| of which Europe | €m | 1,295 | 1,277 | –1.4 |
| Americas | €m | 360 | 409 | 13.6 |
| Asia Pacific | €m | 586 | 730 | 24.6 |
| EEMEA (Eastern Europe, the Middle East and Africa) | €m | 261 | 279 | 6.9 |
| Consolidation/Other | €m | –99 | –75 | 24.2 |
| Profit/loss from operating activities (EBIT) before non-recurring items | €m | –120 | 154 | >100 |
| Profit/loss from operating activities (EBIT) | €m | –392 | 110 | >100 |
| Return on sales[1] | % | –16.3 | 4.2 | |
| Operating cash flow | €m | –387 | 81 | >100 |
| **GLOBAL FORWARDING, FREIGHT** | | | | |
| Revenue | €m | 2,747 | 3,117 | 13.5 |
| of which Global Forwarding | €m | 1,923 | 2,276 | 18.4 |
| Freight | €m | 844 | 867 | 2.7 |
| Consolidation/Other | €m | –20 | –26 | –30.0 |
| Profit from operating activities (EBIT) before non-recurring items | €m | 50 | 54 | 8.0 |
| Profit from operating activities (EBIT) | €m | 45 | 53 | 17.8 |
| Return on sales[1] | % | 1.6 | 1.7 | |
| Operating cash flow | €m | 254 | –10 | <–100 |
| **SUPPLY CHAIN** | | | | |
| Revenue | €m | 3,145 | 3,130 | –0.5 |
| of which Supply Chain | €m | 2,841 | 2,820 | –0.7 |
| Williams Lea | €m | 304 | 309 | 1.6 |
| Profit from operating activities (EBIT) before non-recurring items | €m | 42 | 64 | 52.4 |
| Profit from operating activities (EBIT) | €m | 34 | 57 | 67.6 |
| Return on sales[1] | % | 1.1 | 1.8 | |
| Operating cash flow | €m | 34 | 50 | 47.1 |

1) EBIT/revenue.

# MAIL

### Revenue almost on par with previous year

Revenue was €3,446 million in the first three months of 2010, only slightly below the prior-year period (€3,486 million). The sharp declines in revenue resulting from the economic crisis are behind us. Exchange rate losses amounted to €4 million.

### Mail business revenue and volumes down

Revenue in the Mail Communication business unit declined from €1,508 million to €1,469 million. The increasing use of electronic means of communication is resulting in ongoing shrinkage of the market, although the economy is no longer intensifying this trend. We retained and regained quality-conscious customers; however, some of our customers turned to competitors as a consequence of a higher sensitivity to prices in light of the poor economic conditions.

**Mail Communication: volumes**

mail items (millions)

| | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|
| Business customer letters | 1,784 | 1,726 | –3.3 |
| Private customer letters | 316 | 311 | –1.6 |
| **Total** | **2,100** | **2,037** | **–3.0** |

### Customers still advertising less

In times of economic difficulty, customers change their advertising behaviour – a tendency that we continue to observe in the Dialogue Marketing business unit. Mail-order companies, in particular, are investing less in advertising. Overall volumes declined for both addressed and unaddressed advertising mail in the first quarter of 2010. Revenue fell from €683 million in 2009 to €667 million in 2010, a decrease of 2.3%.

**Dialogue Marketing: volumes**

mail items (millions)

| | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|
| Addressed advertising mail | 1,565 | 1,520 | –2.9 |
| Unaddressed advertising mail[1] | 1,201 | 1,117 | –7.0 |
| **Total** | **2,766** | **2,637** | **–4.7** |

1) Prior-period amounts adjusted to reflect portfolio changes.

### Newspaper and magazine market continues downward trend

Revenue in the Press Services business unit amounted to €205 million in the reporting period, 2.8% below the prior-year figure of €211 million. We saw falling circulations and the discontinuation of some publications in the declining newspaper and magazine market. By contrast, the average publication weights were stable.

### Parcel business profits from e-commerce

Revenue in the Parcel Germany business unit was €650 million in the first quarter of 2010 and thus well above the previous year's high figure of €623 million. The increase can be attributed to the growing e-commerce market, although traditional mail-order companies are still suffering from the crisis. In private customer business, volumes were up significantly.

**Parcel Germany: volumes**

parcels (millions)

| | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|
| Business customer parcels[1] | 159 | 161 | 1.3 |
| Private customer parcels | 27 | 28 | 3.7 |
| **Total** | **186** | **189** | **1.6** |

1) Including intragroup sales.

### Retail outlet revenue near prior-year level

Revenue generated by our some 17,000 outlets and sales points reached €196 million, which is almost on par with the prior year's figure of €198 million.

### International mail business sees operating revenue growth

In the Global Mail business unit, revenue decreased from €433 million to €423 million in the reporting period. This primarily resulted from the sale of DHL Global Mail Services SAS in France, which reduced revenue by €20 million, as well as exchange rate losses of €4 million. We saw encouraging revenue growth in our international operating mail business, especially in the US. In our traditional import and export business, however, we observed that customers are becoming more price sensitive due to the economic crisis.

**Mail International: volumes**

mail items (millions)

| | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|
| Global Mail | 1,615 | 1,577 | –2.4 |

### Earnings slightly below prior-year level

In the first quarter of 2010, EBIT fell from €407 million to €388 million. Non-recurring expenses of €2 million were incurred for restructuring. Through strict cost management, we were able to largely offset the loss in revenue from the sale of DHL Global Mail Services SAS in France and the economic crisis as well as increases in wages and costs.

Operating cash flow was €–13 million (previous year: €–96 million). Annual payments to *Bundes-Pensions-Service für Post und Telekommunikation* routinely affect this figure each year in the first quarter. Return on sales amounted to 11.3%.

# EXPRESS

### Revenue and shipment volumes up

Revenue in the EXPRESS division improved by 9.0% to €2,620 million (previous year: €2,403 million) in the first three months of 2010 on account of the ongoing recovery of the global economy. This result included exchange rate gains of €32 million. Revenue was up 8.2% when measured in local currencies and adjusted for the acquisition of Shanghai Quanyi Express Co. Ltd. for our domestic business as well as the sale of our day-definite domestic business in the UK. This can be attributed mainly to a sharp year-on-year rise of 6.0% in per-day volumes in our Time Definite International (TDI) product line as well as higher fuel surcharge revenues. Per-unit weight in the TDI product line showed a significant increase of 12.4% on the prior year, a further indication that international business activities are recovering.

**EXPRESS: revenue by product**

€m per day

| | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|
| Time Definite International | 21.8 | 23.9 | 9.6 |
| Time Definite Domestic | 4.3 | 4.5 | 4.7 |
| Day Definite Domestic | 6.4 | 5.6 | –12.5 |

**EXPRESS: volumes by product**

thousands of items per day

| | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|
| Time Definite International | 449 | 476 | 6.0 |
| Time Definite Domestic | 559 | 629 | 12.5 |
| Day Definite Domestic | 768 | 657 | –14.5 |

### Europe region slowly recovers from the economic crisis

Revenue in the Europe region dropped slightly by 1.4% to €1,277 million in the reporting period (previous year: €1,295 million). This figure included exchange rate gains of €21 million, which were recorded primarily in our central Europe, UK and Scandinavia business. Adjusted for these effects as well as the sale of our day-definite domestic business in the UK on 1 March 2010, revenue in the region was 1.2% below the previous year.

### International business in the Americas region performs well

Since February 2009, we no longer offer a domestic express product in the United States and in the course of restructuring our US business we have massively reduced our cost basis there. Revenue in the Americas region – which comprises the US as well as Latin America, Canada and the Caribbean (International Americas) – climbed by 13.6% to €409 million (previous year: €360 million). This figure includes exchange rate losses of €9 million. Measured in local currencies, revenue was up 16.1%. Our international business in the US also profited from this organic revenue growth and performed better than expected.

### Higher shipment volumes in the Asia Pacific region

Including exchange rate gains of €19 million and the acquisition in China, revenue in the Asia Pacific region grew by 24.6% to €730 million from €586 million in the previous year. Adjusted for these effects, revenue still grew organically by 19.3% compared with the previous year. An upward trend in volumes and higher fuel surcharge revenues largely contributed to this result. Daily shipment volumes in our Time Definite International and Time Definite Domestic product lines outperformed the prior year and thus exceeded expectations.

### Volumes in emerging markets stable

In the EEMEA region (Eastern Europe, the Middle East and Africa), revenue increased by 6.9% to €279 million (previous year: €261 million) in the first quarter of 2010. Daily shipment volumes have been on a consistent, positive trend compared with the prior-year period.

### EBIT before non-recurring items up €274 million

Division EBIT improved from €–392 million to €110 million in the reporting period. This figure rises to €154 million when adjusted for restructuring costs of €44 million – a €274 million gain over the first quarter of 2009.

The restructuring of our express business progressed on schedule, shipment volumes expanded and additional cost cutting measures took effect.

Operating cash flow, which includes the restructuring impact, improved year-on-year from €–387 million to €81 million.

# GLOBAL FORWARDING, FREIGHT

### Revenue growth and tight cost management boost freight forwarding business

In the first quarter of 2010, the GLOBAL FORWARDING, FREIGHT division increased revenue year-on-year by 13.5%, from €2,747 million to €3,117 million. The total included exchange rate gains of €57 million. Revenue grew organically by 11.4% in the reporting period. The freight forwarding business reflected the trend in the overall economy, which continued to recover in the first three months of 2010.

The Global Forwarding business unit generated €2,276 million in revenue, up 18.4% on the prior-year figure of €1,923 million. The increase was 16.5% after adjustment for exchange rate gains of €35 million. Freight rates remained at a very high level and therefore our transport costs were up. However, we were still able to improve gross profit by 1.0% from €494 million to €499 million.

### Air and ocean freight volumes up year-on-year

Transport volumes have stabilised since the second half of 2009 – a trend that continued in the first quarter of 2010. However, air and ocean freight transport services have become much more expensive as transport capacity was reduced considerably during this same period. We have not yet been able to pass on all of these higher costs to our customers. Freight rates have remained very high, especially on trade lanes from Asia. This continued to have an impact on our gross profit margin in the reporting period, particularly in air freight. We have responded to the new market conditions with price increases and we are now purchasing capacities at less expensive fixed rates.

Air freight volumes in the first quarter gained 34.2% on the previous year and are now only 3% below first quarter 2008 levels, i.e., pre-crisis levels. The air freight market benefited from low inventories in many industries because demand for fast-transit air freight products swelled. Volume and revenue increases came mainly from Asia due to high demand for technology-based products in North America and Europe. Air freight revenue was also up by 29.7% in the first quarter compared with the previous year.

**Global Forwarding: revenue**

| €m | Q1 2009 adjusted | Q1 2010 | +/– % |
|---|---|---|---|
| Air freight | 901 | 1,169 | 29.7 |
| Ocean freight | 656 | 703 | 7.2 |
| Other | 366 | 404 | 10.4 |
| **Total** | **1,923** | **2,276** | **18.4** |

**Global Forwarding: volumes**

thousands

| | | Q1 2009 | Q1 2010 | +/– % |
|---|---|---|---|---|
| Air freight | tonnes | 773 | 1,037 | 34.2 |
| of which exports | tonnes | 448 | 581 | 29.7 |
| Ocean freight | TEU[1] | 575 | 662 | 15.1 |

1) Twenty-foot equivalent units.

Our ocean freight business clearly outperformed the market, recording a 15.1% year-on-year increase in volume over the market's roughly 7% growth. Volumes were 4% above the pre-crisis levels reached in the first quarter of 2008. Revenue in the reporting period grew 7.2%. Our business trend was especially encouraging in the Middle East, Africa and South America.

The industrial project business performed very well in the reporting period with revenue and gross profit far exceeding the prior-year period.

Thanks to our continued strict cost management, EBIT was up again compared with the first quarter of 2009, which saw the economy reach its lowest point.

**European overland transport business at prior-year level**

The Freight business unit generated revenue of €867 million in the first quarter of 2010, exceeding the previous year's figure of €844 million by 2.7%. Revenue growth was seen mainly in eastern Europe, Sweden and Germany. Adjusted for exchange rate gains of €22 million, organic revenue growth remained on par with the previous year. At €239 million, gross profit also remained at the prior-year level. On 1 January 2010, the EXPRESS division transferred responsibility for the domestic freight business in Sweden to the Freight business unit. The prior-year segment reporting figures were adjusted accordingly.

**EBIT reflects revenue growth and cost management**

Division EBIT increased 17.8% to €53 million from €45 million in the previous year. Adjusted for €1 million in restructuring costs, EBIT before non-recurring items was €54 million in the reporting period. We were able to continue to reduce operating and indirect costs through cost reduction programmes. Our productivity rose, reaching a higher level than before the economic crisis. By expanding sales and orientating it more towards sectors, we also generated significant new business.

As in the preceding quarter, the sharp volume increase – mostly seen in Global Forwarding – put increased pressure on net working capital, which rose year-on-year. Operating cash flow fell as a result to €–10 million (previous year: €254 million). The utilisation of provisions, which we had set up for restructuring costs, also had an impact on operating cash flow in the reporting period.

# SUPPLY CHAIN

### Encouraging revenue trend in most regions and sectors

The SUPPLY CHAIN division generated revenue of €3,130 million in the first quarter of 2010, down 0.5% from €3,145 million in the previous year. Most regions and sectors saw encouraging revenue growth. This was more than offset by the loss of trading volume with the Arcandor group in Germany and an underperforming contract in America that was not renewed in the second quarter of 2009. When adjusted for exchange rate gains of €59 million, the decline was 2.4%.

Revenue in the Supply Chain business unit amounted to €2,820 million or 0.7% less than the prior-year period (€2,841 million). In the Americas region, most sectors recorded a year-on-year increase in revenue with the Automotive sector seeing the largest gains. New business wins and trading upturns resulted in strong growth in the Asia Pacific region, notably in Australia, China, Japan and Thailand. Additional revenue was generated in the United Kingdom, driven by the positive performance of the Healthcare sector. Western Europe experienced lower volumes in the Retail and Technology sectors, due in part to site closures.

Williams Lea's first quarter revenue increased 1.6% on the prior-year period from €304 million to €309 million. Organic revenue growth was 2.3%. This primarily reflected the performance of the investment banking and legal sectors in the Americas region as well as an increase in marketing solutions.

### New business wins worth €240 million

In the first quarter of 2010, the Supply Chain business unit concluded new contracts worth approximately €240 million with both new and existing customers. The contract renewal rate was around 90%. Williams Lea won a significant new contract with Wal-Mart (USA) for point-of-sale deliveries.

### EBIT before non-recurring items up by 52%

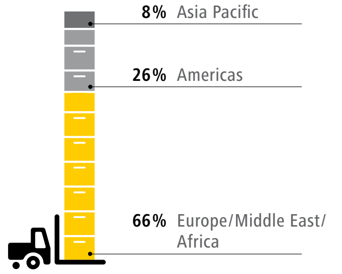
Division EBIT was up by 67.6% to €57 million in the reporting period (previous year: €34 million). Adjusted for restructuring costs of €7 million, EBIT before non-recurring items was €64 million – a 52.4% increase over the prior-year figure of €42 million on the same basis. There were no further charges in the period related to the Arcandor insolvency. The EBIT margin before non-recurring items increased in the first quarter of 2010 to 2.0% (previous year: 1.3%).

EBIT before non-recurring items was up primarily because of an increase in existing business activity together with margin improvements resulting from restructuring initiatives and cost savings.

Operating cash flow was €50 million, €16 million ahead of the previous year (€34 million). Enhanced EBIT together with improved working capital management resulted in this favourable cash position.

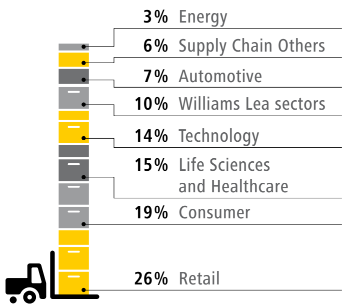
SUPPLY CHAIN, Q1 2010:
**revenue by region**

Total revenue: €3,130 million




SUPPLY CHAIN, Q1 2010:
**revenue by sector**

Total revenue: €3,130 million



# RISKS

**Opportunity and risk management supports corporate responsibility**

Our Group-wide opportunity and risk control system helps identify, analyse and assess both risks and opportunities at an early stage. The Group management is provided with opportunity and risk-related information on a regular basis with the goal of ensuring the company's sustained success and increasing enterprise value. We have described our opportunity and risk management processes and the significant risks affecting our earnings, financial position, and assets and liabilities in the 2009 Annual Report beginning on page 83.

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**Economy beginning to revive**

Demand for logistics services depends greatly on the global economy. At present, the world economy is undergoing a recovery following the difficulties of the previous year. Assuming this trend will continue we are projecting a moderate increase in transport volumes, which should positively impact consolidated earnings. We acquired important new contracts during the period under review. On the whole, we expect our business partners' activities to pick up and the risks associated with the economic trend to gradually return to a normal level.

**Insolvency plan submitted for Karstadt**

Insolvency proceedings for Arcandor subsidiaries Karstadt Warenhaus GmbH and Quelle GmbH, two of Deutsche Post DHL's major customers in Germany, were opened on 1 September 2009. Quelle GmbH has since been liquidated. These insolvency proceedings impacted earnings by a total of €–247 million in the consolidated financial statements for the period ended 31 December 2009. On 15 March 2010, the insolvency administrator for the Karstadt department store chain submitted an insolvency plan to the local court of jurisdiction. The plan calls for continuing business operations and finding an investor. Depending on the course of the insolvency proceedings, we cannot rule out an additional impact on earnings in the Group.

**Only certain postal services will remain exempt from value added tax (VAT)**

The draft bill to amend the *Umsatzsteuergesetz* (German value added tax act), which had been under discussion for some time and which included a reduction in the VAT exemption of Deutsche Post AG, was passed on 26 March 2010. Under the new rules, starting on 1 July 2010 the VAT exemption will only apply to specific universal services pursuant to the EU Postal Directive that are not subject to individually negotiated agreements or provided on special terms (discounts etc.). Any enterprise that agrees to provide some or all of these services nationwide in Germany will qualify for the VAT exemption for the services.

Deutsche Post AG will implement the required measures, to which end it is currently holding discussions with the tax authorities in order to clarify the details. The possible decrease in earnings due to the application of VAT is currently estimated to be in the low hundreds of millions of euros per year.

**Overall assessment of the Group's risk position**

In the first quarter of 2010, no further significant risks arose beyond those presented in the 2009 Annual Report. At present, no risks are identifiable that, individually or collectively, cast doubt upon the Group's ability to continue as a going concern.

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# NON-FINANCIAL PERFORMANCE INDICATORS

## EMPLOYEES

**Further decrease in number of employees**

The average number of employees (full-time equivalents) decreased to 422,989 in the first three months of 2010, a 3.1% decline compared with the previous year's average. The sale of DHL Express UK's day-definite domestic business and restructuring in 2009 were the primary reasons for the decline.

## RESEARCH AND DEVELOPMENT

**No research and development in the narrower sense**

As a service provider, Deutsche Post DHL does not undertake any research and development activities in the narrower sense and thus does not report significant expenses in this area.

# FURTHER DEVELOPMENTS AND OUTLOOK

## REPORT ON POST-BALANCE SHEET DATE EVENTS

**Annual General Meeting approves the actions of the Board of Management and the Supervisory Board by a wide majority**

At the Annual General Meeting of Deutsche Post AG on 28 April 2010, around 1,700 shareholders approved the resolutions proposed by the Board of Management and the Supervisory Board by large majorities. Amongst other things, the shareholders resolved on payment of a dividend of €0.60 per share. The total dividend thus amounts to €725 million. Based on the year-end closing price of our shares, the net dividend yield is 4.4%. The dividend was distributed on 29 April 2010 and is tax-free for shareholders resident in Germany. The actions of the Board of Management and the Supervisory Board in financial year 2009 were approved by large majorities. The Board of Management was also authorised to buy back shares – including the use of derivatives – in an amount not to exceed 10% of the existing share capital. In addition, the shareholders endorsed the remuneration system for Board of Management members, to which another sustainability component has been added. Roland Oetker was re-elected to the Supervisory Board; his appointment now extends until the Annual General Meeting in 2015. The Annual General Meeting also resolved on amended Supervisory Board remuneration: the fixed component will increase and the variable component will fully depend on the company's long-term success. It additionally resolved on further amendments to the Articles of Association, above all to take account of recent legislation.

## REPORT ON EXPECTED DEVELOPMENTS

**Global upturn with risks**

The International Monetary Fund (IMF) is predicting an increase of 4.2% in global economic output in 2010. For global trade, the IMF is forecasting growth of 7.0%. However, the rebound is still being bolstered by extremely expansive monetary policies and extensive government initiatives. This entails the risk of economic momentum falling back again later in the year.

In the United States, the conditions supporting a revival of the economy over the course of the year have improved. Solid GDP growth is predicted for the year as a whole (IMF: 3.1%; Postbank Research: 2.8%).

In Japan, foreign trade is expected to provide strong growth stimulus and GDP should rise markedly (IMF: 1.9%; Postbank Research: 2.0%). In China, growth will accelerate sharply in 2010 and nearly reach the record levels of past years (IMF: 10.0%).

The euro zone economy is expected to recover in 2010, although growth will remain subdued (ECB: 0.8%; Postbank Research: 1.4%). Exports and warehousing cycles should help to stimulate the economy.

The export-based German economy is likely to benefit from the global upturn. However, private consumption is not expected to contribute to growth. In fact, private consumption could drop as a reaction to the environmental rebate paid by the government last year for trading in used cars (*Abwrackprämie*). Nonetheless, GDP growth should be higher in Germany than in the rest of the euro zone (IMF: 1.2%, Postbank Research: 1.9%).

**No material changes to the organisational structure planned**

No material changes to the Group's organisational structure are planned for 2010 beyond those described on page 96 of our 2009 Annual Report.

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**Liquidity situation remains sufficient**

We still do not plan any major funding initiatives due to the sufficient liquidity position that we have maintained. The euro's recent weakness may have a positive impact on our revenue performance. Since we pass on most of the commodity risk to our customers through operating measures, the latest increase in crude oil prices should not negatively impact earnings.

**Higher investments planned**

As described on page 96 of our 2009 Annual Report, we intend to step up capital expenditure to approximately €1.4 billion in 2010. The majority of this will be allocated to property, plant and equipment and to the MAIL, EXPRESS and SUPPLY CHAIN divisions.

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**Employee numbers to remain stable throughout the year**

Our current planning calls for maintaining the total number of employees at the present level until the end of financial year 2010.

**Business development expectations**

In the first quarter of 2010, the moderate recovery trend seen in the second half of 2009 continued. For 2010 as a whole, we have figured in a modest recovery in overall trade volumes. However, uncertainty remains with regard to the extent and durability of such a recovery.

Against this backdrop, we continue to expect full-year consolidated EBIT before non-recurring items to reach €1.6 billion to €1.9 billion in 2010. We now assume that we will be able to close the year as a whole at the upper end of this range. The MAIL division is likely to contribute between €1.0 billion and €1.2 billion and the DHL divisions between €1.0 billion and €1.1 billion to this figure. The Corporate Center/Other segment should come in just below the prior year with a loss of around €0.4 billion.

Planned restructuring measures taken in the previous year on the order of €1 billion will reduce operating cash flow in 2010. Consolidated net profit is expected to continue to improve in 2010 in line with our operating business.

Starting in 2010, mark-to-market measurement is now required for all financial instruments associated with the Postbank transaction.

Note 3

### Opportunities

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We describe the Group's unchanged economic opportunities in the 2009 Annual Report starting on page 97.

This interim report contains forward-looking statements that relate to the business, financial performance and results of operations of Deutsche Post AG. Forward-looking statements are not historical facts and may be identified by words such as "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets" and similar expressions. As these statements are based on current plans, estimates and projections, they are subject to risks and uncertainties that could cause actual results to be materially different from the future development, performance or results expressly or implicitly assumed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as at the date of this presentation. Deutsche Post AG does not intend or assume any obligation to update these forward-looking statements to reflect events or circumstances after the date of this interim report.

Any internet sites referred to in the Interim Report by the Board of Management do not form part of the report.

# INCOME STATEMENT

**1 January to 31 March**

| €m | 2009 | 2010 |
|---|---|---|
| **Continuing operations** | | |
| Revenue | 11,505 | 12,016 |
| Other operating income | 393 | 435 |
| **Total operating income** | **11,898** | **12,451** |
| Materials expense | –6,388 | –6,586 |
| Staff costs | –4,246 | –4,174 |
| Depreciation, amortisation and impairment losses | –368 | –318 |
| Other operating expenses | –869 | –861 |
| **Total operating expenses** | **–11,871** | **–11,939** |
| **Profit from operating activities (EBIT)** | **27** | **512** |
| Net income from associates | 20 | 34 |
| Other financial income | 1,105 | 1,550 |
| Other finance costs | –512 | –250 |
| Foreign currency result | 5 | –6 |
| Net other financial income | 598 | 1,294 |
| **Net financial income** | **618** | **1,328** |
| **Profit before income taxes** | **645** | **1,840** |
| Income taxes | –129 | –70 |
| **Profit from continuing operations** | **516** | **1,770** |
| **Discontinued operations** | | |
| **Profit from discontinued operations** | **432** | **0** |
| **Consolidated net profit for the period** | **948** | **1,770** |
| attributable to | | |
| Deutsche Post AG shareholders | 944 | 1,747 |
| Minorities | 4 | 23 |
| **Basic earnings per share (€)** | **0.78** | **1.44** |
| of which from continuing operations (€) | 0.42 | 1.44 |
| of which from discontinued operations (€) | 0.36 | 0.00 |
| **Diluted earnings per share (€)** | **0.78** | **1.44** |
| of which from continuing operations (€) | 0.42 | 1.44 |
| of which from discontinued operations (€) | 0.36 | 0.00 |

# STATEMENT OF COMPREHENSIVE INCOME

**1 January to 31 March**

| €m | 2009 adjusted[1] | 2010 |
|---|---|---|
| **Consolidated net profit for the period** | **948** | **1,770** |
| **Currency translation reserve** | | |
| Changes from unrealised gains and losses | 232 | 261 |
| Changes from realised gains and losses | 31 | 11 |
| **Other changes in retained earnings** | | |
| Changes from unrealised gains and losses | 0 | 0 |
| Changes from realised gains and losses | 0 | 0 |
| **Hedging reserve in accordance with IAS 39** | | |
| Changes from unrealised gains and losses | 15 | –17 |
| Changes from realised gains and losses | 0 | 18 |
| **Revaluation reserve in accordance with IAS 39** | | |
| Changes from unrealised gains and losses | 75 | 7 |
| Changes from realised gains and losses | 297 | –5 |
| **Revaluation reserve in accordance with IFRS 3** | | |
| Changes from unrealised gains and losses | 1 | 0 |
| Changes from realised gains and losses | 0 | 0 |
| Income taxes relating to components of other comprehensive income | –20 | 3 |
| Share of other comprehensive income of associates (after taxes) | –13 | 34 |
| **Other comprehensive income (after taxes)** | **618** | **312** |
| **Total comprehensive income** | **1,566** | **2,082** |
| attributable to | | |
| Deutsche Post AG shareholders | 1,593 | 2,047 |
| Minorities | –27 | 35 |

1) Note 4.

# BALANCE SHEET

| €m | 31 Dec. 2009 | 31 March 2010 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | 11,534 | 11,740 |
| Property, plant and equipment | 6,220 | 6,150 |
| Investment property | 32 | 33 |
| Investments in associates | 1,772 | 1,839 |
| Non-current financial assets | 1,448 | 2,911 |
| Other non-current assets | 348 | 380 |
| Deferred tax assets | 668 | 709 |
| **Non-current assets** | **22,022** | **23,762** |
| Inventories | 226 | 223 |
| Income tax assets | 196 | 246 |
| Receivables and other current assets | 7,157 | 8,108 |
| Current financial assets | 1,894 | 1,916 |
| Cash and cash equivalents | 3,064 | 2,696 |
| Assets held for sale | 179 | 187 |
| **Current assets** | **12,716** | **13,376** |
| **Total ASSETS** | **34,738** | **37,138** |
| **EQUITY AND LIABILITIES** | | |
| Issued capital | 1,209 | 1,208 |
| Other reserves | 869 | 1,175 |
| Retained earnings | 6,098 | 7,836 |
| Equity attributable to Deutsche Post AG shareholders | 8,176 | 10,219 |
| Minority interest | 97 | 125 |
| **Equity** | **8,273** | **10,344** |
| Provisions for pensions and similar obligations | 4,574 | 4,565 |
| Deferred tax liabilities | 182 | 171 |
| Other non-current provisions | 2,275 | 2,257 |
| **Non-current provisions** | **7,031** | **6,993** |
| Non-current financial liabilities | 6,699 | 6,735 |
| Other non-current liabilities | 372 | 350 |
| **Non-current liabilities** | **7,071** | **7,085** |
| **Non-current provisions and liabilities** | **14,102** | **14,078** |
| **Current provisions** | **2,646** | **2,499** |
| Current financial liabilities | 740 | 682 |
| Trade payables | 4,861 | 4,872 |
| Income tax liabilities | 292 | 390 |
| Other current liabilities | 3,674 | 4,153 |
| Liabilities associated with assets held for sale | 150 | 120 |
| **Current liabilities** | **9,717** | **10,217** |
| **Current provisions and liabilities** | **12,363** | **12,716** |
| **Total EQUITY AND LIABILITIES** | **34,738** | **37,138** |

# CASH FLOW STATEMENT

**1 January to 31 March**

| €m | 2009 adjusted[1] | 2010 |
|---|---|---|
| **Profit before income taxes** | **645** | **1,840** |
| Net other financial income | –598 | –1,294 |
| Net income from associates | –20 | –34 |
| **Profit from operating activities (EBIT)** | **27** | **512** |
| Depreciation/amortisation of non-current assets | 368 | 318 |
| Net income from disposal of non-current assets | –9 | 2 |
| Non-cash income and expense | 31 | 70 |
| Change in provisions | –343 | –358 |
| Change in other non-current assets and liabilities | –7 | –28 |
| Income taxes paid | –83 | –75 |
| **Net cash used in/from operating activities before changes in working capital** | **–16** | **441** |
| **Changes in working capital** | | |
| Inventories | 24 | 4 |
| Receivables and other current assets | 236 | –782 |
| Liabilities and other items | –519 | 242 |
| **Net cash used in operating activities due to continuing operations** | **–275** | **–95** |
| Net cash used in operating activities due to discontinued operations | –1,828 | 0 |
| **Total net cash used in operating activities** | **–2,103** | **–95** |
| Subsidiaries and other business units | 0 | –24 |
| Property, plant and equipment, and intangible assets | 63 | 54 |
| Other non-current financial assets | 34 | 14 |
| **Proceeds from disposal of non-current assets** | **97** | **44** |
| Subsidiaries and other business units | –13 | –47 |
| Property, plant and equipment, and intangible assets | –231 | –203 |
| Other non-current financial assets | –14 | –10 |
| **Cash paid to acquire non-current assets** | **–258** | **–260** |
| Interest received | 29 | 11 |
| Dividend received | 0 | 4 |
| Current financial assets | –987 | 6 |
| **Net cash used in investing activities due to continuing operations** | **–1,119** | **–195** |
| Net cash used in investing activities due to discontinued operations | –1,253 | 0 |
| **Total net cash used in investing activities** | **–2,372** | **–195** |
| Proceeds from issuance of non-current financial liabilities | 3,960 | 8 |
| Repayments of non-current financial liabilities | –45 | –29 |
| Change in current financial liabilities | –535 | 27 |
| Other financing activities | 20 | –34 |
| Proceeds from transactions with minority interests | 0 | 0 |
| Cash paid for transactions with minority interests | –4 | 0 |
| Dividend paid to Deutsche Post AG shareholders | 0 | 0 |
| Dividend paid to other shareholders | 0 | –7 |
| Purchase of treasury shares | 0 | –10 |
| Interest paid | –110 | –72 |
| **Net cash from/used in financing activities due to continuing operations** | **3,286** | **–117** |
| Net cash from financing activities due to discontinued operations | 7 | 0 |
| **Total net cash from/used in financing activities** | **3,293** | **–117** |
| Net change in cash and cash equivalents | –1,182 | –407 |
| Effect of changes in exchange rates on cash and cash equivalents | 31 | 39 |
| Changes in cash and cash equivalents associated with assets held for sale | 0 | 0 |
| Changes in cash and cash equivalents due to changes in consolidated group | 0 | 0 |
| Cash and cash equivalents at beginning of reporting period | 4,662 | 3,064 |
| **Cash and cash equivalents at end of reporting period** | **3,511** | **2,696** |

1) Note 4.

# STATEMENT OF CHANGES IN EQUITY

**1 January to 31 March**

| €m | | Other reserves | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Issued capital | Capital reserve | IAS 39 reserves | IFRS 3 revaluation reserve | Currency translation reserve | Retained earnings | Equity attributable to Deutsche Post AG shareholders | Minority interest | Total equity |
| **Balance at 1 January 2009** | **1,209** | **2,142** | **–314** | **8** | **–1,397** | **6,178** | **7,826** | **2,026** | **9,852** |
| **Capital transactions with owner** | | | | | | | | | |
| Dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 | –8 | –8 |
| Changes in minority interest due to changes in consolidated group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | –1,869 | –1,869 |
| Share Matching Scheme | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | **0** | **–1,877** | **–1,877** |
| **Total comprehensive income** | | | | | | | | | |
| Consolidated net profit for the period | 0 | 0 | 0 | 0 | 0 | 944 | 944 | 4 | 948 |
| Currency translation differences | 0 | 0 | 0 | 0 | 246 | 0 | 246 | 13 | 259 |
| Other changes | 0 | 0 | 402 | 1 | 0 | 0 | 403 | –44 | 359 |
| | | | | | | | **1,593** | **–27** | **1,566** |
| **Balance at 31 March 2009** | **1,209** | **2,142** | **88** | **9** | **–1,151** | **7,122** | **9,419** | **122** | **9,541** |
| **Balance at 1 January 2010** | **1,209** | **2,147** | **–70** | **7** | **–1,215** | **6,098** | **8,176** | **97** | **8,273** |
| **Capital transactions with owner** | | | | | | | | | |
| Dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 | –7 | –7 |
| Changes in minority interest due to changes in consolidated group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchase of treasury shares | –1 | 0 | 0 | 0 | 0 | –9 | –10 | 0 | –10 |
| Share Matching Scheme | 0 | 6 | 0 | 0 | 0 | 0 | 6 | 0 | 6 |
| | | | | | | | **–4** | **–7** | **–11** |
| **Total comprehensive income** | | | | | | | | | |
| Consolidated net profit for the period | 0 | 0 | 0 | 0 | 0 | 1,747 | 1,747 | 23 | 1,770 |
| Currency translation differences | 0 | 0 | 0 | 0 | 264 | 0 | 264 | 12 | 276 |
| Other changes | 0 | 0 | 36 | 0 | 0 | 0 | 36 | 0 | 36 |
| | | | | | | | **2,047** | **35** | **2,082** |
| **Balance at 31 March 2010** | **1,208** | **2,153** | **–34** | **7** | **–951** | **7,836** | **10,219** | **125** | **10,344** |

# SEGMENT REPORTING

### Segments by division

| €m | MAIL | | EXPRESS[1] | | GLOBAL FORWARDING, FREIGHT[1] | | SUPPLY CHAIN | | Corporate Center / Other | | Consolidation[1] | | Continuing operations | | Discontinued operations | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 January to 31 March | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| External revenue | 3,443 | 3,400 | 2,335 | 2,543 | 2,589 | 2,969 | 3,117 | 3,087 | 21 | 17 | 0 | 0 | 11,505 | 12,016 | 1,634 | 0 |
| Internal revenue | 43 | 46 | 68 | 77 | 158 | 148 | 28 | 43 | 376 | 311 | –673 | –625 | 0 | 0 | 0 | 0 |
| Total revenue | 3,486 | 3,446 | 2,403 | 2,620 | 2,747 | 3,117 | 3,145 | 3,130 | 397 | 328 | –673 | –625 | 11,505 | 12,016 | 1,634 | 0 |
| Profit or loss from operating activities (EBIT) | 407 | 388 | –392 | 110 | 45 | 53 | 34 | 57 | –67 | –96 | 0 | 0 | 27 | 512 | –24 | 0 |
| Net income from associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 34 | 0 | 0 | 20 | 34 | 0 | 0 |
| Segment assets[2] | 3,551 | 4,068 | 8,295 | 8,362 | 6,665 | 7,137 | 5,815 | 5,825 | 1,271 | 1,184 | –252 | –153 | 25,345 | 26,423 | 0 | 0 |
| Investments in associates[2] | 24 | 24 | 31 | 31 | 12 | 12 | 0 | 0 | 1,705 | 1,772 | 0 | 0 | 1,772 | 1,839 | 0 | 0 |
| Segment liabilities[2],[3] | 2,287 | 2,471 | 2,795 | 2,734 | 2,288 | 2,489 | 2,784 | 2,790 | 1,123 | 1,038 | –324 | –197 | 10,953 | 11,325 | 0 | 0 |
| Capex | 47 | 82 | 72 | 41 | 20 | 18 | 60 | 37 | 42 | 17 | 0 | 0 | 241 | 195 | 7 | 0 |
| Depreciation, amortisation and write-downs | 84 | 69 | 110 | 89 | 28 | 24 | 80 | 74 | 66 | 62 | 0 | 0 | 368 | 318 | 0 | 0 |
| Other non-cash expenses | 80 | 52 | 202 | 132 | 17 | 15 | 24 | 29 | 26 | 8 | 0 | 0 | 349 | 236 | 114 | 0 |
| Employees[4] | 146,021 | 143,845 | 97,985 | 92,026 | 41,763 | 41,081 | 136,135 | 132,062 | 14,747 | 13,975 | 0 | 0 | 436,651 | 422,989 | 0 | 0 |

### Information about geographical areas

| €m | Germany | | Europe excluding Germany | | Americas | | Asia Pacific | | Other regions | | Continuing operations | | Discontinued operations | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 January to 31 March | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| External revenue[1] | 4,164 | 4,092 | 3,930 | 3,999 | 1,826 | 1,935 | 1,188 | 1,546 | 397 | 444 | 11,505 | 12,016 | 1,634 | 0 |
| Non-current assets[2] | 3,837 | 3,745 | 7,376 | 7,330 | 3,105 | 3,221 | 2,932 | 3,083 | 595 | 608 | 17,845 | 17,987 | 0 | 0 |
| Capex | 91 | 107 | 85 | 49 | 40 | 21 | 16 | 13 | 9 | 5 | 241 | 195 | 7 | 0 |

1) Note 16.
2) As at 31 December 2009 and 31 March 2010.
3) Including non-interest-bearing provisions.
4) Average FTE.

# SELECTED EXPLANATORY NOTES

### Company information

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany.

## BASIS OF PREPARATION

### 1 Basis of accounting

The accompanying condensed consolidated interim financial statements as at 31 March 2010 were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRS to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements for interim financial reporting in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2010 are not necessarily an indication of the further development of the course of business.

The accounting policies applied to the condensed consolidated interim financial statements are generally based on the same accounting policies used in the consolidated financial statements for financial year 2009. For further information on the accounting policies applied, please refer to the consolidated financial statements for the year ended 31 December 2009, on which these interim financial statements are based.

The income tax expense for the reporting period was deferred on the basis of the tax rate expected to apply to the full financial year.

### New developments in international accounting under IFRS effective 1 January 2010

Departures from the accounting policies referred to above consist of the new or amended international accounting pronouncements under IFRS required to be applied since financial year 2010.

Following the amendments to IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements), acquisition-related costs of a business combination are no longer capitalised, but are recognised as expenses in profit or loss. In this context, the corresponding provisions of IAS 7 (Statement of Cash Flows) were also amended; Note 4.

As a result of amendments contained in the "Annual Improvements to IFRS" that became effective as at 1 January 2010, the revised IAS 39 (Financial Instruments: Recognition and Measurement) in particular has had an effect on Deutsche Post DHL's consolidated financial statements. Because of this amendment, the forward sale of 27.4% of the Postbank shares, which was previously not recognised, has been required to be recognised at fair value since 1 January 2010; Note 3.

The other new or amended pronouncements shown below have no material effect on the consolidated financial statements:

- IFRS 1 (First-Time Adoption of International Financial Reporting Standards)
- IFRS 2 (Share-based Payment)
- IFRIC 12 (Service Concession Arrangements)
- IFRIC 15 (Agreements for the Construction of Real Estate)
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)
- IFRIC 17 (Distributions of Non-cash Assets to Owners)
- IFRIC 18 (Transfers of Assets from Customers)

Detailed explanations on these can be found in the 2009 Annual Report in Note 4 "New developments in international accounting under the IFRS".

The accompanying condensed consolidated interim financial statements have not been audited or reviewed.

## 2 Consolidated group

In addition to Deutsche Post AG as the Group parent, the consolidated group generally includes all German and foreign entities in which Deutsche Post AG directly or indirectly holds a majority of voting rights, or whose activities it is otherwise able to control.

**Consolidated group**

| | 31 Dec. 2009 | 31 March 2010 |
|---|---|---|
| **Number of fully consolidated companies (subsidiaries)** | | |
| German | 79 | 79 |
| Foreign | 791 | 784 |
| **Number of proportionately consolidated joint ventures** | | |
| German | 1 | 1 |
| Foreign | 18 | 18 |
| **Number of equity-accounted companies (associates)** | | |
| German | 29 | 29 |
| Foreign | 23 | 23 |

Deutsche Post DHL did not make any acquisitions in the first quarter of 2010. In the prior-year quarter, €4 million was expended on an indirect increase in the interest in a company in which Deutsche Post DHL already owned a majority interest.

In the first quarter of 2010, €47 million (previous year: €13 million, adjusted) was expended for subsidiaries acquired in previous years.

### Disposal and deconsolidation effects

The following table shows the disposal and deconsolidation effects of fully consolidated companies. The Day Definite Domestic business of DHL Express UK, United Kingdom, was sold in the reporting period. The agreement was restricted to day-definite domestic shipments. The deconsolidation resulted in an aggregate loss of €51 million, which is reported under other operating expenses.

**Disposal and deconsolidation effects**

€m

| | Q1 2009 | Q1 2010 |
|---|---|---|
| Disposal effects | | |
| Assets held for sale[1] | 243,684 | 54 |
| Liabilities associated with assets held for sale[1] | –238,734 | –39 |
| Total consideration received | 1,194 | –24 |
| **Deconsolidation gain (+)/loss (–)** | **444** | **–51** |

1) Figures before deconsolidation.

In the previous year, the sale of the 22.9% interest in Deutsche Postbank AG resulted in a deconsolidation gain of €444 million, which is reported under profit from discontinued operations. The remaining 39.5% interest in Deutsche Postbank AG has been reported since then as an equity-accounted investment under investments in associates.

## 3 Significant transactions

Effective 1 January 2010, the IASB clarified the scope exemption in IAS 39.2 (g) with regard to the maturity of transactions related to the sale of shares required for settlement. Forward transactions no longer fall under the exemption provided by IAS 39.2 (g) if it is clear when the contract is entered into that the settlement of such transactions will exceed a reasonable period normally necessary to complete the transaction. For the presentation of the Postbank sale, this means that the forward transaction embedded in the mandatory exchangeable bond, which was previously not recognised, must now be recognised. The forward transaction was recognised in profit or loss as at 1 January 2010 at its fair value of €1,453 million. The fair value of the forward as at 31 March 2010 was unchanged at €1,453 million. Changes in this fair value at the subsequent reporting dates may continue to affect net finance costs/net financial income; Note 9.

## 4 Adjustment of prior-period amounts

In connection with the amendments to IAS 27 and IFRS 3 effective 1 January 2010 and required to be applied prospectively, IAS 7 was also amended with regard to the presentation of proceeds from disposals of non-current assets or cash paid to acquire non-current assets (in this case: subsidiaries and other companies) in the cash flow statement. However, the IAS 7 amendment is required to be applied retrospectively. The prior-period amounts were adjusted accordingly.

**Adjustment of the cash flow statement**

| €m | Q1 2009 | Adjustments | Q1 2009 adjusted |
|---|---|---|---|
| **Net cash used in investing activities** | | | |
| Proceeds from disposal of non-current assets | | | |
| Subsidiaries and other business units | 0 | 0 | 0 |
| Cash paid to acquire non-current assets | | | |
| Subsidiaries and other business units | –17 | 4 | –13 |
| **Net cash from/used in financing activities** | | | |
| Proceeds from transactions with minority interests | 0 | 0 | 0 |
| Cash paid for transactions with minority interests | 0 | –4 | –4 |

The allocation of the prior-year figures to changes from realised and unrealised gains and losses in the currency translation reserve and revaluation reserve in accordance with IAS 39 items was adjusted in the statement of comprehensive income. In addition, the effects of the share of other comprehensive income of associates was presented in a separate line item. The adjustments did not affect the balance sheet, consolidated net profit, or comprehensive income.

# INCOME STATEMENT DISCLOSURES

## 5 Other operating income

| €m | Q1 2009 | Q1 2010 |
|---|---|---|
| Income from the reversal of provisions | 22 | 128 |
| Rental and lease income | 43 | 42 |
| Income from currency translation differences | 66 | 38 |
| Insurance income | 38 | 38 |
| Income from fees and reimbursements | 32 | 30 |
| Gains on disposal of non-current assets | 11 | 19 |
| Income from prior-period billings | 11 | 16 |
| Income from work performed and capitalised | 22 | 14 |
| Reversals of impairment losses on receivables and other assets | 20 | 11 |
| Income from the derecognition of liabilities | 6 | 8 |
| Income from the remeasurement of liabilities | 6 | 7 |
| Income from loss compensation | 5 | 6 |
| Commission income | 2 | 4 |
| Income from derivatives | 37 | 3 |
| Recoveries on receivables previously written off | 2 | 3 |
| Subsidies | 1 | 1 |
| Miscellaneous | 69 | 67 |
| **Total** | **393** | **435** |

Miscellaneous other operating income includes a large number of smaller individual items.

## 6 Other operating expenses

€m

| | Q1 2009 | Q1 2010 |
|---|---|---|
| Other business taxes | 67 | 91 |
| Losses on disposal of assets | 2 | 75 |
| Cost of purchased cleaning, transport and security services | 71 | 69 |
| Travel and training costs | 82 | 66 |
| Warranty expenses, refunds and compensation payments | 70 | 66 |
| Telecommunication costs | 65 | 54 |
| Office supplies | 46 | 41 |
| Write-downs of current assets | 62 | 40 |
| Expenses from currency translation differences | 65 | 38 |
| Voluntary social benefits | 36 | 36 |
| Consulting costs (including tax advice) | 35 | 35 |
| Other public relations expenses | 21 | 32 |
| Legal costs | 16 | 31 |
| Insurance costs | 30 | 25 |
| Entertainment and corporate hospitality expenses | 29 | 24 |
| Advertising expenses | 15 | 22 |
| Services provided by the Federal Posts and Telecommunications Agency | 19 | 19 |
| Commissions paid | 15 | 14 |
| Contributions and fees | 13 | 14 |
| Expenses from derivatives | 10 | 13 |
| Expenses for public relations and customer support | 20 | 12 |
| Donations | 0 | 12 |
| Prior-period other operating expenses | 10 | 7 |
| Audit costs | 7 | 7 |
| Monetary transaction costs | 6 | 7 |
| Additions to provisions | 0 | 2 |
| Miscellaneous | 57 | 9 |
| **Total** | **869** | **861** |

Miscellaneous other operating expenses include a large number of smaller individual items.

## 7 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses declined by €50 million year-on-year to €318 million. The reduction is related to the restructuring of the US express business, which recognised part of the depreciation, amortisation and impairment losses prospectively. Depreciation, amortisation and impairment losses include €14 million of impairment losses, of which €13 million relates to land and buildings. The properties concerned were reclassified as assets held for sale; Note 13. The impairment losses were incurred in the Corporate Center/Other collective segment. In the previous year, impairment losses amounted to €7 million.

## 8 Net income from associates

Investments in companies on which a significant influence can be exercised and which are accounted for using the equity method contributed €34 million (previous year: €20 million) to net financial income. The change is due primarily to the fact that, in the prior-year period, Deutsche Postbank AG was included as an associate only as of March 2009.

## 9 Net other financial income

Net other financial income was substantially impacted by the effects from the Postbank sale and includes interest expenses on the exchangeable bond (€30 million) and the cash collateral (€11 million), the result of the recognition of the forward relating to the sale of the Postbank interest amounting to €1,453 million as well as the gains on the measurement of the options relating to the third tranche amounting to €2 million; Note 3.

## 10 Profit from discontinued operations

In accordance with IFRS 5, the loss of the Deutsche Postbank Group for the months of January and February 2009 was reported in the previous year's income statement under profit from discontinued operations. The net income attributable to the remaining interest in the Deutsche Postbank Group has been presented in net income from associates since March 2009.

**Profit from discontinued operations**

€m

| | Q1 2009 | Q1 2010 |
|---|---|---|
| Total operating income | 1,607 | 0 |
| Total operating expenses | –1,631 | 0 |
| **Profit from operating activities (EBIT)** | **–24** | **0** |
| Net finance costs | –13 | 0 |
| **Loss before taxes from discontinued operations** | **–37** | **0** |
| Attributable tax income | 25 | 0 |
| **Loss after taxes from discontinued operations** | **–12** | **0** |
| Deconsolidation effects | 444 | 0 |
| **Profit from discontinued operations** | **432** | **0** |

## 11 Earnings per share

Basic earnings per share in the period under review were €1.44.

**Basic earnings per share**

| | | Q1 2009 | Q1 2010 |
|---|---|---|---|
| Consolidated net profit attributable to Deutsche Post AG shareholders | €m | 944 | 1,747 |
| Weighted average number of shares outstanding | shares | 1,209,015,874 | 1,208,759,276 |
| **Basic earnings per share** | € | **0.78** | **1.44** |
| of which from continuing operations | € | 0.42 | 1.44 |
| of which from discontinued operations | € | 0.36 | 0.00 |

Diluted earnings per share in the period under review were €1.44. Executives were entitled to 1,886,620 options on shares at the reporting date.

**Diluted earnings per share**

| | | Q1 2009 | Q1 2010 |
|---|---|---|---|
| Consolidated net profit attributable to Deutsche Post AG shareholders | €m | 944 | 1,747 |
| Weighted average number of shares outstanding | shares | 1,209,015,874 | 1,208,759,276 |
| Potentially dilutive shares | shares | 0 | 148,797 |
| Weighted average number of shares for diluted earnings | shares | 1,209,015,874 | 1,208,908,073 |
| **Diluted earnings per share** | € | **0.78** | **1.44** |
| of which from continuing operations | € | 0.42 | 1.44 |
| of which from discontinued operations | € | 0.36 | 0.00 |

# BALANCE SHEET DISCLOSURES

## 12 Changes in goodwill

€m

| | 2009 | 2010 |
|---|---|---|
| **Cost** | | |
| Balance at 1 January | 11,189 | 11,291 |
| Additions to consolidated group | 26 | 0 |
| Additions | 30 | 0 |
| Disposals | –47 | 0 |
| Currency translation differences | 93 | 258 |
| Balance at 31 December/31 March | 11,291 | 11,549 |
| **Impairment losses** | | |
| Balance at 1 January | 1,041 | 1,048 |
| Disposals | –33 | 0 |
| Currency translation differences | 40 | 26 |
| Balance at 31 December/31 March | 1,048 | 1,074 |
| **Carrying amount at 31 December/31 March** | **10,243** | **10,475** |

## 13 Assets held for sale and liabilities associated with assets held for sale

| €m | Assets | | Liabilities | |
|---|---|---|---|---|
| | 31 Dec. 2009 | 31 March 2010 | 31 Dec. 2009 | 31 March 2010 |
| DHL Express France SAS, France – Day Definite Domestic business | 70 | 65 | 98 | 119 |
| Deutsche Post AG – real estate | 18 | 52 | 0 | 0 |
| Deutsche Post Immobilienentwicklung Grundstücksgesellschaft mbH & Co. Logistikzentren KG, Germany – real estate | 0 | 34 | 0 | 0 |
| DHL Exel Supply Chain Euskal-Log S.L., Spain – buildings | 16 | 16 | 0 | 0 |
| DHL Network Operations, USA – aircraft | 12 | 10 | | |
| Astar AirCargo Inc., USA – aircraft | 5 | 5 | 0 | 0 |
| DHL Express UK, UK – Day Definite Domestic business | 51 | 0 | 51 | 0 |
| Miscellaneous | 7 | 5 | 1 | 1 |
| **Assets held for sale and liabilities associated with assets held for sale** | **179** | **187** | **150** | **120** |

The sale of the Day Definite Domestic business of DHL Express UK, United Kingdom, was completed in March 2010; Note 2.

Deutsche Post Immobilienentwicklung Grundstücksgesellschaft plans to sell four properties. These properties were therefore reclassified as assets held for sale. The most recent appraisal prior to reclassification resulted in an impairment loss of €13 million.

DHL Express France's Day Definite Domestic business has not yet been sold. In accordance with IFRS 5, the assets and liabilities therefore continue to be reported as assets held for sale and liabilities associated with assets held for sale. At DHL Express France, final measurement of the non-current assets prior to their reclassification as current assets in accordance with IFRS 5 resulted in an impairment loss of €32 million in financial year 2009.

**DHL Express France: Day Definite Domestic business**

| €m | 31 Dec. 2009 | 31 March 2010 |
|---|---|---|
| ASSETS | | |
| Non-current financial assets | 2 | 2 |
| Receivables and other current assets | 62 | 63 |
| Cash and cash equivalents | 6 | 0 |
| **Total ASSETS** | **70** | **65** |
| EQUITY AND LIABILITIES | | |
| Non-current provisions | 8 | 8 |
| Current provisions | 14 | 17 |
| Current financial liabilities | 6 | 20 |
| Current liabilities | 70 | 74 |
| **Total EQUITY AND LIABILITIES** | **98** | **119** |

## 14 Issued capital and purchase of treasury shares

**Issued capital**

| € | |
|---|---|
| Issued capital at 1 January 2010 | 1,209,015,874 |
| Treasury shares acquired | –769,794 |
| **Issued capital at 31 March 2010** | **1,208,246,080** |

In the first quarter of 2010, Deutsche Post AG acquired 769,794 shares at a total price of €10 million, including transaction costs, under the authorisation issued on 21 April 2009 to settle entitlements due under the new bonus programme for executives (Share Matching Scheme). The average purchase price per share was €12.96. The notional value of the treasury shares is deducted from issued capital and the difference between the notional value and the reported value of the treasury shares is deducted from retained earnings. Issued capital will increase as a result of the issue of the shares to executives in April 2010. Changes in treasury shares are presented in the statement of changes in equity.

## 15 Retained earnings

**Retained earnings**

€m

| | 31 Dec. 2009 | 31 March 2010 |
|---|---|---|
| Retained earnings | 6,098 | 7,836 |
| of which treasury shares acquired | 0 | –9 |

Changes in treasury shares are presented in the statement of changes in equity.

# SEGMENT REPORTING DISCLOSURES

## 16 Segment reporting

Deutsche Post DHL reports four operating segments; these are managed independently by the responsible segment management bodies in line with the products and services offered and the brands, distribution channels and customer profiles involved. Components of the entity are defined as a segment on the basis of the existence of segment managers with bottom-line responsibility who report directly to Deutsche Post DHL's top management.

The Consolidation column and the Corporate Center/Other collective segment are reported separately. The collective segment comprises the activities of Global Business Services (GBS), the Corporate Center and other areas. The activities concerned are composed of non-operating activities and other business activities. The profit/loss generated by GBS is allocated to the other operating segments, whilst its assets and liabilities remain with GBS (asymmetrical allocation).

The main geographical regions in which the Group is active are Germany, Europe, the Americas, Asia Pacific and Other regions. External revenue, non-current assets and capex are disclosed for these regions. To enhance transparency, the management allocations previously contained in the external revenue figures were removed from the regions. The prior-period amounts were adjusted accordingly.

Revenue, assets and capex are allocated to the individual regions on the basis of the domicile of the reporting entity. Non-current assets primarily comprise intangible assets, property, plant and equipment, and other non-current assets.

To more appropriately reflect the different requirements of Express and Freight customers, DHL Express Sweden transferred its Day Definite Domestic Business to DHL Freight Sweden effective 1 January 2010. The prior-period amounts were adjusted accordingly.

**Reconciliation**

€m

| | Q1 2009 | Q1 2010 |
|---|---|---|
| Total income of reportable segments | 94 | 608 |
| Corporate Center/Other | –67 | –96 |
| Reconciliation to Group/Consolidation | 0 | 0 |
| **Profit from operating activities (EBIT)** | **27** | **512** |
| Net financial income | 618 | 1,328 |
| **Profit before income taxes** | **645** | **1,840** |
| Income taxes | –129 | –70 |
| **Profit from continuing operations** | **516** | **1,770** |
| Profit from discontinued operations | 432 | 0 |
| **Consolidated net profit for the period** | **948** | **1,770** |

# OTHER DISCLOSURES

## 17 Share-based payment

A new system to grant variable remuneration components to certain Group executives was implemented in financial year 2009. As at 31 March 2010, an amount of €6 million (31 December 2009: €5 million) was transferred to the capital reserve for the 2009 and 2010 tranches of the Share Matching Scheme.

**Capital reserve**

€m

| | 2009 | 2010 |
|---|---|---|
| Balance at 1 January | 2,142 | 2,147 |
| Addition: Share Matching Scheme 2009 | 5 | 5 |
| Addition: Share Matching Scheme 2010 | 0 | 1 |
| **Balance at 31 December 2009/31 March 2010** | **2,147** | **2,153** |

The SAR provisions for other share-based payment systems for executives (Board of Management and executives) amounted to €21 million as at 31 March 2010 (31 December 2009: €16 million).

## 18 Related party disclosures

There have been no material changes in related party disclosures as against 31 December 2009; 2009 Annual Report, Note 55.

## 19 Contingent liabilities and other financial obligations

The Group's contingent liabilities have not changed significantly compared with 31 December 2009. The other financial obligations as at 31 March 2010 amounted to €6,775 million (31 December 2009: €6,193 million). The change is largely attributable to aircraft leases.

## 20 Other disclosures/Events after the balance sheet date

The bill to amend the *Umsatzsteuergesetz* (German value added tax act), which aims to reduce Deutsche Post AG's VAT exemption, was passed on 26 March 2010. Under the new rules, starting on 1 July 2010 the VAT exemption will only apply to specific universal services pursuant to the EU Postal Directive that are not subject to individually negotiated agreements or provided on special terms (discounts etc.). Any enterprise that agrees to provide some or all of these services nationwide in Germany will qualify for the VAT exemption for the services. Deutsche Post AG will implement the required measures, to which end it is currently holding discussions with the tax authorities in order to clarify the details. It cannot be ruled out that the application of VAT will lead to a decrease in revenue and earnings.

On 15 March 2010, the Karstadt insolvency administrator submitted an insolvency plan for Arcandor subsidiary Karstadt Warenhaus GmbH to the local court of jurisdiction. The plan calls for continuing business operations and finding an investor. The creditors' meeting on 12 April 2010 approved the plan. Depending on the course of the insolvency proceedings, an additional impact on earnings at Deutsche Post DHL cannot be ruled out.

# EVENTS AND CONTACTS

## Financial calendar[1]

| | |
|---|---|
| 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 events[1]

| | |
|---|---|
| 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) |
| 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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## English translation

Deutsche Post Corporate Language Services at el.

The English version of the Interim Report January to March 2010 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.


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